

# Pekabex

## 1Q21 results review

The company published net profit for 1Q21 at PLN 14.6m, +27.7%/y/y and +16.2%q/q which is 7.1% below our expectations.

- The company reported PLN 246.2m of revenues, -11.6% below our forecast and -0.8%/y/y and -8.0%q/q. Average realized price on precast production fell by 1.8%/y/y but increased +10.6%q/q and amounted to PLN 2,49/m<sup>3</sup>. Volumes in precast segment were reported earlier and amounted to 56.7k m<sup>3</sup>, +23.6%/y/y and -5.1%q/q. Revenues from the general construction segment were lower than our assumptions as we believe due to the bad weather.
- Gros profit amounted to PLN 46.5m, +28.8%/y/y. Costs amounted to PLN 199.6m, -5.8%/y/y.
- EBITDA amounted to PLN 25.8m, +27.7%/y/y and +16.2%q/q and 5.2% more than our expectations.
- Backlog amounted to PLN 912m (+73.4%/y/y, -2.0%q/q) out of which PLN 741.9m is to be realized in 2021.
- Operating cash flow amounted to PLN -0.11m but better than a year ago.

**OPINION:** Results on EBITDA level are higher than our expectations. Worthwhile is highlighting that both core segment: precast production and general construction showed higher-than-expected margins. This in our opinion allowed for delivery of better-than-expected EBITDA result. We highlight high operating cash flow and level of backlog for following quarters.

Construction

## Pekabex

**BUY**

**FV PLN 26.91**

Price as of 31 May 2021 PLN 26.60

1.1% upside

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Figure 1. Pekabex 1Q21A results overview

	1Q20	4Q20	1Q21A	y/y	q/q	IPOPEMA 1Q21 estimates	diff.
<b>Sales</b>	<b>248.0</b>	<b>267.6</b>	<b>246.2</b>	<b>-0.8%</b>	<b>-8.0%</b>	<b>278.6</b>	<b>-11.6%</b>
Realization of prefabrication contract	116.2	134.4	141.1	21.4%	5.0%	134.8	4.6%
Realization of construction services contracts	121.3	95.4	83.4	-31.3%	-12.6%	135.0	-38.3%
Production services	8.6	7.6	9.2	8.1%	21.3%	7.6	21.3%
Real estate projects	0.9	29.1	6.7	na	-77.0%	0.0	na
Others	1.1	1.2	2.8	159.6%	139.3%	1.2	139.3%
Cost of goods & products sold	-211.9	-222.8	-199.6	-5.8%	-10.4%	-237.3	-15.9%
<b>Gross profit</b>	<b>36.1</b>	<b>45.3</b>	<b>46.5</b>	<b>28.8%</b>	<b>2.8%</b>	<b>41.3</b>	<b>12.7%</b>
SG&A	-22.0	-26.9	-28.2	28.0%	4.5%	-23.0	22.4%
Other operating activity net	1.4	3.7	1.1	-22.8%	-70.9%	1.1	-1.5%
<b>EBIT</b>	<b>15.6</b>	<b>17.0</b>	<b>19.1</b>	<b>22.7%</b>	<b>12.0%</b>	<b>19.4</b>	<b>-1.5%</b>
prefabrication contracts	13.2	10.4	18.1	37.3%	74.5%	15.5	17.0%
construction services contract	8.3	10.8	6.9	-17.0%	-36.2%	9.5	-26.9%
production services	1.0	-0.2	1.4	37.9%	na	0.8	89.5%
Real estate projects	0.1	8.7	1.9	na	-78.1%	0.0	na
other	0.3	0.5	0.3	6.9%	-32.4%	0.1	na
consolidation corrections	-7.4	-13.2	-9.6	29.8%	-26.8%	-6.4	50.7%
Net financial activity	0.8	-0.4	-1.7	na	na	0.1	na
<b>Pre-tax profit</b>	<b>16.4</b>	<b>16.7</b>	<b>17.4</b>	<b>6.0%</b>	<b>4.1%</b>	<b>19.5</b>	<b>-11.0%</b>
Tax	-3.2	-2.9	-3.2	-1.4%	10.9%	-3.8	-15.7%
<b>Net income</b>	<b>13.1</b>	<b>13.9</b>	<b>14.6</b>	<b>11.1%</b>	<b>5.1%</b>	<b>15.7</b>	<b>-7.1%</b>
<b>EBITDA</b>	<b>20.2</b>	<b>22.2</b>	<b>25.8</b>	<b>27.7%</b>	<b>16.2%</b>	<b>24.5</b>	<b>5.2%</b>
Average realized price in prefabrication segment (kPLN / m3)	2.53	2.25	2.49	-1.8%	10.6%	2.58	-12.8%
Prefabrication production volumes (000 m3)	45.9	59.8	56.7	23.6%	-5.1%	33.3	79.4%

Source: Company, IPOPEMA Research

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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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#### IPOPEMA Research - Distribution by rating category (April 1 – June 30, 2021)

	Number	%
Buy	19	76%
Hold	6	24%
Sell	0	0%
Total	25	100%

#### Rating History – Pekabex

Date	Recommendation	Fair Value	Price at recommendation	Author
05/08/2019	HOLD	PLN 9.27	PLN 9.90	Robert Maj Mateusz Tront
06.04.2020	SELL	PLN 6.00	PLN 6.98	Robert Maj
04.06.2020	BUY	PLN 12.11	PLN 10.40	Robert Maj
05.02.2021	BUY	PLN 26.91	PLN 19.40	Robert Maj