

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

			2021	2022	2023	2024LTM	
Price [PLN]	39,0	P/E	59,1	17,7	17,4	9,5	Analyst: Krzysztof Pado krzysztof.pado@bdm.pl tel.: (+48) 512 338 250
MC [PLN m]	389,3	EV/EBITDA	25,7	8,9	9,4	10,2	
		EV/EBIT	41,0	10,2	10,6	11,4	
		P/BV	5,0	3,9	3,8	3,1	

Last recommendation BDM: ACCUMULATE with target price 36,7 PLN/share (2024/10/28) [LINK](#)

Q3'24 results [PLN m]

	Q3'23	Q3'24	y/y	Q3'24F BDM	dev.	Q1-3'23	Q1-3'24	y/y
Sales	183,2	162,5	-11,3%	182,5	-11,0%	409,0	336,0	-17,8%
Gross profit	27,5	30,4	10,6%	25,6	19,0%	62,4	56,5	-9,5%
Profit on sales	22,3	23,3	4,8%	17,1	36,9%	46,0	34,3	-25,5%
Other operating activity net	-7,5	-0,3	---	0,0	---	-8,9	5,4	---
EBITDA	15,8	24,2	52,8%	18,2	33,3%	40,4	42,9	6,2%
EBIT	14,8	23,1	56,0%	17,1	35,3%	37,1	39,7	7,0%
Profit before tax	14,1	20,7	47,1%	15,6	32,8%	36,2	52,4	44,8%
Net profit	9,7	16,4	68,0%	12,6	29,4%	26,7	45,5	70,4%
Gross margin	15,0%	18,7%		14,0%		15,3%	16,8%	
EBITDA margin	8,6%	14,9%		9,9%		9,9%	12,8%	
EBIT margin	8,1%	14,2%		9,3%		9,1%	11,8%	
Net margin	5,3%	10,1%		6,9%		6,5%	13,5%	

Source: BDM S.A., company

- The company published its results for Q3'24.
- Revenues in Q3'24 amounted to PLN 162.5m (-11% y/y), We expected flat y/y revenues.
- YoY growth was recorded in the segments: Industry, Defence Ministries and Local Government. In contrast, there was a significant decrease in Energy and Traction.
- Gross margin (18.7%) surprised positively - higher y/y and q/q and above our assumptions (we assumed 14.0% vs. 15.0% a year ago and 15.0% in 1H'24). The margin in the Industrial segment in particular surprised positively (similar to 2Q'24). Higher margin than in 2Q'24 in Defence Ministries (where significant throughput came from the Bug River perimeter contract).
- SG&A costs higher y/y (PLN 7.1m vs. PLN 5.2m).
- Minimal negative impact from other operating activities in Q3'24 (PLN -0.3m vs. PLN -7.5m a year ago).
- EBITDA in Q3'24 amounted to PLN 24.2m (vs. PLN 15.8m a year ago and PLN 18.2m our expectations).
- Financial balance with a negative impact of PLN -2.3m.
- Consolidated Q3 net profit at PLN 16.4m (we expected PLN 12.6m).
- Cash flows from operations amounted to PLN +0.3m in Q3'24 (+PLN 29.8m a year ago). At the end of the period, the company had net debt of PLN 31m (dividends were paid in Q3'24).
- Backlog: PLN 590m (vs. PLN 644m after Q2'24 and PLN 474m a year ago).
- Earnings conference call today at 9:30am.

BDM Comment: The company's results for Q3'24, apart from revenue, are better y/y and above our assumptions. The margin in the Industry segment surprised positively once again (higher even than in Q2'24). The Defence Ministries segment also contributed significantly to the margin (the contract on the Bug River has entered the execution phase), which had a margin clearly below the company's average in Q2'24, but improved in Q3'24 (to >16%). The company maintained its order backlog at a level slightly lower than after Q2'24. Revenue-wise, Q4'24 should be strong in our view due to advanced construction and installation work on the Bug perimeter contract.

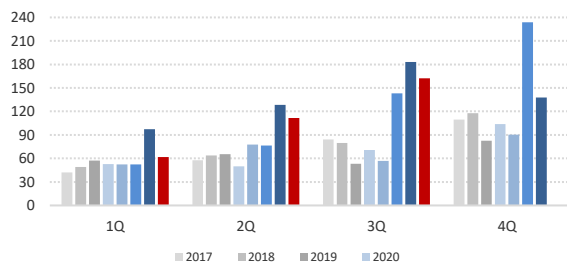


Results in previous quarters [PLN m]

	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24
Sales	52,2	77,7	56,7	90,5	52,4	76,5	143,0	233,7	97,5	128,3	183,2	137,9	62,0	111,6	162,5
Industry	---	---	---	---	8,1	6,5	7,0	25,2	16,3	12,1	13,3	19,3	12,6	26,5	22,1
Energy	---	---	---	---	12,7	18,7	26,6	33,3	29,4	68,1	83,7	55,6	22,2	31,6	36,9
Local authorities	---	---	---	---	4,0	12,1	18,0	22,7	11,9	14,0	12,3	18,4	12,9	22,0	16,4
Defence Ministries	---	---	---	---	6,2	17,8	66,7	131,8	37,8	20,8	21,7	24,9	10,2	22,5	83,5
Traction	---	---	---	---	3,1	2,9	3,4	1,3	2,0	13,3	52,2	22,6	4,0	8,9	3,6
Other	---	---	---	---	18,2	18,4	21,3	19,5	0,0	0,0	0,0	-2,8	0,0	0,0	0,0
Gross profit	4,4	11,2	7,0	9,8	0,7	4,8	21,5	40,5	14,7	20,3	27,5	13,7	8,1	18,0	30,4
Industry	---	---	---	---	---	---	---	---	3,4	0,5	2,8	---	1,7	6,6	8,2
Energy	---	---	---	---	---	---	---	---	2,7	9,9	14,1	---	1,2	4,7	6,6
Local authorities	---	---	---	---	---	---	---	---	2,3	2,4	1,8	---	1,2	3,1	1,8
Defence Ministries	---	---	---	---	---	---	---	---	6,2	5,6	0,7	---	4,0	2,5	13,6
Traction	---	---	---	---	---	---	---	---	0,1	1,8	8,1	---	0,0	1,0	0,2
SG&A	5,2	6,3	5,1	6,0	5,6	6,6	6,1	9,8	5,7	5,5	5,2	8,9	6,3	8,8	7,1
Profit on sales	-0,8	4,9	1,9	3,8	-4,9	-1,8	15,4	30,7	9,0	14,7	22,3	4,8	1,8	9,2	23,3
Other operat. activity net	0,2	-0,7	0,8	-0,8	0,5	1,2	-2,5	-5,4	-1,5	0,0	-7,5	-7,7	6,2	-0,5	-0,3
EBITDA	0,7	5,5	4,1	4,4	-3,1	0,8	13,9	26,6	8,6	15,9	15,8	-1,7	9,0	9,7	24,2
EBIT	-0,6	4,1	2,7	3,0	-4,4	-0,6	12,9	25,3	7,5	14,8	14,8	-2,9	7,9	8,7	23,1
Net financial activity	-0,4	-0,2	-0,3	-0,9	-0,3	0,3	0,6	-3,3	0,3	-0,6	-0,7	-1,0	14,3	0,7	-2,3
Profit before tax	-1,0	4,0	2,5	2,2	-4,8	-0,3	13,5	22,0	7,9	14,2	14,1	-3,9	22,3	9,3	20,7
Net profit	-1,5	3,1	1,9	3,1	-5,4	0,7	11,1	15,6	5,8	11,2	9,7	-4,3	21,1	8,0	16,4
OCF	-6,7	21,5	-21,2	8,2	-2,4	11,8	10,5	17,6	9,2	-75,7	29,8	32,8	18,1	-39,5	0,3
Net debt	-3,9	4,6	-2,6	-10,1	-4,6	-18,4	-26,6	-50,5	-59,7	16,7	5,2	-27,1	-39,8	4,2	56,0
Sales change y/y	-0,8%	55,6%	-19,6%	-12,7%	0,3%	-1,6%	152,2%	158,2%	86,1%	67,8%	28,1%	-41,0%	-36,4%	-13,0%	-11,3%
Industry	---	---	---	---	---	---	---	---	100,0%	85,3%	89,3%	-23,5%	-22,7%	118,7%	66,5%
Energy	---	---	---	---	---	---	---	---	132,2%	263,1%	214,2%	66,8%	-24,4%	-53,6%	-55,9%
Local authorities	---	---	---	---	---	---	---	---	195,0%	15,1%	-31,7%	-18,8%	8,3%	57,5%	33,1%
Defence Ministries	---	---	---	---	---	---	---	---	511,1%	16,7%	-67,4%	-81,1%	-73,0%	8,1%	284,5%
Traction	---	---	---	---	---	---	---	---	-35,3%	364,5%	1444,9%	1659,0%	101,2%	-33,1%	-93,1%
Gross margin	8,5%	14,4%	12,4%	10,8%	1,3%	6,3%	15,1%	17,3%	15,1%	15,8%	15,0%	9,9%	13,1%	16,1%	18,7%
SG&A/sales	10,0%	8,2%	9,0%	6,6%	10,6%	8,6%	4,3%	4,2%	5,8%	4,3%	2,8%	6,4%	10,2%	7,9%	4,3%
Margin on sales	-1,5%	6,3%	3,4%	4,2%	-9,3%	-2,4%	10,8%	13,1%	9,2%	11,5%	12,2%	3,5%	2,9%	8,2%	14,4%
EBITDA margin	1,4%	7,1%	7,2%	4,9%	-5,9%	1,0%	9,7%	11,4%	8,9%	12,4%	8,6%	-1,2%	14,5%	8,7%	14,9%
EBIT margin	-1,2%	5,3%	4,8%	3,3%	-8,4%	-0,8%	9,0%	10,8%	7,7%	11,5%	8,1%	-2,1%	12,8%	7,8%	14,2%
Net margin	-2,9%	4,0%	3,3%	3,4%	-10,3%	0,9%	7,8%	6,7%	5,9%	8,7%	5,3%	-3,1%	34,0%	7,2%	10,1%

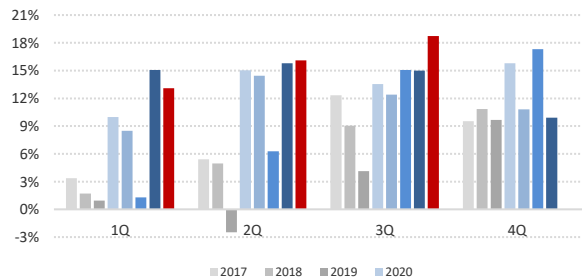
Source: Dom Maklerski BDM S.A., company

Sales [PLN m]



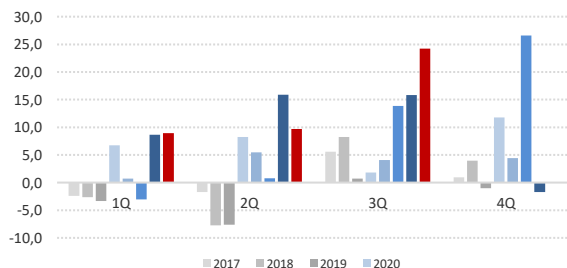
Source: Dom Maklerski BDM S.A., company

Gross margin



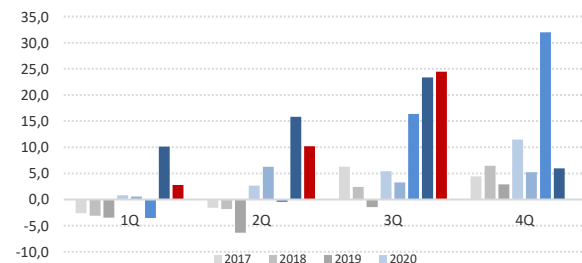
Source: Dom Maklerski BDM S.A., company

EBITDA [PLN m]



Source: Dom Maklerski BDM S.A., company

EBITDA adj. [PLN m]



Source: Dom Maklerski 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.

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Ratings and price targets history:

rating	price target	previous rating	previous target price	report date	report date (hour)	price	WIG
Accumulate	36,7	Accumulate	31,0	28.10.2024*	08:15 CEST	33,00	80 756
Accumulate	31,0	Accumulate	19,1	20.05.2024*	08:00 CEST	27,85	88 735
Accumulate	19,1	Buy	17,1	04.01.2024*	09:55 CEST	17,48	77 054
Buy	17,1	Buy	15,8	10.10.2023*	11:20 CEST	14,70	66 149
Buy	15,8	Buy	13,0	13.06.2023*	08:30 CEST	13,26	66 298
Buy	13,0	Accumulate	8,17	10.05.2023*	09:22 CEST	10,60	63 285
Accumulate	8,17	Hold	6,79	09.12.2022*	16:00 CEST	7,16	55 651
Hold	6,79	Buy	11,0	18.10.2022*	12:00 CEST	6,48	47 309
Buy	11,0	Buy	10,2	15.06.2022*	07:00 CEST	6,50	53 247
Buy	10,2	---	---	23.08.2021*	07:00 CEST	6,54	67 966

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

-- the author of the reports on Elektrotim in 2021-06/2022 was Krystian Brymora

Distribution of BDM's recommendations in Q4'24*:

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

	number	%	number	%
Buy	4	44%	0	0%
Accumulate	3	33%	0	0%
Hold	1	11%	0	0%
Reduce	1	11%	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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The prices of the financial instruments listed in the document have been taken from the real-time pricing as provided by Bloomberg. Data concerning financial instrument prices used in the report could be loaded to 24 hours before the moment of completing the report.

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Each of the above-mentioned persons could carry out transaction relating to the financial instruments concerned prior to this publication. At the same time, however, the instruments concerned are entered in the restrictive list for employees of the Analysis Department immediately at the start of work on the report.

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- The issuer does not hold shares exceeding 5 % of the BDM issued share capital,
- BDM is a market maker or liquidity provider in the financial instruments of the issuer,
- BDM has not been lead manager or co-lead manager over the previous 12 months of any publicly disclosed offer of financial instruments of the issuer;
- BDM is a party to an agreement with the issuer relating to the provision of investment banking services pursuant to art. 69 §2 and 4 of the Act on Trading in Financial Instruments dated 25th July 2005,
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- There are significant connections between BDM or its related affiliates and the issuer of financial instruments**
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