

Friday, 17 October 2025 | update

CD Projekt: buy (upgraded)

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Fundamentally Still the Best

Since we issued a Sell rating in July 2025, the stock price has fallen by 8%, closing the gap to our previous valuation. The key issue identified in the July report – the zloty's appreciation against the US dollar – remains valid and continues to have a negative impact on CDR's valuation.

However, following the decline in the share price, we already see an upside potential, and as of today, we are upgrading our rating for CDR back to Buy. In July, Sony added Cyberpunk 2077 to the PlayStation Plus Game Catalog, and this addition was very well received by players. As a result, in Q3'25 CDR is set to deliver its best quarter since 2023. This positive outlook for H2'25 impacts CDR's perspectives for this year and beyond, upgrading our understanding of what a strong long tail looks like.

We believe that the market consensus numbers for FY2025 do not reflect the strong second half of 2025 that CDR is facing, and therefore the consensus needs to be upgraded.

We have updated our valuation models to incorporate recent trading data (including a forecast of strong Q3'25 results and their impact on subsequent years), an updated risk-free rate, and a reduced long-term PLN/USD exchange rate to 3.71 (current consensus for FY27). Our new target price indicates upside potential, leading to a Buy rating.

Based on our forecasts for 2025-27, CDR is trading at 20.4x P/E and 13.4x EV/EBITDA, not far from its peers (20.7x/9.6x). Fundamentally, CDR is the highest-quality stock among Polish game developers. It has two successful IPs, consistently overdelivers financially and has the financial resources to carry out its ambitious strategy (7 new games in the next decade?). Furthermore, it is working on several unannounced projects, one of which is rumored to be DLC for W3. If this proves to be true, it will undoubtedly fuel the hypetrain.

Current Price*	252.50 PLN	Upside
12M Target Price	285.00 PLN	+12.9%

*Price as of October 16, 2025, 5:00 PM

	rating	target price	issued
new	buy	285.00 PLN	2025-10-17
old	sell	258.00 PLN	2025-07-09
Key Metrics		CDR PW	vs. WIG
Ticker	CDR PW	1M Price Chng	-1.8%
ISIN	PLOPTTC00011	YTD Price Chng	+32.6%
Outst. Stock (m)	99.9	ADTV 1M	PLN 83.8m
MC (PLN m)	25,227.4	ADTV 6M	PLN 65.3m
EV (PLN m)	23,865.5	EV/EBITDA 12M fwd	60.7
Free Float	65.1%	EV/EBITDA 5Y avg	31.8 premium

Earnings Projections

(PLN m)	2023	2024	2025E	2026E	2027E
Revenue	1,230	985	1,087	885	5,060
EBITDA	714	485	549	331	3,963
EBITDA margin	58.0%	49.3%	50.5%	37.3%	78.3%
EBIT	469	366	482	239	3,376
Net income	481	470	467	239	2,996
P/E	52.4	53.7	54.0	-	8.4
P/B	10.5	9.0	8.2	7.8	4.1
EV/EBITDA	33.5	49.0	43.5	73.5	5.4
DPS	1.00	1.00	1.00	1.00	1.00
DYield	0.4%	0.4%	0.4%	0.4%	0.4%
Forecast Update (% change)			2025E	2026E	2027E
Revenue			+10.1%	+16.7%	+7.3%
EBITDA			+8.5%	+17.9%	+9.3%
Net income			+24.5%	+10.3%	+10.6%
Witcher IP revenue			+26.1%	+4.5%	+6.9%
Cyberpunk IP revenue			+34.6%	+41.0%	+33.7%

List of abbreviations and ratios used by mBank:

EV (Enterprise Value) – Equity Value + Net Debt; **EBIT** – Earnings Before Interest and Taxes; **EBITDA** – EBIT + Depreciation & Amortisation; **Net Debt** – Borrowings + Debt Securities + Interest-Bearing Loans - Cash and Cash Equivalents; **P/E** (Price/Earnings) – Price Per Share Divided by Earnings Per Share; **P/CE** (Price to Cash Earnings) – Price Per Share Divided by Earnings + Depreciation & Amortisation; **P/B** (Price to Book Value) – Price Per Share Divided by Book Value Per Share; **P/CF** (Price to Cash Flow) – Price Divided by Cash Flow from Operations; **ROE** (Return on Equity) – Earnings Divided by Shareholders' Equity; **ROCE** (Return on Capital Employed) – EBIT x (Average Assets - Current Liabilities); **ROIC** (Return on Invested Capital) – EBIT x (1-Tax Rate) / (Average Equity + Minority Interest + Net Debt); **FCFF** (Free Cash Flow to Firm) – Cash Flow from Operations - CAPEX - Lease Payments; **FCFE** (Free Cash Flow to Equity) – Free Cash Flow to Firm - Net Interest Expense (incl. Debt + Leases); **EBITDA margin** – EBITDA/Sales

OVERWEIGHT (OW) – a rating which indicates that we expect a stock to outperform the broad market
NEUTRAL (N) – a rating which indicates that we expect the stock to perform in line with the broad market
UNDERWEIGHT (UW) – a rating which indicates that we expect the stock to underperform the broad market

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BUY – we expect that the rate of return from an investment will be at least 10%
HOLD – we expect that the rate of return from an investment will range from 0% to +10%
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NAV – valuation based on equity value, one of the most frequently used method in case of developing companies; the weak point of the method is that it does not factor in future changes in revenue/profits of a company.

mBank issued the following recommendations for CD Projekt in the 12 months prior to this publication:

CD Projekt (Piotr Poniatowski)		
Rating	sell	buy
Rating date	2025-07-09	2024-12-02
Target price (PLN)	258.00	241.00
Price on rating day	274.00	167.20

Comparable Companies Used in Relative Valuation Models:

CD Projekt 11 bit studios, Bandai Namco, Capcom, Creepy Jar, EA, Embracer, Everplay, Frontier Dev, Hasbro, Konami, Nintendo, Paradox Interactive, PCF Group, PlayWay, Remedy Ent, Sega Sammy, Square Enix, Take-Two, Tencent, Ubisoft

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