

Key data

Target price [PLN]	2,8
DCF Valuation [PLN]	2,7
Comparative Valuation [PLN]	2,7
Market price [PLN]	2,3
Growth/decrease potential [%]	24,2%
Market cap [mln PLN]	43,7
Free float [%]	63,7%
Industry	clothes retail
WSE code	PRT
Bloomberg code	PRT PW

Analyst
Artur Wizner

Tel.: +48 (22) 53 95 548

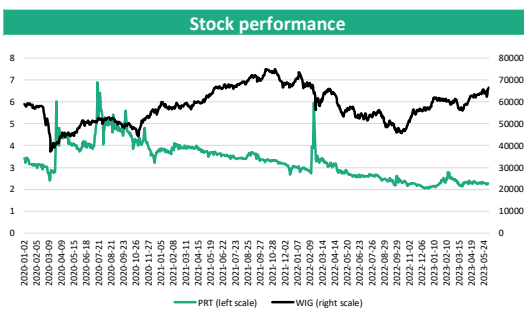
Company profile

The company focuses on creating own comprehensive collections, aimed mainly at women over 30, in the attractive segment of brand clothing. Production is outsourced, the collections are sold through a network of own showrooms and online.

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

Slowdown feeling in Europe

Protektor supplies footwear to many sectors (e.g. HoReCa, industry, construction, medical sector) and is in a sense, a barometer of the economy both in Poland (approx. 20% of revenues) and in Western Europe (approx. 80% of revenues), because the forecasted economic slowdown in these markets is discounted on an ongoing basis in the Group's quotations. The results for the first quarter of 2023 show an increase in revenues (+1.3% y/y), which in inflation conditions means a decrease in sales volume. Gross margin on sales in this period was at a similar level as in the previous year and amounted to 36 percent. The operating profit increased to PLN 1.9 million, while the first quarter of 2023 ended with a profit in the amount of PLN 0.7 million (-13.7% y/y). In our opinion, the Company's revenue side still shows potential for growth, and we also see positive trends in the recovery of profitability at all levels.

Objectively assessing Protektor's results for the first quarter of 2023 and taking into account the condition of all industries that are recipients of the Group's products, we slightly revise our previous forecasts upwards and raise the target price from PLN 2.7 to PLN 2.8 at the end of 2023.

Growth factors

Increase in public orders
Competitive offer
Efficiency improvement

Risk factors

Risk of recession
Costs pressure
Situation in Transnistria (Moldova)

	PLN thd	2021	2022	2023P	2024P	2025P	2026P	2027P
Sales		93 760	100 361	107 906	116 327	125 406	135 194	145 745
EBITDA		6 743	9 374	9 200	9 815	10 550	12 542	13 640
EBITDA margin		7,2%	9,3%	8,5%	8,4%	8,4%	9,3%	9,4%
EBIT		624	2 873	2 470	2 873	3 385	5 146	6 185
Net income		873	-1 018	342	1 106	1 363	2 248	2 842
Equity		44 698	44 113	41 525	45 214	49 654	55 314	64 209
Net debt		21 214	32 126	30 423	27 851	25 404	21 963	16 200
P/E		50,1	-42,9	127,8	39,5	32,1	19,4	15,4
P/BV		1,0	1,0	1,1	1,0	0,9	0,8	0,7
EV/EBITDA		9,6	8,1	8,1	7,3	6,5	5,2	4,4
EPS		0,0	-0,1	0,0	0,1	0,1	0,1	0,1

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.

The work on this study has been completed on: 9 June 2023, 08:20

Distribution of this study: 9 June 2023, 08:40

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>.

This study reflects the knowledge and views of the authors as of the date of its preparation. The authors do not take into account in the study any individual investment objectives, financial standing, or the needs or demands of potential addressees of the study or its principals.

This study does not constitute: a personal recommendation; or investment, legal or other advice; or an offer, incentive to act, invest or dispose of an investment in a particular way; or an assessment or assurance of the profitability of investments in financial instruments covered by it.

This study has been prepared in accordance with legal requirements ensuring independence, in particular in accordance with Commission Delegated Regulation (EU) No 2016/958 of 9 March 2016 supplementing Regulation (EU) No. 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards on technical measures for the objective presentation of investment recommendations or other information recommending or suggesting investment strategy and the disclosure of special interests or indications of conflicts of interest.

The report constitutes an investment survey within the meaning of Article 36, section 1 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive.

This study constitutes an investment survey not carried out as part of investment advisory services or portfolio management within the meaning of the Act of 29 July 2005 on trading in financial instruments.

The study is intended for distribution only in the Republic of Poland and it may not be distributed or transmitted, directly or indirectly, to the United States of America, Canada, Japan or Australia, or to any other jurisdiction where such distribution would constitute a violation of the relevant laws of that jurisdiction or require registration in that jurisdiction.

The study has been prepared with due diligence and on the basis of information available to the public on the date of publication of the study such as: financial statements, current and periodic reports, industry and press publications or those obtained from sources reliable for Dom Maklerski Banku BPS S.A.

Dom Maklerski Banku BPS S.A. does not guarantee the completeness, truthfulness or accuracy of the source data. Dom Maklerski Banku BPS S.A. shall not be liable for any investment decisions taken on the basis of this report or for any damage incurred as a result of such investment decisions. The study may not be regarded as an assurance or guarantee that losses will be avoided or that potential or expected results will be achieved, in particular profits or other benefits from, or in connection with, the failure to carry out such transactions.

The data presented here relate to the past, and past performance does not guarantee future results.

Dom Maklerski Banku BPS S.A. and its shareholder or employees may hold shares of the Issuer which are the subject of this study.

During the 12 months preceding the issue of the study, Dom Maklerski Banku BPS S.A. did not offer the Issuer's financial instruments in primary trading or in an initial public offering.

During the 12 months preceding the issue of the study, Dom Maklerski Banku BPS S.A. acted as an animator for the financial instruments to which the study relates and received remuneration

During the 12 months preceding the issue of the study, Dom Maklerski Banku BPS S.A. was not a guarantor or co-guarantor of any publicly disclosed offering of the Issuer's financial instruments.

Dom Maklerski Banku BPS S.A. does not hold any long or short position exceeding in total 0.5% of the Issuer's share capital in relation to the company / companies covered by this report.

Dom Maklerski Banku BPS S.A. is not a party to an agreement with the Issuer regarding the preparation of a recommendation.

It is probable that in the course of its statutory activity, Dom Maklerski Banku BPS S.A. will make an offer to the Issuer to provide services within the framework of its permit, and that as a result of making such an offer, agreements may be concluded with the Issuer.

Detailed information on the valuation or methodology and the assumptions, models and meaning of recommendations is available at the address: https://dmbps.pl/informacje/221/Materialy_Analityczne.

A description of the actual internal organisational and administrative solutions and any information barriers established in order to prevent and avoid conflicts of interest concerning recommendations can be found in the Conflict of Interest Management Regulations of Dom Maklerski Banku BPS S.A. available at the address:

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

A general description of the financial instrument and the risks associated with investing in particular financial instruments is presented at the Website. This information has been prepared with due diligence, in particular in a reliable manner and to the best of Dom Maklerski Banku BPS S.A knowledge, but it may not be exhaustive and in the specific situation in which the recipient is or will be, other risk factors than those indicated in the above information by Dom Maklerski Banku BPS S.A may exist or appear. The recipient should bear in mind that investments in individual financial instruments may result in the loss of some or all of the funds invested and may even involve additional costs.

Copying or publishing this study, or any part hereof, in any form whatsoever, and using the material for one's own publications, without the written consent of Dom Maklerski Banku BPS S.A., is prohibited. This study is legally protected under the Act of 4 February 1994 on Copyright and Related Rights. Copyright to the study is vested with the Warsaw Stock Exchange.

The authority supervising the operations of Dom Maklerski Banku BPS S.A. is the Polish Financial Supervision Authority with its registered office in Warsaw, at ul. Piękna 20.

List of recommendations issued within the last 12 months

Company	Recommendation	Target price	Market price	Type of recommendation	Date of Issue	Analyst(s)
JSW	BUY	74	38,7	Analytical report	12.09.2022	Artur Wizner
UNIBEP	N/A	10	7,2	Analytical report	20.09.2022	Artur Wizner
VIVID GAMES	N/A	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	N/A	7,03	3,95	Analytical report	04.10.2022	Łukasz Bryl
PROCHEM	N/A	30	34,8	Analytical report	05.10.2022	Artur Wizner
PROTEKTOR	N/A	2,9	2,6	Analytical report	12.10.2022	Artur Wizner
MONNARI TRADE	N/A	6,74	3,87	Analytical report	21.10.2022	Łukasz Bryl
PROCHEM	N/A	30	35	Analysis of results	15.11.2022	Artur Wizner
UNIBEP	N/A	10	8,84	Analysis of results	18.11.2022	Artur Wizner
VIVID GAMES	N/A	1,09	1,05	Analysis of results	29.11.2022	Łukasz Bryl
MONNARI TRADE	N/A	7,20	4,85	Analysis of results	01.12.2022	Łukasz Bryl
NTT SYSTEM	N/A	7,50	4,12	Analysis of results	02.12.2022	Łukasz Bryl
PROTEKTOR	N/A	2,90	2,19	Analysis of results	06.12.2022	Artur Wizner
MONNARI TRADE	BUY	8,63	4,82	Analytical report	13.03.2023	Łukasz Bryl
PROTEKTOR	HOLD	2,70	2,36	Analytical report	13.03.2023	Artur Wizner
ESOTIQ & HENDERSON	BUY	47,23	29,2	Analytical report	13.03.2023	Łukasz Bryl
COCCODRILLO	BUY	26,77	17,75	Analytical report	13.03.2023	Łukasz Bryl
WITTCHEN	BUY	40,83	27	Analytical report	13.03.2023	Łukasz Bryl
VRG	BUY	5,07	3,3	Analytical report	13.03.2023	Artur Wizner
WOJAS	BUY	11,75	7,96	Analytical report	13.03.2023	Artur Wizner
LPP	HOLD	9328,17	9430	Analytical report	13.03.2023	Artur Wizner
CCC	SELL	27,57	35,43	Analytical report	13.03.2023	Artur Wizner
SILVANO GROUP	BUY	14,14	5,45	Analytical report	13.03.2023	Łukasz Bryl
SNIEZKA	BUY	83,00	71,6	Analytical report	17.03.2023	Artur Wizner
JSW	BUY	71,00	45,78	Analytical report	05.04.2023	Artur Wizner
NTT SYSTEM	N/A	7,90	5	Analytical report	12.04.2023	Łukasz Bryl
VIVID GAMES	N/A	1,05	0,82	Analytical report	05.05.2023	Łukasz Bryl
UNIBEP	N/A	13,30	10,4	Analytical report	09.05.2023	Artur Wizner
MONNARI TRADE	N/A	7,84	5,34	Analytical report	12.05.2023	Łukasz Bryl
PROTEKTOR	N/A	2,70	2,30	Analytical report	12.05.2023	Artur Wizner
PROCHEM	N/A	30,00	31,00	Analytical report	17.05.2023	Artur Wizner
VIVID GAMES	N/A	0,90	0,90	Analytical report	05.06.2023	Łukasz Bryl
NTT SYSTEM	N/A	8,62	4,89	Analytical report	05.06.2023	Łukasz Bryl
PROCHEM	N/A	32,70	31,20	Analytical report	06.06.2023	Artur Wizner
PROTEKTOR	N/A	2,80	2,27	Analytical report	09.06.2023	Artur Wizner