

Comp

Buy

(previous: Buy, 60 PLN)

Target price: 62 PLN

Current price 55,4 PLN

Upside potential 12%

The beginning of the biggest stage of fiscalisation

- Comp is entering a period of high profits associated with the final stage of online fiscalisation, which has now become the Company's top priority. In 2021, we expect EBITDA to fall slightly short of the Company's estimates, but still reach the record level of PLN 118m, and in the following year we assume a return to the average values reached in previous years.
- Net result in 2021 will be supported by the effect of a one-off premium from the Paytel sale, which we estimate at PLN 15m in 2Q21.
- The continuing pandemic and the focus on the final stage of online fiscalisation cause the temporary slowdown of the mPlatform project.
- **Cash registers linked to e-receipts as the next stage in the development of non-cash trading in Poland.** We note the recent statements made by the Minister of Finance who pointed that the market is moving towards the integration of fiscal and payment solutions. The number of online cash registers may reach 600–650k after the next stage of fiscalisation (with ca. 400k at present), but a large part of them is not connected to the infrastructure for cashless payments. The Company takes advantage of this situation by offering fiscal devices bundled with a PIN pad or an mPos (and in the long term even without any extra devices). No infrastructure other than an online cash register will be required to accept cardless payments (e.g. via an app installed on a smartphone). We assume that Comp will be able to maintain a strong position in the market of online and virtual cash registers (cooperation with Uber or Bolt), which will support the generation of recurring results also after the current fiscalisation stage is completed.
- We make no material changes to our forecasts, raise our target price by 3% to PLN 62, and stand by our BUY recommendation in anticipation of record annual results and debt reduction following the completion of stage III of online fiscalisation.

Quarterly forecasts:

- In the **retail segment**, we assume an EBITDA of PLN 18m, which is only 7% y/y weaker compared to last year's historically record-breaking Q1. In 1Q20, the Company was already generating first revenues from customers from the second group covered by the fiscalisation obligation, whose original equipment replacement deadline was in July (later moved to December). A similar effect will be seen this year ahead of the Q2 fiscal peak.
- In **IT**, we assume continued high profitability and a nominal EBITDA of PLN 10m. At the last conference the MB informed about a substantial backlog for 2021, which will support the results in the coming quarters.

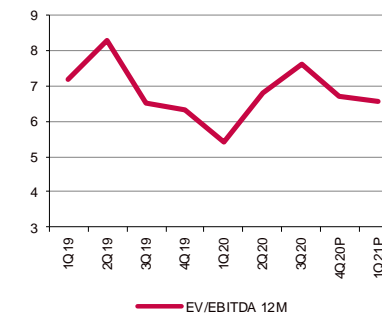
m PLN	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20P	1Q21P	y/y	q/q
Sales	121,3	148,3	184,6	280,5	141,3	111,6	156,7	299,4	161,2	14%	-46%
EBITDA	12,8	24,4	25,6	24,9	23,8	4,2	20,5	32,7	22,4	-6%	-31%
EBIT	4,4	14,8	15,7	14,2	13,4	-6,2	9,2	21,4	11,0	-18%	-49%
Net profit	0,5	2,1	8,1	7,9	4,3	-3,7	5,3	13,1	6,9	63%	-47%
P/E12M trailing	5,8	61,4	32,9	17,6	14,7	19,8	23,8	17,3	15,2		
EV/EBITDA 12M trailing	7,2	8,3	6,5	6,3	5,4	6,8	7,6	6,7	6,5		
sales grow th y/y	1%	-6%	21%	14%	16%	-25%	-15%	7%	14%		
EBITDA margin	10,6%	16%	14%	9%	17%	4%	13%	11%	14%		
EBIT margin	3,6%	10%	9%	5%	9%	-	6%	7%	7%		
Net margin	0,4%	1%	4%	3%	3%	-	3%	4%	4%		

Quarterly report

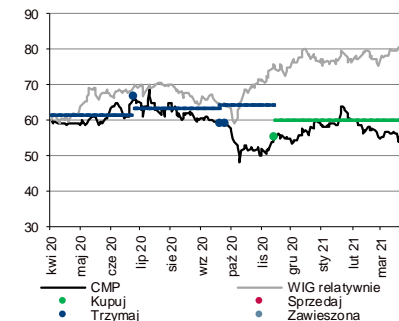
21.05.2021

Company data		Recommendation history	Date	Price
Ticker	CMP	Buy	10.12.2020	60,0
Sector	IT	Hold	20.10.2020	64,5
Price (PLN)	55,4	Hold	15.10.2020	64,5
52w min/max (PLN)	47,3 / 73	Hold	20.07.2020	63,2
Shares (m)	5,9	Hold	27.04.2020	61,6
MC (PLN m)	328	Hold	06.12.2019	65,1
Free-float	91,5%	Hold	28.11.2019	65,3
Avg. 3M turnover (PLN m)	0,21	Sell	18.10.2019	62
Zmiana kursu	1M	3M	1Y	
	-6,2%	-5,9%	-9,0%	

P/E 12M vs EV/EBITDA 12M



Relative performance vs. WIG



Valuation/weight	Current		Previous		Change
DCF valuation	61,9	100%	60,0	100%	3%
Peer valuation	68,3	0%	70,0	0%	-2%

Estimates revision m PLN	2021E			2022E			2022E	
	New	Old	Change	New	Old	Change	New	Old
Sales	868	877	-1%	698	705	-1%	703	-
EBITDA	118	119	-1%	76	76	-1%	79	-
EBIT	72	74	-2%	30	31	-2%	34	-
Net profit	63	64	-2%	19	19	-3%	23	-
P/E (x)	5,2	5,1		17,5	17,0		14,2	-
EV/EBITDA (x)	3,7	3,6		4,9	4,9		4,5	-
P/BV (x)	0,6			0,5			0,5	
DY (%)	0,0%			0,0%			2,2%	

MARKET RATIOS	2019	2020P	2021P	2022P	2023P
P/E (x)	17,6	15,1	5,2	17,5	14,2
P/E adj. (x)	17,6	15,1	6,9	17,5	14,2
P/BV (x)	0,6	0,6	0,6	0,5	0,5
EV/EBITDA (x)	6,3	6,7	3,7	4,9	4,5
EV/EBITDA adj. (x)	6,3	6,7	3,7	4,9	4,5
EV/Sales (x)	0,8	0,8	0,5	0,5	0,5
FCF Yield (%)	-11,3%	3,3%	28,5%	17,0%	8,4%
DY (%)	0,0%	0,0%	0,0%	0,0%	2,2%

RATIOS	2019	2020P	2021P	2022P	2023P
EPS (PLN)	3,1	3,7	10,6	3,2	3,9
EPS adj. (PLN)	3,1	3,7	8,1	3,2	3,9
DPS (PLN)	0,0	0,0	0,0	0,0	1,2
BVPS (PLN)	88,9	87,6	98,2	101,3	104,0

OPERATING INDICATORS	2019	2020P	2021P	2022P	2023P
Gross profit margin (%)	30,9%	30,9%	31,8%	30,4%	30,9%
EBITDA adj. margin (%)	11,9%	11,5%	13,6%	10,8%	11,2%
Operating profit margin (%)	6,7%	5,3%	8,3%	4,4%	4,8%
Net profit adj. margin (%)	2,5%	3,1%	7,2%	2,7%	3,3%

ROE (%)	3,6%	4,2%	8,7%	3,2%	3,8%
ROA (%)	1,9%	2,1%	5,9%	1,8%	2,2%
CAPEX/Sales (%)	9,6%	5,2%	4,6%	6,0%	6,0%
CAPEX/D&A (x)	1,8	0,9	0,9	0,9	0,9
Net debt /equity (x)	0,4	0,4	0,2	0,1	0,0
Net debt /EBITDA (x)	2,6	2,7	0,9	0,6	0,4

Cash conversion cycle (days)	95	115	88	90	80
Inventory turnover (days)	42	45	34	37	37
Receivables turnover ratio (days)	112	137	105	106	92
Accounts payable turnover ratio (days)	59	67	51	53	50

INCOME STATEMENT (PLNm)	2018	2019	2020P	2021P	2022P	2023P
Sales	677,9	734,8	708,9	868,1	697,8	702,8
COGS	480,5	507,9	489,6	592,0	485,7	485,7
Gross profit from sales	197,4	226,8	219,3	276,1	212,1	217,1
Sales expenses	77,8	89,3	92,1	112,8	90,7	91,3
G&A	74,0	83,1	85,4	86,3	87,2	88,0
Profit from sales	45,6	54,5	41,7	77,0	34,3	37,8
Result on other operating activity	-3,2	-5,3	-3,8	-4,7	-3,8	-3,8
EBITDA	69,2	87,7	81,2	117,9	75,6	78,8
EBITDA adj.	69,2	87,7	81,2	117,9	75,6	78,8
Amortization	26,9	38,6	43,3	45,5	45,1	44,8
EBIT	42,4	49,1	37,9	72,3	30,5	34,0
Financial net	-17,7	-15,8	-5,1	-9,8	-7,1	-6,0
Income before income taxes	24,7	33,4	32,8	62,6	23,4	28,0
Income tax	7,5	8,9	10,3	14,7	4,9	5,3
Minority interest	-1,1	-0,5	-0,1	0,0	-0,2	-0,4
Net profit	56,8	18,6	21,7	62,8	18,8	23,1
Net profit adj.	18,3	18,6	21,7	47,8	18,8	23,1

BALANCE SHEET (PLNm)	2018	2019	2020P	2021P	2022P	2023P
Fixed assets	546,3	583,3	577,1	571,5	568,4	566,0
Current assets	388,6	459,7	478,1	502,8	485,8	504,2
Inventory	87,4	82,8	92,7	69,5	70,9	71,4
Trade receivables	189,2	261,5	272,3	227,3	177,3	178,6
Cash	47,9	53,1	45,7	138,6	175,2	191,8
ASSETS	935	1043	1055	1074	1054	1070
Equity	503,3	526,2	518,2	581,0	599,8	615,5
Minority capital	25,6	29,6	29,6	29,6	29,6	29,6
Long-term liabilities	104,0	89,8	96,3	96,3	96,3	96,3
Interest-bearing liabilities	84,1	65,4	65,4	65,4	65,4	65,4
Short-term liabilities	327,6	427,1	411,1	367,4	328,8	329,5
Interest-bearing liabilities	146,2	216,0	196,0	176,0	156,0	156,0
Trade liabilities	113,0	125,6	136,2	106,2	95,6	96,3
Liabilities	935	1043	1055	1074	1054	1070

CASH FLOW STATEMENT (PLNm)	2018	2019	2020P	2021P	2022P	2023P
Cash flow from operations	2,0	7,5	54,8	162,7	105,6	72,4
Net profit (loss)	56,8	18,6	21,7	62,8	18,8	23,1
Amortization	29,4	38,6	43,3	45,5	45,1	44,8
Cash flow from investing	11,4	-23,0	-33,4	-39,3	-40,6	-40,7
CAPEX	-42,4	-70,4	-37,1	-40,0	-42,0	-42,4
Cash flows from financial activities	4,2	14,9	-28,8	-30,5	-28,4	-15,1
Dividend	0,0	0,0	0,0	0,0	0,0	-7,3
Net cash flow	17,6	5,2	-7,4	92,9	36,6	16,7
Cash opening balance	30,3	47,9	53,1	45,7	138,6	175,2
Closing balance of cash	47,9	53,1	45,7	138,6	175,2	191,8



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Definitions

capitalisation – market price multiplied by the number of a company's shares
 free float (%) – a percentage of a company's shares held by shareholders with less than 5% shareholding reduced by treasury shares held by the company
 min/max 52 wks – minimum/maximum share price within the last 52 weeks
 average turnover – average volume of share trading within the last month

EBIT – operating profit
 EBITDA – operating profit increased by depreciation and amortisation
 adjusted profit – net profit adjusted for one-off items
 CF – cash flow
 capex – sum of investment expenditures on fixed assets

ROA – rate of return on assets
 ROE – rate of return on equity
 gross profit margin – a ratio of gross profit to net revenue
 EBITDA margin – a ratio of sum of operating profit and depreciation/amortisation to net revenue
 EBIT margin – a ratio of operating profit to net revenue
 net margin – a ratio of net profit to net revenue

EPS – earnings per share
 DPS – dividends per share
 P/E – a ratio of market price to earnings per share
 P/BV – a ratio of market price to book value per share
 EV/EBITDA – a company's EV to EBITDA ratio
 EV – sum of a company's current capitalisation and net debt
 DY – dividend yield, dividend paid to share price ratio

Recommendations of the Brokerage House

BUY – we expect that the rate of return on an investment will be at least 10%
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Date of preparation: 26 April 2021

Date of first distribution: 26 April 2021 8:30