

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	
Price [PLN]	5,5	P/E	8,0	42,2	6,1	<b>Analyst:</b> Krzysztof Pado krzysztof.pado@bdm.pl tel.: (+48) 512 338 250
MC [mln PLN]	52,7	EV/EBITDA	3,6	5,2	4,4	
		EV/EBIT	6,3	11,1	6,9	
		P/BV	0,6	0,5	0,5	

**Last recommendation BDM: HOLD with target price 6,25 PLN/share (20.05.2024) [LINK](#)**

**Q2'24 results [PLN m]**

	Q2'23	Q2'24	y/y	Q2'24F BDM	dev.	H1'23	H1'24	y/y
Sales	45,4	26,9	-40,8%	29,9	-10,1%	98,7	58,1	-41,1%
Gross profit	10,0	3,4	-66,5%	4,1	-17,4%	22,4	6,6	-70,5%
Profit on sales	5,0	-1,4	---	-0,9	---	12,4	-3,2	---
EBITDA	6,1	0,1	-98,1%	0,9	-86,5%	15,2	-0,2	---
EBIT	4,7	-1,6	---	-0,9	---	12,1	-3,4	---
Profit before tax	4,2	-1,5	---	-1,3	---	11,3	-3,5	---
Net profit	3,5	-1,7	---	-1,0	---	9,2	-3,5	---
Gross margin	22,1%	12,5%		13,6%		22,7%	11,4%	
EBITDA margin	10,9%	-5,3%		-3,0%		12,5%	-5,6%	
EBIT margin	10,4%	-6,0%		-3,0%		12,3%	-5,8%	
Net margin	7,7%	-6,3%		-3,5%		9,3%	-6,0%	

Source: BDM S.A., company

- The company published its Q2'24 results before the trading session today.
- Q2'24 revenue amounted to PLN 26.9m (-41% y/y, -14% q/q, 10% below our assumptions). Sales on the Polish market fell by -25% y/y, while export sales were down -46% y/y (including -48% y/y in Germany). The comparative base from last year was very challenging, but sales also fell below levels recorded in previous years. The company points to the weakness in industry and investment or the strengthening of the PLN.
- Gross profitability eroded sharply y/y (12.5% in Q2'24 vs 22.1% a year ago). It managed to improve slightly against Q1'24 (10.4%). Production profitability was 9.6% vs 22.5% a year ago and 7.5% in Q1'24.
- EBITDA was PLN 0.1m (vs. PLN 6.1m a year ago and PLN -0.3m in Q1'24), and we expected PLN 0.9m.
- Net profit was PLN -1.7m (vs. PLN +3.5m in Q2'23).
- Operating cash flow: PLN +7.5m (vs. PLN +2.3m a year ago).
- CAPEX: PLN 2.0m (PLN 5.5m in H1'24). Performance tests of new automated production lines are underway (completed project financed by a grant from NCBiR).
- Net debt after Q2'24: PLN 12.8m (vs. PLN 18.1m after Q1'24 - better working capital position is responsible for the decline). The Company negotiated a waiver of the covenant count for financing at ING and a higher covenant level in its agreement with BNP (it is now met).
- The company (based on the incoming new orders and the situation and opinions at its trading partners) expects an improvement in the market situation in the coming quarters (a quarter ago, management wrote about the emergence of indications of a slow improvement in the market situation in the following months).

**BDM Comment:** The company reported a strong year-on-year decline in revenue and gross margin was under pressure from low capacity utilisation. The results are slightly below our already low expectations. On the plus side, we can note a slight improvement in profitability vs Q1'24 and a reduction in debt (its terms were also renegotiated). Management expects an improvement in the market situation in the coming quarters (previously, the prospect of a slow market improvement in the following months was indicated). The earnings base in H2'24 is already much less challenging (the company posted PLN +2.3m in Q3'23 and PLN +1.3m adjusted EBITDA in Q4'23), but the results were still higher than those generated in H1'24 (additionally, one should keep in mind seasonality, which is weaker in the second half of the year due to customers' holiday periods).

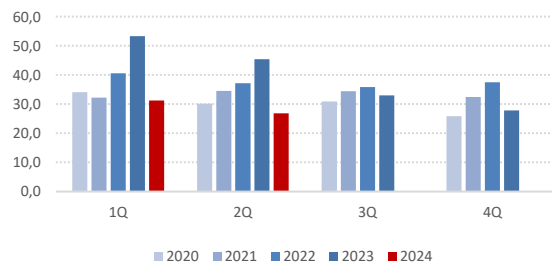


Results in previous quarters [PLN m]

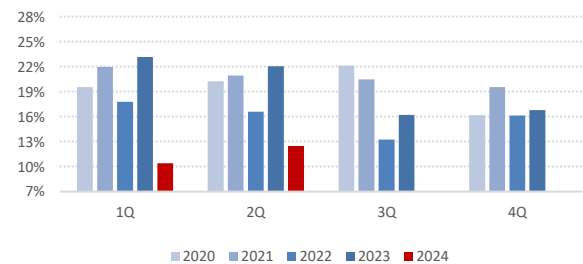
	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24
<b>Sales</b>	<b>32,2</b>	<b>34,5</b>	<b>34,4</b>	<b>32,5</b>	<b>40,6</b>	<b>37,1</b>	<b>35,8</b>	<b>37,5</b>	<b>53,3</b>	<b>45,4</b>	<b>32,9</b>	<b>27,8</b>	<b>31,3</b>	<b>26,9</b>
Poland	9,9	10,5	9,3	10,6	12,7	12,4	7,9	14,5	14,6	11,7	9,4	8,8	9,4	8,8
Germany	12,0	12,9	12,3	11,7	15,1	13,7	15,3	12,9	23,0	21,1	14,5	12,4	13,3	11,0
Russia	1,8	1,9	1,9	2,2	2,1	3,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Europe - other	6,6	7,2	8,4	5,2	7,0	6,4	10,1	4,5	11,3	7,8	5,2	3,1	4,8	4,5
Asia	1,7	1,1	1,5	1,8	2,7	1,1	1,8	4,0	2,5	3,2	1,4	1,8	1,9	1,9
Other	0,3	0,9	1,1	1,0	1,0	0,5	0,8	1,5	1,9	1,7	2,4	1,7	1,8	0,7
Automation components	26,9	28,8	27,7	26,4	33,5	28,0	31,2	32,0	46,9	40,9	29,5	24,2	27,6	24,2
Goods	4,4	4,1	6,2	4,1	6,0	7,4	3,5	4,0	4,5	3,1	2,3	2,9	2,7	2,2
Other	0,9	1,5	0,6	1,9	1,0	1,7	1,2	1,4	2,0	1,4	1,2	0,8	1,0	0,6
<b>Gross profit</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>	<b>12,4</b>	<b>10,0</b>	<b>5,3</b>	<b>4,7</b>	<b>3,2</b>	<b>3,4</b>
Automation components	5,6	4,4	4,1	5,1	4,9	2,9	3,3	3,7	9,9	9,2	4,4	0,8	2,1	2,3
Goods	1,3	2,5	2,6	-1,1	2,1	2,9	1,3	1,6	1,8	0,8	0,7	1,9	1,1	0,9
Other	0,2	0,3	0,3	2,3	0,2	0,4	0,2	0,8	0,7	0,0	0,2	1,9	0,2	0,0
SG&A	4,4	4,7	4,2	4,9	4,3	4,6	3,9	4,4	4,9	5,1	4,5	4,9	5,1	4,8
Other operating activity net	0,0	0,0	0,0	-0,4	0,2	-0,9	-0,3	0,0	0,0	-0,2	-3,9	2,3	0,0	-0,2
<b>EBITDA</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>	<b>9,0</b>	<b>6,1</b>	<b>-1,6</b>	<b>3,6</b>	<b>-0,3</b>	<b>0,1</b>
<b>EBIT</b>	<b>2,7</b>	<b>2,5</b>	<b>2,9</b>	<b>1,0</b>	<b>3,1</b>	<b>0,7</b>	<b>0,6</b>	<b>1,6</b>	<b>7,4</b>	<b>4,7</b>	<b>-3,1</b>	<b>2,0</b>	<b>-1,8</b>	<b>-1,6</b>
Net financial activity	0,1	-0,3	0,2	-0,8	0,0	-2,9	0,0	-0,3	-0,3	-0,6	0,3	-0,6	-0,2	0,1
Profit before tax	3,1	-2,2	0,6	1,3	7,1	4,2	-2,7	1,4	-2,0	-1,5	0,2	-0,1	0,8	1,2
<b>Net profit</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>	<b>5,7</b>	<b>3,5</b>	<b>-2,1</b>	<b>1,5</b>	<b>-1,8</b>	<b>-1,7</b>
CFO	3,7	-1,5	6,8	-0,6	-3,9	2,7	-1,7	1,1	-6,9	2,3	4,2	0,4	9,2	7,5
CAPEX	3,1	2,8	6,7	1,7	2,3	2,4	6,4	0,9	1,5	1,2	4,0	8,8	3,5	2,0
Net debt	-0,7	3,4	4,7	4,8	10,9	9,9	15,2	13,9	20,7	14,9	18,8	23,7	18,1	12,8
<b>Sales change y/y</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>	<b>31,5%</b>	<b>22,3%</b>	<b>-8,1%</b>	<b>-25,7%</b>	<b>-41,4%</b>	<b>-40,8%</b>
Poland	7%	39%	5%	47%	28%	18%	-15%	37%	15%	-5%	20%	-39%	-36%	-25%
Germany	-23%	-2%	0%	14%	26%	6%	24%	10%	52%	54%	-5%	-4%	-42%	-48%
Russia	-10%	-45%	74%	72%	16%	55%	-100%	-100%	-100%	-100%	---	---	---	---
Europe - other	33%	38%	20%	-3%	6%	-11%	21%	-13%	61%	21%	-49%	-31%	-57%	-42%
Asia	-12%	322%	54%	38%	62%	4%	19%	129%	-6%	181%	-20%	-56%	-23%	-40%
Other	-21%	112%	36%	118%	215%	-41%	-31%	42%	95%	215%	219%	19%	-7%	-58%
<b>Gross margin</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>	<b>23,2%</b>	<b>22,1%</b>	<b>16,2%</b>	<b>16,8%</b>	<b>10,4%</b>	<b>12,5%</b>
Automation components	20,9%	15,2%	14,9%	19,4%	14,5%	10,3%	10,5%	11,5%	21,1%	22,5%	15,0%	3,5%	7,5%	9,6%
Goods	28,5%	60,8%	42,0%	-26,4%	35,7%	39,6%	36,6%	39,1%	39,8%	25,9%	32,2%	66,4%	42,6%	40,8%
Other	22,8%	21,4%	59,7%	120%	20,1%	20,4%	18,6%	56,6%	35,0%	2,6%	14,3%	246,4%	23,5%	-6,0%
S&GA/sales	13,6%	13,7%	12,1%	15,2%	10,6%	12,4%	10,8%	11,9%	9,3%	11,1%	13,8%	17,8%	16,2%	17,8%
<b>EBITDA margin</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>	<b>17,0%</b>	<b>13,5%</b>	<b>-4,7%</b>	<b>12,8%</b>	<b>-1,0%</b>	<b>0,4%</b>
<b>EBIT margin</b>	<b>8,4%</b>	<b>7,3%</b>	<b>8,5%</b>	<b>3,2%</b>	<b>7,6%</b>	<b>1,9%</b>	<b>1,7%</b>	<b>4,2%</b>	<b>13,9%</b>	<b>10,4%</b>	<b>-9,3%</b>	<b>7,3%</b>	<b>-5,7%</b>	<b>-6,0%</b>
<b>Net margin</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>	<b>10,7%</b>	<b>7,7%</b>	<b>-6,4%</b>	<b>5,4%</b>	<b>-5,8%</b>	<b>-6,3%</b>

Source: Dom Maklerski BDM S.A., company

Sales [PLN m]

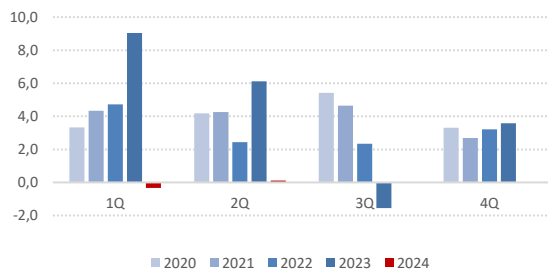


Gross margin



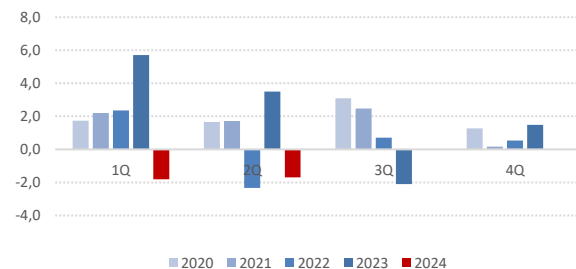
Source: Dom Maklerski BDM S.A., company

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

**RESEARCH DEPARTMENT:**

**Maciej Bobrowski**

Director

tel. (032) 208 14 12

e-mail: [maciej.bobrowski@bdm.pl](mailto:maciej.bobrowski@bdm.pl)

[strategy, industry, media/entertainment, TMT](#)

**Krzysztof Pado**

Deputy Director

Investment Adviser

tel. (032) 208 14 35

e-mail: [krzysztof.pado@bdm.pl](mailto:krzysztof.pado@bdm.pl)

[oil&gas, construction, building materials, real estate](#)

**Krzysztof Tkocz**

Analyst

tel. (032) 208 14 38

e-mail: [krzysztof.tkocz@bdm.pl](mailto:krzysztof.tkocz@bdm.pl)

[gaming](#)

**Anna Tobiasz**

Junior analyst

Investment Adviser

tel. (032) 208 14 35

e-mail: [anna.tobiasz@bdm.pl](mailto:anna.tobiasz@bdm.pl)

**Andrzej Wodecki**

Junior analyst

Investment Adviser

tel. (032) 208 14 39

e-mail: [andrzej.wodecki@bdm.pl](mailto:andrzej.wodecki@bdm.pl)

**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.

**INSTITUTIONAL SALES DEPARTMENT:**

**Leszek Mackiewicz**

Director

tel. (022) 62-20-848

e-mail: [leszek.mackiewicz@bdm.pl](mailto:leszek.mackiewicz@bdm.pl)

**Piotr Dedecjus**

tel. (022) 62-20-100

e-mail: [piotr.dedecjus@bdm.pl](mailto:piotr.dedecjus@bdm.pl)

**Maciej Fink-Finowicki**

tel. (022) 62-20-855

e-mail: [maciej.fink-finowicki@bdm.pl](mailto:maciej.fink-finowicki@bdm.pl)

**Piotr Komorowski**

tel. (022) 62-20-851

e-mail: [piotr.komorowski@bdm.pl](mailto:piotr.komorowski@bdm.pl)

**Tomasz Grzeszczyk**

tel. (022) 62-20-854

e-mail: [tomasz.grzeszczyk@bdm.pl](mailto:tomasz.grzeszczyk@bdm.pl)

**Ratings and price targets history:**

rating	price target	previous rating	previous target price	report date	report date (hour)	price	WIG
Hold	6,25	Hold	7,42	20.05.2024*	14:00 CEST	6,20	89 376
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 Sroczyński

**Distribution of BDM's recommendations in Q3'24\*:** , distribution of BDM's recommendations for the companies which BDM has supplied with investment banking services within the last 12 months

	number	%	number	%
Buy	7	58%	0	0%
Accumulate	2	17%	0	0%
Hold	1	8%	0	0%
Reduce	1	8%	0	0%
Sell	1	8%	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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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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