

Nabaltec

H124 results

Increasing profitability and margins

Chemicals

2 September 2024

Nabaltec recorded 2.2% y-o-y growth in its H124 revenue (€108.4m). The company's strong performance in its functional filler segment was the key driver of group revenue, up by 5.4% y-o-y (€78.2m). Its boehmite revenue rose by 20% y-o-y in Q224 due to a one-off contract. However, speciality alumina was down 5.3% y-o-y in H124. Group EBIT grew significantly, up 28.2% y-o-y to €10.9m, compared to €8.5m in H123. EBIT margin increased to 9.9% (H123: 8.1%), which is in line with Nabaltec's long-term target. Both EPS and operating cash flow were up, by 34.9% and 67.4% y-o-y, respectively.

Year end	Revenue (€m)	EBIT* (€m)	EPS* (€)	DPS (€)	P/E (x)
12/22	218.8	29.2	3.00	0.25	6.5
12/23	200.1	18.3	1.30	0.28	14.9
12/24e	204.1	18.2	1.27	0.29	12.7
12/25e	212.3	19.1	1.35	0.34	12.0

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

Nabaltec's revenue growth was driven by an increase in sales volume (up both 18.6% in Q2 and 8% in H1), rising demand for fine precipitated hydroxides, especially in the cable market due to the growing need for data centres and renewable energy projects, offset slightly by lower prices. The improvement in Nabaltec's EBIT margin was due to higher capacity utilisation and lower energy costs. Based on these economic and industry-specific strengthening factors, management marginally increased its guidance for FY24. It now expects revenue growth of 2–4% (Edison FY24e: 2%) and an EBIT margin of 8–10% (Edison FY24e: 8.9%) up from previous guidance of 7–9%. Our forecasts remain unchanged from our recent [initiation](#).

Nabaltec's strong balance sheet (ie net debt/EBITDA of -0.1x and a net cash position €2.5m at H124) leaves us confident that it will be able to comfortably fund its growth over the next three years and build out its capacity in boehmite and viscosity optimised hydroxides. At H124, Nabaltec's capital expenditure (capex) stood at c €14.2m, just under half of management's total capex programme expectations for FY24 (c €30m). In Q224 alone, Nabaltec's capex in its functional fillers segment increased 189% y-o-y and was up 88% on Q124. These are clear signs that Nabaltec is accelerating its capex spending to position itself to take full advantage of the increase in demand its end-use markets will experience over the medium term.

Our valuation remains unchanged from our [initiation](#). We value Nabaltec at €29.9 per share (c 89% above its current share price). Nabaltec trades at a significant discount to its peers on a multiples basis, on an FY24e EV/EBITDA discount of 45% and FY24e P/E discount of 32%. This, in our view, seems unwarranted due Nabaltec's exposure to high-growth markets, steady historical growth and strong EBIT margins.

Price €15.8
Market cap €140m

Net cash (€m) at 30 June 2024	2.5
Shares in issue	8.8m
Free float	45%
Code	NTG
Primary exchange	Xetra
Secondary exchange	N/A

Share price performance



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 alumina.

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