

Skarbiec Holding

(Buy, TP PLN 32.0)

As of October 25th, 2024

2Q24/25 net profit at PLN 24m, in line with preliminary numbers, 10% above our estimates.

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Skarbiec Holding released 2Q24/25 (calendar 4Q24) figures with the following highlights:

- **In 2Q2024/25 (calendar 4Q24) Skarbiec Holding reported net profit at PLN 24.4m**, broadly in line with preliminary numbers (PLN 24.7m) and 10% above our estimates (PLN 22.1m). Earnings beat was driven by better than expected revenues (+11% vs. our assumptions) largely on the back of better success fee, but also by slightly lower operating costs (-2% vs. our estimates). Net financial income was slightly lower than we have assumed and effective income tax slightly higher (19% vs. expected 12%).
- **Fixed fee** declined -11% y/y (-1% q/q) and was in line with our expectations with margin on average AUM at 1.01% (vs. 1.02% in 3Q24 and 1.10% in 4Q23). Fixed fee was affected by changes in AUM (-3% y/y, 5% q/q), but also by changing asset mix with share of equity funds in AUM at 42% in 4Q24 (vs. 44% in 3Q24 and 41% in 4Q23).
- Reported **success fee** in 4Q24 came in at PLN 41.7m vs. our estimates at PLN 36.4m. (and vs. 2.0m in 3Q24 and PLN 2.9m in 4Q23).
- **Distribution costs** came in at PLN 4.7m (-29% y/y, -29% q/q) and represented 34% of fixed fee (vs. 47% in 3Q24 and 42% in 4Q23). Total HR costs grew 206% y/y (177% q/q) and other costs declined -13% y/y (18% q/q).
- At the end of 4Q24 **AUM** of Skarbiec TFI came in at PLN 5,687m (-3% y/y, 5% q/q). On a y/y basis, growth of portfolios (24% y/y) was more than offset by declining AUM of debt (-37% y/y) and dedicated (-72% y/y) funds. AUM of equity funds were flat (0% y/y). Quarterly growth of total AUM was driven by rising assets of portfolios (12% q/q), while equity, debt and dedicated funds were flattish (0% y/y, 1% y/y and -1% y/y, respectively).
- In 4Q24 **net flows** to Skarbiec TFI (ex. portfolios) came in at PLN -63m vs. PLN -301m in 3Q24. In FY 2024 net flows came in at PLN -489m vs. PLN +83m in FY 2023.

Our view: POSITIVE

Final 2Q24/25 net profit of Skarbiec Holding came in at PLN 24.4m and was 10% above our estimates, but was also broadly in line with preliminary numbers published on 24th of March. Earnings beat was driven by better than expected success fee, but also by slightly lower operating costs. In the same time net financial income was slightly lower than we have assumed and effective income tax slightly higher. Success fee came in at PLN 42m (vs. our assumption of PLN 36m) and was driven by strong rates of return of investment funds (including SSW). There were no surprises in fixed fee. As far as opex is concerned, we point at unexpectedly low distribution costs, that declined -29% both on y/y and q/q basis. All in all, calendar 4Q24 was very good for Skarbiec Holding with high earnings supported by strong success fee. Looking ahead - we point at very volatile numbers of Skarbiec Spolek Wzrostowych that strongly outperformed its benchmark in 4Q24, but had worse performance in 2025 YTD. At the end of 4Q24 Skarbiec had PLN 128m of cash&equivalents (vs. PLN 133m in 3Q24) vs. current MCAP of PLN 160m. We point at boost for earnings coming from acquisition of Noble Securities (not included yet in our recent recommendation).

Skarbiec Holding – AUM, PLN mn (calendar quarters)

	4Q23	1Q24	2Q24	3Q24	4Q24	y/y	q/q
Equity	2 408	2 605	2 647	2 418	2 415	0%	0%
Debt	1 612	1 709	946	1 001	1 012	-37%	1%
Deidcated	56	56	51	16	16	-72%	-1%
Portfolios	1 808	1 882	1 914	1 999	2 245	24%	12%
Total	5 884	6 252	5 556	5 434	5 687	-3%	5%

Source: Company, Pekao Equity Research

Skarbiec Holding – P&L, PLN mn (calendar quarters)

	4Q23	1Q24	2Q24	3Q24	4Q24	y/y	q/q	Pekao	vs. Pekao
Total revenues	18.6	19.2	17.7	16.8	55.4	197%	230%	50.0	11%
- fixed fee	15.5	15.7	14.0	13.9	13.8	-11%	-1%	13.8	-1%
- success fee	2.9	3.5	3.7	2.0	41.7	1337%	2029%	36.4	15%
Operating costs	-19.8	-18.8	-19.3	-18.4	-26.1	32%	42%	-26.7	-2%
EBIT	-1.0	0.4	-2.0	-1.6	28.7	na	na	23.3	na
EBITDA	-0.5	1.2	-1.2	-0.8	29.6	na	na	24.1	na
Net financial income	1.4	1.7	1.8	1.7	1.5	6%	-9%	1.8	-14%
Pre-tax profit	0.4	2.1	-0.2	0.1	30.3	na	na	25.1	21%
Net profit	-0.2	2.5	2.8	0.1	24.4	na	na	22.1	10%

Source: Company, Pekao Equity Research

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Analyst	Position	Financial instrument	Number of instruments	Exposure (long/short)	Average transactions price	Transactions dates
Michał Fidelus	Expert, Analyst	Skarbiec Holding	0			

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Discount models are characterized by simultaneous and comprehensive consideration of key determinants of intrinsic value, e.g. operating cash flow, capex, cost of capital (WACC). They are theoretically appealing and provide a direct computation of intrinsic value. However, discount model valuations are highly sensitive to changes in assumptions, particularly the risk free rate and terminal growth rate. Moreover, projections cannot be stated with certainty; unforeseen future events can cause income or earnings projections to be invalid.

Multiples-based models are based on the analysis of the valuation multipliers of a given company in relation to other similar companies in the industry. Among strengths of multiplier models we can highlight their simplicity, as they are easy to compute as well as to understand. Moreover, only the key statistics for investors are chosen for valuation. On the other hand, multiples are based on historic data or near-term forecasts. Valuations based on multiples will therefore fail to capture differences in projected performance over the longer term. Finally, it may be problematic to select a suitable peer group.

Asset-based models can be used even if a company has a brief record of earnings or its future existence is uncertain. However, it may be challenging to determine market value of some assets, particularly intangibles. Additionally, asset-based models do not take into account future changes in financial results, nor do they include non-balance sheet items, such as know-how.

Valuation models are dependent on macroeconomic factors, such as interest rates, exchange rates, raw materials, and on assumptions about the economy. Furthermore, market sentiment affects the valuation of companies. The valuation is also based on expectations that might change rapidly and without notice, depending on developments specific to individual industries. Our recommendations and target prices derived from the models might therefore change accordingly.

The investment ratings generally relate to a 12-month horizon. They are, however, also subject to market conditions and can only represent a snapshot. The ratings may in fact be achieved more quickly or slowly than expected, or need to be revised upward or downward. In the tables and charts throughout this report, we designate the years with an "E" to denote that the figures presented are forecasts and estimates.

Definition of ratings used in our publications:

We currently use a three-tier recommendation system for the stocks in our formal coverage: Buy, Hold, or Sell (see definitions below):

A **Buy** is applied when the expected total return over the next twelve months is higher than 15%.

A **Hold** is applied when the expected total return over the next twelve months is within the range of 0% to 15%.

A **Sell** is applied when the stock's expected total return over the next twelve months is negative.

We employ three further categorizations for stocks in our coverage:

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P/E – „Price/Earnings” is the ratio of the financial instrument price to the net financial result for the issuer of the financial instrument.

P/B – „Price/Book Value” is the ratio of the price of the financial instrument to the issuer’s equity capital.

EPS – „Earnings per Share”, i.e. net profit per share.

BVPS – „Book Value per Share”.

FWD – „Forward” - stands for the ratio (eg. P/E) calculated on the basis of the expected results.

DPS – „Dividend per Share”.

DY – “Dividend Yield”, a ratio calculated as dividends per share divided by the current share price.

EBIT – „Earnings Before Interest and Taxes”.

EBITDA - „Enterprise Value / Earnings Before Interest, Taxes, Depreciation and Amortization”.

EV/EBITDA – “Enterprise Value / Earnings Before Interest, Taxes, Depreciation and Amortization” is the company's market capitalization (price x number of shares) increased by the value of net financial debt and the value of minority shareholders divided by the operating result increased by the value of the company's asset depreciation.

AGM – Annual General Meeting