

March 8, 2023

# ASBISC ENTERPRISES PLC

## (WSE: ASB)

Founded in 1990, Cyprus-based ASBISc Enterprises PLC is a leading Value Add Distributor, developer and provider of IT, IoT products, solutions and services to markets in Europe, the Middle East and Africa (EMEA) with local operations in Central and Eastern Europe, the Baltic republics, the former Soviet Union, the Middle East and North Africa.

### COMPANY HIGHLIGHTS

- \* ASB: A Leading Global Technology Product Distributor
- \* In our view, ASBISc has demonstrated resilience in executing its growth strategy while mitigating significant disruptions in its core Russian and Ukrainian markets (which accounted for approximately one-third of 2021 revenues). ASBISc decisively pivoted to expand sales efforts in unaffected regions across Central Europe, conflict-free former Soviet Union (FSU) countries, and the Middle East and Africa. In doing so, the company has recovered much of the lost revenues resulting from war-related disruptions, while improving operating margins.
- \* We expect ASBISc's margin profile to benefit from its focus on selling private-label and premium products (supported by seven internal brands), and providing value-added distribution services, establishing distribution efficiencies, and increasing the use of e-commerce. In 2021, prior to the Russia-Ukraine war, ASBISc had achieved all-time highs in revenues, gross margins, and net income -- increasing revenues by 30%, expanding gross margin by more than 200 basis points, and increasing net income by 111%, year-over-year.
- \* While operational cash flows in 2022 were negatively impacted by a buildup of product inventory, we view that as signaling strong consumer demand. We expect continued organic growth, supported by a growing Apple product-reselling unit (which has seen strong pricing power) that contributes to the long-term gross margin profile. We are also encouraged by ASBISc's launch of multiple innova-

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### KEY STATISTICS

#### Key Stock Statistics

|                              |              |
|------------------------------|--------------|
| Recent price (3/7/23), (PLN) | 24.36        |
| Fair Value Estimate (PLN)    | 71.00        |
| 52 week high/low (PLN)       | 25.96 - 8.60 |
| Shares outstanding (M)       | 55.5         |
| Market cap (M, PLN)          | 1352.0       |
| Dividend (\$)                | 0.3          |
| Yield                        | 5.4%         |

#### Sector Overview

|                     |                        |
|---------------------|------------------------|
| Sector              | Information Technology |
| Sector % of S&P 500 | 26.5%                  |

#### Financials (\$M, as of 12/31/22)

|                       |        |
|-----------------------|--------|
| Cash & Mkt Securities | 134.6  |
| Debt                  | 232.5  |
| Working Capital (\$M) | 194.7  |
| Current Ratio         | 1.2    |
| Total Debt/Equity (%) | 95.2   |
| Payout ratio          | 21.8%  |
| Revenue (M) TTM       | 2690.0 |
| Net Income (M) TTM    | 75.9   |
| Net Margin TTM        | 2.8%   |

#### Risk

|                 |      |
|-----------------|------|
| Beta            | 0.48 |
| Inst. ownership | 3%   |

#### Valuation

|                   |     |
|-------------------|-----|
| P/E forward EPS   | 3.5 |
| Price/Sales (TTM) | 0.1 |
| Price/Book (TTM)  | 1.3 |

#### Top Holders

|                                                    |
|----------------------------------------------------|
| Dimensional Fund Advisors LP                       |
| Santander Towarzystwo Funduszy Inwestycyjnych S.A. |
| BNPP Asset Management Holding                      |

#### Management

|                 |                                                           |
|-----------------|-----------------------------------------------------------|
| CEO             | Mr. Sierhei Kostevitch                                    |
| Deputy CEO      | Mr. Constantinos Tziamalīs                                |
| CFO             | Mr. Marios Christou                                       |
| Company website | <a href="https://www.asbis.com">https://www.asbis.com</a> |

### PRICE CHART



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tive, internally developed brands, with a focus on the likes of robotics, gaming products and Innovative Solutions.

- \* In 2021, ASBISc entered the WIG-ESG index that includes WSE-listed companies cited as socially responsible, specifically in the fields of environmental, social, economic, and corporate governance. We think such recognitions could lead to inclusion in more ESG investor portfolios over time.
- \* As of December 31, 2022, ASBISc had \$134.6 million in cash and equivalents on its balance sheet, down from \$184.6 million at the end of 2021, which we attribute mostly to the inventory build. However, we view ASBISc as well positioned to maintain its expanding dividend program, while making continued investments in new products and brands.
- \* Prior to the Russia-Ukraine war, ASBISc's valuation had started to narrow its gap from peer levels. Still, in our opinion, that did not reflect its strong underlying fundamentals. We note the company's recent market capitalization of approximately \$310 million -- 1.35 billion Polish zloty (PLN) -- implies a multiple around 0.1-times our 2023 revenue estimate. That is well below the average multiple of 0.4X for our group of global electronics-distribution peers. At current levels, the P/E multiple is below 4-times our 2023 EPS estimate, which is also well below the peer average of approximately 11-times.
- \* We think ASBISc warrants a valuation closer to the industry average, despite near-term uncertainties. Applying a multiple of 10 to our 2023 EPS estimate of \$1.60 (7.12 PLN), we arrive at a fair value estimate for ASB of 71 PLN per share (applying a one-month average 4.45: PLN to U.S. dollar exchange rate, which we note is well below its 52-week peak near 5.0 in the fall of 2022). That is significantly higher than its current price near 25 PLN.

## INVESTMENT THESIS

Founded in 1990, Cyprus-based ASBISc Enterprises PLC specializes in the distribution of computer hardware and software, mobile solutions, and other IT products and digital equipment. ASBISc currently sells products in 60 countries, including those purchased from leading global technology manufacturers, including Apple, Intel, AMD, Samsung, Microsoft, Acer and Lenovo. As of the end of 2022, ASBISc was the official distributor of Apple products in 11 countries of the former Soviet Union (FSU). ASBISc also generates revenue from the sale of private-label products, including Prestigio (tablets, external storage, GPS devices, car-DVRs, multiboards, etc.), Canyon (power banks, networking products, and other peripheral devices), and Perenio (IoT products, and building control and security systems), with several new brands

recently launched. ASBISc has subsidiaries in 28 countries and approximately 20,000 customers worldwide.

Former Soviet Union countries, including Russia, Ukraine and Kazakhstan, accounted for approximately 52% of revenue in 2022, down from 58% in 2020. However, countries from this region, including Georgia (90.4%), Azerbaijan (76.4%), and Kazakhstan (52.6%) showed strong sales growth in 2022, mitigating the disruption in Russia and Ukraine. Central and Eastern Europe (24%), Middle East and Africa (15%), Western Europe (7%), and Other (1%) accounted for the balance of 2022 sales. Due to the disruption of operations in Russia and Ukraine, 2022 revenues shifted towards unaffected markets, including Central Europe (24%, up from 21% in 2021) and Middle East/Africa (15%, over 11% in 2021). ASBISc also focused on markets in which it is an authorized distributor of Apple products. We note that ASBISc resumed sales in Ukraine in April 2022, only a few months into the Russia conflict.

In our view, ASBISc benefits from the strong relationships it has developed with key IT vendors over more than 30 years, and is well positioned to source high-demand products thanks to its robust distribution network that has enabled a strong presence in multiple fast-growing markets. The company has a centralized distribution platform that allows for greater efficiency and lower transport costs, thus boosting margins. Its two main distribution centers in the Czech Republic and the United Arab Emirates receive products from vendors, and then distribute these products in individual countries. In late 2022, the company opened two regional distribution centers in Tbilisi, Georgia and Johannesburg, South Africa. In total, the company's total warehouse space is now around 63,000 square meters. We think this infrastructure is pivotal, as the company adjusts its distribution mix to mitigate disruptions brought about by the Russia/Ukraine war.

Margins also have benefited from the increase in online transactions, and from an automated system that coordinates supply-chain management activities. At the end of 2022, ASBISc cited 60% of its transactions taking place online. In 2022, the company reported a gross margin of 8.5%, up significantly from 7.1% in 2021 and 5.8% in 2020. Of note, gross margin exceeded 9% in the second and fourth quarters of 2022. The 2022 full-year gross margin represented an all-time high level, which we attribute to the changes to the geographic sales mix, favorable pricing of Apple products, and the smartphone category, in general. We expect gross margins to approach 9% for the full-year over the next few years, further narrowing the gap with the long-term average for a global technology-distributor peer group that we believe has been under-appreciated by investors.

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## PEER COMPARISON

| Company                 | Ticker       | Recent Price (\$) | 52-Week High (\$) | 52-Week Low (\$) | Mkt. Cap (\$MIL) | 1-yr Price Change (%) | 1-yr Rev Growth (%) | 1 YR EPS Growth (%) | P/E Ratio | Beta | Yield (%) |
|-------------------------|--------------|-------------------|-------------------|------------------|------------------|-----------------------|---------------------|---------------------|-----------|------|-----------|
| ASBISc ENTERPRISES PLC  | WSE: ASB     | 24.36*            | 25.96*            | 8.60*            | 1350*            | 152                   | -13                 | NA                  | 4.1       | 0.48 | 5.4       |
| ARROW ELECTRONICS INC   | NYSE: ARW    | 117.26            | 134.56            | 89.38            | 6830             | 3                     | 8                   | 44                  | 5.4       | 1.41 | NA        |
| AVNET INC               | NASDAQ: AVT  | 44.39             | 50.19             | 35.45            | 4060             | 15                    | 24                  | 260                 | 6.4       | 1.37 | 2.6       |
| INSIGHT ENTERPRISES INC | NASDAQ: NSIT | 136.23            | 137.89            | 81.11            | 4610             | 34                    | 11                  | 29                  | 17.8      | 1.56 | NA        |

\* Stock Statistics in PLN

In recent years, a majority of ASBISc's sales have come from three product categories: smartphones (35% in 2022, up from 29% in 2021), laptops (9.4% in 2022, 10% in 2021), and CPU's (9.2% in 2022, 14.4% in 2021). The smartphone category has been supported by strong demand for Apple products and we like its status as an authorized distributor of Apple products in 11 countries of the former Soviet Union (excluding Russia), and operator of 27 stores (14 reseller, 12 Apple monobrand, and one partnered store) in high-growth markets including Kazakhstan (seven) and Georgia (four).

We see the expansion of the company's relationship with Apple driving strong category growth, as the resale effort under its Breezy subsidiary purchases used Apple products in exchange for discounts on new purchases, and then resells the older products, which retain substantial value in secondary markets. The company's Trade-In services are also available in countries among others in Kazakhstan, Ukraine, Cyprus, and Georgia. In February 2023, Breezy started operations in two new markets, Poland and Moldova.

In total, Breezy works with over 35 local and global partners, including not only Apple, but also Samsung, telecommunications operators Vodafone and Kcell, and retail chains Rozetka.ua, Sulpak, Mechta, and Technodom. ASBISc's growth in this area has enabled the company to achieve authorized distributor status with leading international suppliers, which has resulted in enhanced commercial terms and its distribution of such higher-margin products.

Over the past few years, the company's strategy to focus more on expanding gross margins and profitability has been evident in the development of new internally developed private label brands, thus complementing its legacy Prestigio and Canyon brands. Supporting this commitment to new product growth and innovation, ASBISc opened a technology hub in Cyprus. In 2018, the company introduced its Perenio smart-home and smart-security sensor brand, which launched an internally developed and manufactured Perenio Ionic Shield, a portable ion air diffuser designed to protect against known coronaviruses, including COVID-19.

In late 2021, the company launched a new brand called AENO under a small household appliances segment, contributing to a "smart home" concept. Initial products in this category were launched during the first quarter of 2022, including an eco-friendly smart heater with energy-saving infrared and convection heating method and low power consumption. Other AENO products will include air purifiers and humidifiers, robot vacuum cleaners, cooking appliances, and personal hygiene products. In our view, such products are poised for solid commercial uptake, given ASBISc's strong existing distribution channels and vendor relationships. Similarly, in late 2021, the company launched gaming brand Lorgar, featuring a new line of gaming accessories including mice, keyboards, chairs, microphones, web cameras, headsets, and other peripherals.

Most recently, ASBISc announced the launch of a new brand related to the fast-growing robotics industry -- ASBIS Robotic Solutions (AROS), targeting multiple commercial applications, including industrial, cleaning, service, delivery, logistics and security applications. Its flagship brand, CRON Robotics, will serve automated beverage kiosk and storage markets, as well as industrial and commercial robotic arms. Other brands under this unit will

include Aubo and Dobot, (industrial arms), DH Robotics (grippers), and Gausium (cleaning). In our view, the robotics market is poised for expansion beyond its current portfolio of brands, and represents a compelling opportunity for further sales and market expansion over the coming years.

We believe that ASBISc has also made great strides to expand its gross margin profile by investing in value-added distributor (VAD) capabilities. For example, its servers are certified to support cloud-based services through the Microsoft Azure platform, which enable customers to transfer data centers to the cloud. The company is focused on expanding its product portfolios to support customers that are upgrading their digitization and remote capabilities, which we view as a high growth priority across many countries in its areas of operation.

We like ASBISc's investment in new industries, including biotechnology, which we see as representing new areas for growth. In December 2021, ASBISc invested 1 million euros to take a 20% stake in privately-held EMBIO Diagnostics Ltd, an emerging biotechnology company that develops medical devices for both professional (B2B) and individual (B2C) settings. EMBIO recently completed development of its innovative biosensor-based, breakthrough device B.EL.D., for rapid diagnostics in the field of food safety, air quality testing, and environmental research. B.EL.D. has secured a CE certificate to approve its use in the EU, and is entering its commercialization stages.

In November 2022, ASBISc announced several new transactions in the regenerative medicine segment of the biotechnology industry, which we view as a multi-billion global market. ASBISc invested 700,000 euros in Cyprus-based, startup RSL Revolutionary Labs Ltd., which is developing novel, molecularly engineered medical-grade biomaterial products for the treatment and regeneration of the skin for cancer patients. The funds are expected to be used for clinical trials on new products based on innovative collagen preparations and to increase production capacity. The company also invested 800,000 euros in Cyprus-based Promed Bioscience Ltd, which is developing advanced collagen biomaterials for research and clinical applications. The funds will be used to expand Promed's production capacity, and accelerate expansion in the United States, European and Middle East regions.

We also view positively ASBISc's recognition as a socially responsible company, which we think should lead to its inclusion in global ESG investor portfolios over time. To that end, in September 2021, ASBISc entered the WIG-ESG index, which includes WSE-listed companies cited as socially responsible companies, in particular in the field of environmental, social, economic, and corporate governance issues.

In 2022, ASBISc retained its position among a select group of WSE-listed companies with the highest ratings and cited as a "Climate Aware Company," in the exchange's fourth edition of the Companies Climate Awareness Survey. Lastly, we view positively the company's commitment to humanitarian efforts, with its launch of an aid fund called UkraineHelpFund, which supplied needed medical, industrial and food products to Ukraine since the war with Russia began in early 2022. To date, ASBISc has allocated more than two million euros, including the delivery of 20 ambulances and five medical cars to hospitals in the region.



## RECENT DEVELOPMENTS

ASBISc shares trade on the Warsaw Stock Exchange (WSE) under the ticker ABS. In 2021, the stock rose 169%, compared to a 14% increase for the WIG 20 Index, which consists of the 20 largest companies on the WSE. In 2022, despite the disruption to its business from the Russia-Ukraine war, the stock rose 12%, compared with a 21% decline for the WIG 20. Year-to-date in 2023, the shares have increased by 1%, compared with a 1% decline for the WIG 20.

In February 2023, ASBISc reported 2022 revenues of \$2.69 billion, down 13% compared with 2021. However, gross margin increased to 8.5% in 2022, from 7.1% in 2021, resulting in full-year net income of \$1.37, only 1.4% below 2021's full-year results. The full-year net income exceeded its guidance range, which ASBISc raised in November 2022.

In February 2023, ASBISc announced that its Breezy subsidiary started operations in two new markets, Poland and Moldova.

In January 2023, ASBISc announced that it retained its position in the list among the most climate-aware companies published by the WSE's Corporate Climate Crisis Awareness Study.

In November 2022, ASBISc announced the launch of a new business division related to robotics. ASBISc Robotic Solutions (AROS) will distribute collaborative robots (cobots) from leading global brands in the sector as well as own robotic platforms under its own brands.

During the third quarter of 2022, ASBISc opened a new iSpace salon in Almaty, the largest city in Kazakhstan, with the status of Apple Premium Partner. This opening marked the seventh Apple store operated by ASBISc in Kazakhstan and the 21st Apple store overall.

In August 2022, ASBISc announced the opening of an Apple Store in Batumi, Georgia. The store represents the first in western Georgia, and fourth overall in Georgia.

In September 2021, ASBISc was added to the WIG-ESG index, which recognizes Warsaw Stock Exchange companies as socially responsible, highlighting fields including environmental, social, economic and corporate governance issues.

## EARNINGS & GROWTH ANALYSIS

We forecast revenue of \$3.0 billion in 2023 and \$3.4 billion in 2024, representing 12% and 13% growth, respectively. We expect former-period results to reflect more normalized results as ASBISc continues to diversify its business in regions not affected by the war between Russia and Ukraine, and note that January 2023 sales were only 8% behind the same period in 2022, which represented a record-high month in the company's history before the conflict. Thus, we expect month-over-month comparisons to turn more favorable over the course of 2023.

We also expect revenue growth to be driven by continued focus on the smartphone product line, which shows higher growth potential compared with other product categories. In 2024 and beyond, we expect further expansion of its product portfolio to include new, private-label brands such as AENO, Lorgar and CRON Robotics, supporting the long-term growth profile.

As mentioned above, ASBISc has mitigated sales challenges by successfully emphasizing margin expansion. The company generated an 8.5% gross margin in 2022, significantly higher

than 7.1% in 2021 and 5.8% in 2020. This enabled the company to deliver profitability only marginally below 2021 levels, despite a 13% revenue decline. Given its focus on private-label product sales, value-added services, and an optimized geographic sales mix, we project gross margins of 8.7% and 8.8% in 2023 and 2024, respectively. We see SG&A expenses as a percentage of sales around 4.4% in 2023 and 2024, consistent with 2022, as the company balances higher administrative costs and investments in new products with its enhanced operating efficiencies.

We forecast EPS of \$1.60 in 2023 and \$1.88 in 2024, which would represent 17% and 18% growth, respectively. Although ASBISc's operating cash flow turned negative in 2022 due to inventory build-up, we expect that the sale of these products amid robust demand and its geographic and product diversification strategy to drive long-term results.

## FINANCIAL STRENGTH & DIVIDEND

Our financial strength rating for ASBISc is High. The company had \$134.6 million in cash and equivalents on its balance sheet as of December 31, 2022, down from \$184.6 million at the end of 2021. Although operating cash flows turned negative in 2022, we note that most of this was due to a buildup of product inventories, for which we expect healthy cash conversion during 2023.

As of December 31, 2022, ASBISc had a current ratio of 1.2. This ratio has been stable since 2015, but below the peer average of 1.7. As of December 31, 2022, the total debt/capital ratio was 48.8%, down from 53% and 62% at the end of 2021 and 2020, respectively. We view the company's liquidity position as strong and underappreciated, as nearly all of its balance sheet liabilities relate to short-term borrowing to help finance the expansion of inventory and product distribution.

Prior to 2022, ASBISc's cash conversion metrics were enhanced compared with its peer group, underscoring the efficiency of its selling infrastructure and strong relationships with suppliers. Thus, we expect that the inventory build that took place over the course of 2022, which included little in the form of provision for slow moving or obsolete stock, will be sold through -- improving cash metrics to more-normalized levels. In 2022, the average cash conversion cycle was 55.8 days, compared with 33 days as of December 31, 2021, and 49.9 days for its peers. Average days sales outstanding (DSO) was 46.2 days, compared with 38 days at the end of 2021, but still well below the peer average of 68.3. Days sales of inventory (DSI) was 62.2 days, above 38.4 days at the end of 2021, and above the peer average of 48.3, which we view as important given that tech products can become obsolete quickly as new products reach the market. Lastly, average days payable outstanding (DPO) was roughly 52.6 days, up from 44 days at the end of 2021, but still well below the peer average of 62 days.

The weighted-average cost of debt (cash lines and factoring lines) was 10% in 2022, up from 6% in 2021. We note that despite recent uncertainties in its primary regions of operations, ASBISc has negotiated improved terms with lenders, and we expect continued favorable lending terms, supported by its enhanced financial position.

Net cash outflows from operating activities in 2022 were \$56.0 million in 2022, more than half of which took place during the fourth

quarter, compared with inflows of \$41.4 million in 2021. Product inventories at the end of 2022 year-end increased by 59%, to \$514.8 million, compared with \$324.6 million for 2021. Net cash outflows from investing activities were \$11.1 million, compared with \$15.0 million in 2021. Net cash inflows from financing activities were \$8.6 million in 2022, compared with \$10.9 million in 2021.

In addition to investing in growth initiatives, ASBISc has focused on shareholder returns, which we view as a significant positive. The company currently distributes up to 50% of net profits as dividends. The company paid a total dividend of \$0.30 for 2021. In December 2022, ASBISc paid an interim dividend of \$0.20, which implies a forward yield rate of approximately 7% at the current valuation.

In 2022, ASBISc conducted a new share-repurchase program and bought back more than 300,000 shares. With liquidity supported by growing revenue, prospects for a return to positive operating cash flow, growing net income, and access to borrowed capital, we believe that ASBISc is well capitalized for the foreseeable future.

## MANAGEMENT

Siarhei Kostevitch is the founder, president and CEO of ASBISc. Mr. Kostevitch received a Master's degree in radio engineering design at the Radio Engineering University of Minsk in 1987. Between 1987 and 1992, he worked at the Research Centre at the Radio Engineering University. Mr. Kostevitch, through KS Holdings, Ltd., holds approximately 37% of the company's shares and voting power.

ASBISc's board currently has six members. Although the board has only two independent directors, we note that they chair the company's audit and compensation committees.

## RISKS

Risks for ASBISc include increased competition from both established companies and new entrants; the potential for economic and political developments that are currently impacting business conditions in major markets such as Russia and Ukraine possibly limiting the ability to expand to new countries; periodic shortages of specific IT components, particularly semiconductors and microchips, and the potential for unfavorable changes to its products selection and quality, inventory, price, customer services and credit availability; and changes in foreign exchange rates.

ASBISc's reporting currency is the U.S. dollar, which accounted for 85% of trade payables and half of its operating expenses in 2022. As such, a stronger U.S. dollar during 2022 pressured revenue and gross profit. We see potential for customer concentration risk in this industry, but view ASBISc positively in this regard, given its expanding network and diversification strategies.

## COMPANY DESCRIPTION

Founded in 1990, Cyprus-based ASBISc Enterprises PLC Founded in 1990, Cyprus-based ASBISc Enterprises PLC is a leading Value Add Distributor, developer and provider of IT, IoT products, solutions and services to the markets of Europe, the Middle East and Africa (EMEA) with local operations in Central and Eastern Europe, the Baltic republics, the former Soviet Union, the Middle East and North Africa.

## VALUATION

In our view, ASBISc's current valuation remains compelling based on multiple metrics and does not fairly reflect the company's strong underlying fundamentals, near-term uncertainties notwithstanding. The company's recent market capitalization of approximately \$310 million (1.35 billion PLN) implies a multiple near 0.1-times our 2023 revenue estimate. That is below the average multiple of 0.4 for our group of global electronics-distribution peers. The stock also trades at a 2022 enterprise value/EBITDA multiple of 3.5-times, below the peer average of 10-times. Despite the firming stock performance, which more than doubled in 2022 and saw an increase during challenging macro-economic markets in 2022, ASBISc is still trading at a trailing 12-month P/E around 4-times its 2022 EPS of \$1.37, which remains well below the peer group's current average around 11.5-times.

We think that recent initiatives (including reselling Apple products and focusing on marketing innovative, private-label products such as the new robotics unit) are likely to leverage ASBISc's robust infrastructure network across Europe, and should enhance the company's reputation among investors over time. Further, we view the company's overall liquidity position as strong, as nearly all of its debt relates to short-term borrowing to help finance inventory purchases and product distribution. But the 2022 inventory buildup is likely to be sold through. As such, these obligations are mitigated by the company's supply-chain efficiency and strong revenue and cash flow.

Given the ongoing geopolitical climate across the company's European footprint and our view of reliance on establishing a presence for a rapidly expanding product roster, we believe that ASBISc warrants a discount to the industry average, albeit a narrow one. Applying a multiple of 10-times to our 2023 EPS estimate of \$1.60 (PLN 7.12, using a one-month average PLN-to-USD exchange rate near 4.45:1), we arrive at a fair value estimate for ASB of 71 PLN per share, significantly higher than the current price near 25 PLN.

Steve Silver,  
Argus Research Analyst

## INCOME STATEMENT

| Growth Analysis (\$MIL)                      | 2020   | 2021   | 2022   | Q1 2023E | Q2 2023E | Q3 2023E | Q4 2023E | 2023E  | Q1 2024E | Q2 2024E | Q3 2024E | Q4 2024E | 2024E  |
|----------------------------------------------|--------|--------|--------|----------|----------|----------|----------|--------|----------|----------|----------|----------|--------|
| Revenue                                      | 2366.4 | 3078.0 | 2690.0 | 630.0    | 750.0    | 720.0    | 900.0    | 3000.0 | 714.0    | 850.0    | 816.0    | 1020.0   | 3400.0 |
| Gross Profit                                 | 138.3  | 218.5  | 227.8  |          |          |          |          | 262.1  |          |          |          |          | 300.2  |
| SG&A                                         | 81.6   | 104.8  | 116.8  |          |          |          |          | 133.0  |          |          |          |          | 151.3  |
| R&D                                          | NA     | NA     | NA     |          |          |          |          | NA     |          |          |          |          | NA     |
| Operating Income                             | 56.7   | 113.7  | 111.00 |          |          |          |          | 129.1  |          |          |          |          | 148.9  |
| Interest Expense                             | -11.6  | -17.0  | -19.9  |          |          |          |          | -21.0  |          |          |          |          | -21.8  |
| Pretax Income                                | 44.7   | 94.3   | 91.1   |          |          |          |          | 108.9  |          |          |          |          | 128.0  |
| Tax Rate (%)                                 | 18     | 18     | 17     |          |          |          |          | 19     |          |          |          |          | 19     |
| Net Income                                   | 36.5   | 77.1   | 75.9   |          |          |          |          | 88.8   |          |          |          |          | 104.3  |
| Diluted Shares                               | 55.5   | 55.5   | 55.3   |          |          |          |          | 55.5   |          |          |          |          | 55.5   |
| EPS                                          | 0.66   | 1.39   | 1.37   | 0.28     | 0.45     | 0.34     | 0.53     | 1.60   | 0.35     | 0.50     | 0.41     | 0.62     | 1.88   |
| Dividend                                     | 0.30   | 0.30   | 0.30   |          |          |          |          | NA     |          |          |          |          | NA     |
| <b>Growth Rates (%)</b>                      |        |        |        |          |          |          |          |        |          |          |          |          |        |
| Revenue                                      | 24     | 30     | -13    |          |          |          |          | 12     |          |          |          |          | 13     |
| Operating Income                             | 71     | 101    | NM     |          |          |          |          | 16     |          |          |          |          | 15     |
| Net Income                                   | 140    | 111    | NM     |          |          |          |          | 17     |          |          |          |          | 17     |
| EPS                                          | 136    | 111    | NM     |          |          |          |          | 17     |          |          |          |          | 18     |
| <b>Valuation Analysis</b>                    |        |        |        |          |          |          |          |        |          |          |          |          |        |
| Price (PLN): High                            | 8.08   | 28.2   | 25.96  |          |          |          |          | NA     |          |          |          |          | NA     |
| Price (PLN):Low                              | 1.77   | 6.1    | 8.6    |          |          |          |          | NA     |          |          |          |          | NA     |
| PE: High                                     | NA     | NA     | NA     |          |          |          |          | NA     |          |          |          |          | NA     |
| PE: Low                                      | NA     | NA     | NA     |          |          |          |          | NA     |          |          |          |          | NA     |
| PS: High                                     | NA     | NA     | NA     |          |          |          |          | NA     |          |          |          |          | NA     |
| PS: Low                                      | NA     | NA     | NA     |          |          |          |          | NA     |          |          |          |          | NA     |
| Yield: High                                  | NA     | NA     | NA     |          |          |          |          | NA     |          |          |          |          | NA     |
| Yield: Low                                   | NA     | NA     | NA     |          |          |          |          | NA     |          |          |          |          | NA     |
| <b>Financial &amp; Risk Analysis (\$MIL)</b> |        |        |        |          |          |          |          |        |          |          |          |          |        |
| Cash                                         | 158.9  | 184.6  | NA     |          |          |          |          | NA     |          |          |          |          | NA     |
| Working Capital                              | 105.3  | 147.5  | NA     |          |          |          |          | NA     |          |          |          |          | NA     |
| Current Ratio                                | 1.2    | 1.2    | NA     |          |          |          |          | NA     |          |          |          |          | NA     |
| LTDebt/Equity (%)                            | 4.2    | 2.7    | NA     |          |          |          |          | NA     |          |          |          |          | NA     |
| Total Debt/Equity (%)                        | 161    | 112    | NA     |          |          |          |          | NA     |          |          |          |          | NA     |
| <b>Ratio Analysis</b>                        |        |        |        |          |          |          |          |        |          |          |          |          |        |
| Gross Profit Margin                          | 5.8%   | 7.1%   | 8.5%   |          |          |          |          | 8.7%   |          |          |          |          | 8.8%   |
| Operating Margin                             | 2.4%   | 3.7%   | 4.1%   |          |          |          |          | 4.3%   |          |          |          |          | 4.4%   |
| Net Margin                                   | 1.5%   | 2.5%   | 2.8%   |          |          |          |          | 3.0%   |          |          |          |          | 3.1%   |
| Return on Assets (%)                         | 5.0    | 8.3    | NA     |          |          |          |          | NA     |          |          |          |          | NA     |
| Return on Equity (%)                         | 30.0   | 47.4   | NA     |          |          |          |          | NA     |          |          |          |          | NA     |
| Op Inc/Int Exp                               | 4.9    | 6.7    | 5.6    |          |          |          |          | 6.1    |          |          |          |          | 6.8    |
| Div Payout                                   | 45%    | 22%    | NA     |          |          |          |          | NA     |          |          |          |          | NA     |

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