

FLASH NOTE

Seco Warwick - Buy

Target Price: PLN 36.20 | Close as of 14/05/2024: PLN 34.40

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Q1'24 results review

In Q1'24, **consolidated sales revenues** amounted to PLN 182mn, in line with our estimates and 6% y/y higher. Sales in vacuum metallurgy and aluminum process performed slightly better than we expected in Q1'24, at the expense of weaker sales in vacuum furnaces.

PLN mn	Q1'24	Q1'23	Change	Q1'24e	Diff.	2024e	YTD
Revenues	182	171	6%	183	-1%	741	25%
EBITDA	14	16	-18%	13	4%	60	23%
EBITDA margin	7%	10%		7%		8%	
EBIT	9	12	-25%	9	6%	43	21%
Net income	6	9	-30%	6	0%	31	20%

EBITDA in Q1'24 amounted to PLN 14mn and was virtually in line with our estimates. The impact of other operating activities was negligible on results. It is worth noting the high profitability in the vacuum furnace business in Q1'24.

Net income was in line with our estimates, although it was supported by the settlement of derivative transactions of more than PLN 1mn.

Sales (PLN mn)	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	change y/y	Q1'24e	Diff.
Vacuum furnaces	45	49	48	42	45	-1%	58	-23%
Atmosphere furnaces	0	0	0	0	0		0	
CAB AP	33	41	32	32	35	6%	33	7%
Vacuum metallurgy	60	50	39	58	64	7%	52	23%
Aftersales	33	39	33	49	38	17%	41	-5%
Other	0	0	-2	2	0	-94%	0	-96%
EBITDA	16	13	12	15	14	-18%	13	4%
EBITDA margin	10%	7%	8%	9%	7%		7%	
OCF	2	-9	10	56	7	208%	12	-43%
Backlog	560	524	532	776	687	23%	543	26%
Order intake	174	136	157	-	98	-44%	150	-

Cash flow from operations in Q1'24 was weaker than we had anticipated due to higher working capital requirements on a record order backlog. **Net debt** at the end of Q1'24 was PLN 19mn (vs. PLN 13mn at the end of 2023).

Seco Warwick won only PLN 98mn of new orders in Q1'24, but this is mainly due to a high inflow in Q4'23. The **order backlog** at the end of Q1'24 was PLN 687mn, more than 20% higher y/y.

OPINION: **NEUTRAL**

Q1'24 results are in line with our estimates. The high order backlog should translate into improved results in subsequent quarters, especially since the base from Q2'24 is declining.

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

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