



Dom Maklerski BDM S.A.

## ELEKTROTIM

### ANALYTICAL REPORT - SUMMARY

The company continues its portfolio growth trend, benefiting from the recovery in the electricity industry. Q4'24 EBITDA results were in line with our expectations. We view positively management's outlook from the recent earnings conference call (assuming 15% gross sales margin and 7% net margin in the medium term while maintaining a high CAGR on the revenue side and being able to service PLN 1bn in revenue). We are raising our model assumptions in this direction. We now assume close to 7% net margin in 2025-27 (with a slight decline towards 6.5% in subsequent years) and exceeding PLN 1.0bn in revenue in 2029. Such assumptions (along with the recent drop in risk-free rate in the form of 10Y bond yields) raise our valuation to PLN 54.3 (previously PLN 47.7). We are reiterating an Accumulate recommendation. The company's rather unique exposure (both power and defense) compared to other WSE-listed construction companies, along with its successful business turnaround in recent years, may continue to support investor interest in the company, while the multiples at which it is trading are no longer low (EV/EBITDA'25=8.3x, '26=6.7x).

#### Recent results

In 2024, the company generated revenue of PLN 525m (-4% y/y), EBITDA of PLN 58.6m and net profit of PLN 54.1m (with the result on the sale of the Zeus subsidiary responsible for PLN 18.2m). In Q4'24 alone, revenues amounted to PLN 189m (+37% y/y), with EBITDA at PLN 15.8m and net profit at PLN 8.6m (a year ago, there was a loss due to a number of one-offs). The company's Q4'24 results were in line with our assumptions at the EBITDA level (net income 12% below due to increased financial expenses and tax rate). At the end of Q4'24, the company had net cash of PLN 36m (vs. net debt of PLN 31m after Q3'24 and net cash of PLN 27m at the end of 2023).

#### Backlog

After Q4'24, the Group's backlog amounted to PLN 545m (+66% y/y, -8% q/q). After February'25, it increased to a record level of PLN 692m (the company signed a number of contracts mainly for network upgrades), of which PLN 527m is due in 2025. The goal, signalled by the company, is to enter the scale of >£1bn of backlog and revenues in a few years' time.

#### Segmental positioning

The company's business is based on two areas: Installations (defence, industrial and maintenance) and Networks (distribution and traction). We maintain that, in the medium/long term, the company should be the beneficiary of increased expenditure on the power distribution network, derived from the development of RES and the maintenance of increased expenditure on the military area. Also, the maintenance and traction divisions are exposed to the inflow of EU funds. In addition, the company is signalling interest in contracts for PSE, where the contracting authority's announcements for the coming years are very ambitious.

#### Profit forecasts, ratios

We assume that the company will generate PLN 573m in revenue and PLN 38.4m in net profit in 2025. In 2026-27, we currently estimate revenue growth of ca. 22-26% y/y (with emphasis on the power and defense segments; we have raised our forecasts given the company's high contract acquisition in recent months). Our forecasts imply EV/EBITDA'25=8.3x, P/E'25=12.9x and 6.7x and 10.2x, respectively, over the next year.

|                           | 2022  | 2023  | 2024* | 2025F | 2026F | 2027F |
|---------------------------|-------|-------|-------|-------|-------|-------|
| Sales [PLN m]             | 505,6 | 546,9 | 524,8 | 572,8 | 698,0 | 877,8 |
| Profit on sales [PLN m]   | 39,4  | 50,8  | 48,6  | 50,2  | 61,7  | 75,8  |
| EBITDA [PLN m]            | 38,1  | 38,7  | 58,6  | 54,8  | 66,4  | 80,7  |
| EBIT [PLN m]              | 33,2  | 34,2  | 54,2  | 50,2  | 61,7  | 75,8  |
| Profit before tax [PLN m] | 30,4  | 32,3  | 64,2  | 47,4  | 59,9  | 74,4  |
| Net profit [PLN m]        | 22,0  | 22,4  | 54,1  | 38,4  | 48,5  | 60,3  |
| Net debt (cash) [PLN m]   | -50,5 | -27,1 | -35,8 | -43,5 | -49,0 | -52,2 |
| DPS [PLN/share]           | 0,00  | 1,55  | 2,50  | 2,50  | 2,88  | 3,65  |
| P/BV                      | 5,0   | 4,8   | 3,7   | 3,4   | 3,0   | 2,6   |
| P/E                       | 22,6  | 22,2  | 9,2   | 12,9  | 10,2  | 8,2   |
| P/E adj.                  | 22,6  | 22,2  | 12,9  | 12,9  | 10,2  | 8,2   |
| EV/EBITDA                 | 11,7  | 12,1  | 7,9   | 8,3   | 6,7   | 5,5   |
| EV/EBIT                   | 13,4  | 13,7  | 8,5   | 9,0   | 7,2   | 5,9   |

\*earnings forecasts for 2024 include a +£18.5 million result on the deconsolidation of the Zeus subsidiary at gross and net profit levels (we have adjusted the P/E ratio in the table above for this event)

This report has been prepared in compliance with Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 (on market abuse), Commission Delegated Regulation (EU) 2016/958 and Commission Delegated Regulation (EU) 2017/565. Detailed contents of legal notes is located on the last page of this report. The report has been prepared and made available for distribution by BDM. GPW shall be a copyright holder to this report from the date of its publication. The report can be published and made available without limitation by GPW through any mass communication media as decided by GPW.

## ACCUMULATE

(PREVIOUS: ACCUMULATE)

**TARGET PRICE 54,3 PLN**

8th MAY 2025, 13:30 CET

|                          |             |
|--------------------------|-------------|
| DCF valuation [PLN]      | 54,2        |
| Peer valuation [PLN]     | 54,8        |
| Target price [PLN]       | <b>54,3</b> |
| Price upside/downside    | <b>9,2%</b> |
| Cost of capital          | 13,3%       |
| Price [PLN]              | 49,7        |
| Market cap [PLNm]        | 496,2       |
| No. of shares [mn]       | 10,0        |
| Max. price 6M [PLN]      | 52,7        |
| Min. price 6m [PLN]      | 34,0        |
| Rate of return 3M        | 14,6%       |
| Rate of return 6M        | 46,4%       |
| Rate of return 9M        | 73,9%       |
| Shareholders             |             |
| Vesper Fundacja Rodzinna | 13,2%       |
| Krzysztof i Ewa Folta    | 10,4%       |
| Futuro Fundacja Rodzinna | 6,0%        |
| NN OFE                   | 5,9%        |
| OFE Allianz              | 5,1%        |
| Pozostali                | 59,4%       |

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### Valuation summary

|                           | Share | Valuation   |
|---------------------------|-------|-------------|
| DCF valuation             | 80%   | 54,2        |
| Peer valuation:           | 20%   | 54,9        |
| <b>Target price [PLN]</b> |       | <b>54,3</b> |

Source: Dom Maklerski BDM S.A.

### DCF valuation

|                                   | 2025F        | 2026F | 2027F | 2028F | 2029F   | 2030F   | 2031F   | 2032F   | 2033F   | 2034F   |
|-----------------------------------|--------------|-------|-------|-------|---------|---------|---------|---------|---------|---------|
| Revenues [PLN m]                  | 572,8        | 698,0 | 877,8 | 938,6 | 1 007,4 | 1 045,7 | 1 078,9 | 1 107,5 | 1 132,1 | 1 154,0 |
| EBIT [PLN m]                      | 50,2         | 61,7  | 75,8  | 80,4  | 85,8    | 88,5    | 90,7    | 92,4    | 93,7    | 94,7    |
| Tax rate                          | 19,0%        | 19,0% | 19,0% | 19,0% | 19,0%   | 19,0%   | 19,0%   | 19,0%   | 19,0%   | 19,0%   |
| Tax on EBIT [PLN m]               | 9,5          | 11,7  | 14,4  | 15,3  | 16,3    | 16,8    | 17,2    | 17,6    | 17,8    | 18,0    |
| NOPLAT [PLN m]                    | 40,6         | 50,0  | 61,4  | 65,2  | 69,5    | 71,7    | 73,4    | 74,8    | 75,9    | 76,7    |
| Amortization [PLN m]              | 4,6          | 4,7   | 4,9   | 5,1   | 5,1     | 5,1     | 5,1     | 5,1     | 5,1     | 5,2     |
| CAPEX [PLN m]                     | -4,8         | -4,9  | -5,1  | -5,0  | -5,2    | -5,1    | -5,2    | -5,2    | -5,2    | -5,2    |
| Working capital movement [PLN m]  | -6,0         | -15,6 | -22,4 | -7,6  | -8,6    | -4,8    | -4,1    | -3,6    | -3,1    | -2,7    |
| FCF [PLN m]                       | 34,4         | 34,2  | 38,8  | 57,7  | 60,8    | 66,9    | 69,3    | 71,3    | 72,8    | 74,0    |
| DFCF [PLN m]                      | 31,8         | 27,9  | 28,0  | 36,9  | 34,4    | 33,4    | 30,6    | 27,8    | 25,1    | 22,6    |
| Total DFCF [PLN m]                | 298,5        |       |       |       |         |         |         |         |         |         |
| Terminal value [PLN m]            | 678,1        |       |       |       |         |         |         |         |         |         |
| Discounted terminal value [PLN m] | 206,8        |       |       |       |         |         |         |         |         |         |
| Enterprise value [PLN m]          | 505,2        |       |       |       |         |         |         |         |         |         |
| Net debt 2024 [PLN m]             | -35,8        |       |       |       |         |         |         |         |         |         |
| Dividend [PLN m]                  | 0,0          |       |       |       |         |         |         |         |         |         |
| Minority interests [PLN m]        | 0,3          |       |       |       |         |         |         |         |         |         |
| <b>Equity value [PLN m]</b>       | <b>540,7</b> |       |       |       |         |         |         |         |         |         |
| Number of shares [m]              | 10,0         |       |       |       |         |         |         |         |         |         |
| <b>Value per share [PLN]</b>      | <b>54,2</b>  |       |       |       |         |         |         |         |         |         |

Terminal growth rate: +2,0%

### WACC calculation

|                        | 2025F        | 2026F        | 2027F        | 2028F        | 2029F        | 2030F        | 2031F        | 2032F        | 2033F        | 2034F        |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Risk-free rate         | 5,25%        | 5,25%        | 5,25%        | 5,25%        | 5,25%        | 5,25%        | 5,25%        | 5,25%        | 5,25%        | 5,25%        |
| Risk premium           | 8,00%        | 8,00%        | 8,00%        | 8,00%        | 8,00%        | 8,00%        | 8,00%        | 8,00%        | 8,00%        | 8,00%        |
| Beta                   | 1,0          | 1,0          | 1,0          | 1,0          | 1,0          | 1,0          | 1,0          | 1,0          | 1,0          | 1,0          |
| Credit premium         | 1,50%        | 1,50%        | 1,50%        | 1,50%        | 1,50%        | 1,50%        | 1,50%        | 1,50%        | 1,50%        | 1,50%        |
| Cost of equity         | 13,3%        | 13,3%        | 13,3%        | 13,3%        | 13,3%        | 13,3%        | 13,3%        | 13,3%        | 13,3%        | 13,3%        |
| Contribution of equity | 96,0%        | 96,9%        | 97,7%        | 98,1%        | 98,4%        | 98,4%        | 98,4%        | 98,5%        | 98,5%        | 98,5%        |
| Cost of debt after tax | 5,5%         | 5,5%         | 5,5%         | 5,5%         | 5,5%         | 5,5%         | 5,5%         | 5,5%         | 5,5%         | 5,5%         |
| Contribution of debt   | 4,0%         | 3,1%         | 2,3%         | 1,9%         | 1,6%         | 1,6%         | 1,6%         | 1,5%         | 1,5%         | 1,5%         |
| <b>WACC</b>            | <b>12,9%</b> | <b>13,0%</b> | <b>13,1%</b> | <b>13,1%</b> | <b>13,1%</b> | <b>13,1%</b> | <b>13,1%</b> | <b>13,1%</b> | <b>13,1%</b> | <b>13,1%</b> |

Source: Dom Maklerski BDM S.A.

### DCF - sensitivity analysis

|      | Terminal growth rate |       |       |       |              | Terminal growth rate |       |       |       |              | Beta |      |      |      |
|------|----------------------|-------|-------|-------|--------------|----------------------|-------|-------|-------|--------------|------|------|------|------|
|      | 0,9                  | 1,00% | 2,00% | 3,00% |              | 7,0%                 | 1,00% | 2,00% | 3,00% |              | 0,9  | 1,0  | 1,1  |      |
| beta | 1,0                  | 52,3  | 54,2  | 56,4  | Risk premium | 8,0%                 | 52,3  | 54,2  | 56,4  | Risk premium | 8,0% | 58,3 | 54,2 | 50,6 |
|      | 1,1                  | 49,0  | 50,6  | 52,4  |              | 9,0%                 | 48,2  | 49,7  | 51,5  |              | 9,0% | 53,7 | 49,7 | 46,3 |

Source: Dom Maklerski BDM S.A.

### Peer valuation

|                                      | P/E         |             |             | EV/EBITDA   |             |             |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                      | 2025F       | 2026F       | 2027F       | 2025F       | 2026F       | 2027F       |
| Atrém                                | 11,3        | 10,8        | 11,9        | 7,3         | 6,8         | 7,5         |
| Budimex                              | 22,8        | 19,4        | 16,9        | 12,8        | 10,6        | 8,9         |
| Intról                               | 8,2         | 8,6         | 8,5         | 3,8         | 3,6         | 3,3         |
| Mostostal Zabrze                     | 10,9        | 10,9        | 9,9         | 4,0         | 3,6         | 3,2         |
| Onde                                 | 27,6        | 61,2        | 30,1        | 10,5        | 13,5        | 10,1        |
| <b>Median</b>                        | <b>11,3</b> | <b>10,9</b> | <b>11,9</b> | <b>7,3</b>  | <b>6,8</b>  | <b>7,5</b>  |
| <b>Elektrotim</b>                    | <b>12,9</b> | <b>10,2</b> | <b>8,2</b>  | <b>8,3</b>  | <b>6,7</b>  | <b>5,5</b>  |
| Premium/discount                     | 14%         | -6%         | -31%        | 13%         | -1%         | -27%        |
| <b>Valuation [PLN/share]</b>         | <b>43,5</b> | <b>53,0</b> | <b>71,9</b> | <b>44,4</b> | <b>50,3</b> | <b>66,2</b> |
| Year's contribution                  | 33%         | 33%         | 33%         | 33%         | 33%         | 33%         |
| <b>Average valuation [PLN/share]</b> | <b>56,1</b> |             |             | <b>53,6</b> |             |             |
| Multiple's contribution              |             | 50%         |             | 50%         |             |             |
| <b>Value per share [PLN]</b>         | <b>54,9</b> |             |             |             |             |             |

### Main risks:

- risk of a surge in material costs translating into a decrease in margins during project execution,
- the risk of significant ongoing or potential contracts for the Border Guard resulting from the value of the contracts and tight deadlines
- risk of lack of qualified employees
- potential supply of shares by major shareholders
- payment bottlenecks and bankruptcies in the construction industry;
- problems with obtaining financing and bank guarantees;
- risk of not obtaining new orders and high competition;

|                    | 2022  | 2023  | 2024  | 2025F | 2026F | 2027F |
|--------------------|-------|-------|-------|-------|-------|-------|
| EPS, Adj+          | 2,20  | 2,24  | 5,42  | 3,85  | 4,86  | 6,04  |
| Revenue            | 505,6 | 546,9 | 524,8 | 572,8 | 698,0 | 877,8 |
| Gross Margin %     | 13,3% | 13,9% | 15,4% | 14,9% | 15,0% | 14,8% |
| EBIT               | 33,2  | 34,2  | 54,2  | 50,2  | 61,7  | 75,8  |
| EBITDA             | 38,1  | 38,7  | 58,6  | 54,8  | 66,4  | 80,7  |
| Net Income Adj+    | 22,0  | 22,4  | 54,1  | 38,4  | 48,5  | 60,3  |
| Net Debt           | -50,5 | -27,1 | -35,8 | -43,5 | -49,0 | -52,2 |
| BPS                | 9,82  | 10,55 | 13,43 | 14,78 | 16,75 | 19,15 |
| DPS                | 0,00  | 1,55  | 2,50  | 2,50  | 2,88  | 3,65  |
| Return on Equity % | 22,4% | 21,2% | 40,3% | 26,0% | 29,0% | 31,5% |
| Return on Assets % | 8,2%  | 8,3%  | 20,5% | 13,4% | 14,6% | 15,3% |
| Depreciation       | 4,7   | 4,3   | 4,3   | 4,5   | 4,9   | 4,8   |
| Amortization       | 0,2   | 0,1   | 0,1   | 0,1   | 0,2   | 0,3   |
| Free Cash Flow     | 43,0  | -1,4  | 46,0  | 32,7  | 35,1  | 40,4  |
| CAPEX              | 1,7   | 1,8   | 1,3   | 4,8   | 4,9   | 5,1   |

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**Ratings and price targets history:**

| rating            | price target | previous rating   | previous target price | report date        | report date (hour) | price        | WIG            |
|-------------------|--------------|-------------------|-----------------------|--------------------|--------------------|--------------|----------------|
| <b>Accumulate</b> | <b>54,3</b>  | <b>Accumulate</b> | <b>47,7</b>           | <b>08.05.2025*</b> | <b>13:30 CET</b>   | <b>49,70</b> | <b>101 058</b> |
| Accumulate        | 47,7         | Accumulate        | 36,7                  | 06.03.2025*        | 12:30 CET          | 43,00        | 92 242         |
| Accumulate        | 36,7         | Accumulate        | 31,0                  | 28.10.2024*        | 08:15 CEST         | 33,00        | 80 756         |
| Accumulate        | 31,0         | Accumulate        | 19,1                  | 20.05.2024*        | 08:00 CEST         | 27,85        | 88 735         |
| Accumulate        | 19,1         | Buy               | 17,1                  | 04.01.2024*        | 09:55 CEST         | 17,48        | 77 054         |
| Buy               | 17,1         | Buy               | 15,8                  | 10.10.2023*        | 11:20 CEST         | 14,70        | 66 149         |
| Buy               | 15,8         | Buy               | 13,0                  | 13.06.2023*        | 08:30 CEST         | 13,26        | 66 298         |
| Buy               | 13,0         | Accumulate        | 8,17                  | 10.05.2023*        | 09:22 CEST         | 10,60        | 63 285         |
| Accumulate        | 8,17         | Hold              | 6,79                  | 09.12.2022*        | 16:00 CEST         | 7,16         | 55 651         |
| Hold              | 6,79         | Buy               | 11,0                  | 18.10.2022*        | 12:00 CEST         | 6,48         | 47 309         |
| Buy               | 11,0         | Buy               | 10,2                  | 15.06.2022*        | 07:00 CEST         | 6,50         | 53 247         |
| Buy               | 10,2         | ---               | ---                   | 23.08.2021*        | 07:00 CEST         | 6,54         | 67 966         |

\* The report was prepared by Dom Maklerski BDM at the request of the WSE as part of the Exchange's Analytical Coverage Support Programme.  
-- the author of the reports on Elektrotim in 2021-06'2022 was Krystian Brymora

#### 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.

#### The strengths and weaknesses of the valuation methods used in the report:

DCF – the most popular and the most effective of the valuation methods - it is based on the discounting of future cash flows generated by the company. The disadvantage is the high sensitivity to changes in the basic financial parameters forecast in the model (interest rates, exchange rates, profits, residual value).  
 DDM – the method is based on discounting future cash flows from dividends. The advantage of the valuation is the inclusion of future financial results and cash flows from dividends. The main disadvantages are the high sensitivity to changes in the basic financial parameters forecasted in the model (capital cost, profits, residual value) and the risk of changing the dividend payment policy.  
 Comparative – the method is based on current and forecasted market multipliers of companies from the industry or related industries, which better than DCF shows the current market situation. The main disadvantages are the difficulty in choosing the right companies for comparison, the risk of ineffective valuation of companies compared at a given moment, as well as high volatility (along with price fluctuations).

| Distribution of BDM's recommendations in 2Q'25*: |         |     | , distribution of BDM's recommendations for the companies which BDM has supplied with investment banking services within the last 12 months |    |
|--|---------|-----|---|----|
|  | numbers | %   | numbers   | %  |
| Buy  | 2       | 40% | 0   | 0% |
| Accumulate                                       | 1       | 20% | 0   | 0% |
| Hold   | 2       | 40% | 0   | 0% |
| Reduce   | 0       | 0%  | 0   | 0% |
| Sell   | 0       | 0%  | 0   | 0% |

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