

120/2022/AR

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
Action	Buy	22.6	Overweight	Jakub K. Viscardi +48 22 504 32 58

Event: 4Q21 results' forecasts.

Action will release their 4Q21 financials on March 30. We expect the high profits growth dynamic to continue on the back of already reported dynamics of revenues growth and high gross margin on sales coupled with restructuring effects.

Based on the already reported sales for October, November and December, we forecast revenues at PLN 709 million which would mark a 9% yoy growth in 4Q21. We expect the revenues across all the product categories to show an improvement. Lasting favorable market conditions in 4Q21 (e.g. large demand for IT hardware paired with its shortages had a positive impact on the margins realized). In October/ November/ December last year, the Company's gross margin on sales stood at 7.8%/7.9%/7.9%, vs 6.2%/6.4%/6.3% in corresponding months of 2020.

Given (i) a high single-digit revenue growth dynamic (positive operating leverage effect), (ii) high gross profit margin on sales (we expect the actual gross profit margin on sales to be higher than reported initially, just as this was the case in previous quarters) that we forecast at 8.3%, and (iii) effects of the restructuring activities, we forecast the Company's 4Q21 adj EBITDA at PLN 21.3 million (up 147% yoy). The reported results should be supported additionally by a release of a PLN 5.5 million provision for tax liabilities. With D&A at PLN 2.0 million assumed, we expect the Company's adj EBIT to reach PLN 19.3 million in 4Q21 (up 190% yoy). We assume a discount related to the liabilities resulting from the arrangement at PLN 700k with the effective tax rate at 19% and, thus, our 4Q21 NP forecast reaches PLN 15.1 million (up 18% yoy).

Action; 4Q21 financial results forecasts

IFRS cons. (PLN million)	4Q21			1-4Q21			Realization of FY forecasts:	
	4Q21	4Q20	chg yoy	1-4Q21	1-4Q20	chg yoy	4Q21	4Q20
Sales	709.1	649.4	9%	2,309.9	2,062.2	12%	31%	31%
EBITDA	26.8	147.4	-82%	116.4	165.0	-29%	23%	89%
EBITDA margin	3.8%	22.7%	-	5.0%	8.0%	-	-	-
Adj EBITDA	21.3	8.6	147%	72.9	26.3	178%	29%	33%
Adj EBITDA margin	3.0%	1.3%	-	3.2%	1.3%	-	-	-
EBIT	24.8	145.4	-83%	108.2	156.8	-31%	23%	93%
EBIT margin	3.5%	22.4%	-	4.7%	7.6%	-	-	-
Adj EBIT	19.3	6.7	190%	64.7	18.1	258%	30%	37%
Adj EBIT margin	2.7%	1.0%	-	2.8%	0.9%	-	-	-
Pre-tax profit	24.1	168.1	-86%	105.2	179.1	-41%	23%	94%
Pre-tax profit margin	3.4%	25.9%	-	4.6%	8.7%	-	-	-
Adj pre-tax profit	18.6	7.3	155%	61.7	18.4	236%	30%	40%
Adj pre-tax profit margin	2.6%	1.1%	-	2.7%	0.9%	-	-	-
Net profit	19.5	173.9	-89%	92.2	185.1	-50%	21%	94%
Adj net profit margin	2.8%	26.8%	-	4.0%	9.0%	-	-	-
Adj net profit	15.1	12.8	18%	49.7	24.4	104%	30%	52%
Adj net profit margin	2.1%	2.0%	-	2.2%	1.2%	-	-	-

Adjusted profits

FY20 profits adjusted for (i) PLN 138.7 million of write-offs of debts within the arrangement proceedings, (ii) PLN 10.8 million of write-offs of the interest on liabilities arising from the arrangement, (iii) PLN 10.8 million of discount from liabilities arising from the arrangement

FY21E profits adjusted for (i) PLN 38 million release of provisioning on VAT dispute with Tax Office and (ii) PLN 5.5 million from a release of provisioning on CIT dispute with Tax Office

Source: Company, DM BOS SA estimates

We modify our FY21 financial forecasts accounting for 4Q21 results forecasts. Details are presented in the table below:

Action: DM BOS SA forecast changes

IFRS, cons. (PLN million)	2021E (current)	2021E (previous)	Chg
Sales	2,309.9	2,331.4	-1%
EBITDA	116.4	111.1	5%
Adj EBITDA	72.9	73.1	0%
EBIT	108.2	102.9	5%
Adj EBIT	64.7	65.0	0%
NP	92.2	87.9	5%
Adj NP	49.7	49.9	0%
Net debt	10.0	11.5	-13%

Source: Company, DM BOS SA estimates

Expected impact: Depending on the divergence between reported results and our forecasts.



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The report is not a recommendation within the meaning of Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest.