

Newag - Accumulate

Target Price: PLN 29.44 | Close as of 13/11/2020: PLN 26.10

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EBITDA 33% above consensus (POSITIVE)

Newag posted 3Q20 preliminary results with the following highlights:

- Revenues PLN 234mn (+47% y/y, 18% below consensus, 13% below our estimates.
- EBITDA came in at PLN 71.7mn (+77% y/y, 33% above consensus, 36% above our estimates)
- Net income amounted to PLN 51.0mn (+121% y/y, 52% above consensus, 52% above our estimates)
- Final 3Q20 results will be published on November 20.

OPINION: POSITIVE

Today we anticipate positive market reaction as results came much above market expectations. However, we underline that Newag did not provide any details regarding the quality of these numbers and we believe adjusted numbers could be a bit lower. We underline that revenues came below market expectation, while EBITDA came much above consensus. Hence we believe that EBITDA was impacted by some one-off items.

In 9M20 Newag realized 83% of our 2020e EBITDA forecast and 91% of our net income estimates. Hence we see some space to rise our 2020e estimates of EBITDA and Net Income.

NEWAG 3Q20 preliminary results

P & L (PLN m)	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	YoY	cons.	vs. Cons.	Erste	vs. Erste
Revenues	159.2	356.1	269.1	300.2	234.2	47%	285.4	-18%	268.8	-13%
EBITDA	40.4	80.3	55.8	56.1	71.7	77%	54.0	33%	52.8	36%
Net profit attr. to Parent	23.1	54.1	32.6	29.3	51.0	121%	33.6	52%	33.8	51%
Profitability ratios	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20					
EBITDA margin	25.38%	22.54%	20.73%	18.68%	30.63%					
Net profit margin	14.51%	15.18%	12.10%	9.77%	21.78%					

Source: Company, Erste Group Research

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