

Miraculum

2Q24 results review

Miraculum reported its 2Q24 results with EBITDA of PLN 0.12m (improvement from loss of PLN 0.03m in 2Q23) in comparison to our forecast of PLN 0.78m. Below please find key highlights:

- **Revenues** reached PLN 12.9m (+30% y/y), in line with already reported preliminary monthly data: revenues of PLN 3.8m in April (+15% y/y), PLN 4.5m in May (+29% y/y) and PLN 4.5m in June (+48% y/y). We note that the company has reported the strongest growth in "Makeup cosmetics" segment (PLN 5.9m, +181% y/y) and 'Other' (PLN 1.2m, +37% y/y).
- **Gross profit** came in at PLN 4.21m (+16% y/y), implying gross margin of 32.7% (decrease from 36.6% a year earlier). Miraculum reported a decline in profitability in the vast majority of segments, particularly in "Makeup cosmetics" (a 13pp drop in profitability to 33%).
- **EBITDA** amounted to PLN 0.12m vs PLN -0.03m in 2Q23 vs. our forecast PLN 0.78m. SG&A costs increased by 11% y/y to PLN 4.4m at that time (SG&A/sales ratio from 40.0% in 2Q23 to 34.2% in 2Q24). Operating profit came in at PLN -0.2m (vs. our estimate PLN 0.49m).
- **Net profit** arrived at PLN -0.4m (vs. our forecast PLN 0.14m). Net financial costs amounted to PLN -0.2m.
- Operating cash flow amounted to negative PLN 0.5m in 2Q24 (in comparison to negative PLN 0.3m in 2Q23). The company had inventory of PLN 14.4m as of end-2Q24 (+9% y/y). Miraculum had net debt of PLN 11.9m as of end-2Q24 (vs. PLN 11.1m as of end-1Q24).

Opinion: Negative. Results reported in 2Q24 were below our expectations at the EBITDA level and due to lower gross margin on sales and higher-than-expected SG&A expenses. At the same time, we note that the company previously reported a y/y decline in sales in July. As a reminder, our FY24E forecasts assume revenues of PLN 50.2m (+7% y/y, vs. +2% y/y reported in 7M24) and EBITDA of PLN 3.1m (PLN 0.1m reported in 1H24).

Figure 1. Miraculum results summary (PLNm)

MIR PW (PLNm)	2Q23	3Q23	4Q23	1Q24	2Q24	y/y	2Q24E	vs. IPOP
Revenues	9.91	10.77	11.85	12.78	12.87	30%	12.89	0%
COGS	-6.28	-6.54	-7.94	-7.83	-8.66	38%	-8.17	6%
Gross profit	3.63	4.23	3.91	4.96	4.21	16%	4.72	-11%
SG&A costs	-3.97	-3.83	-4.04	-4.18	-4.40	11%	-4.23	4%
Selling costs	-2.65	-2.57	-2.73	-2.86	-2.93	10%	-2.92	0%
G&A costs	-1.32	-1.26	-1.31	-1.33	-1.47	12%	-1.32	12%
Other operating profit/cost	0.02	0.02	-0.05	-0.01	0.03	56%	0.00	n.m.
EBITDA	-0.03	0.72	0.12	1.05	0.12	n.m.	0.78	-84%
D&A	0.29	0.30	0.29	0.29	0.28	-5%	0.29	-5%
EBIT	-0.32	0.42	-0.17	0.76	-0.16	n.m.	0.49	n.m.
Net financial costs	-0.41	-0.35	-0.60	-0.50	-0.21	n.m.	-0.35	n.m.
Pre-tax profit	-0.73	0.07	-0.77	0.26	-0.37	n.m.	0.14	n.m.
Income tax	0.01	0.09	-0.48	-0.25	-0.04	n.m.	0.00	n.m.
Net profit	-0.71	0.16	-1.25	0.01	-0.41	n.m.	0.14	n.m.
Gross margin (%)	36.6%	39.3%	33.0%	38.8%	32.7%	-	36.6%	-
SG&A/sales ratio (%)	40.0%	35.6%	34.1%	32.7%	34.2%	-	32.8%	-

Source: Company, IPOPEMA Research

Consumer discretionary

Miraculum

HOLD

FV PLN 1.20

20% upside

Price as of 30 August 2024 PLN 1.00

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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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Rating History – Miraculum

Date	Recommendation	F V	Price at recommendation	Author
22/09/2023	HOLD	PLN 1.25	PLN 1.33	Marek Szymański
09/02/2024	HOLD	PLN 1.35	PLN 1.36	Marek Szymański
28/06/2024	HOLD	PLN 1.20	PLN 1.11	Marek Szymański