

SFD

4Q22E preview

SFD is due to publish its 4Q22E results on 14 February 2023.

Opinion: We expect SFD to report sound 4Q22E results with operating profit of PLN 2.8m (vs. PLN 1.7m in 4Q21), driven mainly by a 33% y/y growth in revenues, y/y improvement of gross margin and operating costs kept under control.

Revenues. The company has already reported its preliminary monthly sales with revenues of PLN 82.2m (+33% y/y), including PLN 27.7m in October (+32% y/y), PLN 31.2m in November (+62% y/y) and PLN 23.3m in December (+8% y/y).

Gross margin. In monthly statements, the management pointed at improvement of supply chains and partial stabilization of cost of materials, that should support gross margin improvement. In our forecasts, we expect margin at 34.6% (+2.0pp y/y).

EBIT. At the same time, we expect q/q stabilization of operating costs in terms of external services and salaries. As a result, we forecast operating costs of PLN 79.4m (+32% y/y), resulting in EBIT of PLN 2.8m (+67% y/y) and EBITDA of PLN 3.7m (+57% y/y).

Net result. At the bottom line, we forecast profit of PLN 1.9m (in comparison to PLN 1.0m, reported in 4Q21).

Figure 1. SFD results summary (PLNm)

	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q21E	y/y	q/q
Revenues	64.7	59.5	59.8	61.7	70.8	91.0	81.7	82.2	33%	1%
Operating costs	-57.7	-55.3	-56.8	-60.1	-67.0	-82.6	-77.8	-79.4	32%	2%
Cost of materials and energy	-30.8	-29.5	-31.1	-34.7	-38.7	-50.6	-46.6	-47.9	38%	3%
External services	-10.2	-9.5	-9.5	-10.2	-11.2	-14.6	-14.2	-14.3	40%	1%
Salaries	-5.2	-6.0	-6.1	-6.1	-7.5	-8.1	-7.7	-7.7	27%	0%
Cost of goods sold	-9.6	-8.2	-8.1	-6.9	-7.3	-6.8	-5.8	-5.9	-16%	1%
Other	-2.1	-2.2	-2.1	-2.2	-2.8	-2.7	-3.6	-3.7	69%	1%
EBITDA	7.4	4.7	3.6	2.4	4.0	9.0	4.7	3.7	57%	-19%
EBIT	6.8	4.1	2.9	1.7	3.3	8.2	3.8	2.8	67%	-26%
Pre-tax profit	6.8	4.0	2.9	1.4	3.1	7.9	3.3	2.3	63%	-30%
Net profit	5.4	3.2	2.3	1.0	2.3	6.0	2.9	1.9	88%	-36%
Gross margin (%)	37.6%	36.6%	34.5%	32.6%	35.0%	36.9%	35.9%	34.6%		

Source: Company, IPOPEMA Research

E-commerce

SFD

HOLD

FV PLN 2.94

21% downside

Price as of 2 February 2023 PLN 3.70

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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	58	75%
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Total	77	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
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