

Flash Note

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MFO (Buy; PLN 45.4)

4Q23 results: in line with preliminary [neutral]

PLNm	4Q22	1Q23	2Q23	3Q23	4Q23	Y/Y	Q/Q	4Q23E	4Q23P
Revenues	145.2	151.7	144.1	134.0	146.1	1%	9%	134.1	146.1
Gross profit	-3.9	16.2	9.7	10.8	11.8	-	9%	14.1	-
EBITDA	-14.8	5.7	0.3	1.9	0.8	-	-58%	3.5	-
EBIT	-16.6	3.6	-1.9	-0.3	-1.4	-	-	1.3	-1.4
Net profit	-16.7	1.4	-8.3	1.2	-9.1	-	-	0.2	-9.1
OCF	17.3	23.4	-5.6	23.1	3.1	-82%	-87%	-16.4	
Net debt	-10.4	-26.6	-20.6	-41.2	-37.4	-	-	9.7	
P/E 12M trailing	9.7	25.8	-	-	-				
EV/EBITDA 12M trailing	5.6	9.2	-	-	23.3				
revenue y/y	-43%	-49%	-51%	-28%	1%				
EBITDA margin	-	3.8%	0.2%	1.4%	0.5%			2.6%	-
EBIT margin	-	2.4%	-	-	-			1.0%	-
net margin	-	0.9%	-	0.9%	-			0.1%	-

Source: Company, Trigon DM, E-Estimates, P-Preliminary

- Employment at the end of the year stood at 342 persons (+6 y/y), employee benefit costs in 2023 amounted to PLN 36.2m (+3.3% y/y), and adjusted for salaries of the Management Board and Supervisory Board they reached PLN 32.3m (+24% y/y)
- Revenues from sales of PV profiles reached ca. PLN 4mn in 4Q23; relative to 3Q23, revenue growth was observed in all product categories except special profiles
- In 4Q23, gross margin on sales was similar q/q and amounted to 8%, SG&A costs were seasonally higher (PLN 14m vs. PLN 11.6m in 3Q23)
- Other operating income amounted to PLN 0.9m
- Company had PLN 37mn net cash at year-end, including PLN 135mn cash on the balance sheet
- Capital expenditure last year amounted to. PLN 13.1m, and the Company recently announced that it has selected GC for the construction of a production plant in Boryszew; the value of the contract is PLN 70m, and spending on the entire project is estimated at about PLN 130m.
- Our forecasts assume that this year's CAPEX will amount to ca. PLN 70m, dropping to ca. PLN 40m in '25
- The value of support for Boryszew's investment in the form of tax relief amounts to PLM 38.8m

Comment: The reported results are in line with preliminary estimates and lower than our forecasts by ca. PLN 2.5m at the gross profit and EBITDA levels. In the context of 1Q24, where we had expected the Company to report positive operating profit after steel prices hit an upward trend in December, we note that the trend reversed in early February, and now HDGC prices in Europe are close to December levels, which means that, together with the relatively strong PLN against the EUR in recent months, we can again see a negative FIFO effect in 1Q24 results, and as a result a loss on EBIT. Much of the Company's sales are driven by the construction and industrial segments and the condition of the German economy, which remains uncertain. (Łukasz Rudnik).

PLNm	2020	2021	2022	2023	2024E	2025E
Revenues	428	990	923	576	599	697
EBITDA	36.2	172.0	40.7	8.7	34.9	44.8
EBIT	31.2	166.6	33.9	0.0	24.9	31.4
Net profit	27.0	133.0	24.6	-14.8	18.0	28.1
EPS (PLN)	4.1	20.1	3.7	-2.2	2.7	4.3
P/E (x)	8.9	1.8	9.7	-	13.3	8.5
EV/EBITDA (x)	6.9	1.47	4.7	19.4	7.3	6.1
P/BV (x)	1.3	0.8	0.8	0.8	0.8	0.7
DY (%)	0.0%	2.8%	11.0%	0.0%	0.0%	3.1%

Source: Company, Trigon DM

FACT SHEET			
Ticker	MFO		
Sector	Metal industry		
52W range (PLN)	27 / 39,7		
Shares outstanding (m)	6.6		
Market Cap (PLNm)	239		
Free-float	44.3%		
3M Avg. Vol. (PLNm)	0.1		
Price performance	1M	3M	1Y
	-4.5%	3.7%	3.4%

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