

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]	6,7	P/E	8,4	9,9	51,9
MC [mln PLN]	64,8	EV/EBITDA	4,0	4,4	6,2
		EV/EBIT	7,0	7,6	13,2
		P/BV	0,7	0,7	0,7

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Last recommendation BDM: HOLD with target price 7,42 PLN/share (05.02.2024) [LINK](#)

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

	preliminary standalone results						BDM consolidated forecasts 05/02/2024		
	Q4'22	Q4'23E	y/y	2022	2023E	y/y	Q4'22	Q4'23F	BDM
Sales	37,6	27,9	-25,7%	128,6	146,5	159,5	Sales	37,5	32,4
Gross profit	5,4	4,6	-15,0%	24,5	22,3	30,6	Gross profit	6,0	5,4
EBITDA	3,1	1,3	-59,6%	14,5	12,5	13,2	EBITDA	3,2	2,0
EBIT	1,5	-0,3	---	7,9	5,9	7,2	EBIT	1,6	0,4
Net profit	0,5	---	---	6,0	4,4	---	Net profit	0,5	0,0
Gross margin	14,4%	16,5%		19,1%	15,2%	19,2%	Gross margin	16,1%	16,6%
EBITDA margin	8,2%	4,5%		11,3%	8,5%	8,3%	EBITDA margin	8,6%	6,3%
EBIT margin	4,0%	-0,9%		6,2%	4,0%	4,5%	EBIT margin	4,2%	1,3%
Net margin	1,3%	---		4,7%	3,0%	---	Net margin	1,4%	0,0%

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

- The company reported preliminary standalone results for Q4'23/2023
- In Q4'23, Relpol's revenue was PLN 27.9m (-26% y/y). EBITDA amounted to PLN 1.3m (vs. PLN 3.1m a year ago).
- The company has not yet booked inventory write-downs and actuarial provisions, which may change EBITDA levels. Moreover, the company is still waiting for the NCBiR's decision on the settlement of the R&D project (in case of a positive decision, EBITDA will increase by ca. PLN 1.65m).
- In the commentary, the company's management indicated a continued decline in orders, caused among other things by high inventories at customers. Adverse factors will also affect 2024 results. The company estimates that Q1'24 sales revenue could be around 10% higher q/q but 40% lower y/y.
- The Company's priority for 2024 is to win as many orders as possible. Among other things, the aim is to acquire new strategic partners and expand the portfolio of product offerings. The Company is taking the necessary measures on the capital expenditure and cost side (in February, working time restrictions were introduced in some production areas).
- According to the management, an improvement in the market situation and an inflow of more orders is expected at the earliest at the turn of the Q1/2'24.
- The company will present its full consolidated report on 25 April 2024.

BDM Comment: We view the Q4'23 standalone results slightly negatively. The results are below our forecasts, which we presented at the consolidated level (the difference between consolidated and standalone results should not be significant at the revenue or EBITDA level). The company reported a larger-than-expected decline in revenue, while the gross sales margin did not fall short of our expectations.

The Management Board has reiterated its earlier signalled assumptions of an improvement expected at the turn of Q1/2'24 at the earliest. At the same time, the ca. 10% q/q growth assumed for Q1'24 implies ca. PLN 30-31m revenue in Q1'24, below our assumptions in our last recommendation from February (we expected PLN 35.4m consolidated sales).

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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.
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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	7,42	Hold	8,62	05.02.2024*	14:30 CET	7,10	80 119
Hold	8,62	Buy	10,48	26.09.2023*	12:20 CET	8,52	65 687
Buy	10,48	Buy	8,03	9.06.2023*	10:50 CET	8,90	66 513
Buy	8,03	Hold	5,62	16.05.2023*	08:55 CET	6,14	63 691
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 Sroczynski

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	6	46%	0	0%
Accumulate	3	23%	0	0%
Hold	2	15%	0	0%
Reduce	2	15%	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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