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Elektrobudowa – Preliminary FY2017 Results

Rating: buy | target price: PLN 113.00 | current price: PLN 88.60

ELB PW; ELB.WA | Construction, Poland

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Elektrobudowa estimates its FY2017 revenue at PLN 945m, marking a 3% decline from 2016, with net profit expected to come in at PLN 61m after an 11% rebound from the previous year. This after a 76% surge to an estimated PLN 337m in the revenue for the fourth quarter, accompanied by a 106% jump to PLN 31m in quarterly net profit, a beat of 94% relative to the consensus estimate. Elektrobudowa revealed it had acquired PLN 760m-worth of new orders in 2017 (-4% y/y), of which PLN 273m in Q4 (+453% y/y).

Elektrobudowa did not explain the reason behind the stellar sales and profit figures generated in Q4 2017, but the strong topline growth indicates this was achieved through core business operations rather than one-time events. The huge boost to new bookings reported in Q4 makes it the best quarter since Q3 2016. On the FY2017 preliminaries, ELB stock is currently trading at 6.5x P/E, and it remains a firm buy in our view.

The final FY2017 earnings release is scheduled for March 27th.

Preliminary 2017 Q4 results vs. expectations

(PLN m)	Q4'17	Q4'16	change	Q4'17E	differ.	consensus	differ.	2017	2016	change	2017E	2017/ 2017E
Revenue	337	192	76%	246	37%	265	27%	945	971	-3%	853	111%
Net profit	31	15	106%	13	132%	16	94%	61	55	11%	43	141%

Source: Elektrobudowa, E - estimates by Dom Maklerski mBanku; Consensus estimates provided by PAP

List of abbreviations and ratios contained in the report.
EV – net debt + market value (EV – economic value)
EBIT – Earnings Before Interest and Taxes
EBITDA – EBIT + Depreciation and Amortisation
PBA – Profit on Banking Activity
P/CE – price to earnings with amortisation
MC/S – market capitalisation to sales
EBIT/EV – operating profit to economic value
P/E – (Price/Earnings) – price divided by annual net profit per share
ROE – (Return on Equity) – annual net profit divided by average equity
P/BV – (Price/Book Value) – price divided by book value per share
Net debt – credits + debt papers + interest bearing loans – cash and cash equivalents
EBITDA margin – EBITDA/Sales

OVERWEIGHT (OW) – a rating which indicates that we expect a stock to outperform the broad market
NEUTRAL (N) – a rating which indicates that we expect the stock to perform in line with the broad market
UNDERWEIGHT (UW) – a rating which indicates that we expect the stock to underperform the broad market

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