EDISON

Nabaltec

Company outlook

Margin reset, growth drivers intact

Basic materials

29 May 2026

Nabaltec is a German specialist chemicals business focused on aluminium hydroxide- and aluminium oxide-based products. Its products are used where customers require fire safety, smoke suppression, thermal management, electrical insulation and wear resistance. The company's largest segment, Functional Fillers, supplies halogen-free flame-retardant fillers, fine hydroxides, viscosity-optimised hydrates and boehmites for applications including power and data cables, EV charging infrastructure, battery thermal management and separator coatings. Specialty Aluminas supplies aluminium oxide-based products into refractory, technical ceramics, polishing, catalyst and electrical insulation applications.

Year end	Revenue (€m)	EBIT (€m)	EPS (€)	DPS (€)	P/E (x)
12/24	203.6	22.3	1.62	0.29	7.0
12/25	197.0	15.2	1.10	0.29	10.4
12/26e	204.9	12.3	0.89	0.24	12.8
12/27e	215.2	13.1	0.98	0.27	11.7

Note: EBIT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Revenue growth guided, but margins reset

Q126 showed the company's margin reset is now coming through. Revenue declined 2.7% y-o-y to €53.2m, with Functional Fillers down 2.1% and Specialty Aluminas down 4.6%. EBIT fell 33.8% y-o-y to €2.7m, resulting in an EBIT margin of 5.2%, compared with 7.5% in Q125. The main pressures were subdued demand in January and February, high energy costs and higher D&A from recently completed investment projects. Management reaffirmed its FY26 guidance for revenue growth of 4–6% and an EBIT margin of 5–7%, versus 7.7% in FY25. We forecast FY26 revenue of €204.9m, growth of 4.0% and EBIT of €12.3m, implying a 6.0% margin.

Functional Fillers drive the medium-term case

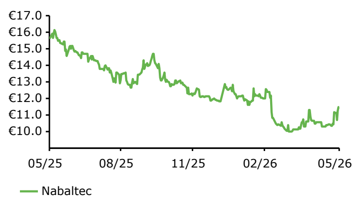
Viscosity-optimised hydrates remain the clearest near-term growth driver. Revenue in the product range increased 28.0% y-o-y in Q126, supported by battery thermal management applications in Europe and the US. Management expects a new automated plant at Schwandorf to be commissioned in Q127, adding up to 30kt of capacity and a potential revenue step-up of up to c €40m at current prices. Wider Functional Fillers demand should also benefit from fire-safe cabling for electrification, renewables, EV charging and potentially AI/data centre infrastructure, although the data centre upside remains unquantified.

Valuation: €19.1/share, c 70% upside

We value Nabaltec using a 50:50 blend of a DCF valuation of €15.5/share and an EV/EBITDA peer group multiple valuation of €22.7/share, giving a total valuation of €19.1/share. On our estimates, Nabaltec trades on FY26 and FY27 EV/EBITDA multiples of 3.7x and 3.4x respectively, a 58% discount to the peer median in both years. It also trades on P/E multiples of 12.8x in FY26 and 11.7x in FY27, on our estimates, discounts of 25% and 24%, respectively. This discount reflects lower current margins, small-cap liquidity and earnings uncertainty, but leaves scope for upside if Nabaltec delivers the guided revenue recovery and ramps higher-margin Functional Fillers capacity.

Price	**€11.40**
Market cap	**€100m**
Net cash/(debt) at Q126	€(3.9)m
Shares in issue	8.8m
Free float	44.4%
Code	NTG
Primary exchange	XETRA
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	5.6	(8.8)	(26.9)
52-week high/low		€15.8	€10.1

Business description

Nabaltec develops, manufactures and distributes environmentally friendly, specialised products based on aluminium hydroxide and aluminium oxide. It is one of the world's leading suppliers of mineral flame-retardant fillers and speciality aluminas.

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Q226 results	20 August 2026

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Investment summary

High-tech white powders for technically demanding sectors

Nabaltec is a German chemicals company that develops, manufactures and sells aluminium hydroxide- and aluminium oxide-based products for technically demanding industrial applications. The group's two segments are Functional Fillers, which includes halogen-free flame-retardant fillers, fine hydroxides, viscosity-optimised hydrates and boehmites, and Specialty Aluminas, which supplies refractory, technical ceramics, polishing, catalyst and electrical insulation markets. Its products are typically a small part of the customers' formulation but are important for fire safety, smoke suppression, thermal management, wear resistance and processing consistency. Nabaltec operates from its core Schwandorf site in Germany, supported by Nashtec and Naprotec in the US and a trading presence in Shanghai, with total group capacity of c 265kt.

The company's growth case is centred on Functional Fillers. Nabaltec's flame-retardant fillers are used in wire and cable compounds for power cables, data cables, automotive cables, renewable energy infrastructure and electric vehicle (EV) charging cables, giving the company exposure to electrification, grid investment and potentially AI/data centre-related cabling demand. The AI/data centre-related cabling opportunity remains difficult to quantify, but it is relevant because data centres require high volumes of fire-safe power and data cabling. The most visible identifiable growth area is viscosity-optimised hydrates, used in thermal management applications for lithium-ion batteries. Management has highlighted these products as increasingly important in FY26, while boehmites remain a longer-term opportunity linked to the pace of European battery cell production.

Financials: Revenue recovery guided, but margins reset

FY25 reflected a difficult operating backdrop. Revenue declined by 3.2% y-o-y to €197.0m, EBITDA fell 21.7% y-o-y to €26.8m and EBIT declined 31.8% y-o-y to €15.2m, producing an EBIT margin of 7.7%, versus 10.9% in FY24. The weak Q4 was driven by shorter customer order cycles, inventory reduction, price expectations and some additional pricing pressure from Chinese overcapacity, rather than management identifying a structural deterioration in Nabaltec's core end-markets. Q126 remained subdued, with revenue down 2.7% y-o-y to €53.2m, EBITDA down 8.8% y-o-y to €6.4m and EBIT down 33.8% y-o-y to €2.7m. The Q126 EBIT margin of 5.2%, versus 7.5% in Q125, was within the FY26 guidance range but at the lower end, reflecting high energy costs and depreciation and amortisation (D&A).

Management reaffirmed FY26 guidance for revenue growth of 4–6% and an EBIT margin of 5–7%, compared with 7.7% in FY25. The implied margin reset is mainly due to higher material costs, including energy, and a sharp increase in D&A following the completion of investment projects. Management has not given a specific duration for the higher D&A burden, but it has made clear that the step-up is an FY26 margin headwind, reflecting recently completed investment projects and newly capitalised assets. Given that these assets are depreciated over their useful lives, the higher D&A should be treated as a structural step-up rather than a one-off Q126 item, although the year-on-year headwind should moderate once the new asset base is fully reflected in the comparative period.

We forecast FY26 revenue of €204.9m, growth of 4.0% y-o-y, at the lower end of guidance, with EBITDA of €26.7m and EBIT of €12.3m, implying an EBIT margin of 6.0%. For FY27, we forecast revenue growth of 5.0% to €215.2m, EBITDA of €28.8m and EBIT of €13.1m, with only modest EBIT margin expansion to 6.1%. The key swing factors are the recovery in fine hydroxides, a stabilisation in Specialty Aluminas and the ramp-up of viscosity-optimised hydrates.

Valuation: €19.1/share, c 70% upside to current share price

We value Nabaltec using a 50:50 blend of a discounted cash flow (DCF) valuation of €15.5/share and an EV/EBITDA peer group multiple valuation of €22.7/share, giving a valuation of €19.1/share. For the peer-multiple valuation, we apply a discounted FY26 peer EV/EBITDA multiple (the discount is to better reflect the difference in our anticipated EBIT margins in FY26 and FY27 vs the peer group) of 7.1x to our FY26 estimates and an FY27 peer EV/EBITDA multiple of 7.7x to our FY27 estimates. Once adjusted for debt, this gives values of €20.9/share for FY26 and €24.5/share for FY27. We blend these to reflect being partway through 2026, giving a peer-multiple valuation of €22.7/share. On our estimates, Nabaltec trades on 3.7x FY26 EV/EBITDA and 3.4x FY27 EV/EBITDA, a 58% discount to the peer median in both years. On P/E, it trades on 12.8x FY26 and 11.7x FY27, on our estimates, discounts of 25% and 24%, respectively. The discount partly reflects Nabaltec's lower current margins, limited liquidity and earnings uncertainty, but leaves scope for upside if the company delivers the guided revenue recovery and ramps higher-margin Functional Fillers capacity.

Risks and sensitivities

The main risks are demand cyclicity, energy and raw material costs, timing of new capacity and the pace of adoption in battery-related applications. Fine hydroxides remain the largest Functional Fillers product range, so volume weakness can have a visible effect on group earnings. Specialty Aluminas remains exposed to refractory and steel-linked demand, while boehmites remains dependent on European battery cell capacity expansion, which continues to progress more slowly than expected. Nabaltec also faces pricing and competitive pressure from global suppliers, including Chinese producers, and export demand could be affected by tariffs, currency movements and geoeconomic uncertainty.

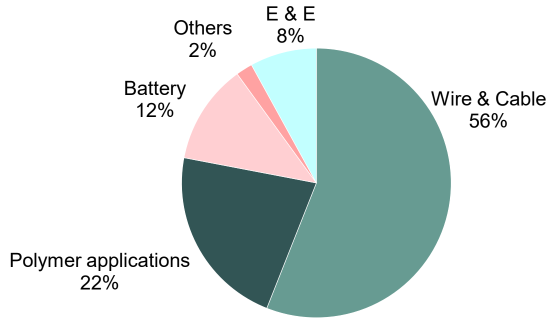
The main upside sensitivity is faster growth in Functional Fillers, particularly viscosity-optimised hydrates. Management has indicated that the new Schwandorf plant is expected to be commissioned in Q127, adding up to 30kt of capacity and, at current prices, a potential revenue step-up of up to c €40m. It has also indicated that margins in viscosity-optimised hydrates are above those in fine hydroxides, making this an important mix driver as well as a growth project. Conversely, delays in customer qualification, slower battery thermal management adoption or underutilisation of new capacity would reduce the expected earnings contribution.

A global specialist in Functional Fillers and Specialty Aluminas

Nabaltec is a German specialist chemicals company that develops, manufactures and sells aluminium hydroxide- and aluminium oxide-based products for technically demanding industrial applications. Its products are typically used as functional additives or ceramic raw materials in customer formulations, where a combination of fire safety, thermal stability, electrical insulation, durability and processing consistency is required. The group describes itself as one of the world's leading suppliers of functional fillers and specialty aluminas, with annual production capacity of c 265kt across the group.

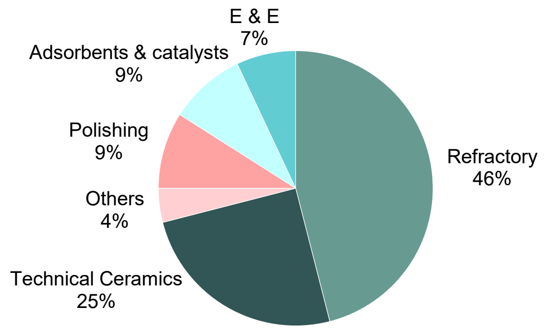
The business is organised around two product segments. **Functional Fillers** is the larger division and accounted for 72% of FY25 revenue. It manufactures aluminium hydroxide-based products, including ground hydroxides, viscosity-optimised hydroxides, fine precipitated hydroxides and boehmites. These are used primarily in halogen-free flame retardants, cable compounds, polymer applications, adhesives, battery materials and thermal management systems. **Specialty Aluminas** accounted for 28% of FY25 revenue and produces aluminium oxide-based products, including oxides, reactive aluminas and ceramic bodies used in refractory materials, technical ceramics, polishing, catalysts and electrical/electronic applications.

Exhibit 1: Functional Fillers, 2025



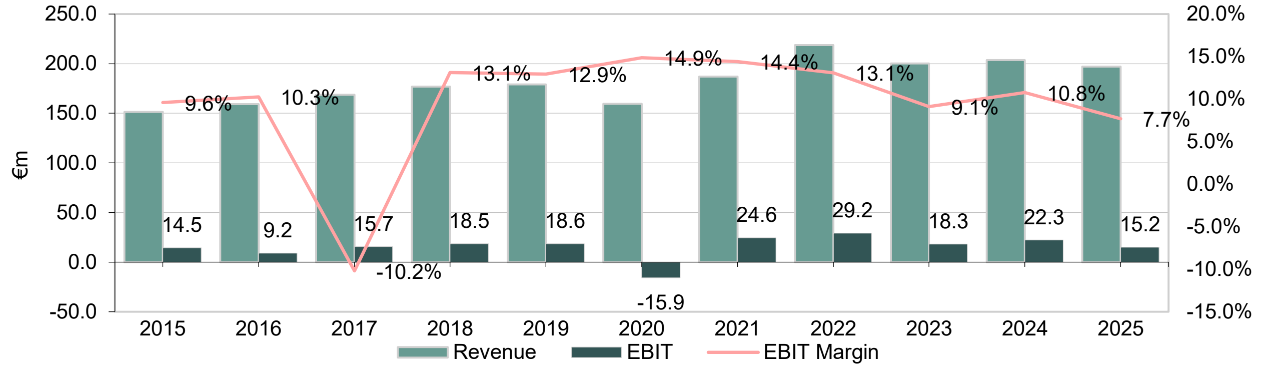
Source: Nabaltec, Edison Investment Research

Exhibit 2: Specialty Aluminas, 2025



Source: Nabaltec, Edison Investment Research

Exhibit 3: Historical financials



Source: Nabaltec, Edison Investment Research

Nabaltec's main production and technical base is in **Schwandorf, Germany**, where the group carries out volume manufacturing, product development, process development and application support. The site is central to the group's positioning as a value-added processor rather than a commodity aluminas producer. Nabaltec purchases aluminium hydroxide and aluminium oxide and converts them into higher-specification products with defined particle size, surface treatment, viscosity, thermal behaviour and purity characteristics. This production know-how is an important part of the group's competitive position, as products often need to be tailored to customer processes and approved in specific formulations before volume supply begins.

Outside Germany, Nabaltec operates in North America through **Nabaltec USA Corporation**, which combines sales and administrative activities with two US production subsidiaries. **Nashtec**, based near Corpus Christi, Texas, is focused on fine precipitated aluminium hydroxide products for functional filler applications. **Naprotec**, based in Chattanooga, Tennessee, produces a broader range of ground grades, surface-treated aluminium hydroxides and viscosity-optimised hydroxides. Both US businesses are primarily focused on halogen-free flame retardant applications, giving Nabaltec a regional production base in an important market and reducing reliance on exports from Germany for some product lines.

The group also has a commercial presence in China through **Nabaltec (Shanghai) Trading Co**. The Shanghai entity supports local customers with shorter delivery times and local-currency invoicing, helped by in-country warehousing. This is particularly relevant in markets such as e-mobility, where qualification processes, customer support and supply reliability are important. The company's latest financial statements also note that the Shanghai subsidiary is driving e-mobility projects with a focus on thermal conductivity applications.

Geographically, Nabaltec remains a strongly export-led business. In FY25, Germany represented €46.0m of revenue, the rest of Europe €106.3m, the US €27.1m and the rest of the world €17.7m. This equates to an export ratio of 76.7%, underlining that the group is not a domestic German chemicals business despite being operationally centred in Schwandorf. Europe remains its largest sales region, but the US and Asia are strategically important for functional fillers, battery-related materials and customer diversification.

The equity story is therefore a combination of established industrial niches and structural growth areas. The Specialty Aluminas business provides exposure to refractory materials, technical ceramics and other high-specification aluminas applications, but is more cyclical and linked to industrial production and steel-related demand. Functional Fillers provides the clearer structural growth exposure. Its products are used in halogen-free flame retardant cable compounds, polymer applications and battery-related materials, with demand supported by stricter fire-safety requirements, electrification, data infrastructure build-out, e-mobility and the need for improved thermal management in battery systems. Nabaltec's challenge is to convert these long-term drivers into volume growth while managing cyclical weakness, pricing pressure and the pace of customer qualification in newer applications.

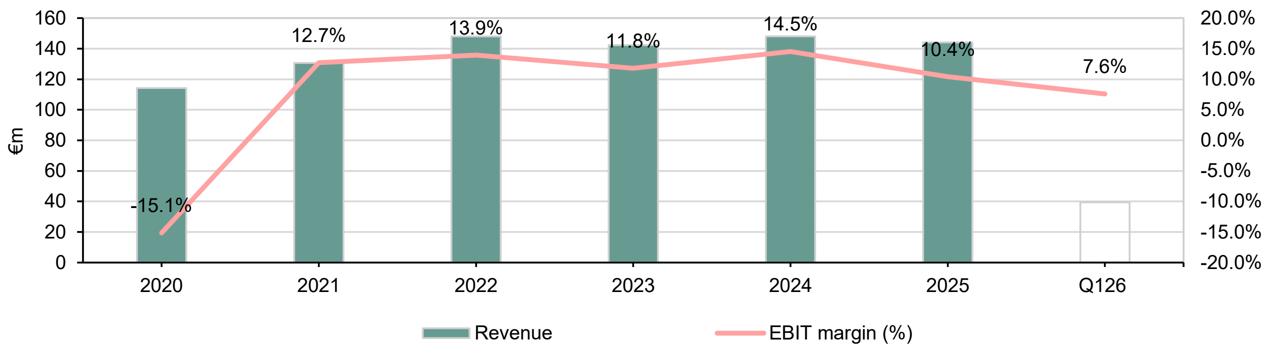
Functional Fillers: Fire safety, electrification and battery thermal management

Functional Fillers is Nabaltec's largest and most profitable segment, generating €144.1m of revenue in FY25, or 72% of group sales, with an EBIT margin of 10.4%. The segment is based on aluminium hydroxide and includes ground hydroxides, fine precipitated hydroxides, viscosity-optimised hydroxides and boehmites. These products are used as functional additives in customer formulations, primarily to improve flame retardancy, smoke suppression, thermal management and material processing characteristics.

The largest end-market is Wire & Cable, which represented 56% of Functional Fillers revenue in FY25. Nabaltec's aluminium hydroxide-based fillers are used in halogen-free flame-retardant cable compounds, including high-, medium- and low-voltage cables, data cables, automotive cables, renewable energy cables and EV charging cables. This gives the segment exposure to fire-safety regulation, electrification, renewable energy infrastructure and data centre growth, where high-density power and data cabling require materials with strong fire and smoke performance.

Battery-related applications is the other main structural growth area. Viscosity-optimised hydroxides, including the APYRAL HC range, are used in gap fillers and adhesive tapes to support thermal management and flame retardancy in battery systems. Boehmites are used in separator film coatings and increasingly in cathode edge coating applications, improving thermal stability and battery safety. The near-term trajectory differs by product: viscosity-optimised hydrates appear to have better visibility through demand from chemical and industrial adhesive customers, while boehmites remain more dependent on the pace of battery cell capacity expansion, particularly in Europe.

Exhibit 4: Functional Fillers historical performance



Source: Nabaltec, Edison Investment Research

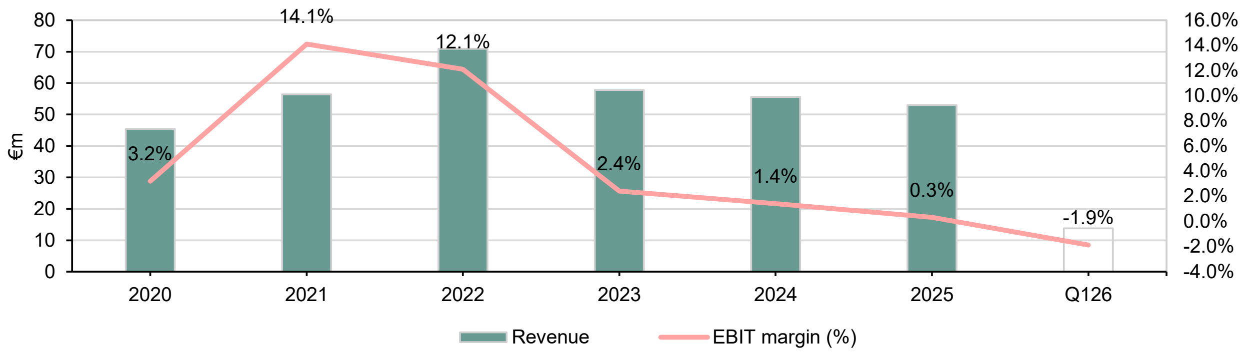
Specialty Aluminas: Technical aluminas with cyclical exposure

Specialty Aluminas is Nabaltec's smaller segment, generating €53.0m of revenue in FY25, or 28% of group sales, with an EBIT margin of 0.3%. The segment is based on aluminium oxide and includes oxides, reactive aluminas and ceramic bodies. Its products are used where customers require high wear resistance, corrosion resistance, electrical insulation, thermal stability and consistent ceramic performance.

The largest application area is Refractory, which represented 46% of Specialty Aluminas revenue in FY25. These products are used in furnace linings, wear protection and other high-temperature industrial processes, leaving the segment more exposed to steel-linked and broader industrial demand than Functional Fillers. This cyclicality was visible in FY25 profitability, although Nabaltec continues to see longer-term opportunities in reactive aluminas, where higher quality requirements in refractory applications support demand for more technically differentiated products.

Technical Ceramics represented 25% of FY25 segment revenue, with further exposure to polishing, adsorbents and catalysts, electrical and electronics, and other applications. Products are used in ballistic ceramics, seals, high-voltage insulators, ceramic filters, grinding media, catalysts and polishing materials. Nabaltec is also developing higher-specification alumina products, including high-purity aluminium oxide, which supports the longer-term strategy of moving the segment further towards niche applications where product consistency and application know-how are more important than volume alone.

Exhibit 5: Specialty Aluminas historical performance



Source: Nabaltec, Edison Investment Research

Viscosity-optimised hydrates: A more visible battery growth route

Viscosity-optimised hydrates have become increasingly central to Nabaltec's Functional Fillers growth case. The product range, which includes APYRAL HC, is used in gap fillers and adhesive tapes for battery systems, where customers need materials that support thermal management, flame retardancy and reliable processing. This is becoming more important as battery systems move towards shorter charging cycles, higher power density and more demanding safety requirements. Nabaltec noted that these products made gains in thermal conductivity applications for e-mobility in 2025, supported by the need for more powerful and cost-effective battery and component management.

The attraction for Nabaltec is that viscosity-optimised hydrates provide a more visible route into the battery value chain than boehmites. Boehmites remain relevant for separator films and electrode coatings, but their development is still closely tied to the pace of European battery cell production, which remains difficult to predict. By contrast, management has stated that viscosity-optimised hydrates 'enable significantly better planning' and are developing more dynamically. The company supplies these additives to major international chemical companies and leading manufacturers of industrial adhesives, which gives it exposure to battery thermal management through established materials and adhesive supply chains rather than only through new cell manufacturing capacity.

This difference was visible in FY25. Revenue from viscosity-optimised hydrates increased by 2.9% to €16.8m, raising the product range's share of group revenue to 8.6%, while boehmite revenue declined by 37.1% to €7.9m. Management continues to expect positive medium-term sales momentum and a largely stable price trend for viscosity-optimised hydrates. For investors, this makes the product range a useful indicator of whether Nabaltec can translate e-mobility exposure into more consistent growth, rather than relying on a delayed recovery in European battery cell investment.

The strategic importance is also reflected in Nabaltec's capex allocation. The company invested €24.9m in fixed assets in FY25, with the Schwandorf site the main focus and funds directed towards capacity expansion in boehmites (despite current weakness), fine hydroxides and viscosity-optimised hydrates. It has also indicated that capex will rise again in 2026, primarily due to capacity expansion for viscosity-optimised hydrates. This is a clear signal that management sees the product area as more than a niche application: it is one of the few areas where customer demand, R&D activity and capacity investment are all aligned.

For investors, the key point is that viscosity-optimised hydrates do not eliminate Nabaltec's exposure to cyclical end-markets, but they do provide a more tangible battery-related growth route than boehmites at present. Automotive production, e-mobility adoption, customer qualification cycles and the timing of customer upscaling will continue to influence the revenue trajectory. However, the product range already has revenue momentum, recognised demand from chemical and industrial adhesive customers and committed capacity expansion behind it. In a period when Specialty Aluminas remains subdued and boehmites have yet to recover, viscosity-optimised hydrates are becoming one of the clearest internal growth drivers within Nabaltec's portfolio.

Strategy, growth drivers and investments

Strategy: More value-added products in technically demanding niches

Nabaltec's strategy is to use its process know-how in aluminium hydroxide and aluminium oxide to move further into higher-value, application-specific materials. The company is not positioned as a commodity aluminas producer; its focus is on products where particle size, viscosity, surface treatment, purity, thermal behaviour and formulation support matter to the customer. This is reflected in the product mix: halogen-free flame-retardant fillers, battery-related additives, thermal management materials, reactive aluminas and technical ceramics.

Management's strategic priorities remain consistent: expand the Functional Fillers portfolio, improve production efficiency, maintain close customer development work and invest selectively in capacity where demand is supported by structural drivers. Nabaltec's own testing and pilot facilities in Schwandorf are an important part of this model, as they allow the company to move products from laboratory development into sample and pre-series production before larger-scale customer qualification. This is particularly relevant in battery, adhesive, cable and technical ceramic applications, where qualification cycles can be long and product consistency is critical.

Macro backdrop: Structural drivers offset by weak industry conditions

The near-term operating backdrop remains difficult. Nabaltec's FY25 performance was broadly consistent with the wider German chemicals sector, which remained under pressure from weak demand, high energy costs, regulation, Chinese overcapacity, US tariff uncertainty and wider geopolitical risks. Nabaltec reported FY25 revenue of €197.0m, down 3.2% y-o-y, slightly better than the 3.8% decline in German chemical industry revenue referenced by management. However, the year ended with a weaker-than-expected Q4, driven by shorter customer order cycles, inventory reduction and price pressure rather than a structural deterioration in the underlying markets.

This weakness has carried into FY26, with demand still characterised by short-term ordering and low visibility. In its FY26 outlook commentary, Nabaltec noted that demand is expected to remain largely stable but at a low level for most product ranges, while the VCI (the German chemical industry association) expects German chemical production to decline by 1.0% in 2026 and industry revenue to fall by around 2.0%. This is reflected in Nabaltec's Q126 trading, where revenue declined by 2.7% y-o-y to €53.2m, although management pointed to improving incoming orders and a return to growth from Q2.

Against this cyclical backdrop, the medium- and long-term growth drivers remain intact. Nabaltec continues to point to structural demand from halogen-free flame retardants, fire-safe cable compounds, electrification, data infrastructure, e-mobility, energy storage and technical ceramics. These drivers are not enough to fully offset short-term macro weakness in every period, but they explain why management continues to invest in Functional Fillers, particularly viscosity-optimised hydrates, fine hydroxides and battery-related materials, while maintaining the view that the long-term outlook in key target markets remains positive.

Wire & Cable: Potential upside from AI and data centre investment

The largest immediate growth opportunity remains within Functional Fillers, particularly flame-retardant fillers used in wire and cable compounds. Wire & Cable represented 56% of Functional Fillers revenue in 2025, with applications including high-, medium- and low-voltage cables, data cables, automotive cables, wind turbine and photovoltaic cables and EV charging cables.

AI and data centre investment is a potentially important, but currently unquantifiable, source of upside. Nabaltec's products are sold into the cable and compounder supply chain rather than directly to data centre operators. However, the connection is clear. Data centres require significant volumes of power and data cabling in high-density environments, where fire safety, low smoke and reliable performance are critical. Nabaltec's aluminium hydroxide-based flame-retardant fillers are already used in cable compounds for exactly these types of safety-critical applications.

This should be framed as an option rather than a forecastable revenue line. The opportunity does not require Nabaltec to enter a new market, as it would come through stronger demand in an existing application area. The uncertainty is timing and attribution. Data centre demand will likely be embedded within broader cable market growth, alongside electrification, grid expansion, renewables and EV charging infrastructure.

Viscosity-optimised hydrates: The clearest identifiable growth investment

Viscosity-optimised hydrates are the most visible internal growth driver. These products, including APYRAL HC, are used in composite materials, gap fillers and adhesive systems, particularly for thermal management in lithium-ion battery systems. They help customers manage heat transfer, flame retardancy and processing performance in battery packs and related components.

This product area is important because it gives Nabaltec a battery-related growth route with better near-term visibility than boehmites. Boehmites remain tied to separator films and battery cell manufacturing, especially in Europe, where capacity expansion has been slower than expected. By contrast, viscosity-optimised hydrates are sold into thermal management and industrial adhesive supply chains, which benefits Nabaltec. In Q126, revenue from viscosity-optimised hydrates increased 28.0% y-o-y, while boehmite volumes declined slightly.

Management has also indicated that viscosity-optimised hydrates carry EBIT margins above fine hydroxides, which makes the product strategically important for mix as well as growth. On the Q126 earnings call, management stated that its new viscosity-optimised hydrate plant is expected to be commissioned around Q127. The plant is expected to be fully automated, less labour-intensive than the current setup and capable of adding up to 30kt of capacity. At current prices, management indicated this could support a revenue step-up of up to c €40m once ramped. The pace of revenue conversion will depend on customer qualification and end-market adoption, but the investment gives Nabaltec a clearer capacity-led route to growth than most other parts of the portfolio.

Investment programme: Capex aligned with Functional Fillers

Nabaltec's recent investment programme is concentrated in Functional Fillers, consistent with the company's medium-term growth priorities. In Q126, Functional Fillers capex increased to €7.2m from €4.6m in Q125, with the main expenditure allocated to capacity expansion for viscosity-optimised hydrates and measures to secure energy supply. Group cash outflows for fixed asset investment were €8.9m in Q126, with the main components being viscosity-optimised hydrate capacity expansion, the overhaul of a rotary kiln and investment to ensure reliable steam supply.

The balance sheet also reflects the investment cycle. Property, plant and equipment, including right-of-use assets, increased to €161.1m at 31 March 2026 from €150.5m at year-end FY25. This was due to the expanded capex programme and the capitalisation of leasehold rights of €4.6m, linked to the new logistics hub at Rhenus Weserport in Bremen.

The investment programme will weigh on near-term margins through higher D&A, which rose to €3.6m in Q126 from €2.9m in Q125. This is one of the reasons management's FY26 EBIT margin guidance is 5–7%, below the 7.7% achieved in FY25. However, the strategic rationale is clear: Nabaltec is accepting a near-term margin reset to expand capacity in the product areas where it sees better long-term demand and margin potential.

Boehmites: Longer-term battery optionality, but timing remains uncertain

Boehmites remain an important longer-term opportunity, but it is less visible in the near term. Nabaltec sees itself as one of the leading manufacturers of boehmites for separator film coating materials, and boehmites remain relevant for battery safety and performance. However, management has been clear that demand is closely linked to the expansion of European battery cell manufacturing capacity, which is progressing more slowly than expected.

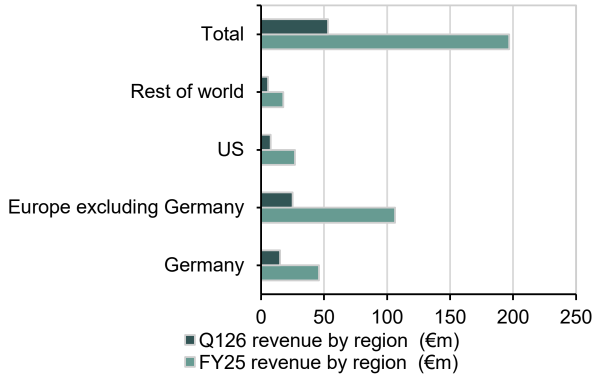
The Q126 earnings call also highlighted the scale of the regional challenge, with management noting that the separator market remains difficult given the dominance of Chinese battery cell production. For investors, boehmites should therefore be viewed as higher-beta upside to a European battery cell recovery rather than the main near-term growth driver. The key difference versus viscosity-optimised hydrates is that boehmites depend more directly on the timing of cell capacity, while thermal management products are already showing stronger momentum through adhesive and chemical customers.

US and Specialty Aluminas: Additional levers but less central to the growth case

The US remains strategically relevant. Management expects Nashtec to remain good and Naprotec to continue improving in FY26. This gives Nabaltec regional production exposure in North America and supports its position in halogen-free flame-retardant applications. It also reduces reliance on Germany for certain product lines at a time when energy costs and industrial competitiveness remain key issues for the German chemicals sector.

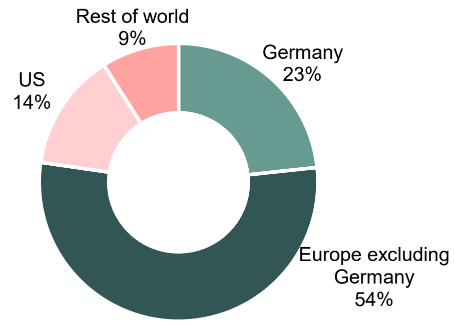
Specialty Aluminas is a more cyclical growth lever. The segment remains affected by weak refractory demand, particularly from steel-linked markets, and generated a negative EBIT of €0.3m in Q126. However, management believes the bottom may have been reached, and the segment still offers longer-term opportunities in reactive aluminas and technical ceramics, where higher performance requirements can support more differentiated products.

Exhibit 6: Absolute regional revenue breakdown



Source: Nabaltec, Edison Investment Research

Exhibit 7: Geographic percentage revenue breakdown



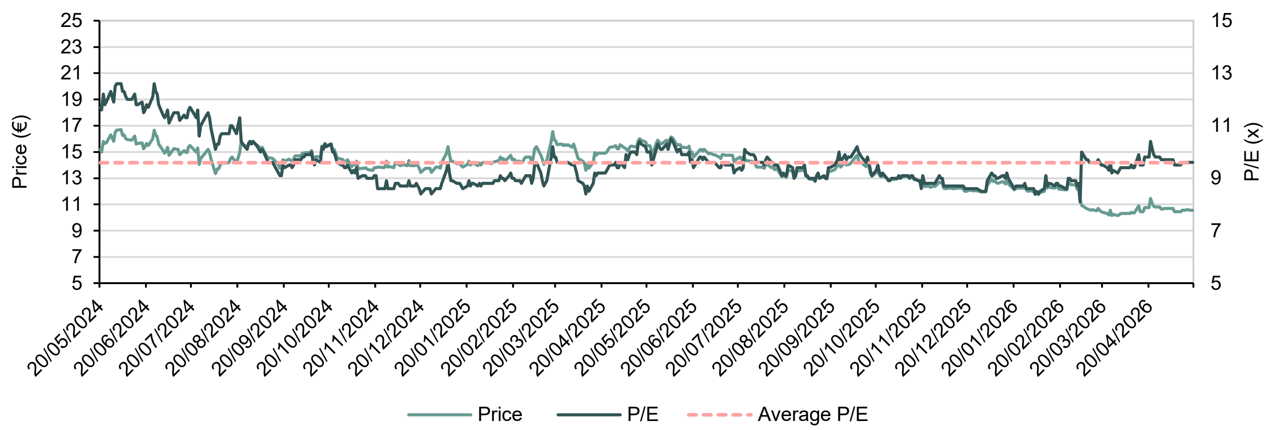
Source: Nabaltec, Edison Investment Research

Trading history: Share price movements driven by earnings reset

Nabaltec's share price has declined over the past two years, from the mid-teens in 2024 to c €10–11 by April 2026. The company's Q126 report shows that the shares ended the first quarter at €10.20, down 16.7% from the FY25 year-end close, compared with a 4.0% decline in the SDAX and a 14.3% gain in the speciality chemicals index over the same period. However, the P/E multiple has remained broadly around its two-year average of c 9.5x. This indicates that the share price decline has been driven mainly by a lower earnings base rather than a sustained valuation de-rating.

The reported EPS progression shows the earnings reset clearly on a like-for-like basis. EPS declined from €0.39 in Q124 to €0.31 in Q125, from €0.85 in H124 to €0.67 in H125 and from €1.27 in the first nine months of FY24 (9M24) to €1.05 in 9M25. The full-year decline was more pronounced, with FY25 EPS falling 32.1% to €1.10 from €1.62 in FY24, reflecting the weak Q4 contribution. Earnings pressure then continued into Q126, when EPS fell to €0.20 from €0.31 in Q125, as EBIT declined by 33.8% and the EBIT margin fell to 5.2%.

Exhibit 8: 2 year trading hsiotry



Source: LSEG Data & Analytics, Edison Investment Research

The weaker earnings were driven by a combination of volume and cost effects rather than a single one-off item. Management attributed the weak end to FY25 to shorter customer order cycles, further customer inventory reductions, expectations of lower prices in 2026 and some additional pricing pressure from Chinese overcapacity in selected markets. In Q126, demand remained subdued, particularly in January and February, while higher energy costs and increased depreciation from recently completed investment projects weighed on the EBIT margin. Product mix also remained uneven, fine hydroxides declined in Q126, boehmites remained subdued due to the slow build out of European battery cell capacity, and Specialty Aluminas continued to be affected by weak refractory and steel-linked demand.

The investment implication is that Nabaltec is not trading on an unusually depressed P/E relative to its recent history. It is trading close to its own average multiple but on a reduced earnings base. A more durable recovery in the shares is therefore likely to require evidence that earnings have stabilised, including stronger H226 volume momentum, normalisation in fine hydroxides and Specialty Aluminas, and continued growth in viscosity-optimised hydrates.

Q126 results and FY26 outlook

Q126 results: Stable revenue, but margin reset now visible

Nabaltec reported Q126 revenue of €53.2m, down 2.7% y-o-y, reflecting subdued demand in January and February and a still difficult backdrop for the German chemical industry. Management noted that Q1 did not meet its original expectations, with the recovery delayed by weaker industry conditions and geopolitical uncertainty. Functional Fillers revenue declined by 2.1% y-o-y to €39.4m, while Specialty Aluminas fell by 4.6% y-o-y to €13.8m, held back by weak refractory demand and continued pressure in steel-linked end-markets.

Within Functional Fillers, the main drag was fine hydroxides, where revenue declined by 8.4% y-o-y. Management indicated on the Q126 earnings call that this was volume-driven, with prices more stable, and highlighted reduced orders from a few customers rather than a structural change in demand. Q226 was described as looking better. By contrast, viscosity-optimised hydrates continued to perform strongly, with revenue up 28.0% y-o-y in Q126, reinforcing the segment's increasing importance in thermal management applications. Boehmite volumes declined slightly, consistent with the slower development of European battery cell capacity and the difficult separator market backdrop.

Profitability weakened despite a broadly stable top line. EBITDA declined 8.8% y-o-y to €6.4m and EBIT fell by 33.8% to €2.7m, with the EBIT margin falling to 5.2% from 7.5% in Q125. This places Nabaltec's Q1 margin at the lower end of management's 5–7% FY26 guidance range. The decline in margin was driven primarily by higher energy costs and increased D&A, which rose to €3.6m in Q126 from €2.9m in Q125 following the completion and commissioning of recent investment projects.

However, cash generation was stronger than the earnings decline implies. Operating cash flow increased slightly to €13.2m from €12.9m, supported by working capital, including a €7.8m reduction in inventories. Excluding the €15.0m reclassification of fixed-term deposits into cash and cash equivalents, investing cash flow was an outflow of €8.9m, mainly reflecting capacity expansion for viscosity-optimised hydrates, the overhaul of a rotary kiln and investment to secure steam supply. Free cash flow on this adjusted basis was €4.3m. Net debt fell to €3.9m at 31 March 2026, from €18.5m at year-end FY25, helped by the cash reclassification and ongoing operating cash generation.

FY26 outlook: Guidance reaffirmed, stronger momentum expected in H226

Nabaltec reaffirmed its FY26 guidance for revenue growth of 4–6% and an EBIT margin of 5–7%, compared with an FY25 EBIT margin of 7.7%. The guidance implies a return to revenue growth over the remainder of the year despite the Q126 decline, with management pointing to improved incoming orders and a more stable demand picture. Incoming orders reached €66.3m in Q126, exceeding each of the four quarters of FY25, and management expects growth momentum to improve from Q2, with a stronger H2.

The lower FY26 margin guidance reflects a reset rather than a change in the long-term product strategy. Management attributed the expected margin decline mainly to rising material costs, including energy, and a sharp increase in D&A from recently completed investment projects. Natural gas costs remain a specific pressure point, with higher prices weighing on gross profit. Management noted on the Q126 earnings call that c 50% of its gas volumes are hedged until September 2026. This therefore provides partial protection, although management continues to monitor market windows given the current volatility in energy markets.

The product outlook remains mixed but improving. Fine hydroxides remain the largest product range within Functional Fillers, and management does not view the weak Q1 as structural. Viscosity-optimised hydrates are becoming increasingly important, supported by demand in thermal management applications. Management indicated on the call that the new plant is expected to be commissioned around Q127, adding up to 30kt of capacity and, at current prices, a potential revenue step-up of up to c €40m. The product also carries an EBIT margin above fine hydroxides, which highlights why the segment is a key focus for investment and one of the more important medium-term profit drivers.

Boehmites remain more dependent on the pace of battery cell production in Europe, which continues to progress more slowly than expected. Specialty Aluminas remains affected by weak refractory demand, but management believes a slight turnaround may be emerging after two years of decline. In the US, Nabaltec expects Nashtec to continue delivering a solid performance and Naprotec to further improve.

Updated estimates

Exhibit 9: FY26 and FY27 estimates

	2025	2026e	y-o-y growth	2027e	y-o-y growth
Revenue (€m)	197.0	204.9	4.0%	215.2	5.0%
EBITDA (€m)	26.8	26.7	-0.5%	28.8	8.0%
margin (%)	13.6%	13.0%	-4.3%	13.4%	2.8%
EBIT (€m)	15.2	12.3	-18.8%	13.1	6.7%
margin (%)	7.7%	6.0%	-21.9%	6.1%	1.6%
EPS (€)	1.10	0.89	-19.0%	0.98	9.4%

Source: Edison Investment Research

We have updated our estimates to reflect Nabaltec's reaffirmed FY26 guidance, the Q126 result and the company's current investment cycle. We now forecast FY26 revenue of €204.9m, representing growth of 4.0%, at the lower end of management's 4–6% guidance range. This reflects the weak start to the year, with Q126 revenue down 2.7% y-o-y, partly offset by management's expectation of improving momentum from Q2 and a stronger H2. The Q126 order intake of €66.3m, above each of the four quarters of FY25, provides some support for this assumption.

Our FY26 EBIT forecast is €12.3m, implying a margin of 6.0%, in the middle of management's 5–7% guidance range but below the 7.7% achieved in FY25. This reflects the margin reset highlighted by management, driven mainly by higher material costs, including energy, and a sharp increase in D&A from recently completed investment projects. The impact was already visible in Q126, when EBIT fell by 33.8% y-o-y to €2.7m and the EBIT margin declined to 5.2%. We forecast FY26 EBITDA of €26.7m, broadly flat versus FY25, with EPS declining to €0.89 from €1.10. Management's guidance therefore implies a back-end-loaded FY26, with margins needing to improve from the Q126 level as order momentum strengthens and the revenue base recovers through the year.

For FY27, we assume a partial recovery rather than a full margin normalisation. Our revenue forecast increases by 5.0% to €215.2m, with EBITDA rising to €28.8m and EBIT to €13.1m. This implies an EBIT margin of 6.1%, only marginally above FY26, as we continue to factor in higher depreciation, energy cost pressure and a still-cautious demand environment. The key upside risk is faster utilisation of new Functional Fillers capacity, particularly viscosity-optimised hydrates, while the main downside risks are a slower recovery in fine hydroxides, continued weakness in boehmites and a delayed improvement in Specialty Aluminas.

Valuation

We value Nabaltec using a 50:50 blend of a DCF valuation (of €15.5/share) and an EV/EBITDA peer group multiple valuation (of €22.7/share) for a total valuation of €19.1/share.

For our DCF valuation we use a weighted average cost of capital (WACC) of 8% (risk-free rate of 3.0%, equity risk premium of 4.23%, beta of 0.90 and 100% equity cost at present due to negligible levels of balance sheet leverage) and a 1% terminal growth rate. We model 10 years of earnings and for a terminal value assume terminal capex (included in terminal cash flow) at similar levels to depreciation and earnings at through-cycle margins. Our DCF valuation yields a value of €15.5/share.

Exhibit 10: DCF valuation

	EV (€000s)	Per share (€)	EBITDA 2026e (€m)	Implied EV/EBITDA (x)
Nabaltec	131,637	15.0	26,652	4.9
Net cash/(debt) at FY26e	(5,016)	(0.6)		
Other adjustments	0.0	0.0		
Total equity value	**126,621**	14.4		
Number of shares (000s)	8,800			
Value per share (€) (rounded)	**15.5**			
Current share price (€)	11.4			
% upside/(downside)	36%			

Source: Edison Investment Research

Exhibit 11: DCF sensitivity table (€/share)

		WACC						
		6.5%	**7.0%**	**7.5%**	**8.0%**	**8.5%**	**9.0%**	**9.5%**
	0.0%	18.3	16.8	15.5	14.4	13.4	12.5	11.7
	0.5%	19.3	17.6	16.2	14.9	13.8	12.9	12.0
Terminal Growth Rate	**1.0%**	20.4	18.5	16.9	**15.5**	14.3	13.3	12.4
	1.5%	21.8	19.6	17.8	16.2	14.9	13.8	12.8
	2.0%	23.4	20.9	18.8	17.1	15.6	14.4	13.3
	2.5%	25.5	22.5	20.0	18.1	16.4	15.0	13.8
	3.0%	28.2	24.5	21.6	19.3	17.4	15.8	14.5

Source: Edison Investment Research

Relative peer valuation comparison

Nabaltec operates in a specialised market of the wider chemicals sector, focused on functional fillers and specialty aluminas. It does have industry peers, although most of these are either private or listed in China, making relevant data difficult to find for peer comparison purposes. Nabaltec is also relatively small (market cap of c €100m) within the chemicals industry, which makes comparisons to broader and larger groups somewhat problematic. Nonetheless, in Exhibit 12 we include a broad cross-section of European chemicals and associated materials producers to provide some guidance on how the market values companies in a similar sector. We have used the median value for multiples in our valuation methodology to reduce the effect of outliers.

Exhibit 12: Peer table

	Market cap (€m)	EV/EBITDA 2026e (x)	EV/EBITDA 2027e (x)	P/E (x) 2026e	P/E (x) 2027e	EBIT margin 2026e (%)	EBIT margin 2027e (%)
Nabaltec (LSEG)	94	3.5	3.0	12.8	9.1	6%	8%
Ercros SA	312	26.0	15.3	-	-	-2%	-1%
Calriant AG	1,378	7.2	6.7	14.3	12.6	16%	18%
Elementis	974	8.4	8.1	13.2	12.1	22%	22%
Evonik Industries	7,889	5.6	5.6	12.4	12.2	7%	7%
Fuchs Se	4,447	7.7	7.2	14.9	13.7	12%	12%
Victrex PLC	612	7.7	6.9	15.0	12.5	11%	17%
BASF SE	45,608	9.3	8.7	19.3	16.8	5%	6%
Givaudan SA	28,099	16.7	15.8	23.1	21.6	19%	19%
Lanxess AG	1,464	6.7	6.0	73.6	28.8	0%	1%
Wacker Chemie	5,043	9.2	8.1	-	-	3%	4%
Treatt PLC	206	11.1	10.3	22.6	20.8	8%	8%
Ems Chemie Holding	17,083	23.6	22.6	33.0	31.9	-	-
Average		11.6	10.1	24.2	18.3	9.0%	10.3%
Median		8.8	8.1	17.2	15.3	8.0%	8.4%
Nabaltec (Edison)		3.9	3.6	12.6	11.5	0.1	0.1
Discount/premium (%)		-56%	-55%	-26%	-25%	-20%	-5%

Source: LSEG Data & Analytics (as of 21 May 2026)
Nabaltec multiples based on Edison estimates

For our peer-multiple based valuation, we apply a discounted FY26 peer EV/EBITDA multiple of 7.1x to our FY26 estimates and a discounted FY27 peer EV/EBITDA multiple of 7.7x to our FY27 estimates (the discount is to reflect the difference in our anticipated EBIT margins in FY26 and FY27 vs the peer group). Once adjusted for debt, this yields values of €20.9/share for FY26 and €24.5/share for FY27, which we blend to reflect being partway through 2026. This yields €22.7/share.

Exhibit 13: Peer multiple valuation

	2026	2027
EBITDA (€m)	26,652	28,773
Market multiple (x)	7.1	7.7
Per share (€)	21.4	25.2
Nabaltec (enterprise value) (€m)	188,526	221,751
Net cash/(debt)(€m)	(5,016)	(6,102)
Other adjustments (€m)	0	0
Total equity value (€m)	183,510	215,649
Number of shares (000s)	8,800	8,800
Value per share (€)	**20.9**	**24.5**
Value per share (€) – blend 25e/26e		**22.7**

Source: Edison Investment Research

Sensitivity and risks

Demand cyclicality and order visibility

Nabaltec's earnings remain sensitive to industrial demand, customer ordering behaviour and utilisation of its production base. Although the group is exposed to structural growth markets, including halogen-free flame retardants, electrification, data infrastructure, e-mobility and technical ceramics, near-term performance remains linked to the broader chemical, construction, automotive and steel-related value chains. This was evident in FY25, when management highlighted shorter customer order cycles, inventory reduction and price expectations as key reasons for the weak year-end and again in Q126, when demand remained subdued, particularly in January and February.

Energy and raw material costs

Energy remains one of the most important margin sensitivities. Nabaltec's manufacturing base is energy intensive, and higher gas and electricity costs affect both the group's own production economics and the competitiveness of some downstream customers. In Q126, EBIT declined by 33.8% y-o-y to €2.7m, and the EBIT margin fell to 5.2%, with management citing high energy costs and scheduled higher D&A from recently completed investment projects. FY26 guidance for an EBIT margin of 5–7%, versus 7.7% in FY25, also reflects higher material costs, including energy.

Product mix and end-market exposure

Product mix is a key sensitivity because the profitability and growth profile of Nabaltec's product ranges differ materially. Fine hydroxides remain the largest product range within Functional Fillers, so volume weakness can have a visible effect on group performance. In Q126, Functional Fillers revenue declined by 2.1% y-o-y, mainly due to an 8.4% decline in fine hydroxides. Specialty Aluminas is more exposed to refractory and steel-linked demand, with Q126 revenue down 4.6% and EBIT still negative. Boehmites remain a separate timing risk, as demand is closely linked to the expansion of European battery cell production, which continues to progress more slowly than previously expected.

Battery growth and investment execution

Battery-related applications provide material upside but also introduce execution risk. Viscosity-optimised hydrates are becoming increasingly important for Nabaltec, supported by thermal management applications in lithium-ion batteries, and revenue in this product range increased by 28.0% y-o-y in Q126. The group is investing in additional capacity, with Q126 capex focused on viscosity-optimised hydrates and measures to secure energy supply. The risk is that customer qualification, end-market adoption or project ramp-up takes longer than expected, delaying the revenue contribution from new capacity. Conversely, faster utilisation would be a positive earnings sensitivity, particularly given management's indication that viscosity-optimised hydrates carry higher EBIT margins than fine hydroxides.

Pricing, competition and China capacity

Nabaltec operates in global markets and faces competition from European, US and Asian suppliers, including Chinese producers. Management cited China overcapacity as a source of additional pricing pressure in selected markets in FY25. A strong euro, US tariff uncertainty and broader geoeconomic risks could also affect export competitiveness and customer demand. These risks are particularly relevant in a weak industrial environment, where customers may continue to hold inventories at low levels and resist price increases due to a lack of pricing power despite the fact they may be a small part of the end product cost.

Data centre upside remains unquantified

AI-related data centre investment is a potential positive sensitivity, but it should not yet be treated as a forecastable revenue line. Nabaltec's flame-retardant fillers are used in wire and cable applications, and data centres require extensive power and data cabling with high fire-safety and low-smoke requirements. However, the company does not disclose data centre-specific revenue, and any benefit is likely to come indirectly through compounders and cable manufacturers. The upside case is therefore stronger demand in an existing application area, rather than entry into a new market.

Exhibit 14: Financial summary

€000s	2023	2024	2025	2026e	2027e
Year-end 31 December					
PROFIT & LOSS					
Revenue	**200,133**	**203,602**	**197,048**	**204,930**	**215,176**
Cost of Sales	(101,856)	(104,051)	(97,126)	(102,465)	(107,588)
Gross Profit	102,018	107,067	103,567	105,539	110,816
EBITDA	**31,003**	**34,177**	**26,777**	**26,652**	**28,773**
Operating profit (before amort. and excepts.)	**18,339**	**22,258**	**15,177**	**12,321**	**13,140**
Operating Profit	18,339	22,258	15,177	12,321	13,140
Net Interest	(2,200)	(2,079)	(1,969)	(1,277)	(1,053)
Profit Before Tax (norm)	**16,139**	**20,179**	**13,208**	**11,044**	**12,087**
Profit Before Tax (reported)	**16,139**	**20,179**	**13,208**	**11,044**	**12,087**
Tax	(4,721)	(5,918)	(3,533)	(3,203)	(3,505)
Profit After Tax (norm)	**11,418**	**14,261**	**9,675**	**7,841**	**8,582**
Profit After Tax (FRS 3)	**11,418**	**14,261**	**9,675**	**7,841**	**8,582**
Discontinued activities / other	(609)	(397)	(2,049)	0	0
Average Number of Shares Outstanding (m)	8,800	8,800	8,800	8,800	8,800
Net income (normalised)	**11,418**	**14,261**	**9,675**	**7,841**	**8,582**
Net income (FRS3)	**10,809**	**13,864**	**7,626**	**7,841**	**8,582**
EPS - normalised (€)	1.30	1.62	1.10	0.89	0.98
EPS - normalised fully diluted (c)	130	162	110	89	98
EPS - reported (€)	1.30	1.62	1.10	0.89	0.98
Final distributed dividend per share (€)	0.28	0.29	0.29	0.24	0.27
Gross Margin (%)	51%	53%	53%	52%	52%
EBITDA Margin (%)	15%	17%	14%	13%	13%
Operating Margin (before GW and except.) (%)	9%	11%	8%	6%	6%
BALANCE SHEET					
Fixed Assets	**120,716**	**157,014**	**152,393**	**166,062**	**167,430**
Intangible Assets	880	1,482	1,588	1,588	1,588
Tangible Assets	118,985	139,950	150,473	164,142	165,510
Right of use assets	0	15,000	0	0	0
Investments/Other	851	582	332	332	332
Current Assets	**160,166**	**141,244**	**148,316**	**158,949**	**162,371**
Stocks	51,131	47,896	50,933	45,085	48,415
Debtors	23,080	6,821	25,071	23,567	24,745
Cash	85,955	86,527	72,312	90,297	89,211
Other	0	0	0	0	0
Current Liabilities	**(16,511)**	**(19,155)**	**(18,906)**	**(20,479)**	**(21,196)**
Creditors	(16,524)	(19,679)	(18,183)	(19,756)	(20,473)
Short term borrowings	(971)	(883)	(800)	(800)	(800)
Long Term Liabilities	**(122,561)**	**(125,893)**	**(123,519)**	**(124,146)**	**(124,146)**
Long term borrowings	(89,962)	(89,973)	(89,980)	(89,980)	(89,980)
Other long term liabilities	(32,599)	(35,920)	(33,539)	(34,166)	(34,166)
Net Assets (ex minority)	**141,810**	**153,210**	**158,284**	**180,386**	**184,458**
CASH FLOW					
Operating Cash Flow	**16,452**	**35,159**	**15,834**	**29,820**	**19,370**
Net Interest	(949)	(1,028)	(951)	(1,277)	(1,053)
Tax	(6,011)	(4,805)	(6,066)	(3,203)	(3,505)
Capex	(13,994)	(32,103)	(24,821)	(28,000)	(17,000)
Acquisitions/disposals	0	0	0	0	0
Financing	0	0	0	0	0
Dividends	(2,464)	(2,552)	(2,552)	(2,117)	(2,403)
Other	5,407	5,813	4,341	3,203	3,505
Net Cash Flow	(1,559)	484	(14,215)	(1,574)	(1,086)
Opening net debt/(cash)	**3,223**	**4,978**	**4,329**	**18,468**	**5,016**
HP finance leases initiated	0	0	0	0	0
Other	(196)	165	76	15,026	0
Closing net debt/(cash)	**4,978**	**4,329**	**18,468**	**5,016**	**6,102**

Source: Nabaltec, Edison Investment Research

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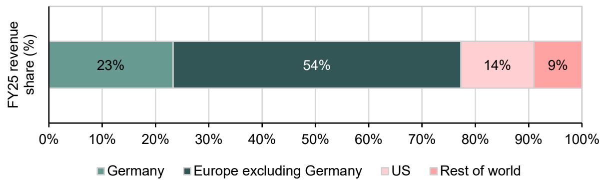
Revenue by geography



Management team

CEO: Johannes Heckmann

Mr Heckmann was appointed CEO in January 2017. He has been a member of management at Nabaltec since 1995 and was appointed to the management board with responsibility for production and R&D at the time of the IPO in 2006. Prior to joining Nabaltec, he worked as a project manager for AKW Amberger Kaolinwerke and at Schindler Aufzüge.

CFO: Günther Spitzer

Mr Spitzer was appointed as CFO in January 2017 and is responsible for finance/controlling, administration, IT and HR. He joined the business that would become Nabaltec, VAW Aluminium's Schwandorf plant, in 1985 as a commercial employee, became head of the finance department in 1998 and director of finance in 2009.

COO: Dr Alexander Risch

Dr Risch was appointed COO on 1 October 2021 and is responsible for research and development, as well as production and sales. Between 2006 and 2021, prior to joining Nabaltec, Dr Risch managed the sales, marketing and order processing divisions globally at Hoffmann Mineral, where he gathered experience in industrial fillers and their functionality.

Principal shareholders	%
Heckmann family	28.35%
Witzany family	27.24%
Allianz	4.05%
Genstar Capital	2.5%
Credit Agricole Group	1.29%

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