

# Pointpack

## Strong parcels volumes look promising

The strength of Pointpack's core underlying parcel volumes (51% y/y in 1Q23) is unlikely to go unnoticed by the market. The result should relate to a significant improvement in the effectiveness of PUDO (Pick Up/Drop Off) points. We believe there is room for further operational improvements that may allow the firm to post decent growth in core volumes of 32%/26% in both 2023E/2024E (vs. 23%/24% we previously assumed) and to largely offset the increased cost pressures in the core business. Within the P2A unit, on the other hand, we push half of hardware deliveries from 2023E to 2024E, due to the probable delay in the realization of the Polish Post contract. This mainly affects our projections for 2023E/2024E consolidated results and affects the multiple angle in 2023E/2024E to 5.3x/2.6x EV/EBITDA, but does not greatly alter our view on the P2A unit based on projected weak NPV for the project. Overall, we lower our consolidated 2023E EBITDA forecast from PLN 22.8m to PLN 14.5m, while we raise our forecast from PLN 15.4m to PLN 22.6m for 2024E. We maintain our base-case scenario of no extension of the P2A contract with Polish Post, hence we still expect to see the first dividend in 2024E, with a dividend payment of PLN 5.51ps (DY 13.7%). With our continued positive outlook on the core business, we maintain a BUY rating and set our FV at PLN 70.00ps (versus PLN 65.00ps previously), which implies 75% upside. On our forecasts, Pointpack trades at a P/E of 7.3x/3.7x for 2023E/2024E.

**P2A delay does not materially change our outlook on the contract.** We do not view the (hopefully) short delay with realization of the deal with Polish Post as overly negative, as it does not change our approach to the project to any great extent (we estimate its NPV excluding working capital changes at PLN -0.8m versus PLN 0.5m previously, assuming no extension of the contract with Polish Post). The delay will result primarily in lower recognized EBITDA from the contract in 2023E (we cut our estimate to PLN 7.0m from PLN 14.4m), effectively increasing the 2024E contribution (we forecast PLN 8.9m versus PLN 3.1m previously).

**Booming parcel volumes.** The volume of parcels handled by PUDO points within Pointpack's network grew by 51% y/y in 1Q23 after estimated growth of around 45% y/y in 4Q22 and reported 37%/29%/11% y/y growth in 3Q22/2Q22/1Q22 respectively; although 1Q22 was not fully comparable as it was negatively affected by the Russian invasion of Ukraine.) We view positively the acceleration in underlying volumes driven by improved utilization of PUDO points (with the addition of new couriers per point on average), despite a small decrease in the total size of the network (which declined 6% y/y as of end-2022). We expect Pointpack to achieve volume growth of 32%/26% y/y in 2023E and 2024E, which should enable the core business to deliver decent results after accommodating a higher cost base in 2022/2023E. We forecast core business EBITDA at PLN 7.5m/PLN 13.8m in 2023E/2024E (versus PLN 6.8m in 2022).

Figure 1. Pointpack – Financial summary (PLN m)

PLN m	2020	2021	2022	2023E	2024E	2025E
Revenues	38.5	49.4	61.7	142.6	175.6	137.2
EBITDA	6.7	7.6	6.3	14.5	22.6	18.1
EBIT	6.3	7.1	4.8	12.4	19.8	15.0
Net profit	5.1	6.0	3.5	6.2	12.0	10.6
EPS (PLN)	4.52	5.41	3.14	5.51	10.72	9.46
DPS (PLN)	0.00	0.00	0.00	0.00	5.51	8.04
EV/EBITDA (x)	10.5	8.1	8.8	5.3	2.6	3.4
P/E (x)	15.2	11.8	11.9	7.3	3.7	4.2

Source: Company, IPOPEMA Research

E-commerce

## Pointpack

### BUY

FV PLN 70.0 from PLN 65.0

75% upside

Price as of 16 May 2023 PLN 40.10

Maintained



### Share data

Number of shares (m)	1.1
Market cap (EUR m)	10.0
12M avg daily volume (k)	0.7
12M avg daily turnover (EUR m)	0.01
12M high/low (PLN)	49.70/25.00
WIG weight (%)	na
Reuters	PNTP.WA
Bloomberg	PNT PW

### Total performance

1M	-4.1%
3M	-13.6%
12M	-1.0%

### Shareholders

Mr Marek Piosik	19.7%
Mr Krzysztof Konwisarz	13.0%
Santander TFI	8.0%
Quercus TFI	8.0%
Insignis TFI	5.0%
Others	46.3%

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

#### IPOPEMA Research - Distribution by rating category (1 January – 31 March 2023)

	Number	%
Buy	9	90%
Hold	1	10%
Sell	0	0%
Total	10	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
13/12/2022	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
14/12/2022	BUY	PLN 65.00	PLN 31.90	Marcin Nowak
17/05/2023	BUY	PLN 70.00	PLN 40.10	Marcin Nowak