

Miraculum

1Q24 results review

Miraculum reported its 1Q24 results with EBITDA of PLN 1.05m (+27% y/y) above our estimate of PLN 0.57m, driven mainly by improvement of gross margin by 8.3pp y/y to 38.8%. Below please find key highlights:

- **Revenues** came in at PLN 12.8m (-12% y/y, slightly above monthly data of PLN 12.7m). Revenues in 'Shaving cosmetics' increased by 14% y/y to PLN 2.6m, while 'Face care' almost double y/y to PLN 1.8m. Revenues in 'Makeup cosmetics' and 'Body care' declined y/y.
- **Gross profit** reached PLN 5.0m (+12% y/y), implying gross margin of 38.8% (+8.3pp y/y). The company reported y/y improvement of gross margin in all its segments, with major growth reported in 'Makeup cosmetics' (to 45.2%). Gross margin in 'Perfumes' remains at solid level of 42%.
- **EBITDA** came in at PLN 1.05m (+27% y/y, vs. our forecast PLN 0.57m). SG&A costs increased by 7% y/y to PLN 4.2m at that time (6% above our expectations). EBIT amounted to PLN 0.76m (vs. our forecast of PLN 0.28m).
- **Net profit** amounted to PLN 12k (vs. our forecast loss of PLN 66k). Net financial costs amounted to PLN 503k.
- Operating cash flow amounted to PLN 12k in 1Q24 vs. PLN 188k in 1Q23. The company had inventory of PLN 13.7m as of end-1Q24 (+3% y/y). Net debt amounted to PLN 8.8m as of end-1Q24 (vs. PLN 19.2m as of end-4Q23 following issue of 6m shares and conversion of debt to shares).

Opinion: Positive, given improvement of gross margin by over 8pp y/y to nearly 39% (improvement reported in all segments), resulting in a 27% y/y growth in EBITDA despite y/y deterioration of sales and 7% y/y growth in SG&A costs. Additionally, we point that after conversion of debt into shares (6m shares issued at PLN 1.80/share), the company has reduced its net debt, resulting in decrease of ND/EBITDA ratio of 4.7x as of end of 1Q24.

Figure 1. Miraculum results summary (PLNm)

MIR PW (PLNm)	1Q23	2Q23	3Q23	4Q23	1Q24	y/y	1Q24E	vs. IPOP
Revenues	14.54	9.91	10.77	11.85	12.78	-12%	12.66	1%
COGS	-10.10	-6.28	-6.54	-7.94	-7.83	-23%	-8.44	-7%
Gross profit	4.43	3.63	4.23	3.91	4.96	12%	4.22	17%
SG&A costs	-3.92	-3.97	-3.83	-4.04	-4.18	7%	-3.94	6%
Selling costs	-2.59	-2.65	-2.57	-2.73	-2.86	11%	-2.70	6%
G&A costs	-1.33	-1.32	-1.26	-1.31	-1.33	0%	-1.24	7%
Other operating profit/cost	0.04	0.02	0.02	-0.05	-0.01	-123%	0.00	n.m.
EBITDA	0.83	-0.03	0.72	0.12	1.05	27%	0.57	83%
D&A	0.27	0.29	0.30	0.29	0.29	5%	0.30	-3%
EBIT	0.56	-0.32	0.42	-0.17	0.76	38%	0.28	174%
Net financial costs	-0.35	-0.41	-0.35	-0.60	-0.50	42%	-0.35	46%
Pre-tax profit	0.20	-0.73	0.07	-0.77	0.26	30%	-0.07	-493%
Income tax	0.07	0.01	0.09	-0.48	-0.25	-475%	0.00	n.m.
Net profit	0.27	-0.71	0.16	-1.25	0.01	-96%	-0.07	-118%
Gross margin (%)	30.5%	36.6%	39.3%	33.0%	38.8%	-	33.3%	-

Source: Company, IPOPEMA Research

Consumer discretionary

Miraculum

HOLD

FV PLN 1.35

13% upside

Price as of 14 May 2024 PLN 1.19

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The definitions of terms used in the document include:

NII – Net interest income – interest income minus interest expense.

Net F&C – Net fee and commission income – fee and commission income minus fee and commission expense.

LLP – loan loss provisions – an expense set aside as an allowance for bad loans.

NPL – non-performing loan – loans that are in default or close to be in default.

Cost/Income – operating expenses divided by total banking revenue.

ROE – return on equity – net income (or adjusted net income) divided by the average shareholders' equity.

ROA – return on assets – net income (or adjusted net income) divided by the average assets.

EBIT – earnings before interests and tax.

EBITDA – earnings before interests, tax, depreciation and amortization.

EPS – earnings per share – the net income (or adjusted net income) divided by the number of shares outstanding.

P/E – price to earnings ratio – price divided by earnings per share.

PEG – P/E ratio divided by the annual EPS growth, usually over a certain period of time.

CAGR – compound annual growth rate.

BVPS – book value per share, the book value of the Company's equity divided by the number of shares outstanding.

P/BV – price to book value - price divided by the BVPS.

DPS – dividend per share – dividend of a given year divided by the number of shares outstanding.

DY – dividend yield – dividend of a given year divided by the current price.

DDM – dividend discount model – a fundamental method of valuation based on the assumption that the value of stock equals the sum of all discounted future dividends.

FV – Fair Value, calculated based on valuation methods outlined in the document.

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Buy	12	75%
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Rating History – Miraculum

Date	Recommendation	F V	Price at recommendation	Author
22/09/2023	HOLD	PLN 1.25	PLN 1.33	Marek Szymański
09/02/2024	HOLD	PLN 1.35	PLN 1.36	Marek Szymański