

Kofola ČeskoSlovensko

Growth also driven by recent acquisitions

Buy

Price	31.05.24	CZK 295
12m target		CZK 313
Upside to TP		6,1%
Dividend		CZK 13,5
Total return		10,7%

Sector stance
Neutral

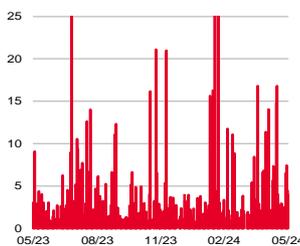
Investment type
High dividend yield
Acquisition growth

1 year performance



Source: Bloomberg

Trading volume (in ths of shares)



Source: Bloomberg

Share data

RIC	KOFOL.PR	Bloom	KOFOL CP
52-week range			243-298
Market cap. (CZKb)			6,6
Market cap. (EURn)			266
Free float (%)			27
Performance (%): 1m		3m	12m
Share	9,3	8,9	21,4
Rel. PX Index	9,6	2,7	2,0

Source: Bloomberg

The latest analysis and report:

https://bit.ly/Kofola_202305_analysis_EN

https://bit.ly/Kofola_3Q23_EN

https://bit.ly/Kofola_4Q23_EN

https://bit.ly/Kofola_DVD24prop_EN

Kofola: 1Q24 estimates

CZKbn	1Q23	e1Q24 (KB)	y/y
Revenues	1,712	1,977	15.5%
EBITDA	218	253	16.2%
margin	12.7%	12.8%	0.1pps
EBIT	84	119	40.7%
Net profit	34	-2	n.m.

Source: Kofola, Economic & Strategy Research, Komerční banka

Announcement date: Monday, June 3, 2024, at 5pm

Kofola's first quarter results will include recent acquisitions. According to preliminary information, 1Q24 sales should be up 14% yoy. We expect EBITDA to grow +16.2% yoy to CZK253m. We are awaiting information on the performance of the recent acquisitions. We also expect Kofola's management to confirm its full-year targets.

The first quarter tends to be one of the two weakest in terms of seasonality. However, this start of the year should at least partly include recent acquisitions. In its annual report (April 11, 2024), Kofola published its sales development for the first quarter. Revenues should grow by 14% yoy on volume growth of +7% yoy. In our forecasts, we expect revenues of CZK1,977m (+15.5% yoy). The overall growth is a combination of higher volumes and higher prices. We expect that this will reflect lower energy and material prices. According to our estimates, EBITDA is expected to increase +16.2% yoy to CZK253m. Due to the negative development of exchange rates, the net profit fell to a slight loss. We estimate the net loss for the first quarter at CZK-2m (CZK34m in 1Q23).

With recent acquisitions, apple orchards, a stake in a Colombian coffee plantation, beverage vending machines and, most importantly, a 51% stake in Pivovary CZ, we expect Kofola to show data on its performance.

FY guidance: We expect Kofola management to reiterate full-year targets. Standalone Kofola is expected to achieve EBITDA of CZK1.35-1.45bn this year, with revenues expected to grow +7% yoy. Including the acquired companies, EBITDA should be in the range of CZK1.55-1.80bn and sales growth should be +25% yoy. Our total EBITDA estimate is CZK1.5-1.6bn. Traditionally, Kofola publishes sales development for individual months of the next quarter (April, May). Our expectation is that there could be a confirmation of the growth potential, similar to 1Q24.



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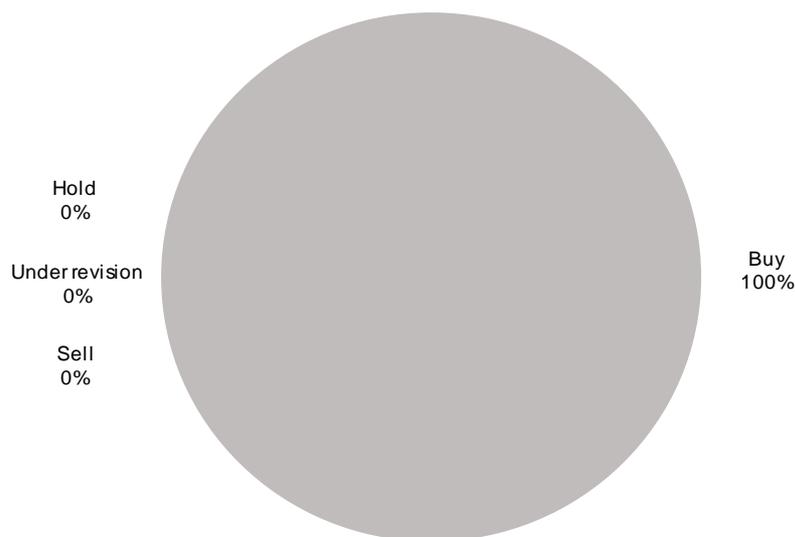
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The main methods KB is using for setting target price for stocks are discounted free cash flow analysis and sector comparison. Other methods may also be used if deemed appropriate by the analyst (e.g. sum of parts valuation, discounted dividend valuation, discount / premium to NAV). Target price is set for the time period of 12 months. KB is using three grades of investment recommendation: buy, hold and sell. The recommendation is set for the time period of the next 3-6 months. The most important factor for setting the recommendation is the difference between actual market price and target price calculated by KB equity research. The recommendation also reflects other factors the analyst expects to influence the stock and market in the time period of 3-6 months after its publication. The target price substantially above current price does not automatically mean a buy recommendation for the 3-6 months following the first period of 3-6 months since publication of the recommendation. Valuation methods and factors key for setting the recommendation are explained in the text of each analysis.

The chart below shows the structure of grades of valid investment recommendations of equity research of KB Economic & Strategy Research (8 recommendations).

Investment recommendations of KB equity research



Source: Economic & Strategy Research, Komerční banka

KB Equity Research ratings on a 12 month period

BUY: absolute total shareholder return forecast of 15% or more over a 12 month period.

HOLD: absolute total shareholder return forecast between 0% and +15% over a 12 month period.

SELL: absolute total shareholder return forecast below 0% over a 12 month period.

Total shareholder return means forecast share price appreciation plus all forecast cash dividend income, including income from special dividends, paid during the 12 month period. Ratings are determined by the ranges described above at the time of the initiation of coverage or a change in rating (subject to limited management discretion). At other times, ratings may fall outside of these ranges because of market price movements and/or other short term volatility or trading patterns. Such interim deviations from specified ranges will be permitted but will become subject to review by research management.

Overview of recommendations published by KB and relationships with particular issuers

	CEZ	Colt CZ Group SE	Kofola	MONETA Money Bank	Philip Morris CR	Avast	O2 CR
Overview of last investment research and recommendations related to stocks of particular issuers							
Recommendation	Buy	Buy	Buy	Buy	Buy	End	End
Target price	CZK1,034	CZK921	CZK313	CZK102.8	CZK17,041	of coverage	of coverage
Date	07.09.2023	09.02.2024	29.05.2023	19.10.2023	21.03.2024	07.09.2022	25.02.2022
Price on the day of the publication	CZK923	CZK574	CZK244	CZK84	CZK15,400	CZK205.1	CZK270
Investment horizon	12 months	12 months	12 months	12 months	12 months		
Author	B. Trampota	B. Trampota	B. Trampota	B. Trampota	B. Trampota		
Overview of investment researches and recommendations for last 12M (quarterly)							
Recommendation	Buy	Buy	Buy	Buy	Hold	Buy	Buy
Target Price	CZK1,393	CZK652	CZK381	CZK104.6	CZK18,349	GBp600	CZK362
Date	07.06.2022	16.12.2022	12.05.2022	05.09.2022	03.03.2023	11.02.2021	26.03.2021
Recommendation	In revision	Buy	In revision	Buy	Buy	Buy	Buy
Target Price	In revision	CZK645	In revision	CZK109.7	CZK18,183	GBp466	CZK293
Date	10.05.2022	17.01.2022	15.02.2022	31.08.2021	11.02.2022	30.08.2019	08.01.2020
Recommendation	Buy	In revision	Buy	In revision	Buy	In revision	Buy
Target Price	CZK905	In revision	CZK367	In revision	CZK16,512	In revision	CZK298
Date	10.12.2021	31.03.2021	12.01.2021	07.05.2021	20.11.2020	14.08.2019	12.12.2018
Recommendation	Buy	Buy	In revision	Buy	Buy	Buy	Hold
Target Price	CZK621	CZK357	In revision	CZK97	CZK18,308	GBp342	CZK270
Date	23.07.2020	27.11.2020	26.11.2020	29.10.2019	03.12.2018	15.06.2018	18.08.2017
Valuation methods	DFCF	DFCF	DFCF	DFCF DDM ERM	DDM	DFCF	DFCF DDM
Frequency of rec. (per year)	once	once	once	once	once	once	once
Direct or indirect share (5% or more) of the issuer of the registered capital of KB	no	no	no	no	no	no	no
Other significant financial interest of KB and/or its linked persons in the issuer	no	no	no	no	no	no	no
KB direct or indirect share (0.5% or more) of the registered capital of the issuer.	no	no	no	no	no	no	no
Author's direct or indirect share (0.5% or more) of the registered capital of the issuer.	no	no	no	no	no	no	no
Signific. fin. interest in the issuer of the persons partic. in elaboration of inv. research and rec.	no	no	no	no	no	no	no
Relationships of Komerční banka with particular issuers							
KB Management or co- management of public offerings in the past 12 month	no	yes	no	no	no	no	no
Agreements or contractual relations for providing investment services with the issuer	KB can have concluded agreements with the issuer for providing investment services. This information is protected by bank secret and could not be disclosed.						
Agreement with the issuer on production and dissemination of the research	no	no	no	no	no	no	no
KB market making for common stocks of the issuer	no	no	no	no	no	no	no

Note: DFCF – Discounted free cash flow model, DDM – Discounted dividend model, ERM – Excess return model
Source: Economic & Strategy Research, Komerční banka