

14 May 2024

## Nabaltec

Germany

### Chemicals

#### No big recovery in FY24E but improving sentiment and outlook

■ **Investment case:** While we believe the **ceramics** industry and **refractory** client base in Europe and Germany have taken a **permanent hit**, which is particularly affecting **Nabaltec** in the Specialty Alumina segment, the company **will only feel parts of this on the bottom line** as the management focuses on profitable specialties, while actively reducing exposure to low-margin products. Furthermore, the company will quickly **outgrow this shortfall** through growth in the Functional Fillers business, driven by **Boehmite** and **Viscosity-optimized aluminum hydroxides**, where Nabaltec has successfully found its way into the battery manufacturing value chain over the last few years and is, in our view; well positioned to participate in particular from the planned capacity expansions in Europe and North America. Despite the current slowdown in EV acceptance, in particular in Germany, the **2030E outlook**, even if delayed by a few years, still implies **substantial growth in the battery market** with an expected quadrupling of global battery manufacturing capacity from 2023 levels and more importantly the European capacity might grow by 9x and the North American by 12x. If Nabaltec would keep its market share in Boehmite broadly stable **until 2030E** and fully utilizes its current capacity expansions, the business could stand for EUR 55-60mn itself and total **battery-related revenues could add up to about EUR 90mn** and reflect a group revenue CAGR of 4.2% on stable other revenues, which clearly underpins the attractive growth potential for the company.

■ **Valuation:** On our updated estimates, the company would trade on approx. **40% discount to historical EV/EBITDA and EV/EBIT multiples**, while also trading **below book value at still historical lows**. Only two of our valuation methods indicate downside to the current share price. The average of our valuation cascade stands for **EUR 20 per share**, which reflects our updated target price. Based on this upside and our view that both the company's business and the small cap sector have seen its trough, **we reiterate our Buy recommendation**.

	2022	2023	2024E	2025E	2026E
Gross sales (EUR mn)	218.8	200.1	198.8	210.1	221.2
EBITDA (EUR mn)	42.4	31.0	28.1	30.9	33.7
EBIT reported (EUR mn)	29.2	18.3	15.3	16.2	17.9
EBIT adjusted (EUR mn)	29.2	18.3	15.3	16.2	17.9
Net income (EUR mn)	26.4	11.4	10.4	11.1	12.2
EPS reported (EUR)	3.00	1.30	1.19	1.26	1.39
EPS adjusted (EUR)	3.00	1.30	1.19	1.26	1.39
DPS (EUR)	0.28	0.28	0.28	0.33	0.38
Dividend yield (%)	1.0	1.4	1.8	2.2	2.5
P/E adjusted (x)	9.2	15.7	12.8	12.1	10.9
P/BV (x)	1.8	1.3	0.9	0.8	0.8
EV/Sales (x)	1.1	0.9	0.7	0.7	0.6
EV/EBITDA (x)	5.8	6.0	5.0	4.8	4.1
EV/EBIT (x)	8.4	10.1	9.2	9.1	7.8
Net debt/EBITDA (x)	0.1	0.2	0.2	0.4	0.2

Source: Company data, Baader Helvea Equity Research

### Buy (prev. Buy)

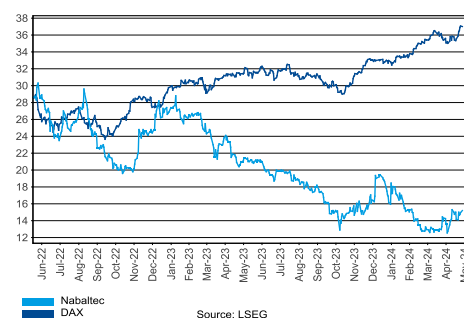
Closing price as of 13-May-24	EUR 15.20
High/Low (12M)	21.40/12.55
<b>Target price (prev. EUR 31.00)</b>	<b>EUR 20.00</b>
Upside to target price (%)	31.6
Expected dividend yield (%)	1.8
Total return potential (%)	33.4

Reuters/Bloomberg	NTGG.DE/NTG GY
Avg. daily turnover (EUR mn)	0.15
Free float (%)	45.0
Market cap. (EUR mn)	134
No. of shares issued (mn)	8.8

#### Events

Annual general meeting	25-Jun-2024
1Q	23-May-2024
Shareholders	Heckmann family 28.2%, Witzany family 27.2%, AGI 5%

### Price relative to Index



Performance (%)	1M	3M	6M
Absolute	6.3	-0.7	0.7
rel. DAX	1.8	-11.7	-21.5
rel. STOXX Europe 600	3.2	-8.5	-16.0
rel. SXXP Chemicals	6.9	-7.9	-10.5

### Changes in estimates

EUR mn	2024E Prev.	Delta (%)	2025E Prev.	Delta (%)
Gross sales	210.5	-5.5	222.5	-5.6
EBIT adj.	19.6	-21.6	25.2	-35.7
EPS adj. (EUR)	1.50	-20.7	1.98	-36.4
DPS (EUR)	0.23	21.7	0.26	26.9

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## Nabaltec

## INVESTMENT SUMMARY

While we believe the **ceramics** industry and **refractory** client base in **Europe** and Germany have taken a **permanent hit**, which is particularly affecting Nabaltec in the Specialty Alumina segment, the company will quickly outgrow this shortfall through growth in the Functional Fillers business, driven by **Boehmite** and **Viscosity-optimized aluminum hydroxides**. With these two products Nabaltec successfully found its way into the battery manufacturing value chain over the last few years and is, in our view, well positioned to participate in particular from the planned capacity expansions in Europe and North America. **Despite the current slowdown in EV acceptance**, particularly in Germany, the **2030E outlook, even if delayed** by a few years, still implies substantial growth in the battery market with an expected **quadrupling of global battery manufacturing capacity** from 2023 levels and, more importantly, with the **European capacity growing by 9x and the North American by 12x**. In addition to this underlying growth, **Nabaltec will profit** in particular from **a) the growth in Europe and NA**, where competition is so far less intense and Nabaltec is well positioned with local production, and **b) an increasing adoption of Boehmite** in especially edge coating (which is currently still below 50%, in our view). Furthermore, the company indirectly (through **adhesive manufacturers** such as Henkel) profits from the battery growth through increasing adaptation of viscosity-optimized aluminum hydroxides in **adhesives** and as **gap fillers**. If Nabaltec would keep its market share in Boehmite broadly stable **until 2030E** and fully utilizes its current capacity expansions, the business could stand for EUR 55-60mn itself and total **battery-related revenues could add up to about EUR 90mn** and reflect a group revenue CAGR of 4.2% on stable other revenues, which clearly underpins the attractive growth potential for the company. On the current capacity expansion projects ongoing, which include the expansion of Boehmite capacity to 20kt (from 10kt) and the operational realignment in Schwandorf, which will enable up to 30kt of viscosity-optimized aluminum hydroxides and additional 20kt of standard aluminum hydroxides, the company could generate between EUR 70-80mn in sales.

The remaining majority of the **Functional Fillers** business will recover with **volume growth in 2024E** as the business was impacted by **destocking last year**, however on lower prices, as the company has been profiting from a positive pricing spread especially in 2021/22, which we expect to normalize further towards sustainable EBITDA margins of 16-19% (Baader Helvea 2024E: 17.7% for FF). The Wire and Cable business has seen particular destocking in 4Q23, as data center operators, such as AWS, became more cautious on near-term cloud storage demand, which led to destocking at Nabaltec's cable customers, while the remaining business was impacted by destocking along the year in-line with the whole chemical industry. Despite this short-term cautiousness of the market, the overall data center prospective remains unchanged and further driven by increasing demand for AI computing power. Consequently, we expect the FF business (ex-Battery) to grow by 3% for 2025/26E, driven by 5% growth from data centers and lower growth from (other) construction and chemical-related sectors.

We expect the demand from the ceramics and refractory industry to recover by about 4-6%, as the business was strongly impacted by destocking and shutdowns over the last two years, while we expect prices to decrease by about 5% as customers become more conscious of prices again. As the management expects parts of the business' profitability to remain challenged by Asian competition, **the company will focus on higher-margin specialties while reducing low- and no-margin business**. Therefore, we expect **Specialty Alumina** margin growth of 50bps from 2024E to 2026E on a positive mix-effect, while topline only grows at around 1%.

## Nabaltec

## BATTERY INVESTMENT CASE

While the growth of EV adoption rates is currently slowing down due to subsidy cuts in important regions, such as Germany and parts of China, the mid-term growth outlook for the battery market and therefore for Nabaltec's **Boehmite** and Viscosity-optimized aluminum hydroxides remains intact. Important European **separator film coating** projects for which Nabaltec is the most likely supplier include **SK IE's** Poland Plant 1-4, **LG Chem/Toray's**, **Semcorp** and **Samsung W-Scope's** Hungary plants, which could stand for a total demand for Boehmite of approx. **13.7kt** when fully ramped up. While SK IE's plant 1 & 2 and Semcorp's are already operational and LG Chem/Toray's Hungary plant is in advanced stage, they are currently still running clearly below nameplate capacity and therefore much of the approx. 5kt/p.a. Nabaltec has been selling the last two years went to Asia. Nabaltec is also actively establishing business relationships in **North America**, where projects from **Asahi Kasei**, **Semcorp** and **Entek** could stand for approx. **13.4kt** of Boehmite when fully running.

The above included separator film projects would support battery capacity of approx. 340 GWh in Europe and 330 GWh in North America. Depending on the adoption rate of edge coating, which is, in our view, clearly increasing as battery lifetime becomes more important and **edge coating** clearly reduces the risk of internal battery damage, the capacity additions in Europe and NA **could stand for an additional 17kt in total**.

Though Boehmite production is not rocket science, and **though competition clearly exists**, we believe **Nabaltec can secure between 11-14% of the global Boehmite market for the next six years at profitable prices**, as **a)** both the largest competitor (Estone) and the majority of competition are based in China, which gives Nabaltec clear tariff advantages in the U.S., **b)** Nabaltec's Boehmite production is not materially impacted by generally higher energy prices in Germany as the Schwandorf site is steam-supplied from the neighboring waste incineration plant, for which Nabaltec has arranged special agreements, and **c)** Nabaltec has a local production footprint, which gives them a freight cost advantage in Europe and NA and stands for increased supply security.

With the current **investment project** for the expansion of Boehmite production to 20kt (EUR 20mn total investment, EUR 7mn already in 2023) and the reorganization and expansion of downstream production in Schwandorf, which will enable up to 30kt of Viscosity-optimized aluminum hydroxides and 20kt of standard aluminum hydroxides (EUR 25mn), the company is clearly underpinning their intention to serve the European battery industry. For Nabaltec, this will lead to **major capex in 2024-26E**, which we expect to peak this year at around EUR 30mn.

Forecasting the demand for Nabaltec's **Viscosity-optimized alumina hydroxides** is currently still tougher as the global adoption rather of this specialty in adhesives and as fillers in batteries is still very low. Nonetheless, the company is already selling around 5kt, and adhesive manufacturers, such as Henkel, Sika or Dow, are in our view interested in expanding their use of this aluminum hydroxide in their battery adhesives and for battery fillers as the material is more efficient than currently used alumina or silica-based solutions and required to improve heat transmission to the cooling system.

## Announced battery film coating plants and potential demand for Boehmite in Europe and NA (excl. demand for edge coating)

Company	Country	Plant	Capacity (mn sqm)	Capacity (GWh)	Boehmite demand (kt)	Investment volume (EUR mn)	Ramp-up
SK IE	Poland	Plant 1	340	34	1.360		3Q21
	Poland	Plant 2	340	34	1.360		1Q23
	Poland	Plant 3	430	43	1.720	425	2Q24
	Poland	Plant 4	430	43	1.720	425	2Q24
LG Chem/Toray	Hungary	Nyergesújfalú	334	33	1.336	330	
Semcorp	Hungary		344	34	1.376	340	3Q23
Samsung W-Scope	Hungary	Nyíregyháza	1,200	120	4.800	720	2025
Asahi Kasei	Canada	Ontario	700	70	2.800	1,070	2027
	USA	North C.	700	70	2.800	238	1H26
Semcorp	USA	Ohio	550	55	2.200	840	2025
Entek	USA	Indiana	1,400	140	5.600	1,376	2027/28
		Indiana					18 add. lines
<b>Sum</b>			<b>6,768</b>	<b>677</b>	<b>27.072</b>	<b>5,764</b>	

Source: Company data, Baader Helvea Equity Research

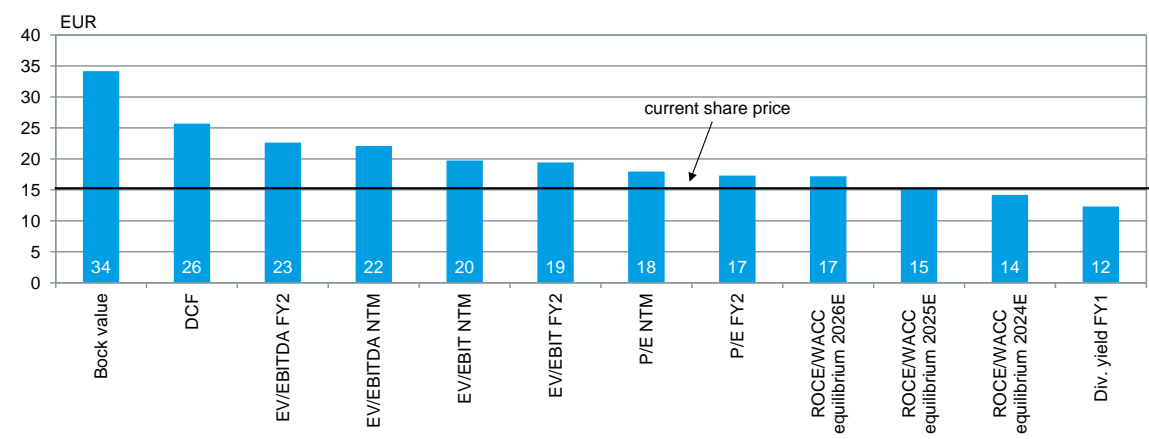
## Nabaltec

## VALUATION

Our valuation cascade averages EUR 20 per share, which is below our previous target price but underpins, in our view, the robustness of our new target price, as only the dividend yield, which is of minor importance for Nabaltec so far, and the 2024E ROCE/WACC points towards downside. Our DCF, which best reflects the mid-term potential of the increasing implementation of Boehmite and Viscosity-optimized alumina hydroxides in batteries, still indicates upside to EUR 26 per share, while the 2023 book value of equity even stands for EUR 34 per share. Simultaneously the **current P/BV is at historical lows and below 1**, which clearly shows the trough valuation at which the company still trades. The **current slowdown in the ramp-up of battery manufacturing** and the business lost due to **lower demand from the refractory and ceramics industry** is, however, weighting on the short-term potential. Nonetheless, we believe this is already **overcompensated for in the current share price** and, as such, we believe investors should remain committed to the story and see attractive upside from our valuation and see the market sentiment slowly improving for small caps again.

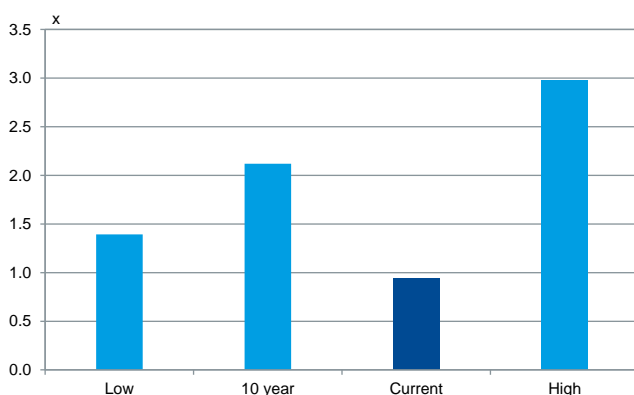
**With our new TP of EUR 20 per share, we reiterate our Buy recommendation with about 31% upside to the current share price.**

Our valuation cascade (avg: EUR 19.80 per share)

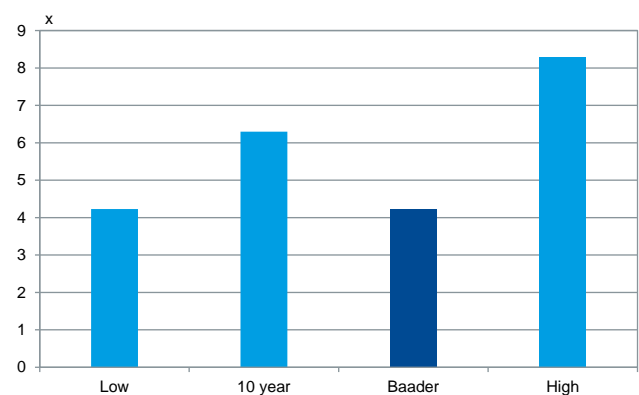


Source: LSEG, Baader Helvea Equity Research

Historical P/BV multiples vs 2023 book value of equity\*



Historical EV/EBITDA multiples and our NTM expectation\*



\* Low and high reflect first and ninth decile

Source: LSEG, Baader Helvea Equity Research

## Nabaltec

## SEGMENT RESULTS

		1Q24E	qoq (%)	2Q24E	1H24E	2024E	2025E	2026E
<b>Functional Fillers</b>								
Sales	EUR mn	39.0	20.2	36.0	75.0	140.6	150.7	161.5
yoy	%	-2.7		5.4	1.0	-1.2	7.1	7.2
thereof battery-related	EUR mn					22.2	28.4	35.7
yoy	%					-1.0	28.1	25.5
EBITDA	EUR mn	7.0	-1.4	6.2	13.2	23.9	26.4	29.1
Margin	%	18.0	-400bps	17.3	17.7	17.0	17.5	18.0
EBIT	EUR mn	4.6	-0.2	3.8	8.4	14.1	14.8	16.3
Margin	%	11.7	-200bps	10.5	11.2	10.0	9.8	10.1
<b>Specialty Alumina</b>								
Sales	EUR mn	15.0	26.6	14.5	29.5	58.2	59.4	59.7
yoy	%	-11.6		-2.7	-7.4	0.6	2.1	0.5
EBITDA	EUR mn	1.2	1.4	1.0	2.2	4.2	4.5	4.6
margin	%	8.0	-200bps	7.2	7.6	7.2	7.6	7.7
EBIT	EUR mn	0.5	-29.3	0.3	0.8	1.2	1.4	1.6
Margin	%	3.1	-200bps	2.1	2.6	2.1	2.4	2.6
<b>Group</b>								
Sales	EUR mn	54.0	21.9	50.5	104.5	198.8	210.1	221.2
yoy	%	-5.3		2.9	-1.5	-0.7	5.7	5.3
EBITDA	EUR mn	8.2	-1.0	7.3	15.5	28.1	30.9	33.7
Margin	%	15.2	-400bps	14.4	14.8	14.1	14.7	15.2
EBIT	EUR mn	5.0	-3.8	4.1	9.1	15.3	16.2	17.9
Margin	%	9.3	-300bps	8.1	8.7	7.7	7.7	8.1

Source: Company data, Baader Helvea Equity Research

## CONSOLIDATED INCOME STATEMENT

		2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
<b>Revenues</b>	<b>CHF mn</b>	<b>176.7</b>	<b>179.0</b>	<b>159.6</b>	<b>187.0</b>	<b>218.8</b>	<b>200.1</b>	<b>198.8</b>	<b>210.1</b>	<b>221.2</b>
<i>Change in stock/own work capitalized</i>	<i>CHF mn</i>	<i>0.7</i>	<i>2.6</i>	<i>-3.9</i>	<i>0.2</i>	<i>4.1</i>	<i>1.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
as a percentage of sales	%	0.4	1.5	-2.5	0.1	1.9	0.5	0.0	0.0	0.0
<b>Total turnover</b>	<b>CHF mn</b>	<b>177.4</b>	<b>181.7</b>	<b>155.7</b>	<b>187.2</b>	<b>223.0</b>	<b>201.1</b>	<b>198.8</b>	<b>210.1</b>	<b>221.2</b>
as a percentage of sales	%	100.4	101.5	97.5	100.1	101.9	100.5	100.0	100.0	100.0
Material expenses	CHF mn	-86.3	-84.4	-75.0	-88.2	-106.4	-101.9	-103.1	-108.0	-112.8
as a percentage of sales	%	48.8	47.2	47.0	47.1	48.6	50.9	51.8	51.4	51.0
Personnel expenses	CHF mn	-33.0	-35.6	-32.0	-34.8	-39.6	-38.2	-38.2	-39.9	-41.6
as a percentage of sales	%	18.7	19.9	20.0	18.6	18.1	19.1	19.2	19.0	18.8
Other operating income	CHF mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
as a percentage of sales	%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>CHF mn</b>	<b>30.6</b>	<b>32.3</b>	<b>23.6</b>	<b>37.3</b>	<b>42.4</b>	<b>31.0</b>	<b>28.1</b>	<b>30.9</b>	<b>33.7</b>
as a percentage of sales	%	17.3	18.1	14.8	19.9	19.4	15.5	14.1	14.7	15.2
<b>EBIT</b>	<b>CHF mn</b>	<b>18.5</b>	<b>18.6</b>	<b>-15.9</b>	<b>24.6</b>	<b>29.2</b>	<b>18.3</b>	<b>15.3</b>	<b>16.2</b>	<b>17.9</b>
as a percentage of sales	%	10.4	10.4	-9.9	13.1	13.3	9.2	7.7	7.7	8.1
Financial result	CHF mn	-2.7	-2.7	-2.0	-1.8	-1.7	-2.2	-0.6	-0.6	-0.6
as a percentage of sales	%	-1.5	-1.5	-1.2	-0.9	-0.8	-1.1	-0.3	-0.3	-0.3
<b>EBT</b>	<b>CHF mn</b>	<b>15.8</b>	<b>15.9</b>	<b>-17.8</b>	<b>22.8</b>	<b>27.5</b>	<b>16.1</b>	<b>14.8</b>	<b>15.6</b>	<b>17.3</b>
as a percentage of sales	%	8.9	8.9	-11.2	12.2	12.5	8.1	7.4	7.4	7.8
Income taxes	CHF mn	-5.5	-5.2	-1.8	-6.5	-1.1	-4.7	-4.3	-4.6	-5.1
Income tax rate	%	34.7	32.9	-10.2	28.6	3.9	29.3	29.3	29.3	29.3
<b>Net income before minorities</b>	<b>CHF mn</b>	<b>10.3</b>	<b>10.7</b>	<b>-19.7</b>	<b>16.3</b>	<b>26.4</b>	<b>11.4</b>	<b>10.4</b>	<b>11.1</b>	<b>12.2</b>
as a percentage of sales	%	5.8	6.0	-12.3	8.7	12.1	5.7	5.3	5.3	5.5
Minority interests	CHF mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income after minorities</b>	<b>CHF mn</b>	<b>10.3</b>	<b>10.7</b>	<b>-19.7</b>	<b>16.3</b>	<b>26.4</b>	<b>11.4</b>	<b>10.4</b>	<b>11.1</b>	<b>12.2</b>
<b>EPS reported</b>	<b>CHF</b>	<b>1.17</b>	<b>1.22</b>	<b>-2.23</b>	<b>1.85</b>	<b>3.00</b>	<b>1.30</b>	<b>1.19</b>	<b>1.26</b>	<b>1.39</b>

Source: Company data, Baader Helvea Equity Research

## Nabaltec

## CASH FLOW STATEMENT

		2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
<b>Net income</b>	<b>EUR mn</b>	<b>10.3</b>	<b>10.7</b>	<b>-19.7</b>	<b>16.3</b>	<b>26.4</b>	<b>11.4</b>	<b>10.4</b>	<b>11.1</b>	<b>12.2</b>
Depreciation charges on fixed assets	EUR mn	12.1	13.7	39.4	12.7	13.2	12.6	12.8	14.7	15.8
Changes in pension provisions	EUR mn	0.1	0.2	0.3	-0.1	0.1	-0.5	0.0	0.0	0.0
Net NWC change	EUR mn	-7.7	-4.7	6.5	-1.4	-7.0	-8.5	7.5	-5.0	-2.6
Operating adjustment factors	EUR mn	-0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from operations</b>	<b>EUR mn</b>	<b>16.1</b>	<b>22.4</b>	<b>24.3</b>	<b>33.2</b>	<b>32.4</b>	<b>16.5</b>	<b>31.3</b>	<b>21.3</b>	<b>26.0</b>
Asset disposals (without leasing)	EUR mn	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Capital spending on fixed assets	EUR mn	-27.1	-20.0	-10.3	-6.7	-10.8	-14.0	-30.0	-25.0	-15.0
Capital spending on financial assets	EUR mn	0.0	0.0	0.0	0.0	-14.9	0.0	0.0	0.0	0.0
Acquisitions/consolidation	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjustment factors	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from investments</b>	<b>EUR mn</b>	<b>-27.1</b>	<b>-20.0</b>	<b>-10.3</b>	<b>-6.7</b>	<b>-25.7</b>	<b>-14.0</b>	<b>-30.0</b>	<b>-25.0</b>	<b>-15.0</b>
<b>Free cash flow</b>	<b>EUR mn</b>	<b>-11.1</b>	<b>2.3</b>	<b>14.0</b>	<b>26.4</b>	<b>6.7</b>	<b>2.5</b>	<b>1.3</b>	<b>-3.7</b>	<b>11.0</b>
Inflow/outflow from interest-bearing debt	EUR mn	-1.0	0.0	-11.5	0.0	31.0	0.0	0.0	0.0	0.0
Less previous year's dividend	EUR mn	-1.6	-1.8	-1.3	0.0	-2.2	-2.5	-2.5	-2.5	-2.9
Adjustment factors	EUR mn	-2.0	-2.0	-1.8	-1.4	-0.8	-0.9	-0.6	-0.6	-0.6
<b>Cash flow from the financing sector</b>	<b>EUR mn</b>	<b>-4.6</b>	<b>-3.7</b>	<b>-14.6</b>	<b>-1.4</b>	<b>28.0</b>	<b>-3.4</b>	<b>-3.0</b>	<b>-3.0</b>	<b>-3.5</b>
Changed currency relations, consolidation and other effects	EUR mn	0.1	0.1	-2.0	0.8	0.6	-0.6	0.0	0.0	0.0
<b>Cash and cash equivalents on 1/1</b>	<b>EUR mn</b>	<b>45.9</b>	<b>30.3</b>	<b>29.0</b>	<b>26.4</b>	<b>52.2</b>	<b>87.5</b>	<b>86.0</b>	<b>84.2</b>	<b>77.5</b>
<b>Changes in cash and cash equivalents</b>	<b>EUR mn</b>	<b>-15.7</b>	<b>-1.4</b>	<b>-0.6</b>	<b>25.0</b>	<b>34.7</b>	<b>-1.0</b>	<b>-1.7</b>	<b>-6.8</b>	<b>7.6</b>
<b>Cash and cash equivalents at FY end</b>	<b>EUR mn</b>	<b>30.3</b>	<b>29.0</b>	<b>26.4</b>	<b>52.2</b>	<b>87.5</b>	<b>86.0</b>	<b>84.2</b>	<b>77.5</b>	<b>85.0</b>

Source: Company data, Baader Helvea Equity Research

## CONSOLIDATED BALANCE SHEET

		2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
<b>ASSETS</b>										
<b>Fixed assets</b>	<b>EUR mn</b>	<b>149.0</b>	<b>156.1</b>	<b>124.5</b>	<b>120.4</b>	<b>134.4</b>	<b>119.9</b>	<b>137.1</b>	<b>147.4</b>	<b>146.6</b>
Intangible assets	EUR mn	0.5	0.5	0.5	0.4	0.6	0.9	1.6	2.0	2.0
Property, plant and equipment	EUR mn	148.4	155.6	123.9	119.9	118.8	119.0	135.5	145.4	144.6
Other assets	EUR mn	0.1	0.1	0.1	0.1	15.0	0.0	0.0	0.0	0.0
<b>Current assets</b>	<b>EUR mn</b>	<b>46.6</b>	<b>51.8</b>	<b>44.6</b>	<b>46.4</b>	<b>59.1</b>	<b>74.7</b>	<b>69.7</b>	<b>71.6</b>	<b>75.4</b>
Inventories	EUR mn	34.6	40.5	32.9	33.9	45.7	51.1	47.2	49.0	52.7
Accounts receivable	EUR mn	4.5	5.6	5.1	5.5	6.5	1.4	1.4	1.5	1.6
Other assets	EUR mn	7.5	5.7	6.5	7.0	7.0	22.2	21.1	21.1	21.1
Other financial assets	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Deferred charges</b>	<b>EUR mn</b>	<b>0.0</b>	<b>2.7</b>	<b>3.7</b>	<b>2.1</b>	<b>1.0</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>
<b>Balance sheet total</b>	<b>EUR mn</b>	<b>225.9</b>	<b>239.6</b>	<b>198.6</b>	<b>220.7</b>	<b>281.1</b>	<b>280.9</b>	<b>291.9</b>	<b>297.3</b>	<b>307.9</b>
<b>EQUITY AND LIABILITIES</b>										
<b>Equity</b>	<b>EUR mn</b>	<b>95.8</b>	<b>98.9</b>	<b>76.8</b>	<b>96.5</b>	<b>133.5</b>	<b>141.8</b>	<b>149.8</b>	<b>158.4</b>	<b>167.7</b>
<b>Provisions</b>	<b>EUR mn</b>	<b>37.4</b>	<b>47.9</b>	<b>46.3</b>	<b>45.1</b>	<b>29.8</b>	<b>29.7</b>	<b>29.7</b>	<b>29.7</b>	<b>29.7</b>
Pension provisions	EUR mn	36.1	46.4	44.5	43.3	28.0	27.9	27.9	27.9	27.9
Other provisions	EUR mn	1.3	1.6	1.8	1.8	1.9	1.8	1.8	1.8	1.8
<b>Liabilities</b>	<b>EUR mn</b>	<b>130.1</b>	<b>140.6</b>	<b>121.8</b>	<b>124.2</b>	<b>147.6</b>	<b>139.1</b>	<b>142.1</b>	<b>139.0</b>	<b>140.2</b>
Financial debt	EUR mn	70.4	39.0	59.0	0.0	90.0	90.0	90.0	90.0	90.0
Trade payables	EUR mn	12.6	13.4	11.6	10.7	15.1	10.1	13.2	10.0	11.3
Other liabilities	EUR mn	9.1	8.4	4.4	9.2	11.9	8.3	8.3	8.3	8.3
<b>Deferred charges</b>	<b>EUR mn</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Balance sheet total</b>	<b>EUR mn</b>	<b>225.9</b>	<b>239.6</b>	<b>198.6</b>	<b>220.7</b>	<b>281.1</b>	<b>280.9</b>	<b>291.9</b>	<b>297.3</b>	<b>307.9</b>

Source: Company data, Baader Helvea Equity Research

# Baader Helvea Equity Research

## COMPANY UPDATE

# BAADER

### Key data

#### Nabaltec

Germany

#### Chemicals

Reuters: NTGG.DE Bloomberg: NTG GY

#### Buy

Price on 13-May-24 EUR 15.20

Target price EUR 20.00

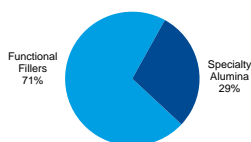
High/Low (12M) EUR 21.40/12.55

Market cap. EUR mn 134

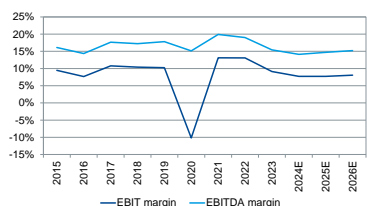
#### Company profile

Nabaltec is a leading supplier of aluminum hydroxide based functional fillers (mainly flame retardants) for the plastics industry and provides aluminum oxide based raw materials for the technical ceramics industries.

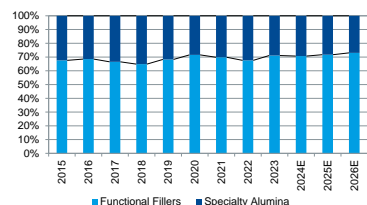
#### Divisions (2023)



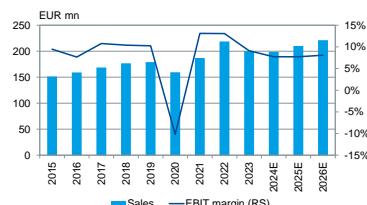
#### Margin evolution



#### Divisional sales evolution



#### Sales vs. EBIT margin



Source: Company data, LSEG,  
Baader Helvea Equity Research

**Analyst: Konstantin Wiechert**  
+41 43 388 9213  
kwiechert@helvea.com

FY 31 Dec.	2021	2022	2023	2024E	2025E	2026E
<b>Share data</b>						
EPS reported (EUR)	1.85	3.00	1.30	1.19	1.26	1.39
<b>EPS adjusted (EUR)</b>	<b>1.85</b>	<b>3.00</b>	<b>1.30</b>	<b>1.19</b>	<b>1.26</b>	<b>1.39</b>
Dividend (EUR)	0.25	0.28	0.28	0.28	0.33	0.38
Book value (EUR)	10.97	15.17	16.11	17.02	18.00	19.06
Free cash flow (EUR)	3.00	0.76	0.28	0.15	-0.42	1.26
Avg. no. of shares (mn)	8.8	8.8	8.8	8.8	8.8	8.8
Market cap. (avg./current; EUR mn)	283.9	243.2	180.0	133.8	133.8	133.8
Enterprise value (EUR mn)	290.9	246.4	185.0	140.5	147.2	139.7
<b>Valuation</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>P/E adj. (x)</b>	<b>17.4</b>	<b>9.2</b>	<b>15.7</b>	<b>12.8</b>	<b>12.1</b>	<b>10.9</b>
P/BV (x)	2.9	1.8	1.3	0.9	0.8	0.8
FCF/EV (%)	9.1	2.7	1.3	0.9	-2.5	7.9
FCF yield (%) (FCF/Mcap.)	9.3	2.8	1.4	1.0	-2.8	8.3
Dividend yield (%)	0.8	1.0	1.4	1.8	2.2	2.5
EV/Sales (x)	1.6	1.1	0.9	0.7	0.7	0.6
EV/EBITDA adj. (x)	7.8	5.8	6.0	5.0	4.8	4.1
EV/EBIT adj. (x)	11.9	8.4	10.1	9.2	9.1	7.8
EV/CE (x)	2.0	1.6	1.1	0.8	0.8	0.7
ROCE/WACC adj. (x)	1.7	1.9	1.2	0.9	0.9	1.0
<b>Key company data</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
Sales growth (%)	17.2	17.0	-8.5	-0.7	5.7	5.3
EBITDA adj. growth (%)	58.3	13.6	-26.8	-9.4	9.9	9.0
EBITDA adj. margin (%)	19.9	19.4	15.5	14.1	14.7	15.2
<b>EBIT adj. margin (%)</b>	<b>13.1</b>	<b>13.3</b>	<b>9.2</b>	<b>7.7</b>	<b>7.7</b>	<b>8.1</b>
Net adj. margin (%)	8.7	12.1	5.7	5.3	5.3	5.5
Free cash flow margin (%)	14.1	3.1	1.2	0.7	-1.8	5.0
Payout ratio (%)	13.5	9.3	21.6	23.6	26.3	27.4
Gearing (%) (net debt/equity)	7.3	2.4	3.5	4.5	8.5	3.5
Net debt/EBITDA (x)	0.2	0.1	0.2	0.2	0.4	0.2
Equity ratio (x) (equity/total assets)	43.7	47.5	50.5	51.3	53.3	54.5
Capital employed (EUR mn)	149.1	156.5	162.3	172.5	187.9	189.7
ROCE adj. (%)	11.5	13.0	7.9	6.2	6.0	6.6
<b>Income statement (EUR mn)</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
Turnover	187.0	218.8	200.1	198.8	210.1	221.2
EBITDA	37.3	42.4	31.0	28.1	30.9	33.7
EBITDA adj.	37.3	42.4	31.0	28.1	30.9	33.7
EBIT	24.6	29.2	18.3	15.3	16.2	17.9
EBIT adj.	24.6	29.2	18.3	15.3	16.2	17.9
EBT	22.8	27.5	16.1	14.8	15.6	17.3
Net profit after minorities	16.3	26.4	11.4	10.4	11.1	12.2
Net profit adj.	16.3	26.4	11.4	10.4	11.1	12.2
<b>Balance sheet (EUR mn)</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
Non-current assets	123	135	121	138	148	147
thereof goodwill	0	0	0	0	0	0
Current assets	98	146	160	154	149	160
<b>Total assets</b>	<b>221</b>	<b>281</b>	<b>281</b>	<b>292</b>	<b>297</b>	<b>308</b>
Shareholders' equity	96	133	142	150	158	168
<b>Total equity and liabilities</b>	<b>221</b>	<b>281</b>	<b>281</b>	<b>292</b>	<b>297</b>	<b>308</b>
Net debt	7	3	5	7	13	6
<b>Cash flow (EUR mn)</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
Cash flow from operations	33.2	32.4	16.5	31.3	21.3	26.0
of which change in working capital	-1.4	-7.0	-8.5	7.5	-5.0	-2.6
Cash flow from investments	-6.7	-25.7	-14.0	-30.0	-25.0	-15.0
of which investment in fixed assets	-6.7	-10.8	-14.0	-30.0	-25.0	-15.0
<b>Free cash flow</b>	<b>26.4</b>	<b>6.7</b>	<b>2.5</b>	<b>1.3</b>	<b>-3.7</b>	<b>11.0</b>
Dividends paid	0.0	-2.2	-2.5	-2.5	-2.5	-2.9
Cash flow from financing activities	-1.4	28.0	-3.4	-3.0	-3.0	-3.5
<b>Change in cash position</b>	<b>25.0</b>	<b>34.7</b>	<b>-1.0</b>	<b>-1.7</b>	<b>-6.8</b>	<b>7.6</b>

## Nabaltec

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## Nabaltec

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**Applicable Key Factors**

Company	Key
Nabaltec	4, 5

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Company	Date	Rating	Currency Target price	Closing price as of	Analyst
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Expected total return based on forecast dividend and 12-month price targets.

Rating	Upside/downside to the target price
Buy	>20%
Add	5%-20%
Reduce	-10% to 5%
Sell	<-10%

**Research ratings key:**

There are four possible ratings: **Buy, Add, Reduce or Sell.**

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