

Key data

Target price [PLN]	10,0
DCF Valuation [PLN]	9,9
Comparative Valuation [PLN]	9,7
Market price [PLN]	7,2
Growth/decrease potential [%]	38,1%
Market cap [mln PLN]	295,0
Free float [%]	16,0%
Sector	building
WSE code	UNI
Bloomberg code	UNI PW

Analysts
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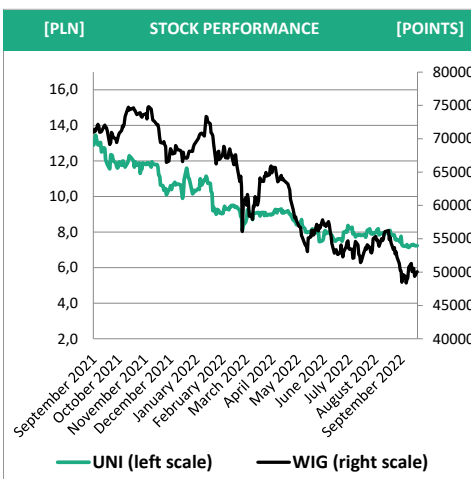
Company profile

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 Mikołuszko	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



UNIBEP SA

Analytical Report

Record revenues under margins pressure

In the current, very difficult period for the construction sector, we consider the results of the Unibep Group to be good. In the first half of 2022, the Group achieved revenues of PLN 1 billion (increase by 47% y/y), which translated into PLN 62.2 million EBITDA (increase by 84% y/y) and PLN 38 million net profit (increase by 138% y/y). However, there has been a decrease in margins, which is the result of many factors that the construction industry is struggling with, including increase in prices of materials, energy, costs of external services. We believe that in these conditions the Group is coping well both with the portfolio of contracts it has and winning new ones, with a significant slowdown in private investments. We believe that the current backlog, exceeding PLN 3.5 billion, will provide the Group with stable revenues. The majority of it consists of new contracts, which largely reduces the risk of their profitability. Unfortunately, in our opinion, there are no opportunities on the horizon in the near future that could make investors more optimistic about the construction sector. The receding prospect of KPO funds and the environment of high interest rates, which the Group felt the most severely by the decline in orders in the modular construction segment and the upward revision of the risk premium for our country, mean that, while remaining positive towards the Group, and at the same time conservative in valuation, we make a slight change in the assumptions, decrease the target price from PLN 11 to PLN 10 at the end of 2022.

Growth factors

1. Solid contracts portfolio
2. Increase in public procurement
3. Energy and industrial segment
4. Revival of construction after pandemic

Risk factors

1. The war in Ukraine and its consequences
2. Exchange rate fluctuations
3. Economic downturn
4. Rising commodity prices and rising wages

PLN thd	2021	2022P	2023P	2024P	2025P	2026P
Sales	1 712 390,4	2 046 153,7	2 017 289,8	2 045 312,9	2 071 049,3	2 095 243,1
EBITDA	83 437,7	80 833,9	68 844,7	72 716,8	75 926,5	81 946,0
<i>EBITDA margin</i>	4,9%	4,0%	3,4%	3,6%	3,7%	3,9%
EBIT	61 479,7	59 287,7	45 574,8	47 818,0	49 284,8	53 705,8
Net income	47 132,7	42 251,9	31 976,2	34 382,8	36 168,0	40 278,9
Equity	308 545,8	340 122,5	353 323,4	375 494,0	398 531,0	425 164,8
Debt	239 072,0	363 765,8	281 226,6	232 347,5	163 377,0	94 344,7
P/E	5,4	6,0	7,9	7,4	7,0	6,3
P/BV	0,8	0,7	0,7	0,7	0,6	0,6
EV/EBITDA	3,4	3,2	3,5	3,0	3,4	2,8
EPS	1,34	1,20	0,91	0,98	1,03	1,15

Source: DM Banku BPS SA, E - estimates

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 FCFF (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.

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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/ntt-system-s-a>.

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https://dmbps.pl/informacje/228/Regulamin_zarzadzania_konfliktami_interesow_w_Domu_Maklerskim_Banku_BPS_SA

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List of recommendations issued within the last 12 months as part of the Analytical Coverage Support Program 3.0.

Company	Recommendation	Target price	Market price	Type of recommendation	Date of Issue	Analyst(s)
PROCHEM	nd	31	25	Analytical report	06.10.2021	Artur Wizner
NTT SYSTEM	nd	8,3	5,8	Analysis of results	01.10.2021	Łukasz Bryl, Tomasz Czarniecki
MONNARI TRADE	nd	5,3	2,9	Analysis of results	01.10.2021	Łukasz Bryl, Tomasz Czarniecki
PROTEKTOR	nd	4,6	3,4	Analysis of results	08.10.2021	Artur Wizner, Tomasz Czarniecki
VIVID GAMES	nd	1,23	1,39	Analytical report	18.10.2021	Łukasz Bryl, Tomasz Czarniecki
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 Czarniecki
NTT SYSTEM	nd	8,3	5,04	Financial forecast	24.11.2021	Łukasz Bryl, Tomasz Czarniecki
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 Czarniecki
NTT SYSTEM	nd	8,3	5,16	Analysis of results	03.12.2021	Łukasz Bryl, Tomasz Czarniecki
MONNARI TRADE	nd	5,3	2,57	Analysis of results	10.12.2021	Łukasz Bryl, Tomasz Czarniecki
PROTEKTOR	nd	4,6	3,17	Analytical report	10.12.2021	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 Czarniecki, 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 Czarniecki
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
PROTEKTOR	nd	3,6	2,83	Analysis of results	01.06.2022	Artur Wizner
UNIBEP	nd	10	7,2	Analytical report	20.09.2022	Artur Wizner