

**12m Results 2024**

 Opinion <sup>(1)</sup>: In line

 Impact <sup>(1)</sup>: We will maintain our estimates

Pablo Victoria Rivera, CESGA – pablo.victoria@institutodeanalistas.com

+34 915 631 972

**Business description**

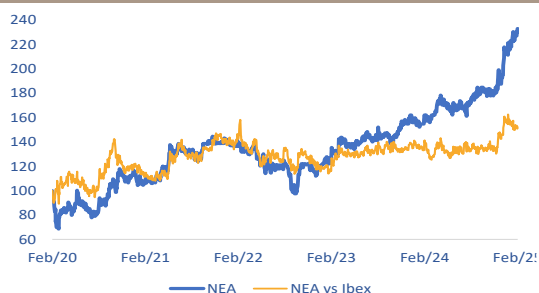
Nicolás Correa (NEA) is a Spanish industrial (Burgos), whose core business is the design and manufacture of chip removal machine tools, specialising in milling machines for the general mechanical engineering industry (aerospace, defense, renewable energy and nuclear sectors standing out). Currently, sales in Spain account for 11% (2024) of the total, with a c. 40% of sales made in the rest of Europe.

**Market Data**

Market Cap (Mn EUR and USD)	113.3	117.8
EV (Mn EUR and USD) <sup>(2)</sup>	98.5	102.5
Shares Outstanding (Mn)	12.3	
-12m (Max/Med/Mín EUR)	9.20 / 7.14 / 6.15	
Daily Avg volume (-12m Mn EUR)	0.04	
Rotation <sup>(3)</sup>	9.1	
Factset / Bloomberg	NEA-ES / NEA SM	
Close fiscal year	31-Dec	

**Shareholders Structure (%) <sup>(5)</sup>**

Nicolás-Correa Family	29.0
Board (Excl. Nicolás-Correa)	5.6
Jose Maria Galíndez	5.4
Onchena	5.4
Free Float	49.6

**Relative performance (Base 100)**

**Stock performance (%)**

	-1m	-3m	-12m	-5Y
Absolute	8.2	29.9	43.9	133.3
vs Ibex 35	-1.4	13.0	8.5	52.4
vs Ibex Small Cap Index	2.5	13.6	23.2	66.6
vs Eurostoxx 50	2.9	13.2	28.6	42.1
vs Sector benchmark <sup>(4)</sup>	4.1	19.5	38.6	8.0

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(2) Please refer to Appendix 2.

(3) Rotation is the % of the capitalisation traded - 12m.

(4) vs Europe Industrial Machinery.

(5) Others: Masaveu Finanzas 5.0%

(\*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Factset and Lighthouse.

## 2024: record figures (expected). Continued history of profitable growth and low multiples.

**RECORD REVENUE (EXPECTED): EUR 122 MN, +11% VS. 2023...** NEA grows by +11% in revenue (vs. EUR 111 Mn in 2023), in line with our estimates (EUR c.124 Mn in 2024e). Exports account for 89% (vs. 92% in 2023). Geographically: (i) Turkey, Canada, and Spain show strong performance, (ii) China remains flat, and (iii) Germany experiences a decline (-2%). By sector, defense and aeronautics concentrate investments, with positive prospects for 2025e. NEA has reached 100% utilization of its production capacity in 2024. The challenge of adapting to this new volume is practically overcome, with investments announced to increase capacity in its headquarters and subsidiaries. We estimate that the capacity expansion investment will not be completed before 2H25.

**...ACCOMPANIED BY A RECORD EBITDA FIGURE: EUR 18.3 MN (+30% VS. 2023).** Despite inflation in salaries, raw materials, and services, NEA increases EBITDA by c.+30% vs. EUR 14.1 Mn in 2023, due to (i) product mix, (ii) proven ability to generate economies of scale, and (iii) rigorous cost control. The EBITDA Margin stands at 15.0% (+2.2 p.p. vs. 2023 and +1 p.p. vs. our 14.0% estimate for 2024e) and continues to exceed competitors (+5 p.p. vs. 10% average). We maintain 2025e revenue and EBITDA estimates at EUR 136 Mn and EUR 19.5 Mn, respectively (25e EBITDA Margin of 14.4%), pending further visibility on the execution of announced investments.

**IMPROVEMENT FULLY REFLECTED IN NET PROFIT.** The EBITDA increase is amplified in the bottom line for three reasons: i) stable amortization, ii) positive results in associates, and iii) no impact from financial expenses thanks to its net cash position. 2024 EBIT of EUR 16.3 Mn and Net Profit of EUR 13.7 Mn (+34% and +30% vs. 2023, respectively).

**CONTINUED HIGH CASH GENERATION, ALLOWING FOR A DIVIDEND OF EUR 0.3/SHARE (+11% VS. 2023).** NEA announces a dividend of EUR 3.6 Mn (c.30% payout). CAPEX needs for the execution of production capacity increase will limit cash generation over the next two years.

**HIGH ORDER BACKLOG OFFERING VISIBILITY.** The order backlog in 2024 reaches EUR 78 Mn (-27% vs. 107 Mn in 2023). Backlog reduction mainly due to (i) expected normalization after the impact of securing an extraordinary contract with a Chinese multinational (EUR 21Mn; >20% of the 1H23 backlog) and (ii) lower contracting (-30% vs. 2023) in traditional markets (Germany and China) due to increased global uncertainty.

**IN SUMMARY, VERY FAVORABLE MOMENTUM TRADING AT LOW MULTIPLES.** The main drivers that will continue to push the business in the coming years will be: (i) its competitive position (high order backlog offering visibility), (ii) diversified business (by geography and sector), (iii) profitability level above the sector (+5 p.p. vs. competitors), (iv) cost control, (v) increased production capacity, and (vi) net cash position. Despite the stock's "rally" (-12m: +44%, +c.39% vs. sector), it continues to trade at (objectively) low multiples: 25e P/E of 7.9x and 25e EV/EBITDA of 5.0x (vs. 15.7x and 8.4x, respectively, for peers excluding Georg Fischer)

## Appendix 1. Results table

EUR Mn	12m24		12m24 Real		2024 vs	
	Real	12m23	vs 12m23	2024e	2024e	
<b>Total Revenues</b>	<b>122.3</b>	<b>110.5</b>	<b>10.6%</b>	<b>123.7</b>	<b>-1.1%</b>	
<b>Recurrent EBITDA</b>	<b>18.5</b>	<b>14.1</b>	<b>31.3%</b>	<b>17.3</b>	<b>6.7%</b>	
<i>Rec. EBITDA/Revenues</i>	<i>15.1%</i>	<i>12.7%</i>	<i>2.4 p.p.</i>	<i>14.0%</i>	<i>1.1 p.p.</i>	
<b>EBITDA</b>	<b>18.3</b>	<b>14.1</b>	<b>29.5%</b>	<b>17.3</b>	<b>5.6%</b>	
<i>EBITDA/Revenues</i>	<i>15.0%</i>	<i>12.8%</i>	<i>2.2 p.p.</i>	<i>14.0%</i>	<i>1.0 p.p.</i>	
<b>EBIT</b>	<b>16.3</b>	<b>12.1</b>	<b>34.0%</b>	<b>15.2</b>	<b>6.8%</b>	
<b>PBT</b>	<b>17.1</b>	<b>12.8</b>	<b>33.7%</b>	<b>16.1</b>	<b>6.2%</b>	
<b>NP</b>	<b>13.7</b>	<b>10.5</b>	<b>30.0%</b>	<b>12.6</b>	<b>8.9%</b>	
New orders	92.2	132.2	-30.3%			
Order book	78.4	107.7	-27.2%			

	12m24		12m24 Real		2024 vs	
	Real	12m23	vs 12m23	2024e	2024e	
Net Cash <sup>1</sup>	-17.5	-12.5	-40.1%	-11.5	-52.7%	

(1) Net Cash adjusted to eliminate the impact of IFRS 16.

## Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	113.3	
+ Minority Interests	1.2	12m Results 2024
+ Provisions & Other L/T Liabilities	5.5	12m Results 2024
+ Net financial debt	(17.5)	12m Results 2024
- Financial Investments	3.9	12m Results 2024
+/- Others		
<b>Enterprise Value (EV)</b>	<b>98.5</b>	

## Appendix 3. Main peers

		Machine-tools				
EUR Mn		Georg Fischer	Makino	Starrag	Datron AG	Average
Market data	Ticker (Factset)	GF-CH	6135-JP	STGN-CH	DAR-DE	
	Country	Switzerland	Japan	Switzerland	Germany	
	Market cap	6,160.7	1,800.0	218.3	28.8	
	Enterprise value (EV)	8,239.8	1,643.6	257.8	37.7	
Basic financial information	Total Revenues	4,155.9	1,450.0	527.6	62.5	
	Total Revenues growth	-3.3%	0.5%	20.8%	-2.1%	4.0%
	2y CAGR (2024e - 2026e)	1.1%	4.2%	3.7%	8.0%	4.2%
	EBITDA	526.4	164.9	30.1	5.6	
	EBITDA growth	7.6%	4.5%	-35.3%	-9.6%	-8.2%
	2y CAGR (2024e - 2026e)	9.8%	13.0%	35.2%	33.3%	22.8%
	EBITDA/Revenues	12.7%	11.4%	5.7%	9.0%	9.7%
	EBIT	362.0	111.6	19.4	4.3	
	EBIT growth	0.9%	6.5%	-49.3%	-14.7%	-14.2%
	2y CAGR (2024e - 2026e)	16.9%	14.9%	47.6%	28.5%	27.0%
	EBIT/Revenues	8.7%	7.7%	3.7%	6.9%	6.7%
	Net Profit	191.1	99.2	13.5	2.2	
	Net Profit growth	-23.8%	-3.1%	-49.9%	-52.1%	-32.2%
	2y CAGR (2024e - 2026e)	32.3%	14.6%	55.3%	39.2%	35.3%
	CAPEX/Sales %	6.0%	10.9%	2.3%	n.a.	6.4%
Free Cash Flow	202.9	155.5	(1.3)	(5.2)		
Net financial debt	2,020.3	(162.8)	(4.4)	n.a.		
ND/EBITDA (x)	3.8	(1.0)	(0.1)	n.a.		
Pay-out	59.5%	27.7%	51.2%	18.1%	39.1%	
Multiples and Ratios	P/E (x)	26.9	17.3	16.0	13.9	18.5
	P/BV (x)	n.a.	1.2	0.6	n.a.	0.9
	EV/Revenues (x)	2.0	1.1	0.5	0.6	1.1
	EV/EBITDA (x)	15.7	10.0	8.6	6.7	10.2
	EV/EBIT (x)	22.8	14.7	13.3	8.7	14.9
	ROE	550.8	6.7	4.0	n.a.	187.1
	FCF Yield (%)	3.3	8.6	n.a.	n.a.	6.0
	DPS	1.39	1.15	1.98	0.10	1.15
Dvd Yield	1.8%	1.5%	4.9%	1.4%	2.4%	

Note 1: Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

## LIGHTHOUSE

Calle Núñez de Balboa, 108 1ª Planta  
28006 Madrid  
T: +34 91 563 19 72  
[institutodeanalistas.com/lighthouse](https://institutodeanalistas.com/lighthouse)

## Head of research

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**Alfredo Echevarría Otegui**

[alfredo.echevarria@institutodeanalistas.com](mailto:alfredo.echevarria@institutodeanalistas.com)

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## Analysts who contributed to this report:

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**Pablo Victoria Rivera, CESGA**

Equity research

[pablo.victoria@institutodeanalistas.com](mailto:pablo.victoria@institutodeanalistas.com)

**Daniel Gandoy López**

Equity research

[lighthouse@institutodeanalistas.com](mailto:lighthouse@institutodeanalistas.com)

**Jesús López Gómez, CESGA**

ESG Analyst & Data analytics

[jesus.lopez@institutodeanalistas.com](mailto:jesus.lopez@institutodeanalistas.com)

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
03-Mar-2025	n.a.	9.20	n.a.	n.a.	12m Results 2024	Pablo Victoria Rivera, CESGA
06-Sep-2024	n.a.	6.90	n.a.	n.a.	Estimates upgrade	Luis Esteban Arribas, CESGA
02-Sep-2024	n.a.	6.94	n.a.	n.a.	6m Results 2024	Luis Esteban Arribas, CESGA
27-May-2024	n.a.	6.78	n.a.	n.a.	Small & Micro Caps (Spain)	Alfredo Echevarría Otegui
29-Feb-2024	n.a.	6.40	n.a.	n.a.	12m Results 2023	Luis Esteban Arribas, CESGA
01-Sep-2023	n.a.	6.01	n.a.	n.a.	6m Results 2023	Luis Esteban Arribas, CESGA
12-Jun-2023	n.a.	5.57	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
30-Mar-2023	n.a.	5.63	n.a.	n.a.	Important news	David López Sánchez
28-Feb-2023	n.a.	4.90	n.a.	n.a.	12m Results 2022	David López Sánchez
01-Sep-2022	n.a.	4.78	n.a.	n.a.	6m Results 2022 - Estimates downgrade	David López Sánchez
01-Mar-2022	n.a.	5.47	n.a.	n.a.	12m Results 2021	David López Sánchez
16-Nov-2021	n.a.	5.47	n.a.	n.a.	9m Results 2021	David López Sánchez
01-Sep-2021	n.a.	5.25	n.a.	n.a.	6m Results 2021 - Estimates upgrade	David López Sánchez
01-Mar-2021	n.a.	4.21	n.a.	n.a.	12m Results 2020	David López Sánchez
16-Nov-2020	n.a.	4.50	n.a.	n.a.	9m Results 2020	David López Sánchez
01-Sep-2020	n.a.	3.69	n.a.	n.a.	6m Results 2020 - Estimates upgrade	David López Sánchez
18-May-2020	n.a.	3.32	n.a.	n.a.	3m Results 2020	David López Sánchez
23-Apr-2020	n.a.	3.25	n.a.	n.a.	Estimates downgrade	David López Sánchez
02-Mar-2020	n.a.	3.94	n.a.	n.a.	12m Results 2019	David López Sánchez
18-Nov-2019	n.a.	3.84	n.a.	n.a.	9m Results 2019	David López Sánchez
02-Sep-2019	n.a.	3.21	n.a.	n.a.	6m Results 2019	David López Sánchez
16-May-2019	n.a.	3.50	n.a.	n.a.	3m Results 2019	David López Sánchez
11-Apr-2019	n.a.	3.51	n.a.	n.a.	Estimates upgrade	David López Sánchez
01-Mar-2019	n.a.	3.35	n.a.	n.a.	12m Results 2018	David López Sánchez
17-Jan-2019	n.a.	3.01	n.a.	n.a.	Initiation of Coverage	David López Sánchez

