

WIELTON

BUY

(Previous: Under review)

Volume-related offensive

TP: PLN 16

Upside: 57%

We resume issuing recommendations for WLT with 'Buy,' setting a 12M target price at PLN 16 per share (57% upside). In 1Q22 the MB is expected to present its strategy for 2022–2026, which will be similar to the previous one in terms of geographical and product development. We assume that the Company will manage to achieve the revenue target (PLN 2.4bn) set in the previous strategy which was extended to 2021, but we believe that the volume will be lower than the projected 25k, and so will the EBITDA margin (<6.5% vs the assumed 8%). A deeper analysis of the assumptions for individual countries and product categories has revealed areas of growth for the Company in the coming years. The Company's objectives included achieving No 1 position in Poland (No 3 in '20), No 3 in Italy (No 6), No 5 in Germany (No 10), No 5 in CIS countries (No 10 in Russia), and gaining a 2% share in the freezer semi-trailer segment, but these goals have not yet been attained. Our forecasts assume that these targets will be maintained in the next strategy, which will entail an increase in market shares in Poland to ~18% (vs 12.4% in '20), to 9% in Italy (vs 4.4%), 7% in Germany (vs 1.7%) and 5% in Russia (vs 2.3%). The Company should also be able to strengthen its position in the CEE region, where it is steadily expanding its sales channel (we assume its share will rise to 12% from 6% at present). We estimate business growth coming from market share increases on current markets at 5k units.

We also note the potential for product development both at the Wielton Group level and in individual companies. The companies acquired so far have specialised in 1–2 product categories: Fruehauf – curtainsiders and vans, Langendorf – inloaders and sub-containers, Lawrance David – curtainsiders and last mile delivery vehicles. The Group, on the other hand, does not yet have competence in the freezer semi-trailer segment, which accounts for about 13% of the market in Europe. Following the modernisation of the Wieluń plant, which started last year, the production capacity increased from 45 units a day at end-19 to 75 units now, and at the end of the year it will amount to 83 units a day, which implies an increase in volumes from 11,500 annually to 19,000 units now (+7,500) and 21,000 units at year end (+9,500). This investment is a milestone towards rebuilding the Group's position on the Polish market and increasing its market share in Europe. Another key investment will be the construction of an insulated panels plant (to be completed in Nov'23), which will allow the Group not only to enter the freezer semi-trailer segment but also to boost the sales of last mile bodies and vans.

Manufacturers of heavy-duty vehicles in Europe are maintaining record high order intakes, with a book-to-bill ratio significantly above 1x (page 4). Taking into account the strong correlation between the heavy-duty vehicle and semi-trailer markets, we are optimistic about Wielton's sales volumes in 2H21. The launch of infrastructure projects should further boost the demand for tippers where Wielton's position is very strong. Increasing prices of materials and components, and especially their limited availability is a certain risk for the Company, but this risk is much higher for smaller entities (limited bank financing, less credibility for suppliers/customers). During the previous crisis, the share of top 5 manufacturers in Europe increased from ~30% in 2009 to ~60% in 2016.

As far as risks are concerned, we note the following: 1) the surging costs of materials (steel, aluminium, wood), which we believe will prevent the Company from achieving its EBITDA margin target this year; 2) rising electricity, gas, and labour costs, which will weigh on any improvement in the margin next year (however, this effect should be offset by improved efficiency and higher output following the modernisation of plants, especially in Wieluń); 3) a record OEM order intake, which may cause a demand gap next year; and 4) temporary problems with the availability of semiconductors at the manufacturers of heavy-duty vehicles.

m In PLN	2018	2019	2020	2021F	2022F	2023F
Revenue	2 068,3	2 343,2	1 817,3	2 571,8	2 705,6	2 872,8
EBITDA	129,8	141,8	97,7	159,3	179,8	185,9
EBIT	96,1	89,7	37,0	95,8	115,8	121,5
Net profit	69,4	57,6	31,1	64,0	81,8	86,2
EPS (PLN)	1,15	0,95	0,52	1,06	1,36	1,43
P/E (x)	8,9	10,7	19,8	9,6	7,5	7,1
EV/EBITDA (x)	7,4	7,2	10,0	5,7	4,8	4,5
P/BV (x)	1,8	1,6	1,5	1,4	1,2	1,1
DY (%)	2,5%	3,2%	0,0%	3,2%	3,9%	4,9%

Source: Company, Trigon DM

FACT SHEET

Ticker	WLT		
Sector	Semitrailers		
Price (PLN)	10,20		
52wk Range (PLN)	3,33 / 11,6		
Number of share (m)	60,4		
Market Cap (mPLN)	616		
Free-float	27,6%		
Avg Vol 3M (mPLN)	0,50		
Price performance	1M	3M	1Y
	-0,4%	-3,4%	140,6%

RELATIVE SHARE PRICE PERFORMANCE



Recommendation history

Recommendation history	Date	Price
Under review	20.07.2021	n/a
Under review	21.04.2021	n/a
Under review	10.12.2020	n/a
Under review	20.10.2020	n/a
Under review	13.07.2020	n/a
Under review	21.04.2020	n/a
Under review	16.03.2020	n/a

Shareholders

Shareholders	Share %
FORUM 109 FIZ	37,6%
MPSZ Sp. z o.o	13,4%
Łukasz Tyłkowski	9,7%
VESTA FIZ	6,7%
TFI Aviva Investors Poland SA	5,0%

Important dates

Q2 results	16.09.2021
Q3 results	18.11.2021

Analyst

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Wielton

Bloomberg ticker

WLT PW

Recommendation
Target Price (PLN)

BUY
16,0

Current Price (PLN)
Upside

10,2
57%

Previous Recommendation
Previous Upside (PLN)

Under review
n/a

Number of shares (m)
Market Cap (mPLN)
EV (m PLN)

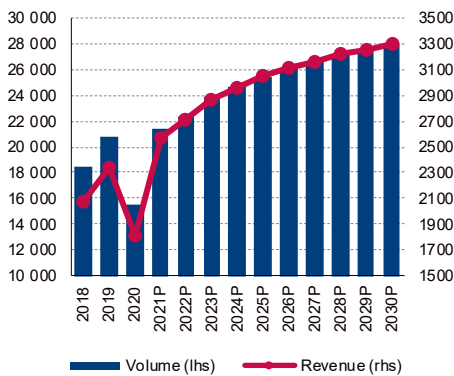
60,4
616
981

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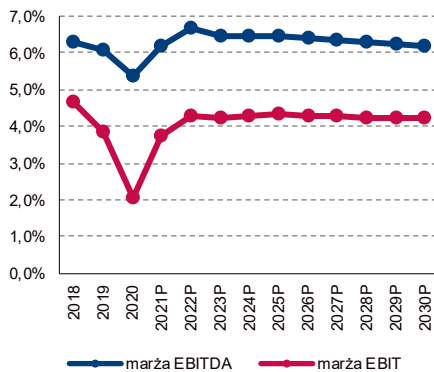
MARKET RATIOS	2019	2020	2021P	2022P	2023P
P/E (x)	10,7	19,8	9,6	7,5	7,1
P/E adj. (x)	15,6	70,7	9,9	7,5	7,1
P/BV (x)	1,6	1,5	1,4	1,2	1,1
EV/EBITDA (x)	7,6	10,0	5,7	4,8	4,5
EV/EBITDA adj. (x)	9,0	14,1	5,8	4,8	4,5
EV/Sales (x)	0,5	0,5	0,4	0,3	0,3
FCF Yield (%)	3,1%	12,5%	15,3%	11,3%	10,6%
DY (%)	3,2%	0,0%	3,2%	3,9%	4,9%

RATIOS	2019	2020	2021P	2022P	2023P
EPS (PLN)	1,0	0,5	1,1	1,4	1,4
EPS adj. (PLN)	0,7	0,1	1,0	1,4	1,4
DPS (PLN)	0,3	0,0	0,3	0,4	0,5
BVPS (PLN)	6,2	6,7	7,5	8,4	9,3
Number of shares (m)	60,4	60,4	60,4	60,4	60,4
Market Cap (mPLN)	616	616	616	616	616
EV (mPLN)	1 014	981	915	870	834

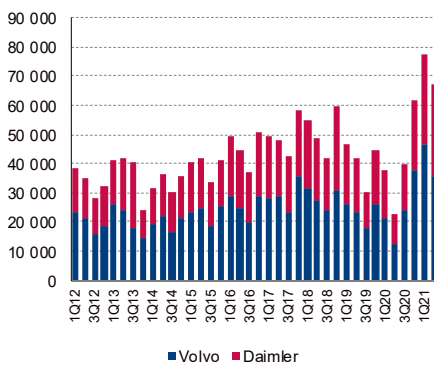
Revenue and volume forecast



EBITDA and EBIT margin



Volvo and Daimler HDT order intake in Europe



P&L (mPLN)	2019	2020	2021P	2022P	2023P
Sales	2 343,2	1 817,3	2 571,8	2 705,6	2 872,8
COGS	2 075,9	1 629,0	2 257,4	2 360,6	2 509,8
Gross profit	267,3	188,3	314,4	345,0	362,9
EBITDA	141,8	97,7	159,3	179,8	185,9
EBITDA adj.	119,1	69,7	157,0	179,8	185,9
D&A	52,1	60,7	63,5	64,0	64,4
EBIT	89,7	37,0	95,8	115,8	121,5
Gross profit	80,5	20,0	83,3	103,6	109,2
Minority interest	0,3	-3,8	0,4	0,0	0,0
Net profit	57,6	31,1	64,0	81,8	86,2
Net profit adj.	39,5	8,7	62,2	81,8	86,2

CASH FLOW STATEMENT (mPLN)	2019	2020	2021P	2022P	2023P
Cash flow from operations	108,1	149,2	165,2	139,5	134,8
Cash flow from investing	-82,6	-68,8	-70,5	-70,0	-69,5
CAPEX	-89,3	-72,2	-70,9	-70,0	-69,5
Cash flow from financing	-1,8	-50,4	-134,3	-66,8	-62,0
Dividend	-19,9	0,0	-19,9	-24,2	-30,2
FCF	18,8	77,0	94,3	69,5	65,3
Net cash flow	23,8	30,0	-39,5	2,7	3,3

BALANCE SHEET (mPLN)	2019	2020	2021P	2022P	2023P
ASSETS	1 397,8	1 479,3	1 551,8	1 580,7	1 639,0
PPE	463,0	491,6	502,0	508,0	513,1
Goodwill	64,0	64,0	64,0	64,0	64,0
Intangible assets	0,0	0,0	0,0	0,0	0,0
Cash and equivalents	58,1	88,8	51,4	54,1	57,5
EQUITY AND LIABILITIES	1 397,8	1 479,3	1 551,8	1 580,7	1 639,0
Equity	377,1	403,7	449,9	507,6	563,6
Minority shareholders capital	26,3	23,9	25,7	25,7	25,7
Interest-bearing liabilities	456,4	453,7	350,5	307,9	276,1
Net debt	398,3	364,9	299,1	253,8	218,7
Net working capital	289,0	248,1	249,8	256,2	272,0

OPERATING INDICATORS	2019	2020	2021P	2022P	2023P
Sales growth (%)	13%	-22%	42%	5%	6%
EPS adj. growth (%)	-17%	-46%	106%	28%	5%
Gross profit margin (%)	11,4%	10,4%	12,2%	12,8%	12,6%
EBITDA adj. margin (%)	5,1%	3,8%	6,1%	6,6%	6,5%
Operating profit margin (%)	3,8%	2,0%	3,7%	4,3%	4,2%
Net profit adj. margin (%)	1,7%	0,5%	2,4%	3,0%	3,0%
ROE (%)	11,1%	2,2%	14,6%	17,1%	16,1%
ROA (%)	2,8%	0,6%	4,1%	5,2%	5,4%
CAPEX/Sales (%)	3,8%	4,0%	2,8%	2,6%	2,4%
CAPEX/D&A (x)	1,7	1,2	1,1	1,1	1,1
Net debt/Equity	1,1	0,9	0,7	0,5	0,4
Net debt/EBITDA (x)	2,8	3,7	1,9	1,4	1,2
Cash conversion cycle (days)	43	52	33	31	30
Inventory turnover (days)	67	78	57	58	57
Receivables turnover (days)	55	68	55	57	56
Liabilities turnover (days)	80	94	79	84	83

Source: Company, Trigon DM

Income-based valuation

We use the discounted cash flow (DCF) model as our income-based valuation method.

Assumptions for valuation:

- RFR – 2%,
- risk premium – 6.5% (according to TDM's methodology, the Company is included in the SWIG80 index),
- unlevered beta multiple – 1x,
- contingent liabilities of EUR 6.5m for the 20% Langendorf redemption and GBP 10m for 25% Lawrance David

WLT: DCF valuation

DCF	2018	2019	2020	2021P	2022P	2023P	2024P	2025P	2026P	2027P	2028P	2029P	2030P
Semitrailers volume	18 396	20 824	15 532	21 361	22 389	23 850	24 650	25 450	26 100	26 700	27 175	27 550	27 925
Poland	4 859	4 007	2 722	4 760	5 000	5 000	5 000	5 000	5 000	5 000	5 000	5 000	5 000
France	5 352	5 697	4 166	5 494	5 274	5 300	5 400	5 500	5 500	5 500	5 500	5 500	5 500
UK	1 194	4 035	3 391	3 954	4 300	4 400	4 500	4 600	4 650	4 700	4 750	4 800	4 850
Germany	1 209	1 209	743	1 108	1 250	1 400	1 600	1 800	2 000	2 200	2 275	2 350	2 425
Russia	1 972	2 189	1 622	1 719	1 800	1 700	1 700	1 700	1 700	1 700	1 700	1 700	1 700
Italy	740	680	467	881	865	1 000	1 100	1 200	1 300	1 400	1 500	1 500	1 500
CEE	0	1 054	782	1 457	1 600	1 750	1 900	2 050	2 200	2 300	2 400	2 500	2 600
Other	3 070	2 065	1 639	1 988	2 300	3 300	3 450	3 600	3 750	3 900	4 050	4 200	4 350
Semitrailers revenue	1 957	2 195	1 692	2 439	2 566	2 728	2 815	2 897	2 958	3 009	3 061	3 103	3 146
Poland	461	376	228	469	500	500	500	500	500	500	500	500	500
France	628	684	542	728	707	716	729	743	743	743	743	743	743
UK	102	335	297	386	421	440	450	460	465	470	475	480	485
Germany	235	231	163	227	250	266	288	306	320	330	341	353	364
Russia	189	217	159	174	187	179	179	179	179	179	179	179	179
Italy	76	68	49	91	91	98	107	117	127	137	146	146	146
CEE	0	116	89	152	168	184	200	215	231	242	252	263	273
Other	268	169	255	243	242	347	362	378	394	410	425	441	457
Revenue: services	36	51	46	54	60	65	70	75	75	75	75	75	75
Revenue: materials	76	97	79	79	80	80	80	80	80	80	80	80	80
Revenue: total	2068	2343	1817	2572	2706	2873	2965	3052	3113	3164	3216	3258	3301
EBITDA	130	142	98	159	180	186	191	197	199	200	202	203	204
EBITDA margin	6,3%	6,1%	5,4%	6,2%	6,6%	6,5%	6,5%	6,5%	6,4%	6,3%	6,3%	6,2%	6,2%
EBIT	96	90	37	96	116	121	126	132	133	135	136	138	139
EBIT margin	4,6%	3,8%	2,0%	3,7%	4,3%	4,2%	4,3%	4,3%	4,3%	4,3%	4,2%	4,2%	4,2%
Effective tax rate	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%
NOPLAT	76	71	29	76	91	96	100	104	105	106	108	109	109
D&A				63	64	64	65	66	66	66	66	66	66
CAPEX				-71	-70	-70	-70	-66	-66	-66	-66	-66	-66
NWC change				-2	-6	-16	-9	-8	-6	-5	-5	-4	-4
FCF				67	79	75	86	96	100	102	103	105	105
D/(E+D)				43,8%	37,8%	32,9%	27,0%	20,2%	12,8%	10,7%	9,9%	9,2%	8,6%
Beta leverage				1,6	1,5	1,4	1,3	1,2	1,1	1,1	1,1	1,1	1,1
CoD after tax				2,4%	2,4%	2,4%	2,4%	2,4%	2,4%	2,4%	2,4%	2,4%	2,4%
CoE				12,6%	11,7%	11,1%	10,4%	9,8%	9,3%	9,1%	9,1%	9,0%	9,0%
WACC				8,1%	8,2%	8,2%	8,3%	8,3%	8,4%	8,4%	8,4%	8,4%	8,4%
Discount rate				0,92	0,85	0,79	0,73	0,67	0,62	0,57	0,53	0,49	0,45
Sum of DFCF				588									
g					1,0%								
Discounted RV				644									
Net debt				365									
Conting				-72									
Dividend				0									
Tax asset				0									
Company value as at (01/01/2021)				796									
Company value as at (27/08/2021)				862									
Number of shares (mn)				60,4									
Company value per share (27/08/2021)				14,3									
TP 12M				16,1									
Current price				10,2									
Discount / (premium)				58%									

Sensitivity analysis	EBIT margin change				
	-0,50%	-0,25%	0,00%	0,25%	0,50%
6,8%	18,7	20,7	22,7	24,7	26,7
7,3%	16,4	18,3	20,1	22,0	23,8
7,8%	14,5	16,2	17,9	19,6	21,3
WACC 8,3%	12,9	14,5	16,0	17,6	19,2
8,8%	11,4	12,9	14,4	15,9	17,4
9,3%	10,2	11,6	12,9	14,3	15,7
9,8%	9,0	10,3	11,7	13,0	14,3

4,23

Source: Trigon DM

Market multiples valuation

The Company's main competitors on the European market, that is Schmitz, Krone, Kogel, Schwarzmuller are not listed companies, so the market multiples valuation is based on data for entities with exposure to the heavy-duty vehicles segment, where we distinguish two groups: OEMs and Tier 1 suppliers, as well as Polish industrial companies.

1) Valuation based on the median of the P/E ratio for 2021–2023F

2) Valuation based on the median of the EV/EBITDA ratio for 2021–2023F

The final market multiples valuation is an average of the two above-mentioned methods. We assign an equal 50% weighting to both methods. Each peer group has an equal share in the valuation.

Multiples of the companies from the peer group

	EV/EBITDA				P/E				EV/EBIT			
	2020	2021F	2022F	2023F	2020	2021F	2022F	2023F	2020	2021F	2022F	2023F
Wielton	10,0	5,7	4,8	4,5	19,8	9,6	7,5	7,1	26,5	9,6	7,5	6,9
Polish industry (33%)	8,4	5,8	5,9	5,1	11,7	7,9	10,7	10,5	10,8	7,6	8,9	7,5
Alumetal	10,6	5,8	7,5	7,0	17,4	7,2	10,7	10,3	15,6	7,0	9,7	9,2
Cognor	8,7	3,6	5,2	4,7	23,7	5,5	9,2	8,4	15,0	4,5	7,7	6,9
Kęty	10,4	8,8	9,5	9,2	15,0	12,1	13,7	13,3	13,3	10,8	12,1	11,7
Mangata	9,6	7,1	5,9	5,1	15,2	10,6	8,8	7,9	17,9	11,4	8,9	7,5
MFO	8,8	4,4	5,3	4,6	11,2	5,2	7,7	6,9	10,2	4,7	6,0	5,0
Raw Iplug	7,2	5,1	5,3	4,8	11,7	7,9	9,1	8,3	10,3	6,6	7,2	6,6
Stalprodukt	3,9	2,7	2,9	2,6	11,0	7,5	11,2	12,1	7,0	4,2	5,1	4,7
AC Autogaz	8,4	8,9	8,4	8,0	12,0	13,5	12,6	10,5	10,9	11,8	10,9	10,3
Amica	4,5	5,8	6,4	6,1	8,1	10,7	14,5	13,1	5,9	8,1	10,3	9,8
Arctic Paper	3,5	2,9	2,9	2,9	4,7	5,8	5,9	6,5	6,0	4,6	4,7	5,0
Famur	2,2	2,7	2,4	2,0	7,3	10,7	12,0	12,4	3,9	5,9	5,4	4,5
Forte	8,6	8,5	8,5	8,3	28,0	12,6	13,2	12,3	12,0	11,8	12,1	11,5
Korporacja KGL	5,4	4,7	3,9	3,2	10,8	7,5	5,2	4,3	10,8	9,0	6,6	5,3
New ag	5,0	6,1	7,4	8,5	5,2	7,9	9,6	11,0	5,7	7,6	9,5	11,3
Śnieżka	9,5	9,1	8,5	8,1	13,6	13,8	13,6	13,0	12,6	12,4	11,8	11,0
Tier 1 (33%)	9,5	6,4	5,5	4,4	21,1	10,3	8,3	7,2	19,0	6,4	7,0	6,1
Cummins	11,5	9,3	8,3	8,0	19,0	14,2	12,6	12,2	15,5	9,3	10,2	9,8
Meritor	12,3	6,4	---	---	23,1	8,3	5,6	5,3	27,8	6,4	---	---
Allison Transmision	8,7	7,2	6,1	5,8	12,1	8,9	7,5	7,2	11,1	7,2	7,5	7,0
Dana	9,3	5,6	4,5	3,9	51,7	9,4	6,7	6,3	27,8	5,6	6,6	5,6
American Axle	5,0	3,8	3,1	2,7	---	5,7	3,6	3,4	15,7	3,8	6,3	5,1
Wabash	13,7	7,8	---	---	116,4	20,0	10,5	7,8	51,7	7,8	---	---
Maxitrans	1,5	---	12,8	---	1,4	9,6	20,8	---	1,8	---	---	---
SAF Holland	6,6	5,9	4,9	4,4	13,3	11,1	9,1	8,3	11,3	5,9	7,0	6,1
Kongsberg Automotive	9,7	4,7	3,9	3,3	---	11,0	7,0	5,5	58,0	4,7	6,5	5,3
JOST	9,9	7,7	6,2	5,6	24,8	14,3	13,0	12,4	22,3	7,7	9,9	8,9
OEM (33%)	7,0	6,0	4,8	4,1	21,9	13,3	11,5	11,2	15,9	6,0	9,3	8,5
Traton	9,5	5,2	3,9	3,6	---	9,3	6,4	5,9	130,7	5,2	6,1	5,3
Volvo	9,1	6,7	6,1	5,7	19,8	12,7	11,3	11,0	16,7	6,7	8,5	7,8
PACCAR	4,9	7,9	5,6	4,6	21,9	14,2	11,6	11,3	15,0	7,9	10,1	9,3
CNH	1,0	1,0	1,9	1,9	155,9	13,8	11,9	11,3	11,4	1,0	10,3	9,9
Partial valuation	422	638	692	598	567	672	829	829				
Year weight	0%	33%	33%	33%	0%	33%	33%	33%				
Partial valuation			643				777					
Multiple weight			50%				50%					
Peers valuation	11,8											
TP 12M	12,9											

Source: Bloomberg, Trigon DM

The multiples assumed for WLT are based on our forecast. The values of multiples of foreign companies in the peer group represent Bloomberg consensus, while in the case of domestic peers the multiples are based on Trigon DM's forecasts. We did not make

corrections for one-off events.

Summary of valuations

WLT: Summary of valuation

Summary valuation	Current valuation	12M valuation	Weight	Target price	Upside
DCF	14,3	16,1	100%	16,1	58%
Peers	11,8	12,9	0%		

Source: Trigon DM

The valuation based on the DCF model implies a 45% upside for the stock price, while the market multiples valuation implies 28%. Due to the lack of peer companies with an identical business profile, we assign 100% weighting to the DCF method. **Our final 12-month target price is PLN 16 per share, implying 57% upside for the stock price from the current level.**

Income statement (PLNm)

	2018	2019	2020	2021F	2023F	2023F
Revenues	2 068,3	2 343,2	1 817,3	2 571,8	2 705,6	2 872,8
Operating expenses	1 785,1	2 075,9	1 629,0	2 257,4	2 360,6	2 509,8
Gross profit from sales	283,2	267,3	188,3	314,4	345,0	362,9
Sales expenses	112,1	125,1	102,2	138,0	145,4	155,1
Management costs	76,8	82,5	73,2	81,4	83,8	86,3
Profit from sales	94,3	59,6	12,9	95,0	115,8	121,5
Result on other operating activity	1,8	30,1	24,1	0,8	0,0	0,0
EBITDA	129,8	141,8	97,7	159,3	179,8	185,9
EBITDA adj.	129,8	119,1	69,7	157,0	179,8	185,9
Amortization	33,7	52,1	60,7	63,5	64,0	64,4
EBIT	96,1	89,7	37,0	95,8	115,8	121,5
Financial net	-12,5	-9,2	-17,0	-12,5	-12,2	-12,3
Gross profit	83,5	80,5	20,0	83,3	103,6	109,2
Income tax	12,6	22,6	-7,3	18,8	21,8	22,9
Minority interest	1,6	0,3	-3,8	0,4	0,0	0,0
Net profit	69,4	57,6	31,1	64,0	81,8	86,2
Net profit adj.	69,4	39,5	8,7	62,2	81,8	86,2

	13,7%	11,4%	10,4%	12,2%	12,8%	12,6%
EBITDA adj. margin	6,3%	5,1%	3,8%	6,1%	6,6%	6,5%
EBIT margin	4,6%	3,8%	2,0%	3,7%	4,3%	4,2%
net profit adj. margin	3,4%	1,7%	0,5%	2,4%	3,0%	3,0%

sales growth y/y	29%	13%	-22%	42%	5%	6%
	30%	-6%	-30%	67%	10%	5%
EBITDA adj. growth y/y	12%	-8%	-41%	125%	15%	3%
EBIT growth y/y	8%	-7%	-59%	159%	21%	5%
net profit adj. growth y/y	-10%	-43%	-78%	614%	32%	5%

	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21
Revenues	505,6	472,5	342,1	488,2	514,6	633,0
Operating expenses	449,8	422,3	327,9	424,4	454,4	552,4
Gross profit from sales	55,8	50,2	14,2	63,8	60,2	80,6
Sales expenses	32,4	27,2	19,7	28,1	27,2	31,1
Management costs	21,8	19,4	17,5	16,4	19,9	22,3
Profit from sales	1,6	3,5	-22,9	19,2	13,1	27,2
Result on other operating activity	7,4	-0,6	15,1	-0,2	9,8	0,8
EBITDA	22,6	17,7	6,1	34,0	40,0	43,8
EBITDA adj.	22,6	14,4	-9,0	34,2	30,2	41,5
Amortization	13,6	14,7	13,9	15,0	17,1	15,7
EBIT	9,0	3,0	-7,8	19,0	22,9	28,0
Financial net	-2,3	-10,9	-0,5	-3,1	-2,5	-2,1
Gross profit	6,7	-7,9	-8,4	15,9	20,4	26,0
Income tax	1,8	-1,2	-14,3	5,5	2,7	6,8
Minority interest	0,0	-0,4	-1,8	-0,8	-0,9	0,4
Net profit	4,9	-6,4	7,7	11,2	18,5	18,8
Net profit adj.	4,9	-9,0	-4,3	11,4	10,7	16,9

	11,0%	10,6%	4,2%	13,1%	11,7%	12,7%
EBITDA adj. margin	4,5%	3,0%	-	7,0%	5,9%	6,6%
EBIT margin	1,8%	0,6%	-	3,9%	4,4%	4,4%
net profit adj. margin	1,0%	-	-	2,3%	2,1%	2,7%

	0	0	0	0	0	0
sales growth y/y	-17,6%	-26,2%	-50,1%	-4,6%	1,8%	34,0%
EBITDA adj. growth y/y	-27,8%	-36,2%	-80,8%	9,0%	7,8%	60,6%
EBIT growth y/y	-20,6%	-62,9%	-	40,4%	33,8%	188,1%
EBIT growth y/y	-51,7%	-89,9%	-	-9,8%	154,6%	843,7%
net profit adj. growth y/y	-63,0%	-	-	126,0%	118,9%	-

Source: the company, Trigon Brokerage House

Balance (PLN m)

	2018	2019	2020	2021F	2023F	2023F
Fixed assets	576,8	645,1	692,0	707,8	713,7	718,8
Tangible fixed assets	386,3	463,0	491,6	502,0	508,0	513,1
Intangible assets	0,0	0,0	0,0	0,0	0,0	0,0
Company's value	64,0	64,0	64,0	64,0	64,0	64,0
Long-term receivables	0,0	0,0	0,0	0,0	0,0	0,0
Long-term investments	0,0	0,0	0,0	0,0	0,0	0,0
Other	126,6	118,1	136,5	141,8	141,8	141,8
Current assets	837,3	752,7	787,2	844,0	866,9	920,1
Inventory	401,4	360,7	338,0	371,7	381,3	404,8
Trade receivables	386,4	320,7	353,7	415,1	425,8	452,1
Other	13,2	13,3	6,7	5,7	5,7	5,7
Cash	36,3	58,1	88,8	51,4	54,1	57,5
Assets	1 414,2	1 397,8	1 479,3	1 551,8	1 580,7	1 639,0
Equity	336,7	377,1	403,7	449,9	507,6	563,6
Share capital	12,1	12,1	12,1	12,1	12,1	12,1
Other	255,3	307,4	360,6	373,8	413,7	465,3
Net profit (loss)	69,4	57,6	31,1	64,0	81,8	86,2
Minority capital	25,6	26,3	23,9	25,7	25,7	25,7
Long-term liabilities	328,8	383,7	366,4	305,7	279,5	259,9
Interest-bearing liabilities	251,0	305,3	285,9	215,8	189,6	170,0
Other	77,8	78,4	80,5	89,9	89,9	89,9
Short-term liabilities	723,0	610,7	685,2	770,5	767,9	789,8
Interest-bearing liabilities	132,4	151,1	167,8	134,7	118,3	106,1
Trade liabilities	512,3	392,4	443,6	537,1	550,9	584,9
Other	78,3	67,2	73,8	98,7	98,7	98,7
Liabilities	1 414,2	1 397,8	1 479,3	1 551,8	1 580,7	1 639,0
Net working capital	275,5	289,0	248,1	249,8	256,2	272,0
Net debt	347,2	398,3	364,9	299,1	253,8	218,7
Net debt corr.	347,2	398,3	364,9	299,1	253,8	218,7
Net debt /EBITDA (x)	2,7	2,8	3,7	1,9	1,4	1,2
Net debt /equity (x)	1,0	1,1	0,9	0,7	0,5	0,4
ROE (%)	21%	11%	2%	15%	17%	16%
ROA (%)	6%	3%	1%	4%	5%	5%
Cash conversion cycle (days)	37	43	52	33	31	30
Inventory turnover (days)	67	67	78	57	58	57
Receivables turnover ratio (days)	57	55	68	55	57	56
Accounts payable turnover ratio (days)	86	80	94	79	84	83

Cash Flow (PLNm)

	2018	2019	2020	2021F	2023F	2023F
Cash flows from operating activities	66,5	108,1	149,2	165,2	139,5	134,8
Net profit (loss)	69,4	57,6	31,1	64,0	81,8	86,2
Amortization	33,7	52,1	60,7	63,5	64,0	64,4
Changes in working capital	-97,1	-13,4	40,9	-1,7	-6,4	-15,8
Inventory changes	-150,7	40,7	22,8	-33,7	-9,6	-23,6
Trade receivables change	-127,1	65,8	-33,1	-61,4	-10,7	-26,3
Trade liabilities change	180,7	-120,0	51,2	93,5	13,8	34,0
Other	60,5	11,8	16,5	39,4	0,0	0,0
Cash flows from investment activities	-204,7	-82,6	-68,8	-70,5	-70,0	-69,5
CAPEX	-209,9	-89,3	-72,2	-70,9	-70,0	-69,5
Other	5,2	6,8	3,4	0,5	0,0	0,0
Cash flows from financial activities	124,2	-1,8	-50,4	-134,3	-66,8	-62,0
Interest-bearing liabilities change	172,8	72,9	-2,7	-103,1	-42,6	-31,8
Revenues from shares emission	0,0	0,0	0,0	0,0	0,0	0,0
Dividend	-15,1	-19,9	0,0	-19,9	-24,2	-30,2
Other	-33,5	-54,8	-47,7	-11,2	0,0	0,0
Net cash flows	-14,0	23,8	30,0	-39,5	2,7	3,3
Cash opening balance	49,4	36,3	58,1	88,8	51,4	54,1
Closing balance of cash	36,3	58,1	88,8	51,4	54,1	57,5

Source: the company, Trigon Brokerage House

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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

ISSUER – Wielton S.A.

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BUY – we expect that the rate of return on an investment will be at least 10%
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 Recommendation prepared by: Łukasz Rudnik

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