

GIBUS (GBUS-IT)

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BUY

Last (€) 13.4

Valuation Range (€) 20.0-22.0

Solid FY22, European expansion continues. Buy confirmed

We confirm the Buy recommendation on Gibus, fine-tuning the VR to €20-22/sh. from €23-24/sh., implying a potential upside of ca. 60% from current prices. The EBITDA margin is expected to reach 16.4% in 2023 and then to increase to 18-19% in FY24-25, factor in a likely market slowdown in 2023 and recovery in 2024. We deem that the significant investments made should be rewarding in the next years, resulting in a greater geographic diversification and bringing the GBUS's turnover exposure to non-Italian markets around 40% from ca. 25% in FY22. Valuation: 2023-24 EV/EBITDA 5.5-4.7x, PE 8.5-7.4x (comparable: 2023-24 EV/EBITDA 6.6-6.0x, PE 10.4-9.3x), FcF Yield 2023-25 on average (ex-expansive Capex) about 12%.

- **Company 2023 outlook** - The Mgmt. sees the energy crisis easing, aluminium and raw material prices stabilizing, and the procurement activities normalizing, however inflation still remains a concern. The industry trend is seen slowing down starting from the 2H22 and, likely, will affect the beginning of the current year, markedly at international level. In Italy, the scraping of the 50% invoice discount fiscal incentive has added further uncertainties. In this regard, the Group has planned to launch new commercial projects to offset the change in the customer benefits. In addition, it is worth mentioning that the Ecobonus incentive will in any case remain in force until 2024 as a tax credit.
- **Our assumptions for the current year** - For 2023, we foresee a slowdown in the reference markets. In Italy, the Company could be also affected by the change in the terms of the Ecobonus benefits. On the other hand, thanks to the growing tourism trend, we believe that the recovery of the HO.RE.CA market could bring the segment to pre-pandemic levels (i.e. 25-30% of GBUS sales) benefiting the business. We expect that the ongoing Leiner integration and the lower volumes may impact this year Ebitda margin, considering the high operating leverage of the Company.
- **Change in Estimates 2023-24** - We have fine-tuned our 2023 estimates, assuming Italian sales down by ca. 14% y/y and the European turnover by 25% y/y, all in all leading to a negative organic growth of ca. 16% y/y (+9% y/y considering the new perimeter), while we expect mid-single digit growth in 2024. The EBITDA margin should be 16.4% in 2023, taking into account the integration of Leiner and the lower volumes expected, and it could reach 18% in 2024, with a projected industrial margin of 47-48% over the two years. D&A should be in line with 2022 (i.e. >€3mn). We have anticipated negative net financials (i.e. to -€1.1mn from +€2.1mn in FY22), with a substantial reduction of the positive items in 2023 and nil from 2024 onwards, as a result of the Italian fiscal incentive change mentioned above, as well as higher financial costs due to the increase in both interest rates and debt. The NFP is expected to be €16.2mn at the end of 2023 and €13.1mn in 2024, with Capex of €4.5mn in FY23 and €8mn in FY24 (the Net Debt/Ebitda ratio is expected to be 1.1x in 2023 and 0.8x in 2024). Finally, we expect the FcF yield ex-expansive capex around 12% on average over the next three years.
- **BUY recommendation confirmed with new VR of €20-22/sh. (from €23-24/sh.)** - We have derived the VR by weighing our DCF model at 70% (€22.0/sh., WACC of 8.1% and t.g. of 2%), in order to better value the Company's normalized growth trend, and the multiples method on 2023-24 at 30% (€18/sh.). GBUS is currently traded with an EV/EBITDA and P/E for 2023-24 of 5.5-4.7x and 8.5-7.4x, respectively, with a potential upside from current prices of ca. 60%. We reiterate our positive stance on the equity story, based on an undemanding valuation and also considering an expected EBITDA margin higher by 117-229bps in FY23-24 vs comparable companies.

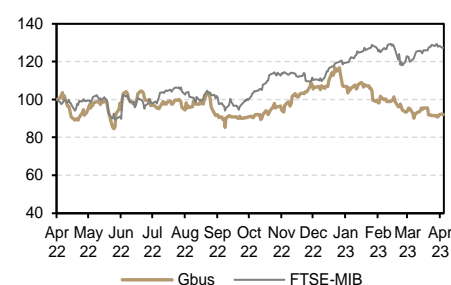
KEY FINANCIALS

€m	2023 E	2024 E	2025 E
Revenues	91.5	96.1	100.9
EBITDA	15.0	17.2	19.1
EBIT	11.9	14.1	15.5
PBT	10.9	12.4	13.7
Net income	7.9	9.1	10.0
Sales growth	9.0%	5.0%	5.0%
EBITDA mg	16.4%	18.0%	19.0%
EBIT mg	13.0%	14.7%	15.4%
PER	8.5	7.4	6.7

EV VALUATIONS

€m	2023 E	2024 E	2025 E
+ Mkt Cap	67.1	67.1	67.1
+ Net Debt	16.2	13.1	11.7
- Non-core assets	0.0	0.0	0.0
+/- Other	0.0	0.0	0.0
= EV	83.3	80.2	78.8
EV/Sales (x)	0.9	0.8	0.8
EV/EBITDA (x)	5.5	4.7	4.1
EV/EBIT (x)	7.0	5.7	5.1
EV/IC (x)	1.3	1.2	1.0

GBUS vs FTSE-MIB



Source: Bestinver Securities & Factset

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■ **FY22 RESULTS**

- Gibus released better than expected FY22 consolidated **sales** of €83.9mn, +15.4% y/y (+5% vs BSEst., o/w OG +9.7% y/y, i.e. €79.8mn, while Leiner contribution has been of €4.1mn, +5.7%). **Product Segments**: the Luxury High End products recorded revenues of €35mn, +8.1% y/y, accounting for ca. 42% of the top-line. The Design segment posted €40.6mn, about 48% on total revenues, +12.1% y/y. Leiner Group amounted to €4.1mn, o/w €0.8mn generated by the subsidiary Schirmherrschaft Vertriebs, which operates direct sales to end customers exclusively in the catering and hotel industry. **Geographic breakdown**: Italy recorded +15.1% y/y growth, to €62.1mn vs €53.9mn in FY21, while revenues generated abroad, amounted to €21.8mn, +16.2% compared to €18.8mn in FY21. Pro-forma FY22: revenues amounted to €111.7mn, with a contribution of €31.9mn from Leiner. Revenues in Italy amounted to €62.1mn, while those generated abroad totaled €49.7mn, i.e. >44% of sales (from ca. 23% considering GBUS alone at 1H22).
- **EBITDA** amounted to €19.0mn, +4.4% y/y, margin of 22.6% vs 25.0% in 2021 (vs BSEst. of €18.6mn, margin 22.2% margin). **Industrial Margin** stood at 48.7%, improved 50bps y/y, thanks to containment of raw materials and semi-finished products prices. Overhead costs represented 26.1% on sales vs 23.2% in 2021, due to higher personnel costs. GIBUS Ebitda stand-alone was up by 7.5% y/y, considering that the consolidated figure is affected by the negative Ebitda posted by Leiner in the 4Q22 (subject to consolidation from 4Q22), as a result of both the seasonality of the business and the industry slowdown (GBUS Ebitda stand-alone was €19.5mn, margin 24.4%).
- **EBIT** was €15.3mn vs €16.2mn in FY21 (BSEst. of €16.6mn), after D&A of €3.1mn vs €2.0mn in FY21, due to significant investments made in recent years and amortization of items allocated during the purchase price allocation phase (i.e. €0.59mn). Extraordinary operations were negative for €0.55mn (from +€91 thousand in 2021) as a result of costs related to the acquisition of the Leiner. The EBIT margin stood at 18.3%, compared to 22.3% in 2021.
- **Profit Before Tax** was €17.5mn vs €18.8mn in 2021, after net financials positive for €2.1mn.
- **Net profit** amounted to €10.3mn (vs €14.0mn in 2021, BSEst. of €12.2mn), after taxes for €7.2mn, up from €4.8mn in 2021, due to technicalities related to the consolidation of the purchase price allocation that resulted in deferred tax liabilities of €2.3mn. Net of that, taxes remained in line with the historical average.
- **Equity** was at €34.5mn, up from €29.4mn in FY21.
- **Net Financial Position** was of €22.6mn of debt vs a net cash position of €17.3mn in FY21 (BSEst. of €22.1mn), basically due to Leiner acquisition and dividend paid for €5.0mn.
- The BoD will propose to Shareholders' Meeting **dividend** for €0.5 per shares (ca. €2.5mn, record date 3rd May, dividend yield 3.6%, payout ratio 17.7%), €11.6mn to extraordinary reserve and **buyback** for €1.3mn.

Figure 1: GBUS - FY22 Results

(€ mn)	FY21A	FY22A	y/y	BS FY22E	A/E
Net Sales	72.7	83.9	15.4%	83.9	
EBITDA	18.2	19.0	4.4%	18.6	2.1%
margin	25.0%	22.6%		22.2%	
D&A	2.1	3.7		0.0	
EBIT	16.2	15.3	-5.7%	16.6	-7.9%
margin	22%	18.3%		19.8%	
Net Profit	14.0	10.3	-26.4%	12.2	-15.5%
Net Debt/(cash)	(17.3)	22.6		22.1	

Source: Company data, Bestinver Securities estimates

Figure 2: GBUS - Change in Estimates

(€mn)	2023E			2024E		
	New Cons.	Old	% Chg	New Cons.	Old	% Chg
Revenues	91.5	106.8	-14.3%	96.1	112.2	-14.4%
YoY Growth	9.0%			5.0%		
Organic Growth YoY	-15.4%			5.0%		
EBITDA	15.0	17.6	-14.6%	17.2	20.1	-14.2%
margin	16.4%	16.5%	-5.7bps	18.0%	17.9%	3.6bps
EBIT	11.9	15.0	-20.6%	14.1	17.1	-17.4%
margin	13.0%	14.0%		14.7%	15.2%	
Net Profit (Loss)	7.9	10.1	-21.4%	9.1	11.5	-21.1%
EPS	1.6	2.0	-20.8%	1.8	2.3	-21.2%
Net Debt (Cash)	16.2	15.6		13.1	13.7	
Net Debt (Cash)	1.1x	0.9x		0.8x	0.7x	

Source: Bestinver Securities estimates

Figure 3: GBUS - Multiples

	EV/EBITDA		EV/EBIT		P/E		EBITDA margin	
	2023E	2024E	2023E	2024E	2023E	2024E	2023E	2024E
SergeFerrari Group SA	5.3 x	4.4 x	9.6 x	7.8 x	11.0 x	9.9 x	12.9%	13.7%
Elica S.p.A.	4.0 x	3.5 x	6.7 x	5.5 x	9.1 x	7.8 x	10.9%	11.5%
Williams-Sonoma, Inc.	5.5 x	5.4 x	6.5 x	6.3 x	8.9 x	8.4 x	17.2%	16.7%
RH	10.8 x	9.3 x	13.6 x	11.5 x	21.7 x	16.5 x	20.3%	22.2%
Lowe's Companies, Inc.	11.6 x	11.3 x	13.2 x	12.9 x	15.1 x	14.0 x	15.5%	15.7%
Griffon Corporation	7.3 x	6.6 x	8.8 x	7.9 x	9.0 x	8.7 x	15.4%	15.7%
Balco Group AB	8.1 x	6.9 x	11.9 x	9.6 x	13.7 x	11.0 x	10.8%	12.3%
Tyman Plc	5.9 x	5.3 x	7.6 x	6.7 x	9.7 x	8.5 x	15.1%	15.6%
Median	6.6 x	6.0 x	9.2 x	7.9 x	10.4 x	9.3 x	15.3%	15.7%
GIBUS	5.5 x	4.7 x	7.0 x	5.7 x	8.5 x	7.4 x	16.4%	18.0%
Premium/Discount vs. median	-16%	-23%	-24%	-28%	-18%	-20%	+117bps	+229bps
GIBUS @ €20-22/sh.	8.0 x	6.8 x	10.1 x	8.3 x	13.1 x	11.4 x		

Source: Factset, Bestinver Securities estimates

Figure 4: GBUS - DCF Valuation Model: Sensitivity analysis

		Terminal Growth						
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
WACC	6.6%	23.9	26.0	28.5	31.6	35.4	40.2	46.7
	7.1%	21.5	23.3	25.3	27.8	30.7	34.4	39.2
	7.6%	19.5	21.0	22.6	24.6	27.0	29.9	33.5
	8.1%	17.7	19.0	20.4	22.0	24.0	26.3	29.1
	8.6%	16.2	17.2	18.4	19.8	21.4	23.3	25.6
	9.1%	14.8	15.7	16.8	17.9	19.3	20.8	22.7
	9.6%	13.6	14.4	15.3	16.3	17.4	18.7	20.3
	10.1%	12.5	13.2	14.0	14.9	15.8	16.9	18.2

Source: Bestinver Securities estimates

Figure 5: GBUS - Summary of Valuation Methodologies

Method	€ ps	
DCF	22	Hyp: 8.1% WACC, 2% t.g. (weighted 70%)
Multiples	18	2023-24E EV/EBITDA - EV/EBIT - PE (weighted 30%)
Fair Value	21	
Valuation Range	20-22	

Source: Factset, Bestinver Securities estimates

Summarised P&L Account and key ratios

€m	2020	2021	2022	2023 E	2024 E	2025 E
Sales	45.1	72.7	83.9	91.5	96.1	100.9
EBITDA	8.5	18.2	19.0	15.0	17.2	19.1
Depr/Prov	(1.4)	(1.9)	(3.7)	(3.1)	(3.1)	(3.6)
EBIT	7.1	16.2	15.3	11.9	14.1	15.5
Net Int.Cost	(0.0)	2.6	2.1	(1.0)	(1.7)	(1.9)
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Impairment & Other	(0.0)	(0.0)	(0.0)	0.0	0.0	(0.0)
PBT	7.1	18.8	17.5	10.9	12.4	13.7
Taxes	(1.7)	(4.8)	(7.2)	(2.9)	(3.4)	(3.7)
Discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit	5.4	14.0	10.3	7.9	9.1	10.0
EPS	1.1	2.8	2.1	1.6	1.8	2.0
Sales growth	10.2%	61.3%	15.4%	9.0%	5.0%	5.0%
EBITDA growth	50.6%	114.9%	4.4%	(20.9%)	14.8%	11.0%
Net Profit growth	96.9%	158.5%	(26.4%)	(23.0%)	14.3%	9.8%
EBITDA margin	18.8%	25.0%	22.6%	16.4%	18.0%	19.0%
EBIT margin	15.7%	22.3%	18.3%	13.0%	14.7%	15.4%
Net Pr. Margin	12.0%	19.3%	12.3%	8.7%	9.4%	9.9%
Gross Int. Cover (x) (1)	1,102.1	(6.3)	(7.1)	11.4	8.3	8.3

Summarised Balance Sheet and key ratios

€m	2020	2021	2022	2023 E	2024 E	2025 E
Fixed assets	9.3	9.8	24.9	26.3	31.1	39.5
Goodwill	0.0	0.0	19.3	17.4	15.4	13.4
Inventories	5.6	8.1	19.4	16.9	18.6	19.3
Trade Receivables	8.1	12.9	12.4	13.0	13.2	13.8
Cash + S/T Invest. + Other	19.7	27.5	29.6	38.8	47.4	57.3
Total Assets	42.8	58.2	105.5	112.4	125.7	143.4
Sharehold. Equity	18.2	29.4	34.5	40.0	47.5	55.8
L-T Financial Debt	5.8	2.2	28.4	31.8	37.8	46.8
S-T Financial Debt	4.9	3.5	16.6	16.1	15.6	15.1
Trade Payables	9.5	15.1	13.3	10.1	9.9	10.3
Provisions + Other	4.4	8.0	12.7	14.5	14.9	15.4
Total Liabilities	42.8	58.2	105.5	112.4	125.7	143.4
Net Debt	(7.3)	(17.3)	22.6	16.2	13.1	11.7
WACC	7.9%	7.7%	8.1%	8.1%	7.7%	7.7%
Net Debt/Equity	(0.4)	(0.6)	0.7	0.4	0.3	0.2
ROCE (2)	49%	100%	16%	15%	17%	17%
ROE	30%	48%	30%	20%	19%	18%
ROCE/WACC (x)	6.2	13.0	2.0	2.0	2.2	2.2

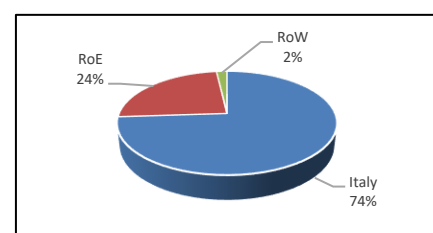
Simplified Cash Flow Statement and key ratios

€m	2020	2021	2022	2023 E	2024 E	2025 E
Net Profit	5.4	14.0	10.3	7.9	9.1	10.0
+ Depr. & Amortis.	1.4	1.9	3.7	3.1	3.1	3.6
+/- other	1.1	1.2	4.2	1.7	0.4	0.4
= Operating CF	7.9	17.1	18.1	12.8	12.6	14.0
- Change in Working K	2.0	(1.6)	(12.6)	(1.4)	(1.9)	(1.0)
- CAPEX of which	(3.2)	(2.5)	(39.7)	(4.5)	(8.0)	(12.0)
expansionary CAPEX	(1.8)	(0.6)	(36.0)	(1.4)	(4.9)	(8.4)
= FCF	6.6	13.1	(34.1)	6.9	2.7	1.0
- Dividends	(1.4)	(2.7)	(5.0)	(2.5)	(1.5)	(1.6)
FCF Yield (Mkt Cap)	26.9%	20.1%	(46.6%)	9.4%	3.6%	1.4%
FCF Yield (EV)	38.2%	22.0%	(37.9%)	8.9%	5.1%	3.4%
FCF (3)	8.5	13.6	1.9	8.3	7.6	9.4
FCF Yield (Mkt Cap)	34.4%	21.0%	2.6%	11.3%	10.3%	12.9%
FCF Yield (EV)	48.8%	23.2%	(0.3%)	10.4%	10.7%	13.3%

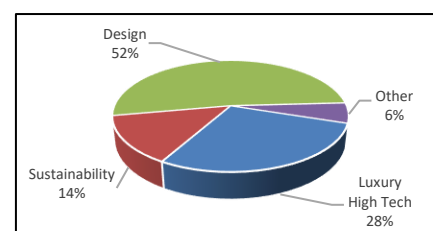
EV valuations

€m	2023 E	2024 E	2025 E
+ Mkt Cap	67.1	67.1	67.1
+ Net Debt	16.2	13.1	11.7
- Non-core assets	0.0	0.0	0.0
+/- Other	0.0	0.0	0.0
= EV	83.3	80.2	78.8
EV/Sales (x)	0.9	0.8	0.8
EV/EBITDA (x)	5.5	4.7	4.1
EV/EBIT (x)	7.0	5.7	5.1
EV/IC (x)	1.3	1.2	1.0

Geographical Sales BreakDown



Divisional Sales BreakDown



Debt Structure (€m)

Total Debt in the B. Sheet	45.0
Short Term	16.6
Long Term	28.4
<i>maturing in 24M</i>	
<i>maturing in 36M</i>	
<i>maturing in 48M or more</i>	
Cost Range	5%
Rating (Moody's)	
<i>Short term</i>	n.a.
<i>Long term</i>	n.a.

Estimated Off B/S Liabilities

Share Information	
Outstanding # shares (m)	5.0
Market Cap (€ m)	67.1
Avg. daily volume (€ m, last 6 months)	0.002
Free float %	20.1%
Major shareholders	
Terra Holding S.r.l.	80.0%

Management shares option scheme

% of Capital	
Nearest to vest	

1) calculated as EBIT/Int. expenses (2) calculated as ROCE after taxes (3) calculated ex-expansionary CAPEX

(*) Source: company data and Bestinver Securities estimates

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Guide to fundamental research

Reports on companies under coverage are published normally on a quarterly basis, to comment on results and important news flow. Valuation and risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company specific research report at <https://clientes.bestinver-securities.es/equities/login.aspx> or contact your Bestinver Sociedad de Valores representative.

A draft of this document may have been sent to the issuer for the limited purpose of review of factual information. No material changes were made to the document as a result of this review.

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SELL: 12-month valuation is lower than the current market price.

The prices of the financial instruments that are the subject of this report (referred as current market prices) are the closing price of the day prior to the publication of the report (i.e. prices at 5.30 p.m. of the day prior to the publication of the report).

Please refer to the most recently published report on this company for detailed analysis on the relevant strategy/profile, risks and basis of valuation or methodology used to evaluate or to set a price target for the equities subject of this report, which is available at <https://clientes.bestinver-securities.es/equities/login.aspx>

The recommendation history and target price trends and the updated recommendation allocation (buy / hold /sell) is available at <https://clientes.bestinver-securities.es/equities/allRecomendationsHistory.aspx?country=italy>

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