

78/2022/AR

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
Grodno	Buy	23.30	Overweight	Maciej Wewiórski

Event: 3Q21/22 financials: further profitability improvement

Today, the Company released preliminary 3Q21/22 financial results. In line with our expectations, Grodno maintains robust growth rates of revenues and profits and has surprised investors with a record high EBITDA margin.

Grodno, 3Q21/22 financial results

	3Q21/22	3Q20/21	yoy chg	1-3Q21/22	1-3Q20/21	yoy chg
Sales	335.4	190.5	76%	877.3	526.2	67%
EBITDA	19.3	6.1	216%	47.1	19.5	142%
	5.8%	3.2%	-	5.4%	3.7%	-
EBIT	17.4	4.6	278%	41.9	15.2	176%
	5.2%	2.4%	-	4.8%	2.9%	-
Net profit	13.3	3.3	303%	32.6	11.7	179%
	4.0%	1.7%	-	3.7%	2.2%	-

Source: The Company, DM BOŚ SA

Sales should not constitute any surprise, as at the beginning of each month the Company reports a monthly sales figure from the preceding month. Grodno claims that the largest impact on the revenues and income in 3Q21/22 comes from a material yoy increase of sales in the RES segment and segment of cables and wires. The remaining segments also showed a revenue growth.

As far as the Company's profitability is concerned, Grodno has managed to improve it once again and 3Q21/22 profitability stands at record 5.8% (vs 3.2% in 3Q20/21). When analyzing the income statement, one should remember that a year ago the results were supported by the government assistance in the amount of PLN 3.5 million within the framework of the Anti-crisis Shield as well as by the shift of bonuses distribution to subsequent periods of the previous year.

At the moment, we are comfortable with our forecasts for the Company and maintain our positive stance on Grodno's equities.

On February 15 the Company will show their 1-3Q21/22 financial statement.

The report is not a recommendation within the meaning of Commission Delegated Regulation (EU) 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 for technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest.