

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]	5,4	P/E	7,8	41,2	6,0	<b>Analyst:</b> Krzysztof Pado krzysztof.pado@bdm.pl tel.: (+48) 512 338 250
MC [mln PLN]	51,5	EV/EBITDA	3,5	5,1	4,4	
		EV/EBIT	6,1	10,9	6,8	
		P/BV	0,5	0,5	0,5	

**Last recommendation BDM: HOLD with target price 5,16 PLN/share (25.10.2024) [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	32,9	24,3	-26,3%	26,7	-9,1%	131,7	82,4	-37,4%
Gross profit	5,3	2,6	-51,7%	3,0	-15,1%	27,7	9,2	-66,9%
Profit on sales	0,8	-1,7	---	-1,5	---	13,2	-5,0	---
EBITDA	-1,6	0,0	---	0,2	---	13,6	-0,2	---
EBIT	-3,1	-1,7	---	-1,6	---	9,1	-5,1	---
Profit before tax	-2,7	-2,0	---	-2,0	---	8,6	-5,5	---
Net profit	-2,1	-2,2	---	-1,6	---	7,1	-5,7	---
Gross margin	16,2%	10,6%		11,4%		21,0%	11,1%	
EBITDA margin	2,4%	-7,2%		-5,5%		10,0%	-6,1%	
EBIT margin	-9,3%	-7,1%		-5,9%		6,9%	-6,2%	
Net margin	-6,4%	-8,9%		-5,9%		5,4%	-6,9%	

Source: BDM S.A., company

- The company published its Q3'24 results before the trading session today.
- Q3'24 revenue was PLN 24.3m (-26% y/y, -10% q/q, 9% below our assumptions). Sales on the Polish market fell by -4% y/y, while export sales were down by -35% y/y (including -39% y/y in Germany). Last year's comparative base was not as challenging as in 1H'24. The weakness in the economy is evidenced by the fact that the last time the company recorded quarterly revenue below PLN 25m was 11 years ago. The company points to the weak economic situation in industry and investments or the strengthening of the PLN and high quotations of some raw materials.
- Gross profitability eroded sharply y/y (10.6% in Q3'24 vs. 16.2% a year ago). It was also slightly lower than in 1H'24 (11.4%). Production profitability was 7.8% vs 15.0% a year ago and 8.5% in 1H'24.
- EBITDA amounted to PLN 0.0m (vs. PLN -1.6m a year ago and PLN +0.1m in Q2'24; last year's results included a PLN -3.9m impairment charge on R&D), and we expected PLN +0.2m.
- Net result at PLN -2.2m (vs. PLN -1.1m in Q3'23).
- Operating cash flow: PLN -1.2m (vs. PLN +4.2m a year ago).
- CAPEX: PLN 0.3m (PLN 5.9m in Q1-3'24). The new production lines (a completed project financed by a grant from the NCBiR) have been put into operation and incorporated into the long-run production line, during which calibration is performed in preparation for full capacity.
- Net debt after Q3'24: PLN 14.6m (vs. PLN 12.8m after Q2'24 and PLN 18.8m a year ago). As previously reported, 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 indicates that no significant changes in financial results are expected in Q4'24. However, the company sees indications of a slow market recovery in 2025. Relpol points out, among other things, that customer inventories are shrinking, which should generate new orders. A quarter ago, management indicated that it expects the market situation to improve in the coming quarters (while after Q1'24 the outlook indicated a slow market improvement in the following months).

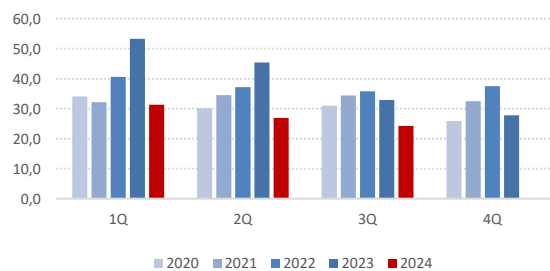
**BDM Comment:** The company reported another strong year-on-year decline in quarterly revenue in 2024 and gross margin on sales is under pressure from low capacity utilisation. The results are slightly below our already low expectations. Management does not expect a turnaround in Q4'24 (additionally, bear in mind the weak seasonality associated with December). It now sees indications of market improvement in 2025.

Results in previous quarters [PLN m]

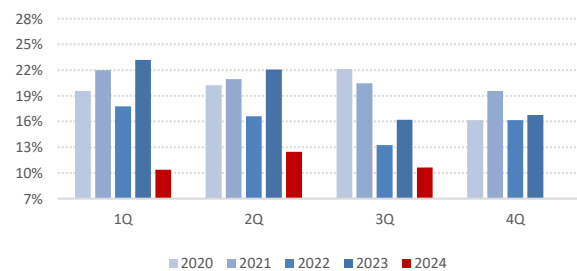
	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24
<b>Sales</b>	<b>32,2</b>	<b>34,5</b>	<b>34,4</b>	<b>32,5</b>	<b>40,6</b>	<b>37,1</b>	<b>35,8</b>	<b>37,5</b>	<b>53,3</b>	<b>45,4</b>	<b>32,9</b>	<b>27,8</b>	<b>31,3</b>	<b>26,9</b>	<b>24,3</b>
Poland	9,9	10,5	9,3	10,6	12,7	12,4	7,9	14,5	14,6	11,7	9,4	8,8	9,4	8,8	9,1
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	8,8
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	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	3,2
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	2,8
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	0,4
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	21,2
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	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	0,9
<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>	<b>2,6</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	1,7
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	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	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	4,3
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	0,0
<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>0,0</b>
EBIT	2,7	2,5	2,9	1,0	3,1	0,7	0,6	1,6	7,4	4,7	-3,1	2,0	-1,8	-1,6	-1,7
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	-0,3
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	0,4	0,7	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>	<b>-2,2</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	-1,2
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	0,3
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	14,6
<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>	<b>-26,3%</b>
Poland	7%	39%	5%	47%	28%	18%	-15%	37%	15%	-5%	20%	-39%	-36%	-25%	-4%
Germany	-23%	-2%	0%	14%	26%	6%	24%	10%	52%	54%	-5%	-4%	-42%	-48%	-39%
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%	-39%
Asia	-12%	322%	54%	38%	62%	4%	19%	129%	-6%	181%	-20%	-56%	-23%	-40%	97%
Other	-21%	112%	36%	118%	215%	-41%	-31%	42%	95%	215%	219%	19%	-7%	-58%	-82%
<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>	<b>10,6%</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%	7,8%
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%	41,5%
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%	1,1%
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%	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>-0,1%</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>-7,1%</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>	<b>-8,9%</b>

Source: Dom Maklerski BDM S.A., company

Sales [PLN m]

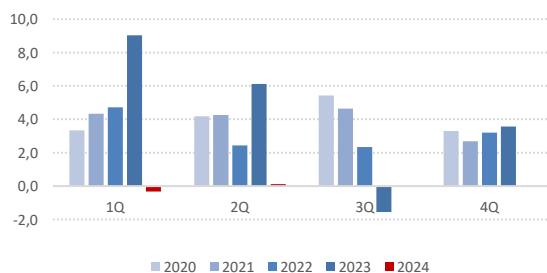


Gross margin



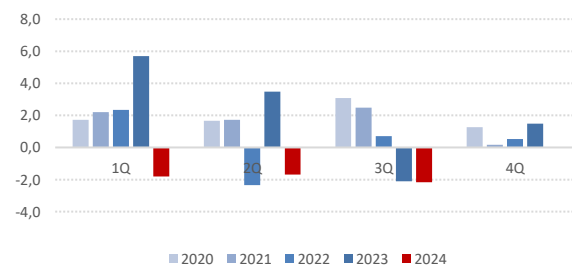
Source: Dom Maklerski BDM S.A., company

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	5,16	Hold	6,25	25.10.2024*	16:10 CEST	5,38	80 846
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 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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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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The report has been prepared by Dom Maklerski BDM S.A. (hereinafter BDM S.A.) within the Exchange Analytical Coverage Support Programme (<https://www.gpw.pl/gpwpa>). BDM S.A. is a party to the „Agreement on the provision of analytical report services” concluded with the Warsaw Stock Exchange Company („GPW”), on the basis of which BDM provides services of analytical coverage of the Issuer for the term of the Agreement. Under the agreement BDM obtains remuneration from GPW. All materials prepared by BDM within the framework of co-operation are available at <https://www.bdm.pl/program-wsparcia-pokrycia-analitycznego-gpw>

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