

Speedy AD

Strong growth start of the year

Share Information

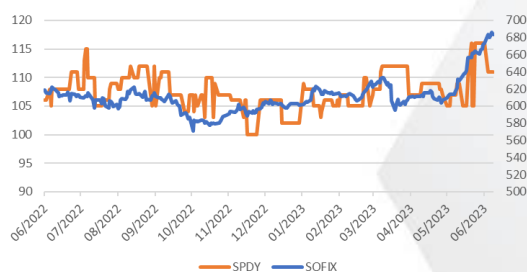
Price (BGN) 110.00
 52-week price change 4.72%
 52-week price range 100 – 116

Market Cap (BGN) 596,915,709
 Market Cap (EUR) 305,198,156
 Shares outstanding 5,388,619
 Free Float 10.10%

P/E (ttm) 17.11
 P/S (ttm) 1.44
 P/BV 5.80

Source: SIS Calculations and Market Data
 The BGN is pegged at one euro equals 1.95583 leva.

52 week price change



* in BGN

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Q1 Consolidated Results

- Q1 2023 was a very beneficial quarter for the company when sales grew 20.6% to BGN 106. The largest contributor, Courier services, which make over 98% of all revenue, grew at 22% YoY due to the increased amount deliveries on the domestic market as well as the new mix of regional services Speedy Balkans, which is gaining popularity.

- Foreign markets increased slower than the domestic largely due to the decreased consumption in Europe, as well as the war in Ukraine affecting the deliveries in nearly all Central and Eastern European countries. The slump was compensated by the fast recovery to previous levels in Romania, as well as Greece, where prices are higher than those at other markets. Despite the slower growth of the delivered parcels (17% YoY increase to reach 17.3mln), the higher sales figures there compensated the overall decrease in international markets. It has been reported that sales on other international markets have been picking up in the last couple of months.

- The strategy of the company is to carefully increase prices less than the inflation in each market. This is expected to give them comparative price advantage and attract new clients in the future.

- OPEX increases at a slightly higher rate than revenues. As mentioned above, part of it is due to the strategy to be more price competitive on the foreign markets by delaying and minimizing price hikes despite inflationary pressure. This resulted in eating part of the Net Margin, which decreased from 9.2% to 7.8% YoY. The increased business, however, lead to increased Net Profit by 2.4% to reach BGN 8.2mln.

- The largest contributor to the increased OPEX is the subcontractors account, which represents 75% of it. It increased by 25% YoY to reach BGN 50mln. Speedy uses subcontractors in some of the foreign markets and their function is essential.

- Employee expenses also mark a significant increase of 26.7%YoY to reach BGN 24mln. This is the result of the increased number of employees and the increased average compensation per employee due to the investments in training and automatization, which provide higher productivity.

- Materials mark just a 15.7% increase YoY reaching BGN 4.7mln. Roughly half of that account it derived from the fuel costs for the fleet of vehicles and as prices are adjusted monthly, this account follows the oil price development on the international markets.

FINANCIAL SNAPSHOT
QUARTERLY RESULTS

Financial Metrics	Q1 2023	Q1 2022	% Change	TTM
Total Revenue	105 674	87 247	20.6%	415 730
Operating expenses	-95 826	-77 763	23.2%	-372 949
EBIT	11 513	11 271	2.1%	42 781
Operating Margin	11%	13%	-2.0%	10%
EBITDA	19 717	18 690	5.5%	75 190
Net profit	8 220	8 025	2.4%	34 893
Net Margin	7.8%	9.2%	-1.4%	8%
Total Assets	251 602	233 318	7.8%	-
Net Debt	39 733	44 693	-11.1%	-
Debt-to-Equity	0.91	1.00	-0.08	-

FINANCIAL RATIOS

Per share	Q1 2023	2022	2021	2020
Number of shares	5 377 619	5 377 619	5 377 619	5 377 619
EPS	1.53	6.45	6.02	5.33
DPS		5.25 exp	4.00	5.25

Growth & Activity	Q1 2023	2022	2021	2020
Revenue growth	20.6%	16.2%	18.4%	24.6%
Earnings growth	23.2%	18.8%	20.4%	21.0%
CAPEX growth	0.0%	-24.8%	19.8%	0.0%
CAPEX/Revenue	0.0%	-8.7%	-13.5%	-13.3%
Asset Turnover	42.7%	156.5%	146.4%	140.5%
Working Capital Turnover	739.5%	6014.8%	9313.4%	29981.9%

Return & Profitability	Q1 2023	2022	2021	2020
ROE	8.0%	36.7%	39.8%	37.0%
ROA	3.3%	13.7%	13.9%	14.0%
ROIC	4.8%	21.2%	21.5%	20.6%
EBITDA margin	18.4%	18.7%	20.6%	22.3%
Operating margin	10.7%	10.7%	12.7%	14.2%
Net margin	7.7%	8.7%	9.5%	9.9%

Gearing & Liquidity	Q1 2023	2022	2021	2020
Debt-to-Equity	0.9	1.0	1.1	1.0
Net Debt to EBITDA	0.5	2.0	1.5	1.6
Interest coverage	500.6	213.8	76.2	63.8
Cash ratio	0.7	0.6	0.5	0.6
Current ratio	1.3	1.1	1.0	1.1

COMPANY DESCRIPTION

Speedy AD is a parcel delivery service provider concentrated primarily in Bulgaria from where they get over 80% of revenues. They have made the push to expand internationally servicing mostly the areas with larger Bulgarian diaspora such as all neighboring countries, as well as nearly all countries from Central and Eastern Europe, Germany, France, etc.

ANNUAL FINANCIAL RESULTS

Income Stmt (BGN th)	Q1 2023	2022	2021	2020
Operating Revenue	105 674	394 120	337 754	283 468
Financial Income	1 665	3 305	4 187	5 408
Total Revenue	107 339	397 425	341 941	288 876
Operating expenses	(77 763)	(354 886)	(298 645)	(247 993)
EBIT	11 513	42 539	43 296	40 883
EBITDA	19 717	74 163	70 551	64 298
Net profit	8 220	34 698	32 364	28 683

Balance Sheet (BGN th)	Q1 2023	2022	2021	2020
Current assets	99 710	100 218	81 170	70 014
Cash & equiv.	54 081	55 055	42 984	37 002
Non-current assets	151 892	153 688	152 406	135 531
PP&E and Inv. Properties	118 631	119 079	116 054	97 249
Total Assets	251 602	253 906	233 576	205 545
Current Liabilities	78 886	87 533	80 640	63 201
ST Loans	26 064	24 012	21 833	15 319
Non-current liabilities	69 806	71 787	71 538	64 721
LT Loans	67 750	68 800	68 948	61 305
Total Liabilities	148 692	159 320	152 178	127 922
Equity	102 910	94 585	81 398	77 623
Net Working Capital	20 824	12 685	530	6 813
Total Debt	93 814	92 812	90 781	76 624
Net Debt	39 733	37 757	47 797	39 622

Cash Flow Stmt (BGN th)	Q1 2023	2022	2021	2020
CF from operations	4 511	71 317	62 345	66 775
CF from investments	(1 907)	(10 278)	(14 227)	(14 547)
CAPEX	11 176	34 649	46 060	38 456
Purchase of investments	1 468	12 421	12 591	7 748
CF from financing	3 413	48 568	41 745	29 906
Paid interest	23	199	568	641
Paid dividends	-	21 510	28 233	10 755

* Figures for Q4 2022 are on individual basis, while those for 2021, 2020 and 2019 are from audited consolidated financial statements of the company.

Source: SIS calculations and Speedy AD financial statements

Sales ('000 BGN)	Q1 2021	% of total	Q1 2022	% of total	Δ %	Q1 2023	% of total	Δ %
Domestic Mkt	40 608	52.1%	44 339	50.8%	9.2%	57 130	54.1%	28.8%
International mkt	35 036	45.0%	41 121	47.1%	17.4%	46 881	44.4%	14.0%
Other	2 266	2.9%	1 787	2.0%	-21.1%	1 663	1.6%	-6.9%
Number of parcels	14 671		14 814		1.0%	17 330		17.0%
Total sales	77 910		87 247			105 674		

Source: company financials

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STRONG SELL	Target price above current market price by 25% or more

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