

Buy (old: Buy)

21.01.2025

EUR 25.00 (old: EUR 25.00)

Ending FY24 on a high note; FY25 with additional growth

Nabaltec to reach upper end of FY24e EBIT margin guidance. With Q3 figures, management confirmed its FY24 guidance of 2-4% yoy sales growth and an 8-10% EBIT margin while achieving 1.5% yoy growth and a 10.6% EBIT margin during the first nine months. While we expect the lower end of the sales guidance to be reached (eNuW: 1.7% yoy sales growth), the upper end of the margin guidance should be likely. Our current 9.3% margin estimate would imply only a 4.9% in Q4.

2025 to show further growth carried by rising volumes as well as expected price increases. Considering generally rising production costs (raw materials, energy and labour) as well as expected sales price increase of its peers, we would expect Nabaltec to also slightly increase prices (eNuW: 3.5%). On top, demand for the company's core product (ATH, an environmental friendly flame retardant, which is primarily used in cables and wires) is seen to remain strong. This should be driven by several trends including investments into data centres and an improving US construction industry.

Further, **the gap filler is growing in importance.** Sales from the white powder, that improves thermal management capabilities of adhesives used in EV batteries, should reach € 8m in FY25e. Once the current capacity expansion is completed, Nabaltec will be able to produce € 40m worth of product p.a.

All in all, Nabaltec looks well positioned to grow its top-line by a mid single-digit percentage (eNuW: 7.3%) while slightly expanding its EBIT margin. The past few quarters have underpinned the sustainability of the company's double-digit margin target.

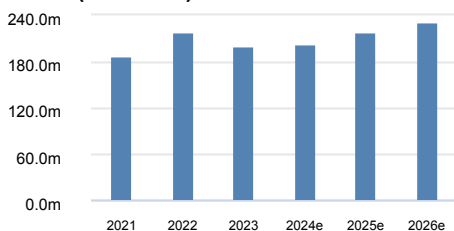
2nd year of growth investments no burden on the balance sheet. Following some € 30m of capex in FY24e (~ € 18m for expanding boehmite gap filler production capacities), Nabaltec is seen to spend additional € 32m in FY25e to complete the capacity expansion for gap fillers, build a fully automatized warehouse and special maintenance of its Specialty Oxides production. Nevertheless, the company's op. cash flow should once again be sufficient (eNuW € 29m) to largely cover those investments.

Valuation remains attractive. Despite macroeconomic headwinds, unlike many of its peers, Nabaltec is able to show top-line and margin growth. With some € 30m operating cash flow in FY24e and a slight net cash position, the current valuation of 8.4x PE '24e looks undemanding. We **confirm our BUY rating with a € 25 PT**, which is based on FCFY 2025e, and **keep the company on out Alpha List.**

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	187.0	218.8	200.1	203.5	218.4	233.2
Sales growth	17.2%	17.0%	-8.5%	1.7%	7.3%	6.8%
EBITDA	37.3	42.4	31.0	32.4	37.6	40.5
Net debt (if net cash=0)	7.1	3.2	5.0	-3.1	2.6	-9.3
FCF	26.4	21.6	2.4	10.8	-2.8	15.0
Net Debt/EBITDA	0.2	0.1	0.2	0.0	0.1	0.0
EPS pro forma	1.85	2.22	1.30	1.40	1.66	1.76
EBITDA margin	19.9%	19.4%	15.5%	15.9%	17.2%	17.4%
ROCE	11.6%	13.4%	7.9%	7.2%	8.1%	8.1%
EV/sales	0.9	0.7	0.8	0.7	0.7	0.6
EV/EBITDA	4.7	3.7	5.0	4.6	4.1	3.5
PER	7.6	6.3	10.8	10.0	8.5	8.0
Adjusted FCF yield	13.1%	24.3%	11.9%	13.3%	15.6%	18.8%

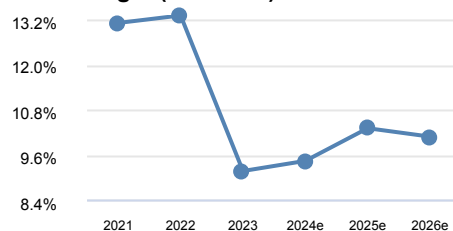
Source: Company data, NuWays, Close price as of 20.12.2024

Sales (2021-26e)



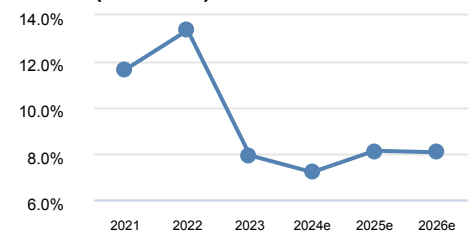
Source: NuWays Research

EBIT margin (2021-26e)



Source: NuWays Research

ROCE (2021-26e)



Source: NuWays Research

Company description

Nabaltec is a leading producer of environmental friendly, non-hazardous flame retardants used in plastics and industrial applications. With boehmite, a high margin coating solution for EV batteries, the company should strongly benefit from the electrification of the auto industry.



Market data

Share price (in €)	13.45
Market cap (in € m)	123.6
Number of shares (in m pcs)	8.8
Enterprise value (in € m)	154.2
Ø trading volume (6 months)	2,700

Identifier

Bloomberg	NTG GR
Reuters	NTGG
WKN	A0KPPR
ISIN	DE000A0KPPR7

Key shareholders

Family Heckmann	28.4%
Family Witzany	27.2%
Free Float	44.4%

Estimates changes

	2024e	2025e	2026e
Sales	0%	0%	0%
EBIT	0%	0%	-5%
EPS	0%	-1%	-6%

Comment on changes

Guidance

- 2024 sales: 2-4% yoy growth
- 2024 EBIT margin: 8-10%

Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net sales	187.0	218.8	200.1	203.5	218.4	233.2
<i>Sales growth</i>	17.2%	17.0%	-8.5%	1.7%	7.3%	6.8%
Increase/decrease in finished goods and work-in-process	0.2	4.1	1.0	1.0	0.0	0.0
Total sales	187.2	223.0	201.1	204.5	218.4	233.2
Other operating income	2.7	3.5	2.8	2.0	2.2	2.3
Material expenses	88.2	106.4	101.9	100.7	107.0	113.8
Personnel expenses	34.8	39.6	38.2	40.2	41.0	42.7
Other operating expenses	29.6	38.1	32.8	33.2	34.9	38.6
Total operating expenses	149.9	180.6	170.1	172.1	180.8	192.7
EBITDA	37.3	42.4	31.0	32.4	37.6	40.5
Depreciation	12.7	13.2	12.7	13.2	15.1	17.0
EBITA	24.6	29.2	18.3	19.2	22.5	23.5
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	24.6	29.2	18.3	19.2	22.5	23.5
Interest income	0.1	0.4	2.1	2.3	2.2	2.5
Interest expenses	1.8	2.1	4.3	4.1	4.0	4.0
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-1.8	-1.7	-2.2	-1.8	-1.9	-1.6
Recurring pretax income from continuing operations	22.8	27.5	16.1	17.4	20.6	22.0
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	22.8	27.5	16.1	17.4	20.6	22.0
Income tax expense	6.5	1.1	4.7	5.1	6.0	6.4
Net income from continuing operations	16.3	26.4	11.4	12.3	14.6	15.5
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	16.3	26.4	11.4	12.3	14.6	15.5
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	16.3	26.4	11.4	12.3	14.6	15.5
Average number of shares	8.8	8.8	8.8	8.8	8.8	8.8
EPS reported	1.85	3.00	1.30	1.40	1.66	1.76

Profit and loss (common size)	2021	2022	2023	2024e	2025e	2026e
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Sales growth</i>	17.2%	17.0%	-8.5%	1.7%	7.3%	6.8%
Increase/decrease in finished goods and work-in-process	0.1%	1.9%	0.5%	0.5%	0.0%	0.0%
Total sales	100.1%	101.9%	100.5%	100.5%	100.0%	100.0%
Other operating income	1.4%	1.6%	1.4%	1.0%	1.0%	1.0%
Material expenses	47.1%	48.6%	50.9%	49.5%	49.0%	48.8%
Personnel expenses	18.6%	18.1%	19.1%	19.8%	18.8%	18.3%
Other operating expenses	15.8%	17.4%	16.4%	16.3%	16.0%	16.6%
Total operating expenses	80.2%	82.5%	85.0%	84.6%	82.8%	82.6%
EBITDA	19.9%	19.4%	15.5%	15.9%	17.2%	17.4%
Depreciation	6.8%	6.0%	6.3%	6.5%	6.9%	7.3%
EBITA	13.1%	13.3%	9.2%	9.4%	10.3%	10.1%
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	13.1%	13.3%	9.2%	9.4%	10.3%	10.1%
Interest income	0.0%	0.2%	1.1%	1.1%	1.0%	1.1%
Interest expenses	1.0%	1.0%	2.2%	2.0%	1.9%	1.7%
Investment income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
Recurring pretax income from continuing operations	12.2%	12.5%	8.1%	8.6%	9.5%	9.4%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	12.2%	12.5%	8.1%	8.6%	9.5%	9.4%
Tax rate	28.6%	3.9%	29.3%	29.3%	29.3%	29.3%
Net income from continuing operations	8.7%	12.1%	5.7%	6.1%	6.7%	6.7%
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	8.7%	12.1%	5.7%	6.1%	6.7%	6.7%
Minority interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net profit (reported)	8.7%	12.1%	5.7%	6.1%	6.7%	6.7%

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	0.4	0.6	0.9	0.6	0.9	0.6
Property, plant and equipment	119.9	118.8	119.0	135.8	152.7	150.7
Financial assets	0.5	15.9	0.5	0.5	0.5	0.5
FIXED ASSETS	120.8	135.3	120.4	136.9	154.1	151.8
Inventories	33.9	45.7	51.1	40.7	43.7	46.6
Accounts receivable	5.5	6.5	1.4	6.7	7.2	7.7
Other assets and short-term financial assets	6.2	5.1	21.1	21.1	21.1	21.1
Liquid assets	52.2	87.5	86.0	93.0	87.4	99.3
Deferred taxes	2.1	1.0	0.9	0.9	0.9	0.9
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	99.9	145.8	160.5	162.4	160.2	175.5
TOTAL ASSETS	220.7	281.1	280.9	299.2	314.3	327.3

SHAREHOLDERS EQUITY	96.5	133.5	141.8	162.2	174.1	186.1
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term liabilities to banks	0.0	90.0	90.0	90.0	90.0	90.0
Bonds (long-term)	0.0	0.0	0.0	0.0	0.0	0.0
other interest-bearing liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	43.3	28.0	27.9	27.9	27.9	27.9
Other provisions and accrued liabilities	1.8	1.9	1.8	0.0	0.0	0.0
NON-CURRENT LIABILITIES	45.1	119.8	119.7	117.9	117.9	117.9
Short-term liabilities to banks	59.3	0.8	1.0	0.0	0.0	0.0
Accounts payable	10.7	15.1	10.1	14.0	15.1	16.1
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Accrued taxes	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	5.5	5.5	3.9	3.9	3.9	3.9
Deferred taxes	3.7	2.9	1.0	1.0	1.0	1.0
Deferred income	0.0	3.5	3.4	0.0	0.0	0.0
CURRENT LIABILITIES	79.1	27.8	19.4	18.9	19.9	20.9
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	220.7	281.1	280.9	299.0	311.9	324.9

Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	0.2%	0.2%	0.3%	0.2%	0.3%	0.2%
Property, plant and equipment	54.3%	42.3%	42.4%	45.4%	48.6%	46.0%
Financial assets	0.2%	5.7%	0.2%	0.2%	0.2%	0.2%
FIXED ASSETS	54.7%	48.1%	42.9%	45.7%	49.0%	46.4%
Inventories	15.4%	16.3%	18.2%	13.6%	13.9%	14.2%
Accounts receivable	2.5%	2.3%	0.5%	2.2%	2.3%	2.3%
Other assets and short-term financial assets	2.8%	1.8%	7.5%	7.1%	6.7%	6.5%
Liquid assets	23.7%	31.1%	30.6%	31.1%	27.8%	30.3%
Deferred taxes	1.0%	0.3%	0.3%	0.3%	0.3%	0.3%
Deferred charges and prepaid expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT ASSETS	45.3%	51.9%	57.1%	54.3%	51.0%	53.6%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	43.7%	47.5%	50.5%	54.3%	55.8%	57.3%
MINORITY INTEREST	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Long-term liabilities to banks	0.0%	32.0%	32.0%	30.1%	28.8%	27.7%
Bonds (long-term)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
other interest-bearing liabilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Provisions for pensions and similar obligations	19.6%	10.0%	9.9%	9.3%	9.0%	8.6%
Other provisions and accrued liabilities	0.8%	0.7%	0.7%	0.0%	0.0%	0.0%
NON-CURRENT LIABILITIES	20.4%	42.6%	42.6%	39.4%	37.8%	36.3%
Short-term liabilities to banks	26.9%	0.3%	0.3%	0.0%	0.0%	0.0%
Accounts payable	4.8%	5.4%	3.6%	4.7%	4.8%	4.9%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accrued taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other liabilities (incl. from lease and rental contracts)	2.5%	2.0%	1.4%	1.3%	1.2%	1.2%
Deferred taxes	1.7%	1.0%	0.4%	0.3%	0.3%	0.3%
Deferred income	0.0%	1.2%	1.2%	0.0%	0.0%	0.0%
CURRENT LIABILITIES	35.9%	9.9%	6.9%	6.3%	6.4%	6.4%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Company data, NuWays

Cash flow statement (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net profit/loss	16.3	26.4	11.4	12.3	14.6	15.5
Depreciation of fixed assets (incl. leases)	12.7	13.2	12.7	13.2	15.1	17.0
Amortisation of goodwill & intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Other costs affecting income / expenses	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from operating activities	25.1	24.4	8.5	32.8	21.2	22.0
Increase/decrease in inventory	-1.0	-11.8	-5.4	10.4	-3.0	-3.0
Increase/decrease in accounts receivable	-0.2	-1.0	5.0	-5.2	-0.5	-0.5
Increase/decrease in accounts payable	0.9	-4.4	5.0	-3.9	-1.0	-1.0
Increase/decrease in other working capital positions	5.7	25.3	-12.1	14.0	4.0	2.0
Increase/decrease in working capital	5.4	8.1	-7.6	15.3	-0.5	-2.5
Cash flow from operating activities	33.1	32.4	16.5	40.8	29.2	30.0
CAPEX	6.7	10.8	14.0	30.0	32.0	15.0
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	15.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.1	0.0	0.0	0.0	0.0
Cash flow from investing activities	-6.7	-25.7	-14.0	-30.0	-32.0	-15.0
Cash flow before financing	26.4	4.5	-0.1	8.1	-5.8	11.8
Increase/decrease in debt position	0.0	31.0	0.2	-1.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	2.2	2.5	2.7	3.0	3.3
Others	-1.4	-0.8	-1.2	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.8	0.6	-0.6	0.0	0.0	0.0
Cash flow from financing activities	-1.4	28.0	-3.4	-3.7	-3.0	-3.3
Increase/decrease in liquid assets	25.8	35.3	-1.6	7.1	-5.8	11.8
Liquid assets at end of period	52.2	87.5	85.9	93.0	87.2	99.0

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
P&L growth analysis						
Sales growth	17.2%	17.0%	-8.5%	1.7%	7.3%	6.8%
EBITDA growth	58.3%	13.6%	-26.8%	4.6%	16.0%	7.7%
EBIT growth	-254.8%	18.8%	-37.1%	4.7%	17.3%	4.5%
EPS growth	-182.7%	62.2%	-56.7%	8.0%	18.4%	6.3%
Efficiency						
Sales per employee	388.8	432.5	387.9	394.4	423.2	452.0
EBITDA per employee	77.5	83.7	60.1	62.8	72.9	78.5
No. employees (average)	481	506	516	516	516	516
Balance sheet analysis						
Avg. working capital / sales	16.4%	14.5%	17.8%	17.3%	17.9%	15.3%
Inventory turnover (sales/inventory)	5.5	4.8	3.9	5.0	5.0	5.0
Accounts receivable turnover	10.7	10.8	2.6	12.0	12.0	12.0
Accounts payable turnover	20.8	25.2	25.2	25.2	25.2	25.2
Cash flow analysis						
Free cash flow	26.4	21.6	2.4	10.8	-2.8	15.0
Free cash flow/sales	14.1%	9.9%	1.2%	5.3%	-1.3%	6.4%
FCF / net profit	162.4%	82.0%	21.1%	87.8%	neg.	96.7%
Capex / sales	3.6%	11.8%	7.0%	14.7%	14.7%	6.4%
Solvency						
Net debt	7.1	3.2	5.0	-3.1	2.6	-9.3
Net Debt/EBITDA	0.2	0.1	0.2	0.0	0.1	0.0
Dividend payout ratio	13.5%	9.3%	23.9%	24.3%	22.3%	22.7%
Interest paid / avg. debt	2.8%	2.8%	5.8%	4.5%	4.5%	4.5%
Returns						
ROCE	11.6%	13.4%	7.9%	7.2%	8.1%	8.1%
ROE	16.9%	19.8%	8.1%	7.6%	8.4%	8.3%
Adjusted FCF yield	13.1%	24.3%	11.9%	13.3%	15.6%	18.8%
Dividend yield	1.8%	2.0%	2.2%	2.4%	2.6%	2.8%
DPS	0.2	0.3	0.3	0.3	0.4	0.4
EPS reported	1.85	3.00	1.30	1.40	1.66	1.76
Average number of shares	8.8	8.8	8.8	8.8	8.8	8.8
Valuation ratios						
P/BV	1.3	0.9	0.9	0.8	0.7	0.7
EV/sales	0.9	0.7	0.8	0.7	0.7	0.6
EV/EBITDA	4.7	3.7	5.0	4.6	4.1	3.5
EV/EBIT	7.1	5.3	8.5	7.7	6.8	6.0

Source: Company data, NuWays

Disclosures

Disclosures regarding research publications of NuWays AG pursuant to section 85 of the German Securities Trading Act (WpHG)

Indication of conflict of interest

It is essential that any research recommendation is fairly presented and discloses interests of indicates relevant conflicts of interest. Pursuant to section 85 of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analysed company. A conflict of interest is presumed to exist in particular if NuWays AG

- (1) or any other person belonging to the same group with it was part of a consortium within the past twelve months that issued the financial instruments of the analysed company by way of a public offer.
- (2) or any other person belonging to the same group with it has entered into an agreement on the production of the research report with the analysed company.
- (3) or any other person belonging to the same group with it has been party to an agreement on the provision of investment banking services with the analysed company or have received services or a promise of services under the term of such an agreement within the past twelve month.
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Company	Disclosures
Nabaltec AG	2

Historical target price and rating changes for Nabaltec AG

Company	Date	Analyst	Rating	Target Price	Close
Nabaltec AG	05.03.2024	Sandherr, Christian	Buy	EUR 25.00	EUR 13.45

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Date of publication creation: 21/01/2025 07:54 AM

Date of publication dissemination: 21/01/2025 07:56 AM

Contacts

NuWays AG

Mittelweg 16-17
20148 Hamburg
Germany

+49 170 119 8648
info@nuways-ag.com
www.nuways-ag.com



Christian Sandherr

Co-CEO/Analyst

christian.sandherr@nuways-ag.com



Frederik Jarchow

Co-CEO/Analyst

frederik.jarchow@nuways-ag.com



Philipp Sennewald

Analyst

philipp.sennewald@nuways-ag.com



Henry Wendisch

Analyst

henry.wendisch@nuways-ag.com



Mark Schüssler

Analyst

mark-hendrik.schuessler@nuways-ag.com



Konstantin Völk

Analyst

konstantin.voelk@nuways-ag.com

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