

FLASH NOTE

Seco Warwick - Buy

Target Price: PLN 36.20 | Close as of 19/04/2024: PLN 33.00

Analyst:

Jakub Szkopek,
+48 22 257 5753
jakub.szkopek@erstegroup.com

Q1'24 results preview

In Q1'24, we expect **sales revenues** to increase 7% y/y, mainly in the vacuum furnace and Aftermarket segments. In our view, the company still benefited marginally in the first two months from the record order book completed at the end of the year. Revenues in our view may have clearly accelerated in March.

PLN mn	Q1'24e	Q1'23	y/y	2024e	YTD
Revenues	183	171	7%	741	25%
EBITDA	13	16	-21%	60	22%
EBITDA margin	7%	10%		8%	
EBIT	9	12	-29%	43	20%
Net income	6	9	-30%	31	20%

In Q1'24 we estimate that **EBITDA** amounted to PLN 13mn, which is about 21% y/y negative growth from Q1'23, which was very good in terms of realized profitability. It is worth noting that in Q1'23 profitability of the CAB AP and vacuum metallurgy furnace segments was at one of the highest levels in the last few quarters.

Sales (PLN mn)	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23e	Q1'24e	y/y
Vacuum furnaces	48	50	54	39	45	49	48	46	58	28%
Atmosphere furnaces	0	0	0	0	0	0	0	0	0	
CAB AP	26	38	43	48	33	41	32	33	33	-1%
Vacuum metallurgy	21	33	42	56	60	50	39	46	52	-13%
Aftersales	27	29	38	30	33	39	33	50	41	24%
Other	0	0	0	1	0	0	-2	0	0	43%
EBITDA	10	16	21	10	16	13	12	13	13	-21%
EBITDA margin	8%	11%	12%	6%	10%	7%	8%	7%	7%	
OCF	12	-21	17	18	2	-9	10	20	12	443%
Backlog	369	520	479	566	560	524	532	576	543	-3%
Order intake	148	296	136	262	174	136	157	220	150	-14%

We assume that another quarter in a row SecoWarwcik will generate a significant cash stream from EBITDA, although **net debt** at the end of Q1'24 may be comparable to the end of the year due to ongoing investments.

After a very good Q4'23, we assume that the **order backlog** will slow down a bit, but the order backlog should still remain around PLN 550mn.

OPINION: NEUTRAL

We expect Q1'24 results to be weaker y/y due to a high base effect from last year. Nevertheless, the high order backlog at the end of the year should translate into higher results in the following quarters, with a falling comparative base.

In this document we are not changing our recommendation, forecasts, or price target for SecoWarwick.

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Erste Securities Polska S.A.
Research
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Head Office: Warsaw
Commercial Register (KRS) No: 0000065121
District Court for the Capital City of Warsaw, XII Commercial Division
Erste Securities Polska Homepage: www.esp.pl

Erste Group Bank AG
Group Research
1100 Vienna, Austria, Am Belvedere 1
Head Office: Wien
Commercial Register No: FN 33209m
Commercial Court of Vienna
Erste Group Homepage: www.erstegroup.com