

## Answer buy (reiterated)

|                         |           |               |
|-------------------------|-----------|---------------|
| <b>Current Price*</b>   | 23.40 PLN | <b>Upside</b> |
| <b>12M Target Price</b> | 36.00 PLN | <b>+53.8%</b> |

\*Price as of May 03, 2024, 6:00 PM

After relatively weak results in Q4'23, we believe that Q1'24 will not provide much cause for optimism. Answer has already reported that Q1'24 revenue growth was only 6% y/y, a slowdown from annual growth of 18% achieved in Q4'23. We want to point out, however, that this was partly due to negative FX movements, without which the growth momentum would be around 10pp higher. Given that sales momentum has been relatively low and PRM is still generating losses, we expect Answer to report EBITDA of PLN 3m in Q1'24, down 80% y/y.

That said, we believe the earnings outlook will improve in the coming quarters as sales momentum picks up and PRM's need for subsidies diminishes. Overall, we expect Answer to report around 23% y/y sales growth in FY24, and after higher marketing spend we assume EBITDA will post y/y growth of around 12% (supported by improved gross margin as negative FX effect should be no longer visible in coming quarters).

Over the next few years, we expect Answer to reverse some of the margin erosion suffered in 2023, but with PRM still underperforming, we lower our long-term EBITDA margin forecast by around 40 bps.

ANR shares trade at a c.15% premium to peers on an EV/EBITDA'24 basis, but we believe this premium is justified as we expect Answer to grow EBITDA by c.50% over the next two years, compared to c.30% growth expected of the peer group.

We lower our 2024 EBITDA estimate by c.30% to reflect weaker margin expectations, and we lower our target price to PLN 36.00, while maintaining a buy rating for ANR.

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|            | rating     | target price     | issued            |
|------------|------------|------------------|-------------------|
| <b>new</b> | <b>buy</b> | <b>36.00 PLN</b> | <b>2024-05-06</b> |
| old        | buy        | 40.40 PLN        | 2023-12-01        |

### Earnings Projections

| (PLN m)       | 2022 | 2023  | 2024P | 2025P | 2026P |
|---------------|------|-------|-------|-------|-------|
| Revenue       | 973  | 1,260 | 1,552 | 1,860 | 2,221 |
| EBITDA        | 62   | 56    | 63    | 87    | 107   |
| EBITDA margin | 6.3% | 4.5%  | 4.0%  | 4.7%  | 4.8%  |
| EBIT          | 49   | 40    | 41    | 61    | 79    |
| Net income    | 26   | 20    | 20    | 36    | 51    |
| P/E           | 15.8 | 22.0  | 22.5  | 12.2  | 8.7   |
| P/B           | 2.4  | 1.9   | 1.8   | 1.5   | 1.3   |
| EV/EBITDA     | 9.3  | 11.3  | 10.9  | 8.3   | 7.0   |
| DPS           | 0.00 | 0.00  | 0.00  | 0.00  | 0.00  |
| DYield        | 0.0% | 0.0%  | 0.0%  | 0.0%  | 0.0%  |

### Financial Highlights (adjusted for IFRS 16)

| (PLN m)                    | 2022         | 2023         | 2024P        | 2025P        | 2026P        |
|----------------------------|--------------|--------------|--------------|--------------|--------------|
| No of visits (m)           | 209.9        | 273.3        | 330.8        | 380.2        | 430.6        |
| Conversion rate            | 2.1%         | 1.9%         | 1.8%         | 1.8%         | 1.8%         |
| No of orders (ths)         | 4,493        | 5,112        | 5,808        | 6,714        | 7,646        |
| Average Order Value        | 315.0        | 354.4        | 397.2        | 419.0        | 440.0        |
| Gross profit margin        | 40.2%        | 39.6%        | 40.0%        | 40.4%        | 40.5%        |
| <b>Operating cash flow</b> | <b>46.9</b>  | <b>103.7</b> | <b>12.8</b>  | <b>22.7</b>  | <b>25.4</b>  |
| D&A                        | 4.1          | 5.0          | 8.6          | 12.5         | 15.1         |
| Working capital            | -7.0         | 59.6         | -45.0        | -54.9        | -68.6        |
| <b>Investing cash flow</b> | <b>-21.4</b> | <b>-10.9</b> | <b>-34.3</b> | <b>-25.5</b> | <b>-26.2</b> |
| CAPEX                      | -16.6        | -10.7        | -34.3        | -25.5        | -26.2        |
| <b>Financing cash flow</b> | <b>0.1</b>   | <b>-54.0</b> | <b>-31.7</b> | <b>-23.8</b> | <b>-27.8</b> |
| Dividends/Buyback          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| FCF                        | 27.6         | 98.4         | -37.6        | -18.8        | -16.7        |
| FCF/EBITDA                 | 52%          | 210%         | -75%         | -26%         | -18%         |
| OCF/EBITDA                 | 88%          | 222%         | 26%          | 31%          | 27%          |

### DCF Analysis

| (PLN m)             | 24P   | 25P   | 26P   | 27P   | 28P   | 29P   | 30P   | 31P   | 32P   | 33P   | +     |
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| No of visits (m)    | 330.8 | 380.2 | 430.6 | 481.9 | 533.7 | 585.2 | 636.0 | 685.8 | 734.1 | 780.6 |       |
| Conversion rate     | 1.8%  | 1.8%  | 1.8%  | 1.8%  | 1.8%  | 1.8%  | 1.8%  | 1.8%  | 1.8%  | 1.8%  |       |
| Return rate (%)     | 30.2% | 30.4% | 30.5% | 30.5% | 30.5% | 30.5% | 30.5% | 30.5% | 30.5% | 30.5% |       |
| Revenue             | 1,552 | 1,860 | 2,221 | 2,624 | 3,037 | 3,449 | 3,845 | 4,251 | 4,667 | 5,090 |       |
| EBITDA (ex. MSSFI6) | 50    | 74    | 94    | 121   | 145   | 166   | 184   | 201   | 215   | 230   |       |
| margin              | 3.2%  | 4.0%  | 4.2%  | 4.6%  | 4.8%  | 4.8%  | 4.8%  | 4.7%  | 4.6%  | 4.5%  |       |
| EBIT                | 41    | 61    | 79    | 103   | 124   | 143   | 157   | 172   | 186   | 201   |       |
| Tax                 | 8     | 12    | 16    | 21    | 25    | 29    | 31    | 33    | 35    | 38    |       |
| CAPEX + leases      | -47   | -38   | -39   | -40   | -41   | -42   | -42   | -43   | -44   | -45   |       |
| Working capital     | -45   | -55   | -69   | -76   | -78   | -78   | -75   | -77   | -79   | -80   |       |
| FCF                 | -38   | -19   | -17   | -3    | 14    | 31    | 47    | 60    | 69    | 79    | 86    |
| PV FCF              | -35   | -16   | -13   | -2    | 9     | 19    | 25    | 29    | 30    | 30    |       |
| WACC                | 10.0% | 9.6%  | 9.8%  | 9.6%  | 10.1% | 9.5%  | 10.4% | 11.1% | 11.9% | 11.9% | 10.5% |
| Risk-free rate      | 4.9%  | 4.8%  | 5.2%  | 5.2%  | 5.6%  | 4.9%  | 5.5%  | 5.7%  | 5.9%  | 5.9%  | 4.5%  |

| Key Metrics                       | ANR PW       | 1M Price Chng     | ANR PW       | vs. WIG      |              |
|-----------------------------------|--------------|-------------------|--------------|--------------|--------------|
| Ticker                            | ANR PW       | 1M Price Chng     | -8.2%        | -9.1%        |              |
| ISIN                              | PLANSWR00019 | YTD Price Chng    | -21.5%       | -29.0%       |              |
| Outst. Stock (m)                  | 19.0         | ADTV 1M           |              | 0.3 mln PLN  |              |
| MC (PLN m)                        | 444.2        | ADTV 6M           |              | 0.3 mln PLN  |              |
| EV (PLN m)                        | 684.8        | EV/EBITDA 12M fwd | 10.3         | -10.6%       |              |
| Free Float                        | 18.7%        | EV/EBITDA 5Y avg  | 11.5         | discount     |              |
| <b>Forecast Update (% change)</b> |              |                   | <b>2024P</b> | <b>2025P</b> | <b>2026P</b> |
| Revenue                           |              |                   | -3.1%        | -2.3%        | -1.0%        |
| EBITDA                            |              |                   | -28.9%       | -19.5%       | -15.9%       |
| EBIT                              |              |                   | -41.3%       | -29.8%       | -24.3%       |
| Net income                        |              |                   | -56.8%       | -38.5%       | -28.9%       |
| CAPEX                             |              |                   | +44.2%       | +2.1%        | +2.1%        |

### Key Ratios (adjusted for IFRS 16)

|                     | 2022  | 2023  | 2024P | 2025P | 2026P |
|---------------------|-------|-------|-------|-------|-------|
| Marketing Costs     | 153   | 221   | 277   | 328   | 390   |
| as a % of sales     | 15.7% | 17.5% | 17.9% | 17.7% | 17.6% |
| Logistics Costs     | 125   | 154   | 195   | 234   | 281   |
| as a % of sales     | 12.8% | 12.2% | 12.6% | 12.6% | 12.6% |
| Cash (PLN m)        | 49    | 88    | 35    | 8     | -21   |
| Net debt (PLN m)    | 30    | 33    | 84    | 115   | 144   |
| Net debt/EBITDA (x) | 0.6   | 0.7   | 1.7   | 1.6   | 1.5   |

### Relative Valuation Summary

|         | EV/Sales |     |     | P/E  |      |      | EV/EBITDA |      |      |
|---------|----------|-----|-----|------|------|------|-----------|------|------|
|         | 24P      | 25P | 26P | 24P  | 25P  | 26P  | 24P       | 25P  | 26P  |
| Minimum | 0.3      | 0.3 | 0.3 | 8.7  | 8.8  | 7.8  | 4.2       | 4.1  | 3.8  |
| Maximum | 5.0      | 4.6 | 4.4 | 34.7 | 28.4 | 68.4 | 15.6      | 14.5 | 13.4 |
| Median  | 0.8      | 0.8 | 0.7 | 24.0 | 21.8 | 19.1 | 10.2      | 8.7  | 6.8  |
| Weight  | 3%       | 3%  | 3%  | 15%  | 15%  | 15%  | 15%       | 15%  | 15%  |

### DCF Summary

| (PLN m)               |       |
|-----------------------|-------|
| Beta                  | 1.0   |
| FCF perp. growth rate | 5.0%  |
| PV FCF                | 679   |
| Net debt IAS 17       | 33    |
| Other adjustments     | -11   |
| Value per share (PLN) | 32.30 |

### Valuation Summary

| (PLN)                   | Weight | Price        |
|-------------------------|--------|--------------|
| Relative Val.           | 50%    | 32.64        |
| DCF Val.                | 50%    | 32.30        |
| Implied Price           |        | 32.47        |
| Cost of equity (12M)    |        | 10.9%        |
| <b>12M Target Price</b> |        | <b>36.00</b> |