

Hold, PLN 109

Maintained

Escape from the peloton (SUMMARY)

We are maintaining our Hold recommendation and raising our target price to PLN 109.

Oponeo's core business decisively exceeded our expectations in 2024. The company's revenue ultimately beat our estimates by several percent but its profitability was far higher.

Not only did the tyre business maintain a good growth rate (+11% in 2024) and, in our business, a stable market share (around 25%), but also recorded the highest gross margin (21.4%) in recent years. While we are duly impressed, we are also quite cautious about forecasts. The company's history has shown that business environment in this industry tends to be quite volatile. Moreover, Oponeo has been highlighting fairly aggressive moves taken by its competitors and might be considering more aggressive marketing measures or price competition. This year might be a test whether its profitability has not risen too fast too soon, making room for competition. We expect a stable result in the tyre segment in 2025. In the coming years, we assume that profitability will be maintained at the expense of a slightly slower growth rate.

Oponeo's subsidiary Dadelo (in which Oponeo holds a 59% share) is growing very well. While its EBIT is admittedly improving in line with our earlier expectations, its revenue is growing much more quickly. The company's incentive plan provides for a 34% revenue CAGR in the next three years, which seems well within its reach, judging by its business development to date. Already generating 15% of the Group's EBIT (with a target of 24% in 2028), Dadelo has become an important element in the valuation puzzle. Dadelo's competitive situation seems even better than Oponeo's.

Both business pillars are involved in market consolidation and benefit from the weakness of 'traditional' channels.

PLN mn	2023	2024	2025F	2026F	2027F
Revenues	1,872	2,114	2,369	2,623	2,906
EBITDA	87	151	158	176	194
EBIT	64	124	128	146	163
Net profit	54	85	90	102	113
P/E	8.8	8.9	12.4	10.9	9.9
P/BV	1.7	2.4	3.0	2.7	2.4
EV/EBITDA	7.1	6.7	7.6	6.7	6.0
EPS	4.85	7.54	8.00	9.12	10.10
DPS	2.00	5.00	4.00	6.00	6.50
FCF	17	72	86	95	107
CAPEX	14	21	23	24	24

F - forecast by PKO BP Securities

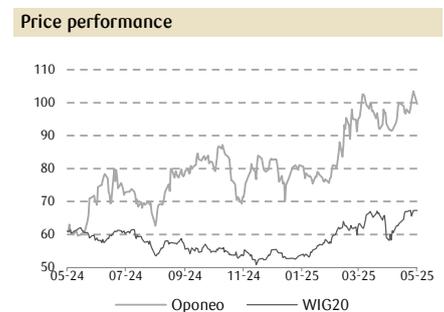
Key data	
Market price (PLN)	99.60
Upside	9%
No. of shares (mn)	11.24
Market Cap (PLNm)	1,119.11
Free float	29%
Free float (PLNm)	328
Free float (USDmn)	87
EV (PLNm)	1,198.34
Net debt (PLNm)	79.23

ESG	
ESG	7.5

Dividend	
Div yield	4.0%
Ex-div	19.05.2025

Major Shareholders		% of shares
Dariusz Topolewski		32.56
Ryszard Zawieruszyński		31.03
TFI Goldman Sachs		5.54
-		-

Previous recomm.	Date & target price
Hold	23-08-24 86.00
Hold	10-05-24 63.50



	WIG20	Company
1 month	2.3%	6.4%
3 months	15.5%	25.1%
6 months	27.5%	39.5%
12 months	13.8%	63.3%
Min 52 weeks PLN		59.60
Max 52 weeks PLN		103.50
Av. turnover/day PLN mn		0.42

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VALUATION

Our valuation is based on the DCF model. We have additionally presented a peer valuation, taking into consideration distribution companies. The DCF model consists of two phases. In the first phase (2025F-2028F) we have forecast in detail all the key parameters required for the company valuation, including in particular the value of revenue, capital expenditure, cost level, and balance sheet items. The second phase starts after 2027F. In it, we have assumed a constant free cash flow growth rate at the level of 2.5% per year. We have used a WACC-based discount rate. Risk-free rate has been assumed at 5.5% which reflects the 10-year treasury bond yield. Beta has been assumed at 1.0x (due to a strong balance sheet). We have adopted an equity risk premium at 5.5%. We have discounted all free cash flows for the company as at 31 December 2024 and deducted the forecast net debt excluding leasing (adjusting for seasonal correction) and minority share.

WACC						
	2024	2025F	2025F	2026F	2027F	2028F<
Risk-free rate	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Equity premium	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Beta	1.00	1.00	1.00	1.00	1.00	1.00
Debt risk premium	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Tax rate	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
Equity cost	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Debt cost	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%
Weight of equity	85.1%	82.4%	80.8%	83.5%	83.6%	79.0%
Weight of debt	14.9%	17.6%	19.2%	16.5%	16.4%	21.0%
WACC	10.2%	10.1%	10.0%	10.1%	10.1%	9.9%

Source: forecasts of PKO BP Securities



DCF model						
PLN mn	2024	2025F	2025F	2026F	2027F	2028F<
EBIT	123.7	128.3	145.7	162.6	179.2	183.8
Tax rate	19%	19%	19%	19%	19%	19%
NOPLAT	100.2	103.9	118.0	131.7	145.2	148.9
CAPEX	50.8	22.7	23.9	25.2	26.6	
Depreciation	27.7	29.5	30.3	31.1	32.0	
Leasing	15.9	18.3	19.6	20.9	22.4	
Changes in working capital	44.6	20.2	19.3	21.9	21.5	
FCF	16.6	72.3	85.5	94.8	106.8	109.8
WACC	0.0%	10.1%	10.0%	10.1%	10.1%	
Discount ratio		0.91	0.83	0.75	0.68	
DFCF		65.7	70.7	71.1	72.7	
Growth in Phase II	2.5%					
DFCF Sum - Phase I	280.2					
DFCF Sum - Phase II	1,018.7					
Enterprise Value (EV)	1,298.9					
Net debt	44.3					
Seasonal correction of net debt	40.0					
Minorities	-150.0					
Fair value	1,064.5					
Number of shares (million)	11.2					
Fair value per share as at 31.12.2022	94.7					
Target price in 12 mths (PLN)	109.0					
Current price	99.6					
Expected rate of return	9%					

Source: forecasts of PKO BP Securities

Sensitivity

		Growth in Phase II				
		1.5%	2.0%	2.5%	3.0%	3.5%
WACC	8.9%	109.0	116.6	125.4	135.8	148.0
	9.4%	102.3	109.0	116.6	125.4	135.8
	9.9%	96.5	102.3	109.0	116.6	125.4
	10.4%	91.3	96.5	102.3	109.0	116.6
	10.9%	86.7	91.3	96.5	102.3	109.0

Source: PKO BP Securities

PEER VALUATION

Automotive parts distributors: multiples

Company	Mcap mEUR	P/E			EV/EBITDA		
		2024	2025F	2026F	2024F	2025F	2026F
Polish distributors							
Auto Partner	634	13.9	12.1	9.9	10.0	8.4	7.1
Inter Cars	1,906	10.9	9.2	8.2	8.3	7.2	6.5
Global distributors							
Delti.com	33	8.3	9.3	5.2	5.7	5.2	4.7
AutoNation	6,664	10.1	9.7	8.9	7.1	7.0	6.8
Autozone	55,403	24.8	25.0	22.2	16.3	16.5	15.3
Median for all peers		10.9	9.7	8.9	8.3	7.2	6.8
Oponeo		13.2	12.4	10.9	7.4	7.1	6.4
premium/discount		21%	28%	23%	-11%	-1%	-6%

Source: Bloomberg, PKO BP securities

Oponeo is trading roughly in line with other car parts distributors.



Financial Forecasts

Profit and loss account	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F
Sales of products, goods and materials	1,063	1,515	1,695	1,872	2,114	2,369	2,623	2,906	3,185
Costs of sold products, goods and materials	-846	-1,205	-1,361	-1,501	-1,633	-1,837	-2,027	-2,235	-2,441
Gross profit on sales	217	309	335	371	481	532	596	671	744
EBITDA	49	94	82	87	151	158	176	194	211
Selling costs	-169	-215	-271	-307	-358	-403	-451	-509	-565
Operating profit	37	79	63	64	124	128	146	163	179
Financial expenses net	-2	-1	-10	5	-13	-10	-9	-9	-9
Pre-tax profit	35	78	53	69	111	119	137	154	170
Income tax	-3	-16	-10	-14	-22	-23	-26	-29	-32
Net profit (loss) attributable to non-controlling interest	32	60	41	54	85	90	102	113	124
Net Profit (loss)	32	60	41	54	85	90	102	113	124
Balance Sheet	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F
Fixed assets	175	169	258	262	287	295	305	317	332
Intangible assets	89	87	87	87	86	86	87	87	88
Tangible assets	83	78	167	172	165	172	182	194	208
Other long-term assets	3	4	3	4	37	37	37	37	37
Current assets	207	450	429	417	523	545	613	698	792
Inventories	100	159	242	261	401	403	446	494	541
Receivables	50	78	61	71	64	95	105	116	128
Cash and cash equivalents	56	213	126	85	59	47	62	87	124
Other short-term assets	0	0	0	0	0	0	0	0	0
Total Assets	381	619	687	679	810	840	918	1,015	1,124
Equity capital	226	350	364	288	321	372	416	467	531
Long-term liabilities	14	35	98	90	98	100	100	106	111
Loans and borrowings	0	24	21	17	37	38	38	42	46
Trade liabilities and other	14	11	78	73	61	62	63	64	65
Short-term liabilities	141	233	224	301	391	368	402	442	482
Loans and borrowings	5	10	12	53	54	15	15	17	18
Employee benefit obligations	124	214	202	228	316	331	365	402	439
Trade liabilities and other	12	9	10	21	21	22	23	24	25
Total Equity & Liabilities	381	619	687	679	810	840	918	1,015	1,124
Cash flow statement	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F
Cash flow on operating activity	21	96	-19	79	85	111	127	139	154
Cash flow on investment activity	-43	-22	-28	-7	-54	-23	-24	-25	-27
Cash flow on financial activity	-3	81	-37	-112	-58	-100	-87	-88	-91
Indicators (%)	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F
ROE	16.1%	20.9%	11.4%	16.7%	27.8%	25.9%	26.0%	25.7%	24.8%
Net Debt	-32.7	-167.0	-12.6	68.0	104.2	79.2	65.3	48.1	19.6

Source: forecasts of PKO BP Securities

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Explanation of the specialist terminology used

min (max) 52 weeks: minimum (maximum) of the market share price during the previous 52 weeks
Capitalisation: product of the share market price and the number of shares
EV: sum of the company's capitalisation and net debt

free float (%): share of the total number of shares decreased by 5% stakes held by one shareholder and own shares held by the company in the total number of shares
Average trading/month: average trading per month calculated as total trading value over previous 12 months divided by 12
ROE: rate of return on equity
ROA: rate of return on assets
EBIT: operating profit
EBITDA: operating profit + depreciation and amortization
EPS: earnings per share
DPS: dividend per 1 share
CEPS: sum of net profit and depreciation and amortization per 1 share
P/E: quotient of share market price and EPS
P/BV: quotient of share market price and book value of one share
EV/EBITDA: quotient of capitalisation increased by the company's net debt and EBITDA
Gross sales margin: relation of gross sales profit to net sales proceeds
EBITDA margin: relation of the sum of operating profit and depreciation to net sales proceeds
EBIT margin: relation of operating profit to net sales proceeds
Net profitability: relation of net profit to net sales proceeds

Valuation methods applied

A PKO BP Securities recommendation is based on at least two out of four valuation methods: DCF (discounted cash flow model), ratio analysis method (comparing the values of basic market ratios with similar ratios of other companies representing a given sector), sum of the parts of assets method (SOTP) and discounted dividends model. A disadvantage of the DCF and the discounted dividends model is their high sensitivity to adopted assumptions, including, in particular, those pertaining to determining the residual value. Furthermore, the discounted dividends model cannot be applied to the valuation of companies without a determined dividend policy. The advantages of both these methods include their independence from current market valuations of peer companies. On the other hand, the advantage of the ratio analysis is the fact that it is based on a measurable market valuation of a given sector. Its disadvantage lies in the risk that at any given time, the market might not value peer companies correctly. The sum of the parts method (SOTP) consists in summing up the values of various assets of the company, calculated using one of the above methods.

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A BUY recommendation means that the recommendation author thinks that company shares have the potential for at least a 10% price growth.
A HOLD recommendation means that the recommendation author thinks that company shares have the potential for growth between 0 and a 10%.
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A recommendation may be assigned an "UNDER REVIEW" rating, which means that the recommendation ceases to be binding for an unexpected reason and that PKO BP Securities is conducting investment research aimed at its update. Said investment research will result in issuing a new recommendation.
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Issuer:	Reservation
Oponeo	1: NO, 2: NO, 3: NO, 4: NO, 5: NO, 6: NO, 7: NO, 8: NO, 9: NO

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6. The Issuer holds shares of PKO Bank Polski, whose organisational unit is PKO BP Securities, in a total number constituting at least 5% of share capital.
7. PKO BP's net long position exceeds 0.5% of the issuer's share capital.
8. PKO BP's net short position exceeds 0.5% of the issuer's share capital.
9. Employees involved in drafting the recommendation have a net long position or a net short position exceeding 0.5% of the issuer's share capital.

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The time and date stipulated on the front page of the report are the time and date of completing the process of drafting the Recommendation.

The date of the first distribution of the Recommendation is identical with the date stipulated on the front page. The time of the first distribution is 7:40.

Whenever this Recommendation quotes a price for the financial instrument, it will be understood as the closing price from the last trading day.

The list below sets out all the recommendations drafted by PKO BP Securities in the last 12 months, within the scope of the "Analytic Coverage Support Programme".

Company	Recommendation	Date of reco.	Target price	Relevant Market Price*	Market cap. (PLN mn)*	P/E			EV/EBITDA			Analyst
						2023	2024F	2025F	2023	2024F	2025F	
MLP Group	Buy	2024-05-28	110.00	80.00	1920							Piotr Zybala
Oponeo	Hold	2024-08-23	86.00	80.00	928	8.8	14.7	13.3	7.1	8.7	8.1	Piotr Łopaciuk
MLP Group	Hold	2024-12-09	85.00	77.80	1867	nm	5.7	6.4	19.4	22.0	21.1	Piotr Zybala
MLP Group	Hold	2025-04-14	88.00	82.2	1972	nm	5.1	8.4	19.4	22.0	23.6	Piotr Zybala
Oponeo	Hold	2025-05-06	109.00	99.6	1119	8.78	8.9	12.4	7.1	6.7	7.6	Piotr Łopaciuk

*at the time of publication