



Dom Maklerski BDM S.A.

## RELPOL

### ANALYTICAL REPORT - SUMMARY

Relpol has had a very difficult 2024 (y/y revenue decline of approximately one-third, zero EBITDA). The company has expanded production capacity in recent years (investments have also improved automation), at the same time revenues last year were the lowest in 10 years. The turn of 2024/25 has started to bring some signs of improvement from the side of new orders (q/q revenue growth in Q4'24, improving industrial indicators, gradual release of KPO funds in Poland). The company should be helped by investments in the domestic power industry or the announcement of the launch of an investment programme in Germany (infrastructure). On the other hand, uncertainty related to the 'customs war' has emerged. We maintain that the 1H'25 period may still be challenging in terms of results, we hope for an improvement in 2H'25, but the 'visibility' of results is low. After a slight update to the model (publication of the annual report, further macro data rather confirming recovery from the downturn in European manufacturing, increase in comparative valuation), we now set our target price at PLN 5.14 (previously: PLN 5.03), which implies sticking to our Hold recommendation.

#### Recent period results

In 2024, the company posted revenue of PLN 109.3m (-32% y/y), EBITDA of PLN -0.2m (vs. PLN 17.2m a year earlier) and a net loss of PLN -7.5m (vs. +€8.6m in 2023). In Q4'24 alone, the company posted revenue of PLN 26.9m (-3% y/y) and EBITDA of PLN 0.0m (vs. PLN +3.6m a year earlier). Revenues increased slightly vs. Q3'24 (+11% q/q), but this did not allow for an improvement in EBITDA (also PLN 0.0m in Q3'24).

#### Segmental positioning

The company is a manufacturer of electromagnetic relays (mainly for industry, energy, broad construction and high-current applications in RES/EV). A relay is a device that opens and closes an electrical circuit to influence the operation of other devices (applications e.g. for control equipment, time relays, temperature control). Relpol's business is largely based on exports (mainly to German customers).

#### Economic climate

The year 2024 was challenging for the company due to a period of low order books and an economic slowdown. The company also experienced cost increases, price pressures or the negative impact of the strengthening of the PLN. Management took a number of measures to reduce costs. Since the turn of 2024/25, a number of indicators have begun to point to a recovery in manufacturing in Poland (PMI > 50 pts since Q2'25) and Europe (PMI in DE the highest in 2.5 years). The Q1'25 results presented by ABB (one of the company's main customers) showed that Q1'25 was the third consecutive quarter of order growth in the European market (+1% y/y, but with a -4% decline in Germany after two quarters of strong growth). Relpol's management is counting, among other things, on the impact of KPO funds on the Polish market (investments in the electricity sector). A question mark is the sustainability of the recovery, given the uncertainties globally spawned by the 'tariff war' on the part of the US. The company does not actually have direct exposure to the US market, but the company's foreign customers do. At the same time, on the other hand, there may be an increased supply of relays from China in Europe (large for years in the field of miniature relays, relatively limited so far in the case of industrial relays).

#### Earnings forecasts, indicators

We currently assume that the company will generate revenue of PLN 121m, EBITDA of PLN 8.0m and a net loss of PLN -0.3m in 2025. In 2026 and 2027, we expect an increase in capacity utilisation (we currently estimate capacity utilisation at around half) and an improving macro environment. This translates into our forecasts of PLN 145/ 14.2/ 5.4m in 2026 and PLN 160/ 16.7/ 7.4m in 2027, respectively. Our forecasts imply EV/EBITDA'25=9.0x, '26=4.8x. Current capitalisation is PLN 52m, which corresponds to the company's CAPEX for the last four years.

	2022	2023	2024	2025F	2026F	2027F
Sales [PLN m]	151,0	159,5	109,3	121,2	144,8	159,8
Gross profit [PLN m]	24,2	32,4	11,9	20,3	27,3	31,4
Profit on sales [PLN m]	6,9	12,9	-6,9	1,2	7,5	10,0
EBITDA [PLN m]	12,7	17,2	-0,2	8,0	14,2	16,7
EBIT [PLN m]	6,0	11,1	-6,8	1,2	7,4	9,9
Profit before tax [PLN m]	2,8	10,0	-7,5	-0,4	6,7	9,1
Net profit [PLN m]	1,2	8,6	-7,5	-0,3	5,4	7,4
Net debt [PLN m]	13,9	23,7	21,6	20,2	16,6	10,5
P/BV	0,5	0,5	0,5	0,5	0,5	0,5
P/E	41,5	6,1	---	---	9,6	7,0
EV/EBITDA	5,2	4,4	---	9,0	4,8	3,7
EV/EBIT	11,0	6,8	---	58,1	9,2	6,3

# HOLD

(PREVIOUS: HOLD)

**TARGET PRICE 5,14 PLN**

19th MAJ 2025, 08:40 CEST

DCF valuation [PLN]	4,54
Peer valuation [PLN]	7,55
Target price [PLN]	<b>5,14</b>
Price upside/downside	<b>-4,8%</b>
Cost of capital	14,9%

Price [PLN]	5,40
Market cap [PLNm]	51,9
No. of shares [mn]	9,6

Max. price 6M [PLN]	5,78
Min. price 6m [PLN]	5,10

Rate of return 3M	-5,6%
Rate of return 6M	0,4%
Rate of return 9M	-4,3%

Shareholders (% of votes):	
Adam Ambroziak	33,0%
Piotr Osiński	10,8%
Others	56,2%

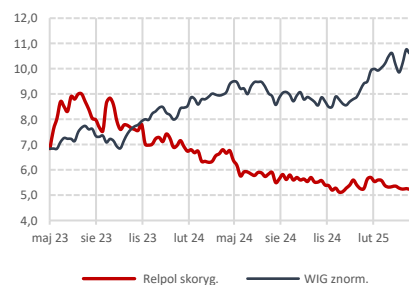
**Krzysztof Pado**

pado@bdm.com.pl

tel. (0-32) 208-14-32

Dom Maklerski BDM S.A.

ul. 3-go Maja 23, 40-096 Katowice



## Valuation summary

	Share	Valuation
DCF valuation	80%	4,54
Peer valuation:	20%	7,55
- Polish companies	70%	6,41
- foreign companies	30%	10,20
Target price [PLN]		5,14

Source: Dom Maklerski BDM S.A.

DCF valuation	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F
Revenues [PLN m]	121,2	144,8	159,8	168,3	173,8	177,4	179,9	181,8	183,2	184,3
EBIT [PLN m]	1,2	7,4	9,9	11,5	12,7	13,7	14,3	14,4	14,5	14,6
Tax rate	19,0%	19,0%	19,0%	19,0%	19,0%	19,0%	19,0%	19,0%	19,0%	19,0%
Tax on EBIT [PLN m]	0,2	1,4	1,9	2,2	2,4	2,6	2,7	2,7	2,8	2,8
NOPLAT [PLN m]	1,0	6,0	8,0	9,3	10,3	11,1	11,6	11,7	11,8	11,8
Amortization [PLN m]	6,8	6,8	6,8	6,7	6,6	6,6	6,6	6,6	6,6	6,6
CAPEX [PLN m]	-2,2	-2,2	-5,3	-6,2	-6,7	-6,6	-6,6	-6,6	-6,6	-6,6
Working capital movement [PLN m]	-3,0	-6,6	-3,0	-1,1	-2,1	-1,4	-1,0	-0,7	-0,6	-0,4
FCF [PLN m]	2,6	4,0	6,5	8,7	8,1	9,7	10,6	11,0	11,2	11,4
DFCF [PLN m]	2,4	3,2	4,7	5,5	4,5	4,8	4,5	4,1	3,7	3,3
Total DFCF [PLN m]	40,8									
Terminal value [PLN m]	85,1									
Discounted terminal value [PLN m]	24,4									
Enterprise value [PLN m]	65,2									
Net debt 2024 [PLN m]	21,6									
Dividend [PLN m]	0,0									
Equity value [PLN m]	43,6									
Number of shares [m]	9,6									
Value per share [PLN]	4,54									

Terminal growth rate: +1,0%

WACC calculation	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2025F
Risk-free rate	5,40%	5,40%	5,40%	5,40%	5,40%	5,40%	5,40%	5,40%	5,40%	5,40%
Risk premium	9,50%	9,50%	9,50%	9,50%	9,50%	9,50%	9,50%	9,50%	9,50%	9,50%
Beta	1,0	1,0	1,0	1,0	1,0	1,0	1,0	1,0	1,0	1,0
Credit premium	1,50%	1,50%	1,50%	1,50%	1,50%	1,50%	1,50%	1,50%	1,50%	1,50%
Cost of equity	14,9%	14,9%	14,9%	14,9%	14,9%	14,9%	14,9%	14,9%	14,9%	14,9%
Contribution of equity	83,1%	84,3%	85,4%	85,8%	86,2%	87,4%	90,2%	92,7%	95,2%	95,9%
Cost of debt after tax	5,6%	5,6%	5,6%	5,6%	5,6%	5,6%	5,6%	5,6%	5,6%	5,6%
Contribution of debt	16,9%	15,7%	14,6%	14,2%	13,8%	12,6%	9,8%	7,3%	4,8%	4,1%
WACC	13,3%	13,4%	13,5%	13,6%	13,6%	13,7%	14,0%	14,2%	14,5%	14,5%

Source: Dom Maklerski BDM S.A.

## DCF - sensitivity analysis

	Terminal growth rate				Terminal growth rate				Beta					
	0,00%	1,00%	2,00%		0,00%	1,00%	2,00%		0,9	1,0	1,1			
beta	0,9	4,85	5,09	5,37	Risk premium	8,5%	4,87	5,12	5,41	Risk premium	8,5%	5,69	5,12	4,62
	1,0	4,34	4,54	4,77		9,5%	4,34	4,54	4,77		9,5%	5,09	4,54	4,06
	1,1	3,90	4,06	4,25		10,5%	3,87	4,04	4,22		10,5%	4,56	4,04	3,58

Source: Dom Maklerski BDM S.A.

## Peer valuation - Polish producers of building materials

	P/E			EV/EBITDA		
	2025F	2026F	2027F	2025F	2026F	2027F
Apator	12,0	9,7	9,4	5,6	5,0	4,8
Aplisens	9,2	8,2	7,8	4,5	3,9	3,3
Sonel	10,7	9,7	9,4	5,6	5,0	4,8
Median	10,7	9,7	9,4	5,6	5,0	4,8
Relpol	---	9,6	7,0	9,0	4,8	3,7
Premium/discount	---	-1%	-25%	61%	-4%	-22%
Valuation [PLN/share]	---	5,44	7,23	2,55	5,71	7,25
Year's contribution	0%	50%	50%	0%	50%	50%
Average valuation [PLN/share]		6,33			6,48	
Multiple's contribution		50%			50%	
Value per share [PLN]		6,41				

Source: Dom Maklerski BDM S.A. BDM forecasts

## Main risks:

- Escalation of the war in Ukraine - shutdown of the Relpol Altera plant.
- High prices of strategic raw materials or problems with their availability.
- Decline in the EUR/PLN exchange rate - the company is a net exporter.
- Significant increase in labour, third-party services or energy costs.
- Technology risk - risk of increasing market share in SSR relays.
- Risk of losing major customers - company approx. 30% of sales to two strategic partners.
- Long operating cycle and high working capital requirements.
- Economic downturn.
- Competition from Chinese manufacturers.

## Peer valuation - foreign producers of construction chemicals

	P/E			EV/EBITDA		
	2025F	2026F	2027F	2025F	2026F	2027F
Hongfa	18,4	15,9	14,2	8,9	7,8	7,0
Median	18,4	15,9	14,2	8,9	7,8	7,0
Relpol	---	9,6	7,0	9,0	4,8	3,7
Premium/discount	---	-40%	-51%	0%	-38%	-47%
Valuation [PLN/share]	---	8,96	10,92	5,38	9,85	11,08
Year's contribution	0%	50%	50%	0%	50%	50%
Average valuation [PLN/share]		9,94			10,46	
Multiple's contribution		50%			50%	
Value per share [PLN]		10,20				

Source: Dom Maklerski BDM S.A., Bloomberg

	2022	2023	2024	2025F	2026F	2027F
EPS, Adj+	0,13	0,89	-0,78	-0,04	0,56	0,77
Revenue	151,0	159,5	109,3	121,2	144,8	159,8
Gross Margin %	16,0%	20,3%	10,8%	16,7%	18,8%	19,6%
EBIT	6,0	11,1	-6,8	1,2	7,4	9,9
EBITDA	12,7	17,2	-0,2	8,0	14,2	16,7
Net Income Adj+	1,2	8,6	-7,5	-0,3	5,4	7,4
Net Debt	13,9	23,7	21,6	20,2	16,6	10,5
BPS	10,0	10,9	10,1	10,0	10,6	11,4
DPS	0,0	0,0	0,0	0,0	0,0	0,0
Return on Equity %	1,3%	8,2%	-7,8%	-0,4%	5,3%	6,8%
Return on Assets %	0,9%	5,9%	-5,6%	-0,3%	3,8%	4,9%
Depreciation	5,6	5,5	5,6	5,8	5,8	5,8
Amortization	1,1	0,6	1,0	1,0	1,0	1,0
Free Cash Flow	-14,0	-14,0	6,8	2,1	4,3	6,8
CAPEX	11,9	15,5	9,2	2,2	2,2	5,3

**RESEARCH DEPARTMENT:**

**Maciej Bobrowski**  
Director  
tel. (032) 208 14 12  
e-mail: [maciej.bobrowski@bdm.pl](mailto:maciej.bobrowski@bdm.pl)  
[strategy, industry, media/entertainment, TMT](#)

**Krzysztof Pado**  
Deputy Director  
Investment Adviser  
tel. (032) 208 14 35  
e-mail: [krzysztof.pado@bdm.pl](mailto:krzysztof.pado@bdm.pl)  
[oil&gas, construction, building materials, real estate](#)

**Anna Tobiasz**  
Junior analyst  
Investment Adviser  
tel. (032) 208 14 35  
e-mail: [anna.tobiasz@bdm.pl](mailto:anna.tobiasz@bdm.pl)

**Andrzej Wodecki**  
Junior analyst  
Investment Adviser  
tel. (032) 208 14 39  
e-mail: [andrzej.wodecki@bdm.pl](mailto:andrzej.wodecki@bdm.pl)

**INSTITUTIONAL SALES DEPARTMENT:**

**Leszek Mackiewicz**  
Director  
tel. (022) 62-20-848  
e-mail: [leszek.mackiewicz@bdm.pl](mailto:leszek.mackiewicz@bdm.pl)

**Maciej Fink-Finowicki**  
tel. (022) 62-20-855  
e-mail: [maciej.fink-finowicki@bdm.pl](mailto:maciej.fink-finowicki@bdm.pl)

**Piotr Komorowski**  
tel. (022) 62-20-851  
e-mail: [piotr.komorowski@bdm.pl](mailto:piotr.komorowski@bdm.pl)

**Tomasz Grzeszczyk**  
tel. (022) 62-20-854  
e-mail: [tomasz.grzeszczyk@bdm.pl](mailto:tomasz.grzeszczyk@bdm.pl)

**Ratings and price targets history:**

rating	price target	previous rating	previous target price	report date	report date (hour)	price	WIG
<b>Hold</b>	<b>5,14</b>	<b>Hold</b>	<b>5,03</b>	<b>19.05.2025*</b>	<b>08:40 CEST</b>	<b>5,40</b>	<b>103 150</b>
Hold	5,03	Hold	5,16	11.04.2025*	15:00 CEST	5,16	91 492
Hold	5,16	Hold	6,25	25.10.2024*	16:10 CEST	5,38	80 846
Hold	6,25	Hold	7,42	20.05.2024*	14:00 CEST	6,20	89 376
Hold	7,42	Hold	8,62	05.02.2024*	14:30 CET	7,10	80 119
Hold	8,62	Buy	10,48	26.09.2023*	12:20 CET	8,52	65 687
Buy	10,48	Buy	8,03	9.06.2023*	10:50 CET	8,90	66 513
Buy	8,03	Hold	5,62	16.05.2023*	08:55 CET	6,14	63 691
Hold	5,62	Accumulate	6,32	16.12.2022*	11:40 CET	5,60	55 850,6
Accumulate	6,32	Buy	11,1	11.10.2022*	16:20 CEST	5,68	46 402,8
Buy	11,1	Buy	16,5	23.05.2022*	20:30 CEST	5,4	57 168
Buy	16,5	---	---	30.08.2021*	7:00 CEST	7,8	69 775

\* The report was prepared by Dom Maklerski BDM at the request of the WSE as part of the Exchange's Analytical Coverage Support Programme.

-- the author of the reports on Relpol between 2021 to 05.2022 was Krystian Brymora

-- the author of the reports on Relpol between 10.2022 to 12.2022 was Kajetan Sroczynski

**Explanations of terminology:**

EBIT - earnings before interest and tax  
 EBITDA — earnings before interest, taxes, depreciation, and amortization  
 Net debt – interest bearing debt minus cash and equivalents  
 WACC - weighted average cost of capital  
 CAGR - cumulative average annual growth  
 EPS - earnings per share  
 DPS - dividend per share  
 CEPS - net profit plus depreciation per share  
 EV – market capitalization plus interest bearing debt minus cash and equivalents  
 EV/S – market capitalization / sales  
 EV/EBITDA – EV / sales  
 P/EBIT – market capitalization / EBIT  
 MC/S – market capitalization / sales  
 P/E – market capitalization / net profit  
 P/BV – market capitalization / book value  
 P/CE - market capitalization / net profit plus depreciation  
 ROE – net profit / equity  
 ROA - net income / assets  
 Gross margin - gross profit on sales / sales  
 EBITDA margin – EBITDA / sales  
 EBIT margin – EBIT / sales  
 Net margin – net profit / sales

**Explanation of ratings:**

Buy – we believe that the security will reach the target price in the recommended period, which significantly exceeds the current market price (at least + 15%);  
 Accumulate – we believe that the security will reach the target price in the recommended period, which exceeds the current market price (in the range of +5 to + 14.99%);  
 Hold – we believe that a security in the recommended period will fluctuate around the target price, which is close to the current market price (in the range from -4.99% to + 4.99%);  
 Reduce – we believe that the security will reach the target price in the recommended period, which is lower than the market price (range of decline from 5% to 14.99%);  
 Sell – we believe that a security in the recommended period will reach the target price, which is significantly lower than the market price (suggested erosion of the value exceeds 15%).  
 Target price – the theoretical price which, in our opinion, should reach a security in the recommended period; This price is the result of the company's value (eg based on DCF, comparative and other valuations), market conditions and the industry as well as other factors subjectively considered by the analyst.  
 Recommendations made by BDM are binding for 12 months from the issue date or until the target level is reached, unless they are updated during this period of time.

**The strengths and weaknesses of the valuation methods used in the report:**

DCF – the most popular and the most effective of the valuation methods - it is based on the discounting of future cash flows generated by the company. The disadvantage is the high sensitivity to changes in the basic financial parameters forecast in the model (interest rates, exchange rates, profits, residual value).  
 DDM – the method is based on discounting future cash flows from dividends. The advantage of the valuation is the inclusion of future financial results and cash flows from dividends. The main disadvantages are the high sensitivity to changes in the basic financial parameters forecasted in the model (capital cost, profits, residual value) and the risk of changing the dividend payment policy.  
 Comparative – the method is based on current and forecasted market multipliers of companies from the industry or related industries, which better than DCF shows the current market situation. The main disadvantages are the difficulty in choosing the right companies for comparison, the risk of ineffective valuation of companies compared at a given moment, as well as high volatility (along with price fluctuations).

Distribution of BDM's recommendations in 2Q'25*:			, distribution of BDM's recommendations for the companies which BDM has supplied with investment banking services within the last 12 months	
	numbers	%	numbers	%
Buy	4	44%	0	0%
Accumulate	1	11%	0	0%
Hold	4	44%	0	0%
Reduce	0	0%	0	0%
Sell	0	0%	0	0%

\* detailed list of all analytical reports (recommendations) published by BDM during the last 12 months is included at <https://www.bdm.pl/analizy-i-informacje/analizy/historia-rekomendacji>

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This report (hereinafter also referred to as an analysis, a document) has been prepared in compliance with Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 (on market abuse), Commission Delegated Regulation (EU) 2016/958 and Commission Delegated Regulation (EU) 2017/565.

The report constitutes an investment research within the meaning of art. 36 §1 of Commission Delegated Regulation (EU) 2017/565.

The report has been prepared by Dom Maklerski BDM S.A. (hereinafter BDM S.A.) within the Exchange Analytical Coverage Support Programme (<https://www.gpw.pl/gpwpa>). BDM S.A. is a party to the „Agreement on the provision of analytical report services” concluded with the Warsaw Stock Exchange Company („GPW”), on the basis of which BDM provides services of analytical coverage of the Issuer for the term of the Agreement. Under the agreement BDM obtains remuneration from GPW. All materials prepared by BDM within the framework of co-operation are available at <https://www.bdm.pl/program-wsparcia-pokrycia-analitycznego-gpw>.

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For the first time this report has been made available to the public on 19.05.2025 (08:40 CEST). Date of preparing the report is the date of making it accessible. Before the recommendation was made accessible, information included in it had been confidential.

The prices of the financial instruments listed in the document have been taken from the real-time pricing as provided by Bloomberg. Data concerning financial instrument prices used in the report could be loaded to 24 hours before the moment of completing the report.

Detailed list of all analytical reports (recommendations) published by BDM during the last 12 months is included in a cyclical “Monthly Report”.

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