

Company Flash Note

Reason: Company results (post view)

26 July 2022

Buy

Recommendation unchanged

Share price: EUR 5.20

closing price as of 25/07/2022

Target price: EUR 7.70

Target Price unchanged

Upside/Downside Potential 48.1%

Reuters/Bloomberg

NBIB.MC/NBI SM

Market capitalisation (EURm) 64

Current N° of shares (m) 12

Free float 22%

Daily avg. no. trad. sh. 12 mth (k) 6

Daily avg. trad. vol. 12 mth (k) 0.52

Price high/low 12 months 6.90 / 5.10

Abs Perfs 1/3/12 mths (%) -5.45/-3.70/-18.75

Key financials (EUR) 12/20 12/21e 12/22e

Sales (m) 24 41 49

EBITDA (m) 3 6 9

EBITDA margin 13.2% 15.5% 18.7%

EBIT (m) 1 2 5

EBIT margin 3.0% 5.3% 9.9%

Net Profit (adj.)(m) 0 1 3

ROCE 2.9% 5.3% 8.5%

Net debt/(cash) (m) 21 22 23

Net Debt Equity 1.4 1.3 1.2

Net Debt/EBITDA 6.7 3.5 2.5

Int. cover(EBITDA/Fin.int) 9.7 9.7 16.6

EV/Sales 3.2 2.4 1.8

EV/EBITDA 24.5 15.2 9.5

EV/EBITDA (adj.) 20.0 14.1 9.5

EV/EBIT nm 44.9 17.8

P/E (adj.) nm nm 20.8

P/BV 3.7 4.7 3.4

OpFCF yield -1.4% -1.3% 3.4%

Dividend yield 0.0% 0.0% 0.0%

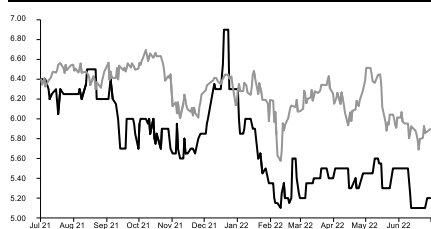
EPS (adj.) 0.04 0.09 0.25

BVPS 1.20 1.29 1.54

DPS 0.00 0.00 0.00

Shareholders

Pakel 38%; Teknor 15%; Global Portfolio Investments 8%;



Source: FactSet

— NBI BEARINGS EUROPE — IBEX 35 (Rebased)

Analyst(s)

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Resultados del 1S22, mejoría de márgenes y 2S22 incierto.

NBI Bearings ha presentado unos resultados del 2T22 mejores que lo guiado. La compañía está haciendo un esfuerzo importante y ha obtenido un buen resultado del 1S22, aunque con la incertidumbre del 2S22, nos parece que nuestra estimación de EBITDA de 9,2 m EUR es un poco alta (margen 18,75%). NBI ha retrasado un año su objetivo de margen EBITDA del 20,8%.

NBI BEARINGS EUROPE: 1H22 results

m EUR	1H21	%sles	1H22	%sles	y/y	1Q22	2Q22
Sales	21.44	100%	24.96	100%	16.4%	12.90	12.06
EBITDA	3.64	17.0%	4.61	18.5%	26.4%	2.20	2.41
EBITDA ajustado	3.96	18.5%	4.76	19.1%	20.1%	2.26	2.50
Depreciation	-1.99	-9%	-2.33	-9%	17.2%	-1.10	-1.08
EBIT	1.66	7.7%	2.43	9.7%	46.8%	1.10	1.33
Financial Results	-0.31	-1%	-0.41	-2%	31.1%	-0.19	-0.22
EBT	1.35	6%	2.03	8%	n.a.	0.92	1.11
Taxes	-0.32	-2%	-0.27	-1%	n.a.	-0.14	-0.13
Net Profit	1.02	5%	1.76	7%	n.a.	0.78	0.98

Source: GVC Gaesco Valores estimates

- ✓ Las ventas del 1S22 suben un 16,4% vs. el 1S21 y el EBITDA del 1S22 crece un 26,4% vs. el 1S21. Según la compañía, en el 2T22 se ha producido una ligera disminución de la entrada de pedidos en los sectores industriales y una fuerte contracción en la solicitud de entregas del sector automoción (-30-50%) para el 2S22. Destacamos la fuerte recuperación de márgenes de NBI desde el 11,7% del 4T21, pasando por el 17,1% del 1T22 hasta alcanzar el 20% en el 2T22, dando lugar a un margen EBITDA del 1S22 del 18,5%. Esto se debe al aumento de precios logrado por la compañía y a los ajustes de costes realizados lo que mitiga la inflación de costes energéticos, salariales, de materias primas de transporte. Para compensar la reducción de la demanda NBI está reforzando el equipo comercial para ampliar el número de clientes, entrar en otros países y sectores. **Destacamos que en el 1S22 el negocio de rodamientos es el que mejor evolución lleva, con un crecimiento del 30% y un peso del 32% en las ventas.** Las plantas de Oquendo e India siguen en negativo. **Se va a ampliar capacidad productiva, de forma muy significativa, en la planta de rodamientos de India.** NBI Oradea (auto) contribuye con el 34% de los ingresos del 1S22, Transformación Metálica aporta el 25% y Mecanizado el 9%.

- ✓ **Circulante.** Destacamos que en el 1S22 se ha producido un relevante aumento de circulante, con salida de caja por 2,41 m EUR debido a la incertidumbre en el precio y suministro del aluminio y la dificultad de envío de mercancías desde los puertos chinos debido a los bloqueos por el COVID-19. **El capex del 1S22** asciende a 5,68 m EUR, incluyendo 3 m EUR de unos d ellos pagos por la compra de Turnatorie. Quedan 2 pagos, cada uno de ellos de 3 m EUR, en 2023 y 2024. El FCF del 1S22 ha sido de -4,32 m EUR. Con ello, **la deuda neta de NBI** (sin descontar autocartera de 0,867 m EUR) que terminó el año 2021 en 21 m EUR, ha subido hasta los 23,55 m EUR, por encima de los 20,2 m EUR del 1T22. La deuda neta de los últimos 12 meses (sin autocartera) se sitúa en 3,2x. **La guía para el 3T22 es de unas ventas de 10 m EUR y un EBITDA de 1,7%,** lo que supone un descenso de las ventas del 17% vs. el 2T22 y un margen EBITDA del 17% vs el 20% del 2T22. Este 3T22 está impactado por la estacionalidad del mes de agosto, la ralentización del sector auto, la incertidumbre del sector industrial y la inflación de costes de materias primas, costes salariales, transporte y energía, aunque la compañía está tomando medidas de reducción de costes para mitigar el impacto.

NBI Bearings Europe: Summary tables

PROFIT & LOSS (EURm)	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Sales	23.6	23.9	40.8	49.2	56.1
Cost of Sales & Operating Costs	-19.6	-21.8	-35.1	-40.4	-45.9
Non Recurrent Expenses/Income	-0.2	-0.7	-0.5	0.0	0.0
EBITDA	4.9	3.1	6.3	9.2	10.8
EBITDA (adj.)*	5.1	3.8	6.8	9.2	10.8
Depreciation	-1.3	-2.4	-4.2	-4.3	-4.5
EBITA	3.6	0.7	2.1	4.9	6.3
EBITA (adj.)*	3.8	1.4	2.7	4.9	6.3
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0
EBIT	3.6	0.7	2.1	4.9	6.3
EBIT (adj.)*	3.8	1.4	2.7	4.9	6.3
Net Financial Interest	-0.3	-0.3	-0.7	-0.6	-0.6
Other Financials	-0.0	-0.1	0.0	0.0	0.0
Associates	0.0	-0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	3.2	0.3	1.5	4.3	5.7
Tax	-0.4	-0.1	-0.6	-1.2	-1.5
<i>Tax rate</i>	<i>11.9%</i>	<i>30.2%</i>	<i>39.7%</i>	<i>27.6%</i>	<i>26.2%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0
Minorities	-0.0	0.2	0.2	-0.1	-0.1
Net Profit (reported)	2.8	0.5	1.0	3.1	4.1
Net Profit (adj.)	2.8	0.5	1.0	3.1	4.1
CASH FLOW (EURm)	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Cash Flow from Operations before change in NWC	4.2	2.6	4.5	7.0	8.2
Change in Net Working Capital	-3.0	-1.9	-0.8	-1.3	-1.2
Cash Flow from Operations	1.2	0.7	3.6	5.7	7.0
Capex	-1.1	-1.5	-4.6	-3.5	-3.5
Net Financial Investments	-0.7	-10.3	0.0	-3.0	-3.0
Free Cash Flow	-0.6	-11.0	-1.0	-0.8	0.5
Dividends	-0.5	0.0	0.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)	2.0	-0.0	0.3	0.0	0.0
Change in Net Financial Debt	0.8	-11.1	-0.7	-0.8	0.5
NOPLAT	3.0	1.1	2.1	3.8	4.9
BALANCE SHEET & OTHER ITEMS (EURm)	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Net Tangible Assets	9.4	15.5	15.9	15.1	14.1
Net Intangible Assets (incl. Goodwill)	2.8	12.9	12.9	12.9	12.9
Net Financial Assets & Other	0.7	1.4	1.7	3.7	4.2
Total Fixed Assets	12.8	29.9	30.6	31.8	31.3
Inventories	12.8	14.6	18.8	20.6	22.9
Trade receivables	5.3	6.9	9.4	11.0	12.2
Other current assets	0.0	0.1	0.1	0.1	0.1
Cash (-)	-14.3	-22.0	-22.0	-22.0	-22.0
Total Current Assets	32.5	43.5	50.2	53.7	57.1
Total Assets	45.3	73.4	80.8	85.5	88.4
Shareholders Equity	14.8	14.9	15.9	19.0	23.1
Minority	0.3	0.6	0.5	0.5	0.6
Total Equity	15.0	15.5	16.4	19.5	23.7
Long term interest bearing debt	21.5	37.4	40.8	41.5	41.1
Provisions	0.1	1.5	1.5	0.0	0.0
Other long term liabilities	0.4	6.4	6.4	6.4	3.4
Total Long Term Liabilities	22.0	45.3	48.7	47.9	44.5
Short term interest bearing debt	3.0	5.8	3.1	3.1	3.1
Trade payables	5.2	4.7	9.1	10.8	12.4
Other current liabilities	0.1	2.1	3.6	4.1	4.7
Total Current Liabilities	8.3	12.6	15.8	18.0	20.2
Total Liabilities and Shareholders' Equity	45.3	73.4	80.8	85.5	88.4
Net Capital Employed	25.6	44.6	46.2	48.6	49.4
Net Working Capital	12.8	14.7	15.6	16.9	18.1
GROWTH & MARGINS	12/2019	12/2020	12/2021e	12/2022e	12/2023e
<i>Sales growth</i>	<i>-0.9%</i>	<i>1.1%</i>	<i>70.8%</i>	<i>20.5%</i>	<i>14.2%</i>
EBITDA (adj.)* growth	4.6%	-25.3%	78.0%	34.7%	16.8%
<i>EBITA (adj.)* growth</i>	<i>42.0%</i>	<i>-62.5%</i>	<i>87.4%</i>	<i>82.8%</i>	<i>28.4%</i>
<i>EBIT (adj.)* growth</i>	<i>42.0%</i>	<i>-62.5%</i>	<i>87.4%</i>	<i>82.8%</i>	<i>28.4%</i>

NBI Bearings Europe: Summary tables

GROWTH & MARGINS	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Net Profit growth	50.9%	-83.9%	131.6%	194.1%	34.0%
EPS adj. growth	50.9%	-83.9%	131.6%	194.1%	34.0%
DPS adj. growth	n.m.				
EBITDA (adj)* margin	21.8%	16.1%	16.8%	18.7%	19.2%
EBITA (adj)* margin	16.1%	6.0%	6.6%	9.9%	11.2%
EBIT (adj)* margin	16.1%	6.0%	6.6%	9.9%	11.2%
RATIOS	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Net Debt/Equity	0.7	1.4	1.3	1.2	0.9
Net Debt/EBITDA	2.1	6.7	3.5	2.5	2.1
Interest cover (EBITDA/Fin.interest)	15.2	9.7	9.7	16.6	19.3
Capex/D&A	82.6%	62.1%	110.4%	80.9%	77.9%
Capex/Sales	4.7%	6.3%	11.3%	7.1%	6.2%
NWC/Sales	54.2%	61.7%	38.2%	34.3%	32.2%
ROE (average)	21.3%	3.1%	6.8%	17.7%	19.6%
ROCE (adj.)	12.2%	2.9%	5.3%	8.5%	12.0%
WACC	8.2%	8.2%	8.2%	8.2%	8.2%
ROCE (adj.)/WACC	1.5	0.4	0.6	1.0	1.5
PER SHARE DATA (EUR)***	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Average diluted number of shares	12.3	12.3	12.3	12.3	12.3
EPS (reported)	0.23	0.04	0.09	0.25	0.34
EPS (adj.)	0.23	0.04	0.09	0.25	0.34
BVPS	1.20	1.20	1.29	1.54	1.88
DPS	0.00	0.00	0.00	0.00	0.00
VALUATION	12/2019	12/2020	12/2021e	12/2022e	12/2023e
EV/Sales	2.5	3.2	2.4	1.8	1.5
EV/EBITDA	12.3	24.5	15.2	9.5	8.1
EV/EBITDA (adj.)*	11.7	20.0	14.1	9.5	8.1
EV/EBITA	16.8	105.9	44.9	17.8	13.8
EV/EBITA (adj.)*	15.8	53.9	36.0	17.8	13.8
EV/EBIT	16.8	n.m.	44.9	17.8	13.8
EV/EBIT (adj.)*	15.8	53.9	36.0	17.8	13.8
P/E (adj.)	17.7	n.m.	n.m.	20.8	15.5
P/BV	3.4	3.7	4.7	3.4	2.8
Total Yield Ratio	0.0%	0.0%	0.0%	0.0%	
EV/CE	2.4	1.8	2.2	1.9	1.9
OpFCF yield	0.1%	-1.4%	-1.3%	3.4%	5.4%
OpFCF/EV	0.1%	-1.0%	-1.0%	2.5%	4.0%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend yield (gross)	0.0%	0.0%	0.0%	0.0%	0.0%
EV AND MKT CAP (EURm)	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Price** (EUR)	4.04	4.48	6.00	5.20	5.20
Outstanding number of shares for main stock	12.3	12.3	12.3	12.3	12.3
Total Market Cap	49.8	55.2	74.0	64.1	64.1
Gross Financial Debt (+)	24.5	43.2	43.8	44.7	44.2
Cash & Marketable Securities (-)	-14.3	-22.0	-22.0	-22.0	-22.0
Net Financial Debt	10.1	21.2	21.9	22.7	22.2
Lease Liabilities (+)					
Net Debt	10.1	21.2	21.9	22.7	22.2
Other EV components	0.1	0.5	0.3	0.4	0.4
Enterprise Value (EV adj.)	60.1	76.9	96.2	87.2	86.8

Source: Company, GVC Gaesco Valores estimates.

Notes

* Where EBITDA (adj.) or EBITA (adj.) = EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj.) = EBIT -/+ Non Recurrent Expenses/Income - PPA amortisation

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

***EPS (adj.) diluted = Net Profit (adj.) / Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported / Avg DIL. Ord. (+ Ord. equivalent) Shs.

Sector: Industrial Goods & Services/Industrial Engineering

Company Description: NBI is a group of companies, which since 2002 have been specialised in designing, manufacturing and marketing precision bearings and high value-added technical products that are primarily intended for the industrial sectors. NBI has 8 production plants distributed throughout Spain and Asia.

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Recommendation history for NBI BEARINGS EUROPE

Date	Recommendation	Target price	Price at change date
27-Jan-22	Buy	7.70	6.00

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows GVC Gaesco Valores continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Iñigo Recio Pascual (since 28/01/2022)



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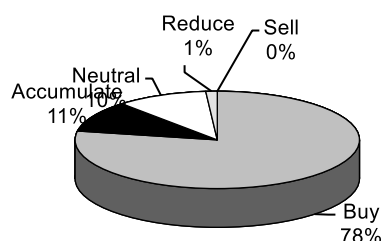
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- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12-month
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12-month
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GVC Gaesco Valores, S.V., S.A. Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website [Link](#)

Date and time of production: **CET**

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