

Pointpack

APM venture with risks

With the purchase of a stake in P2A, Pointpack has loudly entered a new area of activity of delivering APMs that it previously was only attempting to develop with its pilot program. Although P2A's involvement in a large contract with the Polish Post will substantially change the company's results, we are cautious it will have an overly supportive impact on the company. Especially, because at the same time Pointpack has effectively delayed any potential distributions to its shareholders from its core cash generation operations (we delay the first assumed dividend to 2024E with a PLN 7.60ps DPS, DY of 19.8%). We expect consolidation of P2A to result in transformation of the company's top line on a consolidated basis, but not to have any impact on the underlying business. In total, we increase our 2022E/2023E revenue forecasts to PLN 103.3m/154.4m (from PLN 59.5m/74.4m). At the earnings level, we expect P2A's incremental contribution to offset the increased fixed cost base (as was visible in 1Q22 results) and slowdown related to anticipated by us recession in 1H23E. Overall, we increase the respective net profit forecast to PLN 6.8m/8.5m in 2022E/2023E (from PLN 6.4m/7.0m assumed earlier, we note that without P2A deal we would have cut 2022E/2023E net profit estimates by 22%/34%). With our outlook on the core business, we maintain a BUY rating and set our FV at PLN 55.0ps (vs. PLN 60.00ps earlier), which implies 44% upside. On our forecasts, Pointpack trades at a P/E of 6.3x/5.0x for 2022E/2023E.

P2A's M&A will alter the company's profile. On 20 May 2022 Pointpack acquired a ca. 51% stake in P2A BOX sp. z o.o., a provider of APMs with smart cloud solutions that has one large contract with the Polish Post for delivery and maintenance of ca. 2k APMs (with an estimated value of PLN 240m in total over multiple years). Although Pointpack has paid for this 51% stake price reflecting its book value (an immaterial few PLN k), we consider the additional PLN 10m paid to one of P2A's stakeholders for bonds issued by P2A as the effective economic price paid for the stake in P2A. Pointpack estimates its maximum liabilities from the deal at to up to PLN 30m (including change in WC).

Looking beyond the top line of P2A's contract with the Polish Post. Overall, we consider the P2A deal negatively for Pointpack from a strategic standpoint, as in our view engagement in such a larger (and likely one-off) contract for delivery of APMs temporarily limits the company's cash generation, introduces a new set of operational risks and effectively changes the company's profile. With an uncertain profit profile from the deal (considering the 51% stake, effective price for the bonds, risks for the Polish Post contract's margin, future outflows related to minority dividends, cost of financing and undefined synergies that require additional investments from Pointpack), we are sceptical the P2A deal will prove to be an outright success (if the deal with the Polish Post is not expanded). In total, we estimate its NPV (excluding WC changes) at only PLN 2.8m for Pointpack.

Figure 1. Pointpack – Financial summary (PLN m)

PLN m	2019	2020	2021	2022E	2023E	2024E
Revenues	27.1	38.5	49.4	103.3	154.4	103.7
EBITDA	5.3	6.7	7.6	12.0	17.2	14.8
EBIT	5.1	6.3	7.1	11.2	15.8	13.4
Net profit	4.1	5.1	6.0	6.8	8.5	9.5
EPS (PLN)	3.69	4.52	5.41	6.10	7.60	8.51
DPS (PLN)	0.00	0.00	0.00	0.00	0.00	7.60
EV/EBITDA (x)	10.1	10.5	8.1	4.3	2.3	3.2
P/E (x)	13.0	15.2	11.8	6.3	5.0	4.5

Source: Company, IPOPEMA Research

E-commerce

Pointpack

BUY

FV PLN 55.0 from PLN 60.0

44% upside

Price as of 30 June 2022 PLN 38.30

Maintained



Share data

Number of shares (m)	1.1
Market cap (EUR m)	9.2
12M avg daily volume (k)	3.2
12M avg daily turnover (EUR m)	0.04
12M high/low (PLN)	82.80/28.20
WIG weight (%)	na
Reuters	PNTP.WA
Bloomberg	PNT PW

Total performance

1M	3.5%
3M	-7.0%
12M	-46.1%

Shareholders

Mr Marek Piosik	19.7%
Mr Krzysztof Konwisarz	13.0%
Santander TFI	8.0%
Quercus TFI	6.1%
Insignis TFI	5.0%
Others	48.2%

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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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Buy	Above 10%
Hold	In between (and including) -10% and 10%
Sell	Below -10%

IPOPEMA Research - Distribution by rating category (1April – 30 June 2022)

	Number	%
Buy	17	71%
Hold	5	21%
Sell	2	8%
Total	24	100%

Rating History – Pointpack

Date	Recommendation	Fair Value	Price at recommendation	Author
07/09/2021	BUY	PLN 125.00	PLN 69.00	Marcin Nowak Zuzanna Barzyk
13/12/2021	BUY	PLN 115.00	PLN 59.40	Marcin Nowak Zuzanna Barzyk
11/05/2022	BUY	PLN 60.00	PLN 40.00	Marcin Nowak
04/07/2022	BUY	PLN 55.00	PLN 38.30	Marcin Nowak