

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 | 2024 | |
|--------------|-------|-----------|------|------|------|-------------------------|
| Price [PLN] | 9,0 | P/E | 12,6 | 9,9 | 19,3 | Analyst: |
| MC [mln PLN] | 207,3 | EV/EBITDA | 6,0 | 1,6 | 6,7 | Krzysztof Pado |
| | | EV/EBIT | 10,6 | 2,4 | 12,3 | krzysztof.pado@bdom.pl |
| | | P/BV | 1,2 | 1,0 | 1,0 | tel.: (+48) 512 338 250 |

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

Q4'24 results [million PLN]

| | Q4'23 | Q4'24 | y/y | Q4'24E comp. | dev. | Q4'24F BDM | dev. | 2023 | 2024 | y/y |
|---|-------|-------|--------|--------------|-------|------------|--------|---------|---------|--------|
| Sales | 583,5 | 297,9 | -48,9% | 297,9 | 0,0% | 365,0 | -18,4% | 1 484,1 | 1 219,4 | -17,8% |
| Gross profit | 25,8 | 16,0 | -38,0% | 16,0 | -0,2% | 12,4 | 29,2% | 55,9 | 50,5 | -9,7% |
| Profit on sales | 17,6 | 6,1 | -65,4% | --- | --- | 4,2 | 45,1% | 25,6 | 16,6 | -35,0% |
| Other operating activity net | -0,4 | -0,5 | --- | --- | --- | 0,0 | --- | 4,9 | 2,4 | -49,8% |
| EBITDA | 20,9 | 9,7 | -53,6% | --- | --- | 8,3 | 17,6% | 45,2 | 34,7 | -23,2% |
| EBIT | 17,2 | 5,6 | -67,3% | 5,7 | -0,7% | 4,2 | 33,5% | 30,4 | 19,1 | -37,3% |
| Profit before tax | 15,4 | 4,1 | -73,1% | --- | --- | 3,5 | 17,9% | 28,9 | 12,1 | -58,0% |
| Net profit before the excl. of minorities | 11,0 | 3,9 | -64,5% | 3,9 | -0,4% | 2,8 | 38,7% | 21,1 | 10,8 | -49,0% |
| Net profit | 10,9 | 3,8 | -65,0% | --- | --- | 2,8 | 37,3% | 21,0 | 10,7 | -49,0% |
| Gross margin | 4,4% | 5,4% | | 5,4% | | 3,4% | | 3,8% | 4,1% | |
| EBITDA margin | 3,6% | 3,3% | | --- | | 2,3% | | 3,0% | 2,8% | |
| EBIT margin | 2,9% | 1,9% | | 1,9% | | 1,2% | | 2,0% | 1,6% | |
| Net margin | 1,9% | 1,3% | | 1,3% | | 0,8% | | 1,4% | 0,9% | |

Source: Dom Maklerski BDM S.A., ZUE

- The company presented its full Q4'24 report. In mid-March, the company already reported preliminary results, which we referred to in a separate commentary ([link](#)).
- The final results are without major deviations.
- ZUE posted revenue of PLN 298m in Q4'24 (-49% y/y). 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 5.6m (vs. PLN 17.2m a year ago), while net income was PLN 3.8m (vs. PLN 10.9m in Q4'23). The balance of other operating activities was marginally negative (PLN -0.5m). The financial balance was also negative (PLN -1.5m). The tax rate amounted to 6%. The y/y decline in results is a consequence of the aforementioned lower backlog. It should also be remembered that Q4'23 was strongly supported on revenues by the end of the period of settlement of EU funds from the 2014-20 perspective
- Revenues from the Romanian market amounted to PLN 37m in Q4'24 (vs. PLN 49m in Q4'23, for the whole 2024 at PLN 155m).
- In full 2024, PKP PLK accounted for 29% of the group's revenue (37% a year earlier).
- Net debt after Q4'24 was PLN 26m (a year ago there was net cash of PLN 134m - an above-normal level of cash and trade payables). Operating CF in Q4'24 was positive in line with the seasonal pattern (PLN +49m).
- Backlog currently stands at PLN 1,079m. The company also has the best bids in tenders for PLN 850m (two proceedings for PKP PLK, one in Romania and three smaller ones in the tram market).
- In February, the company acquired the NTB Systemy entity for PLN 1.3 million (the company is expected to contribute know-how in tramway tracks based on structures using chemical materials in their composition).
- In a letter to shareholders, the CEO stressed once again that ZUE is looking for its business opportunities outside the country (including Romania, Germany). The company expects a revival in rail and tram tenders in Poland in 2025.

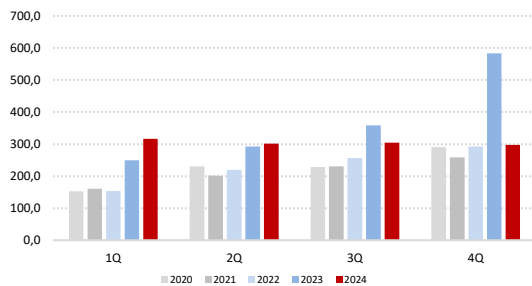
BDM Comment: Preliminary Q4'24 results were already published a few weeks ago, so the final results are not a surprise. They are above our expectations on profitability. This allowed net profit to come in higher than our forecasts, despite a deeper decline in revenues. The negative y/y revenue growth will continue for the next few quarters in our view. The portfolio-to-revenue ratio is the lowest it has been in a dozen years. The outlook for its strengthening has 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. More information on the earnings outlook may come from today's earnings conference call (12:00).

Results in previous quarters [PLN m]

| | 1Q'21 | 2Q'21 | 3Q'21 | 4Q'21 | 1Q'22 | 2Q'22 | 3Q'22 | 4Q'22 | 1Q'23 | 2Q'23 | 3Q'23 | 4Q'23 | 1Q'24 | 2Q'24 | 3Q'24 | 4Q'24 |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|--------------|--------------|
| Sales | 160,9 | 201,5 | 230,6 | 258,4 | 153,6 | 219,6 | 256,0 | 292,2 | 249,3 | 292,4 | 359,0 | 583,5 | 316,2 | 301,0 | 304,3 | 297,9 |
| Construction | 141,1 | 190,9 | 211,8 | 237,0 | 140,8 | 191,5 | 236,1 | 262,6 | 223,8 | 273,2 | 340,6 | 567,6 | 305,4 | 282,0 | 286,4 | 277,9 |
| Trade | 8,1 | 18,7 | 16,5 | 20,0 | 11,1 | 26,2 | 17,5 | 23,0 | 23,5 | 17,2 | 18,0 | 15,8 | 10,8 | 19,0 | 17,9 | 20,0 |
| Design | 1,5 | 1,9 | 2,3 | 1,2 | 1,8 | 1,7 | 2,4 | 2,6 | 1,7 | 2,2 | 0,4 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Exclusion | 0,2 | 0,1 | 0,0 | 0,2 | 0,0 | 0,2 | 0,0 | 3,9 | 0,3 | -0,1 | 0,0 | 0,1 | 0,0 | 0,0 | 0,0 | 0,0 |
| Gross profit | 5,4 | 4,7 | 10,2 | 14,8 | 8,3 | 12,7 | 9,0 | 12,8 | 8,5 | 10,3 | 11,4 | 25,8 | 12,6 | 14,9 | 7,0 | 16,0 |
| Construction | 4,8 | 2,8 | 8,8 | 13,4 | 7,4 | 8,6 | 5,7 | 9,4 | 6,4 | 8,6 | 10,0 | 24,9 | 11,7 | 13,7 | 5,8 | 14,8 |
| Trade | 0,5 | 1,0 | 1,0 | 1,5 | 1,0 | 4,1 | 3,0 | 2,9 | 1,8 | 0,9 | 1,1 | 0,8 | 0,8 | 1,3 | 1,3 | 1,2 |
| Design | 0,3 | 0,7 | 0,5 | 0,0 | 0,2 | 0,1 | 0,5 | 0,4 | 0,3 | 0,7 | 0,1 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Exclusion | -0,2 | 0,1 | -0,1 | -0,2 | -0,2 | -0,1 | -0,2 | 0,0 | -0,1 | 0,1 | 0,2 | 0,1 | 0,0 | -0,1 | 0,0 | 0,0 |
| SG&A | 6,2 | 5,5 | 6,4 | 7,0 | 5,3 | 7,2 | 6,3 | 7,4 | 6,8 | 7,5 | 8,0 | 8,1 | 7,9 | 8,1 | 8,0 | 9,9 |
| Profit on sales | -0,8 | -0,8 | 3,8 | 7,7 | 3,1 | 5,5 | 2,8 | 5,3 | 1,7 | 2,8 | 3,4 | 17,6 | 4,7 | 6,8 | -1,0 | 6,1 |
| Other operat. activity net | 0,6 | 2,9 | 0,8 | -0,1 | 0,6 | -0,1 | 0,2 | 0,9 | 0,2 | 1,3 | 3,9 | -0,5 | 1,0 | -0,2 | 2,2 | -0,5 |
| EBITDA | 2,8 | 5,2 | 8,0 | 11,1 | 7,0 | 8,7 | 6,4 | 9,8 | 5,5 | 7,8 | 11,0 | 20,9 | 9,5 | 10,3 | 5,2 | 9,7 |
| EBIT | -0,3 | 2,2 | 4,7 | 7,6 | 3,6 | 5,3 | 3,0 | 6,2 | 1,9 | 4,1 | 7,2 | 17,2 | 5,7 | 6,6 | 1,2 | 5,6 |
| Profit before tax | -0,6 | 2,1 | 4,4 | 9,4 | 4,9 | 6,9 | 3,0 | 7,3 | 2,0 | 3,7 | 7,8 | 15,4 | 3,0 | 6,3 | -1,3 | 4,1 |
| Net profit | -0,7 | 1,4 | 3,3 | 7,8 | 3,8 | 5,5 | 1,6 | 5,5 | 1,1 | 3,0 | 5,9 | 10,9 | 1,0 | 6,2 | -0,2 | 3,8 |
| Gross margin | 3,3% | 2,3% | 4,4% | 5,7% | 5,4% | 5,8% | 3,5% | 4,4% | 3,4% | 3,5% | 3,2% | 4,4% | 4,0% | 5,0% | 2,3% | 5,4% |
| Construction | 3,4% | 1,5% | 4,2% | 5,7% | 5,2% | 4,5% | 2,4% | 3,6% | 2,9% | 3,1% | 2,9% | 4,4% | 3,8% | 4,9% | 2,0% | 5,3% |
| Trade | 5,7% | 5,6% | 5,8% | 7,4% | 9,0% | 15,5% | 17,1% | 12,5% | 7,7% | 5,0% | 5,9% | 5,1% | 7,5% | 6,9% | 7,1% | 5,9% |
| Design | 17,9% | 38,1% | 21,7% | 0,7% | 10,9% | 8,2% | 21,2% | 16,3% | 19,8% | 32,0% | --- | --- | --- | --- | --- | --- |
| EBITDA margin | 1,7% | 2,6% | 3,5% | 4,3% | 4,5% | 4,0% | 2,5% | 3,4% | 2,2% | 2,7% | 3,1% | 3,6% | 3,0% | 3,4% | 1,7% | 3,3% |
| EBIT margin | -0,2% | 1,1% | 2,0% | 2,9% | 2,3% | 2,4% | 1,2% | 2,1% | 0,8% | 1,4% | 2,0% | 2,9% | 1,8% | 2,2% | 0,4% | 1,9% |
| Net margin | -0,4% | 0,7% | 1,4% | 3,0% | 2,4% | 2,5% | 0,6% | 1,9% | 0,4% | 1,0% | 1,7% | 1,9% | 0,3% | 2,0% | -0,1% | 1,3% |
| CFO | -0,6 | 15,3 | -6,7 | 101,8 | -28,9 | -9,5 | -35,9 | 31,8 | -29,6 | 4,2 | -34,1 | 196,9 | -180,6 | 9,0 | 6,7 | 49,3 |
| Net debt | 17,6 | 8,7 | 18,6 | -80,2 | -49,5 | -35,5 | 2,3 | -14,6 | 17,3 | 20,1 | 50,5 | -134,2 | 50,2 | 75,8 | 73,0 | 26,3 |
| Backlog | 1 413 | 1 226 | 1 398 | 1 500 | 1 498 | 1 523 | 1 532 | 1 832 | 1 666 | 1 458 | 2 053 | 1 731 | 1 647 | 1 467 | 1 227 | 1 079 |

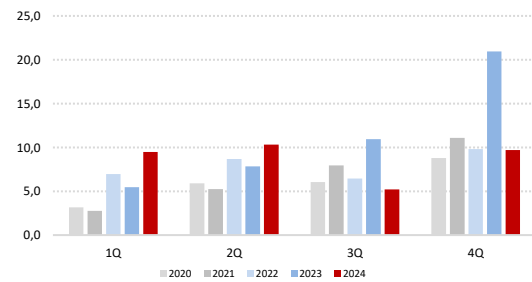
Source: Dom Maklerski BDM S.A., company

Sales [PLN m]



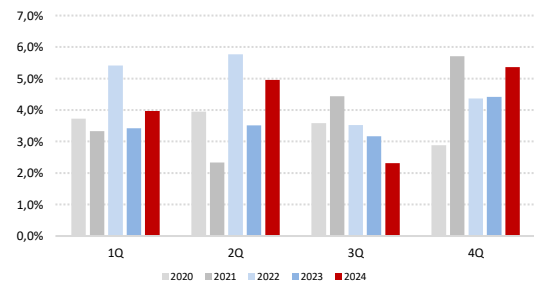
Źródło: BDM S.A., spółka

EBITDA [PLN m]



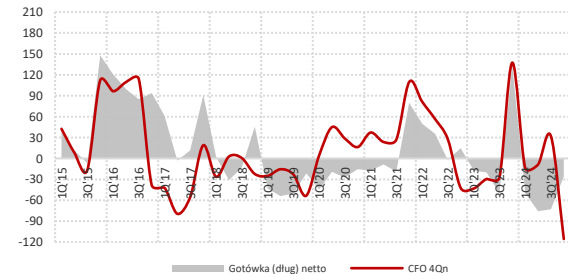
Źródło: BDM S.A., spółka

Gross margin



Źródło: BDM S.A., spółka

Net cash (debt) and OCF [PLN m]



Źródło: DM BDM S.A., spółka

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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.
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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 Q2'25*:

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

| | number | % | number | % |
|------------|--------|----|--------|----|
| Buy | 0 | 0% | 0 | 0% |
| Accumulate | 0 | 0% | 0 | 0% |
| Hold | 0 | 0% | 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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The report constitutes an investment research within the meaning of art. 36 §1 of Commission Delegated Regulation (EU) 2017/565.

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