

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

			2019	2020	2021	
Price [PLN]	6,52	P/E	12,9	8,1	9,5	<b>Analyst:</b> Krzysztof Pado krzysztof.pado@bdm.pl tel.: (+48) 512 338 250
MC [mln PLN]	62,7	EV/EBITDA	5,2	3,8	4,2	
		EV/EBIT	5,2	3,8	4,2	
		P/BV	0,8	0,7	0,7	

**Last recommendation BDM: HOLD with target price 5,62 PLN/share (16.12.2022) [LINK](#)**

**Q4'22 preliminary standalone results vs BDM forecasts\* [million PLN]**

	preliminary standalone results						BDM consolidated forecasts 16/12/2022		
	Q4'21	Q4'22E	y/y	2021	2022E	y/y	Q4'21	Q4'22F	BDM
Sales	31,4	37,6	19,8%	128,6	146,5	13,9%	Sales	32,5	36,0
Gross profit	5,6	5,4	-3,9%	24,5	22,3	-9,0%	Gross profit	6,4	5,2
EBITDA	2,6	3,1	19,1%	14,5	12,5	-13,6%	EBITDA	2,7	2,7
EBIT	1,0	1,5	54,9%	7,9	5,9	-25,4%	EBIT	1,0	0,8
Net profit	0,1	0,5	305,0%	6,0	4,4	-28,0%	Net profit	0,2	0,4
Gross margin	18,0%	14,4%		19,1%	15,2%		Gross margin	19,6%	14,4%
EBITDA margin	8,3%	8,2%		11,3%	8,5%		EBITDA margin	8,3%	7,5%
EBIT margin	3,1%	4,0%		6,2%	4,0%		EBIT margin	3,2%	2,2%
Net margin	0,4%	1,3%		4,7%	3,0%		Net margin	0,5%	1,1%

Source: Dom Maklerski BDM S.A., Relpol, \*consolidated

- The company reported preliminary standalone results for Q4'22/2022
- Q4'22 revenue was PLN 37.6m (+20% y/y, growth mainly in exports). EBITDA amounted to PLN 3.1m (vs. PLN 2.6m a year ago), while net income was PLN 0.5m (vs. PLN 0.1m in Q4'21).
- Gross margin continued to be under pressure (14% in Q4'22 vs 18% a year ago and 16% in Q1-3'22). The Company's 2022 explains this by rising material costs or the need to move some product assembly from Ukraine to Poland (higher labour costs). The Ukrainian plant is currently operating at full capacity.
- We did not publish separate standalone forecasts for Q4'22. We presented our consolidated forecasts in our last recommendation (16/12/2022), when we assumed Q4'22 revenue of PLN 36.0m, PLN 2.7m EBITDA and PLN 0.4m net profit.
- The difference between consolidated and standalone results in Q4'22/2022 should not be significant at the revenue or EBITDA level (in Q1-3'22, the difference at the revenue level was PLN 4.6m / PLN 0.1m, respectively). On the other hand, the difference is likely to be larger at the net level for the whole of 2022 due to the write-down on the Russian company, which has already been booked earlier (Q2'22) in financial expenses at the consolidated level.
- Q4'22 standalone net debt: PLN 14.1m
- The company will present its consolidated report on 27 April 2023.

**BDM Comment:** We view Q4'22 standalone results slightly positively. The standalone results are slightly above our forecasts at the consolidated level (the difference between consolidated and standalone results in Q4'22/2022 should not be significant at the revenue or EBITDA level). The company reported strong revenue growth (+20% y/y) in Q4'22, with gross margin still under pressure.

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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.

**A Legal note:**

This report (hereinafter also referred to as an analysis, a document) has been prepared in compliance with Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 (on market abuse), Commission Delegated Regulation (EU) 2016/958 and Commission Delegated Regulation (EU) 2017/565.  
The report constitutes an investment research within the meaning of art. 36 §1 of Commission Delegated Regulation (EU) 2017/565.

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**Ratings and price targets history:**

rating	price target	previous rating	previous target price	report date	report date (hour)	price	WIG
Hold	5,62	Accumulate	6,32	16.12.2022*	11:40 CET	5,60	55 850,6
Accumulate	6,32	Buy	11,1	11.10.2022*	16:20 CEST	5,68	46 402,8
Buy	11,1	Buy	16,5	23.05.2022*	20:30 CEST	5,4	57 168
Buy	16,5	---	---	30.08.2021*	7:00 CEST	7,8	69 775

\* 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 Relpol between 2021 to 05.2022 was Krystian Brymora  
-- the author of the reports on Relpol between 10.2022 to 12.2022 was Kajetan Sroczyński

**Distribution of BDM's recommendations in Q4'23\*:**

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

	number	%	number	%
Buy	5	71%	0	0%
Accumulate	2	29%	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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