

Friday, 1 October 2021 | special comments

Pozbud: 2021 Q2 Results

Recommendation: hold | target price: PLN 5.24 | current price: PLN 4.98

POZ.PW; POZ.WA | Industrials, Poland

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Pozbud's 2021 Q2 results came out weaker than in the same period in 2020 after a loss incurred by the windows & doors segment, combined with normalized profits from building services. In addition, the Company generated negative operating cash flow in the period.

With that said, Pozbud remains on track to fulfilling our FY2021 full-year earnings expectations after the first half of the year, though when it comes to the market's reaction to today's results we would expect some profit taking on POZ after the market opens.

- Pozbud generated revenue of PLN 46m in Q2 2021, down 2% year on year. By operating segment, sales of windows and doors fell 54% y/y due to a temporary gap in order fulfillment ahead of larger deliveries scheduled for subsequent quarters (Pozbud recognizes revenues from windows and doors after the frames are installed). Overall revenue from building services posted a 5% decline to PLN 41m in Q2, but the

quarterly takings from the long-term GSM-R assignment grew to PLN 30m from PLN 10m the year before. Pozbud sold several of the last apartments still available in the Strzeszyn residential development in Q2.

- **EBITDA** in Q2 2021 registered a fall of 38% from the prior-year period at PLN 12m, led by margin normalization in the segment of building services (with the gross margin narrowing to 32% from 54% in 2Q'20) combined with a negative gross profit of PLN -1m in the windows & doors segment. Other operating activity did not have a meaningful effect on 2021 Q2 results.
- After all this, Pozbud's **net profit** registered a 32% fall from Q2 2020.
- Operating cash flow cash flow in Q2 was negative at PLN -6m vs. PLN +0.2m a year ago. **Net debt** ended at PLN 94m at 30 June 2021 (2.5x EBITDA'21) after increasing by PLN 1.6m during Q2.

2021 Q2 results of Pozbud

(PLN m)	2Q'21	2Q'20	change	2021E	2020	change	YTD*
revenue	46	47	-2%	220	194	14%	42%
EBITDA	12	19	-38%	37	51	-27%	62%
EBITDA margin	25%	39%		17%	26%		
EBIT	9	16	-43%	28	42	-33%	64%
net profit	8	12	-32%	20	25	-19%	74%

Source: Pozbud, E - mBank estimates *YTD results as a % of our FY 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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