



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

			2020	2021	2022	
Price [PLN]	6,1	P/E	7,6	8,9	46,9	<b>Analyst:</b> Krzysztof Pado krzysztof.pado@bdm.pl tel.: (+48) 512 338 250
MC [mln PLN]	58,6	EV/EBITDA	3,6	4,0	5,7	
		EV/EBIT	3,6	4,0	5,7	
		P/BV	0,7	0,6	0,6	

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

#### Q4'22 results [PLN m]

	Q4'21	Q4'22	y/y	Q4'22F BDM	dev.	2021	2022	y/y
Sales	32,5	37,5	15,4%	36,0	4,1%	133,6	151,0	13,0%
Gross profit	6,4	6,0	-4,8%	5,2	16,3%	27,7	24,2	-12,8%
Profit on sales	1,4	1,6	13,9%	0,8	100,8%	9,5	6,9	-27,1%
EBITDA	2,7	3,2	19,1%	2,7	18,8%	15,9	12,7	-20,1%
EBIT	1,0	1,6	54,5%	0,8	97,8%	9,2	6,0	-34,8%
Profit before tax	0,3	1,3	376,9%	0,5	155,6%	8,4	2,8	-66,9%
Net profit	0,2	0,5	219,9%	0,4	32,8%	6,6	1,2	-81,0%
Gross margin	19,6%	16,1%		14,4%		20,7%	16,0%	
EBITDA margin	4,3%	4,3%		2,2%		7,1%	4,6%	
EBIT margin	3,2%	4,2%		2,2%		6,9%	4,0%	
Net margin	0,5%	1,4%		1,1%		4,9%	0,8%	

Source: BDM S.A., company

- The company already reported preliminary Q4'22/2022 standalone results (PLN 3.1m EBITDA) in mid-March'23. Below is a comment on the final consolidated results.
- Q4'22 revenue amounted to PLN 37.5m (+15% y/y). Sales on the Polish market increased by 37% y/y. Export sales increased by 4% y/y (including a 10% y/y increase in Germany and no sales in Russia).
- Gross margin continued to be under pressure (16% in Q4'22 vs 20% a year ago and 16% in Q1-3'22). The company explained this in 2022 by, among other things, rising material costs or the need to move some product assembly from Ukraine to Poland (higher labour costs). The Ukrainian plant is now operating at full capacity.
- The margin improved slightly compared to Q3'22, but this is mainly due to its higher level in the "other" area. Profitability of production increased by 1 bp on a q/q basis (while on a y/y basis it was 8 bp lower).
- EBITDA amounted to PLN 3.2m (vs. PLN 2.7m a year ago), we expected PLN 2.7m. The year-on-year decline in management costs was a positive surprise.
- Net profit amounted to PLN 0.5m (vs. PLN 0.2m in Q4'21).
- Q4'22 net debt: PLN 13.9m (vs. PLN 15.2m after Q3'22).
- In his letter to shareholders, the CEO points, among other things, to good prospects in 2023 in the area of high-current relays (solar inverters and EV chargers) and to growing demand from Middle Eastern countries.

**BDM Comment:** Standalone results for Q4'22 were already known in advance. Consolidated ones came as no surprise. The company reported strong revenue growth in Q4'22 (+15% y/y), with gross sales margin (which has stabilised at historically low levels since Q2'22) still under pressure y/y.

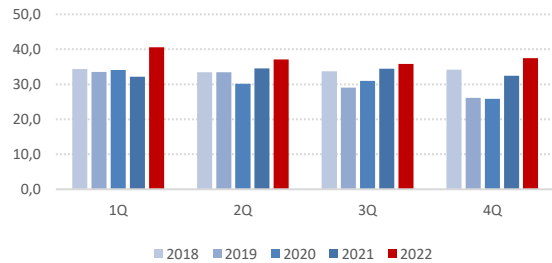


Results in previous quarters [PLN m]

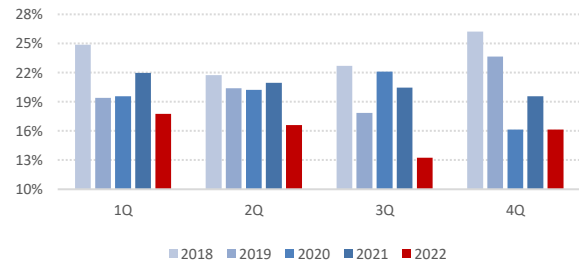
	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22
<b>Sales</b>	<b>33,5</b>	<b>33,5</b>	<b>29,0</b>	<b>26,2</b>	<b>34,0</b>	<b>30,1</b>	<b>31,0</b>	<b>25,8</b>	<b>32,2</b>	<b>34,5</b>	<b>34,4</b>	<b>32,5</b>	<b>40,6</b>	<b>37,1</b>	<b>35,8</b>	<b>37,5</b>
Poland	9,3	9,3	8,3	9,2	9,3	7,6	8,8	7,2	9,9	10,5	9,3	10,6	12,7	12,4	7,9	14,5
Germany	13,5	12,8	1,6	19,0	15,6	13,1	12,4	10,3	12,0	12,9	12,3	11,7	15,1	13,7	15,3	12,9
Russia	2,7	2,9	2,4	2,2	2,0	3,5	1,1	1,3	1,8	1,9	1,9	2,2	2,1	3,0	0,0	0,0
Europe - other	5,4	6,4	15,4	-6,5	5,0	5,2	6,9	5,3	6,6	7,2	8,4	5,2	7,0	6,4	10,1	4,5
Asia	1,5	1,0	0,8	1,3	1,9	0,3	1,0	1,3	1,7	1,1	1,5	1,8	2,7	1,1	1,8	4,0
Other	1,0	1,2	0,5	0,9	0,4	0,4	0,8	0,5	0,3	0,9	1,1	1,0	1,0	0,5	0,8	1,5
Automation components	---	---	---	---	---	---	---	---	26,9	28,8	27,7	26,4	33,5	28,0	31,2	32,0
Goods	---	---	---	---	---	---	---	---	4,4	4,1	6,2	4,1	6,0	7,4	3,5	4,0
Other	---	---	---	---	---	---	---	---	0,9	1,5	0,6	1,9	1,0	1,7	1,2	1,4
<b>Gross profit</b>	<b>6,5</b>	<b>6,8</b>	<b>5,2</b>	<b>6,2</b>	<b>6,7</b>	<b>6,1</b>	<b>6,8</b>	<b>4,2</b>	<b>7,1</b>	<b>7,2</b>	<b>7,0</b>	<b>6,4</b>	<b>7,2</b>	<b>6,2</b>	<b>4,8</b>	<b>6,0</b>
Automation components	---	---	---	---	---	---	---	---	5,6	4,4	4,1	5,1	4,9	2,9	3,3	3,7
Goods	---	---	---	---	---	---	---	---	1,3	2,5	2,6	-1,1	2,1	2,9	1,3	1,6
Other	---	---	---	---	---	---	---	---	0,2	0,3	0,3	2,3	0,2	0,4	0,2	0,8
SG&A	4,3	4,5	4,3	4,9	4,7	4,7	4,6	3,0	4,4	4,7	4,2	4,9	4,3	4,6	3,9	4,4
Other operating activity net	0,0	0,0	0,0	-0,1	-0,4	1,0	1,5	0,4	0,0	0,0	0,0	-0,4	0,2	-0,9	-0,3	0,0
<b>EBITDA</b>	<b>3,7</b>	<b>3,9</b>	<b>2,5</b>	<b>3,0</b>	<b>3,3</b>	<b>4,2</b>	<b>5,4</b>	<b>3,3</b>	<b>4,3</b>	<b>4,3</b>	<b>4,6</b>	<b>2,7</b>	<b>4,7</b>	<b>2,4</b>	<b>2,3</b>	<b>3,2</b>
EBIT	2,2	2,3	0,9	1,3	1,6	2,4	3,7	1,6	2,7	2,5	2,9	1,0	3,1	0,7	0,6	1,6
Net financial activity	-0,2	0,0	0,3	-0,3	0,7	-0,3	0,2	0,3	0,1	-0,3	0,2	-0,8	0,0	-2,9	0,0	-0,3
Profit before tax	2,2	2,1	3,9	1,9	2,8	2,2	3,2	0,3	3,1	-2,2	0,6	1,3	2,7	2,3	2,4	2,2
<b>Net profit</b>	<b>1,5</b>	<b>1,8</b>	<b>0,7</b>	<b>0,8</b>	<b>1,7</b>	<b>1,7</b>	<b>3,1</b>	<b>1,3</b>	<b>2,2</b>	<b>1,7</b>	<b>2,5</b>	<b>0,2</b>	<b>2,3</b>	<b>-2,3</b>	<b>0,7</b>	<b>0,5</b>
CFO	1,7	4,4	7,8	-0,6	3,7	3,6	4,1	1,2	3,7	-1,5	6,8	-0,6	-3,9	2,7	-1,7	1,1
CAPEX	2,5	2,2	3,6	1,9	0,6	2,8	4,2	1,4	3,1	2,8	6,7	1,7	2,3	2,4	6,4	0,9
Net debt	3,6	0,9	2,8	5,9	3,1	2,2	2,3	-0,2	-0,7	3,4	4,7	4,8	10,9	9,9	15,2	13,9
<b>Sales change y/y</b>	<b>-2,4%</b>	<b>0,0%</b>	<b>-14,0%</b>	<b>-23,4%</b>	<b>1,5%</b>	<b>-10,0%</b>	<b>6,6%</b>	<b>-1,3%</b>	<b>-5,4%</b>	<b>14,5%</b>	<b>11,2%</b>	<b>25,6%</b>	<b>26,0%</b>	<b>7,6%</b>	<b>4,1%</b>	<b>15,4%</b>
Poland	-14%	3%	-17%	-8%	0%	-18%	6%	-21%	7%	39%	5%	47%	28%	18%	-15%	37%
Germany	2%	7%	-87%	59%	15%	2%	656%	-46%	-23%	-2%	0%	14%	26%	6%	24%	10%
Russia	39%	-27%	-19%	-33%	-27%	24%	-54%	-43%	-10%	-45%	74%	72%	16%	55%	-100%	-100%
Europe - other	-4%	2%	151%	-217%	-9%	-18%	-55%	-183%	33%	38%	20%	-3%	6%	-11%	21%	-13%
Asia	-16%	-50%	-41%	-37%	22%	-75%	21%	1%	-12%	322%	54%	38%	62%	4%	19%	129%
Other	26%	239%	-16%	-30%	-61%	-64%	66%	-49%	-21%	112%	36%	118%	215%	-41%	-31%	42%
<b>Gross margin</b>	<b>19,4%</b>	<b>20,4%</b>	<b>17,9%</b>	<b>23,6%</b>	<b>19,6%</b>	<b>20,2%</b>	<b>22,1%</b>	<b>16,2%</b>	<b>22,0%</b>	<b>20,9%</b>	<b>20,5%</b>	<b>19,6%</b>	<b>17,8%</b>	<b>16,6%</b>	<b>13,3%</b>	<b>16,1%</b>
Automation components	---	---	---	---	---	---	---	---	20,9%	15,2%	14,9%	19,4%	14,5%	10,3%	10,5%	11,5%
Goods	---	---	---	---	---	---	---	---	28,5%	60,8%	42,0%	-26,4%	35,7%	39,6%	36,6%	39,1%
Other	---	---	---	---	---	---	---	---	22,8%	21,4%	59,7%	119,6%	20,1%	20,4%	18,6%	56,6%
S&GA/sales	12,8%	13,5%	14,7%	18,5%	13,7%	15,5%	14,9%	11,6%	13,6%	13,7%	12,1%	15,2%	10,6%	12,4%	10,8%	11,9%
<b>EBITDA margin</b>	<b>11,0%</b>	<b>11,6%</b>	<b>8,7%</b>	<b>11,4%</b>	<b>9,8%</b>	<b>13,9%</b>	<b>17,5%</b>	<b>12,8%</b>	<b>13,4%</b>	<b>12,3%</b>	<b>13,5%</b>	<b>8,3%</b>	<b>11,6%</b>	<b>6,5%</b>	<b>6,5%</b>	<b>8,6%</b>
EBIT margin	6,6%	6,9%	3,0%	4,9%	4,6%	7,9%	12,0%	6,1%	8,4%	7,3%	8,5%	3,2%	7,6%	1,9%	1,7%	4,2%
<b>Net margin</b>	<b>4,5%</b>	<b>5,4%</b>	<b>2,5%</b>	<b>3,1%</b>	<b>5,1%</b>	<b>5,5%</b>	<b>10,0%</b>	<b>4,9%</b>	<b>6,9%</b>	<b>5,0%</b>	<b>7,2%</b>	<b>0,5%</b>	<b>5,8%</b>	<b>-6,3%</b>	<b>2,0%</b>	<b>1,4%</b>

Source: Dom Maklerski BDM S.A., company

Sales [PLN m]

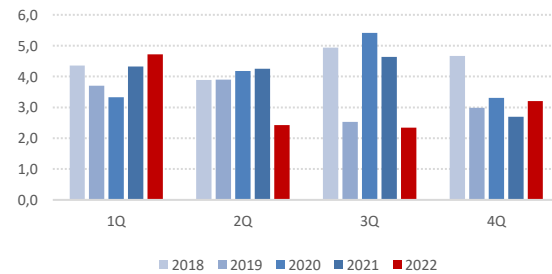


Gross margin



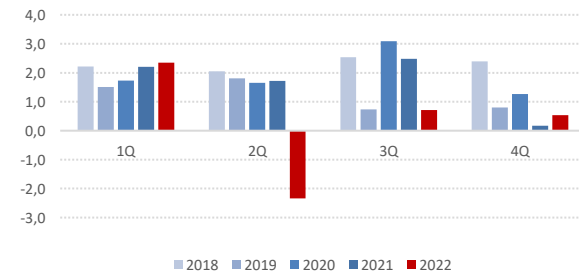
Source: Dom Maklerski BDM S.A., company

EBITDA [PLN m]



Source: Dom Maklerski BDM S.A., company

Net profit [PLN m]



Source: Dom Maklerski BDM S.A., company

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
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

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, 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	60%	0	0%
Accumulate	0	0%	0	0%
Hold	2	40%	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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The report was not transferred to the issuer prior to its publication.

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The investor should assume that BDM employees or proxies or shareholders may hold long or short positions in the issuer's shares or other financial instruments related to the issuer's shares; this particularly concerns the situation of holding not more than 5% of the capital, and they may also carry out transactions on them as proxies.

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.

We have not identified significant conflicts of interest between BDM and persons associated with BDM and the financial instrument issuer. If a conflict of interest arises BDM shall manage it by applying the principles defined in the “Policy of management of conflicts of interest at the BDM S.A.”. We point out that as for 04.05.2023:

- BDM states and assures that BDM is involved financially in financial instruments of the Issuer.
- BDM is not a holder of net long or short positions exceeding the threshold of 0,5 % of the total issued share capital of the issuer,
- The person that participated in preparing recommendation is not a holder of net long or short positions exceeding the threshold of 0,5 % of the total issued share capital of the issuer,
- The issuer does not hold shares exceeding 5 % of the BDM issued share capital,
- BDM is not 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 not 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 25<sup>th</sup> July 2005,
- BDM is not a party to an agreement with the issuer relating to the provision of investment banking services pursuant to section A and B of Annex I to the Directive 2014/65/EU of the European Parliament and of the Council (hereinafter the Directive 2014/65/EU),
- BDM is not a party to an agreement with the issuer relating to the production of the recommendation,
- There is other significant financial interest that BDM or its related affiliates have in relation to the issuer of financial instruments\*
- There are no significant connections between BDM or its related affiliates and the issuer of financial instruments,
- The person affiliated with BDM who was involved in the preparation of recommendations did not receive or purchase the shares of the issuer, to whom the recommendation relates directly or indirectly, prior to public offering of such shares,
- The person affiliated with BDM who was involved in the preparation of recommendations declares that they respect internal regulations and are subject to organizational and technical solutions and information barriers established by BDM to eliminate any conflicts of interest concerning recommendations and to avoid them,
- The person affiliated with BDM who was involved in the preparation of recommendations was not rewarded in any form by the issuer, to whom the recommendation relates directly or indirectly, or was not directly connected with any possible transactions concerning services defined in art. 69 §2 and 4 of the Act on Trading in Financial Instruments dated 25<sup>th</sup> July 2005.

\*BDM is a party to the “ANALYTICAL REPORT PREPARATION SERVICES AGREEMENT” concluded with the WSE.

According to the best knowledge of the party recommending upon the publication of the report there are no other connections between BDM and the company described in this report that the party preparing this report would know of. However, the investor should be aware that the list disclosing conflicts of interest is long and that in the future there may occur situations leading to conflicts of interest which have not been identified or disclosed at the moment of publication of the report concerned. Especially, the investor should assume that BDM may submit an offer for services to a company or other companies mentioned in this report.

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**This document is a summary of a full version of the report prepared in Polish. In case of any disputes the Polish version shall prevail.**