

**31.05.2022 17:00**
**Key data**

Target price [PLN]	11,0
DCF Valuation [PLN]	10,9
Comparative Valuation [PLN]	10,8
Market price [PLN]	8,1
Growth/decrease potential [%]	35,8%
Market cap [mln PLN]	295,0
Free float [%]	16,0%
Sector	building
WSE code	UNI
Bloomberg code	UNI PW

**Analysts**
**Artur Wizner**

Tel.: +48 (22) 53 95 548

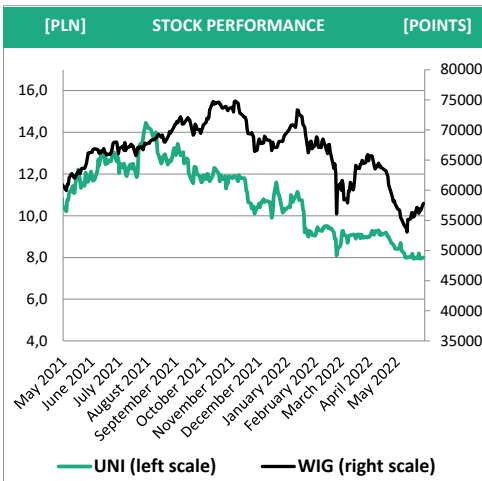
**Company profile**

The Group is a general contractor in Poland and abroad (operates on the Belarusian and Ukrainian markets), has a factory of modular houses (sells them mainly to Scandinavian countries), operates in road construction (builds roads mainly in the Podlaskie Voivodeship), and through its company Budrex builds and repairs bridges throughout the country and also conducts development activities in Warsaw, Poznań, Radom and Bielsk Podlaski.

Source: www.gpw.pl

**Shareholders:**

	[%]
Zofia Mikołuszeko	25,1
Beata Maria Skowrońska	15,7
Unibep SA	10,0
OFE Aviva Santander	9,7
OFE PKO BP Bankowy	9,2
Wojciech Jacek Stajkowski	7,1
Bożenna Anna Lachocka	7,1



This report was prepared for the Warsaw Stock Exchange SA within the framework of the Analytical Coverage Support Program 3.0.  
This is a translation of the Polish analytical report.

# UNIBEP SA

**Analysis of the results for the 1Q 2022**

Key facts from published results:

- Unibep in Q1 22, in line with our expectations, recorded an increase in sales revenues, which amounted to PLN 419 million, an increase by 36.3% y/y, a decrease by 33.1% q/q.
- At the key level of the gross margin, there was a significant increase in relation to the previous quarters (8.2% vs. 6.5% in Q1 21), although compared to the record-breaking in this respect Q4 21 (10.7%) , it is a decrease by 2.5 pp).
- The Group generated an operating profit of PLN 17.3 million compared to PLN 5.1 million a year ago (an increase by 240.7% y/y, a decrease by 36.4% q/q).
- On the net profit level, the result of PLN 15.0 million achieved after the first quarter should be considered good (increase by 46.2% y/y, decrease by 33.1% q/q).

We consider the results for Q1 22 as very good. Despite the difficult situation for the sector, caused, inter alia, by the hostilities in Ukraine, the Group generated margins above our expectations. In our opinion, the rich portfolio of contracts (PLN 3.5 billion) does not pose a risk to the implementation of forecasts in terms of revenues, but the persistent threats to maintaining profitability (including inflation, prices and availability of materials) mean that we leave the valuation unchanged PLN 11.

**Growth factors**

- Solid contracts portfolio
- Increase in public procurement
- New business segment
- Revival of construction after pandemic

**Risk factors**

- The war in Ukraine and its consequences
- Exchange rate fluctuations
- Economic downturn
- Rising commodity prices and rising wages

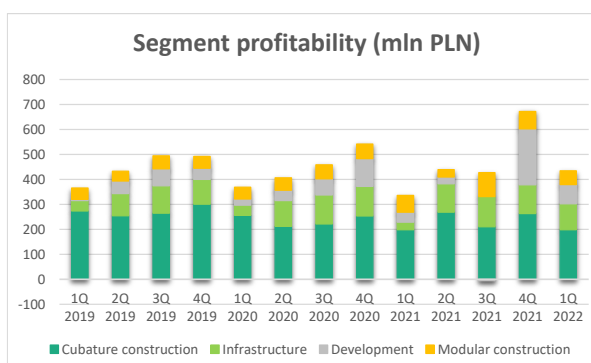
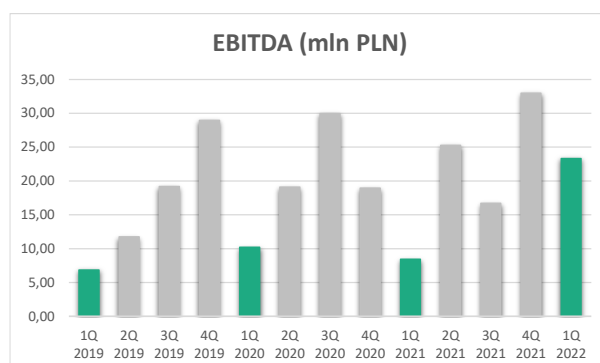
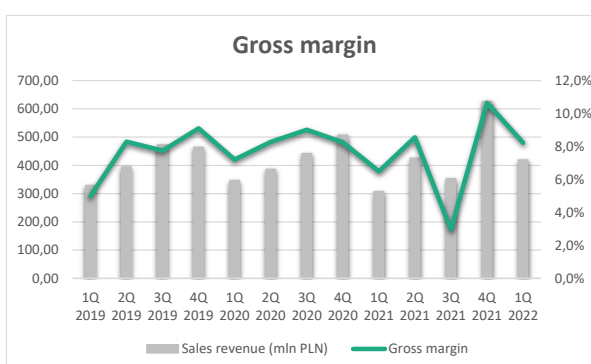
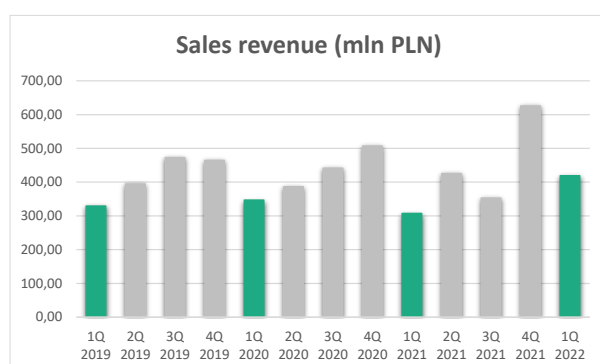
PLN thd	2021	2022P	2023P	2024P	2025P	2026P
Sales	1 712 390,4	1 944 255,3	1 971 401,7	1 995 804,0	2 018 367,5	2 039 737,6
EBITDA	83 437,7	76 352,4	89 227,2	91 750,7	94 240,4	96 543,5
EBITDA margin	4,9%	3,9%	4,5%	4,6%	4,7%	4,7%
EBIT	61 479,7	54 806,2	65 957,3	66 851,9	67 598,7	68 303,3
Net income	47 132,7	41 773,5	51 631,0	52 939,1	52 104,9	53 176,0
Equity	308 545,8	349 207,8	395 456,2	436 238,6	474 956,6	515 641,9
Debt	239 072,0	202 350,2	183 436,1	134 412,2	155 314,7	176 169,5
P/E	6,7	7,6	6,1	6,0	6,1	5,9
P/BV	1,0	0,9	0,8	0,7	0,7	0,6
EV/EBITDA	4,2	5,4	4,7	4,4	4,3	3,9
DY	1,34	1,19	1,47	1,51	1,49	1,52

Source: DM Banku BPS SA, E - estimates

## Financial results for 1Q against the DM Banku BPS forecasts

PLN thd	Q publ.	DM BPS		Comparison to the		
		forecasts	DM BPS forecasts	Q-1 hist	Q-2 hist	Change q/q
<b>Revenue</b>	419 067	486 064	-13,8%	626 005	353 200	-33,1%
Profit on sales	34 511	32 007	7,8%	66 743	10 511	-48,3%
<i>Sales margin</i>	8,2%	6,6%	25,1%	10,7%	3,0%	-22,8%
<b>EBITDA</b>	23 321	19 088	22,2%	32 967	16 732	-29,3%
<i>EBITDA margin</i>	5,6%	3,9%	41,7%	5,3%	4,7%	5,7%
<b>EBIT</b>	17326	13 702	26,5%	27 238	11 135	-36,4%
<i>EBIT margin</i>	4,1%	2,8%	46,7%	4,4%	3,2%	-5,0%
<b>Gross profit</b>	18 012	13 219	36,3%	24 631	17 606	-26,9%
<i>Gross profit margin</i>	4,3%	2,7%	58,0%	3,9%	5,0%	9,2%
<b>Net income</b>	15027	10 443	43,9%	22 478	12 018	-33,1%
<i>Net income margin</i>	3,6%	2,1%	66,9%	3,6%	3,4%	-0,1%

Source: DM Banku BPS SA, Company



**Expected impact:** We assess the results for Q1 22 as very good, especially considering the more than twofold increase in the costs of materials and energy. In addition, construction is one of the sectors that have felt the most severe consequences of the war in Ukraine. In addition to concerns about the availability of employees (last year, Ukrainians accounted for approx. 11% of employees in the construction industry), Unibep lost the market, which in Q1 2021 generated PLN 45 million in revenues. As a consequence, the Group's total export revenues decreased from PLN 119.2 million in Q1 2021 to PLN 50.7 million in Q1 2022, while they were more than made up for by an almost twofold increase in revenues in Poland. Despite concerns about a decline in private investments, both in the building construction segment (concerns related to the war) and real estate development (negative impact of the increase in interest rates on the real estate market), in 2022 alone, the Group obtained contracts worth over PLN 1.7 billion. Currently, the total value of orders for execution amounts to PLN 3.51 billion, of which PLN 1.8 billion is attributable to the General contraction segment. This segment in Q1 2022 recorded revenues at a similar level compared to Q1 last year (approx. PLN 200 million), while the

segment that achieved the highest revenue growth y/y is Infrastructure (from PLN 30.8 million to PLN 103.2 million). We believe that the contract for the construction of the wall on the border with Belarus and the contract for the construction of the Bielsk Podlaski bypass, obtained at the beginning of the year, should ensure revenues at a similar level in the coming quarters. Therefore, we remain optimistic about the Unibep Group, and we see the greatest chance for a positive surprise in the coming quarters in the newly created segment of Energy and Industrial Construction, in particular after the mobilization of funds from the National Reconstruction Plan (KPO).

## Basic definitions

**CAPEX** (capital expenditures) - investment expenditures on product development, system implementation (including intangible assets) or tangibles assets in the part in which the capital is intended to maintain the company's current ability to generate income.

**DCF** (discounted cash flows) - discounted cash flows; all future cash flows are estimated and discounted in order to determine their present value. The value of the discount rate used corresponds to the cost of capital and includes an assessment of the risk related to future cash flows.

**DFCF** - Discounted FCF (Free Cash Flows to Firm).

**EBIT** (earnings before interest and taxes) - operating income i.e. the income before deduction of taxes and interest.

**EBITDA** (earnings before interest, taxes, depreciation and amortization) - the company's operating profit before deducting interest on interest-bearing liabilities (loans, bonds), taxes, amortization and depreciation of tangible and intangible assets; here EBITDA = operating income + amortization of tangible fixed assets + depreciation of intangible assets.

**EV** (Enterprise Value) - total enterprise value; here EV = current stock market capitalization + net debt.

**EV / EBITDA** - the ratio is calculated by dividing the present value of the enterprise (EV) by the value of EBITDA.

**FCFF** (Free Cash Flow to Firm) - free cash flows for owners of equity capital and creditors, which can be defined as flows resulting from the company's operating and investment activities, after all financial expectations of capital donors, i.e. all parties financing the company, have been settled.

**WSE** - Warsaw Stock Exchange.

**NOPLAT** - net operating result less adjusted taxes; here NOPLAT = EBIT \* (1 - tax rate).

**P / BV** (price / book value) - the ratio is calculated by dividing the current capitalization of a listed company by the book value of its equity, which is provided in the company's balance sheet.

**P / E** (price earnings ratio) - stock exchange ratio. It is calculated by dividing the market price of one share by the net profit per share.

**PV TV** - Present Value, ie the residual value (TV) discounted at the present moment.

**CR** - current report.

**SB** - Supervisory Board.

**TV** (Terminal Value) - residual value; enterprise value after the forecast period; here estimated with the help of the Gordon model.

**WACC** - weighted average cost of capital; financial indicator informing about the average relative cost of capital engaged in financing the enterprise.

## Information and legal disclaimer

This analytical report was prepared by Dom Maklerski Banku BPS S.A. at the request of the Warsaw Stock Exchange on the basis of an agreement concluded between Dom Maklerski Banku BPS S.A. and WSE under the "Analytical Coverage Support Program 3.0.". Dom Maklerski Banku BPS S.A. will receive remuneration for the report.

The work on this study has been completed on: 1 June 2022, 08:45

Distribution of this study: 1 June 2022, 08:50

This report is published on the day of its completion on the publicly available website <https://dmbps.pl/wsparcie-analityczne/program-wsparcia-pokrycia-analitycznego-gpw/protektor-s-a>.

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List of recommendations issued within the last 12 months

Company	Recommendation	Target price	Market price	Type of recommendation	Date of Issue	Analyst(s)
ML SYSTEM	HOLD	126	118	Initial report	30.06.2021	Tomasz Czamecki, Artur Wizner
NTT SYSTEM	nd	8,3	5,98	Initial report	01.09.2021	Łukasz Bryl, Tomasz Czamecki
UNIBEP	nd	17	12,9	Initial report	07.09.2021	Artur Wizner
MONNARI TRADE	nd	5,3	2,8	Initial report	07.09.2021	Łukasz Bryl, Tomasz Czamecki
PROTEKTOR	nd	4,6	3,6	Initial report	07.09.2021	Artur Wizner, Tomasz Czamecki
PROCHEM	nd	31	25	Initial report	06.10.2021	Artur Wizner
NTT SYSTEM	nd	8,3	5,8	Analysis of results	01.10.2021	Łukasz Bryl, Tomasz Czamecki
MONNARI TRADE	nd	5,3	2,9	Analysis of results	01.10.2021	Łukasz Bryl, Tomasz Czamecki
PROTEKTOR	nd	4,6	3,4	Analysis of results	08.10.2021	Artur Wizner, Tomasz Czamecki
VIVID GAMES	nd	1,23	1,39	Analytical report	18.10.2021	Łukasz Bryl, Tomasz Czamecki
PROCHEM	nd	31	25,4	Analysis of results	17.11.2021	Artur Wizner
VIVID GAMES	nd	1,23	1,37	Financial forecast	24.11.2021	Łukasz Bryl, Tomasz Czamecki
NTT SYSTEM	nd	8,3	5,04	Financial forecast	24.11.2021	Łukasz Bryl, Tomasz Czamecki
UNIBEP	nd	14	10,35	Analytical report	24.11.2021	Artur Wizner
VIVID GAMES	nd	1,23	1,34	Analysis of results	02.12.2021	Łukasz Bryl, Tomasz Czamecki
NTT SYSTEM	nd	8,3	5,16	Analysis of results	03.12.2021	Łukasz Bryl, Tomasz Czamecki
MONNARI TRADE	nd	5,3	2,57	Analysis of results	10.12.2021	Łukasz Bryl, Tomasz Czamecki
PROTEKTOR	nd	4,6	3,17	Analytical report	10.12.2021	Artur Wizner
INTERFERIE	SELL	6,73	7,5	Initial report	30.12.2021	Łukasz Bryl
JSW	BUY	45	34,87	Analytical report	30.12.2021	Artur Wizner
JSW	BUY	46,4	35,4	Analytical report	04.01.2022	Artur Wizner
SNIEZKA	HOLD	84	79,8	Analytical report	24.03.2022	Artur Wizner
UNIBEP	nd	11	9	Analytical report	21.04.2022	Artur Wizner
NTT SYSTEM	nd	7,94	5	Analytical report	04.05.2022	Tomasz Czamecki, Łukasz Bryl
PROCHEM	nd	37	32,8	Analytical report	10.05.2022	Artur Wizner
VIVID GAMES	nd	1,25	1,17	Analysis of results	13.05.2022	Łukasz Bryl, Tomasz Czamecki
PROTEKTOR	nd	3,6	2,8	Analytical report	13.05.2022	Artur Wizner
PROCHEM	nd	37	33,6	Analysis of results	17.05.2022	Artur Wizner
MONNARI TRADE	nd	5,5	3,5	Analytical report	18.05.2022	Łukasz Bryl
VIVID GAMES	nd	1,29	1,26	Analysis of results	26.05.2022	Łukasz Bryl
MONNARI TRADE	nd	6,21	3,87	Analysis of results	31.05.2022	Łukasz Bryl
NTT SYSTEM	nd	7,92	4,28	Analysis of results	31.05.2022	Łukasz Bryl
UNIBEP	nd	11	8,1	Analysis of results	31.05.2022	Artur Wizner