

Newag - Accumulate

Target Price: PLN 29.44 | Close as of 17/06/2020: PLN 23.50

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Preliminary Q1 results visibly above consensus

Newag showed preliminary Q1 results with following highlights:

Quarterly snapshot

| IFRS (PLN, mn) | Reported | | | | | Expected | | Reported vs. consensus | Reported vs. ERSTE |
|-------------------|----------|-------|-------|------|------|-----------|-------|---------------------------|-----------------------|
| | Q1'20 | Q1'19 | Q4'19 | y/y | q/q | Consensus | ERSTE | | |
| Revenues | 269.1 | 141.5 | 356.1 | 90% | -24% | 198.8 | 189.4 | 35.4% | 42.1% |
| EBITDA | 55.8 | 13.2 | 80.3 | 323% | -30% | 32.1 | 25.3 | 73.8% | 120.6% |
| adj. EBITDA | | 9.3 | 83.5 | | | | | | |
| EBIT | | 4.3 | 71.8 | | | 23.3 | 16.8 | | |
| Net income | 32.7 | -1.4 | 54.1 | n.m. | -40% | 15.6 | 9.6 | 109.6% | 240.6% |
| EBITDA margin | 20.7% | 9.3% | 22.5% | | | 16.1% | 13.4% | | |
| EBIT margin | | 3.0% | 20.2% | | | 11.7% | 8.9% | | |
| Net income margin | 12.2% | -1.0% | 15.2% | | | 7.8% | 5.1% | | |

Source: Company Data, Erste Group Research

Company informed that results were affected by much higher sales and that this year will be characterized by more even distribution of revenues compared to previous years.

OPINION: POSITIVE

Preliminary Q1 results show strong outperformance vs ours and consensus estimates. Despite COVID-19 pandemic company managed to finalize more deliveries in Q1 than expected by us. EBITDA margin at 20.7% is higher than expected 17.6% by us for the whole 2020. Net margin at 12.2% also presents some upside to our 2020 9.9% expectations. Company also informed that its assets increased by PLN 176.2mn and that book value per share amounts to PLN 13.

We believe that the company is on the right way to fulfil our 2020 forecasts, as already Q1 results show strong y/y outperformance. We expected that this might happen in later quarters and especially in Q4.

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