

NBI Bearings Europe SA NBI ★★★ Q 17 May 2024, 22:46 UTC

Economic Moat ^Q	Uncertainty ^Q	Price/Fair Value ^Q	ESG Risk Rating Assessment ¹	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
Narrow	High	0.9	—	—	54.9535 Mil	Small Growth	Industrials	Tools & Accessories

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD
Price/Fair Value ^Q	—	0.84	1.10	1.05	0.86	0.98	1.01	0.79	0.78	0.83	0.90
Total Return %	—	—	25.41	21.57	83.87	18.13	10.89	33.93	-23.33	8.26	-8.43
+/- Index	—	—	22.38	9.95	95.44	2.86	22.80	23.22	-22.12	-18.64	-23.30

Fair Value ^Q	5.05
Last Close	4.56

Overvalued	Fairly Valued	Undervalued
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Performance	Price/Fair Value ^Q
	Total Return %
	+/- Index

As of 17 May 2024 | Index: Morningstar Spain GR EUR. Fair Value data as of 17 May 2024, 22:46 UTC.

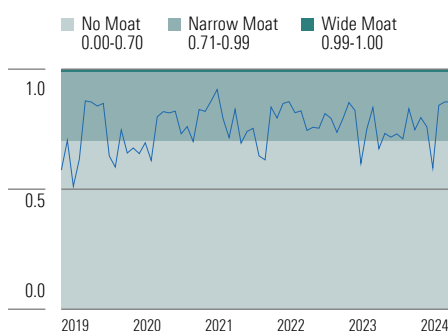
¹The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating. Lee Davidson, Chief Analytics Officer for Morningstar, Inc, oversees the methodology that supports Quantitative Fair Value Estimates and Quantitative Star Ratings. Mr. Davidson is guided by the Morningstar, Inc. Code of Ethics in carrying out his responsibilities. For information regarding Conflicts of Interests, visit <http://global.morningstar.com/equitydisclosures>.

Key Metrics as of 13 May 2024

Metrics		Percentile in Sector
Earnings Yield (%)	2.1	33.0
Sales Yield (%)	96.1	54.0
Book Value Yield (%)	33.6	31.0
Return on Assets (%)*	1.3	31.0
Revenue(Mil)*	57.1	22.0
Market Value (Mil)	59.4	24.0
Enterprise Value (Mil)	76.2	25.0
EV/MV Ratio	1.3	67.0
Volatility TTM (%)	21.4	26.0
Drawdown TTM (%)	20.8	37.0
Volume (K)	1.4	9.0

*31 Dec 2023

Economic Moat^Q History as of 17 May 2024



Business Description

NBI Bearings Europe SA is engaged in designing and production of bearings. Its product offerings include cylindrical roller bearings, tapered roller bearings, spherical roller bearings, needle roller bearings, support rollers, cam followers, cylindrical roller thrust bearings, spherical roller thrust bearings and ball bearings. The company also provides technical services, bearing selection, training and tailor made solutions.

Valuation^Q as of 17 May 2024

NBI Bearings Europe achieves a 3-star quantitative star rating based on Morningstar's equity model. This reflects the company's valuation and uncertainty scores under this assessment system. The Quantitative Fair Value estimate is 5.08, above the previous closing price of 4.56. The stock has been trading between a 29.61% and 4.18% discount to its quantitative fair value over the past year. The stock's current valuation rating sits at the 74th percentile in the coverage universe and 61st percentile in the industrials sector (higher percentile indicates more undervalued).

The quantitative uncertainty rating for NBI Bearings Europe is High.

Our quantitative star rating last differed from the current rating on 12/01/2023; the uncertainty rating last differed on 05/14/2024. The previous ratings were 4 and Very High, respectively.

The main drivers of the company's valuation and uncertainty are its earnings yield and volatility. The earnings yield of 2.07% falls at the 46th percentile in the equity universe and the 33rd percentile in its sector. The annualized trailing 12-month volatility of 21.38% corresponds to the 24th percentile overall and the 25th percentile in the industry.

Economic Moat^Q as of 17 May 2024

With a Narrow Morningstar quantitative moat rating, the quantitative moat score for NBI Bearings Europe falls at the 82nd percentile in the industrials sector and at the 85th in the equity coverage universe. The company has maintained its Narrow quantitative moat rating since after 04/01/2024, when it was upgraded from None.

We also assign a Moderate quantitative financial health rating to NBI Bearings Europe. The company's raw score on this metric, termed Distance to Default, ranks at the 55th percentile overall and 54th in the industrials sector. Furthermore, this financial health rating has stayed Moderate over the last year.

Supporting these ratings are the company's book value yield and enterprise value-to-market value ratio. The book value yield of 33.57%, ranks at the 32nd percentile overall and among its peers. Meanwhile, its enterprise value-to-market value ratio of 1.28, falls at the 69th percentile in the universe and the 67th percentile in the industrials sector.

Fundamentals as of 17 May 2024

The earnings per share for NBI Bearings Europe is 0.09. The company earns a return on invested capital of 4.25%, falling at the 37th percentile in the industrials sector. The company did not report a dividend. We calculate the above figures over a trailing 12-month period.

Examining valuation further, we find NBI Bearings Europe holds a price-to-earnings ratio of 48.26, a figure greater than 88% of its sector peers.

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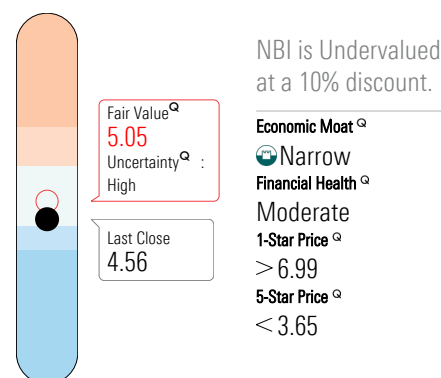
Earnings as of 13 May 2024

Earnings	%	Percentile in Sector
Dividend Yield*	—	—
Payout Ratio*	—	—
Price to Earnings	48.3	88.0
Price to Cash Flow	—	—
ROIC**	4.3	37.0
*—		
**31 Dec 2023		

Dividends as of 17 May 2024



Valuation ^Q as of 17 May 2024



Financials as of 17 May 2024 (Fiscal Year End 31 Dec 2019)

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD	Fiscal
7.64	8.20	11.24	21.58	23.86	23.63	23.89	43.30	46.15	52.81	52.81	Revenue (Mil)
1,061	814	635	1,819	2,338	3,778	779	2,246	2,975	3,084	3,084	Operating Income (K)
13.88	9.92	5.65	8.43	9.8	15.99	3.26	5.19	6.45	5.84	5.84	Operating Margin (%)
1,761	537	714	1,150	1,869	2,820	453	569	1,291	1,139	1,139	Net Income (K)
2.02	0.04	0.06	0.10	0.16	0.05	0.05	0.05	0.11	0.09	0.09	Diluted Earnings/Share
1,844	114	1,392	2,292	4,290	1,408	3,280	5,789	4,817	1,406	1,406	Operating Cash Flow (K)
-811	-790	-3,870	-4,993	-852	-1,611	-2,831	-5,387	-7,570	-7,743	-7,743	Capital Spending (K)
1,033	-676	-2,478	-2,702	3,438	-203	449	402	-2,753	-6,336	-6,336	Free Cash Flow (K)
0.87	12.02	12.02	12.02	11.79	11.80	8.55	11.86	12.05	12.05	12.05	Avg Shares Outstand(Mil)

Valuation as of 17 May 2024

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar
—	0.84	1.10	1.05	0.86	0.98	1.01	0.79	0.78	0.83	0.90	Price/Fair Value ^Q
—	1.82	2.16	1.09	1.79	1.95	2.61	2.00	1.17	1.23	1.04	Price/Sales
—	0.74	—	25.15	19.71	24.15	78.15	42.04	42.35	95.24	48.26	Price/Earnings
—	7.95	160.89	15.88	17.93	17.42	—	11.37	10.74	10.15	39.07	Price/Cash Flow
—	1.59	2.03	2.14	3.38	3.55	3.58	4.74	2.95	3.17	2.98	Price/Book

Operating Performance as of — (Fiscal Year End 31 Dec 2019)

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Q3	Fiscal (%)
7.53	2.31	2.74	3.53	5.02	6.58	0.76	0.75	1.58	1.34	0.87	Return on Assets
25.87	7.98	7.64	11.11	16.59	21.33	3.06	3.78	7.82	6.29	4.28	Return on Equity
10.53	2.65	4.83	7.33	8.86	10.54	1.57	2.22	3.96	4.25	1.1	Rtn on Invested Capital

Dividends as of —

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar (%)
—	—	—	—	—	—	—	—	—	—	—	Dividend Per Share
—	—	—	—	—	—	—	—	—	—	—	Trailing Dividend Yield
—	0.0	—	—	0.66	0.31	0.49	—	—	—	0.03	Buyback Yield

Appendix

Economic Moat [®] History as of 17 May 2024 (No Moat: 0.00-0.70, Narrow Moat: 0.70-0.99, Wide Moat: 0.99-1.00)												
Year	January	February	March	April	May	June	July	August	September	October	November	December
2024	0.80	0.76	0.59	0.85	0.86	—	—	—	—	—	—	—
2023	0.86	0.83	0.61	0.75	0.84	0.67	0.73	0.72	0.73	0.71	0.83	0.75
2022	0.80	0.86	0.86	0.82	0.83	0.74	0.76	0.75	0.81	0.80	0.74	0.79
2021	0.82	0.87	0.91	0.79	0.72	0.83	0.69	0.74	0.75	0.64	0.62	0.84
2020	0.67	0.65	0.69	0.62	0.80	0.82	0.82	0.82	0.73	0.76	0.70	0.83
2019	0.58	0.70	0.51	0.63	0.87	0.86	0.85	0.86	0.64	0.59	0.75	0.65

Quantitative Equity Report Overview

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Morningstar's quantitative equity ratings consist of: (i) Quantitative Fair Value Estimate, (ii) Quantitative Star Rating, (iii) Quantitative Uncertainty, (iv) Quantitative Economic Moat, and (v) Quantitative Financial Health (collectively the "Quantitative Ratings").

The Quantitative Ratings are calculated daily and derived from the analyst-driven ratings of a company's peers as determined by statistical algorithms. Morningstar, Inc. ("Morningstar", "we", "our") calculates Quantitative Ratings for companies whether or not it already provides analyst ratings and qualitative coverage. In some cases, the Quantitative Ratings may differ from the analyst ratings because a company's analyst-driven ratings can significantly differ from other companies in its peer group.

i. **Quantitative Fair Value Estimate:** Intended to represent Morningstar's estimate of the per share dollar amount that a company's equity is worth today. Morningstar calculates the Quantitative Fair Value Estimate using a statistical model derived from the Fair Value Estimate Morningstar's equity analysts assign to companies. Please go to <http://global.morningstar.com/equitydisclosures> for information about Fair Value Estimate Morningstar's equity analysts assign to companies.

ii. **Quantitative Economic Moat:** Intended to describe the strength of a firm's competitive position. It is calculated using an algorithm designed to predict the Economic Moat rating a Morningstar analyst would assign to the stock. The rating is expressed as Narrow, Wide, or None.

Narrow – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 70% but less than 99%.

Wide – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 99%.

None – assigned when the probability of an analyst receiving a "Wide Moat" rating by an analyst is less than 70%.

iii. **Quantitative Star Rating:** Intended to be the summary rating based on the combination of our Quantitative Fair Value Estimate, current market price, Quantitative Uncertainty Rating, and momentum. The rating is expressed as One-Star, Two-Star, Three-Star, Four-Star, and Five-Star.

★ – the stock is overvalued with a reasonable margin of safety.

*Log (Quant FVE/Price) < -1*Quantitative Uncertainty*

*Micro-Caps: Log (Quant FVE/Price) < -1.5*Quantitative Uncertainty*

★★ – the stock is somewhat overvalued.

*Log (Quant FVE/Price) between (-1*Quantitative Uncertainty, -0.5*Quantitative Uncertainty)*

*Micro-Caps: Log (Quant FVE/Price) between (-1.5*Quantitative Uncertainty, -0.75*Quantitative Uncertainty)*

★★★ – the stock is approximately fairly valued.

*Log (Quant FVE/Price) between (-0.5*Quantitative Uncertainty, 0.5*Quantitative Uncertainty)*

*Micro-Caps: Log (Quant FVE/Price) between (-0.75*Quantitative Uncertainty, 0.75*Quantitative Uncertainty)*

★★★★ – the stock is somewhat undervalued.

*Log (Quant FVE/Price) between (0.5*Quantitative Uncertainty, 1*Quantitative*

Uncertainty)

*Micro-Caps: Log (Quant FVE/Price) between (0.75*Quantitative Uncertainty, 1.5*Quantitative Uncertainty)*

★★★★★ – the stock is undervalued with a reasonable margin of safety.

*Log (Quant FVE/Price) > 1*Quantitative Uncertainty*

*Micro-Caps: Log (Quant FVE/Price) > 1.5*Quantitative Uncertainty*

After the initial calculation for the star rating, there is a final filtering step based on the momentum of the company. We rank the companies based on their 12-1 month momentum, then restrict those below the 30th percentile to a maximum of 3 stars.

iv. **Quantitative Uncertainty:** Intended to represent Morningstar's level of uncertainty about the accuracy of the Quantitative Fair Value Estimate. Generally, the lower the Quantitative Uncertainty, the narrower the potential range of outcomes for that particular company. The rating is expressed as Low, Medium, High, Very High, and Extreme.

Low – the interquartile range for possible fair values is less than 10%

Medium – the interquartile range for possible fair values is less than 15% but greater than 10%

High – the interquartile range for possible fair values is less than 35% but greater than 15%

Very High – the interquartile range for possible fair values is less than 80% but greater than 35%

Extreme – the interquartile range for possible fair values is greater than 80%

v. **Quantitative Financial Health:** Intended to reflect the probability that a firm will face financial distress in the near future. The calculation uses a predictive model designed to anticipate when a company may default on its financial obligations. The rating is expressed as Weak, Moderate, and Strong.

Weak – assigned when Quantitative Financial Health < 0.2

Moderate – assigned when Quantitative Financial Health is between 0.2 and 0.7

Strong – assigned when Quantitative Financial Health > 0.7

Other Definitions

i. **Last Close** – Price of the stock as of the close of the market of the last trading day before date of the report.

ii. **Quantitative Valuation** – Using the below terms, intended to denote the relationship between the security's **Last Price** and Morningstar's quantitative fair value estimate for that security.

Undervalued – Last Price is below Morningstar's quantitative fair value estimate.

Fairly Valued – Last Price is in line with Morningstar's quantitative fair value estimate.

Fairly Valued – Last Price is in line with Morningstar's quantitative fair value estimate.

Overvalued – Last Price is above Morningstar's quantitative fair value estimate.

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