

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

451/2024/AR/August 12, 2024

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

Event: 2Q24 results forecasts.

On September 30 Action will publish 2Q24 financial results, albeit preliminary figures may be released earlier.

Given monthly sales and gross margin on sales reported by the Company we expect a medium single-digit revenue yoy decline pace in 2Q24 coupled with some erosion of operating figures due to continued pressure on costs of sales irrespective of a still relatively high gross margin on sales.

Based on reported data for April, May and June we forecast a 5% yoy decline of 2Q24 revenues to PLN 534 million assuming a drop of revenues in the IT hardware segment coupled with rising yoy revenues in other segments. Action's gross margin on sales in April/ May/June stood at 8.2%/8.0%/7.9%, vs 8.0%/8.0%/8.0% in April/ May/ June in 2023 (preliminary data). We assume that the final gross margin on sales may slightly exceed the preliminary figures (as it was the case in previous quarters), and expect it to reach 8.9% vs 9.0% in 2Q23.

Taking into account (i) 5% revenue decrease (negative effect of the operating leverage), (ii) lower yoy gross margin on sales expected and (iii) still growing pressure on costs of sales (mainly wages after a minimum wage increase), we forecast the Company's 2Q24 EBITDA at PLN 4.7 million (down 47% yoy) with the EBITDA margin expected at 0.9% (down 0.7 pp yoy). Assuming D&A at PLN 2.0 million we expect EBIT to reach PLN 2.6 million (down 59% yoy). We assume the effective tax rate at 21% in the discussed period and thus forecast Action's 2Q24 net profit at PLN 2.6 million (down 49% yoy).

Action; 2Q24 results forecasts

IFRS, consolidated (PLN m)	2Q24E	2Q23	yoy	1H24	1H23	yoy	Realization of FY forecasts in:			
							2Q24E	2Q23	1H24	1H23
Revenues	534.0	560.0	-5%	1 149.6	1 146.3	0%	20%	22%	43%	46%
Gross profit on sales	47.3	50.5	-6%	100.4	101.6	-1%	20%	23%	43%	46%
Gross margin on sales	8.9%	9.0%	-	8.7%	8.9%	-	-	-	-	-
EBITDA	4.7	8.8	-47%	26.3	22.0	20%	7%	17%	42%	41%
EBITDA margin	0.9%	1.6%	-	2.3%	1.9%	-	-	-	-	-
Adj EBITDA	4.7	8.8	-47%	14.2	22.0	-36%	9%	17%	28%	41%
Adj EBITDA margin	0.9%	1.6%	-	2.3%	1.9%	-	-	-	-	-
EBIT	2.6	6.4	-59%	22.3	17.4	28%	5%	15%	42%	40%
EBIT margin	0.5%	1.1%	-	1.9%	1.5%	-	-	-	-	-
Adj EBIT	2.6	6.4	-59%	10.1	17.4	-42%	6%	15%	25%	40%
Adj EBIT margin	0.5%	1.1%	-	1.9%	1.5%	-	-	-	-	-
Gross profit	3.3	6.7	-50%	23.7	17.7	34%	6%	15%	43%	39%
Gross margin	0.6%	1.2%	-	2.1%	1.5%	-	-	-	-	-
Adj gross profit	3.3	6.7	-50%	11.5	17.7	-35%	8%	15%	27%	39%
Adj gross margin	0.6%	1.2%	-	2.1%	1.5%	-	-	-	-	-
Net profit	2.6	5.2	-49%	18.5	14.4	29%	6%	14%	41%	39%
Adj net margin	0.5%	0.9%	-	1.6%	1.3%	-	-	-	-	-
Adj net profit	2.6	5.2	-49%	8.7	14.4	-40%	8%	14%	25%	39%
Adj net margin	0.5%	0.9%	-	1.6%	1.3%	-	-	-	-	-

Source: Company, DM BOS SA

Expected impact: Depending on differences between actual results 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.