

The report was prepared by Dom Maklerski BDM at the request of the WSE as part of the Exchange's Analytical Coverage Support Programme

			2022	2023P	2024P	
Price [PLN]	15.9	P/E	2.4	52.5	20.8	<b>Analyst:</b> Anna Tobiasz anna.tobiasz@bdm.pl tel.: (+48) 666 073 972
MC [mln PLN]	68.7	EV/EBITDA	1.5	15.9	8.4	
		EV/EBIT	1.6	38.8	15.2	
		P/BV	1.3	1.3	1.2	

**Last recommendation BDM: BUY with target price 26.4 PLN/share (2023/09/15) [LINK](#)**

### Q3'23 results burdened by opening and operating costs of new production facility - slightly negative

Sales revenue in Q3'23 amounted to PLN 11.7m and was 9% higher than our forecast. Foreign sales accounted for 35% (vs. 28% in Q3'22). In line with our assumptions, ca. 60% were products and the remaining 40% goods. There were no significant contracts in the period under review, so we view the level of regular sales slightly positively. A year earlier, revenues were supported by the delivery of 3 analysers (PLN 3.1m in total). Diversification of revenue sources is a positive sign - in Q1-3'23, the share of the 4 largest customers in revenue was 16.5%.

In Q3'23, the company reported an operating loss of PLN -0.6m and EBITDA of PLN 0.1m. Our forecasts assumed PLN -0.2m EBIT and PLN 0.5m EBITDA. Q3'23 was a period of fitting out a new production facility, so additional one-off costs reduced the quarter's result. The company estimates that the cost of moving some inventory from the old building to the new one, as well as a change in the organization of warehouses, resulted in costs in excess of PLN 220,000.

With a delay of five months, the company launched a new production facility. The test and reagent production department was relocated to it, and the vacated space was modernised. As of today, production of microbiological media on the new production lines following the modernisation of the building is already operational. We expect the first results of the increased production capacity to appear in 2024.

Financial activities were a positive surprise, with debt service costs coming in lower than our assumptions. In addition, the company reversed most of the write-downs on trade receivables made in Q2'23, resulting in a lower gross loss (very close to our forecasts).

We view Q3'23 results slightly negatively. Delays in the commissioning of new capacities combined with the difficult macro situation resulted in increased costs, which led to a loss. Increased costs for the maintenance of new space and equipment have not yet translated into revenue. Production is now up and running, so we expect the improvement in performance that was expected in 2H'23 and delayed by protracted construction work to be seen in 2024.

### Q3'23 results [PLNm]

	Q3'22	Q3'23	y/y	Q3'23P BDM	div.
Sales	13.0	11.7	-10.6%	10.7	9.1%
EBITDA	1.4	0.1	-93.8%	0.5	-83.8%
EBIT	0.9	-0.6	-	-0.2	-
Income before taxes	0.9	-0.4	-	-0.4	-
Net income	0.9	-0.4	-	-0.3	-
EBITDA margin	10.8%	0.7%		5.0%	
EBIT margin	6.9%	-4.9%		-1.6%	
Net margin	7.2%	-3.1%		-3.0%	

Source: BDM S.A., company



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**Explanations of terminology:**

EBIT - earnings before interest and tax

EBITDA – earnings before interest, taxes, depreciation, and amortization

Net debt – interest bearing debt minus cash and equivalents

WACC - weighted average cost of capital

CAGR - cumulative average annual growth

EPS - earnings per share

DPS - dividend per share

CEPS - net profit plus depreciation per share

EV – market capitalization plus interest bearing debt minus cash and equivalents

EV/S – market capitalization / sales

EV/EBITDA – EV / sales

P/EBIT – market capitalization / EBIT

MC/S – market capitalization / sales

P/E – market capitalization / net profit

P/BV – market capitalization / book value

P/CE - market capitalization / net profit plus depreciation

ROE – net profit / equity

ROA - net income / assets

Gross margin - gross profit on sales / sales

EBITDA margin – EBITDA / sales

EBIT margin – EBIT / sales

Net margin – net profit / sales

**Explanation of ratings:**

Buy – we believe that the security will reach the target price in the recommended period, which significantly exceeds the current market price (at least + 15%);

Accumulate – we believe that the security will reach the target price in the recommended period, which exceeds the current market price (in the range of +5 to + 14.99%);

Hold – we believe that a security in the recommended period will fluctuate around the target price, which is close to the current market price (in the range from -4.99% to + 4.99%);

Reduce – we believe that the security will reach the target price in the recommended period, which is lower than the market price (range of decline from 5% to 14.99%);

Sell – we believe that a security in the recommended period will reach the target price, which is significantly lower than the market price (suggested erosion of the value exceeds 15%).

Target price – the theoretical price which, in our opinion, should reach a security in the recommended period; This price is the result of the company's value (eg based on DCF, comparative and other valuations), market conditions and the industry as well as other factors subjectively considered by the analyst.

Recommendations made by BDM are binding for 12 months from the issue date or until the target level is reached, unless they are updated during this period of time.

**Ratings and price targets history:**

rating	price target	previous rating	previous target price	report date	report date (hour)	price	WIG
<b>Buy</b>	<b>26.4</b>	<b>Buy</b>	<b>38.7</b>	<b>15.09.2023*</b>	<b>08:55 CEST</b>	<b>19.2</b>	<b>67 199.88</b>
Buy	38.7	---	---	25.04.2022	05:50 CEST	24.8	62 642.50

\* The report was prepared by Dom Maklerski BDM at the request of the WSE as part of the Exchange's Analytical Support Programme.

**Distribution of BDM's recommendations in Q3'23\*:**

, distribution of BDM's recommendations for the companies which BDM has supplied with investment banking services within the last 12 months

	number	%	number	%
Buy	3	100%	0	0%
Accumulate	0	0%	0	0%
Hold	0	0%	0	0%
Reduce	0	0%	0	0%
Sell	0	0%	0	0%

\* detailed list of all analytical reports (recommendations) published by BDM during the last 12 months is included at <https://www.bdm.pl/analizy-i-informacje/analizy/historia-rekomendacji>

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The report constitutes an investment research within the meaning of art. 36 §1 of Commission Delegated Regulation (EU) 2017/565.

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