

656/2021/AR

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
LSI Software	Buy	23.1	Overweight	Tomasz Rodak, CFA

Event: 3Q21 financials – close to our expectations.

Before today's session, LSI Software released their 3Q21 financial results. **3Q21 EBIT stands at PLN -0.6 million vs PLN -0.3 million expected by us.**

- 3Q21 revenues reached PLN 10.5 million, in accordance with earlier published preliminary data;
- Sales of both, the production and distribution segments were close to our forecasts;
- 3Q21 gross profit on sales at PLN 2.5 million arrived 20% below our expectations;
- D&A charges in 3Q21 stand at PLN 1 million (we assumed PLN 1.05 million);
- **3Q21 EBIT stands at PLN -0.6 million vs PLN -0.3 million expected by us;**
- The Company paid a tax at PLN 0.1 million while we forecasted it at PLN -0.05 million;
- The OCF reached PLN 1.5 million vs PLN -2.2 million a year ago;
- Cash amounted to PLN 15.2 million eop. 3Q21 vs PLN 14.6 million eop. 2Q21

LSI Software; 3Q21 results vs forecast

IFRS consolidated (PLN m)	3Q21E		3Q21A vs. expectations (DM BOŚ's)	3Q20	yoy chg
	3Q21	DM BOŚ			
Sales	10.5	10.5	→	11.3	-7%
Production	5.9	5.8	→	6.4	-7%
Distribution	4.6	4.7	→	4.9	-7%
Gross profit on sales	2.5	3.1	↓	0.9	163%
Gross profit margin	23.60%	29.60%	-	8.40%	-
EBITDA	0.4	0.8	→	2.3	-81%
EBITDA margin	4.20%	7.40%	-	20.70%	-
EBIT	-0.6	-0.3	→	1.2	-145%
EBIT margin	-5.40%	-2.60%	-	11.10%	-
Pre-tax profit	-0.4	-0.3	→	1.3	-135%
Pre-tax margin	-4.30%	-3.20%	-	11.30%	-
Net profit	-0.6	-0.3	→	1.3	-144%
Net margin	-5.30%	-2.70%	-	11.30%	-

Source: Company, DM BOŚ estimates

Expected impact: *Neutral – the results are relatively weak, but in line with our expectations. It might have been expected after wear preliminary revenues reported earlier. However, we underline that fourth quarters are seasonally the strongest and the Company may still come close to our FY21 forecasts (PLN 48.6 million revenues; PLN 7.3 million net profit). It must be stressed, however, that potential economy lock-downs would create a risk.*

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.