

Thursday, 26 May 2022 | special comments

Comprenum: Forecast of 2022 Q1 Results

Recommendation: buy | target price: PLN 4.87 | current price: PLN 2.46

CPR.PW; CPR.WA | Industrials, Poland

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Comprenum most likely improved on the previous quarter with its 2022 Q1 results but compared to the year-ago quarter we are expecting weaker profits on similar revenue due to higher price inflation.

As a result, quarterly EBITDA will probably post a year-on-year decline accompanied by 5pp contraction in the EBITDA margin.

Sales margins across all operating segments will have grown from the previous quarter, and we expect continued margin expansion in Q2 2022, driven by growing sales, in particular sales of door and window frames.

- At an estimated PLN 45.5m, the 2022 Q1 **revenue** of Comprenum will post a small decline from the year-ago topline figure.
- The segments of building services and GSM-R were again the two major drivers of revenue in Q1, contributing PLN 40m of the total topline figure.
- Segmental revenue from window frames is expected to have dropped about 28% from the corresponding year-ago quarter.

- Comprenum had completed all its residential real estate projects before Q1 2022, but a few apartments were still listed for sale at the start of the quarter that we believe may have fetched PLN 0.5m by the end of March.
- After taking into account Poland's overall high inflation rate, including the strong rise in costs of materials and energy, we expect squeezed margins in Q1 2022 relative to the year-ago quarter but higher margins than reported in the quarter prior, with the building services segment in particular experiencing a strong rebound.
- After tax at an effective rate of 19%, and after higher financing costs, we expect to see **net profit** of PLN 4.2m in Q1 2022.
- If we are correct, this will mean that Comprenum fulfilled only 14% of our FY2022 full-year net profit forecast in the first quarter, but we stand by our initial prediction in anticipation of stronger growth in rest of the year, especially its second half, when Comprenum is poised to recognize the first revenues from the new businesses of renewable energy system design and rolling stock maintenance.

Expected 2022 Q1 results of Comprenum

(PLN m)	1Q'22E	1Q'21	y/y	2022E	YTD*
revenue	45.5	45.6	0%	242	19%
EBITDA	8.5	11.1	-24%	49	17%
EBITDA margin	19%	24%		20%	-
EBIT	6.0	8.7	-31%	41	15%
net profit	4.2	7.0	-40%	29	14%

Source: Comprenum, E - mBank estimates *Expected year-to-date result as a percentage of our full-year estimate

Historical quarterly revenues and 2022 Q1 forecast by operating segment

(PLN m)	Q2'20	3Q'20	4Q'20	Q1'21	Q2'21	Q3'21	4Q'21	1Q'22E	y/y
Door & Window Frames	5.1	7.6	6.6	7.0	3.5	9.5	11.9	5.0	-28%
Real Estate	3.2	2.3	0.8	0.0	1.9	0	1.0	0.5	-
Building Services	39.5	34.4	55.7	38.6	40.9	39.6	48.5	40.0	4%

Source: Comprenum, E - mBank estimates

List of abbreviations and ratios contained in the report:

EV (Enterprise Value) – Equity Value + Net Debt; **EBIT** – Earnings Before Interest and Taxes; **EBITDA** – EBIT + Depreciation & Amortisation; **Net Debt** – Borrowings + Debt Securities + Interest-Bearing Loans - Cash and Cash Equivalents; **P/E** (Price/Earnings) – Price Per Share Divided by Earnings Per Share; **P/CE** (Price to Cash Earnings) – Price Per Share Divided by Earnings + Depreciation & Amortisation; **P/B** (Price to Book Value) – Price Per Share Divided by Book Value Per Share; **P/CF** (Price to Cash Flow) – Price Divided by Cash Flow from Operations; **ROE** (Return on Equity) – Earnings Divided by Shareholders' Equity; **ROCE** (Return on Capital Employed) – EBIT x (Average Assets - Current Liabilities); **ROIC** (Return on Invested Capital) – EBIT x (1-Tax Rate) / (Average Equity + Minority Interest + Net Debt); **FCFF** (Free Cash Flow to Firm) – Cash Flow from Operations - CAPEX - Lease Payments; **FCFE** (Free Cash Flow to Equity) – Free Cash Flow to Firm - Net Interest Expense (incl. Debt + Leases) - Lease Payments

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