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Key data

Target price [PLN]	4,6
DCF Valuation [PLN]	4,3
Comparative Valuation [PLN]	5,2
Market price [PLN]	3,6
Growth/decrease potential [%]	27,1%
Market cap [mln PLN]	68,9
Free float [mln PLN]	30,0%
Sector	clothing
WSE code	PRT
Bloomberg code	PRT PW

Analysts

Tomasz Czarnecki

Tel.: +48 (22) 53 95 542

Artur Wizner

Tel.: +48 (22) 53 95 548

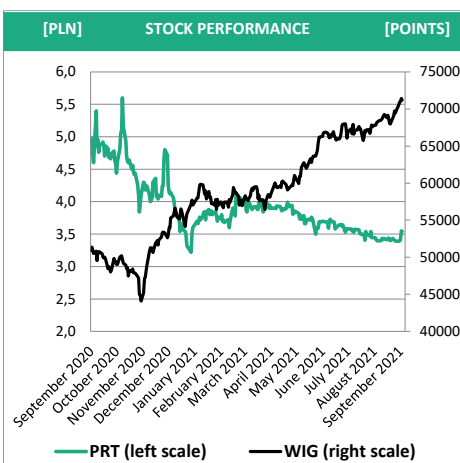
Company profile

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.

Źródło: www.gpw.pl

Shareholders:

	[%]
Porozumienie Akcjonariuszy z dnia 16.10.2018	29,6
Luma Investment SA	28,1
Porozumienie Akcjonariuszy z dnia 18.10.2019	12,3
OFE Nationale-Nederlanden	4,0



PROTEKTOR SA

Analytical Report

In the midst of big changes in an uncertain market

Protektor, aware of lagging behind competitors in the dynamically developing market of protective clothing and many ineffectiveness related to conducting sales under two brands - Protektor and Abeba, developed a strategy for 2020-2023 Man and his safety, in which he assumes focus on development products and improving organizational efficiency.

We recognize the **greatest opportunities** in the digital transformation of the organization (CRM, B2B, B2C platforms), entering new markets with new, competitive products and possible synergies to be reached due to reorganization within the Group.

Among the **potential threats** we see a slowdown in the economic situation due to the pandemic among many of the company's clients, including HoReCa industry.

We approach the valuation of Protektor SA conservatively, **estimate the target price at PLN 4.6**, which is a premium compared to the current market price (PLN 3.62) at 27.1%. We see a good chance for an improvement in results, which, if it occurs, will be a strong catalyst for further price development.

Growth factors

Industry recovery after the pandemic
Increase in public orders
New areas of activity
Reorganization of processes and production

Risk factors

Exchange rate fluctuations
Incomplete use of the machinery park
Market downturn
Rising salaries

	PLN thd	2020	2021P	2022P	2023P	2024P	2025P
Sales		90 759,0	95 297,0	100 061,8	105 064,9	110 318,1	115 834,0
EBITDA		8 122,0	7 623,8	8 004,9	8 405,2	8 825,5	9 266,7
EBITDA margin		8,9%	8,0%	8,0%	8,0%	8,0%	8,0%
EBIT		2 487,0	2 573,5	3 204,2	3 146,6	3 300,9	3 426,4
Net income		1 252,0	1 541,4	1 917,1	1 908,8	2 033,7	2 110,1
Equity		51 565,0	51 044,1	52 802,3	55 762,8	57 502,9	59 886,1
Debt		11 876,0	12 148,2	12 784,8	12 994,6	13 711,1	14 285,5
P/E		55,0	44,7	35,9	36,1	33,9	32,6
P/BV		1,3	1,3	1,3	1,2	1,2	1,1
EV/EBITDA		7,0	7,4	7,0	6,6	6,2	5,9
DY		0,1%	0,0%	0,2%	0,2%	0,2%	0,2%

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: 07 September 2021, 22:15

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 as part of the Analytical Coverage Support Program 3.0.

Company	Recommendation	Target price	Market price	Type of recommendation	Date of Issue	Analyst(s)
NTT SYSTEM	N/A	8,30	5,98	Initial report	2021-09-01	Łukasz Bryl, Tomasz Czarniecki
UNIBEP	N/A	17,00	12,90	Initial report	2021-09-07	Artur Wizner
MONNARI TRADE	N/A	5,30	2,80	Initial report	2021-09-07	Łukasz Bryl, Tomasz Czarniecki
PROTEKTOR	N/A	4,60	3,62	Initial report	2021-09-07	Artur Wizner, Tomasz Czarniecki