

SFD

2Q22E preview

SFD is due to publish its 2Q22E results on 16 August 2022.

Opinion: We expect the company to report solid 2Q22E results with operating profit of PLN 7.6m and net profit of PLN 6.1m, driven by y/y growth of revenues and stabilization of gross margin (related to increase of product prices and stabilization of cost of materials).

Revenues. SFD has already reported its preliminary revenues of PLN 91.0m (+53% y/y), with PLN 30.0m reported in April (+29% y/y), PLN 30.2m in May (+63% y/y) and PLN 30.9m in June (+73% y/y). We note that solid top line was mainly driven by double-digit growth of product prices rather than increase in volumes, and recovery of product offer.

EBIT. Based on the monthly reports, we expect the company to report comparable y/y gross margin of 36.6% (higher cost of materials offset by increase of prices) and gross profit of PLN 33.3m. As we assume stabilization of salaries (at PLN 7.5m) and pressure on external services (PLN 15.9m, +68% y/y), we forecast operating profit of PLN 7.6m in 2Q22E (margin of 8.4%).

Net profit. At the bottom line, we forecast profit of PLN 6.1m (vs. PLN 3.2m in 2Q21).

Figure 1. SFD results summary (PLNm)

	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22E	y/y	q/q
Revenues	64.7	59.5	59.8	61.7	70.8	91.0	53%	29%
Operating costs	-57.7	-55.3	-56.8	-60.1	-67.0	-83.4	51%	24%
Cost of materials and energy	-30.8	-29.5	-31.1	-34.7	-38.7	-48.3	64%	25%
External services	-10.2	-9.5	-9.5	-10.2	-11.2	-15.9	67%	41%
Salaries	-5.2	-6.0	-6.1	-6.1	-7.5	-7.5	25%	0%
Cost of goods sold	-9.6	-8.2	-8.1	-6.9	-7.3	-9.4	15%	29%
Other	-2.1	-2.2	-2.1	-2.2	-2.8	-2.3	6%	-17%
EBITDA	7.4	4.7	3.6	2.4	4.0	8.4	76%	110%
EBIT	6.8	4.1	2.9	1.7	3.3	7.6	85%	133%
Pre-tax profit	6.8	4.0	2.9	1.4	3.1	7.5	88%	138%
Net profit	5.4	3.2	2.3	1.0	2.3	6.1	90%	166%

Source: Company, IPOPEMA Research

E-commerce

SFD

HOLD

FV PLN 2.94

8% upside

Price as of 22 July 2022 PLN 2.71

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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	%
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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
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