

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

			2023	2024P	
Price [PLN]	14.3	P/E	102.0	24.6	<b>Analyst:</b> Anna Tobiasz anna.tobiasz@bdm.pl tel.: (+48) 666 073 972
MC [mln PLN]	61.6	EV/EBITDA	22.1	10.3	
		EV/EBIT	97.7	18.2	
		P/BV	1.3	1.2	

**Last recommendation BDM: BUY with target price 26.4 PLN/share (2023/09/15) [LINK](#)**

### Q4'23 results below expectations - negative

Sales revenue came in slightly above our expectations at PLN 13.3m. Other revenues fell short of our forecasts at PLN 0.8m, falling to PLN 0.2m in Q4'23. We note a change in the sales structure, with 54% represented by products and 46% by goods. In our forecasts, we assumed that the 60%/40% ratio would be maintained. Merchandise is sold at a lower margin, so this was an unfavourable change, but in our view independent of the company. On the other hand, we are positive about the diversification of customers, especially in the Analytics segment. In 2023, no customer accounted for more than 20% of the segment's revenue, which is a big change compared to previous years.

Also higher than expected were employee benefit expenses of PLN 3.4m (vs. PLN 3.3m expected) and other expenses by type (PLN 0.5m vs. PLN 0.2m expected). In Q4'23, the company posted an EBIT loss of PLN -30k and an EBITDA profit of PLN 0.7m. Net loss amounted to PLN -0.3m, while net profit amounted to PLN 93k thanks to temporary differences included in income tax.

We view the Q4'23 results negatively. Despite slightly higher-than-expected revenues, the company recorded a loss on EBIT. The whole of 2023 was a period of transition, during which the company expanded its production capacity, but the visible effects of these investments will have to wait at least until H2'24. 2022 was an incomparably better year in terms of earnings, but it should be remembered that this was due to a large order for SARS-CoV-2 diagnostic tests (PLN 94.8m), which the company completed in 1H'22.

The company maintains the assumption that the investments carried out recently will provide the potential to generate additional revenues in the microbiology, drug susceptibility testing, rapid tests and molecular diagnostics segments, with a target of between PLN 45m and PLN 75m per year within three years of their completion, i.e. December'23.

### Q4'23 results [PLNm]

	Q4'22	Q4'23	y/y	Q4'23F BDM	div.	2022	2023	y/y
Sales	13.4	13.3	-0.2%	13.0	2.4%	143.9	46.8	-67.5%
EBITDA	0.7	0.7	-0.1%	1.3	-45.6%	36.9	3.2	-91.3%
EBIT	0.2	-0.03	-	0.6	-	34.9	0.7	-97.9%
Income before taxes	0.4	-0.3	-	0.4	-	35.9	0.2	-99.5%
Net income	0.3	0.1	-70.4%	0.3	-71.7%	28.9	0.6	-98.0%
EBITDA margin	5.3%	5.3%		10.0%		25.6%	6.9%	
EBIT margin	1.3%	-0.2%		4.2%		24.2%	1.6%	
Net margin	2.4%	0.7%		2.5%		20.1%	1.3%	

Source: BDM S.A., company



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**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.

**Ratings and price targets history:**

rating	price target	previous rating	previous target price	report date	report date (hour)	price	WIG
<b>Buy</b>	<b>26.4</b>	<b>Buy</b>	<b>38.7</b>	<b>15.09.2023*</b>	<b>08:55 CEST</b>	<b>19.2</b>	<b>67 199.88</b>
Buy	38.7	---	---	25.04.2022	05:50 CEST	24.8	62 642.50

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

**Distribution of BDM's recommendations in Q2'24\*:**

, distribution of BDM's recommendations for the companies which BDM has supplied with investment banking services within the last 12 months

	number	%	number	%
Buy	2	40%	0	0%
Accumulate	2	40%	0	0%
Hold	1	20%	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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The report constitutes an investment research within the meaning of art. 36 §1 of Commission Delegated Regulation (EU) 2017/565.

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