

Stalprofil

3Q'24 EBITDA in line with our fcst., lower revenues offset by higher margin

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Stalprofil has published its 3Q'24 earnings with following highlights:

- **Revenues** of PLN 355.6mn (-10.6% y/y and -8.3% q/q), including Steel segment of PLN 226.1mn (+1% y/y) and Infrastructure segment of PLN 129.5mn (-25.9% y/y)
- **Gross profit** amounted to PLN 32.3mn, including Steel segment of PLN 12.0mn and Infrastructure segment of PLN 20.3mn
- **Gross profit margin** of 9.1% (+2.2pp. y/y and +1.5pp. q/q), where Steel segment's gross profit margin amounted to 5.3% (-0.7pp. y/y and +0.7pp q/q) and Infrastructure segment of 15.7% (+7.8pp. y/y and +3.6pp. q/q)
- **EBITDA** amounted to PLN 11.6mn i.e. in line with our forecast and EBITDA margin of 3.2% (+0.7pp. y/y and +0.1pp. q/q)
- **Net profit (parent company)** of PLN 2.9mn vs. PLN 0.8mn year ago
- **Net debt** of 50.3mn (vs. PLN 92.1mn a quarter ago), which implies of ND/EBITDA LTM of 1.0x vs. 1.9x a quarter ago.
- **OCF** of PLN 41.2mn vs. PLN 41.6mn a year ago

Our view: NEUTRAL

We are neutral on the 3Q24 results, as consolidated EBITDA is in line with our assumptions. However, our revenue estimates were 10% higher than the final results. This means that Stalprofil delivered EBITDA margin 0.3pp higher vs. our fcst.

The steel segment reported gross profit margin of 5.3% (i.e. 0.3pp. higher vs. our fcst), despite lower steel prices by c. Y/Y of 7.8-15.8% or Q/Q of 4.3%-9.0% based on European steel plate or HRC steel prices. According to the World Steel Association, EU (27) crude steel production in Jul-Sep'24 increased by 1.3% y/y vs. the corresponding period of the previous year, which could indicate that steel distribution volumes in 3Q'24 could be slightly better vs. 3Q'23. In Oct'24 the Y/Y dynamics of steel production in the EU increased by 6.6%.

In infrastructure segment Stalprofil achieved revenues of PLN 129.5mn i.e. PLN 46.5mn below our forecast, on the other hand we assume gross profit margin of 11.0% but the company's gross profit margin was 15.7%, which means that the higher gross profit margin supported the results. However, it needs to be mentioned that in 2024 we observe the revival in infrastructure segment with new tenders organized mainly by Gaz-System. This will be reflected in the company's results in FY25 when the supply of insulated pipes or construction will be executed. In 2025e STF will significantly increase its revenues in the Infrastructure segment.

The ND/EBITDA LTM ratio remains at a secure level of 1.0x. In 3Q'24 net income (parent company) amounted to PLN 3.7mn, where assuming current market capitalization of c. PLN 147mn, it implies P/E ratio of 8.3x.

Stalprofil – 3Q'24 results

PLN mn	2Q'23	3Q'23	4Q'23	1Q'24	2Q'24	3Q'24	Y/Y	Q/Q	Pekao	vs. Pekao	2022	2023	2024e	2025e
Revenues	318.6	397.6	313.6	349.3	388.0	355.6	-10.6%	-8.3%	396.0	-10%	2,215.6	1,533.8	1,720.4	2,242.0
Gross profit	32.7	27.2	30.1	33.3	29.6	32.3	18.8%	9.2%	30.4	6%	218.0	132.0	138.8	195.9
EBITDA	16.6	10.2	10.1	14.8	12.4	11.6	13.3%	-6.7%	11.5	0%	125.5	54.5	56.8	81.1
EBIT	12.2	6.0	5.6	10.1	7.7	6.8	13.1%	-11.9%	6.8	0%	109.4	37.1	39.8	63.6
Net profit	3.3	0.8	5.1	5.1	4.6	2.9	262.9%	-37.3%	4.5	-36%	78.7	15.6	20.6	37.3
CF/BS														
Operating CF	62.9	41.6	-0.8	-26.9	1.8	41.2								
Investing CF	-1.8	-25.0	-12.7	3.5	15.8	10.4								
Financing CF	-46.3	-26.2	18.0	16.4	-35.7	-47.7								
ND	59.1	60.9	77.4	104.5	92.1	50.3								
ND/EBITDA LTM	0.9	1.2	1.4	2.0	1.9	1.0								
Margins														
Gross profit	10.3%	6.8%	9.6%	9.5%	7.6%	9.1%	2.2 pp.	1.5 pp.			9.8%	8.6%	8.1%	8.7%
EBITDA	5.2%	2.6%	3.2%	4.2%	3.2%	3.2%	0.7 pp.	0.1 pp.			5.7%	3.6%	3.3%	3.6%
Divisions														
Steel														
Revenues	214	223	195	188	233	226.1	1.4%	-2.8%						
Gross profit	5	14	12	16	11	12.0	-11.0%	10.8%						
Gross profit margin	2.3%	6.1%	6.4%	8.6%	4.7%	5.3%	-0.7 pp.	0.7 pp.						
Infrastructure														
Revenues	105	175	119	161	155	129.5	-25.9%	-16.7%						
Gross profit	28	14	18	17	19	20.3	48.1%	8.2%						
Gross profit margin	26.5%	7.8%	14.8%	10.7%	12.1%	15.7%	7.8 pp.	3.6 pp.						

Source: Company, Pekao Equity Research

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