

ML System

Slowdown takes its toll

We have once again lowered our valuation for ML System now by 46.0% after cutting our 2024-2025 EBITDA estimates by 42.4% and 40.1% respectively to reflect a larger-than-expected hit from the macroeconomic slowdown. At a recent conference call, the CEO indicated that the company's backlog stands at PLN 168m. The firm also renounced earlier guidance for sales at PLN 400m. MLS is generating negative operating margins in the classical PV segment, which drags down overall profitability. This is the result of increased competition from China, which kills margins across all of Europe. In an attempt to defy the European downturn, MLS is trying to enter the US market, with an initial contract for USD 2.9m already signed. Even so, the Meyer Burger case shows plans to build factories overseas may be economically unviable. MLS has signalled that the number of contracts is picking up: at times the company has had to reject projects due to insufficient capacities for short-term deliveries. We believe this is the result of the still unfinished refurbishment of the production facility, which does not appear to be ready to function at full capacity yet. This could cripple the company in its attempts to gain more contracts. On the other hand, we understand that the implementation of the Active Glass production line is likely to be postponed until some point in 2025; and this is before we mention the capacity to produce roof tiles and facades, which is also likely to be postponed. We still believe that the EPBD directive is a long-term game-changer for the market, although the next few quarters are likely to be challenging. We lower our FV to PLN 31.54 (down 46.0% from PLN 58.45 previously). We downgrade our recommendation from BUY to SELL.

Chinese dominance in Europe: According to think-tank Bruegel, China supplies about 95% of panels used in the EU. European solar manufacturers say a glut of cheaper Chinese photovoltaics is undermining their production, with solar panels costing roughly half what they did at the same time last year due to oversupply.

Meyer Burger to cut a fifth of its workforce: One of Europe's largest solar-panel manufacturers, Meyer Burger, has cut a fifth of its workforce and overhauled management as it tries to return to profitability in the face of stiff Chinese competition. Meyer Burger has shifted some production to the US, tempted by the subsidies on offer to manufacturers under the IRA act. However, Meyer Burger has also struggled there and in August it announced that a planned 2GW solar cell factory in Colorado was no longer financially viable and would not go ahead. In addition, it suspended plans to expand capacity at a new panel assembly site in Goodyear, Arizona.

Strategic option review: The company has launched a strategic option review few months back. We recognize the possibility of the company finding a strategic branch or financial investor which could stabilize the company's balance sheet.

Figure 1. ML System financials (PLN m)

	2021	2022	2023	2024E	2025E	2026E
Revenue	188.8	281.7	193.3	161.8	186.1	241.4
EBIT	4.4	7.1	3.1	-3.8	7.4	8.3
EBITDA	24.4	36.5	25.7	24.5	39.9	48.0
Net profit	1.7	0.2	-4.6	-9.3	-3.8	-1.3
EPS	0.3	0.0	-0.7	-1.3	-0.5	-0.2
DPS	0.0	0.0	0.0	0.0	0.0	0.0
P/E (x)	128.9	1,109.8	-55.3	-29.1	-71.6	-210.8
EV/EBITDA (x)	12.0	9.0	15.0	19.0	11.9	9.7

Source: Company, IPOPEMA Research

Technology

ML System

SELL

FV PLN 31.54

14.3% downside

Price as of 09 October 2024 PLN 36.80

Recommendation downgraded



Share data

Number of shares (m)	7.4
Market cap (EUR m)	63.3
12M avg daily volume (k)	7.4
12M avg daily turnover (EUR m)	0.1
12M high/low (PLN)	63.8/35.5
WIG weight (%)	0.04
Reuters	MLSP.WA
Bloomberg	MLS.PW

Total performance

1M	-3.0%
3M	+3.6%
12M	-23.7%

Shareholders

Dawid Cycoń	27.33%
Edyta Stanek	27.10%
NN OFE	7.15%

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ML SYSTEM**SELL****FV PLN 31.54**

Mkt Cap EUR 63.3m

Upside/downside -14.3%

Valuation multiples	2021	2022	2023	2024E	2025E
P/E (x)	128.9	1,109.8	-55.3	-29.1	-71.6
EV/EBITDA (x)	12.0	9.0	15.0	19.0	11.9
EV/Sales (x)	1.55	1.17	1.99	2.88	2.54
P/BV (x)	1.54	1.63	1.30	1.44	1.47
FCF yield (%)	-20%	-15%	-7%	-1%	-3%
DY (%)	0%	0%	0%	0%	0%

Per share	2021	2022	2023	2024E	2025E
No. of shares (m units)	6.1	6.5	7.0	7.4	7.4
EPS (PLN)	0.29	0.03	-0.67	-1.27	-0.51
BVPS (PLN)	23.90	22.58	28.36	25.55	25.03
FCFPS (PLN)	-7.38	-5.48	-2.66	-0.21	-1.24
DPS (PLN)	0.00	0.00	0.00	0.00	0.00

Change y/y (%)	2021	2022	2023	2024E	2025E
Revenues	48.3%	49.2%	-31.4%	-16.3%	15.0%
EBITDA	10.1%	49.8%	-29.7%	-4.7%	62.9%
EBIT	-61.8%	60.8%	-57%	-223%	-295%
Pre-tax	-69.1%	-72.0%	-521.1%	210.3%	-63.8%
Net profit	-82.8%	-87.7%	-2260%	101.2%	-59.4%

Leverage and return	2021	2022	2023	2024E	2025E
Gross margin (%)	14.1%	13.1%	16.5%	19.7%	26.0%
EBITDA margin (%)	12.9%	13.0%	13.3%	15.1%	21.4%
EBIT margin (%)	2.3%	2.5%	1.6%	-2.3%	4.0%
Net margin (%)	0.9%	0.1%	-2.4%	-5.8%	-2.0%
Net debt / EBITDA (x)	2.80	2.51	4.99	7.95	5.06
Net debt / Equity (x)	0.47	0.63	0.65	1.03	1.09
Leverage Ratio (x)	0.37	0.43	0.50	0.55	0.56
ROE (%)	1.2%	0.1%	-2.7%	-4.8%	-2.0%
ROA (%)	3.2%	0.3%	-5.4%	-8.8%	-3.6%
ROIC (%)	0.8%	0.1%	-1.4%	-2.4%	-1.0%

Assumptions	2021	2022	2023	2024E	2025E
Sales (PLN m)	188.8	281.7	193.3	161.8	186.1
Quantum tiles/facades	0.0	0.0	0.0	0.0	0.0
PV	183.5	245.6	143.8	108.5	97.6
R&D	0.0	0.0	0.2	0.2	0.2
Unallocated	2.2	0.6	1.9	0.3	0.4
Quantum + 2D Glass	3.2	35.5	47.3	52.7	87.8
Active Glass	0.0	0.0	0.0	0.0	0.0
Poland GDP (%)	6.8%	5.3%	0.2%	2.4%	4.1%
Poland CPI (%)	5.1%	14.3%	11.6%	4.7%	4.6%
Constr. activity(%)	2.8%	1.9%	1.9%	2.9%	2.7%
USD PLN (avg)	3.86	4.46	4.20	3.92	3.76
EURPLN (avg)	4.56	4.68	4.54	4.29	4.22

P&L (PLN m)	2021	2022	2023	2024E	2025E	2026E
Revenues	188.8	281.7	193.3	161.8	186.1	241.4
Quantum tiles/facades	0.0	0.0	0.0	0.0	0.0	41.4
PV	183.5	245.6	143.8	108.5	97.6	87.9
R&D	0.0	0.0	0.2	0.2	0.2	0.2
Unallocated	2.2	0.6	1.9	0.3	0.4	0.4
Quantum + 2D Glass	3.2	35.5	47.3	52.7	87.8	111.5
Active Glass	0.0	0.0	0.0	0.0	0.0	20.6
Costs	-162.2	-244.6	-161.4	-129.9	-137.7	-180.0
SG&A	-30.0	-30.6	-35.1	-49.7	-57.1	-74.1
EBIT	4.4	7.1	3.1	-3.8	7.4	8.3
EBITDA	24.4	36.5	25.7	24.5	39.9	48.0
Financial income (cost) net	-1.2	-6.2	-6.8	-7.8	-11.6	-9.7
Pre-tax	3.2	0.9	-3.7	-11.6	-4.2	-1.4
Tax	-1.4	-0.7	-0.9	2.3	0.4	0.1
Net profit	1.7	0.2	-4.6	-9.3	-3.8	-1.3

BALANCE SHEET (PLN m)	2021	2022	2023	2024E	2025E	2026E
Non-current assets	247.9	256.4	433.1	415.1	416.8	419.2
Intangible assets	11.8	17.0	25.1	25.2	25.2	25.3
PP&E	213.5	217.5	384.1	366.1	367.6	369.4
Receivables	0.8	0.8	1.0	0.9	1.0	1.3
Current assets	142.3	174.8	145.6	112.8	145.0	156.9
Inventories	57.7	66.5	44.1	35.6	37.7	49.3
Trade receivables	41.7	69.0	71.4	35.5	40.8	52.9
Cash and equivalents	24.7	27.1	20.7	32.4	55.8	41.0
Other current assets	18.2	12.3	9.4	9.3	10.7	13.7
Total assets	390.2	431.2	578.7	527.8	561.8	576.1
Equity	146.2	146.4	197.9	188.6	184.8	183.5
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	146.9	133.8	228.8	141.1	146.2	171.5
Loans and leasing	56.7	46.7	73.5	71.6	72.0	74.7
Other non-current liabilities	90.2	87.1	155.3	69.5	74.1	96.8
Current liabilities	97.1	151.0	151.9	198.2	230.9	221.1
Trade payables	47.3	65.3	70.5	37.4	39.6	51.8
Loans and leasing	36.4	72.0	75.3	155.5	185.4	162.0
Other current liabilities	13.4	13.6	6.2	5.3	5.9	7.4
Equity & liabilities	390.2	431.2	578.7	527.8	561.8	576.1
Inventories turnover (days)	129.8	99.2	99.7	100.0	100.0	100.0
Receivable turnover (days)	80.6	89.4	134.9	80.0	80.0	80.0
Net debt (PLN m)	68.4	91.7	128.1	194.7	201.6	195.7

CASH FLOW (PLN m)	2021	2022	2023	2024E	2025E	2026E
Operating cash flow	10.2	10.3	6.2	-56.2	27.1	47.6
Net income	1.7	0.2	-4.6	-9.3	-3.8	-1.3
D&A	20.0	29.4	20.8	28.3	32.5	39.8
Change in WC	-15.0	-24.9	-22.6	11.4	-6.6	-14.6
Other	3.5	5.6	12.6	-86.5	4.9	23.7
Investment cash flow	-55.4	-45.9	-171.6	-53.7	-32.5	-40.1
CAPEX	-55.4	-45.9	-171.6	-53.7	-32.5	-40.1
Dividends received	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
Financial cash flow	49.4	37.8	159.1	121.6	28.9	-22.4
Change in equity	0.1	0.0	56.2	0.0	0.0	0.0
Change in debt	23.0	27.8	31.8	80.6	29.4	-24.5
Dividend	0.0	0.0	0.0	0.0	0.0	0.0
Other	26.3	10.0	71.1	40.9	-0.5	2.2
Change in cash	4.2	2.3	-6.3	11.6	23.5	-14.8
Cash as of eop	24.7	27.1	20.7	32.4	55.8	41.0

Source: Company data, IPOPEMA Research

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Valuation

Our valuation approach for construction companies uses two methods: the discounted cash flow (DCF) and the dividend discount model (DDM). We calculate our Fair Value for ML System by taking the average of the two results. The two methods are aligned, as they are both based on the same financial model. The model assumes cashflow projections over a 10-year period for the firm based on our forecasts for the photovoltaic and construction markets, and GDP in Poland as well as other parameters including volume growth, product mix changes, changes in the financing model, efficiency gains, production cost increases, capital expenditures and working capital needs. Our dividend projections are a derivative of the earnings forecasts in our financial model. Payout levels are determined by corporate policy in the short term (10%) and then drift towards a target payout ratio of 80% in the long-term. The DDM is also a useful tool for understanding P/E multiples [$P/E = (D/E)/(k-g)$], with differences explained by a combination of earnings growth and dividend payout. Both our DCF and DDM models have terminal values with a growth rate of 2%.

Our assumptions for cost of equity were established by using a variable risk-free rate (equal to the 12-month forward interest rate) and adding a 5.5% equity risk premium each year. The 12-month forward interest rates were derived from the yield curve of the 2024-2033 period. We also consistently use a beta of one (1) so as not to distort the WACC and the comparability of our valuations.

Changes in forecast

Figure 2. Changes in forecast

	2024			2025			2026		
	OLD	NEW	change	OLD	NEW	change	OLD	NEW	change
Revenues	242.3	161.8	-33.2%	358.5	186.1	-48.1%	413.0	241.4	-41.6%
EBIT	10.5	-3.8	-136.1%	22.1	7.4	-66.5%	38.7	8.3	-78.6%
EBITDA	42.5	24.5	-42.4%	66.6	39.9	-40.1%	82.2	48.0	-41.6%
Net profit	2.8	-9.3	na	13.9	-3.8	na	31.0	-1.3	na

Source: Company, IPOPEMA Research

3Q24 results preview

Figure 3. ML System: 3Q24 results preview (PLN m)

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24E	Y/Y	Q/Q
Revenues	46.09	48.42	39.72	59.03	40.12	31.27	35.18	-11.4%	12.5%
Gross profit	4.25	4.08	10.01	13.57	7.70	3.33	4.51	-54.9%	35.5%
EBITDA	7.44	-0.21	6.38	12.08	13.34	1.24	-0.60	na	na
EBIT	0.14	-6.44	1.84	7.53	6.66	-5.95	-7.80	na	na
Net profit	-2.26	-8.39	-0.10	6.11	5.87	-8.81	-7.75	na	na

Source: Company, IPOPEMA Research

Figure 4. DCF Valuation (PLN m)

PLN m	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Terminal Year
Revenues	161.8	186.1	241.4	343.6	419.7	500.0	538.1	554.2	570.9	588.0	588.0
EBIT	-3.8	7.4	8.3	16.9	44.1	64.4	73.6	74.7	75.7	76.6	76.6
Tax on EBIT	-0.7	0.7	0.8	1.7	8.4	12.2	14.0	14.2	14.4	14.5	14.5
NOPLAT	-3.0	6.7	7.4	15.2	35.7	52.2	59.6	60.5	61.3	62.0	62.0
Depreciation	28.3	32.5	39.8	45.4	42.9	45.8	48.9	52.2	55.7	59.4	59.4
Capital expenditures	-53.7	-32.5	-40.1	-45.9	-43.1	-46.0	-49.1	-52.5	-56.0	-59.8	-59.8
Change in working capital	11.4	-6.6	-14.6	-27.2	-20.3	-21.4	-10.2	-4.3	-4.4	-4.5	-4.5
Leasing payments	-1.5	-1.6	-1.7	-1.8	-1.9	-2.0	-2.2	-2.3	-2.3	-2.5	-2.5
Free cash flow	-18.6	-1.5	-9.1	-14.2	13.3	28.4	47.0	53.6	54.2	54.7	54.7
Risk-free rate	5.45%	5.62%	5.69%	5.79%	5.85%	5.89%	6.01%	6.01%	6.01%	6.01%	6.01%
Equity risk premium	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Beta	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Cost of equity	10.95%	11.12%	11.19%	11.29%	11.35%	11.39%	11.51%	11.51%	11.51%	11.51%	11.51%
Cost of debt (pre-tax)	7.9%	8.1%	8.2%	8.3%	8.3%	8.4%	8.5%	8.5%	8.5%	8.5%	8.5%
Effective tax rate	45.0%	75.8%	-23.9%	19.7%	10.0%	10.0%	10.0%	19.0%	19.0%	19.0%	19.0%
After-tax cost of debt	4.4%	2.0%	10.1%	6.7%	7.5%	7.6%	7.7%	6.9%	6.9%	6.9%	6.9%
Weight of debt	34.8%	48.5%	47.1%	39.9%	39.4%	38.1%	38.7%	39.2%	41.6%	40.1%	40.1%
Weight of equity	65.2%	51.5%	52.9%	60.1%	60.6%	61.9%	61.3%	60.8%	58.4%	59.9%	59.9%
WACC	8.7%	6.7%	10.7%	9.4%	9.8%	9.9%	10.0%	9.7%	9.6%	9.7%	9.7%
Discount fact	0.92	0.86	0.78	0.71	0.65	0.59	0.54	0.49	0.45	0.41	0.37
PV of FCF	-17.1	-1.3	-7.1	-10.1	8.6	16.8	25.2	26.2	24.2	22.2	20.3
Sum of FCF PV's	87.5										
FCF terminal growth rate	2.0%										
Terminal value	727.9										
PV of terminal value	269.9										
Unwind of discount	23.7										
Enterprise value	381.1										
Net debt 2023	128.1										
Employees liabilities	-0.8										
Dividend paid out in 2024 (ytd terms)	0.0										
Per share value (PLN)	33.61										

Source: Company, IPOPEMA Research

Figure 5. DDM Valuation (PLN m)

PLNm	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	Terminal Year
Dividends	0.0	0.0	0.0	3.5	14.5	32.7	38.1	38.3	38.4	39.0	39.0
Discount rate	11.1%	11.2%	11.3%	11.3%	11.4%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%
Discount factor	0.90	0.81	0.73	0.65	0.59	0.53	0.47	0.42	0.38	0.34	0.30
Discounted dividend	0.0	0.0	0.0	2.3	8.5	17.2	18.0	16.2	14.6	13.3	11.9
Sum of DD PV's	90.0										
DIV terminal growth rate	2.0%										
Terminal value	418.0										
PV of terminal value	127.5										
Discount unwind	3.5										
Equity value	221.0										
Per share value (PLN)	29.46										

Source: Company, IPOPEMA Research

Figure 6. Valuation Summary (PLN)

PLN	
DCF	33.61
DDM	29.46
Average	31.54

Source: Company, IPOPEMA Research

Relative valuation

As many of the company's international competitors are private, non-listed companies, and Polish companies operating on the PV market are either incomparable to ML System or there are not enough consensus readings, we decided to show ML System in comparison to international PV utility scale farm operators. This comparison is also imperfect.

Compared to the international peers' median of 2025E EV/EBITDA of 9.8x, ML System trades at 11.9x, which constitutes a 21.3% premium. Meyer Burger which tries to enter US Market on larger scale trades at 9.8x 2025E EV/EBITDA. In our opinion, such a high premium is not justified.

Figure 7. Relative Valuation

PRICE (LCU)	Ticker	NAME	P/E			EV/EBITDA			EV/SALES		
			2024	2025	2026	2024	2025	2026	2024	2025	2026
15.6	CSIQ.O	CANADIAN SOLAR	17.1	5.5	3.1	7.6	5.0	4.2	0.8	0.7	0.6
244.5	TSLA.O	TESLA	111.1	85.0	61.9	52.0	41.6	34.3	7.7	6.6	5.7
225.6	FSLR.O	FIRST SOLAR	16.7	10.5	7.5	11.6	7.6	5.5	5.2	4.0	3.4
997.7	6753.T	SHARP CORPORATION	NaN	36.5	15.9	16.4	17.7	11.2	0.4	0.4	0.5
22.2	688599.SS	TRINA SOLAR	54.9	16.9	11.6	18.3	12.5	9.9	1.0	0.9	0.8
4,727.0	5201.T	AGC INC.	NaN	11.4	9.0	5.6	4.9	4.4	0.9	0.8	0.8
1,704.5	6971.T	KYOCERA	22.8	21.2	18.2	10.8	10.2	8.9	1.2	1.2	1.1
9.0	RECSI.OL	REC SILICON ASA	NaN	47.0	4.5	NaN	11.8	5.4	3.5	1.5	1.2
0.0	SPWR.O	SUNPOWER CORPORATION	NaN	NaN	NaN	NaN	7.4	5.2	0.2	0.1	0.1
28.1	WBSV.VI	WIENERBERGER	12.5	8.1	6.9	6.6	5.7	5.2	1.1	1.1	1.0
1.5	MBTN.S	MEYER BURGER TECHNOLOGY AG	NaN	NaN	1.1	NaN	9.8	3.1	1.4	0.5	0.4
		MEDIAN	19.9	16.9	8.3	11.2	9.8	5.4	1.1	0.9	0.8
36.8	MLSP.WA	ML SYSTEM	-29.1	-71.6	-210.8	19.0	11.9	9.7	2.9	2.5	1.9
		Premium/discount to median									
		ML SYSTEM	NaN	NaN	NaN	69.5%	21.3%	81.3%	153.7%	192.2%	144.9%
		Our valuation									
		ML SYSTEM	-26.56	-65.41	-192.54	18.09	11.28	9.24	2.74	2.42	1.84

Source: Reuters, IPOPEMA Research

Risks to fair value

Demand volatility

ML System is exposed to the PV market, which in Poland is undergoing rapid growth. The government, however, has already introduced adverse changes to the support scheme to prosumers starting from 2022.

Unfavourable trend in prices of materials and services

Adverse trends such as rising raw material costs and inflation in transport service costs may hamper the company's profitability.

Potential rise in competition

Given the company's superior profitability, arising from complex solutions and a growing scale of operations, several local competitors might attempt to copy ML System's business model, which could potentially increase competition in the company's most important segments. ML System has, however, patented its technology which limits the possibilities of entering the most attractive segments of quantum dot PV modules. The regular PV modules are exposed to high competition as the market is fragmented and exposed to heavy imports, especially from China.

Workforce shortages

A shortage of skilled labour in the construction industry could result in ML System having insufficient employees to operate its business. There are no shortages at the moment, which would likely allow the company to lower its cost base and cost of third parties in quarters ahead.

Rise in receivables

The biggest threat to ML System would be a rapid increase in receivables stemming from construction contracts, which would cast a shadow over the profitability of the executed contracts.

Economy slowdown

Estimates for the Polish economy point to lower growth rates going forward. As a result, some investments could be suspended, which would raise questions about the level of ML System's future backlog. Decreasing EU funds are likely to accentuate the problem.

Breach of debt covenants

We do not assume in our model banks demanding rapid repayment of debt despite breached covenants. This however is likely to be achieved through the negotiations which in extreme scenario might turn sour for the company.

Financials

Figure 8. INCOME STATEMENT (PLN m)

	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	93.4	127.3	188.8	281.7	193.3	161.8	186.1	241.4
Cost of goods & products sold	-81.4	-96.6	-162.2	-244.6	-161.4	-129.9	-137.7	-180.0
Gross profit	11.9	30.7	26.6	37.0	31.9	31.8	48.3	61.4
SG&A	-15.4	-23.0	-30.0	-30.6	-35.1	-49.7	-57.1	-74.1
Other operating activity	8.5	3.8	7.8	0.7	6.2	14.1	16.2	21.0
EBIT	5.1	11.5	4.4	7.1	3.1	-3.8	7.4	8.3
Net financial activity	-1.6	-1.3	-1.2	-6.2	-6.8	-7.8	-11.6	-9.7
Pre-tax profit	3.5	10.3	3.2	0.9	-3.7	-11.6	-4.2	-1.4
Tax	0.0	-0.1	-1.4	-0.7	-0.9	2.3	0.4	0.1
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	3.5	10.2	1.7	0.2	-4.6	-9.3	-3.8	-1.3
EBITDA	14.0	22.1	24.4	36.5	25.7	24.5	39.9	48.0

Source: Company, IPOPEMA Research

Figure 9. BALANCE SHEET (PLN m)

	2019	2020	2021	2022	2023	2024E	2025E	2026E
Long-term assets	146.1	184.8	247.9	256.4	433.1	415.1	416.8	419.2
Tangible assets	135.2	168.5	213.5	217.5	384.1	366.1	367.6	369.4
Receivables and loans	0.2	0.5	0.8	0.8	1.0	0.9	1.0	1.3
Intangible assets	7.2	11.0	11.8	17.0	25.1	25.2	25.2	25.3
Others	3.5	4.8	21.8	21.2	22.9	22.9	23.0	23.2
Current assets	70.1	118.8	142.3	174.8	145.6	112.8	145.0	156.9
Inventories	9.6	38.3	57.7	66.5	44.1	35.6	37.7	49.3
Receivables from construction activities	15.1	18.9	17.3	11.1	8.9	8.9	10.2	13.2
Trade receivables	29.8	40.3	41.7	69.0	71.4	35.5	40.8	52.9
Other	15.6	21.3	25.6	28.2	21.2	32.8	56.3	41.5
Total assets	216.2	303.5	390.2	431.2	578.7	527.8	561.8	576.1
Equity	77.4	144.4	146.2	146.4	197.9	188.6	184.8	183.5
Long-term liabilities	92.7	95.3	146.9	133.8	228.8	141.1	146.2	171.5
Interest bearing	30.8	25.5	43.4	35.6	63.4	63.4	63.4	63.4
Leasing	1.8	2.2	13.3	11.1	10.2	8.2	8.7	11.3
Deferred liabilities	58.0	61.4	85.9	82.7	149.9	65.0	68.9	90.0
Others	2.0	6.2	4.3	4.4	5.5	4.6	5.2	6.8
Short-term liabilities	46.1	63.9	97.1	151.0	151.9	198.2	230.9	221.1
Interest bearing	15.1	29.8	33.1	68.7	71.6	152.2	181.7	157.2
Trade liabilities	24.7	25.2	47.3	65.3	70.5	37.4	39.6	51.8
Deferred liabilities	4.4	6.4	8.7	10.4	0.0	0.0	0.0	0.0
Leasing	0.5	1.1	3.3	3.3	3.7	3.2	3.7	4.8
Others	1.5	1.4	4.6	3.3	6.2	5.3	5.9	7.4
Total liabilities & equity	216.2	303.5	390.2	431.2	578.7	527.8	561.8	576.1

Source: Company, IPOPEMA Research

Figure 10. CASH FLOW STATEMENT (PLN m)

	2019	2020	2021	2022	2023	2024E	2025E	2026E
Net profit	3.5	10.2	1.7	0.2	-4.6	-9.3	-3.8	-1.3
Depreciation	8.9	10.6	20.0	29.4	20.8	28.3	32.5	39.8
Change in net working capital	-2.2	-44.4	-15.0	-24.9	-22.6	11.4	-6.6	-14.6
Other items	-17.7	1.7	3.5	5.6	12.6	-86.5	4.9	23.7
Operating cash flow	-7.6	-21.9	10.2	10.3	6.2	-56.2	27.1	47.6
Purchases of tangibles & intangibles	-40.2	-53.2	-55.4	-45.9	-171.6	-53.7	-32.5	-40.1
Others	1.4	4.2	0.0	0.0	0.0	0.0	0.0	0.0
Investing cash flow	-38.7	-49.0	-55.4	-45.9	-171.6	-53.7	-32.5	-40.1
Change in interest-bearing debt	17.5	9.4	23.0	27.8	31.8	80.6	29.4	-24.5
Dividends	-1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	30.4	66.9	26.4	10.0	127.3	40.9	-0.5	2.2
Financing cash flow	46.8	76.3	49.4	37.8	159.1	121.6	28.9	-22.4
Total cash flow	0.5	5.4	4.2	2.3	-6.3	11.6	23.5	-14.8
Cash at beginning of period	14.7	15.1	20.5	24.7	27.1	20.7	32.4	55.8
Cash at end of period	15.1	20.5	24.7	27.1	20.7	32.4	55.8	41.0

Source: Company, IPOPEMA Research

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Net F&C – Net fee and commission income – fee and commission income minus fee and commission expense.

LLP – loan loss provisions – an expense set aside as an allowance for bad loans.

NPL – non-performing loan – loans that are in default or close to be in default.

Cost/Income – operating expenses divided by total banking revenue.

ROE – return on equity – net income (or adjusted net income) divided by the average shareholders' equity.

ROA – return on assets – net income (or adjusted net income) divided by the average assets.

EBIT – earnings before interests and tax.

EBITDA – earnings before interests, tax, depreciation and amortization.

EPS – earnings per share – the net income (or adjusted net income) divided by the number of shares outstanding.

P/E – price to earnings ratio – price divided by earnings per share.

PEG – P/E ratio divided by the annual EPS growth, usually over a certain period of time.

CAGR – compound annual growth rate.

BVPS – book value per share, the book value of the Company's equity divided by the number of shares outstanding.

P/BV – price to book value - price divided by the BVPS.

DPS – dividend per share – dividend of a given year divided by the number of shares outstanding.

DY – dividend yield – dividend of a given year divided by the current price.

DDM – dividend discount model – a fundamental method of valuation based on the assumption that the value of stock equals the sum of all discounted future dividends.

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	Number	%
Buy	18	56%
Hold	8	25%
Sell	6	19%
Total	32	100%

Rating History – ML System

Date	Recommendation	Fair Value	Price at recommendation	Author
09/09/2021	BUY	PLN 127.00	PLN 108.40	Robert Maj
06/05/2022	BUY	PLN 90.94	PLN 73.50	Robert Maj
26/08/2022	BUY	PLN 104.48	PLN 75.75	Robert Maj
21/11/2022	BUY	PLN 83.18	PLN 50.60	Robert Maj
05/04/2023	BUY	PLN 92.22	PLN 62.50	Robert Maj
02/10/2023	BUY	PLN 87.29	PLN 65.30	Robert Maj
24/04/2024	BUY	PLN 58.45	PLN 47.20	Robert Maj
10/10/2024	SELL	PLN 31.54	PLN 36.80	Robert Maj