

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]	10,2	P/E	14,3	11,1	21,8	Analyst:
MC [mln PLN]	233,8	EV/EBITDA	6,9	2,2	7,5	Krzysztof Pado
		EV/EBIT	12,1	3,3	13,6	krzysztof.pado@bdm.pl
		P/BV	1,3	1,2	1,1	tel.: (+48) 512 338 250

Last recommendation BDM: HOLD with target price 8,70 PLN/share (19.05.2025) [LINK](#)

Q2'25 results [million PLN]

	Q2'24	Q2'25	y/y	Q2'25F BDM	dev.	H1'24	H1'25	y/y
Sales	301,0	222,6	-26,0%	232,2	-4,1%	617,2	402,8	-34,7%
Gross profit	14,9	21,6	44,6%	21,8	-1,2%	27,5	27,0	-1,8%
Profit on sales	6,8	12,4	82,1%	13,6	-8,7%	11,5	8,7	-24,2%
Other operating activity net	-0,2	2,1	---	1,3	57,7%	0,8	1,2	53,3%
EBITDA	10,3	18,5	79,6%	19,1	-3,0%	19,8	18,1	-8,7%
EBIT	6,6	14,5	120,2%	14,9	-3,0%	12,3	9,9	-19,3%
Profit before tax	6,3	12,3	96,7%	13,6	-9,6%	9,3	6,2	-32,5%
Net profit before the excl. of minorities	6,2	10,4	68,1%	10,5	-1,0%	7,1	5,6	-21,8%
Net profit	6,2	10,4	69,1%	10,5	-0,5%	7,1	5,6	-20,8%
Gross margin	5,0%	9,7%		9,4%		4,5%	6,7%	
EBITDA margin	3,4%	8,3%		8,2%		3,2%	4,5%	
EBIT margin	2,2%	6,5%		6,4%		2,0%	2,5%	
Net margin	2,1%	4,7%		4,5%		1,2%	1,4%	

Source: Dom Maklerski BDM S.A., ZUE

- The company presented its full report for Q2'25. In the second half of July, the company had already announced its preliminary standalone results (the consolidated results also include Railway gft Polska and Energopol).
- The final standalone results are in line with the company's estimates, while the results of its subsidiaries are lower than our forecasts (mainly in terms of revenue).
- In Q2'25, ZUE's revenue amounted to PLN 223m (-26% y/y). The y/y decline in revenue is mainly a consequence of a lower portfolio (after Q1'25, it amounted to PLN 1.3bn, which was -20% y/y).
- Gross sales profitability in Q2'25 (9.7%) was the biggest positive surprise already in the preliminary results. It was significantly better q/q and y/y (3.0% in Q1'25 and 5.0% a year ago). We assume that such a large difference in profitability between Q2'25 and Q1'25 may be a result of a conservative approach to risks at the beginning of the year and then a positive resolution of some issues for the company in Q2'25 (we note that the company has completed or is currently completing several long-term contracts). We assume that the management will comment on the margin during today's earnings conference call.
- EBIT amounted to PLN 14.5m (vs. PLN 6.6m a year ago), while the net result was PLN 10.4m (vs. PLN 6.2m in 2Q'24). The balance of other operating activities was positive (PLN 2.1m). The financial balance was negative (PLN -2.2m).
- Revenues from the Romanian market amounted to PLN 40m in Q2'25 (vs. PLN 30m in Q1'25, PLN 155m in the whole of 2024).
- Net debt after Q2'25 amounted to PLN 83m (PLN 76m a year ago). Operating CF in Q2'25 was negative (PLN -24m).
- Backlog as at the date of the report amounted to PLN 1,188m (vs. PLN 1,316m a quarter ago). The value of new contracts signed pending approval of the financial statements amounted to PLN 154m.
- The company expects an increase in the number of tenders in urban infrastructure from H2'25.
- Earnings conference call today at 12:00.

BDM Comment: The final consolidated results for Q2'25 are slightly below our forecast (standalone results are in line with the company's earlier estimates, while the results of subsidiaries are slightly weaker). What is particularly noteworthy about the results is the high level of gross margin (9.7%). The company did not provide any specific commentary on the results in the report. We suspect that it may be about the positive resolution of risks on contracts being completed, which were previously conservatively reported.

In the context of the H2'25 outlook, the determinant should not be the Q2'25 margin but rather the margin for the full H1'25 period (6.7% on a standalone basis), although we would consider even this level a success. The company is targeting a 6% margin in the medium term, the average for 2020-24 being 4.0%. We note that revenues should now be based largely on the Katowice - Będzin contract, which was won in a favourable tender window in 2023.

Revenue-wise, H1'25 saw a marked y/y decline. We assume that the dynamics may continue to be negative in H2'25 (but on a smaller scale than in H1'25). In the medium term, we note that at the beginning of July the company submitted the lowest price in PKP PLK's PLN 2.6bn tender (Gdynia Chylonia - Łęborg). We assume that if the company's bid is not challenged in

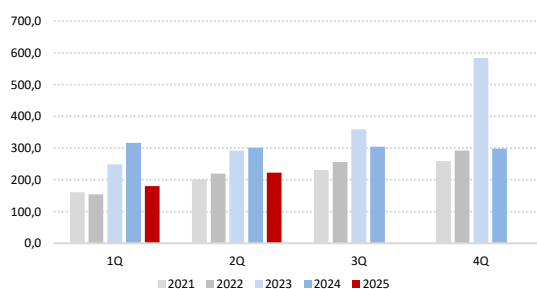
appeals by the competition, the contract could probably be signed around Q1'26 (the completion date is nearly 5 years from signing, the contract is P&B in nature, but it is probably possible to "sell" materials at the beginning of the contract, which could smooth out the timing of revenues somewhat).

Results in previous quarters [PLN m]

	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25
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	180,1	222,6
Construction	140,8	191,5	236,1	262,6	223,8	273,2	340,6	567,6	305,4	282,0	286,4	277,9	166,5	209,1
Trade	11,1	26,2	17,5	23,0	23,5	17,2	18,0	15,8	10,8	19,0	17,9	20,0	13,6	13,5
Design	1,8	1,7	2,4	2,6	1,7	2,2	0,4	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Exclusion	0,0	0,2	0,0	3,9	0,3	-0,1	0,0	0,1	0,0	0,0	0,0	0,0	0,0	0,0
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	5,4	21,6
Construction	7,4	8,6	5,7	9,4	6,4	8,6	10,0	24,9	11,7	13,7	5,8	14,8	4,8	20,7
Trade	1,0	4,1	3,0	2,9	1,8	0,9	1,1	0,8	0,8	1,3	1,3	1,2	0,8	0,9
Design	0,2	0,1	0,5	0,4	0,3	0,7	0,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Exclusion	-0,2	-0,1	-0,2	0,0	-0,1	0,1	0,2	0,1	0,0	-0,1	0,0	0,0	-0,2	0,0
SG&A	5,3	7,2	6,3	7,4	6,8	7,5	8,0	8,1	7,9	8,1	8,0	9,9	9,1	9,1
Profit on sales	3,1	5,5	2,8	5,3	1,7	2,8	3,4	17,6	4,7	6,8	-1,0	6,1	-3,7	12,4
Other operat. activity net	0,6	-0,1	0,2	0,9	0,2	1,3	3,9	-0,5	1,0	-0,2	2,2	-0,5	-0,9	2,1
EBITDA	7,0	8,7	6,4	9,8	5,5	7,8	11,0	20,9	9,5	10,3	5,2	9,7	-0,5	18,5
EBIT	3,6	5,3	3,0	6,2	1,9	4,1	7,2	17,2	5,7	6,6	1,2	5,6	-4,6	14,5
Profit before tax	4,9	6,9	3,0	7,3	2,0	3,7	7,8	15,4	3,0	6,3	-1,3	4,1	-6,1	12,3
Net profit	3,8	5,5	1,6	5,5	1,1	3,0	5,9	10,9	1,0	6,2	-0,2	3,8	-4,8	10,4
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%	3,0%	9,7%
Construction	5,2%	4,5%	2,4%	3,6%	2,9%	3,1%	2,9%	4,4%	3,8%	4,9%	2,0%	5,3%	2,9%	9,9%
Trade	9,0%	15,5%	17,1%	12,5%	7,7%	5,0%	5,9%	5,1%	7,5%	6,9%	7,1%	5,9%	6,2%	6,8%
Design	10,9%	8,2%	21,2%	16,3%	19,8%	32,0%	---	---	---	---	---	---	---	---
EBITDA margin	4,5%	4,0%	2,5%	3,4%	2,2%	2,7%	3,1%	3,6%	3,0%	3,4%	1,7%	3,3%	-0,3%	8,3%
EBIT margin	2,3%	2,4%	1,2%	2,1%	0,8%	1,4%	2,0%	2,9%	1,8%	2,2%	0,4%	1,9%	-2,5%	6,5%
Net margin	2,4%	2,5%	0,6%	1,9%	0,4%	1,0%	1,7%	1,9%	0,3%	2,0%	-0,1%	1,3%	-2,7%	4,7%
CFO	-28,9	-9,5	-35,9	31,8	-29,6	4,2	-34,1	196,9	-180,6	9,0	6,7	49,3	-10,6	-23,6
Net debt	-49,5	-35,5	2,3	-14,6	17,3	20,1	50,5	-134,2	50,2	75,8	73,0	26,3	39,9	83,4
Backlog	1 498	1 523	1 532	1 832	1 666	1 458	2 053	1 731	1 647	1 467	1 227	1 079	1 316	1 188

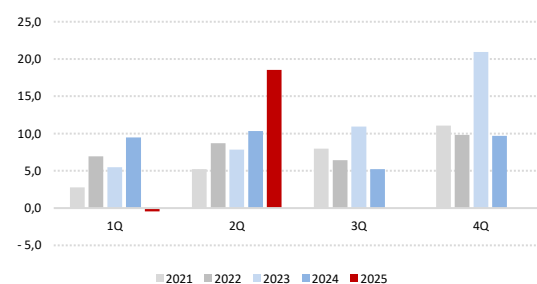
Source: Dom Maklerski BDM S.A., company

Sales [PLN m]



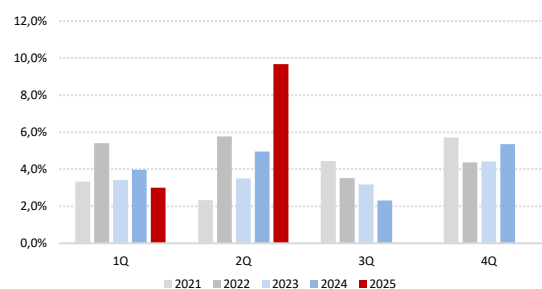
Źródło: BDM S.A., spółka

EBITDA [PLN m]



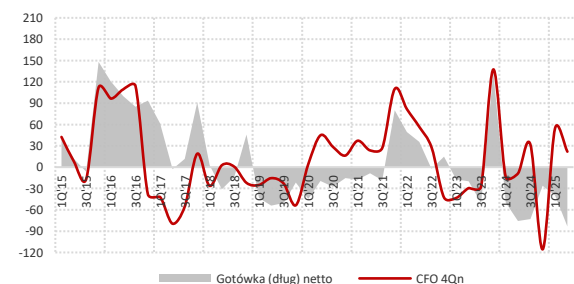
Źródło: BDM S.A., spółka

Gross margin



Źródło: BDM S.A., spółka

Net cash (debt) and OCF [PLN m]



Źródło: DM BDM S.A., spółka

RESEARCH DEPARTMENT:

Maciej Bobrowski

Director

tel. (032) 208 14 12

e-mail: maciej.bobrowski@bdm.pl

[strategy, industry, media/entertainment, TMT](#)

Krzysztof Pado

Deputy Director

Investment Adviser

tel. (032) 208 14 35

e-mail: krzysztof.pado@bdm.pl

[oil&gas, construction, building materials, real estate](#)

Anna Tobiasz

Junior analyst

Investment Adviser

tel. (032) 208 14 35

e-mail: anna.tobiasz@bdm.pl

Andrzej Wodecki

Junior analyst

Investment Adviser

tel. (032) 208 14 39

e-mail: andrzej.wodecki@bdm.pl

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.

INSTITUTIONAL SALES DEPARTMENT:

Leszek Mackiewicz

Director

tel. (022) 62-20-848

e-mail: leszek.mackiewicz@bdm.pl

Maciej Fink-Finowicki

tel. (022) 62-20-855

e-mail: maciej.fink-finowicki@bdm.pl

Piotr Komorowski

tel. (022) 62-20-851

e-mail: piotr.komorowski@bdm.pl

Tomasz Grzeszczyk

tel. (022) 62-20-854

e-mail: tomasz.grzeszczyk@bdm.pl

Ratings and price targets history:

rating	price target	previous rating	previous target price	report date	report date (hour)	price	WIG
Hold	8,70	Hold	11,0	19.05.2025*	07:30 CEST	8,90	103 150
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 Q3'25*:

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

	number	%	number	%
Buy	1	25%	0	0%
Accumulate	2	50%	0	0%
Hold	0	0%	0	0%
Reduce	1	25%	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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- The person that participated in preparing recommendation is not a holder of net long or short positions exceeding the threshold of 0,5 % of the total issued share capital of the issuer,
- The issuer does not hold shares exceeding 5 % of the BDM issued share capital,
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**BDM acts as an issue sponsor for ZUE

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