

# Pointpack

## Growth on the last mile

Pointpack offers IT solutions and logistics services for both courier and trade sectors, focusing its activities in the first and last mile infrastructure area. The Pointpack platform is an applications system which integrates cash registers, payment systems and automated parcel machines ("APM") installed in trade points and networks with courier companies' systems. With the Pointpack platform, retail networks by becoming points of package collection and sending ("PUDO", i.e. pick up, drop off) gain the possibility of cooperation with multiple courier service providers (to benefit from additional revenues and traffic), while couriers expand their networks. With its platform the company gains exposure to the growing e-commerce market in Poland, which is driving the growth of parcel volumes. We expect Pointpack to benefit both from broad market growth and adding new PUDO point to the network. We initiate coverage of Pointpack with a BUY recommendation and set our FV at PLN 125.00 per share (implying 81% upside). After 2021E's acceleration in PUDO points adds we forecast the company's top line / bottom line in 2022E at PLN 63.7m/7.6m, respectively, which implies 31%/29% growth y/y. On our forecasts, Pointpack trades at a P/E of 13.2x for 2021E and 10.2x for 2022E.

**Fast expansion of the network...** In 2021 so far Pointpack signed or extended cooperation agreements with: Eurocash group, Carrefour, Lidl and Martes Sport, while Poczta Polska announced it will use Pointpack platform for a pilot program in Biedronka network. We believe these deals should allow Pointpack to maintain fast pace of additions of PUDO points to its network. We anticipate Pointpack will reach 20k PUDO points in 2024E vs. over 11k as of now and 8.3k as of end-2020.

**...should fuel top line growth.** According to InPost's prospectus, the overall B2C parcel volume in Poland is expected to grow at a 16% CAGR in 2020E-2024E, out of which the volume CAGR growth attributed to PUDO points is forecasted at only 6% (considering mid points of the forecasts). In our view, Pointpack will be able to maintain a significantly faster growth pace of handled volume in coming years due to: 1) the pace of additions of PUDO points to its network; 2) optimization of couriers' usage of the network. It jointly should allow Pointpack's top line to grow at a 23% CAGR in 2020-2024E despite facing strong competition in the door-to-door courier and APMs' markets.

**Dividends as a bonus.** We expect Pointpack will become a solid cash generation machine with regular dividend payments in ensuing years, especially as the company has no debt and should maintain low CAPEX profile (we do not assume any CAPEX heavy involvement in APMs related projects). We assume the first dividend already in 2022E at PLN 1.04ps (DY of 1.5%) as a prologue to attractive payments of 100% of the prior year's profit starting with 2023E, for which we assume a dividend of PLN 6.76ps (DY of 9.8%).

Figure 1. Pointpack financial forecasts summary

PLN m	2018	2019	2020	2021E	2022E	2023E
Revenues	3.8	27.1	38.5	48.6	63.7	77.7
EBITDA	0.2	5.3	6.7	7.7	10.2	12.3
EBIT	0.1	5.1	6.3	7.3	9.5	11.5
Net profit	0.0	4.1	5.1	5.8	7.6	9.2
EPS (PLN)	0.04	3.69	4.52	5.22	6.76	8.24
DPS (PLN)	0.00	0.00	0.00	0.00	1.04	6.76
EV/EBITDA (x)	102.5	10.1	10.5	9.0	6.2	5.0
P/E (x)	495.5	13.0	15.2	13.2	10.2	8.4

Source: Company, IPOPEMA Research

Retail

## Pointpack

### BUY

FV PLN 125.00

81% upside

Price as of 6 September 2021 PLN 69.00

Coverage initiation



#### Share data

Number of shares (m)	1.1
Market cap (EUR m)	17.1
12M avg daily volume (k)	1.7
12M avg daily turnover (EUR m)	0.03
12M high/low (PLN)	90.00/61.50
WIG weight (%)	na
Reuters	PNTP.WA
Bloomberg	PNT PW

#### Total performance

1M	-0.3%
3M	-0.9%
12M	-10.4%

#### Shareholders (% of equity)

Mr Marek Piosik	20.9%
EFF B.V. via Reventon	20.8%
Mr Krzysztof Konwisarz	13.9%
Insignis TFI	5.0%
Others	39.3%

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## POINTPACK

BUY

FV PLN 125

Mkt Cap EUR 17.1m

Upside 81%

Valuation multiples	2019	2020	2021E	2022E	2023E
P/E (x)	13.0	15.2	13.2	10.2	8.4
EV/EBITDA (x)	10.1	10.5	9.0	6.2	5.0
EV/Sales (x)	2.0	1.8	1.4	1.0	0.8
P/BV (x)	10.1	7.4	4.8	3.4	3.2
FCFE yield (%)	2.3%	7.5%	2.0%	8.9%	12.1%
DY (%)	0.0%	0.0%	0.0%	1.5%	9.8%

Per share	2019	2020	2021E	2022E	2023E
No. of shares (m units)	1.12	1.12	1.12	1.12	1.12
EPS (PLN)	3.69	4.52	5.22	6.76	8.24
BVPS (PLN)	4.77	9.29	14.51	20.23	21.72
FCFEPS (PLN)	1.08	5.16	1.36	6.16	8.33
DPS (PLN)	0.00	0.00	0.00	1.04	6.76

Change y/y (%)	2019	2020	2021E	2022E	2023E
Revenues	617.8%	42.3%	26.4%	31.0%	22.0%
EBITDA	2420.8%	27.1%	15.1%	32.4%	21.0%
EBIT	4263.3%	23.4%	15.3%	30.2%	21.9%
Net profit	9761.3%	22.6%	15.6%	29.4%	21.9%

Leverage and return	2019	2020	2021E	2022E	2023E
EBITDA margin (%)	19.5%	17.4%	15.8%	16.0%	15.9%
EBIT margin (%)	18.9%	16.3%	14.9%	14.8%	14.8%
Net margin (%)	15.2%	13.1%	12.0%	11.9%	11.9%
Net debt / EBITDA (x)	-0.1	-0.9	-1.0	-1.3	-1.2
Net debt / Equity (x)	-0.1	-0.6	-0.5	-0.6	-0.6
Net debt / Assets (x)	0.0	-0.3	-0.3	-0.3	-0.3
ROE (%)	126.0%	64.3%	43.9%	38.9%	39.3%
ROA (%)	45.6%	29.6%	22.6%	21.5%	21.9%
ROIC (%)	98.7%	64.3%	43.9%	38.9%	39.3%

Assumptions	2019	2020	2021E	2022E	2023E
KPI (k units)					
PUDO points (k, EoP)	6.4	8.3	13.3	17.0	19.4
Rev. per PUDO (PLN k)	4.75	5.24	4.51	4.20	4.27

P&L (PLN m)	2018	2019	2020	2021E	2022E	2023E
Operating revenue	3.8	27.1	38.5	48.6	63.7	77.7
Operating expenses	-3.6	-21.7	-32.0	-41.5	-54.3	-66.3
D&A	-0.1	-0.2	-0.4	-0.5	-0.8	-0.8
Materials and energy	0.0	0.0	-0.1	-0.1	-0.1	-0.1
External services	-3.2	-20.5	-30.0	-38.0	-50.3	-62.0
Taxes and fees	0.0	0.0	0.0	0.0	0.0	-0.1
Employee salaries	-0.3	-0.8	-1.4	-2.5	-2.7	-2.9
Social security	0.0	-0.1	-0.1	-0.3	-0.3	-0.3
Other	0.0	-0.2	-0.1	-0.1	-0.1	-0.1
Other operating income	0.0	0.0	0.2	0.3	0.3	0.3
Other operating costs	0.0	-0.2	-0.3	-0.2	-0.2	-0.2
EBITDA	0.2	5.3	6.7	7.7	10.2	12.3
EBIT	0.1	5.1	6.3	7.3	9.5	11.5
Finance costs net	-0.1	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	0.0	5.1	6.3	7.3	9.5	11.5
Income tax	0.0	-0.9	-1.2	-1.4	-1.9	-2.3
Minorities (profit)/loss	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.0	4.1	5.1	5.8	7.6	9.2

BALANCE SHEET (PLN m)	2018	2019	2020	2021E	2022E	2023E
Non-current assets	1.8	3.1	5.9	8.5	8.6	8.6
Intangible assets	1.5	1.9	1.6	7.6	7.3	7.0
PP&E	0.0	0.1	0.1	0.6	1.0	1.3
Other non-current assets	0.3	1.1	4.2	0.2	0.3	0.4
Current assets	3.7	9.4	15.6	21.8	31.4	35.8
Inventories	0.0	0.0	0.9	3.2	4.1	4.2
Trade and other receivables	2.5	8.8	8.4	10.7	13.7	16.3
Cash and equivalents	1.2	0.6	6.3	7.9	13.6	15.3
Other current assets	0.0	0.0	0.0	0.0	0.0	0.0
Total assets	5.5	12.6	21.5	30.2	39.9	44.4
Equity	1.2	5.3	10.4	16.2	22.6	24.3
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities	4.3	7.2	11.1	14.0	17.3	20.1
Loans, bonds and leases	1.9	0.0	0.0	0.0	0.0	0.0
Trade and other payables	2.1	6.2	7.2	8.5	10.5	12.2
Other current liabilities	0.3	1.0	4.0	5.5	6.8	7.9
Equity & liabilities	5.5	12.6	21.5	30.2	39.9	44.4
Net debt (PLN m)	0.7	-0.6	-6.3	-7.9	-13.6	-15.3

CASH FLOW (PLN m)	2018	2019	2020	2021E	2022E	2023E
Operating cash flow	0.0	1.5	6.4	3.1	7.7	10.1
Net profit	0.0	4.1	5.1	5.8	7.6	9.2
D&A	0.1	0.2	0.4	0.5	0.8	0.8
Interests net	0.1	0.1	0.0	0.0	0.0	0.0
Change in WC	-0.3	-2.0	1.3	-3.1	-1.5	-0.7
Other	0.0	-0.8	-0.4	-0.1	0.8	0.8
Investment cash flow	0.0	-0.6	-2.4	-4.0	-0.8	-0.8
CAPEX	0.0	-0.6	-2.4	-4.0	-0.8	-0.8
Other	0.0	0.0	0.0	0.0	0.0	0.0
Financial cash flow	0.0	-1.6	1.8	2.4	-1.2	-7.6
Change in equity	0.0	0.0	0.0	0.0	0.0	0.0
Change in debt	0.0	-1.8	0.0	0.0	0.0	0.0
Cash interest	0.0	-0.2	0.0	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	-1.2	-7.6
Other	0.0	0.4	1.8	2.4	0.0	0.0
Cash as of EoP	1.2	0.6	6.3	7.9	13.6	15.3

Source: Company data, 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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Buy	Above 10%
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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 – Pointpack

Date	Recommendation	Fair Value	Price at recommendation	Author
07/09/2021	BUY	PLN 125.00	PLN 69.00	Marcin Nowak Zuzanna Barzyk