

Sniezka

4Q21 results above consensus

Opinion. Positive. While 4Q is seasonally quite specific (lower sales and margin levels) and it's tough to judge from it what will happen in 2022 we evaluate 4Q21 results positively. Not only based on significant consensus and our estimates beat, but also thanks to surprisingly good cash flows (even with hiked capex). The only negative that we would see in a report are growing indebtedness (amid increasing interest rates) and higher exposure to Ukraine than in the previous quarter. However, with the current situation in Ukraine and costs inflation we would hesitate to improve our forecasts for 2022 and following years.

Revenues. Sales from almost all of the markets were higher than our expectations with biggest positive surprise in Ukraine (19% above our forecast). This could be a result of both higher than expected price hikes or better demand for company's products. Increased exposure to Ukraine is the only negative that we would find in company's 4Q21 top line result. Revenues amounted to PLN 144.5m which was 7% above our forecast and 4% above consensus.

SG&A. SG&A costs were almost in line with our expectations with sales cost being 2% below our forecast and management cost 3% above.

EBITDA. Cleared EBITDA amounted to PLN 7.1m in 4Q21 which was 195% above our expectations and 42% above consensus.

Net profit. Net profit at PLN 0.1m was PLN 7.5m higher than expected by us and PLN 4.4m higher than consensus. It was mostly caused by higher than expected financing income and negative financing cost. Tax rate for the whole 2021 amounted to 16.2%.

Cash flows. In our report update we hiked our capex expectations from PLN 100m for 2021 to PLN 105m. Eventually, company spent PLN 110.5m on capex, which we evaluate negatively. On the other hand company booked a decent FCF as compared to previous year with PLN 1m vs. PLN -42m in 4Q20. It was mostly driven by decrease in receivables and lower increase in liabilities as compared to 4Q20.

Debt. While we negatively evaluate increase in indebtedness in 4Q21 (net debt/EBITDA ratio at 2.5x vs 2.4x in 3Q21), we point out that company managed to significantly decrease share of short-term debt vs. long-term debt. While in 3Q21 long-term vs. short-term debt amounted to PLN 146m vs. PLN 133m in 4Q21 it amounted to PLN 253m vs. PLN 40m. This is a definite improvement.

Ukraine assets exposure. Sniezka stated that the assets at risk amount to PLN 42m and those include PLN 21.4m in fixed assets, PLN 10.8m in inventory, PLN 5m in receivables and PLN 4.3m in cash.

Industrials

Sniezka

SELL

FV PLN 64.61

11 % downside

Price as of March 7, 2022 PLN 73.00

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Figure 1. Sniezka quarterly results

PLN m	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	y/y	q/q	4Q21E	IPOP 4Q21E	Cons 4Q21	Actual vs cons.
Revenues	167.8	263.3	251.1	139.1	182.6	226.9	240.8	144.5	4%	-40%	135.0	7%	139.3	4%
Poland	106.0	172.8	159.2	86.4	126.6	151.5	156.2	92.8	7%	-41%	87.1	7%		
Hungary	33.0	52.0	49.6	27.4	31.0	41.8	44.2	27.5	0%	-38%	25.0	10%		
Ukraine	16.1	22.2	24.1	14.0	15.7	20.4	26.6	17.6	26%	-34%	14.9	19%		
Belarus	6.8	6.2	6.5	3.1	4.2	4.6	5.0	2.8	-11%	-45%	2.7	3%		
Other	6.0	10.1	11.7	8.1	5.1	8.7	8.8	3.8	-53%	-57%	5.4	-30%		
COGS	96.0	150.8	143.9	85.1	106.3	136.0	145.3	92.0	8%	-37%	87.2	6%		
Gross profit	71.8	112.6	107.3	54.0	76.3	90.9	95.5	52.5	-3%	-45%	47.8	10%		
<i>Gross margin</i>	<i>42.8%</i>	<i>42.7%</i>	<i>42.7%</i>	<i>38.9%</i>	<i>41.8%</i>	<i>40.1%</i>	<i>39.7%</i>	<i>36.4%</i>	<i>-2.5pp</i>	<i>-3.3pp</i>	<i>35%</i>	<i>0.9pp</i>		
Other operating income	0.2	0.7	0.5	0.1	1.4	0.7	0.5	-0.3						
Other operating cost	0.8	0.6	0.8	1.3	2.5	0.1	0.7	-1.3						
Sales cost	32.2	46.0	44.4	33.7	31.8	44.9	43.8	31.4	-7%	-28%	32.1	-2%		
Management cost	18.9	22.7	19.6	23.7	21.4	22.7	21.0	23.1	-2%	10%	22.5	3%		
EBIT	20.1	44.1	43.0	-4.6	22.0	24.0	30.6	-1.1	-76%	-104%	-6.7	-84%	-4.1	-73%
Depreciation	8.0	8.5	8.5	8.5	8.8	8.8	9.2	9.2	8%	-1%				
EBITDA	28.1	52.6	51.5	3.9	30.8	32.7	39.8	8.1	106%	-80%	2.4	233%	5.0	60%
EBITDA margin	17%	20%	21%	3%	17%	14%	17%	6%	2.8pp	-11pp				
adj. EBITDA	28.7	52.5	51.8	5.1	31.9	32.2	40.0	7.1	40%	-82%	2.4	195%	5.0	42%
adj. EBITDA margin	17%	20%	21%	4%	17%	14%	17%	5%	1.3pp	-11.7pp				
Financing income	0.0	1.2	1.1	1.2	0.1	1.5	0.5	1.0	-13%	118%				
Financing cost	1.1	1.0	0.7	-0.2	0.9	0.7	1.2	-0.7	298%	-156%				
Income Before Taxes	19.0	44.6	43.6	-3.2	21.3	25.0	30.1	0.5	-116%	-98%				
Income Tax	3.7	7.5	8.0	-1.5	3.9	3.3	4.8	0.4	-130%	-91%				
Tax %	19.4%	16.9%	18.4%	45.3%	18.5%	13.2%	16.0%	85.6%	40.3pp	69.6pp				
Net Income (attr. Parent's s/holders)	14.2	33.6	32.6	-2.5	16.3	20.2	23.3	-0.1	-98%	-100%	-7.6	-99%	-4.5	-99%
Net margin	8.5%	12.8%	13.0%	-1.8%	8.9%	8.9%	9.7%	0.0%	1.7pp	-9.7pp				
Cash flows														
OCF	2.4	56.8	62.7	-1.2	-8.1	48.5	67.3	33.8						
Capex	-41.3	-21.5	-23.2	-40.8	-24.6	-17.7	-35.4	-32.8						
FCF	-38.9	35.3	39.5	-42.0	-32.7	30.9	31.9	1.0						
Balance sheet														
Net debt	225.7	197.7	193.0	233.4	267.3	290.4	262.6	277.5						
Net debt/EBITDA	2.0	1.5	1.4	1.7	1.9	2.4	2.4	2.5						

Source: Company, IPOPEMA Research

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 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.
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	Number	%
Buy	44	64%
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Sell	15	22%
Total	69	100%

Rating History – Pointpack

Date	Recommendation	Fair Value	Price at recommendation	Author
14/12/2021	SELL	PLN 64.61	PLN 77.80	Michał Pilch
08/09/2021	SELL	PLN 71.39	PLN 83.40	Michał Pilch
08/12/2020	U/R	-	-	-
10/07/2020	BUY	PLN 97.30	PLN 86.00	Piotr Jusiński