

# Mostostal Zabrze

**buy**

engineering and construction, machinery

previous recommendation: buy

Price\*: 5.68

**Target price: 6.80**

## The next higher level

Mostostal Zabrze has developed a unique position by becoming an engineering company with a specialist profile, with a limited share of strictly construction activities. As a proven partner of global players from many industrial sectors and a contractor of highly specialized municipal projects, such as waste incineration plants, the company focuses on contracts in which competences are key for the clients, not the lowest price. Thanks to this approach, Mostostal Zabrze almost does not participate in the price war on the construction market.

### Record order portfolio

During 2024, the MZ management warned that it was negotiating many contracts, which - due to the complex nature of the planned undertakings - require time-consuming and expensive preparations. It also emphasized that none of these negotiations ended in failure. The beginning of the year brought results and the value of the order portfolio once again exceeded PLN 1.0 billion and is still growing. On March 26, another contract was concluded, this time worth approx. 24% of the Group's revenues for 2024. Moreover, this portfolio is mostly filled with contracts for technologically advanced engineering works, which are characterized by higher margins. These are orders for which a smaller number of companies apply, because much higher competences are required, and proven partners are preferred. Mostostal Zabrze has earned such a status with many global tycoons in several industrial sectors.

### On the threshold of decarbonisation of the steel industry

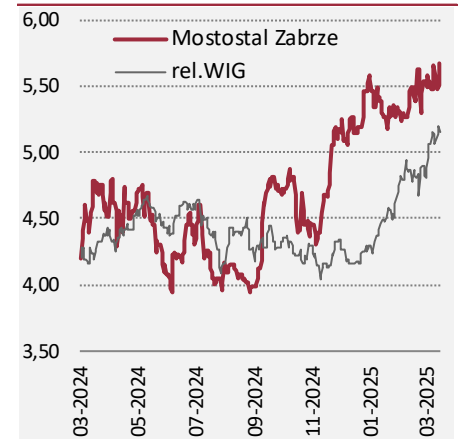
There are still large steel projects related to decarbonisation on the horizon, which are not a significant component of the discussed portfolio for now, and the company has a good starting position to apply for orders in this industry.

### Risk under control

In construction and engineering companies, large orders generate large risks, which MZ has already experienced in its history. However, it is important in this case that the changes made in MZ years ago and the focus on competence in project management have eliminated this problem so far. The last major conflicts with clients in the context of settlements concerned contracts signed in 2016 (Wood and Kinetics Technology). Both ended in 2023 with arbitration awards favourable to MZ and cash inflows.

### Valuation and Recommendation

The rapidly growing value of the order portfolio has translated into an increase in our earnings forecasts. Based on them, we have valued the shares of the Mostostal Zabrze Group at PLN 6.8 per share. This is a weighted average of the DCF valuation, which is PLN 6.6 (weight 25%) (taking into account the payment for the Silesian Stadium - PLN 4.6 (weight 25%)), and the comparative valuation - PLN 8.0 (weight 50%). This means that we maintain a "buy" recommendation for the company's shares.



Max/min 52 weeks (PLN)	5,68 / 3,94		
Shares issued (m)	74,0		
Market cap. (m PLN)	420		
EV (m PLN)	462		
Free float (m PLN)	184		
Average turnover (mln PLN)	0,2		
Main shareholder	Jędrzejewski Krzysztof		
% of shares, % of votes	39.1%, 39.1%		
	<b>1 m</b>	<b>3 m</b>	<b>12 m</b>
Price change	4,0%	7,8%	20,9%
Change rel. WIG	-1,8%	-16,0%	0,3%

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	Revenues	EBIT	EBITDA	Profit before tax	Net profit	EPS	CEPS	BVPS	P/E	P/BV	DY (%)	EV /EBIT	EV /EBITDA	ROE (%)
2023	1351,4	93,2	109,8	100,8	74,5	1,01	1,23	3,9	5,6	1,5	0,1%	5,0	4,2	26,0%
2024	1010,3	51,1	98,7	78,9	61,8	0,84	1,09	4,2	6,8	1,3	0,2%	9,0	4,7	19,8%
2025p	1342,5	60,9	80,1	61,1	40,8	0,55	0,81	4,5	10,3	1,3	0,3%	7,6	5,8	12,2%
2026p	1459,0	72,7	93,4	72,1	48,2	0,65	0,93	4,9	8,7	1,2	0,0%	6,4	4,9	13,3%

F - BN Banku Millennium consolidated forecasts, mPLN

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EV - market valuation of the company + net interest debt

EBIT - operating profit

EBITDA - operating profit + depreciation

WNB - result on banking activity

P/E - ratio of the share price to the net profit per share

P/BV - ratio of the share price to the book value per share

ROE - return on equity

**The scale of recommendation used in Biuro Maklerskie Banku Millennium S.A.**

BUY - we believe that the company's shares have more than 20% upside potential

ACCUMULATE - we believe that the company's shares have more than 10% upside potential

NEUTRAL - we believe that the price of the company's shares will remain stable (+/- 10%)

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Comparative method (comparison of relevant market indicators at which the company is listed with similar indicators for other companies from the same industry or related industries) - better than the DCF method, it reflects the perception of the industry in which the company operates by investors. The disadvantage of the comparative method is the sensitivity to the selection of the adopted comparative group and the compared ratios, as well as high volatility of the valuation depending on the market situation.

ROE-P/BV method (a model that makes the appropriate P/BV ratio dependent on the company's profitability) - a method considered the most appropriate for the valuation of banks. The disadvantage of this method is the sensitivity of the valuation obtained in this way to the assumptions made regarding both the company itself (profitability, effectiveness) and its macroeconomic environment.

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The work related to the preparation of the report was completed on March 27, 2025 at 1:30 p.m., and the date of the first dissemination of the report is the day of completion of the work at 2:00 p.m.

The report was prepared by the Biuro Maklerskie Banku Millennium S.A. commissioned by the Warsaw Stock Exchange S.A. under the Analytical Coverage Support Program.

### BM Banku Millennium recommendation for the last 12 months

Company	Recommendation	Date of the recommendation	Market price on the day the recommendation issue	Target price	Author
IFirma	Neutral	12/04/2024	22,30	21,40	Seweryn Żołyniak
IMS	Accumulate	08/05/2024	4,36	5,00	Łukasz Bugaj
Mostostal Zabrze	Buy	01/07/2024	4,46	5,90	Adam Zajler
IFirma	Neutral	24/09/2024	22,80	20,80	Seweryn Żołyniak
Ambra	Accumulate	01/10/2024	26,10	30,40	Grzegorz Gawkowski
IMS	Buy	07/10/2024	3,54	4,50	Łukasz Bugaj
Mostostal Zabrze	Buy	06/12/2024	5,10	6,10	Adam Zajler
Ambra	Accumulate	12/03/2025	22,70	25,90	Grzegorz Gawkowski

Source: BM Banku Millennium recommendations issued by BM Banku Millennium valid for 6 months from the date of issue, unless they are updated before then.

### Structure of BM Banku Millennium recommendation for the last 12 months

	Number of recommendations	Share
Buy	3	43%
Accumulate	3	43%
Neutral	2	29%
Reduce	0	0%
Sell	0	0%

### The structure of recommendations for companies for which BM Banku Millennium

No recommendations were issued for companies for which BM Banku Millennium provided services in the field of investment banking.

\*last 12 months, including companies for which BM Banku Millennium is a market maker

to the assumptions made regarding both the company itself (profitability, effectiveness) and its