

613/2021/AR

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
Action	Buy	20.7	Overweight	Jakub K. Viscardi +48 22 504 32 58

Event: 3Q21 results' forecasts.

On November 29 Action will release its 3Q21 financial results which should reveal the high profit growth dynamic continued owing to high growth dynamics of revenues (already reported) and gross profit margin level (already reported) paired with the positive restructuring effects.

Basing on the already reported monthly sales figures for July, August and September, we expect a 16% yoy growth of 3Q21 revenues to PLN 540 million assuming an improvement to be seen in all the product categories. Favorable impact on the margins realized should come from good market environment prevailing throughout 3Q21 including a high demand for IT hardware and its shortage. In July, August and September Action's gross profit margin reached c. 7.9% vs 6.8% in 3Q20.

Given (i) a double-digit growth dynamic of sales (positive impact of the operating leverage), (ii) high gross profit margin on sales, and (iii) effects of the implemented restructuring, we forecast 3Q21 EBITDA at PLN 15.3 million (up 74% yoy). With the D&A assumed at PLN 2.1 million we expect PLN 13.2 of EBIT (up 96% yoy) in 3Q21. Finally, after we assumed a discount on the arrangement liabilities at PLN 800 ths. and the effective tax rate at 17%, we estimate the Company's net profit to reach PLN 10.1 million in 3Q21 (up 51% yoy).

Action; 3Q21E financial results

IFRS, consolidated (PLN million)	3Q21			3Q20			Realization of FY financial forecast in:			
	3Q21	3Q20	yoy	1-3Q21	1-3Q20	yoy	3Q21	3Q20	1-3Q21	1-3Q20
Sales	540.1	464.8	16%	1599.3	1412.8	13%	24%	23%	70%	69%
EBITDA	15.3	8.8	74%	89.2	17.6	406%	14%	5%	83%	11%
EBITDA margin	2.8%	1.9%	-	5.6%	1.2%	-	-	-	-	-
Adj EBITDA	15.3	8.8	74%	51.2	17.6	190%	22%	34%	74%	67%
Adj EBITDA margin	2.8%	1.9%	-	3.2%	1.2%	-	-	-	-	-
EBIT	13.2	6.7	96%	82.9	11.4	625%	13%	4%	84%	7%
EBIT margin	2.4%	1.5%	-	5.2%	0.8%	-	-	-	-	-
Adj EBIT	13.2	6.7	96%	45.0	11.4	293%	22%	37%	74%	63%
Adj EBIT margin	2.4%	1.5%	-	2.8%	0.8%	-	-	-	-	-
Gross profit	12.3	6.7	83%	80.4	11.4	605%	13%	4%	84%	6%
Gross profit margin	2.3%	1.4%	-	5.0%	0.8%	-	-	-	-	-
Adj gross profit	12.3	6.7	83%	42.4	11.4	272%	21%	37%	73%	62%
Adj gross profit margin	2.3%	1.4%	-	2.7%	0.8%	-	-	-	-	-
Net profit	10.1	6.7	51%	72.4	11.5	529%	10%	4%	75%	6%
Net profit margin	1.9%	1.4%	-	4.5%	0.8%	-	-	-	-	-
Adj net profit	10.1	6.7	51%	41.6	11.5	262%	17%	27%	71%	47%
Adj net profit margin	1.9%	1.4%	-	2.6%	0.8%	-	-	-	-	-

Adjusted profits

Profit adjusted for the release of provision in the amount of PLN 38 million created with respect to the investigation of the Customs and Tax office.
 Source: Company, DM BOS SA estimates

Expected impact: Depending on the divergences between the results reported and our forecasts.

The report is not a recommendation within the meaning of Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest.