

Monday, October 21, 2019 | special comment

Cognor - Forecast of 2019 Q3 Results

Rating: accumulate | target price: PLN 2.00 | current price: PLN 1.79

COG PW; COGP.WA | Metals, Poland

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Cognor is scheduled to release 2019 Q3 results on 31 October. The Company likely registered a 4% y/y decline in the sales for the quarter, but it will have boosted quarterly production of billet steel by an estimated 40% on the year as a way of capitalizing on the improved cost advantage of EAF steelmaking over BOF technology. Non-recurring factors impacting the Q3 bottom line might include state power cost refunds in an estimated amount of PLN 5m, accounting changes, and lower scrap-billet price spreads vs. Q3'18.

2019 Q3 Estimates

(PLN m)	Q3'19E	Q3'18	change	2019E	YTD*
Revenue	510.3	550.7	-7.3%	2,004.1	77.2%
EBITDA	24.4	56.2	-56.6%	122.5	76.9%
Margin	4.8%	10.2%		6.1%	
EBIT	12.9	45.3	-71.6%	75.7	78.7%
Net profit	6.9	32.3	-78.7%	45.2	70.3%

Source: Cognor, E – estimates by Dom Maklerski mBanku
*YTD results as a pct. of FY2019E

List of abbreviations and ratios contained in the report:

EV – net debt + market value (EV – economic value)
EBIT – Earnings Before Interest and Taxes
EBITDA – EBIT + Depreciation and Amortisation
PBA – Profit on Banking Activity
P/CE – price to earnings with amortisation
MC/S – market capitalisation to sales
EBIT/EV – operating profit to economic value
P/E – (Price/Earnings) – price divided by annual net profit per share
ROE – (Return on Equity) – annual net profit divided by average equity
P/BV – (Price/Book Value) – price divided by book value per share
Net debt – credits + debt papers + interest bearing loans – cash and cash equivalents
EBITDA margin – EBITDA/Sales

OVERWEIGHT (OW) – a rating which indicates that we expect a stock to outperform the broad market
NEUTRAL (N) – a rating which indicates that we expect the stock to perform in line with the broad market
UNDERWEIGHT (UW) – a rating which indicates that we expect the stock to underperform the broad market

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HOLD – we expect that the rate of return from an investment will range from -5% to +5%
REDUCE – we expect that the rate of return from an investment will range from -5% to -15%
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