

Friday, August 02, 2019 | special comment

## Famur – 2019 Q2 Forecast Adjustment

Rating: buy | target price: PLN 6.71 | current price: PLN 4.41

**FMF PW; FMF.WA | Machinery, Poland**

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We have updated our 2019 Q2 earnings estimates for Famur to reflect an expected change in the accounting approach to the sale of the PBSz mine sinking unit. Originally, we expected the proceeds from the sale, in an estimated amount of PLN 150m, to be recognized as a non-cash item adding to EBITDA. In actuality, however, it looks like Famur will book the one-time gain under gross profit as proceeds from the disposal of the subsidiary resulting in loss of control. The different accounting approach does not reflect on our valuation of Famur or the expected future cash flow. Our 2019 Q2 recurring EBITDA estimate remains intact at approximately PLN 140m.

### 2019 Q2 Estimates

(PLN m)	Q2'19E	Q2'18	change	2019E	YTD
Revenue	547.0	570.9	-4%	2,144.7	47.6%
EBITDA	140.4	116.4	21%	548.2	50.3%
EBITDA margin	25.7%	20.4%		25.6%	
EBIT	95.4	67.9	40%	391.4	46.9%
Net profit	194.7	56.8	242%	453.8	57.2%

Source: Grupa Famur, E - estimates by Dom Maklerski mBanku

**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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**Economic profits** – discounting of future economic profits; the weak point is high sensitivity to changes in the assumptions made in the valuation model.

**Discounted Dividends (DDM)** – discounting of future dividends; the weak point is high sensitivity to changes in the assumptions as to future dividends made in the valuation model.

**NAV** – valuation based on equity value, one of the most frequently used method in case of developing companies; the weak point of the method is that it does not factor in future changes in revenue/profits of a company.

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