

Mostostal Zabrze

buy

engineering and construction, machinery

previous recommendation: buy

Price*: 6.25

Target price: 8.40

Strong fundamentals and optimistic outlook

Mostostal Zabrze is a unique company within the engineering and construction group. Its focus on specialist works and proven clients, careful contract selection, avoidance of price wars, and the development of contract management know-how are delivering results. Moreover, the record-high backlog will begin to translate into a clear increase in results as early as 3Q25.

Thorough change in the order backlog structure

The company's backlog has approached a record value of around PLN 1,400m. From an investment perspective, an even more important factor may be its diversification. While the previous record backlog from 2022 was largely based on two major contracts, the current, even larger one is already much more diversified both in terms of clients and industries. The largest contract accounts for just under 19% of the backlog, the second for about 12%, and the third for 10%. The list of the largest contracts described in our report includes 36 items.

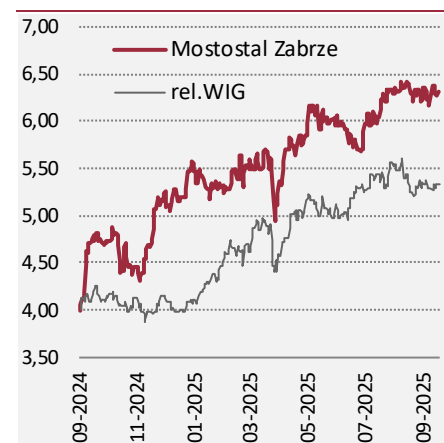
Optimistic prospects

By the end of the year, the final settlements of the two largest contracts from the previous record backlog can be expected. Since there have been no signs of problems or conflicts throughout their duration, we assume this will have a clearly positive impact on profitability.

Next year also looks very promising. Based on the size of the order backlog, it is highly likely to be record-breaking in terms of revenue. Importantly, the company has not signed a contract involving a serious conflict with a client for more than eight years, which confirms the management's statements emphasizing the importance of focusing on "quality" contracts and nurturing cooperation with trusted partners.

Valuation and recommendation

Further solid results in the key segments and continued growth in the backlog have led us to raise our earnings forecasts. However, the biggest change in the valuation came from shifting the forecast period taken into account in the comparative valuation to 2025-2027. In particular, replacing 2024 with 2027 had a significant impact, as we expect 2027 to be especially strong in terms of results, with contracts currently driving the large increase in the backlog entering the settlement phase. As a result, the price based on the comparative valuation rose from PLN 8.3 to PLN 9.8 per share. Overall, the average valuation increased from PLN 7.6 to PLN 8.4, which translated into maintaining the "buy" recommendation for Mostostal Zabrze shares.



Max/min 52 weeks (PLN)	6,43 / 4,31		
Shares issued (m)	68,7		
Market cap. (m PLN)	433		
EV (m PLN)	475		
Free float (m PLN)	185		
Average turnover (mln PLN)	0,2		
Main shareholder	Jędrzejewski Krzysztof		
% of shares, % of votes	39.1%, 39.1%		
	1 m	3 m	12 m
Price change	-1,7%	7,7%	14,5%
Change rel. WIG	0,1%	2,4%	7,4%

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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 (%)
2024	1010,3	51,1	98,7	78,9	61,8	0,84	1,09	4,2	0,0	0,0	91,6%	0,0	0,0	19,8%
2025p	1306,5	60,7	79,9	61,3	43,9	0,64	0,92	4,7	0,0	0,0	133,1%	0,0	0,0	13,6%
2026p	1395,2	64,6	85,3	64,1	43,2	0,63	0,93	4,9	0,0	0,0	0,0%	0,0	0,0	12,9%
2027p	1419,3	66,5	88,9	65,3	40,4	0,59	0,91	5,1	0,0	0,0	0,0%	0,0	0,0	11,6%

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

ROA - return on assets

EPS - net profit per share

CEPS - net profit and depreciation per share

BVPS - book value per share

DPS - dividend per share

NPL - non performing loans

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%)

REDUCE - we think that the company's shares are overvalued by 10-20%

SELL - we believe that the company's shares are overvalued by over 20%

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Recommendations are based on the following valuation methods (2 out of 3 selected):

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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 September 30, 2025 at 3:30 p.m., and the date of the first dissemination of the report is the day of completion of the work at 3:45 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
Ambra	Accumulate	01/10/2024	26,10	30,40	Grzegorz Gawkowski
IMS	Buy	07/10/2024	3,54	4,50	Lukasz Bugaj
Mostostal Zabrze	Buy	09/12/2024	5,10	6,10	Adam Zajler
Ambra	Accumulate	12/03/2025	22,70	25,90	Grzegorz Gawkowski
Mostostal Zabrze	Buy	27/03/2025	5,68	6,80	Adam Zajler
iFirma	Accumulate	09/04/2025	22,90	25,40	Seweryn Żołyniak
IMS	Buy	21/05/2025	3,75	4,60	Lukasz Bugaj
Ambra	Accumulate	29/05/2025	20,90	24,50	Grzegorz Gawkowski
iFirma	Accumulate	29/05/2025	26,35	29,70	Seweryn Żołyniak
IMS	Buy	11/06/2025	3,73	4,50	Lukasz Bugaj
Mostostal Zabrze	Buy	18/06/2025	5,96	7,60	Adam Zajler
VRG	Buy	12/09/2025	4,45	5,57	Seweryn Żołyniak
11 bit studios	Accumulate	15/09/2025	179,50	213,50	Grzegorz Gawkowski
Shoper	Accumulate	15/09/2025	52,00	57,60	Seweryn Żołyniak

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

Structure of BM Banku Millennium recommendation for the last 12 months

	Number of recommendations	Share
Buy	7	50%
Accumulate	7	50%
Neutral	0	0%
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