

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

670/2023/AR

November 6, 2023

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
SEKO	Not rated	16.30	Not rated	Mikołaj Stępień

Event: 3Q23 results summary.

On November 3, (last Friday) before the market session, SEKO released 3Q23 financial results which turned out to be in line with our expectations.

Revenues. 3Q23 revenues at PLN 54.6 million (up 1% yoy) were in line with our expectations. 3Q23 sales volumes fell yoy (related to warm weather in September which adversely affected the demand for fish) which had the negative impact on SEKO's revenues, albeit this was slightly offset by yoy higher products prices which led to a nominal sales growth by 1% yoy.

Margins. 3Q23 EBITDA and EBIT reached PLN 3.0 million (up 68% yoy) and PLN 1.3 million (up 651% yoy), respectively, and were in line with our forecasts. The high dynamics were due to the low base effect (in 3Q22 the Company negotiated price upgrades with clients to offset a strong growth of costs). A material rise in profitability vs 3Q22 was facilitated by higher products prices in force from 4Q22 and stable raw materials prices (some of them like oil, tomato paste, had even their prices lowered). Though SEKO has been under upward pressure on wages stemming from the rise of the minimum wage, the margins realized are quite decent, we believe. 3Q23 net profit reached PLN 1.0 million (vs PLN 0.2 million loss in 3Q22) and was in line with our expectations.

Cash flows. SEKO's 3Q23 operating cash flows at PLN 5.1 million were very good (PLN -1.9 million in 3Q22). Net debt grew from PLN 2.7 million in 2Q23 to PLN 8.3 million in 3Q23 due to several factors: (i) dividend payout in July (PLN 2.2 million), (ii) considerable capex (PLN 4.4 million), and (iii) purchase of long-term bonds (PLN 3.8 million). In 1-3Q23 total capex reached PLN 9.9 million which were spent mainly on the machinery modernization and infrastructure investments in the production of own energy sources and energy recovery.

SEKO: 3Q23 financial results

PAS consolidated (PLN million)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	3Q23E (DM BOŚ)	Results vs forecasts	yoy chg	qoq chg
Sales	48.2	45.2	54.0	82.7	70.8	52.3	54.6	52.6	→	1%	4%
EBITDA	0.8	-0.7	1.8	11.0	8.6	2.1	3.0	3.1	→	68%	44%
EBITDA margin	1.6%	-1.6%	3.3%	13.3%	12.2%	4.0%	5.6%	6.0%	-	-	-
EBIT	-1.0	-2.4	0.2	9.3	7.0	0.4	1.3	1.3	→	651%	231%
EBIT margin	-2.0%	-5.3%	0.3%	11.3%	9.9%	0.8%	2.4%	2.5%	-	-	-
Net profit	-0.9	-2.1	-0.2	7.6	5.7	0.6	1.0	1.0	→	neg.	72%
Net margin	-1.8%	-4.6%	-0.3%	9.2%	8.1%	1.1%	1.7%	1.8%	-	-	-

Source: Company, DM BOŚ estimates

Expected impact: SEKO's 3Q23 figures are in line with our expectations. The information was discounted by the market during Friday's session.

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.