

# CM International S.A.



Price target: PLN 37.80

Update

Rating: BUY

**CM International S.A. (CMI) published solid Q1/22 results, which exceeded our expectations. Net sales advanced by 24.5% y-o-y to PLN 7.2m, while EBIT and net income remained stable y-o-y due to 39.3% higher costs of external services. On May 11, the company reported a new 3-year order from one of its German partners worth EUR 8.6m/PLN 40.2m (= 178.1% of CMI's total output in full-year 2021), which could already contribute c. PLN 9m to this year's net sales, in our view. Although we have increased our estimates, our 12-months DCF-based PT for the stock goes down from PLN 54.30 to PLN 37.80 due to much higher WACC than in February (12.9% vs. 8.1%). On our estimates, which assume an EPS growth of 103.6% in 2022E, CMI is currently trading at a P/E 2022E of 14.3x and PEG of 0.14. With an upside of 11.8% to our PT, we continue to rate the stock a BUY.**

**In Q1/22, CMI's total output (incl. change of inventories) grew by 25.7% y-o-y to PLN 8m, while EBIT and net income slightly declined by 4.7% to PLN 1m and 2.3% to PLN 803k respectively.** Operating cash flow (PLN 1.1m vs. PLN 514k in Q1/21) significantly improved y-o-y. We estimate CMI's current net debt at PLN 1.9m (net gearing of c. 26%).

**After Q1/22, in which total output and net income already accounted for 30.3% and 41.6% respectively of our previous full-year 2022E estimates, we have increased our forecasts.** In 2022E, we now expect net sales of PLN 28.8m (previously: PLN 26.4m), EBIT of PLN 3.4m (PLN 2.7m; 11.9% margin) and net income of PLN 2.8m (PLN 1.9m). In the long run, we estimate the top-line CAGR at 15.1% and a target EBIT margin of 11.7%, which is conservative given the likely growing share of proprietary products in CMI's total net sales.

in PLNm	2019	2020	2021	2022E	2023E	2024E
Total output	18.19	16.53	22.57	28.84	35.29	43.07
EBITDA	2.32	1.77	2.67	4.01	4.97	5.91
EBIT	1.87	1.41	2.22	3.43	4.27	5.05
Net income	1.50	0.99	1.40	2.84	3.53	4.17
EPS	1.24	0.82	1.16	2.36	2.93	3.47
DPS	0.00	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
RoE	43.43%	21.31%	24.28%	36.40%	32.08%	28.10%
Net gearing	60.01%	29.35%	25.16%	52.02%	19.55%	-2.24%
EV/Sales	2.33x	2.54x	1.92x	1.48x	1.21x	0.99x
EV/EBITDA	18.32x	24.10x	15.92x	10.62x	8.56x	7.20x
P/E	27.18x	41.25x	29.10x	14.29x	11.52x	9.74x

\* from 2022E, total output = net sales

## Company profile

CMI is a leading international developer and producer of devices for aesthetic medicine and cosmetics.

Date of publication	18 May 2022 / 6:30 am
Website	www.cmis.eu
Sector	Beauty Devices
Country	Poland
ISIN	PLCMINT00013
Reuters	CMI.WA
Bloomberg	CMI PW

## Share information

Last price	33.80
Number of shares (m)	1.20
Market cap. (PLNm)	40.66
Market cap. (EURm)	8.70
52-weeks range	PLN 51 / PLN 29.60
Average volume	234

## Performance

4-weeks	6.96%
13-weeks	-7.14%
26-weeks	-15.50%
52-weeks	-11.05%
YTD	-11.05%

## Shareholder structure

Mariusz Kara (CEO)*	54.86%
Certus Investment Sp. z o.o	12.47%
Michal Sebastian (Co-founder)*	4.32%
Free float	28.35%

\* Mariusz Kara and Michal Sebastian have 65.9% and 5.19% of the votes, Certus 7.49%

## Financial calendar

Q2/22 report	August 16, 2022
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## Analyst

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## Q1/22 results

### Revenues and Profitability

In Q1/22, CM International generated a total output of PLN 8m (+25.7% y-o-y), which was higher than its actual net sales (+24.5% to PLN 7.2m). Again, crucial were sales to German (40.2% share) and Spanish (37%) distributors, which accounted for by far the highest share of total net sales.

in PLNm	Q1/22	Q1/21	change y-o-y
<b>Total output</b>	<b>8.00</b>	<b>6.37</b>	25.7%
<b>Net sales</b>	<b>7.18</b>	<b>5.76</b>	24.5%
<b>EBITDA</b>	<b>1.12</b>	<b>1.16</b>	-3.0%
<i>EBITDA margin</i>	<i>14.0%</i>	<i>18.1%</i>	
<b>EBIT</b>	<b>1.00</b>	<b>1.05</b>	-4.7%
<i>EBIT margin</i>	<i>12.5%</i>	<i>16.5%</i>	
<b>Net income</b>	<b>0.80</b>	<b>0.82</b>	-2.3%
<i>Net margin</i>	<i>10.0%</i>	<i>12.9%</i>	

Source: Company information, East Value Research GmbH

Between January and March 2022, CMI's gross margin deteriorated from 33.2% in Q1/21 to 26.8% due to 39.3% higher costs of external services (we believe commissions for distribution partners). This led to a slight decline of both EBIT and net income y-o-y, although all other operating expenses increased less than net sales.

At the end of March 2022, CMI had 55 full-time employees plus 9 project-based staff and freelancers (31/12/2021: 57 FTE + 8 project-based staff).

### Balance sheet and Cash flow

At the end of March 2022, CMI had equity of PLN 7.2m, which corresponds to an equity ratio of 34%. Fixed assets increased from PLN 6m in Q1/21 to PLN 9.4m due to, in our view, the ongoing expansion of CMI's existing production facility. We estimate the net debt as of 31/03/2022 at PLN 1.9m.

Between January and March 2022, CM International strongly improved its operating cash flow from PLN 514k in Q1/21 to PLN 1.1m, which stemmed from PLN 2.8m lower short-term non-financial debt. Cash flow from investing increased from PLN -93k to PLN -1m due to the ongoing expansion of the company's headquarters and production facility in Wilczyce. Cash flow from financing equalled PLN 532k (Q1/21: PLN -157k) due to the raise of additional debt. Between January and March 2022, CMI's cash position increased by PLN 630k.

## Financial forecasts

### Revenues and Profitability

CMI's Q1/22 results were solid and better than we had anticipated. Thus, we have decided to increase our forecasts for full-year 2022E. Another reason for our decision is also the new contract from May with one of the company's German distribution partners over EUR 8.6m/PLN 40.2m until 2025E. We expect that only this contract, which relates to a proprietary device for face care including additional components, will contribute net sales of c. PLN 9m this year.

Our updated forecasts for 2022E look as follows: Net sales – PLN 28.8m (previously: PLN 26.4m), EBIT margin – 11.9% (10.2%), net income – PLN 2.8m (PLN 1.9m). In our opinion, net sales will grow at a CAGR of 15.1% in the long run (previously: 12.8%) and will be driven by proprietary products (exp. CAGR of 19.2%). For the EBIT margin, we expect a target value of 11.7% in the long run.

in PLNm	2022E	2023E	2024E
<b>Proprietary products</b>	<b>10.74</b>	<b>13.75</b>	<b>17.40</b>
(% of sales)	37.3%	39.0%	40.4%
EBIT margin	12.0%	12.5%	13.0%
Thereof: in the Fixed price & Pay-as-you-Go model	12.9%	13.9%	14.9%
<b>R&amp;D and optimisation for third-parties</b>	<b>16.94</b>	<b>20.33</b>	<b>24.39</b>
(% of sales)	58.7%	57.6%	56.6%
EBIT margin	12.0%	12.0%	11.0%
<b>Support &amp; components</b>	<b>1.16</b>	<b>1.21</b>	<b>1.27</b>
(% of sales)	4.0%	3.4%	3.0%
EBIT margin	9.5%	9.0%	8.5%
<b>Total net sales</b>	<b>28.84</b>	<b>35.29</b>	<b>43.07</b>
(change y-o-y)	27.8%	22.4%	22.0%

Source: East Value Research GmbH

in PLNm	2022E		2023E		2024E	
	new	old	new	old	new	old
<b>Net sales</b>	<b>28.84</b>	<b>26.44</b>	<b>35.29</b>	<b>30.90</b>	<b>43.07</b>	<b>36.12</b>
<b>EBITDA</b>	<b>4.01</b>	<b>3.22</b>	<b>4.97</b>	<b>4.17</b>	<b>5.91</b>	<b>4.94</b>
<i>EBITDA margin</i>	13.9%	12.2%	14.1%	13.5%	13.7%	13.7%
<b>EBIT</b>	<b>3.43</b>	<b>2.70</b>	<b>4.27</b>	<b>3.56</b>	<b>5.05</b>	<b>4.21</b>
<i>EBIT margin</i>	11.9%	10.2%	12.1%	11.5%	11.7%	11.7%
<b>Net income</b>	<b>2.84</b>	<b>1.93</b>	<b>3.53</b>	<b>2.64</b>	<b>4.17</b>	<b>3.18</b>
<i>Net margin</i>	9.9%	7.3%	10.0%	8.5%	9.7%	8.8%

\* for simplicity, we have assumed that Total output = net sales

Source: East Value Research GmbH

in PLNm	Q1/19	Q2/19	Q3/19	Q4/19	2019
<b>Total output</b>	<b>3.41</b>	<b>5.13</b>	<b>3.87</b>	<b>5.77</b>	<b>18.19</b>
<i>y-o-y change</i>	103.5%	94.9%	-4.1%	29.8%	42.2%
<b>EBITDA</b>	<b>0.59</b>	<b>0.80</b>	<b>0.66</b>	<b>0.27</b>	<b>2.32</b>
<i>EBITDA margin</i>	17.2%	15.7%	17.0%	4.7%	12.8%
<b>EBIT</b>	<b>0.53</b>	<b>0.74</b>	<b>0.59</b>	<b>0.01</b>	<b>1.87</b>
<i>EBIT margin</i>	15.4%	14.5%	15.3%	0.1%	10.3%
<b>Net income</b>	<b>0.40</b>	<b>0.64</b>	<b>0.47</b>	<b>-0.01</b>	<b>1.50</b>
<i>Net margin</i>	11.6%	12.5%	12.0%	-0.1%	8.2%

in PLNm	Q1/20	Q2/20	Q3/20	Q4/20	2020	Q1/21	Q2/21	Q3/21	Q4/21	2021	Q1/22
<b>Total output</b>	<b>4.99</b>	<b>4.50</b>	<b>3.69</b>	<b>3.35</b>	<b>16.53</b>	<b>6.37</b>	<b>6.90</b>	<b>3.45</b>	<b>5.85</b>	<b>22.57</b>	<b>8.00</b>
<i>y-o-y change</i>	46.5%	-12.3%	-4.8%	-42.0%	-9.1%	27.6%	53.2%	-6.4%	74.9%	36.5%	25.7%
<b>EBITDA</b>	<b>0.58</b>	<b>0.88</b>	<b>-0.10</b>	<b>0.40</b>	<b>1.77</b>	<b>1.16</b>	<b>2.33</b>	<b>-0.91</b>	<b>0.10</b>	<b>2.67</b>	<b>1.12</b>
<i>EBITDA margin</i>	11.7%	19.6%	-2.7%	12.0%	10.7%	18.2%	33.8%	-26.4%	1.7%	11.8%	14.0%
<b>EBIT</b>	<b>0.53</b>	<b>0.80</b>	<b>-0.21</b>	<b>0.30</b>	<b>1.41</b>	<b>1.05</b>	<b>2.22</b>	<b>-1.03</b>	<b>-0.02</b>	<b>2.22</b>	<b>1.00</b>
<i>EBIT margin</i>	10.5%	17.7%	-5.6%	8.9%	8.5%	16.5%	32.2%	-29.8%	-0.3%	9.9%	12.5%
<b>Net income</b>	<b>0.55</b>	<b>0.63</b>	<b>-0.22</b>	<b>0.03</b>	<b>0.99</b>	<b>0.82</b>	<b>1.66</b>	<b>-0.89</b>	<b>-0.20</b>	<b>1.40</b>	<b>0.80</b>
<i>Net margin</i>	11.0%	14.0%	-6.0%	0.9%	6.0%	12.9%	24.1%	-25.8%	-3.3%	6.2%	10.0%

Source: Company information, East Value Research GmbH

### CAPEX and Working capital

After updating our estimates based on the Q1 report, we now believe that gross CAPEX will reach PLN 2.1m (previously: PLN 2.5m) in 2022E. In the long run, we expect that it will amount to 2% (2%) of yearly net sales.

For working capital, we expect that its share in net sales will grow to c. 8% in the long run after 0.2% in 2021. We continue to assume that the cash conversion cycle will equal 30 days in the future (2021: -8 days).

## Valuation

We have valued CM International by using a DCF model only due to a lack of appropriate listed peers. With much higher WACC than before (12.9% vs. 8.1%), our model derives a new 12-months PT of PLN 37.80 (previously: PLN 54.30). Given the upside of 11.8% at current level, our BUY rating for CMI remains unchanged.

### DCF model

Below are the key assumptions of our DCF valuation:

- (1) *Risk-free rate*: Current yield of Polish long-term government bonds with maturity in 2047E is 6.4% (Source: www.boerse-stuttgart.de)
- (2) *Beta*: 4y average unlevered beta in 2018-2021 for companies from the Healthcare Products sector, which are based in Emerging Markets, is 1.28x (Source: www.damodaran.com)
- (3) *Equity risk premium (Poland)*: 5.08% (Source: www.damodaran.com)
- (4) *Target equity ratio*: 100%
- (5) *WACC = Equity cost*: 12.9%
- (6) *Sales growth in the terminal period*: 2%
- (7) Free cash flows are discounted to May 17, 2022

in PLNm	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E			
<b>Net sales</b>	<b>28.84</b>	<b>35.29</b>	<b>43.07</b>	<b>48.67</b>	<b>55.01</b>	<b>62.21</b>	<b>67.67</b>	<b>73.62</b>	<b>80.10</b>			
(y-o-y change)	27.8%	22.4%	22.0%	13.0%	13.0%	13.1%	8.8%	8.8%	8.8%			
<b>Operating profit</b>	<b>3.43</b>	<b>4.27</b>	<b>5.05</b>	<b>5.84</b>	<b>6.54</b>	<b>7.51</b>	<b>7.98</b>	<b>8.65</b>	<b>9.37</b>			
(operating margin)	11.9%	12.1%	11.7%	12.0%	11.9%	12.1%	11.8%	11.7%	11.7%			
<b>NOPLAT</b>	<b>2.78</b>	<b>3.46</b>	<b>4.09</b>	<b>4.73</b>	<b>5.30</b>	<b>6.09</b>	<b>6.46</b>	<b>7.00</b>	<b>7.59</b>			
+ Depreciation & amortisation	0.58	0.71	0.86	0.97	1.10	1.24	1.35	1.47	1.60			
= Net operating cash flow	3.36	4.16	4.95	5.70	6.40	7.33	7.82	8.48	9.19			
- Total investments (Capex and WC)	-5.99	-1.93	-2.16	-0.94	-1.11	-2.16	-1.84	-2.08	-2.15			
Capital expenditures	-2.07	-2.21	-1.86	-0.98	-1.10	-1.25	-1.36	-1.47	-1.60			
Working capital	-3.92	0.28	-0.30	0.03	-0.01	-0.92	-0.48	-0.61	-0.54			
= Free cash flow (FCF)	-2.63	2.24	2.79	4.76	5.28	5.17	5.98	6.39	7.04			
<b>PV of FCF's</b>	<b>-2.44</b>	<b>1.84</b>	<b>2.03</b>	<b>3.07</b>	<b>3.02</b>	<b>2.61</b>	<b>2.68</b>	<b>2.54</b>	<b>2.48</b>			
PV of FCFs in explicit period	17.81											
PV of FCFs in terminal period	24.37											
<b>Enterprise value (EV)</b>	<b>42.18</b>											
+ Net cash / - net debt (31 March 2022E)	-1.90											
+ Investments / - minorities	0.00											
<b>Shareholder value</b>	<b>40.28</b>											
<b>Number of shares outstanding (m)</b>	<b>1.20</b>											
						Terminal EBIT margin						
<b>WACC</b>	<b>12.9%</b>					<b>8.7%</b>	<b>9.7%</b>	<b>10.7%</b>	<b>11.7%</b>	<b>12.7%</b>	<b>13.7%</b>	<b>14.7%</b>
Cost of equity	12.9%	8.9%	55.28	59.60	63.92	68.24	72.56	76.88	81.20			
Pre-tax cost of debt	6.0%	9.9%	47.17	50.66	54.15	57.63	61.12	64.61	68.09			
Normal tax rate	19.0%	10.9%	40.89	43.75	46.61	49.47	52.34	55.20	58.06			
After-tax cost of debt	4.9%	11.9%	35.88	38.26	40.64	43.02	45.40	47.78	50.16			
Share of equity	100.0%	12.9%	31.79	33.79	35.80	37.80	39.80	41.81	43.81			
Share of debt	0.0%	13.9%	28.40	30.10	31.80	33.50	35.20	36.90	38.60			
<b>Fair value per share in PLN</b>	<b>33.48</b>	<b>14.9%</b>	25.54	26.99	28.44	29.90	31.35	32.81	34.26			
<b>Fair value per share in PLN (in 12 months)</b>	<b>37.80</b>	<b>15.9%</b>	23.09	24.34	25.60	26.85	28.10	29.35	30.61			

Source: East Value Research GmbH

## Peer Group Analysis

While there are no comparable companies in Poland, we have found six international providers of beauty devices, which are comparable to CMI. Companies like Johnson & Johnson, AbbVie and Bausch Health are also active in the area of aesthetic medicine, but are too diversified, in our view. Most aesthetic medicine devices that are available on the market are from Chinese producers and are usually cheap, single-functional, unreliable and come without support.

- (1) *Syneron Medical Ltd.*: Syneron Medical is based in Yokneam Illit/Israel and is 100%-owned by the PE fund Apax Partners. The company develops products based on its proprietary Electro-Optical Synergy technology, which uses the synergy between electrical energy and optical energy to provide aesthetic medical treatments. Its products are used for various non-invasive aesthetic medical procedures, including hair removal, wrinkle reduction, rejuvenation of the skin's appearance through the treatment of superficial benign vascular and pigmented lesions, acne treatment, treatment of leg veins, treatment for the temporary reduction in the appearance of cellulite and thigh circumference, ablation and resurfacing of the skin, laser-assisted lipolysis, and tattoo removal. The company also provides cosmetic and aesthetic lasers; light-based systems used by physicians and personal care practitioners; non-invasive technologies for fat cell destruction and body sculpting; and Viador system, a handheld device with a radiofrequency-needle array for use in transdermal delivery of biologic drug-products through a system-specific skin patch.
- (2) *Lumenis Ltd.*: Lumenis, which is based in Yokneam/Israel, is 100%-owned by Baring Private Equity Asia. In its Ophthalmic segment, the company sells ophthalmology laser systems and accessories, such as laser links, slit lamp microscopes, laser indirect ophthalmoscopes, physician eye safety filters, surgical laser probes, and others to ophthalmic practices, outpatient clinics, and ophthalmology departments of hospitals primarily for use in retinal treatment and glaucoma/secondary cataract applications, as well as for refractive applications. In the Aesthetic segment, it offers aesthetic laser energy-based systems to physicians primarily for skin treatment and hair removal applications.
- (3) *Sisram Medical Ltd.*: Sisram Medical, which is based in Caesarea/Israel, is an investment holding company that through its subsidiaries (e.g. Alma Laser) designs, develops, manufactures, and sells energy-based aesthetic medical, minimally invasive treatment systems, and non-energy based devices and cosmeceuticals. It offers a portfolio of treatment systems for non-invasive medical aesthetic treatments, including hair removal, skin rejuvenation, skin resurfacing, vascular and pigmented lesions treatment, body contouring, skin tightening, tattoo removal, acne treatment, and cellulite reduction; and minimally invasive treatments, such as laser assisted liposuction and fat grafting, and feminine health, as well as treatment of varicose veins and ear, nose, and throat procedures.

The company also provides beauty product lines, such as Rejuve and Spadeep.

In 2021, Sisram Medical had revenues of HKD 2.3bn and an EBIT margin of 14.5%. Currently, it has a market cap of HKD 3.5bn and is trading at an EV/Sales 2022E of 0.9x (Source: CapitalIQ).

- (4) *Cutera Inc.*: Cutera, which is based in Brisbane/US, provides research, development, manufacture, marketing, and servicing of laser and energy-based aesthetics systems for practitioners worldwide. Its products include for example truSculpt flex, a bio-electrical muscle stimulation device for treating patients at all fitness levels; truSculpt for the non-surgical body sculpting market; Juliet, a laser for women's intimate health; Secret RF, a fractional radio frequency microneedling device for skin revitalization; excel HR platform, a hair removal solution for various skin types; excel V+, a vascular and benign pigmented lesion treatment platform; and xeo platform, a multi-application platform on which a customer purchases hand piece applications for the removal of unwanted hair, treatment of vascular lesions, and skin revitalization. In 2021, Cutera generated revenues of USD 231.3m and an EBIT margin of 0.9%. Currently, it has a market cap of USD 909.1m. Based on CapitalIQ data, it is trading at EV/Sales 2022E and EV/EBITDA 2022E multiples of 3.6x and 170.1x respectively.
- (5) *Cynosure Inc.*: Cynosure, which is based in Westford/US and 100%-owned by Clayton, Dublier & Rice LLC, develops and manufactures a diverse range of leading treatment applications for hair removal, skin revitalization, scar reduction, gynaecological health, body contouring etc.
- (6) *Venus Concept Inc.*: Venus Concept, which is headquartered in Toronto/Canada, is a Canadian company that develops and manufactures devices for the medical aesthetic market. It offers a range of products and services under various brands, including Venus Versa (face, body, hair removal), Venus Viva (face), Venus Legacy (face & body), Venus Glow (face), Venus Glow Serums (face), Venus Bliss (body), Venus Velocity (hair removal), Venus Epileve (hair removal), Venus Viva MD (body), ARTAS iX (hair restoration), NeoGraft (hair restoration), VERO Hair (hair restoration). In 2021, Venus Concept generated revenues of USD 105.6m and an EBIT margin of -16.6%. Currently, it has a market cap of USD 50.6m and is trading at an EV/Sales 2022E multiple of 0.9x.

## Profit and loss statement

in PLNm	2019	2020	2021	2022E	2023E	2024E
<b>Net sales</b>	<b>18.30</b>	<b>16.74</b>	<b>22.13</b>	<b>28.84</b>	<b>35.29</b>	<b>43.07</b>
Change of inventories	-0.11	-0.21	0.43	0.00	0.00	0.00
<b>Total output</b>	<b>18.19</b>	<b>16.53</b>	<b>22.57</b>	<b>28.84</b>	<b>35.29</b>	<b>43.07</b>
Cost of goods sold	-12.39	-10.96	-16.23	-21.03	-25.39	-30.55
<b>Gross profit</b>	<b>5.80</b>	<b>5.56</b>	<b>6.33</b>	<b>7.81</b>	<b>9.91</b>	<b>12.52</b>
Other operating income	0.08	0.82	1.56	0.39	0.40	0.41
Personnel costs	-2.86	-3.88	-3.87	-3.98	-5.05	-6.37
Other operating expenses	-0.70	-0.74	-1.36	-0.21	-0.28	-0.64
<b>EBITDA</b>	<b>2.32</b>	<b>1.77</b>	<b>2.67</b>	<b>4.01</b>	<b>4.97</b>	<b>5.91</b>
Depreciation	-0.45	-0.35	-0.45	-0.58	-0.71	-0.86
<b>Operating income</b>	<b>1.87</b>	<b>1.41</b>	<b>2.22</b>	<b>3.43</b>	<b>4.27</b>	<b>5.05</b>
Net financial result	-0.06	-0.24	-0.32	0.08	0.09	0.10
<b>EBT</b>	<b>1.81</b>	<b>1.17</b>	<b>1.90</b>	<b>3.51</b>	<b>4.36</b>	<b>5.15</b>
Income taxes	-0.32	-0.19	-0.51	-0.67	-0.83	-0.98
<b>Net income / loss</b>	<b>1.50</b>	<b>0.99</b>	<b>1.40</b>	<b>2.84</b>	<b>3.53</b>	<b>4.17</b>
EPS	1.24	0.82	1.16	2.36	2.93	3.47
DPS	0.00	0.00	0.00	0.00	0.00	0.00
<b>Share in total output</b>						
Total output	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Cost of goods sold	-68.12 %	-66.33 %	-71.93 %	-72.93 %	-71.93 %	-70.93 %
Gross profit	31.88 %	33.67 %	28.07 %	27.07 %	28.07 %	29.07 %
Other operating income	0.45 %	4.94 %	6.93 %	1.36 %	1.13 %	0.95 %
Personnel costs	-15.73 %	-23.46 %	-17.14 %	-13.80 %	-14.30 %	-14.80 %
Other operating expenses	-3.83 %	-4.46 %	-6.01 %	-0.72 %	-0.81 %	-1.48 %
EBITDA	12.77 %	10.68 %	11.85 %	13.90 %	14.09 %	13.73 %
Depreciation	-2.50 %	-2.15 %	-2.00 %	-2.00 %	-2.00 %	-2.00 %
Operating income	10.28 %	8.54 %	9.85 %	11.90 %	12.09 %	11.73 %
Net financial result	-0.31 %	-1.43 %	-1.42 %	0.28 %	0.25 %	0.23 %
EBT	9.97 %	7.11 %	8.43 %	12.18 %	12.35 %	11.97 %
Income taxes	-1.74 %	-1.15 %	-2.24 %	-2.31 %	-2.35 %	-2.27 %
Net income / loss	8.23 %	5.96 %	6.19 %	9.86 %	10.00 %	9.69 %



## Balance Sheet

in PLNm	2019	2020	2021	2022E	2023E	2024E
Cash and equivalents	1.15	2.07	1.48	0.89	1.70	3.77
Short-term financial assets	0.00	0.00	0.00	0.00	0.00	0.00
Inventories	2.86	2.93	4.36	5.18	5.70	6.19
Trade accounts and notes receivables	1.40	1.04	2.49	3.24	4.05	5.04
Other current assets	0.67	0.02	0.03	0.03	0.04	0.05
<b>Current assets, total</b>	<b>6.07</b>	<b>6.05</b>	<b>8.35</b>	<b>9.35</b>	<b>11.49</b>	<b>15.06</b>
Property, plant and equipment	5.34	6.00	8.47	9.97	11.47	12.47
Other intangible assets	0.02	0.00	0.02	0.01	0.01	0.01
Goodwill	0.11	0.10	0.09	0.09	0.09	0.09
Other long-term assets	0.00	0.00	0.00	0.00	0.00	0.00
Deferred tax assets	0.02	0.00	0.03	0.00	0.00	0.00
<b>Non-current assets, total</b>	<b>5.49</b>	<b>6.11</b>	<b>8.61</b>	<b>10.07</b>	<b>11.57</b>	<b>12.57</b>
<b>Total assets</b>	<b>11.57</b>	<b>12.16</b>	<b>16.96</b>	<b>19.42</b>	<b>23.06</b>	<b>27.63</b>
Trade payables	3.21	3.47	6.51	4.10	5.62	6.71
Other short-term liabilities	0.58	0.00	0.31	0.39	0.48	0.59
Short-term financial debt	0.29	0.00	0.00	0.00	0.00	0.00
Pension provision	0.00	0.00	0.00	0.00	0.00	0.00
Provisions	0.01	0.00	0.60	0.00	0.00	0.00
<b>Current liabilities, total</b>	<b>4.09</b>	<b>3.47</b>	<b>7.42</b>	<b>4.49</b>	<b>6.10</b>	<b>7.30</b>
Long-term financial debt	3.34	3.57	3.09	5.69	4.19	3.39
Pension provision	0.00	0.00	0.00	0.00	0.00	0.00
Other long-term liabilities	0.00	0.00	0.00	0.00	0.00	0.00
Deferred tax liabilities	0.00	0.00	0.06	0.00	0.00	0.00
<b>Long-term liabilities, total</b>	<b>3.34</b>	<b>3.57</b>	<b>3.15</b>	<b>5.69</b>	<b>4.19</b>	<b>3.39</b>
<b>Total liabilities</b>	<b>7.43</b>	<b>7.04</b>	<b>10.57</b>	<b>10.18</b>	<b>10.30</b>	<b>10.69</b>
<b>Shareholders equity, total</b>	<b>4.13</b>	<b>5.12</b>	<b>6.39</b>	<b>9.24</b>	<b>12.77</b>	<b>16.94</b>
Minority interests	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total equity and debt</b>	<b>11.57</b>	<b>12.16</b>	<b>16.96</b>	<b>19.42</b>	<b>23.06</b>	<b>27.63</b>

## Cash Flow Statement

in PLNm	2019	2020	2021	2022E	2023E	2024E
Net income / loss	1.50	0.99	1.40	2.84	3.53	4.17
Depreciation	0.45	0.35	0.45	0.58	0.71	0.86
Change of working capital	-1.05	-0.50	-1.43	-3.92	0.28	-0.30
Others	0.04	0.16	0.75	0.63	0.00	0.00
<b>Net operating cash flow</b>	<b>0.94</b>	<b>1.01</b>	<b>1.16</b>	<b>0.13</b>	<b>4.52</b>	<b>4.74</b>
<b>Cash flow from investing</b>	<b>-3.82</b>	<b>-0.17</b>	<b>-2.90</b>	<b>-2.07</b>	<b>-2.21</b>	<b>-1.86</b>
Free cash flow	-2.87	0.83	-1.74	-1.94	2.31	2.88
<b>Cash flow from financing</b>	<b>2.81</b>	<b>0.09</b>	<b>1.11</b>	<b>1.35</b>	<b>-1.50</b>	<b>-0.80</b>
Change of cash	-0.06	0.92	-0.58	-0.60	0.81	2.08
Cash at the beginning of the period	1.21	1.15	2.07	1.48	0.89	1.70
Cash at the end of the period	1.15	2.07	1.48	0.89	1.70	3.77

## Financial ratios

	2019	2020	2021	2022E	2023E	2024E
<b>Profitability and balance sheet quality</b>						
Gross margin	31.88%	33.67%	28.07%	27.07%	28.07%	29.07%
EBITDA margin	12.77%	10.68%	11.85%	13.90%	14.09%	13.73%
EBIT margin	10.28%	8.54%	9.85%	11.90%	12.09%	11.73%
Net margin	8.23%	5.96%	6.19%	9.86%	10.00%	9.69%
Return on equity (ROE)	43.43%	21.31%	24.28%	36.40%	32.08%	28.10%
Return on assets (ROA)	13.42%	10.05%	10.13%	14.24%	14.92%	14.75%
Return on capital employed (ROCE)	20.64%	13.62%	17.11%	18.62%	20.38%	20.13%
Economic Value Added (in PLNm)	0.58	0.06	0.40	0.85	1.27	1.47
Net debt (in PLNm)	2.48	1.50	1.61	4.80	2.50	-0.38
Net gearing	60.01%	29.35%	25.16%	52.02%	19.55%	-2.24%
Equity ratio	35.74%	42.10%	37.68%	47.57%	55.36%	61.32%
Current ratio	1.48	1.74	1.13	2.08	1.88	2.06
Quick ratio	0.62	0.89	0.53	0.92	0.94	1.21
Net interest cover	-33.54	-5.97	-6.93	42.90	47.42	50.53
Net debt/EBITDA	1.07	0.85	0.60	1.20	0.50	-0.06
Tangible BVPS	3.34	4.17	5.24	7.60	10.53	14.00
Capex/Sales	22.32%	5.98%	12.95%	7.18%	6.25%	4.32%
Working capital/Sales	6.22%	3.12%	0.22%	13.77%	10.46%	9.26%
Cash Conversion Cycle (in days)	18	5	-8	-5	-3	0
<b>Trading multiples</b>						
EV/Sales	2.33	2.54	1.92	1.48	1.21	0.99
EV/EBITDA	18.32	24.10	15.92	10.62	8.56	7.20
EV/EBIT	22.78	30.16	19.14	12.40	9.97	8.42
P/Tangible BVPS	10.11	8.11	6.46	4.45	3.21	2.41
P/E	27.18	41.25	29.10	14.29	11.52	9.74
P/FCF	-14.15	48.81	-23.37	-20.92	17.61	14.14

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