

# Geotrans S.A.



Price target: PLN 37.70

Update

Rating: BUY

**Geotrans' (GTS) preliminary 2020 results, which the company released on 25 January, were below our estimates. However, in our opinion this was mainly due to surprisingly cold and wet weather in Q4/20, which made the work on landfills more difficult and costly. While unfavorable weather is likely also having a negative impact on Q1/21 results, long-term business prospects remain positive for the company as due to EU law Poland is obliged to significantly increase the share of waste that is processed/recycled by 2030E. In order to increase its business volume and exploit the full potential of its market, Geotrans plans to invest c. PLN 30m in new installations and the acquisition of closed landfills, which after a failed capital raise in December 2020 will be financed by debt and operating cash flow. While in our opinion, management could decide to skip the dividend payout for 2020, we believe that in the long run the planned investments would be highly beneficial to shareholders. After lowering our estimates for 2021E and beyond and updating our peer group, we arrive at a new 12-months PT (70% DCF, 30% peer group) of PLN 37.70 per share (previously: PLN 42.10). We thus maintain our BUY rating for the stock. Our estimates imply an attractive P/E 2021E of 6.7x. On EV/Sales and EV/EBITDA multiples, GTS is currently trading at a discount of >50% vs. its local and international peers.**

**Prel. 2020 results came in below our estimates.** In Jan-Dec 2020, revenues equaled PLN 45.7m (+61% y-o-y) vs. our estimate of PLN 47m. EBIT reached PLN 17.4m (+95%) compared to our forecast of PLN 20.3m and net income PLN 13.9m (+97%; our estimate: PLN 16.4m). In our opinion, Geotrans' net cash position equaled PLN 6.9m at the end of December 2020 and ROCE for 2020 reached 76.3%.

**In order to comply with the EU "Green Deal" and increase the share of managed/recycled waste, the Polish government continues to hike the so-called Marshall Fee, which allows waste management companies to increase their prices.** In Poland, still 42% of the 114.1m tons of waste that is produced per year is dumped, but according to EU regulations has to go down to 10% by 2030E (in Germany, this share already equals 1%). Between 2017 and 2021, the Marshall Fee increased from PLN 74/ton to currently PLN 301.84/ton (CAGR = 42.1%).

in PLNm	2018	2019	2020*	2021E	2022E	2023E
Net sales	14.60	28.39	45.70	50.06	54.88	60.22
EBITDA	0.91	9.06	17.57	18.28	18.89	19.35
EBIT	0.80	8.90	17.35	17.95	18.46	18.88
Net income	0.21	7.05	13.89	14.38	14.80	15.15
EPS	0.04	1.41	2.78	2.88	2.96	3.03
DPS	0.00	0.80	0.00	1.44	1.48	1.51
Dividend yield	0.00%	4.18%	0.00%	7.51%	7.73%	7.91%
RoE	5.52%	101.10%	99.33%	57.14%	40.94%	34.56%
Net gearing	16.12%	-48.14%	-38.28%	23.02%	4.98%	-6.06%
EV/Sales	6.09x	3.13x	1.94x	1.78x	1.62x	1.48x
EV/EBITDA	97.15x	9.81x	5.06x	4.86x	4.70x	4.59x
P/E	451.58x	13.58x	6.89x	6.66x	6.47x	6.32x

\* prel. sales, EBIT and net income figures were released on January 25, 2021

## Company profile

Geotrans offers waste management and recultivation. It also sells by-products of incineration. Geotrans's business model is asset-light as it only uses equipment and installations of third parties.

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Website	www.geotrans.com.pl
Sector	Environmental Services
Country	Poland
ISIN	PLGEOTR00010
Reuters	GTS.WA
Bloomberg	GTS.PW

## Share information

Last price	19.15
Number of shares (m)	5.00
Market cap. (PLNm)	95.75
Market cap. (EURm)	21.17
52-weeks range	PLN 39 / PLN 7.18
Average volume	48,777

## Performance

4-weeks	-4.25%
13-weeks	-23.40%
26-weeks	-24.31%
52-weeks	46.11%
YTD	-20.21%

## Shareholder structure

Eco Ventures Sp. z.o.o*	38.05%
Own shares	0.60%
Free float	61.35%

\* owned by the CEO

## Financial calendar

Annual Report 2020	March 22, 2021
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## Analyst

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## Financial forecasts

### Revenues and Profitability

Due to weaker-than-expected Q4/20 results, likely relatively weak Q1/21 due to unfavorable weather conditions and the failed capital increase in December 2020 we have lowered our estimates for 2021E and beyond. We believe that GTS did not manage to sell new shares due to too high price expectations of management (PLN 32 per share) and a bad timing (in November-December, there were several larger transactions on the Polish stock exchange, one of which was Mo-Bruk, the largest listed Polish waste management company). Nevertheless, we have maintained our assumption that in 2021E GTS will invest PLN 30m in new installations for managing/recycling waste and the acquisition of closed landfills, but expect that this will be financed by operating cash flow and new debt. In our opinion, Geotrans' investment plans, which foresee the increase of capacity from currently 350,000 Mg/tons of administrative decisions per year to 2,000,000 Mg/ton by 2026E (before the failed capital increase, it was 2024E), are in the long-term interest of its shareholders as the Polish waste management sector offers great opportunities to grow.

Below are our updated forecasts for Geotrans' business segments:

*Waste Management:* We believe that GTS' market share in Poland grew to 2.2% (286,532 t) in 2020 from 1.5% (193,000 t) in 2019. In the same time, the volume of the total market for municipal waste reached 13m tons vs. 12.8m in the previous year. While we have maintained our assumptions for the growth of the whole municipal waste market and GTS' price per ton of managed waste (long-term CAGR of 5%), due to the failed capital increase in 2020 we are now more cautious when it comes to the growth of Geotrans' market share (2.4% in the long run vs. 2.6% before).

The increasing Marshall Fee (CAGR 2017-2021 of 42.1%; +11.8% since 2020), which is set by the Polish government and which reflects the price per ton of waste that is dumped on a landfill, is strongly supporting Geotrans' business and the whole Polish waste management sector. As due to the EU "Green Deal" the share of processed/recycled waste in Poland has to strongly increase from c. 58% currently to c. 90% by 2030E, we expect that the Marshall Fee will increase by at least 5% per year in the long run.

Regarding the EBIT margin of GTS' Waste Management segment, we still forecast that it will decline from >40% in 2020 to <20% in the long run as the Polish waste management sector will likely attract more players (especially international ones) and salaries in Poland will increasingly converge towards EU average.

*Sale of by-products of incineration:* In this segment, we sum up Geotrans' sales of by-products of coal incineration e.g. ash, cast and cinder.

We believe that in whole 2020 revenues of this segment reached PLN 9m (244,904 tonnes for PLN 37 per tonne on average) and the EBIT margin 15%. We now expect that with a constant average price per ton sales will grow at a CAGR of 2.5% in the coming years. The operating margin should decline to <14% due to competitive pressure.

in PLNm	2021E	2022E	2023E
<b>Waste Management</b>	<b>40.83</b>	<b>45.42</b>	<b>50.53</b>
<i>(% of sales)</i>	<i>81.6%</i>	<i>82.8%</i>	<i>83.9%</i>
EBIT margin	40.6%	37.6%	34.6%
Total volume of communal waste (t)	13,648,239	14,330,651	15,047,184
Market share of Geotrans	2.2%	2.2%	2.3%
Average price per tonne	135	141	148
<b>Sale of by-products of incineration</b>	<b>9.23</b>	<b>9.46</b>	<b>9.69</b>
<i>(% of sales)</i>	<i>18.4%</i>	<i>17.2%</i>	<i>16.1%</i>
EBIT margin	14.8%	14.6%	14.4%
Volume sold (t)	251,026	257,302	263,735
Average price per tonne	37	37	37
<b>Total net sales</b>	<b>50.06</b>	<b>54.88</b>	<b>60.22</b>
<i>(change y-o-y)</i>	<i>9.5%</i>	<i>9.6%</i>	<i>9.7%</i>

Source: East Value Research GmbH

in PLNm	2020*		2021E		2022E		2023E	
	prel.	est.	new	old	new	old	new	old
<b>Net sales</b>	<b>45.70</b>	<b>46.95</b>	<b>50.06</b>	<b>52.77</b>	<b>54.88</b>	<b>58.73</b>	<b>60.22</b>	<b>65.38</b>
<b>EBITDA</b>	<b>n.a</b>	<b>20.55</b>	<b>18.28</b>	<b>21.58</b>	<b>18.89</b>	<b>22.20</b>	<b>19.35</b>	<b>22.56</b>
<i>EBITDA margin</i>	<i>n.a</i>	<i>43.8%</i>	<i>36.5%</i>	<i>40.9%</i>	<i>34.4%</i>	<i>37.8%</i>	<i>32.1%</i>	<i>34.5%</i>
<b>EBIT</b>	<b>17.35</b>	<b>20.33</b>	<b>17.95</b>	<b>21.25</b>	<b>18.46</b>	<b>21.77</b>	<b>18.88</b>	<b>22.09</b>
<i>EBIT margin</i>	<i>38.0%</i>	<i>43.3%</i>	<i>35.8%</i>	<i>40.3%</i>	<i>33.6%</i>	<i>37.1%</i>	<i>31.4%</i>	<i>33.8%</i>
<b>Net income</b>	<b>13.89</b>	<b>16.43</b>	<b>14.38</b>	<b>17.18</b>	<b>14.80</b>	<b>17.61</b>	<b>15.15</b>	<b>17.88</b>
<i>Net margin</i>	<i>30.4%</i>	<i>35.0%</i>	<i>28.7%</i>	<i>32.6%</i>	<i>27.0%</i>	<i>30.0%</i>	<i>25.2%</i>	<i>27.3%</i>

\* prel. unaudited figures were released on 25 Jan 2021

Source: East Value Research GmbH

in PLNm	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19	Q2/19	Q3/19	Q4/19	2019
<b>Net sales</b>	<b>3.94</b>	<b>3.28</b>	<b>3.03</b>	<b>4.34</b>	<b>14.60</b>	<b>5.92</b>	<b>6.16</b>	<b>7.68</b>	<b>8.63</b>	<b>28.39</b>
<i>y-o-y change</i>	-12.2%	6.8%	-4.2%	23.9%	2.6%	50.3%	87.9%	153.2%	98.6%	94.5%
<b>EBITDA</b>	<b>0.74</b>	<b>0.64</b>	<b>0.42</b>	<b>-0.89</b>	<b>0.91</b>	<b>1.42</b>	<b>2.03</b>	<b>2.98</b>	<b>2.63</b>	<b>9.06</b>
<i>EBITDA margin</i>	18.8%	19.6%	13.9%	-20.5%	6.3%	23.9%	32.9%	38.8%	30.4%	31.9%
<b>EBIT</b>	<b>0.71</b>	<b>0.62</b>	<b>0.40</b>	<b>-0.93</b>	<b>0.80</b>	<b>1.38</b>	<b>1.99</b>	<b>2.94</b>	<b>2.59</b>	<b>8.90</b>
<i>EBIT margin</i>	18.1%	18.9%	13.1%	-21.4%	5.5%	23.3%	32.3%	38.3%	30.0%	31.3%
<b>Net income</b>	<b>0.53</b>	<b>0.46</b>	<b>0.32</b>	<b>-1.10</b>	<b>0.21</b>	<b>1.07</b>	<b>1.57</b>	<b>2.28</b>	<b>2.13</b>	<b>7.05</b>
<i>Net margin</i>	13.5%	13.9%	10.5%	-25.2%	1.5%	18.1%	25.4%	29.7%	24.7%	24.8%

in PLNm	Q1/20	Q2/20	Q3/20	Q4/20*	2020*
<b>Net sales</b>	<b>10.15</b>	<b>13.63</b>	<b>11.55</b>	<b>10.38</b>	<b>45.70</b>
<i>y-o-y change</i>	71.5%	121.1%	50.3%	20.3%	61.0%
<b>EBITDA</b>	<b>4.39</b>	<b>6.89</b>	<b>4.61</b>	<b>1.68</b>	<b>17.57</b>
<i>EBITDA margin</i>	43.3%	50.6%	39.9%	16.2%	38.5%
<b>EBIT</b>	<b>4.34</b>	<b>6.84</b>	<b>4.55</b>	<b>1.63</b>	<b>17.35</b>
<i>EBIT margin</i>	42.8%	50.2%	39.4%	15.7%	38.0%
<b>Net income</b>	<b>3.48</b>	<b>5.52</b>	<b>3.68</b>	<b>1.21</b>	<b>13.89</b>
<i>Net margin</i>	34.3%	40.5%	31.9%	11.6%	30.4%

\* Prel. unaudited sales, EBIT and net income figures were released on 25 Jan 2021

Source: Company information, East Value Research GmbH

## CAPEX and Working capital

We still assume that Geotrans' gross CAPEX will equal c. PLN 30m in 2021E, which is supposed to be invested in expansion of waste management capacity (we believe that the company is currently preparing 10 new installations for managing/recycling waste). In 2022E-2023E, we expect gross CAPEX of c. PLN 5m and in the long run a gross CAPEX-to-sales ratio of 0.6%.

Due to its business model Geotrans does not have inventory. Its working capital only consists of short-term receivables and payables. We still expect that working capital will make up 15-16% of yearly revenues in the long run. In our view, the cash conversion cycle will reach 30 days in the future compared to c. 13 days in 2020.



## Peer Group Analysis

We have compared Geotrans to three Polish and four international providers of waste management and environmental services. Below is a list:

- (1) *MO-BRUK S.A.*: MO-BRUK, which is based in Korzenna, is a Polish leader in the area of utilisation of industrial waste. In 2019, it generated revenues of PLN 130.6m.
- (2) *Grupa RECYKL S.A.*: Grupa RECYKL, which is headquartered in Srem, mainly operates in the area of utilisation of tires. In 2020, the company's revenues equaled PLN 67m.
- (3) *Krynicki Recykling S.A.*: Krynicki Recykling, which is based in Olsztyn, acquires, processes and resells cullet. Apart from Poland, it is also active in Baltic countries. In 2019, the company generated total sales of PLN 96.3m.
- (4) *Casella Waste Systems Inc.*: Through its core operations in Massachusetts, Maine, New Hampshire, New York, Vermont and Pennsylvania, Casella, which is based in Rutland/US, provides a vast array of waste and recycling services to customers in over 40 US states. In 2020, the company generated revenues of USD 774.6m.
- (5) *GFL Environmental Inc.*: GFL Environmental Inc., which is headquartered in Vaughan/Canada, offers non-hazardous solid waste management, infrastructure and soil remediation, as well as liquid waste management services. It targets municipal, residential, commercial and industrial customers. In 2020, the company had revenues of CAD 4.2bn.
- (6) *Waste Management Inc.*: Waste Management, which is based in Houston/US, provides waste management environmental services to residential, commercial, industrial, and municipal customers in North America. Apart from collection and transport of both non-hazardous and toxic waste, it owns, develops and operates landfill gas-to-energy facilities in the United States, as well as transfer stations. The company also provides e.g. materials processing; commodities recycling and brokerage services; construction and remediation services; services related to the disposal of fly ash and residue generated from the combustion of coal and other fuel stocks. In 2020, Waste Management generated revenues of USD 15.2bn.
- (7) *US Ecology Inc.*: US Ecology, which is headquartered in Boise/US, provides environmental services to commercial and government entities in the United States, Canada, Europe, the Middle East, Africa and Mexico. It operates through two segments: Environmental Services (e.g. recycling, treatment, and disposal of hazardous, non-hazardous, E&P, and radioactive waste) and Field & Industrial Services (e.g. industrial cleaning and maintenance, remediation, waste characterization, transportation and disposal of non-hazardous and hazardous waste). In 2020, US Ecology generated revenues of USD 933.9m.

Company	EV/Sales			EV/EBITDA			P/BVPS	EBITDA margin	Net gearing
	2020	2021E	2022E	2020	2021E	2022E	Latest	Last FY	Latest
MO-BRUK S.A. (PLN)	7.32x	5.50x	4.83x	13.22x	10.79x	9.84x	9.76x	55.39%	-12.37%
Grupa RECYKL S.A. (PLN)	1.87x	n.a	n.a	7.00x	n.a	n.a	2.44x	26.69%	130.83%
Krynicki Recycling S.A. (PLN)	2.94x	2.77x	2.56x	9.69x	9.14x	8.75x	2.22x	30.36%	52.41%
Casella Waste Systems Inc. (USD)	4.55x	4.25x	3.91x	22.52x	18.85x	17.00x	8.44x	20.20%	129.27%
GFL Environmental Inc. (USD)	4.68x	3.83x	3.61x	20.60x	14.35x	13.33x	2.31x	22.71%	114.40%
Waste Management Inc. (USD)	4.03x	3.64x	3.48x	14.26x	12.62x	11.93x	6.38x	28.25%	184.82%
US Ecology Inc. (USD)	2.15x	2.07x	1.95x	13.21x	11.01x	9.79x	2.01x	16.27%	132.30%
<b>Median</b>	<b>4.03x</b>	<b>3.73x</b>	<b>3.55x</b>	<b>13.22x</b>	<b>11.81x</b>	<b>10.89x</b>	<b>2.44x</b>	<b>26.69%</b>	<b>129.27%</b>
Geotrans S.A. (PLN)	1.92x	1.75x	1.60x	5.00x	4.81x	4.65x	5.27x	31.90%	-38.28%
<b>Premium/Discount</b>	<b>-52.3%</b>	<b>-53.0%</b>	<b>-54.9%</b>	<b>-62.2%</b>	<b>-59.3%</b>	<b>-57.3%</b>	<b>116.3%</b>		
<b>Fair value per share Geotrans (PLN)</b>	<b>37.69</b>								

Source: CapitalIQ, East Value Research GmbH

### Price target calculation

Valuation method	Fair value	Weight
DCF model	33.46	70%
Peer-group-based fair value	37.69	30%
<b>Weighted average (present value)</b>	<b>34.73</b>	
<b>In 12-months (PV * (1+WACC))</b>	<b>37.70</b>	

Source: East Value Research GmbH

## Profit and loss statement

in PLNm	2018	2019	2020*	2021E	2022E	2023E
<b>Revenues</b>	<b>14.60</b>	<b>28.39</b>	<b>45.70</b>	<b>50.06</b>	<b>54.88</b>	<b>60.22</b>
Cost of goods sold	-11.26	-17.47	-23.77	-26.53	-29.64	-33.12
<b>Gross profit</b>	<b>3.33</b>	<b>10.93</b>	<b>21.94</b>	<b>23.53</b>	<b>25.24</b>	<b>27.10</b>
Other operating income	0.07	0.02	0.13	0.13	0.14	0.14
Personnel costs	-0.76	-1.20	-1.37	-1.65	-1.98	-2.35
Other operating expenses	-1.73	-0.70	-3.12	-3.73	-4.51	-5.54
<b>EBITDA</b>	<b>0.91</b>	<b>9.06</b>	<b>17.57</b>	<b>18.28</b>	<b>18.89</b>	<b>19.35</b>
Depreciation	-0.11	-0.16	-0.22	-0.33	-0.43	-0.47
<b>Operating income</b>	<b>0.80</b>	<b>8.90</b>	<b>17.35</b>	<b>17.95</b>	<b>18.46</b>	<b>18.88</b>
Net financial result	-0.17	-0.13	-0.21	-0.20	-0.19	-0.18
<b>EBT</b>	<b>0.63</b>	<b>8.77</b>	<b>17.15</b>	<b>17.75</b>	<b>18.28</b>	<b>18.70</b>
Income taxes	-0.42	-1.72	-3.26	-3.37	-3.47	-3.55
<b>Net income / loss</b>	<b>0.21</b>	<b>7.05</b>	<b>13.89</b>	<b>14.38</b>	<b>14.80</b>	<b>15.15</b>
EPS	0.04	1.41	2.78	2.88	2.96	3.03
DPS	0.00	0.80	0.00	1.44	1.48	1.51
<b>Share in total sales</b>						
Revenues	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Cost of goods sold	-77.16 %	-61.52 %	-52.00 %	-53.00 %	-54.00 %	-55.00 %
Gross profit	22.84 %	38.48 %	48.00 %	47.00 %	46.00 %	45.00 %
Other operating income	0.49 %	0.08 %	0.28 %	0.26 %	0.25 %	0.23 %
Personnel costs	-5.21 %	-4.21 %	-3.00 %	-3.30 %	-3.60 %	-3.90 %
Other operating expenses	-11.85 %	-2.45 %	-6.83 %	-7.46 %	-8.23 %	-9.19 %
EBITDA	6.27 %	31.90 %	38.45 %	36.51 %	34.42 %	32.14 %
Depreciation	-0.77 %	-0.56 %	-0.48 %	-0.66 %	-0.78 %	-0.78 %
Operating income	5.50 %	31.34 %	37.97 %	35.85 %	33.64 %	31.35 %
Net financial result	-1.18 %	-0.45 %	-0.45 %	-0.39 %	-0.34 %	-0.29 %
EBT	4.32 %	30.89 %	37.52 %	35.46 %	33.30 %	31.06 %
Income taxes	-2.87 %	-6.06 %	-7.13 %	-6.74 %	-6.33 %	-5.90 %
Net income / loss	1.45 %	24.83 %	30.39 %	28.72 %	26.97 %	25.16 %

\* prel. unaudited sales, EBIT and net income for 2020 were released on 25 January 2021

## Balance Sheet

in PLNm	2018	2019	2020E	2021E	2022E	2023E
Cash and equivalents	0.58	5.55	7.33	0.55	5.01	8.89
Short-term financial assets	0.06	0.10	0.11	0.11	0.11	0.11
Inventories	0.00	0.00	0.00	0.00	0.01	0.01
Trade accounts and notes receivables	2.93	4.88	7.79	8.53	9.31	10.16
Other current assets	1.08	1.22	3.50	2.27	2.36	2.59
<b>Current assets, total</b>	<b>4.64</b>	<b>11.76</b>	<b>18.73</b>	<b>11.47</b>	<b>16.79</b>	<b>21.76</b>
Property, plant and equipment	1.66	1.69	1.69	31.69	33.69	35.69
Other intangible assets	0.00	0.00	0.00	0.00	0.00	0.00
Goodwill	0.00	0.00	0.00	0.00	0.00	0.00
Other long-term assets	0.01	0.00	0.00	0.00	0.00	0.00
Deferred tax assets	0.02	0.08	0.04	0.00	0.00	0.00
<b>Non-current assets, total</b>	<b>1.69</b>	<b>1.77</b>	<b>1.73</b>	<b>31.69</b>	<b>33.69</b>	<b>35.69</b>
<b>Total assets</b>	<b>6.33</b>	<b>13.53</b>	<b>20.46</b>	<b>43.16</b>	<b>50.49</b>	<b>57.46</b>
Trade payables	1.06	2.48	1.52	2.25	2.90	3.07
Other short-term liabilities	0.10	0.31	0.50	0.54	0.60	0.66
Short-term financial debt	0.63	0.25	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	0.01	0.02	0.02	0.02	0.03
<b>Current liabilities, total</b>	<b>1.80</b>	<b>3.05</b>	<b>2.04</b>	<b>2.82</b>	<b>3.53</b>	<b>3.75</b>
Long-term financial debt	0.58	0.49	0.45	8.00	7.00	6.00
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	0.00	0.00	0.00	0.00
<b>Long-term liabilities, total</b>	<b>0.58</b>	<b>0.49</b>	<b>0.45</b>	<b>8.00</b>	<b>7.00</b>	<b>6.00</b>
<b>Total liabilities</b>	<b>2.38</b>	<b>3.53</b>	<b>2.49</b>	<b>10.82</b>	<b>10.53</b>	<b>9.75</b>
<b>Shareholders equity, total</b>	<b>3.95</b>	<b>10.00</b>	<b>17.97</b>	<b>32.35</b>	<b>39.96</b>	<b>47.71</b>
Minority interests	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total equity and debt</b>	<b>6.33</b>	<b>13.53</b>	<b>20.46</b>	<b>43.16</b>	<b>50.49</b>	<b>57.46</b>

## Cash Flow Statement

in PLNm	2018	2019	2020E	2021E	2022E	2023E
Net income / loss	0.21	7.05	13.89	14.38	14.80	15.15
Depreciation	0.11	0.16	0.22	0.33	0.43	0.47
Change of working capital	1.37	-0.53	-5.95	1.26	-0.16	-0.86
Others	0.09	0.04	-0.05	-0.04	0.00	0.00
<b>Net operating cash flow</b>	<b>1.78</b>	<b>6.72</b>	<b>8.11</b>	<b>15.93</b>	<b>15.07</b>	<b>14.75</b>
<b>Cash flow from investing</b>	<b>0.03</b>	<b>-0.05</b>	<b>-0.22</b>	<b>-30.33</b>	<b>-2.43</b>	<b>-2.47</b>
Free cash flow	1.81	6.68	7.89	-14.40	12.64	12.28
<b>Cash flow from financing</b>	<b>-1.47</b>	<b>-1.71</b>	<b>-6.11</b>	<b>7.63</b>	<b>-8.19</b>	<b>-8.40</b>
Change of cash	0.34	4.97	1.78	-6.77	4.46	3.88
Cash at the beginning of the period	0.24	0.58	5.55	7.33	0.55	5.01
Cash at the end of the period	0.58	5.55	7.33	0.55	5.01	8.89

## Financial ratios

	2018	2019	2020E	2021E	2022E	2023E
<b>Profitability and balance sheet quality</b>						
Gross margin	22.84%	38.48%	48.00%	47.00%	46.00%	45.00%
EBITDA margin	6.27%	31.90%	38.45%	36.51%	34.42%	32.14%
EBIT margin	5.50%	31.34%	37.97%	35.85%	33.64%	31.35%
Net margin	1.45%	24.83%	30.39%	28.72%	26.97%	25.16%
Return on equity (ROE)	5.52%	101.10%	99.33%	57.14%	40.94%	34.56%
Return on assets (ROA)	6.07%	53.04%	68.89%	33.76%	29.69%	26.67%
Return on capital employed (ROCE)	5.96%	68.21%	76.31%	36.03%	31.84%	28.47%
Economic Value Added (in PLNm)	-0.12	6.26	12.48	11.09	10.94	10.70
Net debt (in PLNm)	0.64	-4.81	-6.88	7.45	1.99	-2.89
Net gearing	16.12%	-48.14%	-38.28%	23.02%	4.98%	-6.06%
Equity ratio	62.37%	73.88%	87.83%	74.94%	79.15%	83.03%
Current ratio	2.58	3.86	9.18	4.07	4.76	5.81
Quick ratio	1.98	3.46	7.46	3.27	4.09	5.11
Net interest cover	-4.67	-70.04	-84.24	-91.56	-99.26	-107.27
Net debt/EBITDA	0.70	-0.53	-0.39	0.41	0.11	-0.15
Tangible BVPS	0.79	2.00	3.59	6.47	7.99	9.54
Capex/Sales	1.86%	0.66%	0.48%	60.59%	4.43%	4.10%
Working capital/Sales	19.55%	11.70%	20.28%	16.00%	14.89%	15.00%
Cash Conversion Cycle (in days)	39	11	13	15	17	19
<b>Trading multiples</b>						
EV/Sales	6.09	3.13	1.94	1.78	1.62	1.48
EV/EBITDA	97.15	9.81	5.06	4.86	4.70	4.59
EV/EBIT	110.76	9.99	5.12	4.95	4.81	4.71
P/Tangible BVPS	24.25	9.58	5.33	2.96	2.40	2.01
P/E	451.58	13.58	6.89	6.66	6.47	6.32
P/FCF	52.89	14.34	12.13	-6.65	7.57	7.80

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