

AC Autogaz

1Q21 Results Preview

AC Autogaz releases its full 1Q21 results on May 7, 2021.

Opinion. Negative. Revenues for 1Q21 are already known at PLN 50.8m (announced on April 1, 2021, what translates to a decrease of 19% y/y. We can see that company is still suffering from pandemic related trends like decreased demand related to lockdowns and weakness of currencies in Russia and Eastern Europe. Furthermore, company will soon run out of inventory purchased during the strong PLN time, so margins won't be as supported as in previous quarters. Consequently, our gross margin forecast for 1Q21 amounts to 35% vs 37.1% in previous quarter and 36% year ago. Our EBITDA and net profit estimate amounts to respectively PLN 11.7m (down 27% y/y) and PLN 7.8m (down 33% y/y).

Sequential gas injection systems. We expect 23% lower revenues y/y in the sequential gas injection system segment, amounting to PLN 38.5m. Still, one of the weakest segments of the company.

Kits for the towing hook segment. No change in trend here expected, as in 1Q21 we see a continuation of a trend from 2020. Our expectations amount to PLN 8m (up 18% y/y).

SG&A. We assume that sales and management costs remained flattish y/y & q/q at PLN 9m.

EBITDA. Estimated EBITDA amounts to PLN 11.7m in 1Q21 (down 27% y/y). No major other operating income and costs expected.

Net profit. With 16% effective tax rate and slight positive impact from financing income we are looking at net income to arrive at PLN 7.8m (down 33% y/y) in 1Q21.

Photovoltaics segment. In 2020 company invested in photovoltaics segment which is expected to bring some more revenues in 2Q and 3Q21.

Industrials

AC Autogaz

HOLD

FV PLN 40.15

6.5% upside

Price as of 29 April 2021 PLN 37.70

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Figure 1. AC Autogaz quarterly results

(PLN m)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21E	yoy	qoq
Revenues (prel.)	63.5	57.5	55.2	46.5	62.4	32.3	51.9	38.6	50.8	-19%	32%
Sequential gas injection systems	51.3	43.3	43.9	36.4	49.8	18.9	32.5	24.3	38.5	-23%	59%
Vacuum LPG systems	1.2	1.2	0.8	0.6	1.0	0.4	0.6	0.4	1.0	2%	126%
Kits for towing hooks	4.5	7.6	5.1	4.8	6.8	9.9	13.6	9.0	8.0	18%	-11%
Other products and services	3.1	2.2	2.1	2.0	2.2	1.8	2.4	2.8	1.5	-30%	-46%
Trade goods and materials	3.4	3.2	3.3	2.6	2.7	1.3	2.8	2.2	1.8	-33%	-17%
Gross profit	23.7	20.4	20.0	16.5	22.5	12.3	18.4	14.3	17.8	-21%	24%
EBITDA	17.9	14.6	15.8	9.4	16.0	10.8	13.3	7.7	11.7	-27%	53%
EBIT	15.2	11.8	12.9	6.4	13.4	8.2	10.5	4.7	8.8	-34%	85%
Net profit	12.4	9.4	11.1	5.3	11.6	6.5	8.8	4.1	7.8	-33%	92%
Gross margin	37.4%	35.5%	36.3%	35.4%	36.0%	38.2%	35.4%	37.1%	35.0%	1.7pp	1.6pp
EBITDA margin	28.3%	25.3%	28.6%	20.3%	25.6%	33.4%	25.5%	19.8%	23.0%	-0.5pp	-5.7pp
EBIT margin	23.9%	20.5%	23.4%	13.7%	21.5%	25.3%	20.2%	12.3%	17.3%	-1.4pp	-7.9pp
Net margin	19.5%	16.3%	20.2%	11.4%	18.5%	20.1%	16.8%	10.6%	15.4%	-0.8pp	-6.3pp

Source: Company, IPOPEMA Research

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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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	Number	%
Buy	15	94%
Hold	0	0%
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Total	16	100%

Rating history- AC

02/08/2019	BUY	PLN 53.0	PLN 46.6	Piotr Jusiński
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