

29 April 2022

Please vote for us <https://voting.institutionalinvestor.com/>**Nabaltec**

Germany

Chemicals

Reuters: NTGG.DE Bloomberg: NTG GY

AddClosing price as of
28-Apr-22 EUR 31.40**Target price EUR 39.00**

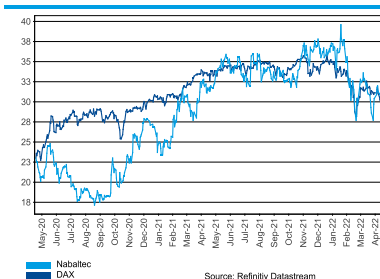
High/Low (12M) EUR 39.60/27.70

Market cap. EUR mn 276

Enterprise value EUR mn 314

Free float 44.0%

Avg. daily turnover EUR mn 0.12

Price relative to Index

Performance (%)	1M	3M	6M
Absolute	-2.2	-13.0	-4.3
rel. DAX	0.9	-4.3	6.7
rel. STOXX Europe 600	-0.6	-9.0	1.6
rel. SXXP Chemicals	-2.6	-10.9	-0.4

Analyst:**Markus Mayer**

+49 89 5150 1818

markus.mayer@baaderbank.de

Final 2021 numbers as indicated – Preliminary 1Q22 numbers better than expected but 2022 outlook “only” reiterated**Our conclusion**

- The reporting of the final FY21 numbers was as indicated by the company before and therefore no big story. However, the again 50% growth in Nabaltec's Boehmit product in 2021 should be flagged (as it will change the investment story of Nabaltec further and improve the margin and ROCE profile) and the strong 1Q22 result was a positive surprise. The 2022 outlook was despite the Ukraine war reiterated.
- **Investment case in tact:** The underlying sector trend is supportive for Nabaltec: **1)** stricter fire safety regulations will drive flame retardant demand, **2)** the shift from commodity halogenated towards non-halogenated commodity flame retardants continues unabated, **3)** the electrification trends in the automotive industry should trigger significantly higher demand for Nabaltec's Boehmite product (oligopolistic market – Nabaltec has 50% market share) for batteries, **4)** 5G and recharging infrastructure for electric vehicles are supportive for Nabaltec's flame retardants in cables, and **5)** the market for both divisions has consolidated after several difficult years and pricing power should remain supportive. As Nabaltec has very little exposure to Russian raw material suppliers (in contrast to competitors like Huber), we think it might also experience a very healthy demand and margin environment at least in 1H22E and therefore reiterate our positive view on the stock.

Facts & Analysis

- **1Q22 was very strong:** According to preliminary 1Q22 numbers of Nabaltec, 1Q22 EBIT jumped 82% yoy to EUR 7.1mn (1Q22 EBIT margin at 12.9%).
- **2022 outlook reiterated:** 4Q21 ended with a renewed surge in sales, as a large number of customers increased their inventories in order to better counter the supply bottlenecks that currently still exist in many areas. At the start of 2022, momentum was slowed due to these anticipatory effects, particularly in the boehmite product range. In the majority of product ranges, demand remained stable at the beginning of the new financial year, with prices rising. Overall, uncertainties remain even in 2022 in connection with bottlenecks in logistics and various materials. In the U.S., Nabaltec expects a successive improvement of the business situation at Nashtec. The market launch of Naprotec's products has been further delayed due to the coronavirus pandemic. Originally expected revenue will not be realized until a later date due to delayed customer releases. The current situation means that the market is taking longer to develop. In 2022 as well, fine hydroxides will continue to be the most important product range by far within the “Functional Fillers” product segment. The boehmite product range will continue to gain in importance due to the encouraging development in electromobility, although increased inventory build-up on the customer side at the end of 2021 may lead to shifts in the growth rates during the year. Products with high added value will continue to gain importance in the “specialty Alumina” product segment. Due to the economic and industry environment and the price increases realized at the start of the year, Nabaltec is expecting revenue growth in a range from 10% to 12% in 2022. On the earnings side, Nabaltec is expecting an EBIT margin in a range from 10% to 12%. The forecast is based on the assumption that, despite the current war in the Ukraine, the economy and the industries relevant to Nabaltec will develop positively.

Where do we differ from consensus and Nabaltec's guidance?

EUR mn	2021 Reported	2022E			Dev. (%)
		Guidance	Baader	Consensus	
Sales	187.0	10-12% sales growth or EUR 206 to 209mn	205.3	214.8	-4.4
EBITDA	n.a.		38.5	41.4	-6.9
EBIT	24.6		23.3	26.9	-13.3
EBIT margin (%)	13.2	10-12	11.3	12.5	n.m.
DPS (EUR)	n.a.		0.35	0.33	6.1

Source: Company data, Refinitiv Datastream, Baader Helvea Equity Research

Nabaltec

Key data

FY 31 Dec.	2018	2019	2020	2021E	2022E	2023E
Share data						
EPS reported (EUR)	1.17	1.31	-3.70	1.65	1.74	1.95
EPS adjusted (EUR)	1.17	1.31	-3.70	1.65	1.74	1.95
Dividend (EUR)	0.18	0.21	0.00	0.30	0.35	0.39
Book value (EUR)	10.88	11.34	8.73	10.38	12.13	14.07
Free cash flow (EUR)	-0.58	0.27	1.59	3.91	1.67	2.11
Avg. no. of shares (mn)	8.8	8.8	8.8	8.8	8.8	8.8
Market cap. (avg./current; EUR mn)	214.7	277.4	206.8	283.9	276.3	276.3
Enterprise value (EUR mn)	290.9	365.6	284.4	329.4	314.1	302.7
Valuation						
P/E adj. (x)	20.9	24.1	-	19.6	18.0	16.1
P/BV (x)	2.2	2.8	2.7	3.1	2.6	2.2
FCF/EV (%)	-1.8	0.6	4.9	10.4	4.7	6.1
FCF yield (%) (FCF/Mcap.)	-2.4	0.8	6.8	12.1	5.3	6.7
Dividend yield (%)	0.7	0.7	0.0	0.9	1.1	1.2
EV/Sales (x)	1.6	2.0	1.8	1.8	1.5	1.4
EV/EBITDA adj. (x)	9.5	10.7	25.6	9.3	8.2	7.4
EV/EBIT adj. (x)	15.8	17.8	-10.0	14.8	13.5	11.8
EV/CE (x)	1.7	1.9	1.9	2.3	2.0	1.8
ROCE/WACC adj. (x)	0.9	0.9	-2.6	1.3	-	-
Key company data						
Sales growth (%)	1.4	1.8	-11.3	13.7	13.2	6.6
EBITDA adj. growth (%)	0.5	12.2	-67.7	219.4	8.7	5.9
EBITDA adj. margin (%)	17.3	19.1	7.0	19.5	18.8	18.6
EBIT adj. margin (%)	10.4	11.4	-17.7	12.2	11.3	11.7
Net adj. margin (%)	5.8	6.4	-20.4	8.0	7.5	7.8
Free cash flow margin (%)	-2.9	1.3	8.8	19.0	7.2	8.5
Payout ratio (%)	15.4	16.1	0.0	18.1	20.1	20.0
Gearing (%) (net debt/equity)	41.9	42.0	43.1	-5.9	-14.5	-23.7
Net debt/EBITDA (x)	1.3	1.2	3.0	-0.2	-0.4	-0.7
Equity ratio (x) (equity/total assets)	42.4	41.5	38.7	39.4	41.6	40.9
Capital employed (EUR mn)	175.4	188.8	150.9	145.1	158.0	169.5
ROCE adj. (%)	6.9	7.1	-20.2	11.0	10.6	10.9
Income statement (EUR mn)						
Turnover	176.7	180.0	159.6	181.4	205.3	218.7
EBITDA	30.6	34.3	11.1	35.4	38.5	40.8
EBITDA adj.	30.6	34.3	11.1	35.4	38.5	40.8
EBIT	18.5	20.6	-28.3	22.2	23.3	25.6
EBIT adj.	18.5	20.6	-28.3	22.2	23.3	25.6
EBT	15.8	17.7	-30.2	20.2	21.3	23.8
Net profit after minorities	10.3	11.5	-32.6	14.5	15.3	17.2
Net profit adj.	10.3	11.5	-32.6	14.5	15.3	17.2
Balance sheet (EUR mn)						
Non-current assets	149	159	129	121	131	140
thereof goodwill	0	0	0	0	0	0
Current assets	77	81	70	111	126	163
Total assets	226	240	199	232	257	303
Shareholders' equity	96	100	77	91	107	124
Total equity and liabilities	226	240	199	232	257	303
Net debt	40	42	33	-5	-15	-29
Cash flow (EUR mn)						
Cash flow from operations	22.0	22.4	24.3	41.5	38.8	42.7
of which change in working capital	-8.1	1.8	2.1	5.1	-0.7	0.4
Cash flow from investments	-27.1	-20.0	-10.3	-7.1	-24.1	-24.1
of which investment in fixed assets	-26.9	-19.9	-10.2	-7.0	-25.0	-25.0
Free cash flow	-5.1	2.3	14.0	34.4	14.7	18.6
Dividends paid	-1.6	-1.7	-1.8	0.0	-2.6	-3.1
Cash flow from financing activities	-4.6	-3.7	-14.6	4.4	-2.3	17.6
Change in cash position	-11.0	-1.3	-2.6	38.5	10.1	33.9

Source: Company data, Baader Helvea Equity Research

Nabaltec**Disclaimer****Baader Bank AG, Weihestephaner Strasse 4, 85716 Unterschleissheim, Germany****Baader Helvea AG, Talstrasse 9, 8001 Zurich, Switzerland****Baader Helvea Limited, 5 Royal Exchange Buildings, London EC3V 3NL, United Kingdom**

Baader Bank AG is the parent company of Baader Helvea AG and/or Baader Helvea Limited. Baader Bank AG, Baader Helvea AG and Baader Helvea Limited are collectively referred to as “**Baader Helvea Group Europe Companies**” below, and each of them is referred to separately as a “**Baader Helvea Group Europe Company**”. Baader Bank AG and its subsidiaries and affiliates, including Baader Helvea AG and Baader Helvea Limited, are collectively referred to below as the “**Group Companies**”.

The information set forth in this document has been diligently compiled by Baader Bank AG and is partially based on publicly available sources and data supplied by third parties (including data supplied by AlphaValue S.A., a cooperation partner of Baader Bank AG) believed to be reliable. Baader Bank AG does not warrant the accuracy or completeness of such information.

All estimates and opinions included herein represent the independent judgment of the analyst(s) named in the Research Document as of the date of publication of this Research Document.

This Research Document was completed at 08:36 AM (CEST) on 29-04-2022.

The relevant Baader Helvea Group Europe Company reserves the right to modify the views expressed herein at any time without notice and the right not to update this information and to discontinue coverage of the company that is the subject of this Research Document without notice. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. Neither the Group Companies, any of their authorized representatives or employees nor any other person accepts any liability whatsoever for any loss arising from any use of this Research Document or its contents or otherwise arising in connection therewith.

Please note the information on the preparation of this document, the important notice, the advice regarding possible conflicts of interests, and the mandatory information required by Art. 20 of the Regulation (EU) No 596/2014 of 16 April 2014 and the Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 and pursuant to Art. 34, 36 and 37 of the Commission Delegated Regulation (EU) No 2017/565 of 25 April 2016 and other applicable rules under http://www.baaderbank.de/disclaimer_research.html.

Baader Bank AG is a stock corporation (*Aktiengesellschaft*) organized under the laws of the Federal Republic of Germany with its principal place of business in Unterschleissheim. It is registered with the District Court (*Amtsgericht*) in Munich under No. HRB 121537 and supervised by the German Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin*), Marie-Curie-Strasse 24-28, 60439 Frankfurt am Main and Graurheindorfer Strasse 108, 53117 Bonn. The value added tax identification number of Baader Bank AG is DE 114123893.

A list of all of our Research Documents on any financial instrument or issuer that were disseminated during the preceding 12-month period is available to our clients under http://www.baaderbank.de/disclaimer_research.html.

Research Documents with recommendation changes (rating or target price) published in the twelve months prior to the publication of this Research Document covering the same financial instruments or issuers.

Company	Date	Rating	Currency	Target price	Closing price as of	Analyst
Nabaltec	02-Feb-22	Add	EUR	39.00	36.60 01-Feb-22	Markus Mayer
Nabaltec	11-May-21	Buy	EUR	38.00	31.70 10-May-21	Markus Mayer

Nabaltec

Contacts

Markus Mayer

Head of Research
+49 89 5150 1818
markus.mayer@baaderbank.de

EQUITY RESEARCH**Capital Goods**

Capital Goods (Switzerland)	Emrah Basic, CFA	+41 43 388 9250	ebasic@helvea.com
Capital Goods	Christian Obst, CEFA	+49 89 5150 1805	christian.obst@baaderbank.de
Capital Goods (Germany)	Peter Rothenaicher	+49 89 5150 1817	peter.rothenaicher@baaderbank.de

Chemicals

Markus Mayer	+49 89 5150 1818	markus.mayer@baaderbank.de
Konstantin Wiechert	+41 43 388 9213	kwiechert@helvea.com

Consumer

Consumer Durables / Food Retail / Non-Food Retail	Volker Bosse, CEFA	+49 89 5150 1815	volker.bosse@baaderbank.de
Food & Beverages	Co-Head Equity Research Andreas von Arx	+41 43 388 9257	avonarx@helvea.com

Financial Services

Gerhard Schwarz, CEFA	+49 89 5150 1812	gerhard.schwarz@baaderbank.de
Andreas von Arx	+41 43 388 9257	avonarx@helvea.com

Metals & Mining

Christian Obst, CEFA	+49 89 5150 1805	christian.obst@baaderbank.de
----------------------	------------------	------------------------------

Pharma

Leonildo Delgado, PhD	+41 43 388 9226	ldelgado@helvea.com
-----------------------	-----------------	---------------------

Real Estate

Andre Remke, CFA	+49 89 5150 1816	andre.remke@baaderbank.de
Co-Head Equity Research Andreas von Arx	+41 43 388 9257	avonarx@helvea.com

Technology

Software / IT Services / Support Services	Knut Woller, CEFA	+49 89 5150 1807	knut.woller@baaderbank.de
---	-------------------	------------------	---------------------------

Transport

Christian Obst, CEFA	+49 89 5150 1805	christian.obst@baaderbank.de
----------------------	------------------	------------------------------

EQUITY STRATEGY

Gerhard Schwarz, CEFA Head of Equity Strategy	+49 89 5150 1812	gerhard.schwarz@baaderbank.de
--	------------------	-------------------------------

EQUITY SALES

Frankfurt	+49 69 1388 1357
London	+44 20 7054 7100
Munich	+49 89 5150 1850
Zurich	+41 43 388 9200

For North American clients:

New York	+1 212 935 5150
----------	-----------------

DERIVATIVES SALES

Munich	+49 89 5150 1990
--------	------------------

EQUITY SALES TRADING

Frankfurt	+49 69 1388 1355
London	+44 20 7054 7100
Munich	+49 89 5150 1870
New York	+1 212 935 5150
Zurich	+41 43 388 9200

PUBLICATION ADDRESSES

Baader Bank AG
Equity Research
Weißenstephaner Strasse 4
85716 Unterschleißheim, Germany

T +49 89 5150 1810

Baader Helvea AG
Equity Research
Talstrasse 9
8001 Zurich, Switzerland

T +41 43 388 9250