

The report was prepared by Dom Maklerski BDM at the request of the WSE as part of the Exchange's Analytical Coverage Support Programme

| | | | 2022 | 2023 | 2024E | |
|--------------|-------|-----------|------|------|-------|-------------------------|
| Price [PLN] | 10,4 | P/E | 14,6 | 11,4 | 22,2 | Analyst: |
| MC [mln PLN] | 239,5 | EV/EBITDA | 7,1 | 2,3 | 7,0 | Krzysztof Pado |
| | | EV/EBIT | 12,4 | 3,5 | 12,7 | krzysztof.pado@bdm.pl |
| | | P/BV | 1,3 | 1,2 | 1,2 | tel.: (+48) 512 338 250 |

Last recommendation BDM: HOLD with target price 11,0 PLN/share (19.02.2025) [LINK](#)

Q4'24 preliminary results [million PLN]

| | Q4'23 | Q4'24E | y/y | Q4'24F BDM | dev. | 2023 | 2024E | y/y |
|--------------|-------|--------|--------|------------|--------|---------|--------|--------|
| Sales | 583,5 | 297,9 | -48,9% | 365,0 | -18,4% | 1 484,1 | 1219,4 | -17,8% |
| Gross profit | 25,8 | 16,0 | -37,9% | 12,4 | 29,5% | 55,9 | 50,5 | -9,7% |
| EBIT | 17,2 | 5,7 | -67,1% | 4,2 | 34,5% | 30,4 | 19,1 | -37,2% |
| Net profit* | 11,0 | 3,9 | -64,3% | 2,8 | 39,3% | 21,1 | 10,8 | -48,9% |
| Gross margin | 4,4% | 5,4% | | 3,4% | | 3,8% | 4,1% | |
| EBIT margin | 2,9% | 1,9% | | 1,2% | | 2,0% | 1,6% | |
| Net margin* | 1,9% | 1,3% | | 0,8% | | 1,4% | 0,9% | |

Source: Dom Maklerski BDM S.A., ZUE, * before the excl. of minorities

Wyniki za ostatnie kwartały [mln PLN]

| | Q1'22 | Q2'22 | Q3'22 | Q4'22 | Q1'23 | Q2'23 | Q'323 | Q4'23 | Q1'24 | Q2'24 | Q3'24 | Q4'24E |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| Sales | 153,6 | 219,6 | 256,0 | 292,2 | 249,3 | 292,4 | 359,0 | 583,5 | 316,2 | 301,0 | 304,3 | 297,9 |
| ZUE standalone | 141,9 | 192,1 | 236,3 | 261,6 | 222,7 | 268,3 | 333,1 | 555,0 | 297,1 | 272,9 | 276,7 | 268,3 |
| subsidiaries | 11,7 | 27,5 | 19,8 | 30,5 | 26,6 | 24,2 | 25,9 | 28,4 | 19,0 | 28,1 | 27,6 | 29,6 |
| Gross profit | 8,3 | 12,7 | 9,0 | 12,8 | 8,5 | 10,3 | 11,4 | 25,8 | 12,6 | 14,9 | 7,0 | 16,0 |
| ZUE standalone | 7,4 | 8,6 | 5,7 | 7,4 | 6,9 | 7,3 | 10,2 | 23,9 | 11,0 | 13,2 | 5,5 | 13,4 |
| subsidiaries | 0,9 | 4,1 | 3,3 | 5,4 | 1,7 | 3,0 | 1,1 | 1,9 | 1,6 | 1,8 | 1,5 | 2,6 |
| EBIT | 3,6 | 5,3 | 3,0 | 6,2 | 1,9 | 4,1 | 7,2 | 17,2 | 5,7 | 6,6 | 1,2 | 4,2 |
| Net profit* | 3,8 | 5,8 | 1,8 | 5,9 | 1,2 | 3,1 | 5,9 | 11,0 | 0,9 | 6,2 | -0,2 | 2,8 |
| Backlog | 1 498 | 1 523 | 1 532 | 1 832 | 1 666 | 1 458 | 2 053 | 1 731 | 1 647 | 1 467 | 1 227 | --- |
| Gross margin | 5,4% | 5,8% | 3,5% | 4,4% | 3,4% | 3,5% | 3,2% | 4,4% | 4,0% | 5,0% | 2,3% | 5,4% |
| ZUE standalone | 5,2% | 4,5% | 2,4% | 2,8% | 3,1% | 2,7% | 3,1% | 4,3% | 3,7% | 4,8% | 2,0% | 5,0% |
| subsidiaries | 8,1% | 14,9% | 16,7% | 17,5% | 6,3% | 12,4% | 4,4% | 6,7% | 8,2% | 6,2% | 5,6% | 8,9% |
| EBIT margin | 2,3% | 2,4% | 1,2% | 2,1% | 0,8% | 1,4% | 2,0% | 2,9% | 1,8% | 2,2% | 0,4% | 1,4% |
| Net margin* | 2,4% | 2,7% | 0,7% | 2,0% | 0,5% | 1,1% | 1,6% | 1,9% | 0,3% | 2,1% | -0,1% | 0,9% |

Source: Dom Maklerski BDM S.A., ZUE, * before the excl. of minorities

- The company has reported preliminary consolidated Q4'24 results.
- ZUE generated revenue of PLN 298m in Q4'24 (-49% y/y). We had expected PLN 365m. The y/y drop in revenue is mainly a consequence of a lower backlog (after Q3'24, it amounted to PLN 1.23bn, which was -40% y/y).
- Gross margin in Q4'24 (5.4%) surprised on the upside and is better q/q and y/y (2.3% in Q3'24 and 4.3% a year ago).
- EBIT amounted to PLN 5.7m (vs. PLN 17.2m a year ago), while net income (before minority income) was PLN 3.9m (vs. PLN 11.0m in Q4'23). This is 35% and 39% above our expectations for Q4'24, respectively. The y/y drop in earnings is a consequence of the aforementioned lower backlog, it should also be remembered that Q4'23 was heavily supported on revenues by the end of the 2014-20 EU funding settlement period.
- Trading company Railway gft Polska and road company Energopol generated positive net results for the full year 2024.
- The company will present its full report on 27 March 2025.

BDM Comment: Q4'24 results are above our expectations on profitability. This allowed the company to generate a net profit higher than our forecasts, despite a deeper decline in revenues. In Q4'24, the company was completing a large contract for the Annopol tram depot; the good results of the period may tentatively indicate that the contract did not take a toll on earnings (the company won this order at the end of 2021, so before the wave of cost increases). The negative y/y revenue growth will continue for the next few quarters in our view. The portfolio's ratio to revenue is the lowest it has been in more than a dozen years (the company did not provide the current value in the announcement, but it can be estimated that it is currently around PLN 1bn). The prospects for its strengthening have started to improve in recent months, with the pace of rail tenders indicating that new contracts may already have only a small impact on 2025 revenues.

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Explanations of terminology:

EBIT - earnings before interest and tax

EBITDA — earnings before interest, taxes, depreciation, and amortization

Net debt – interest bearing debt minus cash and equivalents

WACC - weighted average cost of capital

CAGR - cumulative average annual growth

EPS - earnings per share

DPS - dividend per share

CEPS - net profit plus depreciation per share

EV – market capitalization plus interest bearing debt minus cash and equivalents

EV/S – market capitalization / sales

EV/EBITDA – EV / sales

P/EBIT – market capitalization / EBIT

MC/S – market capitalization / sales

P/E – market capitalization / net profit

P/BV – market capitalization / book value

P/CE - market capitalization / net profit plus depreciation

ROE – net profit / equity

ROA - net income / assets

Gross margin - gross profit on sales / sales

EBITDA margin – EBITDA / sales

EBIT margin – EBIT / sales

Net margin – net profit / sales

Explanation of ratings:

Buy – we believe that the security will reach the target price in the recommended period, which significantly exceeds the current market price (at least + 15%);

Accumulate – we believe that the security will reach the target price in the recommended period, which exceeds the current market price (in the range of +5 to + 14.99%);

Hold – we believe that a security in the recommended period will fluctuate around the target price, which is close to the current market price (in the range from -4.99% to + 4.99%);

Reduce – we believe that the security will reach the target price in the recommended period, which is lower than the market price (range of decline from 5% to 14.99%);

Sell – we believe that a security in the recommended period will reach the target price, which is significantly lower than the market price (suggested erosion of the value exceeds 15%).

Target price – the theoretical price which, in our opinion, should reach a security in the recommended period; This price is the result of the company's value (eg based on DCF, comparative and other valuations), market conditions and the industry as well as other factors subjectively considered by the analyst.

Recommendations made by BDM are binding for 12 months from the issue date or until the target level is reached, unless they are updated during this period of time.

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Ratings and price targets history:

| rating | price target | previous rating | previous target price | report date | report date (hour) | price | WIG |
|------------|--------------|-----------------|-----------------------|-------------|--------------------|-------|--------|
| Hold | 11,0 | Hold | 11,0 | 19.02.2025* | 08:48 CEST | 11,20 | 94 651 |
| Hold | 11,0 | Hold | 11,1 | 22.08.2024* | 11:55 CEST | 10,60 | 84 528 |
| Hold | 11,1 | Accumulate | 8,43 | 22.04.2024* | 14:28 CEST | 11,10 | 84 109 |
| Accumulate | 8,43 | Buy | 7,76 | 04.01.2024* | 09:55 CEST | 7,86 | 77 054 |
| Buy | 7,76 | relaunch | --- | 12.09.2023* | 13:45 CEST | 5,62 | 66 241 |
| Buy | 11,8 | --- | --- | 17.02.2017 | 14:39 CEST | 9,94 | 58 348 |

* The report was prepared by Dom Maklerski BDM at the request of the WSE as part of the Exchange's Analytical Support Programme.

Distribution of BDM's recommendations in Q1'25*:

, distribution of BDM's recommendations for the companies which BDM has supplied with investment banking services within the last 12 months

| | number | % | number | % |
|------------|--------|-----|--------|----|
| Buy | 6 | 55% | 0 | 0% |
| Accumulate | 3 | 27% | 0 | 0% |
| Hold | 2 | 18% | 0 | 0% |
| Reduce | 0 | 0% | 0 | 0% |
| Sell | 0 | 0% | 0 | 0% |

* detailed list of all analytical reports (recommendations) published by BDM during the last 12 months is included at <https://www.bdm.pl/analizy-i-informacje/analizy/historia-rekomendacji>

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