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Kruk: buy (reiterated)

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Upside Intact with Spain Under Control

We reiterate our 'Buy' rating on Kruk, with a higher 12-month target price of PLN 545.39 per share.

Based on 2025 and 2026E P/E multiples at 7.9x and 7.0x, Kruk is trading at a 20%-12% discount to the median of its peer group, despite having an ROE (23%) that is almost twice as high. Meanwhile, some of its direct peers – Hoist, B2 Impact, and Intrum – also appear undervalued, with upside potential ranging from 8% to 22% (source: Bloomberg).

Kruk's reported 9M'25 results have prompted us to update our forecasts, which had assumed significant portfolio revaluation losses in Spain. We now raise net profit estimates by 18% for 2025 to PLN 1.13bn, 11% for 2026 to PLN 1.27bn, and 7% for 2027 to PLN 1.17bn. The updated 2025-2026 levels are 4-6% above consensus, and the 2027 figure is 12% below, reflecting our assumption of GLOBE taxation. Our expected 14% pre-tax profit growth in 2025 exceeds Kruk's 12% target set in the incentive plan.

At the same time, we have revised our portfolio expenditure forecasts down to PLN 2.55bn in 2025, PLN 2.73bn in 2026, and PLN 3.06bn in 2027. The change is due mainly to the Spanish market, where debt purchases this year are down 87% year on year. Kruk expects to resume higher expenditures in Spain in the second half of 2025 following the resolution of bottlenecks created in the local judicial system.

Geographically, Kruk is expected to continue its cautious expansion in France and will closely monitor the UK and US markets. Management has indicated that any entrance onto new markets will be carried out in a similar way to that in France. At the same time, Kruk is close to exiting the German, Czech and Slovakian markets, which should have no impact on EPS.

Summing up, we continue to see upside potential in Kruk, supported by its attractive valuation vis-à-vis peers. With parliamentary elections in Poland set for 2027, market sentiment towards the stock may improve amid campaign pledges of more generous social spending from both the government and opposition.

Current Price*	460.00 PLN	**Upside**
12M Target Price	545.39 PLN	+18.6%

* Price as of November 05, 2025, 5:00 PM

	rating	target price	issued
new	**buy**	**545.39 PLN**	**2025-11-06**
old	buy	511.03 PLN	2025-03-25

Key Metrics			KRU PW	vs. WIG
Ticker	KRU PW	1M Price Chng	+2.7%	-0.6%
ISIN	PLKRK0000010	YTD Price Chng	+15.6%	-24.6%
Outst. Stock (m)	19.4	ADTV 1M		10.2 mln PLN
MC (PLN m)	8,925.3	ADTV 6M		12.3 mln PLN
		P/E 12M fwd	7.9	-6.5%
Free float	100.0%	P/E 5Y avg	8.5	discount

Earnings Projections

(PLN m)	2023	2024	2025E	2026E	2027E
Total revenue	2,571	2,898	3,216	3,472	3,755
Purchased debt	2,344	2,638	2,939	3,181	3,444
Collections	58	58	58	59	61
Total costs	-327	-382	-450	-451	-466
Net income	1,013	1,074	1,129	1,273	1,116
P/E	8.8	8.3	7.9	7.0	8.0
P/B	2.3	2.0	1.7	1.5	1.3
ROE	28.6%	25.7%	23.2%	22.5%	17.4%
DPS	15.01	17.99	18.00	20.94	23.62
DYield	3.3%	3.9%	3.9%	4.6%	5.1%

Forecast Update (% change)	2025E	2026E	2027E
Purchased debt portfoliis	+3.8%	+0.0%	-2.1%
Collections	+26.6%	+26.6%	+26.6%
Other	-3.5%	+0.1%	+2.7%
Total costs	+2.2%	-5.1%	-8.8%
Net income	+18.3%	+10.9%	+6.7%

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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mBank issued the following recommendations for Kruk in the 12 months prior to this publication:
Kruk (Michał Konarski, Mikołaj Lemańczyk)

Rating	**buy**	**buy**
Rating date	2025-03-25	2024-12-02
Target price (PLN)	511.03	570.83
Price on rating day	401.00	423.00

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