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22 October 2026

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H&R KGaA

Germany

Chemicals

Very favorable environment should continue in 2027 – We raise our TP to EUR 7.90 – "Buy" rating reiterated

- **The actual environment for H&R's margin was way better than our bullish view from 5 May 2026 and 30 July 2026.** In May 2026, we upgraded the stock to Add and in July 2026 to Buy, since we forecasted a very favorable margin environment for H&R in 2Q26 due to supply tightness coming from the issues in the Strait of Hormuz. However, the current environment, with base oil Group I over feedstock spreads at levels the market has not seen before (4-5x higher than long-term average spreads), is far better and the effects might last longer than we have anticipated. With this report, we have raised our 2026E revenue estimates by +1%, our 2026E EBITDA estimates by around +20% and our EPS estimates by around 25% and for the following years accordingly.

- **We increase our target price by EUR 0.40 to EUR 7.90 (based on our DCF model) and reiterate our Buy rating because the supply tightness should last longer and meets very thin inventory levels at industrial clients:** The chemical industry experienced a very strong pricing power in 2Q26. Product prices were increased without significant demand effect by many chemical companies in advance of experienced cost increases, according to the reporting of several EU chemical companies. In our view, the reason for this pricing power (despite a weak business environment for chemical companies) was the very low inventory levels at industrial customers paired with the fear of those customers to run out of stock. In our view, H&R's situation is therefore comparable to other chemical peers, but the effect should last longer due to a worldwide tightness in refinery capacity (effects from the Iran and Ukraine wars). Consequently, the elevated margin level of H&R might be not a short-term one-off, but a situation which might last into 2027/28E.

	2024	2025	2026E	2027E	2028E
Sales (EUR mn)	1,338.2	1,242.2	1,474.4	1,444.9	1,416.0
EBITDA (EUR mn)	95.0	84.4	140.5	109.5	100.5
EBIT reported (EUR mn)	32.2	-14.1	87.5	49.4	41.0
EBIT adjusted (EUR mn)	32.2	-14.1	87.5	49.4	41.0
Net income (EUR mn)	10.4	-38.8	49.3	23.6	18.1
EPS reported (EUR)	0.28	-1.04	1.32	0.64	0.49
EPS adjusted (EUR)	0.28	-1.04	1.32	0.64	0.49
DPS (EUR)	0.10	0.00	0.30	0.20	0.20
Dividend yield (%)	1.5	0.0	4.4	2.9	2.9
P/E adjusted (x)	24.2	-	5.1	10.6	13.8
P/BV (x)	0.5	0.6	0.5	0.5	0.5
EV/Sales (x)	0.4	0.5	0.4	0.4	0.4
EV/EBITDA (x)	6.0	6.7	4.0	4.9	5.2
EV/EBIT (x)	17.6	-40.1	6.4	11.0	12.6
Net debt/EBITDA (x)	2.1	2.2	1.3	1.5	1.4

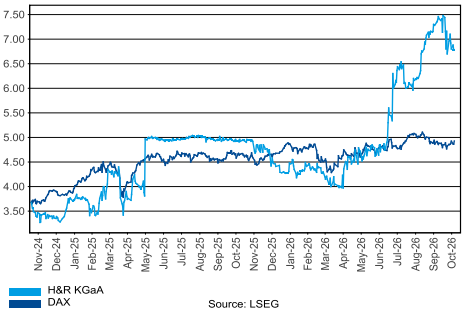
Source: Company data, Baader Helvea Equity Research

Buy (prev. Buy)

Closing price as of 21-Oct-26	EUR 6.78
High/Low (12M)	7.48/3.97
Target price (prev. EUR 7.50)	**EUR 7.90**
Upside to target price (%)	16.5
Expected dividend yield (%)	4.4
Total return potential (%)	20.9

Reuters/Bloomberg	2HR.DE/2HRA GY
Avg. daily turnover (EUR mn)	0.05
Free float (%)	22.5
Market cap. (EUR mn)	252
No. of shares issued (mn)	37.2
Events	
Annual general meeting	27-May-2027
9M/3Q	Nov-2026
Shareholders	Nils Hansen mostly over H&R Holding 77.54%

Price relative to Index



Performance (%)	1M	3M	6M
Absolute	-7.6	4.6	51.0
rel. DAX	-7.9	2.1	45.3
rel. STOXX Europe 600	-8.0	4.4	46.4
rel. SXXP Chemicals	-14.4	-2.4	41.1

Changes in estimates

EUR mn	2026E Prev.	Delta (%)	2027E Prev.	Delta (%)
Sales	1,460.0	1.0	1,430.8	1.0
EBIT adj.	73.1	19.7	39.0	26.5
EPS adj. (EUR)	1.06	24.5	0.44	45.5
DPS (EUR)	0.10	200.0	0.10	100.0

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Important Disclosures: Please read the information contained in Sections A-F, as well as country specific information contained in Section G, of the Disclaimer at the end of this document.

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EXECUTIVE SUMMARY OF H&R'S INVESTMENT STORY

H&R is among the EU base oil Group I refineries one of the "Last Man Standing", which is currently profiting from the supply tightness that developed over many years but accelerated recently

H&R's 2026E guidance versus consensus and our expectations

		FY26E			FY27E		
	Guidance	Baader	Cons.	Dev. (%)	Baader	Cons.	Dev. (%)
Sales		**1,474.4**	**1,396.0**	**5.6**	**1,444.9**	**1,362.0**	**6.1**
EBITDA	**EUR 120-145mn**	**140.5**	**135.0**	**4.1**	**109.5**	**89.5**	**22.3**
Change yoy (%)		*66.4*	*44.2*		*-22.1*	*-33.7*	
Net income		**49.3**	**48.3**	**2.1**	**22.4**	**13.8**	**62.7**
Change yoy (%)		*>100*	*>100*		*-54.6*	*-71.4*	

Source: Company data, LSEG, Baader Helvea Equity Research

Why is H&R KGaA a Buy?

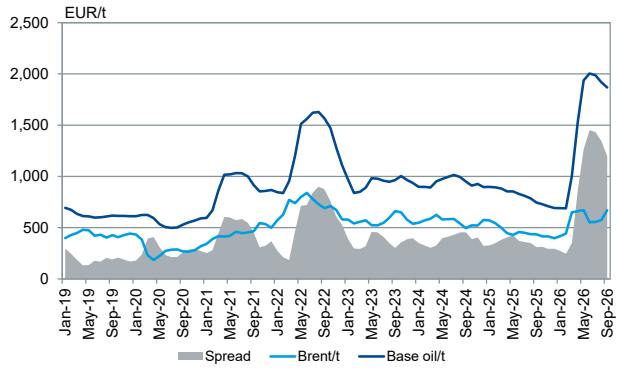
- **The company is flying under the radar of most investors due to limited free float market cap and limited average daily trading volume.** As the Hansen family (under the investment vehicle H&R Beteiligungs GmbH) holds 77.65% of the shares, the free float is below 23%. Currently, H&R AG's market capitalization is around EUR 252mn and the free float market cap at EUR 55mn. Due to the low market cap and the low average daily trading volume EUR 17,900 per day (or around. 5,640 shares per day), the stock is flying under the radar of most institutional investors.
- **Valuation is not demanding:** H&R AG's shares currently trade significantly below fair value according to most valuation methods (see valuation part later in this report). For example, H&R's replacement value (capex + NWC – debt) is over 200% above H&R's current market valuation, and H&R's DCF model sees more than 16% upside to the current stock market valuation and shows that H&R's market valuation is not demanding, in our view.
- **Last Man Standing: Ongoing Type I refinery closures by big mineral oil companies together with refinery tightness globally (also due to the Iran war):** Due to strict emission legislations and the raw material change from "light sweet" to "heavy sour" crude oils due to better availability and lower prices, mineral oil companies have to invest substantially in old Type I refineries. In addition, there is a so-called "technology paradox" which means that "the highest quality base oil has the lowest production cost". This leads to a focusing of mineral oil companies on base oils with higher quality (Group II and higher) and synthetic oils (Group IV and V) because these products have much higher margins and are growing faster. In addition, also the automotive industry is increasingly asking for base oils with higher qualities. All the trends mentioned above are not new but accelerated over the past 20 years. Consequently, several older base oil plants (base Group I) were closed in the last few years, which leads to a continuous market undersupply of specialty Group I refinery products. As most of the remaining base oil Group I refineries are located in Eastern Europe (in particular in the countries of the former Soviet Union), the effects of the Ukraine war are causing another tightening. **The market should remain short in Type 1 specialty refinery products such as waxes, white oils and plasticizers because these are mainly produced by Type 1 refineries. Base oil prices explain approximately 50% of H&R AG's product prices. Several contracts even have a "base oil price plus" formula. A base oil price change has a direct effect on margins.**
- **Year-to-date, the 2026 base oil Group I spread reached a level the market has not seen before:** According to our calculations, the spread of base oil Group I (part of the more commodity-linked portfolio of H&R) over its feedstock crude oil reached levels in April, May, June, July, August and September 2026 we have not seen before. According to our calculations, the spread was EUR/t 290 in 1Q26, EUR/t 866 in April 2026, EUR/t 1,265 in May, EUR/t 1,450 in June 2026, EUR/t 1,433 in July 2026, EUR/t 1,346 in August 2026 and EUR/t 1,198 in September (compared to a long-term average of EUR/t 269 and 5-year average of EUR/t 440). Consequently, the 2Q26 average spread of EUR/t 1,193 is 4x higher than the long-term average, and nearly 5x higher in 3Q26 (EUR/t 1,326) compared to the long-term average. This spread is, in our view, a very good margin indicator for roughly 1/3 of H&R's product portfolio and also has relatively good indications for at least another 1/3. As the market environment (supply tightness due to the Iran war and logistics issues coming from the situation in the Strait of Hormuz) have not changed in October and might also not short-term change in November or December either, we think a spread over EUR/t 800 will be also the case for 4Q26E and consequently expect also 2H26 to be strong as well. Consequently, we reiterate our positive view on H&R's earnings and the potential consensus upward revision need.

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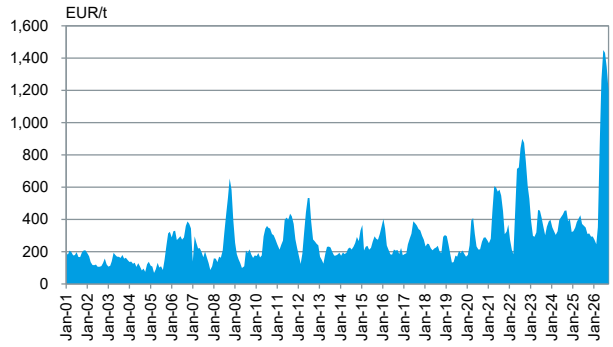
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H&R'S MARGIN SPREAD OVER ITS FEEDSTOCK IS INCREASING FURTHER

Crude versus base oil Group I prices & the spread over feedstock



Base oil Group I over brent price spread (EUR/t)



Source: LSEG, ICIS, Baader Helvea Equity Research

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FINANCIALS

A closer look at the most important P&L, Balance Sheet and Cash Flow numbers of H&R KGaA

- **P&L – H&R's topline is significantly correlated with the (crude) oil price.** Whereas the volume component of H&R's revenues is low single-digit over the cycle, the price effect can fluctuate from double digit positive to double digit negative and consequently has the most important effect on H&R's revenues. As part of H&R's contracts have raw material surpass clauses (we estimate around 25-35%), the topline fluctuations have limited effects on earnings, and hence **H&R's P&L margins are less relevant than absolute earnings** or earnings per t (capacity). **D&A** fluctuated between EUR 55mn and 63mn over the last 5 years and is linked to H&R's investments, mainly into H&R's ChemPharm Refining segment and therefore into H&R's two base oil refining plants in Hamburg-Neuhof and Salzbergen. **The financial result is strongly linked to H&R's NWC.** H&R's financial result was between EUR 8 and 11mn negative over the past 5 years and mainly driven by financial costs between EUR 9mn to 13mn. H&R's financial costs are mainly linked to H&R's NWC, which fluctuated between EUR 208mn to EUR 284mn. H&R's **tax rate** is, given the high German exposure, mainly linked to the German tax regime. However, as H&R still has non activated tax carry forward losses it can use, the actual tax rate might be lower than the per regional split calculated tax rate of around 30%. **Dividend payments** are proposed by the management and linked to positive net results. H&R paid EUR 0.10 dividend for 2024, but has not paid a dividend for 2025. Given the strong business environment, we expect EUR 0.3 dividend for FY26 and EUR 0.2 for FY27 and FY28. For more information, please have a look at the P&L table at the end of this report.

- **Balance sheet – H&R's equity ratio is with 45% strong,** which is also mirrored by a **low** leverage (net debt/EBITDA 2025 of 1.3x and a net gearing of 12%). Whereas most of H&R's German chemical peers increased leverage over the past three years, H&R has reduced it. For more information, please have a look at the balance sheet table at the end of this report.

- **Cash flow – Due to H&R's volatile and highly cyclical business, operating cash flow significantly fluctuated from EUR 37mn to over EUR 119mn over the past 5 years.** Since H&R's capex spendings were between EUR 47mn and EUR 56mn in the same period, H&R's FCF was negative in 2021 and 2022, but turned positive in 2023 (the last three years, H&R's FCF was between EUR 18mn and EUR 66mn). For 2026E, we expect that the significant NWC increase due to the significant jump of raw material and product prices, H&R's FCF 2026E will only reach a low EUR mn number and therefore decline yoy. For more information, please have a look at the cash flow table at the end of this report.

2Q26/1H26 review

- H&R's **2Q26 EBITDA more than tripled yoy to EUR 62.5mn** (2Q25: EUR 17.8mn,1H26: EUR 84.4mn). The other earnings levels also improved substantially. 2Q26 EBIT reached EUR 49.9mn (EUR 59.4mn in 1H26), compared to EUR 3.1mn in the previous year. 2Q26 EBT amounted to EUR 46.8mn (2Q25: EUR 0.2mn, 1H26: EUR 53.5mn). Net income attributable to shareholders totaled EUR 37.7mn (2Q25: EUR -1.6mn, 1H26: 41.6mn). Accordingly, 2Q26 EPS jumped to EUR 1.01 (1H26: 1.12). 2Q26 sales increased to EUR 400.3mn (2Q25: EUR 307.3mn), driven by higher feedstock prices resulting from the situation in the Persian Gulf.

- The principal contribution to both quarterly and half-year results came from the **ChemPharm Refining** segment. Operating earnings improved in the second quarter of 2026 alone to EBITDA of EUR 47.5mn (2Q25: EUR 13.0mn). In 1H26, EBITDA reached EUR 62.1mn (1H25: EUR 26.9mn), representing the largest and significantly improved earnings contribution. Driven by raw material prices, segment revenue exceeded the previous year and reached EUR 445.9mn in 1H26 (up 9.9% yoy). The **ChemPharm Sales** segment also doubled its 2Q26 EBITDA yoy of EUR 16.9mn (2Q25: EUR 8.1mn) and EUR 25.7mn in 1H26 (1H25: EUR 17.8mn) surpassed previous year's levels. Revenue also recovered noticeably, reaching EUR 134.9mn in 2Q26 (2Q25: EUR 113.4mn) and EUR 246.3mn in 1H26 (1H25: EUR 237.1mn). The **Plastics** segment showed only marginal improvement by mid-year. It generated a slightly better operating result of EUR -1.7mn compared to 1H25 (EUR -1.9mn).

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- **Operating cash flow** declined in 2Q26 EUR -22.5mn (2Q25: EUR 32.7mn) due to sharply increased feedstock costs following the outbreak of war between the United States and Iran and the resulting higher NWC requirements. 2Q26 **FCF** amounted to EUR -32.5mn (2Q25: EUR 22.8mn). 1H26 operating cash flow stood at EUR 2.4mn (1H25: EUR 24.6mn), while free cash flow amounted to EUR -19.5mn (1H25: EUR 5.1mn).

- **Outlook raised with 2Q26 reporting.** H&R increased its EBITDA 2026 guidance range from previously EUR 85-100mn to EUR 120-145mn with its 2Q26 reporting mid-August 2026. As consensus stands at EUR 135mn for 2026E EBITDA, 3Q26 and, in our view, also 4Q26 should remain very favorable for H&R's margins; we expect further consensus upward revision need and consequently reiterate our Buy rating.

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VALUATION

Replacement valuation sees more than >200% upside, but should be not used to value the stock

The value would be EUR 21.3 per share. The construction of the two H&R AG refineries would require capex of approx. EUR 0.7 to 1.0bn. If we add to the low end of the replacement value the NWC (based on 2026E) of EUR 283.9mn and subtract net debt of EUR 187mn, minorities of EUR 40mn and pensions of EUR 58mn, but add H&R's long-term assets of EUR 92mn, we derive at an equity value of EUR 1,091mn. With the current amount of shares of 37.2mn, the value per share would be EUR 21.3. This valuation (without any value for goodwill, client lists, etc.), far above H&R's market valuation, shows that the probability of a new market entry is low, in our view. However, the valuation might be not suited to calculate H&R's current fair value.

DCF value sees >16% upside

H&R AG's DCF model

		2025	2026E	2027E	2028E	2029E	2030E	TV
Sales	**EUR mn**	**1,242**	**1,474**	**1,445**	**1,416**	**1,422**	**1,449**	
Growth	%	-7.2	18.7	-2.0	-2.0	0.4	1.9	
EBITDA	EUR mn	84	140	109	100	104	108	
Margin	%	6.8	9.5	7.6	7.1	7.3	7.5	
D&A	EUR mn	99	53	60	60	59	58	
% of sales	%	7.9	3.6	4.2	4.2	4.1	4.0	
EBIT	**EUR mn**	**-14**	**87**	**49**	**41**	**45**	**50**	
Margin	%	-1.1	5.9	3.4	2.9	3.2	3.4	
Taxes on EBIT	EUR mn	4	-22	-12	-10	-11	-12	
Marginal tax rate	%	25.0	25.0	25.0	25.0	25.0	25.0	
NOPLAT	**EUR mn**	**-10**	**65**	**37**	**31**	**34**	**38**	
Margin	%	-0.8	4.4	2.6	2.2	2.4	2.6	
D&A	EUR mn	99	53	60	60	59	58	
% of capex	%	147.2	93.0	109.3	110.4	108.8	105.7	
Capex	EUR mn	-67	-57	-55	-54	-54	-55	
% of sales	%	-5.4	-3.9	-3.8	-3.8	-3.8	-3.8	
Change in NWC	*EUR mn*	*18*	*-45*	*6*	*7*	*0*	*-4*	
NWC as % of sales	%	16.8	19.2	19.2	19.1	19.0	18.9	
FCF	EUR mn	40	17	48	44	39	37	496
Time	Years	-0.8	0.2	1.2	2.2	3.2	4.2	5.2
Discounted FCF	EUR mn		17	44	37	31	27	333

Sum of FCF at present value (EUR mn)	155
Present value of terminal value (EUR mn)	333
Enterprise value (EUR mn)	**488**
% of terminal value on EV	68.2
- Net debt (ex leases & M&A) (EUR mn)	-187
- Minorities (EUR mn)	-40
- Pensions (EUR mn)	-58
+ Long-term financial assets (EUR mn)	92
Market cap. (EUR mn)	**294.9**
Fully diluted shares outstanding (mn)	37.2
Value per share (EUR)	**7.9**
WACC (%)	8.0
Terminal growth rate (%)	0.5

Source: Company data, Baader-Helvea Equity Research

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SWOT ANALYSIS

STRENGTH

- **High market entry barriers** due to high investment need (see replacement value calculation in the valuation section).
- **Focus on specialty refinery products** but **broad product offering** for **diversified end markets:** With more than 800 products, H&R serves customers out of over 100 end customer industries and is therefore diversified at the product but also on the end customer side.
- Long-term **technical & product know-how:** H&R's history dates back to 1919. The over 100 years collected technical and product know-how cannot be replicated easily
- **Flexible production** and customization processes in Germany and in Asia with a **global sales network.**

WEAKNESS

- **Capital-intense business model:** H&R has to invest constantly in its plants (4-6% of sales), which impacts the FCF generation and cash return to shareholder.
- **High cash flow volatility:** Due to a high dependency on (crude) oil and therefore raw material price fluctuations, H&R's NWC and FCF are highly volatile.
- **High earnings volatility:** Compared to other specialty chemical companies, H&R's margins are low. Small changes in the D&A or in the financing costs have therefore a higher impact on net earnings.
- **Dependency on the industrial production and on hydrocarbon-based raw materials:** The value chains of H&R are linked to hydrocarbons and are operating under high pressure & temperatures, and consequently have a high CO2, hydrocarbon and energy price dependency in combination with cyclical end markets. In addition, these dependencies also trigger a high transformation pressure on H&R.
- **Loss-making Plastics business Gaudlitz:** Despite the fact that H&R reduced the automotive (and increased the healthcare) dependency of Gaudlitz already years ago, the business has not the critical size and therefore scale effects.

OPPORTUNITIES

- **Transformation towards recycled or synthetic or biobased raw materials:** H&R seems to be among the innovation leaders of decarbonization the base oil Group I value chain which could offer higher product pricing power, lower carbon taxes and strong long-term customer relationships.
- **Further consolidation of the base oil Group I refineries** and at the same time (below GDP) product demand growth might improve the crude oil/base oil spread further and consequently help H&R's margins.

TREATS

- **Continuation of the global, but in particular German, economic weakness** with negative demand effects on the German market (which still stands for ~50% of H&R's sales) or the other European markets (Rest of EU stands for ~14% of sales).
- **Rising regulatory hurdles:** Stricter regulations (e.g. REACH, laws on CO2 emissions, etc.) harm smaller companies disproportionately and might accelerate in particular for energy-intense businesses. However, as H&R operates two of the most efficient base oil Group I plants globally, rising regulatory hurdles might also accelerate the consolidation of H&R markets, and consequently improve H&R's pricing power. However, the t**ransformational pressure** also impacts the paybacks of investments, and consequently the forecastability of returns.

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CONSOLIDATED INCOME STATEMENT - H&R AG

		2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Revenues	**EUR mn**	**1,114.1**	**1,075.3**	**873.0**	**1,188.4**	**1,576.0**	**1,352.3**	**1,338.2**	**1,242.2**	**1,474.4**	**1,444.9**	**1,416.0**
Changes in inventory	*EUR mn*	*12.9*	*-1.7*	*-24.8*	*31.1*	*36.0*	*-17.2*	*4.4*	*-19.0*	*0.0*	*0.0*	*0.0*
Internally produced and capitalized assets	EUR mn	27.3	25.6	28.0	29.6	37.1	29.9	37.6	41.4	0.0	0.0	0.0
Total output	EUR mn	1,154.3	1,099.2	876.2	1,249.1	1,649.2	1,364.9	1,380.2	1,264.6	1,474.4	1,444.9	1,416.0
Cost of materials	EUR mn	-877.5	-844.6	-634.3	-901.6	-1,274.0	-1,033.1	-1,026.7	-914.7	-1,065.1	-1,063.1	-1,039.7
as a percentage of total output	%	76.0	76.8	72.4	72.2	77.2	75.7	74.4	72.3	72.2	73.6	73.4
Personnel expenses	EUR mn	-87.1	-88.5	-83.0	-99.2	-99.6	-102.8	-106.4	-109.5	-110.6	-111.7	-112.8
as a percentage of total output	%	7.5	8.1	9.5	7.9	6.0	7.5	7.7	8.7	7.5	7.7	8.0
Other operating expenses	EUR mn	-115.4	-113.8	-103.2	-115.6	-150.2	-135.9	-152.1	-155.9	-158.2	-160.6	-163.0
as a percentage of total output	%	10.0	10.4	11.8	9.3	9.1	10.0	11.0	12.3	10.7	11.1	11.5
EBITDA	**EUR mn**	**74.3**	**52.3**	**55.7**	**132.7**	**125.5**	**93.1**	**95.0**	**84.4**	**140.5**	**109.5**	**100.5**
as a percentage of total output	%	6.4	4.8	6.4	10.6	7.6	6.8	6.9	6.7	9.5	7.6	7.1
Depreciation (without goodwill amortization)	EUR mn	34.2	45.4	56.1	50.9	55.3	62.4	62.8	98.5	53.0	60.1	59.5
as a percentage of total output	%	-3.0	-4.1	-6.4	-4.1	-3.4	-4.6	-4.6	-7.8	-3.6	-4.2	-4.2
Impairment	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
as a percentage of total output	%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**EUR mn**	**40.2**	**6.9**	**-0.3**	**81.7**	**70.2**	**30.7**	**32.2**	**-14.1**	**87.5**	**49.4**	**41.0**
as a percentage of total output	%	3.5	0.6	0.0	6.5	4.3	2.2	2.3	-1.1	5.9	3.4	2.9
Income from investments	EUR mn	0.4	0.5	0.0	-0.1	0.3	1.2	-0.2	-0.6	0.0	0.0	0.0
Other	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net interest income	EUR mn	-6.8	-8.6	-10.1	-8.2	-8.5	-13.1	-11.3	-9.9	-12.2	-12.2	-12.2
as a percentage of total output	%	-0.6	-0.8	-1.2	-0.7	-0.5	-1.0	-0.8	-0.8	-0.8	-0.8	-0.9
Earnings from ordinary activities	**EUR mn**	**33.7**	**-1.2**	**-10.4**	**73.4**	**62.0**	**18.8**	**20.7**	**-24.7**	**75.2**	**37.1**	**28.7**
as a percentage of total output	%	2.9	-0.1	-1.2	5.9	3.8	1.4	1.5	-2.0	5.1	2.6	2.0
Reported non-recurring result	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before income taxes	**EUR mn**	**33.7**	**-1.2**	**-10.4**	**73.4**	**62.0**	**18.8**	**20.7**	**-24.7**	**75.2**	**37.1**	**28.7**
as a percentage of total output	%	2.9	-0.1	-1.2	5.9	3.8	1.4	1.5	-2.0	5.1	2.6	2.0
Income taxes	EUR mn	-11.4	1.3	2.6	-20.8	-16.7	-8.2	-7.8	-12.3	-23.9	-11.4	-8.5
Income tax rate	%	33.8	107.1	25.0	28.4	26.9	43.8	37.7	-50.0	31.7	30.7	29.7
Net income	**EUR mn**	**22.3**	**0.1**	**-7.8**	**52.5**	**45.4**	**10.6**	**12.9**	**-37.0**	**51.4**	**25.7**	**20.2**
as a percentage of total output	%	1.9	0.0	-0.9	4.2	2.8	0.8	0.9	-2.9	3.5	1.8	1.4
Earnings before minorities	EUR mn	22.3	0.1	-7.8	52.5	45.4	10.6	12.9	-37.0	51.4	25.7	20.2
as a percentage of total output	%	1.9	0.0	-0.9	4.2	2.8	0.8	0.9	-2.9	3.5	1.8	1.4
Minority interests	EUR mn	0.7	1.5	1.2	2.4	2.7	0.0	2.3	2.1	2.1	2.1	2.1
Earnings after minority interests	**EUR mn**	**21.6**	**-1.4**	**-9.0**	**50.2**	**42.7**	**10.6**	**10.4**	**-38.8**	**49.3**	**23.6**	**18.1**
EPS reported	**EUR**	**0.59**	**-0.04**	**-0.24**	**1.35**	**1.15**	**0.28**	**0.28**	**-1.04**	**1.32**	**0.64**	**0.49**
EPS adjusted	**EUR**	**0.59**	**-0.04**	**-0.24**	**1.35**	**1.15**	**0.28**	**0.28**	**-1.04**	**1.32**	**0.64**	**0.49**

Source: Company data, Baader-Helvea Equity Research

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H&R KGaA

CASH FLOW STATEMENT – H&R AG

		2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Net income	**EUR mn**	**22.3**	**0.1**	**-7.8**	**52.5**	**45.4**	**10.6**	**12.6**	**-36.7**	**51.4**	**25.7**	**20.2**
Depreciation charges on fixed assets	EUR mn	34.2	45.4	57.9	52.1	55.3	62.4	62.8	98.5	0.0	0.0	0.0
Changes in pension provisions	*EUR mn*	*-0.5*	*-0.7*	*-1.0*	*10.7*	*-1.5*	*-0.6*	*-2.1*	*0.9*	*0.0*	*0.0*	*0.0*
Changes in other long-term provisions	*EUR mn*	*-2.9*	*-1.8*	*-2.4*	*-2.1*	*-3.8*	*-2.2*	*-2.7*	*-3.4*	*0.0*	*0.0*	*0.0*
Disposal of fixed assets	EUR mn	-0.5	0.4	0.2	-0.1	1.0	0.3	2.5	2.1	0.0	0.0	0.0
Change in NWC	*EUR mn*	*-29.4*	*60.3*	*4.9*	*-98.8*	*-58.0*	*42.5*	*10.4*	*29.4*	*-44.7*	*5.7*	*7.0*
Changes in interest	*EUR mn*	*1.5*	*4.5*	*1.4*	*1.8*	*2.3*	*4.5*	*2.7*	*3.2*	*0.0*	*0.0*	*0.0*
Changes in taxes	*EUR mn*	*1.9*	*-7.9*	*-10.4*	*16.1*	*2.6*	*1.4*	*-9.7*	*0.0*	*0.0*	*0.0*	*0.0*
Changes in other liabilities	*EUR mn*	*0.6*	*-0.5*	*0.6*	*-0.4*	*2.1*	*0.7*	*0.3*	*0.0*	*0.0*	*0.0*	*0.0*
Operating adjustment factors	EUR mn	-3.9	-4.1	16.9	5.6	-7.5	-0.5	-7.1	0.0	0.0	0.0	0.0
Cash flow from operations	**EUR mn**	**23.3**	**95.5**	**60.1**	**37.4**	**38.0**	**119.1**	**70.0**	**94.0**	**59.7**	**91.5**	**86.7**
Disposal of fixed assets	EUR mn	1.5	0.1	0.1	1.8	0.1	0.7	0.4	1.7	0.0	0.0	0.0
Capital spending on fixed assets	EUR mn	-70.5	-74.5	-37.1	-46.6	-64.7	-53.3	-51.8	-55.6	0.0	0.0	0.0
Capital spending on intangibles	EUR mn	-0.6	-0.6	-1.1	-2.4	-5.3	-4.4	-3.2	-3.9	0.0	0.0	0.0
Capital spending on financial assets	EUR mn	0.3	0.0	0.0	-1.4	-2.5	0.6	0.2	1.0	0.0	0.0	0.0
Acquisitions/consolidation	EUR mn	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investments	**EUR mn**	**-69.7**	**-75.1**	**-38.1**	**-48.6**	**-72.5**	**-56.3**	**-54.5**	**-56.7**	**-57.0**	**-55.0**	**-53.9**
Free cash flow	**EUR mn**	**-46.4**	**20.4**	**22.0**	**-11.1**	**-34.5**	**62.8**	**15.6**	**35.4**	**2.7**	**36.5**	**32.8**
Receipts from capital increases	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inflow/outflow from interest-bearing debt	EUR mn	0.9	0.2	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payments to stockholders	EUR mn	-7.2	0.0	0.0	0.0	0.0	-3.7	-3.7	0.0	0.0	0.0	0.0
Settling of financial liabilities (-)	EUR mn	-79.4	-56.2	-133.6	-196.6	-218.1	-172.8	-196.4	0.0	0.0	0.0	0.0
Taking up financial liabilities (+)	EUR mn	118.9	81.2	76.0	198.9	259.6	129.6	180.9	0.0	0.0	0.0	0.0
Cash flow from the financing sector	**EUR mn**	**33.2**	**25.2**	**-57.7**	**2.5**	**41.5**	**-46.9**	**-25.8**	**-23.6**	**-2.1**	**-13.2**	**-9.5**
Changed currency relations, consolidation and others effects	*EUR mn*	*0.7*	*2.3*	*-4.1*	*2.6*	*0.0*	*-2.4*	*3.1*	*-5.0*	*0.0*	*0.0*	*0.0*
Cash and cash equivalents on 1/1	**EUR mn**	**59.0**	**46.5**	**94.8**	**55.0**	**48.9**	**56.0**	**69.4**	**62.3**	**70.9**	**71.5**	**94.8**
Changes in cash and cash equivalents	***EUR mn***	***-13.2***	***45.6***	***-35.6***	***-8.7***	***7.0***	***15.9***	***-10.3***	***13.7***	***0.6***	***23.3***	***23.3***
Cash and cash equivalents at FY end	**EUR mn**	**46.5**	**94.4**	**55.0**	**48.9**	**56.0**	**69.4**	**62.3**	**70.9**	**71.5**	**94.8**	**118.1**

Source: Company data, Baader-Helvea Equity Research

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H&R KGaA

CONSOLIDATED BALANCE SHEET – H&R AG

		2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
ASSETS												
Fixed assets	**EUR mn**	**391**	**500**	**477**	**491**	**509**	**496**	**564**	**525**	**570**	**565**	**560**
Intangible assets	EUR mn	17	16	14	15	17	16	13	12	14	15	16
Property, plant and equipment	EUR mn	336	433	412	432	453	445	445	409	457	450	444
Goodwill	EUR mn	22	22	17	17	17	17	17	21	17	17	17
Financial assets	EUR mn	9	17	15	19	17	14	84	75	75	75	75
Other assets	EUR mn	6	12	19	8	5	5	5	8	8	8	8
Current assets	**EUR mn**	**340**	**338**	**269**	**383**	**454**	**407**	**451**	**399**	**486**	**502**	**517**
Inventories	EUR mn	154	127	106	177	235	206	215	176	262	254	247
Accounts receivable	EUR mn	121	87	82	126	124	106	135	119	119	119	119
Tax refund claims	EUR mn	2	4	0	1	1	5	6	3	3	3	3
Other assets	EUR mn	11	9	8	15	17	11	18	12	12	12	12
Financial assets	EUR mn	6	16	18	16	20	9	14	17	17	17	17
Marketable securities and cash	EUR mn	46	95	55	49	56	69	63	71	72	95	118
Balance sheet total	**EUR mn**	**730**	**839**	**746**	**874**	**962**	**903**	**1,015**	**924**	**1,057**	**1,067**	**1,077**
EQUITY AND LIABILITIES												
Equity	**EUR mn**	**357**	**363**	**347**	**408**	**471**	**458**	**469**	**416**	**514**	**526**	**537**
Capital subscribed	EUR mn	95	95	95	95	95	95	95	95	95	95	95
Capital surplus	EUR mn	47	47	47	46	46	46	46	46	46	46	46
Earnings reserves	EUR mn	179	170	163	212	273	279	284	240	0	0	0
Other reserves	EUR mn	-1	12	3	9	9	-7	2	-6	0	0	0
Minorities	EUR mn	37	39	39	46	48	45	42	40	40	40	40
Provisions	**EUR mn**	**80**	**90**	**86**	**85**	**57**	**59**	**61**	**69**	**69**	**69**	**69**
Pension provisions	EUR mn	77	87	82	81	54	56	58	66	66	66	66
Other provisions	EUR mn	3	4	4	4	3	3	3	3	3	3	3
Liabilities	**EUR mn**	**293**	**385**	**313**	**381**	**434**	**387**	**486**	**439**	**474**	**472**	**471**
Financial debt	EUR mn	74	122	98	72	143	90	163	188	163	163	163
Trade payables	EUR mn	100	108	80	95	99	103	93	85	99	97	96
Other liabilities	EUR mn	119	154	135	215	191	194	229	166	212	212	212
Balance sheet total	**EUR mn**	**730**	**839**	**746**	**874**	**962**	**903**	**1,015**	**924**	**1,057**	**1,067**	**1,077**

Source: Company data, Baader-Helvea Equity Research

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Key data

H&R KGaA

Germany

Chemicals

Reuters: 2HR.DE	Bloomberg: 2HRA GY

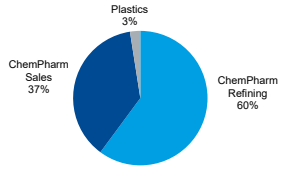
Buy

Price on 21-Oct-26	EUR 6.78
Target price	**EUR 7.90**
High/Low (12M)	EUR 7.48/3.97
Market cap.	EUR mn 252

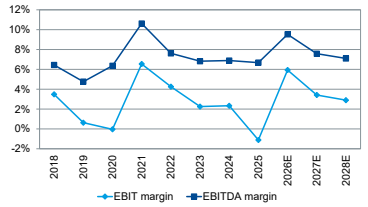
Company profile

H&R KGaA manufactures chemical special raw materials. The company produces paraffins, vaselines, base oils, engine and other industrial oils.

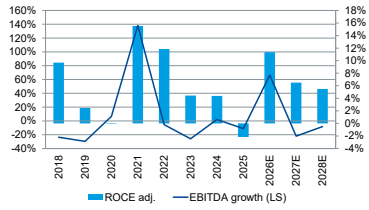
Sales split by unit (2026E)



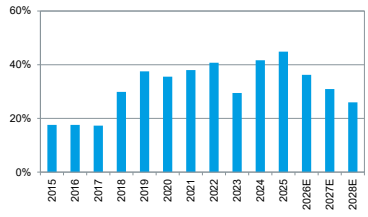
Margin development



ROCE development



Gearing



Source: Company data, LSEG, Baader Helvea Equity Research

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FY 31 Dec.	2023	2024	2025	2026E	2027E	2028E
Share data						
EPS rep. (EUR)	0.28	0.28	-1.04	1.32	0.64	0.49
EPS adj. (EUR)	**0.28**	**0.28**	**-1.04**	**1.32**	**0.64**	**0.49**
Dividend (EUR)	0.10	0.10	0.00	0.30	0.20	0.20
Book value (EUR)	12.29	12.59	11.18	13.81	14.14	14.43
Free cash flow (EUR)	1.69	0.42	0.95	0.07	0.98	0.88
Avg. no. of shares (mn)	37.2	37.2	37.2	37.2	37.2	37.2
Market cap. (avg./current, EUR mn)	198.6	252.4	252.4	252.4	252.4	252.4
Enterprise value (EUR mn)	454.9	566.1	564.7	564.2	540.9	517.6
Valuation	**2023**	**2024**	**2025**	**2026E**	**2027E**	**2028E**
P/E adj. (x)	**19.0**	**24.2**	**-**	**5.1**	**10.6**	**13.8**
P/BV (x)	0.4	0.5	0.6	0.5	0.5	0.5
FCF/EV (%)	13.8	2.7	6.3	0.5	6.8	6.3
FCF yield (%), (FCF/Mcap.)	31.6	6.2	14.0	1.1	14.5	13.0
Dividend yield (%)	1.9	1.5	0.0	4.4	2.9	2.9
EV/Sales (x)	0.3	0.4	0.5	0.4	0.4	0.4
EV/EBITDA adj. (x)	4.9	6.0	6.7	4.0	4.9	5.2
EV/EBIT adj. (x)	14.8	17.6	-40.1	6.4	11.0	12.6
EV/CE (x)	0.7	0.8	0.9	0.7	0.7	0.7
ROCE/WACC adj. (x)	0.6	0.5	-0.3	1.4	0.8	0.7
Key company data	**2023**	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Sales growth (%)	-14.2	-1.0	-7.2	18.7	-2.0	-2.0
EBITDA growth adj. (%)	-25.9	2.1	-11.1	66.4	-22.1	-8.2
EBITDA margin adj. (%)	6.9	7.1	6.8	9.5	7.6	7.1
EBIT margin adj. (%)	**2.3**	**2.4**	**-1.1**	**5.9**	**3.4**	**2.9**
Net margin adj. (%)	0.8	0.8	-3.1	3.3	1.6	1.3
Free cash flow margin (%)	4.6	1.2	2.9	0.2	2.5	2.3
Payout ratio (%)	35.3	35.8	0.0	22.7	31.5	41.1
Gearing (%), (net debt/equity)	29.5	41.6	44.9	36.2	30.9	26.0
Net debt/EBITDA (x)	1.4	2.1	2.2	1.3	1.5	1.4
Equity ratio (x), (equity/total assets)	50.7	46.2	45.0	48.6	49.3	49.9
Capital employed (EUR mn)	689.8	735.2	654.4	770.2	759.4	746.8
ROCE adj. (%)	4.4	4.4	-2.2	11.4	6.5	5.5
Income statement (EUR mn)	**2023**	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Turnover	1,352.3	1,338.2	1,242.2	1,474.4	1,444.9	1,416.0
EBITDA	93.1	95.0	84.4	140.5	109.5	100.5
EBITDA adj.	93.1	95.0	84.4	140.5	109.5	100.5
EBIT	30.7	32.2	-14.1	87.5	49.4	41.0
EBIT adj.	30.7	32.2	-14.1	87.5	49.4	41.0
EBT	18.8	20.7	-24.7	75.2	37.1	28.7
Net profit after minorities	10.6	10.4	-38.8	49.3	23.6	18.1
Net profit adj.	10.6	10.4	-38.8	49.3	23.6	18.1
Balance sheet (EUR mn)	**2023**	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Non-current assets	496	564	525	570	565	560
thereof goodwill	17	17	21	17	17	17
Current assets	407	451	399	486	502	517
Total assets	**903**	**1,015**	**924**	**1,057**	**1,067**	**1,077**
Shareholders' equity	458	469	416	514	526	537
Total equity and liabilities	**903**	**1,015**	**924**	**1,057**	**1,067**	**1,077**
Net debt	135	195	187	186	163	140
Cash flow (EUR mn)	**2023**	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Cash flow from operations	119.1	70.0	94.0	59.7	91.5	86.7
of which change in working capital	42.5	10.4	29.4	-44.7	5.7	7.0
Cash flow from investments	-56.3	-54.5	-56.7	-57.0	-55.0	-53.9
of which investment in fixed assets	-53.3	-51.8	-55.6	-57.0	-55.0	-53.9
Free cash flow	**62.8**	**15.6**	**35.4**	**2.7**	**36.5**	**32.8**
Dividends paid	-3.7	-3.7	0.0	-11.2	-7.4	-7.4
Cash flow from financing activities	-46.9	-25.8	-23.6	-2.1	-13.2	-9.5
Change in cash position	**15.9**	**-10.3**	**13.7**	**0.6**	**23.3**	**23.3**

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Company	Key
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H&R KGaA	30-Jul-26	Buy	EUR	7.50	6.12	29-Jul-26	Volker Bosse, CEFA
H&R KGaA	05-May-26	Add	EUR	5.00	4.56	04-May-26	Volker Bosse, CEFA

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