

Wednesday, 23 March 2022 | special comments

## Comprenum: Forecast of 2021 Q4 Results

Recommendation: buy | target price: PLN 5.32 | current price: PLN 3.20

CPR PW; CPR.WA | Industrials, Poland

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**Comprenum will most likely report lower figures for Q4 2021 compared to the same year-ago quarter due a decline in revenues to an estimated PLN 49.8m accompanied by higher costs, driven by pay pressures and accelerating price inflation that pushed up the costs of materials, energy and services.**

**By segment, Door & Window Frames probably turned a profit in Q4'21, the Residential Development in Poznań was fully sold by the end of the quarter, and the quarterly revenues from Building Services will have come in at PLN 41m.**

**Using our fourth-quarter estimates, we expect the FY2021 full-year results of Comprenum to match the figures posted in FY2020, and we believe the Company will top our EBITDA and net profit estimates by about 8%. Looking ahead, however, our earnings expectations for Comprenum beyond 2021 remain intact.**

- At an estimated PLN 49.8m, 2021 Q4 **revenue** probably registered a substantial reduction from the year-ago topline figure, which, however, had received a one-time boost from extra revenues from building services.

- By **segment**, we expect 20% y/y higher revenues from Door & Window Frames in a continuation of the strong sales generated in 3Q'21, including from increasing exports.
- In Building Services, we expect to see sales of PLN 41m, provided largely (PLN 36m) by the GSM-R contract.
- Lastly, we believe Comprenum sold the last of available apartments in the "Strzeszyn-Zacisze" residential complex in Poznań in Q4.
- After factoring in higher costs of materials, energy, and labor, fueled by general inflationary pressures, we see **EBITDA** as coming in at PLN 12.7m in Q4'21, down 9% from the corresponding year-ago quarter. At the same time, the EBITDA margin most likely increased in Q4, thanks mainly to the rising profitability of the Door & Window Frame business.
- After tax at an effective rate of 19%, we expect to see net profit of PLN 7.2m in Q4'21.
- Comprenum is currently investing in further growing its business and so it is not likely to offer dividends in 2022.

### Expected 2021 Q4 results of Comprenum

(PLN m)	4Q'21E	4Q'20	% y/y	3Q'21	% q/q	2021E	2020	change	YTD*
revenue	49.8	63.1	-21%	49.1	1%	191	194	-2%	100%
EBITDA	12.7	14.0	-9%	16.2	-21%	52	54	-5%	108%
EBITDA margin	26%	21%		33%		27%	28%		
EBIT	9.9	12.0	-17%	13.5	-26%	42	46	-9%	106%
net profit	7.2	8.8	-18%	9.3	-23%	31	29	10%	108%

Source: Comprenum, E - mBank estimates; \*expected year-to-date result as a percentage our full-year estimate

### Expected 2021 Q4 revenues by operating segment

Revenue (PLN m)	Q1'20	Q2'20	3Q'20	4Q'20	Q1'21	Q2'21	Q3'21	4Q'21E	% y/y	YTD*
Door & Window Frames	8.3	5.1	7.6	6.6	7.0	3.5	9.5	8.0	20%	100%
Real Estate	1.1	3.2	2.3	0.8	0.0	1.9	0	0.8	5%	100%
Building Services	29.1	39.5	34.4	55.7	38.6	40.9	39.6	41.0	-26%	100%

Source: Comprenum, E - mBank estimates; \*expected year-to-date result as a percentage our full-year estimate



#### 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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**NEUTRAL (N)** – a rating which indicates that we expect the stock to perform in line with the broad market  
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**NAV** – valuation based on equity value, one of the most frequently used method in case of developing companies; the weak point of the method is that it does not factor in future changes in revenue/profits of a company.

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