

Flash Note

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SELENA FM (BUY; PLN 49)

2Q24 Results Review: EBITDA 8% above our forecasts, significant improvement in gross margin [positive]

PLNm	2Q23	3Q23	4Q23	1Q24	2Q24	Y/Y	Q/Q	2Q24E vs TDM	
Revenues	452.5	491.6	422.1	400.3	474.2	5%	18%	468.1	1%
Construction chemicals	345.4	347.0	293.9	290.0	319.8	-7%	10%	348.1	-8%
Other products	58.6	91.4	80.0	62.2	92.8	58%	49%	74.0	25%
Goods	47.6	51.8	44.8	42.4	53.2	12%	25%	45.0	18%
Services	1.0	1.4	3.4	5.6	8.4	+	51%	1.0	744%
Gross profit	139.5	179.2	112.1	135.4	163.0	17%	20%	154.5	6%
Selling costs	74.1	73.6	80.3	71.1	80.8	9%	14%	77.2	5%
G&A costs	36.9	35.5	42.4	36.2	39.4	7%	9%	37.0	6%
Other operating items, net	0.2	0.5	19.0	-0.6	1.0	335%	-	0.0	-
EBITDA	38.6	80.7	19.3	38.1	54.8	42%	44%	51.0	8%
EBIT	28.7	70.5	8.4	27.5	43.8	52%	59%	40.2	9%
Net profit	11.9	54.9	-11.6	19.1	25.1	111%	32%	21.1	19%
OCF	-28.0	157.8	29.7	8.0	21.8	-	173%		
Net debt	135.9	61.6	150.0	190.4	190.0	40%	0%		
P/E 12M trailing	14.1	12.6	19.9	13.4	11.4				
EV/EBITDA 12M trailing	6.6	6.1	7.7	6.7	6.1				
revenue y/y	-9%	-14%	-11%	-3%	5%				
Gross margin	30.8%	36.5%	26.6%	33.8%	34.4%			33.0%	1.4%
EBITDA margin	8.5%	16.4%	4.6%	9.5%	11.6%			10.9%	0.7%
EBIT margin	6.4%	14.3%	2.0%	6.9%	9.2%			8.6%	0.6%
net margin	2.6%	11.2%	-	4.8%	5.3%			4.5%	0.8%

Source: Company, Trigon DM

Comment: We view the results positively. Revenues were close to our expectations, but differed in structure, with lower y/y results in construction chemicals (-7% y/y), while increases were achieved in other products, including insulation chemicals (58% y/y) and commodities (+12% y/y). In our 2Q24 results, we assumed c. PLN 20mn of revenue from Imperialum, which was acquired last year and has been consolidated since September'23. We were positively surprised by the level of gross margin realised. Here, we assumed a 2.2pp y/y increase (we were paying attention to the decline in MDI prices), while the revision was higher at 3.6pp y/y. The performance of polyurethane suppliers indicated a decline in chemical prices, which was also positively reflected in the gross margin. Given the current situation in the European residential/construction market, the 2Q24 results should be viewed positively. The European market does not see at the moment any widespread implementation of subsidies for thermo-modernisation, so we expect an increase in the Company's sales in the 2025 horizon. Perhaps a temporary increase in ocean freight prices will also translate positively in the short term into limited competition from Chinese suppliers of cheaper construction chemicals, but the scale of this impact is difficult to quantify. In 2H24, we assume EBITDA of PLN 83m vs. PLN 100m in 2H23, with the balance of other operating activities in 4Q23 at PLN +19m, so our expected level of adj EBITDA is comparable y/y. Our July assumptions were based on continued weaker demand in 2H24 with a rebound in 2H24 vs 2Q24 commodity prices, but the latest commodity price data shows a decline in benzene and MDI prices, giving us room to raise our gross margin expectation in 2H24. (Łukasz Rudnik)

PLNm	2021	2022	2023	2024E	2025E	2026E	FACT SHEET
Revenues	1,728	1,963	1,778	1,821	1,991	2,087	Ticker SEL
EBITDA	137	199	149	172	187	198	Sector Building materials
EBIT	93	154	108	129	142	152	52W range (PLN) 24.6 / 39.9
Net profit	103	112	50	80	94	111	Shares outstanding (m) 26.8
EPS (PLN)	4.5	4.9	2.2	3.5	4.1	4.8	Market Cap (PLNm) 996
P/E (x)	8.3	7.6	16.9	10.5	9.0	7.7	Free-float 34.3%
EV/EBITDA (x)	6.8	4.1	6.7	6.0	5.4	4.8	3M Avg. Vol. (PLNm) 0.1
P/BV (x)	1.4	1.2	1.2	1.1	1.0	0.9	Price performance
DY (%)	0.0%	0.0%	3.6%	4.0%	3.2%	3.2%	1M -1.6% 3M 5.1% 1Y 47.2%

Source: Company, Trigon DM

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