

Capital Park

4Q19E results preview

Capital Park is due to publish its 4Q19 results on 20 March 2020.

We forecast EBIT of PLN 87m in 4Q19 (vs. PLN 36m in 4Q18) and net profit of PLN 98m in 4Q19 (vs. PLN 21m in previous year). Below please find key highlights:

- **Revenues.** We estimate revenues of PLN 27.5m (-30% y/y, due to deconsolidation of investment funds and disposal of Dakota Investments, owner of Eurocentrum Office Complex in November 2019).
- **Gross profit.** We assume gross margin to be maintained at around 75%, resulting in gross profit of PLN 21m (-29% y/y).
- **EBIT.** We expect operating profit of PLN 87m (in comparison to PLN 36m reported in 4Q18). As a reminder, in Nov-2019 the company signed agreement regarding disposal of 100% share in Dakota Investment (the owner of Eurocentrum Office Complex in Warsaw) for EUR 105.4m. The transaction value did not include the outstanding debt (PLN 512m as of end-3Q19) and the value of loan to Dakota subsidiary (ca. EUR 18m). With estimated GAV of ca. PLN 1,040m and BV of PLN 942m as of end-3Q19, we estimate profit from the disposal of around PLN 95m. Additionally, we assume positive revaluation of ca. PLN 13m on Fabryka Norblina project, while weaker PLN vs EUR resulted in negative revaluation of PLN 36m in 4Q19 (vs. positive PLN 12m in 4Q18). We forecast adj. EBIT of PLN 16m (vs. PLN 24.0m in 4Q18).
- **Net profit.** We forecast net profit of PLN 98m (vs. PLN 21m in 4Q18). We assume net financial costs to be positively affected by FX gain and valuation of derivatives of nearly PLN 40m.

Figure 1. Capital Park results preview (PLNm)

	4Q18	1Q19	2Q19	3Q19	4Q19E	y/y
Revenues	39.0	32.3	31.7	31.9	27.5	-30%
Costs related to inv.prop.	-9.7	-8.6	-8.0	-8.0	-6.9	-29%
G&A costs	-3.4	-5.5	-6.7	-5.6	-7.4	119%
Profit on inv.prop.	12.2	3.6	69.4	61.9	70.9	480%
EBIT	36.2	28.7	86.9	82.7	86.6	139%
EBIT adj.*	24.0	25.1	17.5	20.7	15.6	-35%
Net financial costs	-22.1	-10.6	-4.2	-62.4	31.1	n.m.
Pre-tax profit	14.1	18.1	82.7	20.2	117.6	n.m.
Income tax	8.4	-2.4	-17.8	-10.8	-19.6	n.m.
Net profit	20.8	15.7	64.9	9.4	98.0	372%
Operating margin adj (%)	61.6%	77.7%	55.2%	65.1%	56.9%	-

Source: Company, IPOPEMA Research, *excluding revaluations and gain on disposals

Real Estate

Capital Park

BUY

FV PLN 8.99

15% upside

Price as of 19 February 2020 PLN 7.84

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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	17	53%
Hold	10	31%
Sell	5	16%
Total	32	100%

Rating History – Capital Park

Date	Recommendation	Fair Value	Price at recommendation	Author
30/07/2019	BUY	PLN 8.50	PLN 5.44	Marek Szymański
11/10/2019	BUY	PLN 8.99	PLN 6.13	Marek Szymański