

FLASH NOTE

Seco Warwick - Hold

Target Price: PLN 30.91 | Close as of 11/09/2024: PLN 28.40

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Q2'24 results review

In Q2'24, consolidated **sales revenues** amounted to PLN 180mn, slightly better than our forecasts and consensus.

Higher-than-anticipated sales in Q2'24 were recorded by the Vacuum Furnaces and Aftersales segments. Weaker-than-expected turnover occurred in CAB and Vacuum Metallurgy furnaces.

EBITDA in Q2'24 amounted to only PLN 7mn and was significantly lower than our forecasts and consensus. Margins on CAB and melting furnace production were negatively surprised in the results. Despite a record order backlog won at the end of last year, the results surprise negatively.

PLN mn	Q2'24	Q2'23	Change	Q2'24e	Diff.	Consensus	Diff.	2024e	YTD
Revenues	180	179	0%	173	4%	177	2%	714	51%
EBITDA	7	13	-46%	9	-18%	10	-27%	53	39%
EBITDA margin	4%	7%		5%		5%		8%	
EBIT	3	9	-70%	4	-40%	5	-47%	36	33%
Net income	3	6	-46%	2	66%	3	-1%	26	37%

Sales (PLN mn)	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	change y/y	Q2'24e	Diff.
Vacuum furnaces	45	49	48	42	45	42	-15%	33	26%
Atmosphere furnaces	0	0	0	0	0	0		0	
CAB AP	33	41	32	32	35	31	-26%	33	-7%
Vacuum metallurgy	60	50	39	58	64	53	5%	57	-7%
Aftersales	33	39	33	49	38	54	40%	50	8%
Other	0	0	-2	2	0	0	-110%	0	-
EBITDA	16	13	12	15	14	7	-46%	9	-18%
EBITDA margin	10%	7%	8%	9%	7%	4%		5%	
OCF	2	-9	10	56	7	-6	-29%	6	-204%
Backlog	560	525	530	776	686	635	21%	634	0%
Order intake	174	136	157	436	98	-	-	120	-

In the results, **cash flow from operations**, which turned negative in Q2'24, surprises negatively. As a result, **net debt** at the end of IH'24 rose to PLN 60mn.

The **order backlog** at the end of IH'24 amounted to PLN 635mn, close to our estimates. It is worth noting the noticeably weaker inflow of new orders in IH'24.

OPINION: NEGATIVE

Q2'24 results are clearly weaker than our expectations and the consensus. Despite the record backlog collected at the end of the year, the results are weaker y/y. Negative cash flow from operations and higher net debt also come as a negative surprise. Although we have already lowered our full-year expectations, even these figures seem ambitious from the standpoint of advancement after IH'24.

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

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