

Research

Poland | Equity Research

Research Department

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WIELTON

Trail(er)blazing quarter

Hold

(Previous: Buy; 11,4 PLN)

TP: 8,9 PLN

Upside: +1%

Although the results of the 1Q'23 were better y/y (EBITDA +25%, net profit +52%), they turned out to be much below our expectations and the MB's guidance, which makes us lower our recommendation to Hold with a target price of PLN 8.9 (previously, it was Buy, with the PT of PLN 11.4). We still expect the Company to present ambitious financial assumptions in the strategy planned for the turn of June/July, however, we are afraid that investors may now pay more attention to the short- and medium-term outlook, which is becoming increasingly demanding (slower influx of new orders, weaker data about the industrial production). Thus, despite the expected attractive valuation of the Company based on KPIs contained in the strategy, greater competitive and price pressure in the semi-trailer and trailer market will limit the potential to improve results related to efficiency (production) and optimisation (costs) activities in the company in the short term. As a result, we believe that the MB will not be able to achieve the forecast announced for '23 in terms of sales volumes (23.5k pcs) and EBITDA (PLN 212m). In turn, we do not change our expectations regarding the long-term development of the Company, where we continue to see the potential to (1) increase volumes through the product and geographical expansion and (2) improve profitability thanks to vertical integration in key cost components (axles, insulation boards for freezer semi-trailers and vans, hydroformed steel elements).

1Q'23 results. EBITDA results for 1Q'23 were by 28% worse than consensus and by 36% worse than our forecasts, while at the level of net profit the reported result was worse by 53% and 58%, respectively. Also, the level of revenue, which amounted to PLN 849m, was lower than consensus by 3% and accounts for about 24% of the execution of this year's forecast (PLN 3.6bn), with the lower volume execution level, which after 1Q'23 is 22% (5,259 from the forecast 23,5k pcs in '23). Therefore, the results for 1Q'23 did not confirm the trajectory of EBITDA announced by the MB, which, according to the announcement, after 1Q was to clearly exceed the assumptions of the annual forecast (PLN 212/4=53m). The market expected a significant reduction in the level of G&A costs, which was indicated at the conference following the results for '22, while everything shows that their calculation based on the analysis of the difference for this item on the basis of the report for '22 and after 9M22 gave a distorted picture of 4Q'22 (G&A costs at the level of PLN 20m), which we discuss in more detail later in the report. The scale of the effects of savings projects being implemented, such as 49+ and 100+ is still relatively small and we will have to wait for higher levels of savings.

Backlog at a stable level. At the end of 1Q'23, the company's backlog in 4 main markets (Poland, France, United Kingdom, Germany) amounted to 9.9k pcs, which means an increase by 8% q/q. The longest backlog at the level of 5-6m is currently present in LD, in FRU the backlog reaches 5m, while in Wieluń about 3M. We expect that the sales volume in 2Q'23 will therefore increase to 5.5k pcs when compared to 5.29k pcs in 1Q'23.

New orders for trucks varied depending on the manufacturer. Analysing the reports of HDT>16t manufacturers for 1Q'23, we can see a significant diversification in terms of the influx of new orders. Positively outstanding is Volvo Truck (Volvo, Renault) whose orders in Europe reached 26k pcs in 1Q'23 (avg. for '22 is 22.6k pcs). In the case of Mercedes-Benz, the order volume amounted to 32.9k pcs (avg. for '22 is 35.4k pcs). In turn, the level of new orders at Traton (Scania, MAN) in 1Q'23 amounted to 53.6k pcs (avg. for '22 is 68.6k pcs), without geographical division.

Waiting for a new strategy. The new strategy is to be presented at the turn of June and July. In our forecasts, we assume that in '27 the sales volume will reach about 29k pcs (5-year CAGR of 4.5%), and the EBITDA margin will increase to 6.5% (EBITDA PLN 275m, 5-year CAGR of 6.3%). Our assumptions are conservative in relation to the MB's announcement regarding the product and geographical expansion and cost optimisation programmes.

Dividend. During the last conference, the MB stressed that it would recommend the payment of a dividend from the profit for '22, but no decision has yet been made as regards the additional buyback of own shares. We assume that the dividend from the profit for '23 will amount to about PLN 0.33/share, which means that PLN 20m will be allocated for the dividend (DPR=17.5%).

Risks. (1) Decrease in the number of new orders for HDT/semi-trailers, (2) intensification of the economic downturn/recession, (3) further increase in financing costs resulting in a temporary extension of the life cycle of current HDT/semi-trailers, (4) intensification of competitive pressure, (5) greater than assumed scale of temporary increase in the costs of the planned expansion (production/sales).

Valuation. We determine the price target for WLT shares in the 12M horizon on the basis of the DCF method at the level of PLN 8.9. The present value of WLT shares in relation to domestic industrial companies is PLN 7.9, however, due to the different business profile of the entities from the peer group, we do not take it into account when determining the price target.

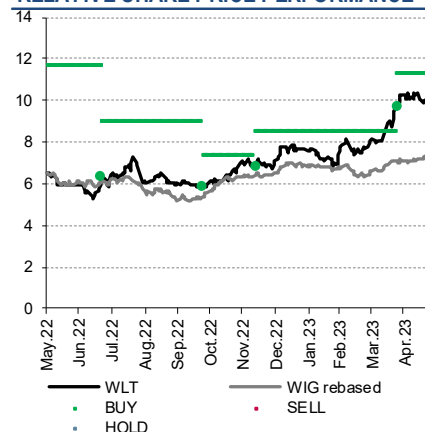
mIn PLN	2020	2021	2022	2023F	2024F	2025F
Revenue	1 817,3	2 696,4	3 433,4	3 505,7	3 676,8	3 938,0
EBITDA	97,7	144,5	203,0	174,8	210,1	246,3
EBIT	37,0	79,3	130,9	96,4	120,0	151,7
Net profit	31,1	47,3	114,3	40,4	62,8	92,7
EPS (PLN)	0,52	0,78	1,89	0,67	1,04	1,54
P/E (x)	17,1	11,3	4,7	13,2	8,5	5,7
EV/EBITDA (x)	9,2	6,1	5,0	6,4	5,4	4,7
P/BV (x)	1,3	1,2	1,0	0,9	0,9	0,8
DY (%)	0,0%	3,7%	0,0%	3,7%	3,7%	5,9%

Source: Company, Trigon DM

FACT SHEET

Ticker	WLT		
Sector	Semitrailers		
Price (PLN)	8,81		
52wk Range (PLN)	5,22 / 10,9		
Number of share (m)	60,4		
Market Cap (mPLN)	532		
Free-float	0,3		
Avg Vol 3M (mPLN)	1,0		
Price performance	1M	3M	1Y
	-14,7%	18,1%	34,2%

RELATIVE SHARE PRICE PERFORMANCE



Recommendation history	Date	Price
Buy	24.04.2023	11,4
Buy	12.12.2022	8,6
Buy	24.10.2022	7,4
Buy	21.07.2022	9,1
Buy	22.04.2022	11,7
Buy	20.04.2022	11,7
Buy	09.12.2021	14,3

Shareholders	Share %
MP Investors	37,6%
MPSZ Sp. z o.o.	13,4%
Łukasz Tyłkowski	9,7%
VESTA FIZ	5,9%

Important dates

Q2 results	14.09.2023
Q3 results	16.11.2023

Analyst

Łukasz Rudnik

WELTON

Bloomberg ticker

WLT PW

Recommendation

BUY

Target Price (PLN)

8,9

Current Price (PLN)

8,8

Upside

1%

Previous Recommendation

Buy

Previous Upside (PLN)

11,4

Number of shares (m)

60,4

Market Cap (mPLN)

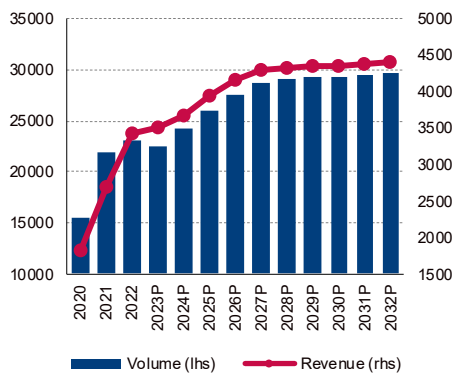
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EV (m PLN)

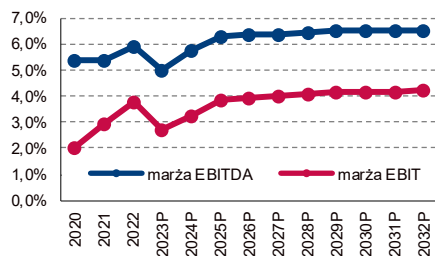
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Lukasz Rudnik

Revenue and volume forecast



FRITDA and FRIT margin



Company market share

Udział WLT	2018	2019	2020	2021	2022
Polska	12,4%	12,7%	15,7%	12,7%	15,7%
Francja	18,2%	19,7%	19,7%	19,7%	19,3%
Włochy	4,4%	5,9%	5,2%	5,9%	6,6%
Wielka Brytania	10,9%	12,8%	12,2%	12,8%	12,2%
Niemcy	2,1%	1,5%	1,5%	1,5%	2,0%
Hiszpania				3,5%	3,2%
CEE	6,0%	5,5%	5,5%	5,5%	5,5%
Agro - Polska				8,8%	9,2%

Pozycja WLT	2018	2019	2020	2021	2022
Polska	3	3	3	3	2
Francja	1	1	1	1	1
Włochy	5	6	6	7	5
Wielka Brytania	2	5	2	2	2
Niemcy	9	10	10	10	5
Hiszpania				6	6
CEE	4	4	4	5	5
Agro - Polska				3	3

Source: Company, Trigon DM

MARKET RATIOS

	2021	2022	2023P	2024P	2025P
P/E (x)	11,3	4,7	13,2	8,5	5,7
P/E adj. (x)	11,6	5,0	13,3	8,5	5,7
P/BV (x)	1,2	1,0	0,9	0,9	0,8
EV/EBITDA (x)	6,5	5,0	6,4	5,4	4,7
EV/EBITDA adj. (x)	6,6	5,3	6,4	5,4	4,7
EV/Sales (x)	0,3	0,3	0,3	0,3	0,3
FCF Yield (%)	7,8%	-17,1%	-10,6%	-2,1%	2,9%
DY (%)	3,7%	0,0%	3,7%	3,7%	5,9%

RATIOS

	2021	2022	2023P	2024P	2025P
EPS (PLN)	0,8	1,9	0,7	1,0	1,5
EPS adj. (PLN)	0,8	1,8	0,7	1,0	1,5
DPS (PLN)	0,3	0,0	0,3	0,3	0,5
BVPS (PLN)	7,3	9,2	9,6	10,3	11,3

Number of shares (m)

60,4

Market Cap (mPLN)

531,9

EV (mPLN)

883,7

60,4

531,9

1 113,5

60,4

531,9

1 144,6

60,4

531,9

1 160,4

P&L (mPLN)

	2021	2022	2023P	2024P	2025P
Sales	2 696	3 433	3 506	3 677	3 938
COGS	2 388	3 018	3 085	3 213	3 421
Gross profit	308	415	420	464	517
EBITDA	144	203	175	210	246
EBITDA adj.	143	194	174	210	246
D&A	65	72	78	90	95
EBIT	79	131	96	120	152
Gross profit	59	127	55	79	117
Minority interest	0	0	-1	0	0
Net profit	47	114	40	63	93
Net profit adj.	46	107	40	63	93

CASH FLOW STATEMENT (mPLN)

	2021	2022	2023P	2024P	2025P
Cash flow from operations	129	41	122	149	156
Cash flow from investing	-71	-132	-177	-160	-140
CAPEX	-87	-133	-179	-160	-140
Cash flow from financing	-26	83	7	15	-10
Dividend	-20	0	-20	-20	-31
FCF	41	-91	-57	-11	16
Net cash flow	32	-7	-48	3	5

BALANCE SHEET (mPLN)

	2021	2022	2023P	2024P	2025P
ASSETS	1 858	2 105	2 263	2 348	2 490
PPE	526	585	661	731	776
Goodwill	64	64	64	64	64
Intangible assets	0	0	0	0	0
Cash and equivalents	124	116	70	74	79

EQUITY AND LIABILITIES

	2021	2022	2023P	2024P	2025P
Equity	440	554	579	622	684
Minority shareholders capital	26	11	10	10	10
Interest-bearing liabilities	475	607	652	686	707
Net debt	352	491	582	613	629
Net working capital	228	400	443	447	479

OPERATING INDICATORS

	2021	2022	2023P	2024P	2025P
Sales growth (%)	48%	27%	2%	5%	7%
EPS adj. growth (%)	52%	142%	-65%	55%	48%
Gross profit margin (%)	11,4%	12,1%	12,0%	12,6%	13,1%
EBITDA adj. margin (%)	5,3%	5,7%	5,0%	5,7%	6,3%
Operating profit margin (%)	2,9%	3,8%	2,8%	3,3%	3,9%
Net profit adj. margin (%)	1,7%	3,1%	1,1%	1,7%	2,4%
ROE (%)	11%	22%	7%	10%	14%
ROA (%)	3%	5%	2%	3%	4%
CAPEX/Sales (%)	3,2%	3,9%	5,1%	4,4%	3,6%
CAPEX/D&A (x)	1,3	1,8	2,3	1,8	1,5
Net debt/Equity	0,8	0,9	1,0	1,0	0,9
Net debt/EBITDA (x)	2,4	2,4	3,3	2,9	2,6
Cash conversion cycle (days)	29	30	41	41	40
Inventory turnover (days)	66	65	70	72	70
Receivables turnover (days)	56	57	66	65	63
Liabilities turnover (days)	93	93	95	96	94

Valuation

Income-based valuation. Our valuation of WLT shares is 100% based on a DCF valuation. Our assumptions imply a 12M price target at the level of PLN 8.9 PLN per share, which – against the recent closing price – implies a 1% upside.

Assumptions for the DCF valuation:

- RFR at the level of 6% (vs. 6.5% in April)
- Market premium at the level of 6.5% (unchanged)
- Unlevered beta at the level of 1x
- Residual growth rate at the level of 1.5% (unchanged);
- In the valuation, we include PLN 15m of contingent liabilities for the acquisition of the remaining shares in Langendorf

#MFO: DCF valuation

DCF	2020	2021	2022	2023P	2024P	2025P	2026P	2027P	2028P	2029P	2030P	2031P	2032P	>2023P
Semitrailers volume	15532	21870	23180	22484	24200	26050	27600	28800	29050	29200	29350	29500	29650	
Revenue: total	1817	2696	3433	3506	3677	3938	4149	4300	4330	4347	4363	4380	4396	
EBITDA	98	144	203	175	210	246	263	275	278	283	284	285	286	
<i>EBITDA margin</i>	<i>5.4%</i>	<i>5.4%</i>	<i>5.9%</i>	<i>5.0%</i>	<i>5.7%</i>	<i>6.3%</i>	<i>6.3%</i>	<i>6.4%</i>	<i>6.4%</i>	<i>6.5%</i>	<i>6.5%</i>	<i>6.5%</i>	<i>6.5%</i>	
EBIT	37	79	131	96	120	152	162	172	176	181	182	183	185	
<i>EBIT margin</i>	<i>2.0%</i>	<i>2.9%</i>	<i>3.8%</i>	<i>2.8%</i>	<i>3.3%</i>	<i>3.9%</i>	<i>3.9%</i>	<i>4.0%</i>	<i>4.1%</i>	<i>4.2%</i>	<i>4.2%</i>	<i>4.2%</i>	<i>4.2%</i>	
Effective tax rate	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	
NOPLAT	29	63	103	76	95	120	128	136	139	143	144	145	146	
D&A				78	90	95	100	103	103	102	102	102	101	
CAPEX				-179	-160	-140	-120	-103	-103	-102	-102	-102	-101	
NWC change				-43	-4	-32	-26	-25	-5	-3	-3	-3	-3	
FCF				-67	21	43	83	111	134	140	141	142	143	145
D/(E+D)				52.9%	52.4%	50.8%	48.8%	45.8%	42.3%	38.4%	38.2%	38.1%	38.1%	38.1%
Beta leverage				1.9	1.9	1.8	1.8	1.7	1.6	1.5	1.5	1.5	1.5	1.5
CoD after tax				5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	4.5%
CoE				18.4%	18.3%	17.9%	17.5%	17.0%	16.4%	15.8%	15.7%	15.7%	15.7%	14.2%
WACC				11.7%	11.7%	11.7%	11.7%	11.8%	11.8%	11.9%	11.9%	11.9%	11.9%	10.5%
Discount rate				0.90	0.80	0.72	0.64	0.57	0.51	0.46	0.41	0.37	0.33	0.33
Sum of DFCF				395										
g				1.5%										
Discounted RV				536										
Net debt				491										
Liabilities (Langendorf)				15										
Dividend				0										
Tax asset				0										
Company value as at (01/01/2023)				425										
Company value as at (30/05/2022)				456										
Number of shares (mn)				60.4										
Company value per share (30/05/2022)				7.5										
TP 12M				8.9										
Current price				8.8										
Discount / (premium)				1%										

Analiza wrażliwości	Zmiana marży EBIT				
	-0,50%	-0,25%	0,00%	0,25%	0,50%
10,3%	10,1	12,0	14,0	16,0	17,9
10,8%	8,4	10,3	12,1	13,9	15,8
11,3%	6,9	8,7	10,4	12,2	13,9
WACC 11,8%	5,6	7,3	8,9	10,6	12,2
12,3%	4,5	6,1	7,6	9,2	10,7
12,8%	3,5	4,9	6,4	7,9	9,4
13,3%	2,5	3,9	5,4	6,8	8,2

Source: Trigon DM

Relative valuation. Our relative valuation for WLT is based on P/E and EV/EBITDA multiples. We present two peer groups, the first consists of Polish industrial companies, while the other consists of global manufacturers of components for truck manufacturers. Neither the company's major competitors in European markets (Schmitz, Krone, Kogel, Fliegl, Lecitrailer, Meiller) nor domestic manufacturers (Bodex, Zasław, Feber) are listed entities. We estimate the value of WLT's equity in the relative valuation at PLN 7.4 per share (as an average for both peer groups).

- 1) Valuation based on the average of the P/E multiple for the years '23-25P;
- 2) Valuation based on the average of the EV/EBITDA multiple for the years '23-25P.

The final relative valuation is an average of the two above-mentioned methods. We assign an equal 50% weighting to both methods.

#WLT: Relative valuation vs Polish industrial companies

	EV/EBITDA			P/E			EV/EBIT			
	2023P	2024P	2025P	2023P	2024P	2025P	2023P	2024P	2025P	
Wielton	6,4	5,4	4,7	13,2	8,5	5,7	11,5	9,5	7,6	
Przemysł w PL	5,3	4,7	3,6	9,0	8,0	7,0	7,4	6,4	5,3	
Alumetal	7,3	7,5	7,2	9,8	9,6	9,2	9,0	9,2	8,8	
Cognor	3,5	6,8	5,9	3,8	11,0	10,6	4,1	9,3	8,3	
Kęty	8,9	8,3	7,7	12,6	11,8	10,5	11,6	10,8	9,8	
Mangata	5,3	5,0	4,8	8,1	8,0	7,0	7,2	7,0	6,6	
MFO	4,8	3,9	3,6	6,7	5,3	4,9	5,5	4,6	4,3	
Rawlplug	3,0	2,8	2,4	5,3	4,4	4,3	3,9	3,7	3,2	
Stalprodukt	1,0	1,3	1,1	4,4	7,8	8,9	1,4	2,1	1,8	
AC Autogaz	5,9	5,1	4,1	9,0	8,4	8,1	7,7	6,5	5,3	
Amica	5,5	4,0	3,5	15,8	7,8	6,4	10,9	6,4	5,3	
Arctic Paper	2,0	2,3	2,0	4,7	6,5	6,9	2,4	2,9	2,7	
Famur	4,2	2,9	2,1	9,3	8,9	7,3	7,4	5,2	3,4	
Forte	6,9	4,7	3,6	11,4	6,0	4,6	11,4	6,4	4,7	
Newag	7,3	6,4	5,2	12,0	9,7	7,0	9,8	8,4	6,5	
Partial valuation	440	451	399	447	516	592				
Weight of the year	33%	33%	33%	33%	33%	33%				
Partial valuation		430			519		2023P	2024P	2025P	
Indicator weight		50%			50%		EBITDA	174,8	210,1	246,3
Peers valuation	7,9						Net profit	40,4	62,8	92,7
TP 12M	8,9						Net debt	581,6	612,7	628,5

Source: Bloomberg, Trigon DM

#WLT: Relative valuation vs foreign manufacturers of components for trucks

	EV/EBITDA			P/E			EV/EBIT		
	2023P	2024P	2025P	2023P	2024P	2025P	2023P	2024P	2025P
Wielton	6,4	5,4	4,7	13,2	8,5	5,7	11,5	9,5	7,6
Tier 1 (50%)	5,7	4,7	3,9	10,8	9,4	6,9	5,7	7,4	6,3
Cummins	7,1	7,0	6,7	10,8	11,1	10,1	7,1	8,8	8,4
Allison Transmission	6,2	6,1	5,7	7,5	7,7	7,0	6,2	7,4	6,7
Dana	5,2	4,6	4,0	18,8	9,6	6,7	5,2	8,1	6,5
American Axle	4,0	3,5	3,1	19,1	8,4	6,6	4,0	9,3	7,6
Wabash	4,1	4,7	3,8	5,6	7,1	6,9	4,1	5,8	4,6
Maxitrans	8,5	6,5	-	12,9	10,3	-	8,5	7,6	-
SAF Holland	5,9	4,7	3,8	7,4	6,8	6,1	5,9	6,6	5,3
Kongsberg Automotive	3,7	3,5	2,8	30,8	11,7	7,2	3,7	6,1	3,7
JOST	5,7	5,3	4,7	9,0	9,4	8,8	5,7	7,3	6,0
OEM (50%)	3,6	3,8	3,7	8,4	9,0	8,8	3,6	7,6	7,5
Traton	3,2	2,8	2,3	4,6	4,4	3,8	3,2	4,5	3,6
Volvo	4,0	4,7	4,2	9,1	10,4	9,8	4,0	6,6	5,9
PACCAR	4,9	5,9	5,6	9,4	11,2	10,3	4,9	9,8	9,0
CNH	2,4	2,4	3,1	7,8	7,6	7,8	2,4	8,6	9,5
Partial valuation	232	273	305	389	577	731			
Weight of the year	33%	33%	33%	33%	33%	33%			
Partial valuation		270			566		2023P	2024P	2025P
Indicator weight		50%			50%	EBITDA	174,8	210,1	246,3
Peers valuation	6,9					Net profit	40,4	62,8	92,7
TP 12M	7,8					Net debt	581,6	612,7	628,5

Source: Bloomberg, Trigon DM

#WLT: Summary of valuations

Summary valuation	Current valuation	12M valuation	Weight	Target price (12M)	Upside
DCF	7,5	8,9	100%	8,9	1%
Porównawcza	7,4	8,3	0%		

Source: Trigon DM

The DCF-based valuation implies a 1% upside for the stock price, while the relative valuation - a 5% downside. Due to the lack of peer companies with an identical business profile, we assign 100% weighting to the DCF method. Our final 12M price target is PLN 8.9 per share, implying a 1% upside for the stock price from the current level.

Income statement (PLNm)

	2020	2021	2022	2023F	2025F	2025F
Revenues	1 817	2 696	3 433	3 506	3 677	3 938
Operating expenses	1 629	2 388	3 018	3 085	3 213	3 421
Gross profit from sales	188	308	415	420	464	517
Sales expenses	102	141	168	174	184	197
Management costs	73	92	125	151	160	168
Profit from sales	13	75	122	96	120	152
Result on other operating activity	24	4	1	0	0	0
EBITDA	98	144	203	175	210	246
EBITDA adj.	74	143	194	174	210	246
Amortization	61	65	72	78	90	95
EBIT	37	79	131	96	120	152
Financial net	-17	-20	-4	-42	-41	-34
Gross profit	20	59	127	55	79	117
Income tax	-7	12	12	15	17	25
Minority interest	-4	0	0	-1	0	0
Net profit	31	47	114	40	63	93
Net profit adj.	12	46	107	40	63	93

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

sales growth y/y	-22%	48%	27%	2%	5%	7%
	-30%	64%	35%	1%	10%	11%
EBITDA adj. growth y/y	-34%	94%	36%	-10%	20%	17%
EBIT growth y/y	-59%	114%	65%	-26%	24%	26%
net profit adj. growth y/y	-65%	290%	133%	-63%	56%	48%

	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23
Revenues	767	814	822	860	937	849
Operating expenses	695	734	720	751	813	742
Gross profit from sales	72	80	102	108	125	106
Sales expenses	40	38	39	45	46	41
Management costs	25	34	40	30	20	40
Profit from sales	7	7	23	32	59	26
Result on other operating activity	-1	11	20	-1	-21	0
EBITDA	24	37	61	48	57	46
EBITDA adj.	26	25	41	50	79	45
Amortization	16	18	17	17	19	19
EBIT	8	18	44	31	38	26
Financial net	-14	-6	26	-18	-6	-6
Gross profit	1	13	70	13	32	21
Income tax	0	3	-6	4	12	8
Minority interest	-1	1	1	1	-2	-1
Net profit	2	9	75	8	22	14
Net profit adj.	3	0	59	9	39	13

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

sales growth y/y	49%	29%	22%	38%	22%	4%
gross profit growth y/y	19%	0%	11%	68%	74%	33%
EBITDA adj. growth y/y	-15%	-41%	-13%	80%	207%	79%
EBIT growth y/y	-66%	-34%	40%	157%	380%	44%
net profit adj. growth y/y	-75%	-100%	186%	94%	1358%	17772%

Source: the company, Trigon Brokerage House

Balance (PLN m)

	2020	2021	2022	2023F	2025F	2025F
Fixed assets	692	730	817	896	965	1 011
Tangible fixed assets	492	526	585	661	731	776
Intangible assets	0	0	0	0	0	0
Company's value	64	64	64	64	64	64
Long-term receivables	0	0	0	0	0	0
Long-term investments	0	0	0	0	0	0
Other	136	141	168	170	170	170
Current assets	787	1 127	1 288	1 367	1 382	1 479
Inventory	338	525	556	628	634	679
Trade receivables	354	474	606	654	660	707
Other	7	5	9	15	15	15
Cash	89	124	116	70	74	79
Assets	1 479	1 858	2 105	2 263	2 348	2 490
Equity	404	440	554	579	622	684
Share capital	12	12	12	12	12	12
Other	361	381	428	527	547	579
Net profit (loss)	31	47	114	40	63	93
Minority capital	24	26	11	10	10	10
Long-term liabilities	366	460	346	345	359	368
Interest-bearing liabilities	286	403	267	267	281	290
Other	81	57	79	78	78	78
Short-term liabilities	685	932	1 194	1 328	1 356	1 429
Interest-bearing liabilities	168	73	340	385	405	418
Trade liabilities	444	771	762	839	847	907
Other	74	88	92	104	104	104
Liabilities	1 479	1 858	2 105	2 263	2 348	2 490
Net working capital	248	228	400	443	447	479
Net debt	365	352	491	582	613	629
Net debt corr.	365	352	491	582	613	629
Net debt/EBITDA (x)	4	2	2	3	3	3
Net debt/equity (x)	1	1	1	1	1	1
ROE (%)	0	0	0	0	0	0
ROA (%)	0	0	0	0	0	0
Cash conversion cycle (days)	52	29	30	41	41	40
Inventory turnover (days)	78	66	65	70	72	70
Receivables turnover ratio (days)	68	56	57	66	65	63
Accounts payable turnover ratio (days)	94	93	93	95	96	94

Cash Flow (PLNm)

	2020	2021	2022	2023F	2025F	2025F
Cash flows from operating activities	149	129	41	122	149	156
Net profit (loss)	31	47	114	40	63	93
Amortization	61	65	72	78	90	95
Changes in working capital	41	20	-173	-43	-4	-32
Inventory changes	23	-187	-31	-72	-6	-45
Trade receivables change	-33	-120	-132	-48	-6	-47
Trade liabilities change	51	327	-9	78	8	60
Other	16	-4	28	46	0	0
Cash flows from investment activities	-69	-71	-132	-177	-160	-140
CAPEX	-72	-87	-133	-179	-160	-140
Other	3	16	1	2	0	0
Cash flows from financial activities	-50	-26	83	7	15	-10
Interest-bearing liabilities change	-3	22	132	45	34	21
Revenues from shares emission	0	0	0	0	0	0
Dividend	0	-20	0	-20	-20	-31
Other	-48	-28	-49	-18	0	0
Net cash flows	30	32	-7	-48	3	5
Cash opening balance	58	89	124	116	70	74
Closing balance of cash	89	124	116	70	74	79

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

OCF – cash generated through the operational activities of the company

FCF – cash generated by the company after taking into account outflows to support operations and retained capital

ROA – rate of return on assets

ROE – rate of return on equity

NWC – net working capital

Cash conversion cycle – period from the moment of expenditure of cash for the purchase of production factors until the moment of receipt of cash revenues from the sale of manufactured goods or services.

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

RFR - risk-free rate

WACC - weighted average cost of capital

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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