

This report is prepared for the Warsaw Stock Exchange SA within the framework of the Analytical Coverage Support Program 4.0.

111/2024/AR/March 6, 2024

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
Action	Buy	21.6	Neutral	Jakub K. Viscardi

Event: 4Q23 results forecasts.

On April 26 Action will release 4Q23 financial results, albeit some preliminary figures may be published earlier. Given monthly sales and gross margin on sales reported by the Company we expect a high single-digit revenue yoy growth dynamic in 4Q23 coupled with the erosion of operating figures though due to continued pressure on costs of sales irrespective of a still relatively high gross margin on sales.

Based on reported data for October, November and December we forecast a 9% yoy growth of 4Q23 revenues to PLN 737.7 million assuming a growth of revenues in the IT hardware segment coupled with rising yoy revenues in other segments. Action's gross margin on sales in October/ November/ December stood at 7.6%/7.7%/7.6%, vs 7.5%/7.8%/8.0% in October/ November/ December in 2022 (preliminary data). We assume that the final gross margin on sales may exceed the preliminary figures (as it was the case in previous quarters), and expect it to reach 8.9% vs 9.0% in 4Q22.

Taking into account on the one hand (i) 9% revenue growth (positive effect of the operating leverage) and (ii) continued pressure on costs of sales (logistics, wages, etc.), and on the other (i) positive effects of restructuring and (ii) high gross margin on sales we forecast the Company's 4Q23 EBITDA at PLN 21.2 million (down 3% yoy) with the EBITDA margin expected at 2.9% (down 0.3 pp yoy). Assuming D&A at PLN 3.3 million we expect EBIT to reach PLN 18.9 million (down 3% yoy). We expect the effective tax rate at 19% in the discussed period and thus forecast Action's 4Q23 net profit at PLN 15.6 million (down 18% yoy).

Action; 4Q23 results forecasts

IFRS, consolidated (PLN m)	4Q23	4Q22	yoy	1-4Q23	1-4Q22	yoy	4Q23	4Q22
Revenues	736.7	674.6	9%	2,523.9	2,367.0	7%	29%	29%
Gross profit on sales	65.6	60.7	8%	221.7	207.8	7%	30%	29%
Gross margin on sales	8.9%	9.0%	-	8.8%	8.8%	-	-	-
EBITDA	21.2	21.7	-3%	55.4	61.4	-10%	38%	35%
EBITDA margin	2.9%	3.2%	-	2.2%	2.6%	-	-	-
EBIT	18.9	19.5	-3%	46.3	52.8	-12%	41%	37%
EBIT margin	2.6%	2.9%	-	1.8%	2.2%	-	-	-
Gross profit	19.3	22.6	-15%	47.4	59.0	-20%	41%	38%
Gross margin	2.6%	3.4%	-	1.9%	2.5%	-	-	-
Adj gross profit	19.3	22.6	-15%	47.4	55.6	-15%	41%	41%
Adj gross margin	2.6%	3.4%	-	1.9%	2.4%	-	-	-
Net profit	15.5	19.0	-18%	38.0	49.0	-22%	41%	39%
Adj net margin	2.1%	2.8%	-	1.5%	2.1%	-	-	-
Adj net profit	15.5	19.0	-18%	38.0	46.2	-18%	41%	41%
Adj net margin	2.1%	2.8%	-	1.5%	2.0%	-	-	-

Adjusted profits
 FY22 net profit adjusted for a PLN 2.8 million tax interest
 Source: Company, DM BOS SA estimates

We adjust our financial forecasts for FY23 and onwards after the incorporation of ours 4Q23 expectations (see the table below).

Action; forecast changes

IFRS, consolidated (PLN m)	2023E (current)	2023E (previous)	change	2024E (current)	2024E (previous)	change	2025E (current)	2025E (previous)	change
Sales	2,523.9	2,501.1	1%	2,669.1	2,645.0	1%	2,811.6	2,786.3	1%
EBITDA	55.4	54.8	1%	59.0	57.7	2%	63.1	61.8	2%
EBIT	46.3	45.7	1%	49.6	48.4	3%	53.6	52.3	3%
Net profit	38.0	37.6	1%	41.8	40.8	2%	44.7	43.6	2%
Net debt	-9.2	-11.5	-20%	-55.5	-56.8	-2%	-92.5	-92.9	0%

Source: Company, DM BOS SA estimates

Expected impact: Depending on the differences between reported figures and our expectations.



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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.