

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

336/2024/AR/May 29, 2024

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
<b>Action</b>	<b>Buy</b>	<b>25.0</b>	<b>Neutral</b>	Jakub K. Viscardi

**Event: 1Q24 financial results released – adj NP down 34% yoy; strong CFO.**

Today, in the morning, Action released 1Q24 financial results.

- 1Q24 revenues at PLN 615.6 million (up 5% yoy) turned to be in line with preliminary figures.
- **The gross margin on sales reached 8.6%** and was slightly/materially above our forecast/ preliminary monthly data at 8.3%/7.8%.
- Reported operating figures were supported by a **one-off gain on the real estate disposal at PLN 12.2 million** (we assumed PLN 11 million gross) and in result, **EBITDA and EBIT in 1Q24 reached PLN 21.7 million** (up 64% yoy) and **PLN 19.6 million** (up 78% yoy), respectively, and were 2% and 3%, respectively above our expectations.
- Adj EBITDA and EBIT fell 28%/32% yoy to PLN 9.5/7.5 million (both 7% below our forecasts).
- **The SG&A costs to sales ratio stood at 7.4% in 1Q24 vs 6.9% in 1Q23**; we assumed it at 7.0%.
- **Adj EBITDA margin fell to 1.5%** vs 1.7% expected by us and 2.3% in 1Q23.
- Adj PBT was lowered by a discount on the arrangement liabilities (PLN 0.7 million) and reached PLN 8.2 million (down 25% yoy) vs PLN 9.1 million we expected.
- **Adj net profit reached PLN 6.1 million** (down 34% yoy) vs our forecast at PLN 7.4 million. The effective tax rate stood at 21.7% in the discussed quarter while we assumed 19.0%.
- **CFO in 1Q24** was positive and materially stronger yoy reaching **PLN 56.9 million** vs 38.0 million a year ago.

**Action; 1Q24 financial results**

IFRS, consolidated (PLN million)	1Q24A	1Q24E (DM BOS)	Results vs forecasts	1Q23	yoy chg
Sales	615.6	613.8	→	586.2	5%
Gross profit on sales	53.0	51.0	→	51.1	4%
Gross margin sales	8.6%	8.3%	-	8.7%	-
EBITDA	21.7	21.3	→	13.2	64%
EBITDA margin	3.5%	3.5%	-	2.3%	-
Adj EBITDA	9.5	10.3	↓	13.2	-28%
Adj EBITDA margin	1.5%	1.7%	-	2.3%	-
EBIT	19.6	19.1	→	11.0	78%
EBIT margin	3.2%	3.1%	-	1.9%	-
Adj EBIT	7.5	8.1	↓	11.0	-32%
Adj EBIT margin	1.2%	1.3%	-	1.9%	-
PBT	20.4	20.1	→	11.0	85%
Gross margin	3.3%	3.3%	-	1.9%	-
Adj gross profit	8.2	9.1	↓	11.0	-25%
Adj gross margin	1.3%	1.5%	-	1.9%	-
Net profit	16.0	16.3	→	9.3	72%
Net margin	2.6%	2.7%	-	1.6%	-
Adj net profit	6.1	7.4	↓	9.3	-34%
Adj net margin	1.0%	1.2%	-	1.6%	-

**Adjusted profits**

1Q24E profits (BOS) exclude estimated gain on the real estate disposal at PLN 11 million gross.

1Q24A exclude gain on the real estate disposal at PLN 12.2 million gross.

Source: Company, DM BOS SA estimates

**Expected impact:** Slightly negative. Though 1Q24 results are in line with our expectations, adjusted profits (without a one-off gain on the real estate disposal) are lower than we expected and imply a material profitability yoy decline.



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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.*