

SFD

1Q22 preview

SFD is due to publish its 1Q22E results on 16 May 2022.

Opinion: We expect SFD to report 1Q22E results driven by improvement of revenues (already reported +9% y/y) and pressure on cost side, resulting in ca. 20% decrease of operating profit.

Revenues. The company has already reported its preliminary revenues of PLN 70.5m (+9% y/y), with PLN 21.3m reported in January (+2% y/y), PLN 22.3m in February (+14% y/y) and PLN 26.8m in March (+13% y/y).

EBIT. The company stated that gross profit in January was under pressure due to higher cost of materials, but it stabilized y/y in February and March. As a result, we assume 36.1% gross margin (-1.5pp y/y). Given higher operating costs, we forecast EBIT of PLN 5.4m (-20% y/y).

Net profit. At the bottom line, we forecast profit of PLN 4.1m (-24% y/y).

E-commerce

SFD

BUY

FV PLN 5.51

96% upside

Price as of 22 April 2022 PLN 2.81

Figure 1. SFD results summary (PLNm)

	1Q21	2Q21	3Q21	4Q21	1Q22E	y/y	q/q
Revenues	64.7	59.5	59.8	61.7	70.5	9%	14%
Operating costs	-57.7	-55.3	-56.8	-60.1	-65.0	13%	8%
Cost of materials and energy	-30.8	-29.5	-31.1	-34.7	-37.1	20%	7%
External services	-10.2	-9.5	-9.5	-10.2	-11.7	14%	14%
Salaries	-5.2	-6.0	-6.1	-6.1	-6.2	19%	2%
Cost of goods sold	-9.6	-8.2	-8.1	-6.9	-7.9	-17%	14%
Other	-2.1	-2.2	-2.1	-2.2	-2.2	5%	1%
EBITDA	7.4	4.7	3.6	2.4	6.1	-18%	157%
EBIT	6.8	4.1	2.9	1.7	5.4	-20%	220%
Pre-tax profit	6.8	4.0	2.9	1.4	5.1	-25%	257%
Net profit	5.4	3.2	2.3	1.0	4.1	-24%	313%

Source: Company, 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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	Number	%
Buy	12	71%
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Total	17	100%

Rating History – SFD

Date	Recommendation	Fair Value	Price at recommendation	Author
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13/12/2021	BUY	PLN 5.51	PLN 3.90	Marek Szymański