

Northbridge Industrial Services



12 March 2021

Planning in place for further success

The CEO and founder of NBI, Eric Hook, has decided to retire from his Board position, although he will remain an advisor to the Group. Eric also plans to remain a significant shareholder of the Group. The divisional Directors have overseen the growth and recovery of their divisions for several years, so no material changes on a day-to-day basis are expected as a result. We continue to expect Crestchic to deliver good growth in FY21, with Tasman benefitting from a H2 recovery as deferred contracts come on stream.

Robust management team

Northbridge has announced that the Group's founder and CEO, Eric Hook, 67, is to retire after guiding the business since its inception for 15 years. Ian Gardner, the MD of Tasman (a current Board member) and Chris Caldwell, the MD of Crestchic will continue in the current positions, with Chris joining the Board. The Divisional MDs and the CFO, Iwan Phillips, will report to the new Executive Chairman (previously NED Chairman), Peter Harris. Peter is a highly experienced operator, having previously been a main Board Director and Divisional MD for the RAC Plc and Chief Executive of Dawson Holdings Plc.

Ash Mehta, NED and Chairman of the Audit Committee, is not seeking re-election after 14 years on the Board, so Judith Aldersey-Williams will replace Ash as Chairman of the Audit Committee. Stephen Yapp has been promoted to the role of Senior Non-Exec Director in the light of these changes.

Improving outlook

Although Q1 2021 started slowly for the Group, reflecting Lockdown 3, the Crestchic manufacturing order book is markedly higher y-o-y. The load bank rental order book suggests a stronger Q2 (reflecting standard lead times). Over the medium term, we anticipate that the strong growth in datacentre and renewables will continue, with recovery in historically strong sectors for Crestchic to emerge. We think that the North American load bank market's rapid growth will continue, increasing its current modest market share. Tasman is also likely to see a stronger H2 bias as deferred LNG/natural gas contracts start and as rigs become fully manned as the vaccination roll-out continues.

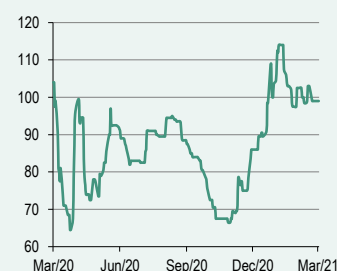
Undervalued group

We feel that neither the strong operational gearing within the business nor potential for a strong recovery in profitability is yet reflected in the share price. Reassurance for that view comes from an unwarranted 13% discount to net assets.

Company Data

EPIC	NBI
Price (last close)	95p
52 weeks Hi/Lo	120p/62p
Market cap	£27m
Net debt (Dec '20)	£5.4m
NAV (Dec '20)	110p

Share Price, p



Source: ADVFN

Description

Northbridge Industrial Services ("Northbridge") is a holding company focused on two divisions.

Crestchic Loadbanks, the larger division, is a specialist provider of electrical equipment used primarily to commission, test and service within the power reliability and power security markets globally.

Tasman Oil Tools ("Tasman") is a rental specialist of downhole tools to the oil & gas, geothermal energy, coal-bed methane, and carbon capture markets.

Key financials

Y/e end Dec 31	FY 17A	FY 18A	FY19A	FY 20E
Revenue, £m	25.8	26.9	33.6	34.0
Adj. Op. profit, £m	-3.8	-1.4	1.2	1.1
Operating margin	-14.7%	-5.0%	3.5%	3.2%
Adj. PBT, £m	-4.4	-2.0	0.3	0.4
Adj. EPS, p	-17.9	-5.9	-0.8	-0.4
DPS, p	0.0	0.0	0.0	0.0
Net assets, £m	35.7	36.5	35.0	30.7
Net debt, £m	-8.7	-8.7	-6.4	-5.4

Source: Company historic, ED estimates

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