

12.10.2022 08:30

Key data

Target price [PLN]	2,9
DCF Valuation [PLN]	2,9
Comparative Valuation [PLN]	2,7
Market price [PLN]	2,6
Growth/decrease potential [%]	11,5%
Market cap [mIn PLN]	49,5
Free float [%]	29,2%
Sector	clothing
WSE code	PRT
Bloomberg code	PRT PW

Analysts

Artur Wizner

Tel.: +48 (22) 53 95 548

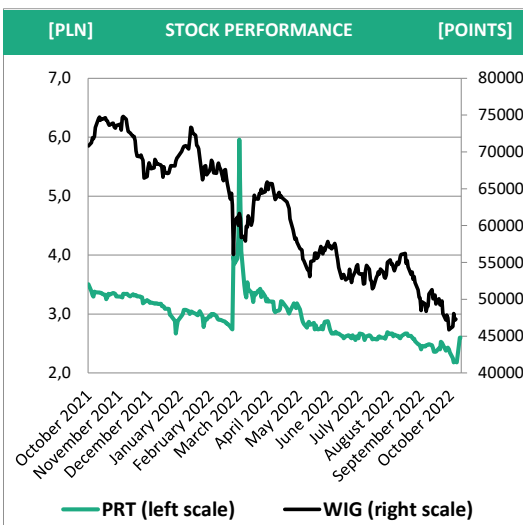
Company profile

A manufacturer and distributor of safety, military and specialist footwear with a high safety class. The company's products are exported to over 30 markets in Europe, Asia, Africa and South America.

Source: www.gpw.pl

Shareholders: [%]

Luma Investment SA	32,1
Porozumienie Akcjonariuszy z dnia 16.10.2018	26,7
Porozumienie Akcjonariuszy z dnia 18.10.2019	8,7
OFE Nationale-Nederlanden	4,0



PROTEKTOR SA

Analytical Report

A barometer of a weaker economy

Protektor supplies footwear to many sectors (including HoReCa, industry, construction, medical sector) and is, in a sense, a barometer of the economy both in Poland (approx. 17% of revenues) and Western Europe (approx. 72% of revenues), because the forecast economic slowdown on these markets is discounted on an ongoing basis in the Group's quotations. With the outbreak of the war in Ukraine, and thus the likely increase in defense spending in most of the neighboring countries, the optimism of investors expecting an increase in orders in the military footwear segment was stimulated. Unfortunately, the results for the first quarter significantly cooled down expectations, revealing the problems faced by most enterprises this year, i.e. an increase in costs and a decline in margins at all levels. The results for the second quarter 2022 showing an increase in revenues (+13.4 y/y), including more than double increase in the sales of GROM military footwear, restored optimism.

Objectively reviewing Protector results for H1 2022 and include the condition of all industries receiving the Group's products, as well as taking into account the increase in risk premium for the country, we adjust our previous forecasts and lower the target price from PLN 3.6 to 2.9 at the end of 2022 year.

Growth factors

Industry recovery after the pandemic
Increase in public orders
Paramilitary footwear "GROM"
Reorganization of processes and production

Risk factors

Extension of the armed conflict in Ukraine
More waves of the Covid-19 pandemic
Market downturn
Rising raw material prices and salaries

PLN thd	2021	2022P	2023P	2024P	2025P	2026P
Sales	93 760,0	97 543,4	100 604,6	103 373,8	105 902,0	108 227,6
EBITDA	6 743,0	6 714,2	7 507,9	7 986,9	8 390,7	8 392,9
EBITDA margin	7,2%	6,9%	7,5%	7,7%	7,9%	7,8%
EBIT	624,0	1 905,2	2 620,0	3 019,5	3 341,5	3 273,9
Net income	873,0	441,2	1 298,2	1 919,1	2 134,0	2 228,2
Equity	45 106,0	45 306,5	47 461,7	50 001,6	52 350,6	54 673,0
Debt	12 259,0	12 059,0	10 859,0	9 659,0	8 459,0	7 259,0
P/E	56,7	112,1	38,1	25,8	23,2	22,2
P/BV	1,1	1,1	1,0	1,0	0,9	0,9
EV/EBITDA	5,5	5,6	5,1	5,0	4,9	5,0
EPS	0,05	0,02	0,07	0,10	0,11	0,12

Source: DM Banku BPS SA, E - estimates

Basic definitions

CAPEX (capital expenditures) - investment expenditures on product development, system implementation (including intangible assets) or tangibles assets in the part in which the capital is intended to maintain the company's current ability to generate income.

DCF (discounted cash flows) - discounted cash flows; all future cash flows are estimated and discounted in order to determine their present value. The value of the discount rate used corresponds to the cost of capital and includes an assessment of the risk related to future cash flows.

DFCF - Discounted FCF (Free Cash Flows to Firm).

EBIT (earnings before interest and taxes) - operating income i.e. the income before deduction of taxes and interest.

EBITDA (earnings before interest, taxes, depreciation and amortization) - the company's operating profit before deducting interest on interest-bearing liabilities (loans, bonds), taxes, amortization and depreciation of tangible and intangible assets; here EBITDA = operating income + amortization of tangible fixed assets + depreciation of intangible assets.

EV (Enterprise Value) - total enterprise value; here EV = current stock market capitalization + net debt.

EV / EBITDA - the ratio is calculated by dividing the present value of the enterprise (EV) by the value of EBITDA.

FCFF (Free Cash Flow to Firm) - free cash flows for owners of equity capital and creditors, which can be defined as flows resulting from the company's operating and investment activities, after all financial expectations of capital donors, i.e. all parties financing the company, have been settled.

WSE – Warsaw Stock Exchange.

NOPLAT - net operating result less adjusted taxes; here NOPLAT = EBIT * (1 - tax rate).

P / BV (price / book value) - the ratio is calculated by dividing the current capitalization of a listed company by the book value of its equity, which is provided in the company's balance sheet.

P / E (price earnings ratio) - stock exchange ratio. It is calculated by dividing the market price of one share by the net profit per share.

PV TV - Present Value, ie the residual value (TV) discounted at the present moment.

CR - current report.

SB - Supervisory Board.

TV (Terminal Value) - residual value; enterprise value after the forecast period; here estimated with the help of the Gordon model.

WACC - weighted average cost of capital; financial indicator informing about the average relative cost of capital engaged in financing the enterprise.

Information and legal disclaimer

This analytical report was prepared by Dom Maklerski Banku BPS S.A. at the request of the Warsaw Stock Exchange on the basis of an agreement concluded between Dom Maklerski Banku BPS S.A. and WSE under the "Analytical Coverage Support Program 3.0.". Dom Maklerski Banku BPS S.A. will receive remuneration for the report.

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Distribution of this study: 12 October 2022, 08:45

This report is published on the day of its completion on the publicly available website <https://dmbps.pl/wsparcie-analityczne/program-wsparcia-pokrycia-analitycznego-gpw/ntt-system-s-a>.

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https://dmbps.pl/informacje/228/Regulamin_zarzadzania_konfliktami_interesow_w_Domu_Maklerskim_Banku_BPS_SA

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List of recommendations issued within the last 12 months

Company	Recommendation	Target price	Market price	Type of recommendation	Date of Issue	Analyst(s)
VIVID GAMES	nd	1,23	1,39	Analytical report	18.10.2021	Łukasz Bryl, Tomasz Czamecki
PROCHEM	nd	31	25,4	Analysis of results	17.11.2021	Artur Wizner
VIVID GAMES	nd	1,23	1,37	Financial forecast	24.11.2021	Łukasz Bryl, Tomasz Czamecki
NTT SYSTEM	nd	8,3	5,04	Financial forecast	24.11.2021	Łukasz Bryl, Tomasz Czamecki
UNIBEP	nd	14	10,35	Analytical report	24.11.2021	Artur Wizner
VIVID GAMES	nd	1,23	1,34	Analysis of results	02.12.2021	Łukasz Bryl, Tomasz Czamecki
NTT SYSTEM	nd	8,3	5,16	Analysis of results	03.12.2021	Łukasz Bryl, Tomasz Czamecki
MONNARI TRADE	nd	5,3	2,57	Analysis of results	10.12.2021	Łukasz Bryl, Tomasz Czamecki
PROTEKTOR	nd	4,6	3,17	Analytical report	10.12.2021	Artur Wizner
INTERFERIE	SELL	6,73	7,5	Initial report	30.12.2021	Łukasz Bryl
JSW	BUY	45	34,87	Analytical report	30.12.2021	Artur Wizner
JSW	BUY	46,4	35,4	Analytical report	04.01.2022	Artur Wizner
SNIEZKA	HOLD	84	79,8	Analytical report	24.03.2022	Artur Wizner
UNIBEP	nd	11	9	Analytical report	21.04.2022	Artur Wizner
NTT SYSTEM	nd	7,94	5	Analytical report	04.05.2022	Tomasz Czamecki, Łukasz Bryl
PROCHEM	nd	37	32,8	Analytical report	10.05.2022	Artur Wizner
VIVID GAMES	nd	1,25	1,17	Analysis of results	13.05.2022	Łukasz Bryl, Tomasz Czamecki
PROTEKTOR	nd	3,6	2,8	Analytical report	13.05.2022	Artur Wizner
PROCHEM	nd	37	33,6	Analysis of results	17.05.2022	Artur Wizner
MONNARI TRADE	nd	5,5	3,5	Analytical report	18.05.2022	Łukasz Bryl
VIVID GAMES	nd	1,29	1,26	Analysis of results	26.05.2022	Łukasz Bryl
MONNARI TRADE	nd	6,21	3,87	Analysis of results	31.05.2022	Łukasz Bryl
NTT SYSTEM	nd	7,92	4,28	Analysis of results	31.05.2022	Łukasz Bryl
UNIBEP	nd	11	8,1	Analysis of results	31.05.2022	Artur Wizner
PROTEKTOR	nd	3,6	2,83	Analysis of results	01.06.2022	Artur Wizner
JSW	BUY	74	38,7	Analytical report	12.09.2022	Artur Wizner
UNIBEP	nd	10	7,2	Analytical report	20.09.2022	Artur Wizner
VIVID GAMES	nd	1,07	1,03	Analytical report	29.09.2022	Łukasz Bryl
SNIEZKA	HOLD	67	64,2	Analytical report	29.09.2022	Artur Wizner
NTT SYSTEM	nd	7,03	3,95	Analytical report	04.10.2022	Łukasz Bryl
PROCHEM	nd	30	34,8	Analytical report	05.10.2022	Artur Wizner
PROTEKTOR	nd	2,9	2,6	Analytical report	12.10.2022	Artur Wizner