

## Atal - Accumulate

Target Price: PLN 41.77 | Close as of 12/04/2019: PLN 39.80

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### 1Q19E bottom line to come below the base quarter figure, primarily on lower volume of housing deliveries – 1Q19 results preview, due on May 21

Atal is scheduled to report its 1Q19 results on Tuesday 21 May 2019. We forecast the company's **bottom line** to come in at PLN 42.3m, down 25.8% y/y for 1Q19. This should be due predominantly to lower volume of housing deliveries, as well as slightly weaker gross profit margin in the period vs the base quarter of last year.

**Total revenues** are estimated at PLN 240.2m, down 20.2% y/y for 1Q19, mainly linked to lower handovers volume in the period – our forecast is based on the assumption of 607 deliveries in 1Q19 (pre-announced by the firm) versus 830 units in the base period, with the biggest contributions expected to come from the schemes located in Wroclaw (218 units) and Warsaw (191 units).

### Upcoming Erste Equity Events:

NYC Austrian conference, April 15/16

Polish Technology & Innovation conference, WSW, April 25

Consumer conference WSW, June 11- 12

Investor Conference Vienna, October 7- 10

**Gross profit** is expected at PLN 62.1m, down 23.3% y/y for 1Q19, with the decrease due to weaker top line, but also slightly lower gross profit margin. We forecast Atal's gross margin to come in at 25.9% for 1Q19 versus 26.9% for 1Q18, primarily related to a bit less favorable deliveries' mix, as well as an increase to construction costs observed over the past several quarters.

**EBIT** is expected at PLN 55.0m, down 25.7% y/y for 1Q19. This outcome should be due again to lower total sales and gross margin. The company's SG&A expenses are forecast at PLN 7.5m, nearly flat on an annual basis for 4Q18.