

FLASH NOTE

Seco Warwick - Hold

Target Price: PLN 29.32 | Close as of 24/04/2025: PLN 27.00

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1Q25 results preview

Seco Wawick will report 1Q25 results on May 15.

In 1Q25, we expect **sales revenue** to increase 1% y/y to PLN 184mn. We assume significantly higher revenues in CAB AP due to a large realization for an Asian customer. On the other hand, we assume lower y/y revenues in vacuum furnaces.

PLN mn	1Q25e	1Q24	y/y	2025e	YTD
Revenues	184	182	1%	753	24%
EBITDA	13	14	-7%	48	26%
EBITDA margin	7%	7%		6%	
EBIT	8	9	-13%	29	27%
Net income	6	6	-12%	21	27%

EBITDA in 1Q25 may be slightly below last year's level in our view. We assume a y/y improvement in gross sales with higher SG&A costs.

PLN mn	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	Q1'25e	y/y
Vacuum furnaces	45	49	48	42	45	42	43	39	35	-21%
Atmosphere furnaces	0	0	0	0	0	0	0	0	0	
CAB AP	33	41	32	32	35	31	35	36	47	34%
Vacuum metallurgy	60	50	39	58	64	53	53	67	64	-1%
Aftersales	33	39	33	49	38	54	41	38	39	1%
Other	0	0	-2	2	0	0	0	0	0	-
EBITDA	16	13	12	15	14	7	11	19	13	-7%
EBITDA margin	10%	7%	8%	9%	7%	4%	6%	10%	7%	
OCF	2	-9	10	56	7	-6	40	61	3	-62%
Backlog	560	525	530	776	686	635	695	767	683	-1%
Order intake	174	136	157	436	98	114	233	-	100	2%

We assume that after a strong 4Q24 in terms of cash generation, the next quarter will bring normalization. **Net debt** at the end of 1Q25, in our view, could be at the level of several mn PLN of net cash.

We also assume that after a strong 4Q24 in terms of new order inflows, the beginning of the year will bring normalization. We assume that the **order backlog** will consolidate slightly below PLN 700mn at the end of 1Q25.

OPINION: **NEUTRAL**

In our view, 1Q25 will bring a slow start to the execution of the record order backlog that Seco Warwick had at the end of 2024. The ongoing trade wars are introducing a lot of uncertainty among customers, although the company is not seeing cancellations of already contracted investments. We also assume that the trade wars may cause customers to delay signing new contracts for durable goods at the beginning of the year. For the full year, however, we would see our full-year 2025 forecast at a rather conservative level (with a chance of exceeding it).

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

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Published by:

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00-103 Warsaw, Poland, Krolewska 16
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