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]	44,3	P/E	5,5	10,0	15,0
MC [mln PLN]	1016,4	EV/EBITDA	2,5	4,2	8,7
		EV/EBIT	2,8	5,1	11,7
		P/BV	2,5	2,0	1,9

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Last recommendation BDM: BUY with target price 45,1 PLN/share (19.02.2025) LINK

Preliminary results for Q2'25 [m PLN]

	Q2'24	Q2'25E	y/y	Q2'25F BDM	dev.	Q2'25F cons.*	odchyl.	H1'24	H1'25E	y/y
Sales	298,0	468,1	57,1%	400,0	17,0%	382,5	22,4%	558,5	853,1	52,8%
Gross profit	29,1	35,2	20,7%	30,9	14,0%	---	---	49,2	58,6	19,2%
Profit on sales	18,2	---	---	19,3	---	---	---	28,1	---	---
Other operating activity net	0,1	---	---	-0,5	---	---	---	-2,3	---	---
EBITDA	24,5	---	---	25,6	---	---	---	38,1	---	---
EBIT	18,3	23,6	29,2%	18,8	25,6%	14,5	62,6%	25,8	34,9	35,4%
Profit before tax	19,6	---	---	20,3	---	---	---	32,1		---
Net profit	15,2	20,4	33,8%	16,4	24,0%	12,5	63,3%	26,0	30,5	17,5%
Gross margin	9,8%	7,5%		7,7%		---		8,8%	6,9%	
Sales margin	6,1%	---		4,8%		---		5,0%	---	
EBITDA margin	8,2%	---		6,4%		---		6,8%	---	
EBIT margin	6,1%	5,1%		4,7%		3,8%		4,6%	4,1%	
Net margin	5,1%	4,4%		4,1%		3,3%		4,6%	3,6%	

*Source: BDM S.A., Torpol, *PAP*

- The company reported preliminary Q2'25 results on Friday evening.
- At the consolidated revenue level, Torpol posted PLN 468m in Q2'25 (+57% y/y). We expected PLN 400m (consensus: PLN 383m). The y/y revenue growth is mainly a consequence of a high railway order backlog in the pipeline (after Q1'25 it amounted to PLN 3.3bn). In contrast, revenues (and earnings) of the subsidiary TOG declined sharply today following the completion of a major contract for Orlen.
- Q2'25 gross margin (7.5%) was better q/q, but still weaker y/y (5.8% in Q1'25 and 9.6% a year ago). The margin is quite close to our expectations (we assumed 7.5%). At the post-Q1'25 earnings conference call, management signalled that the Q1'25 margin should probably not be translated into the full year. The question is whether there will be any one-offs on the margin in the Q2'25 results (the company has signalled the processing of some issues with the main ordering party).
- EBIT was PLN 23.6m (vs. PLN 18.3m a year ago), while net income was PLN 20.4m (vs. PLN 15.2m in Q2'24). The results on these lines are above our assumptions, which is a direct consequence of higher revenues.
- Cash after Q2'25 at PLN 346m. The Company did not disclose the level of its interest-bearing debt, which amounted to PLN 92m after Q1'25 - net cash is estimated at ca. PLN 250m (vs. PLN 267m after Q1'25, we assumed, and Q2'25 operating CF should be neutral). We expect a larger cash inflow at the end of the year due to the expected payment of the second installment of the advance on the Katowice contract.
- The company will report in full on 5 September 2025.

BDM Comment:

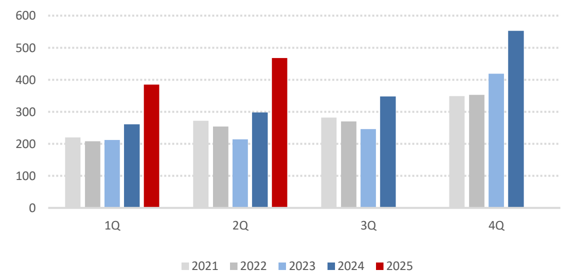
Thanks to high revenue growth (+57% y-o-y), as in Q1'25, the company managed to record a y-o-y increase in EBIT, despite a lower y-o-y gross sales margin. The results are 24% above our expectations at the level of net profit (consensus was very conservative on revenue and EBIT margin, among others, and here the positive surprise on net profit reaches as much as 63%). The gross margin was, in line with our expectations, higher than in Q1'25 (but still recorded lower y/y levels). Net cash levels are likely to be slightly lower q/q (the company only reports cash levels in its preliminary results; an improvement in the cash position should substitute at the end of the year, when the second advance instalment on the Katowice contract is expected). Full results will appear on 5 September. At the results conference, we are mainly awaiting management's comment on the bid recently submitted jointly with Mirbud in the tender for the Białystok-Ełk section of the railway line (PLN 3.7bn net, 8% below the 2nd bid, the base bid for 70% of the investor's budget).

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	Q2'25E
Sales	**207,8**	**254,4**	**269,6**	**353,0**	**212,4**	**214,4**	**246,3**	**418,7**	**260,5**	**298,0**	**347,4**	**552,3**	**385,0**	**468,1**
standalone	202,3	239,1	240,7	312,5	188,7	171,0	183,3	361,2	214,1	270,2	320,0	519,5	363,4	459,9
subsidiaries	5,5	15,4	28,9	40,5	23,7	43,4	62,9	57,5	46,4	27,8	27,4	32,7	21,5	8,3
Gross profit	**31,0**	**62,3**	**56,0**	**110,0**	**21,5**	**40,0**	**35,4**	**61,2**	**20,0**	**29,1**	**28,0**	**49,0**	**23,4**	**35,2**
standalone	30,5	61,3	53,1	106,3	19,9	37,0	30,5	55,5	16,7	26,0	25,1	42,6	21,2	34,7
subsidiaries	0,4	1,1	2,9	3,6	1,5	3,0	4,9	5,7	3,3	3,2	2,9	6,4	2,3	0,4
SG&A	8,5	10,3	9,0	10,5	9,6	10,8	10,7	13,0	10,1	11,0	10,6	12,3	12,6	---
Profit on sales	**22,5**	**52,1**	**47,0**	**99,5**	**11,9**	**29,1**	**24,7**	**48,2**	**9,9**	**18,2**	**17,4**	**36,7**	**10,8**	**---**
Other operating activity net	0,6	-1,1	1,4	-1,4	0,5	-2,0	0,9	0,7	-2,5	0,1	-0,6	-4,7	0,5	---
EBITDA	**29,1**	**56,9**	**54,5**	**104,4**	**18,8**	**33,4**	**31,6**	**54,8**	**13,6**	**24,5**	**23,5**	**38,8**	**17,8**	**---**
EBIT	**23,0**	**51,0**	**48,5**	**98,1**	**12,3**	**27,1**	**25,6**	**48,9**	**7,5**	**18,3**	**16,8**	**31,9**	**11,3**	**23,6**
Profit before tax	25,2	56,2	51,2	98,9	18,3	30,4	29,0	51,5	12,5	19,6	17,5	33,0	13,0	---
Net profit	**20,3**	**45,0**	**40,6**	**78,0**	**14,4**	**23,7**	**23,0**	**40,9**	**10,7**	**15,2**	**13,7**	**28,3**	**10,1**	**20,4**
Gross margin	**14,9%**	**24,5%**	**20,8%**	**31,2%**	**10,1%**	**18,6%**	**14,4%**	**14,6%**	**7,7%**	**9,8%**	**8,1%**	**8,9%**	**6,1%**	**7,5%**
standalone	15,1%	25,6%	22,1%	34,0%	10,6%	21,6%	16,6%	15,4%	7,8%	9,6%	7,9%	8,2%	5,8%	7,6%
subsidiaries	8,0%	7,0%	10,1%	9,0%	6,5%	6,8%	7,8%	9,9%	7,1%	11,5%	10,6%	19,6%	10,6%	5,1%
EBITDA margin	14,0%	22,4%	20,2%	29,6%	8,8%	15,6%	12,8%	13,1%	5,2%	8,2%	6,8%	7,0%	4,6%	---
EBIT margin	11,1%	20,0%	18,0%	27,8%	5,8%	12,6%	10,4%	11,7%	2,9%	6,1%	4,8%	5,8%	2,9%	5,1%
Net margin	9,8%	17,7%	15,1%	22,1%	6,8%	11,0%	9,3%	9,8%	4,1%	5,1%	3,9%	5,1%	2,6%	4,4%
CFO	61,2	-11,7	5,8	119,9	-28,6	-14,5	-15,3	105,3	-136,5	-102,1	89,1	-63,0	131,2	---
Net debt	-371,4	-351,7	-285,9	-399,5	-361,6	-351,1	-340,9	-432,7	-294,7	-173,9	-214,1	-143,0	-266,8	---
Backlog	1 093	1 311	1 194	984	1 650	1 732	3 010	2 440	4 738	4 191	4 009	3 530	3 350	---

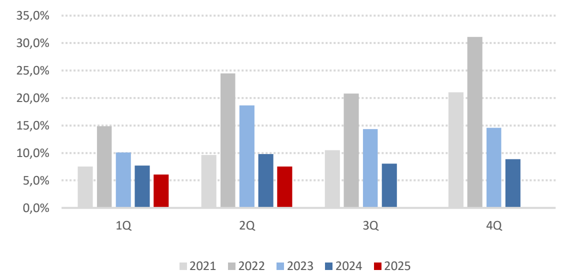
Source: BDM S.A., company

Sales [PLN m]



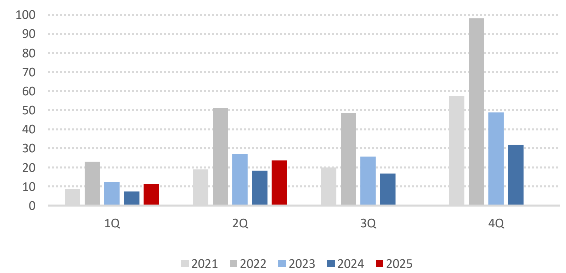
Source: BDM S.A., company

Gross margin



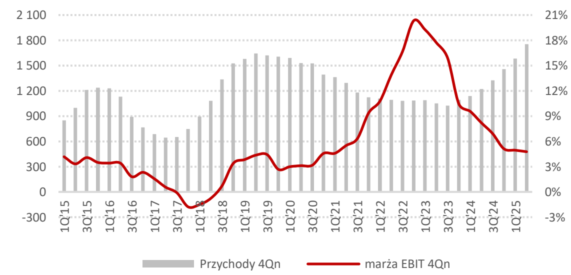
Source: BDM S.A., company

EBIT [PLN m]



Source: BDM S.A., company

Revenue and EBIT margin (LTM)



Source: BDM S.A., company

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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.

Ratings and price targets history:

rating	price target	previous rating	previous target price	report date	report date (hour)	price	WIG
Buy	**45,1**	Accumulate	**37,3**	**19.02.2025**	**08:50 CEST**	**38,80**	**94 651**
Accumulate	37,3	Accumulate	35,6	22.08.2024	11:52 CEST	33,55	84 528
Accumulate	35,6	**Buy**	27,9	22.04.2024	14:25 CEST	32,35	84 109
Buy	27,9	Hold	19,3	04.01.2024	09:55 CEST	23,75	77 054
Hold	19,3	Hold	22,0	12.09.2023	13:35 CEST	18,50	66 241
Hold	22,0	Accumulate	22,8	14.04.2023	14:50 CEST	21,15	61 305
Accumulate	22,8	---	---	16.01.2023	12:40 CEST	21,00	61 324

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	20%	0	0%
Accumulate	3	60%	0	0%
Hold	0	0%	0	0%
Reduce	1	20%	0	0%
Sell	0	0%	0	0%

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The prices of the financial instruments listed in the document have been taken from the real-time pricing as provided by Bloomberg. Data concerning financial instrument prices used in the report could be loaded to 24 hours before the moment of completing the report.
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