

SFD

4Q21 preview

SFD is due to publish its 4Q21E results on 14 February 2022.

Opinion: We expect SFD to report neutral set of numbers in 4Q21E with EBIT of PLN 3.2m and net profit of PLN 2.5m, driven by improvement of sales (already reported +26% y/y) followed by pressure on operating costs.

Revenues. The company has already published its preliminary revenues of PLN 61.7m (+26% y/y), with PLN 20.9m in October (+32% y/y), PLN 19.2m in November (+12% y/y) and PLN 21.6m in December (+36% y/y).

EBIT. We assume gross margin to remain broadly in line with 3Q21 level, which is 34.3% (vs. 35.5% in 4Q20). We also assume increase of external services (+24% y/y) and salaries (+27% y/y). As a result, we forecast operating profit of PLN 3.2m (+7% y/y).

Net profit. At the bottom line, we forecast profit of PLN 2.5m in 4Q21E (+17% y/y) and PLN 13.4m in FY2021E (+12% y/y).

Figure 1. SFD results summary (PLNm)

| | 4Q20 | 1Q21 | 2Q21 | 3Q21 | 4Q21E | y/y | q/q |
|------------------------------|------------|------------|------------|------------|------------|------------|------------|
| Revenues | 48.9 | 64.7 | 59.5 | 59.8 | 61.7 | 26% | 3% |
| Operating costs | -45.9 | -57.7 | -55.3 | -56.8 | -58.5 | 28% | 3% |
| Cost of materials and energy | -23.4 | -30.8 | -29.5 | -31.1 | -31.6 | 35% | 2% |
| External services | -8.1 | -10.2 | -9.5 | -9.5 | -10.0 | 24% | 5% |
| Salaries | -4.8 | -5.2 | -6.0 | -6.1 | -6.1 | 27% | 0% |
| Cost of goods sold | -8.1 | -9.6 | -8.2 | -8.1 | -8.9 | 10% | 11% |
| Other | -1.5 | -2.1 | -2.2 | -2.1 | -1.9 | 26% | -10% |
| EBITDA | 3.5 | 7.4 | 4.7 | 3.6 | 3.9 | 10% | 10% |
| EBIT | 3.0 | 6.8 | 4.1 | 2.9 | 3.2 | 7% | 11% |
| Pre-tax profit | 2.9 | 6.8 | 4.0 | 2.9 | 3.2 | 12% | 11% |
| Net profit | 2.2 | 5.4 | 3.2 | 2.3 | 2.5 | 17% | 11% |

Source: Company, IPOPEMA Research

E-commerce

SFD

BUY

FV PLN 5.51

56% upside

Price as of 21 January 2022 PLN 3.54

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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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Rating History - SFD

| Date | Recommendation | Fair Value | Price at recommendation | Author |
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