

Stalprofil

1Q'25 EBITDA of PLN 13.6mn i.e. 2.2% above our fcst., revenues better than expected, but margins depleted the result

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Stalprofil has published its 1Q'25 earnings with following highlights:

- **Revenues** of PLN 573.3mn (+64% y/y and -6% q/q), including Steel segment of PLN 263.8mn (+40% y/y and -25% q/q) and Infrastructure segment of PLN 309.5mn (+92% y/y and +19% q/q)
- **Gross profit** amounted to PLN 42.9mn, including Steel segment of PLN 15.2mn and Infrastructure segment of PLN 27.6mn
- **Gross profit margin** of 7.5% (-2.1pp. y/y and +1.5pp. q/q), where Steel segment's gross profit margin amounted to 5.8% (-2.8pp. y/y and +1.9pp. q/q) and Infrastructure segment of 8.9% (-1.7pp. y/y and +0.1pp. q/q)
- **EBITDA** amounted to PLN 13.6mn vs. our fcst. of PLN 13.3mn
- **Financing cost** of PLN 5.7vs. PLN 3.4mn a year ago
- **Net profit (parent company)** of PLN 1.2mn vs. PLN 5.1mn year ago
- **Net debt** of 120.4mn (vs. PLN 162.4mn a quarter ago), which implies of ND/EBITDA LTM of 2.6x vs. 3.5x a quarter ago.
- **Inventories** of PLN 403.9mn i.e. up 38.8% y/y and -8.8% q/q
- **OCF** of PLN +46.9mn vs. PLN -26.9mn a year ago

Also, Stalprofil's AGM decided that the company will allocate PLN 5.25m as dividend, which amounts to DPS of PLN 0.3. The dividend record date will be August 20, and the dividend payment date has been set on September 10.

Our view: NEUTRAL

We view 1Q'25 neutrally as STF improved its top line in both segments, as revenues amounted to PLN 573.3mn i.e. 23% above our forecast, but due to weak margin in steel and infrastructure segment and higher SG&A cost, EBITDA amounted to PLN 13.6mn (i.e. 2% above our fcst.) - EBITDA margin amounted to 2.4% i.e. down 1.9pp. y/y.

The steel segment reported gross profit margin of 5.8% i.e. down 2.8pp. y/y, as in Q1 steel prices were lower by c. 4.5%-12.3% Y/Y based on European steel plate or HRC steel prices, but in Q1 the price of steel dynamic was rather flat based on profil HEB 200 or hot-rolled sheet. However, despite weak demand in the Polish steel market in Jan-Feb'25, which saw a 7% y/y decrease in demand, STF increased its volume by 55% y/y. In the infrastructure segment, Stalprofil's gross profit margin decreased by 1.7pp. y/y.

Please note that due to higher steel volumes and, more importantly, an increase in new infrastructure agreements, STF has had to increase its inventories by 38.8% year on year. This has slightly increased the Group's net debt by PLN 15.8mn. The question is whether the further realisation of new infrastructure agreements will result in higher net debt and financing costs for the Group. The ND/EBITDA LTM ratio was 2.6x vs. 2.0x a year ago. In 1Q'25, net income amounted to PLN 1.2mn. Assuming a current market capitalisation of around PLN 144mn, this implies a P/E ratio of 13.6x. For 2025e, we expect net income of PLN 17.4mn, which implies a P/E ratio of 8.3x.

Stalprofil – 1Q'25 results

PLN mn	4Q'23	1Q'24	2Q'24	3Q'24	4Q'24	1Q'25	Y/Y	Q/Q	Pekao	vs. Pekao	2023	2024	2025e
Revenues	313.6	349.3	388.0	355.6	611.2	573.3	64%	-6%	466.1	23%	1,533.8	1,704.0	2,209.9
Gross profit	30.1	33.3	29.6	32.3	36.5	42.9	29%	17%	33.1	30%	132.0	131.7	157.5
EBITDA	10.1	14.8	12.4	11.6	8.2	13.6	-8%	66%	13.3	2%	54.5	47.0	55.4
EBIT	5.6	10.1	7.7	6.8	3.2	8.4	-17%	160%	8.5	-1%	37.1	27.9	36.0
Net profit	5.1	5.1	4.6	2.9	1.8	1.2	-76%	-31%	4.0	-69%	15.6	14.5	17.4
CF/BS													
Operating CF	-0.8	-26.9	1.8	41.2	-105.6	46.9							
Investing CF	-12.7	3.5	15.8	10.4	-3.7	-1.4							
Financing CF	18.0	16.4	-35.7	-47.7	117.4	-25.6							
ND	77.4	104.5	92.1	50.3	162.4	120.4							
ND/EBITDA LTM	1.4	2.0	1.9	1.0	3.5	2.6							
Margins													
Gross profit	9.6%	9.5%	7.6%	9.1%	6.0%	7.5%	-2.1 pp.	1.5 pp.			8.6%	7.7%	7.1%
EBITDA	3.2%	4.2%	3.2%	3.2%	1.3%	2.4%	-1.9 pp.	1.0 pp.			3.6%	2.8%	2.5%
Divisions													
Steel													
Revenues	195	188	233	226	351	263.8	40%	-25%					
Gross profit	12	16	11	12	14	15.2	-5%	12%					
Gross profit margin	6.4%	8.6%	4.7%	5.3%	3.9%	5.8%	-2.8 pp.	1.9 pp.					
Infrastructure													
Revenues	119	161	155	129	260	309.5	92%	19%					
Gross profit	18	17	19	20	23	27.6	61%	21%					
Gross profit margin	14.8%	10.7%	12.1%	15.7%	8.8%	8.9%	-1.7 pp.	0.1 pp.					

Source: Company, Pekao Equity Research

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