

The report was prepared by Dom Maklerski BDM at the request of the WSE as part of the Exchange's Analytical Coverage Support Programme

			2022	2023	2024	
Price [PLN]	9,0	P/E	12,6	9,8	19,2	Analyst:
MC [mln PLN]	206,3	EV/EBITDA	6,0	1,6	6,7	Krzysztof Pado
		EV/EBIT	10,6	2,4	12,2	krzysztof.pado@bdm.pl
		P/BV	1,2	1,0	1,0	tel.: (+48) 512 338 250

Last recommendation BDM: HOLD with target price 8,70 PLN/share (19.05.2025) [LINK](#)

Q1'25 results [million PLN]

	Q1'24	Q1'25	y/y	Q1'25E comp.	dev.	Q1'25F BDM	dev.
Sales	316,2	180,1	-43,0%	180,1	0,0%	190,8	-5,6%
Gross profit	12,6	5,4	-56,8%	5,4	0,5%	7,2	-25,0%
Profit on sales	4,7	-3,7	---	---	---	-0,7	---
Other operating activity net	1,0	-0,9	---	---	---	0,0	---
EBITDA	9,5	-0,5	---	---	---	3,5	---
EBIT	5,7	-4,6	---	-4,5	---	-0,7	---
Profit before tax	3,0	-6,1	---	---	---	-0,8	---
Net profit before the excl. of minorities	0,9	-4,8	---	-4,8	---	-0,6	---
Net profit	1,0	-4,8	---	---	---	-0,6	---
Gross margin	4,0%	3,0%		3,0%		3,8%	
EBITDA margin	3,0%	-0,3%		---		1,9%	
EBIT margin	1,8%	-2,5%		-2,5%		-0,3%	
Net margin	0,3%	-2,7%		-2,7%		-0,3%	

Source: Dom Maklerski BDM S.A., ZUE

- The company presented its full Q1'25 report. In mid-March, the company already reported preliminary results.
- The final results are without major deviations.
- ZUE's Q1'25 revenue was PLN 180m (-43% y/y). The y/y drop in revenue is mainly a consequence of a lower backlog (after Q4'24, it amounted to PLN 1.1bn, representing a -38% y/y drop).
- As of Q1'25, the Company has changed its approach to consortium settlements on foreign contracts - revenues from the sale of re-invoiced items and the corresponding costs will be presented on a per-balance basis (a negative impact on Q1'24 revenues of PLN -16.2m, with no impact on gross profit). In the tables and our description, we refer to Q1'24 data without adjustment, as we would not be able to convert Q2-4'24 correctly.
- Gross margin in Q1'25 (3.0%) surprised in the negative compared to our original expectations and was weaker q/q and y/y (5.4% in Q4'24 and 4.0% a year ago).
- EBIT amounted to PLN -4.6m (vs. PLN +5.7m a year ago), while net income was PLN -4.8m (vs. PLN +1.0m in Q1'24). The balance of other operating activities was slightly negative (PLN -0.9m). The financial balance was also negative (PLN -1.5m). The y/y drop in revenues is a consequence of the aforementioned lower backlog. We associate the low level of profitability, among other things, with corrective works on the Annapol contract.
- Revenues from the Romanian market amounted to PLN 30m in Q1'25 (vs. PLN 40m in Q1'24, for the full 2024 period at PLN 155m).
- Net debt after Q1'25 was PLN 40m (vs. PLN 50m a year ago). Operating CF in Q1'25 was, in line with the seasonal pattern, negative (PLN -11m).
- Backlog is currently at PLN 1,316m (vs. PLN 1,079m a quarter ago).

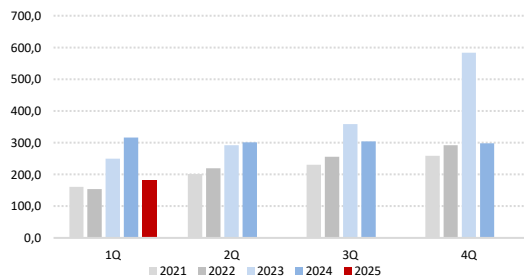
BDM Comment: Q1'25 preliminary results were already published earlier, so the final results are no surprise. While Q4'24 results were above our forecasts in terms of gross sales margin, Q1'25 results were weaker. The Company does not disclose the reasons for such significant fluctuations in margins between quarters (at the earnings conference, the Company said that Q4'24 margins were positively impacted by revisions to contract margins, while we suspect that Q1'25 was negatively impacted by additional costs incurred on the Annapol contract, which was being adjusted in Q1 and Q2'25, according to media reports). Negative y/y revenue growth will continue in the coming quarters, in our view. After Q1'25, the backlog level improved slightly q/q (in April, the Company signed a PLN 0.3m contract with PKP PLK). However, the backlog-to-revenue ratio remains noticeably lower than the average in recent years.

Results in previous quarters [PLN m]

	1Q'22	2Q'22	3Q'22	4Q'22	1Q'23	2Q'23	3Q'23	4Q'23	1Q'24	2Q'24	3Q'24	4Q'24	1Q'25
Sales	153,6	219,6	256,0	292,2	249,3	292,4	359,0	583,5	316,2	301,0	304,3	297,9	180,1
Construction	140,8	191,5	236,1	262,6	223,8	273,2	340,6	567,6	305,4	282,0	286,4	277,9	166,5
Trade	11,1	26,2	17,5	23,0	23,5	17,2	18,0	15,8	10,8	19,0	17,9	20,0	13,6
Design	1,8	1,7	2,4	2,6	1,7	2,2	0,4	0,0	0,0	0,0	0,0	0,0	0,0
Exclusion	0,0	0,2	0,0	3,9	0,3	-0,1	0,0	0,1	0,0	0,0	0,0	0,0	0,0
Gross profit	8,3	12,7	9,0	12,8	8,5	10,3	11,4	25,8	12,6	14,9	7,0	16,0	5,4
Construction	7,4	8,6	5,7	9,4	6,4	8,6	10,0	24,9	11,7	13,7	5,8	14,8	4,8
Trade	1,0	4,1	3,0	2,9	1,8	0,9	1,1	0,8	0,8	1,3	1,3	1,2	0,8
Design	0,2	0,1	0,5	0,4	0,3	0,7	0,1	0,0	0,0	0,0	0,0	0,0	0,0
Exclusion	-0,2	-0,1	-0,2	0,0	-0,1	0,1	0,2	0,1	0,0	-0,1	0,0	0,0	-0,2
SG&A	5,3	7,2	6,3	7,4	6,8	7,5	8,0	8,1	7,9	8,1	8,0	9,9	9,1
Profit on sales	3,1	5,5	2,8	5,3	1,7	2,8	3,4	17,6	4,7	6,8	-1,0	6,1	-3,7
Other operat. activity net	0,6	-0,1	0,2	0,9	0,2	1,3	3,9	-0,5	1,0	-0,2	2,2	-0,5	-0,9
EBITDA	7,0	8,7	6,4	9,8	5,5	7,8	11,0	20,9	9,5	10,3	5,2	9,7	-0,5
EBIT	3,6	5,3	3,0	6,2	1,9	4,1	7,2	17,2	5,7	6,6	1,2	5,6	-4,6
Profit before tax	4,9	6,9	3,0	7,3	2,0	3,7	7,8	15,4	3,0	6,3	-1,3	4,1	-6,1
Net profit	3,8	5,5	1,6	5,5	1,1	3,0	5,9	10,9	1,0	6,2	-0,2	3,8	-4,8
Gross margin	5,4%	5,8%	3,5%	4,4%	3,4%	3,5%	3,2%	4,4%	4,0%	5,0%	2,3%	5,4%	3,0%
Construction	5,2%	4,5%	2,4%	3,6%	2,9%	3,1%	2,9%	4,4%	3,8%	4,9%	2,0%	5,3%	2,9%
Trade	9,0%	15,5%	17,1%	12,5%	7,7%	5,0%	5,9%	5,1%	7,5%	6,9%	7,1%	5,9%	6,2%
Design	10,9%	8,2%	21,2%	16,3%	19,8%	32,0%	---	---	---	---	---	---	---
EBITDA margin	4,5%	4,0%	2,5%	3,4%	2,2%	2,7%	3,1%	3,6%	3,0%	3,4%	1,7%	3,3%	-0,3%
EBIT margin	2,3%	2,4%	1,2%	2,1%	0,8%	1,4%	2,0%	2,9%	1,8%	2,2%	0,4%	1,9%	-2,5%
Net margin	2,4%	2,5%	0,6%	1,9%	0,4%	1,0%	1,7%	1,9%	0,3%	2,0%	-0,1%	1,3%	-2,7%
CFO	-28,9	-9,5	-35,9	31,8	-29,6	4,2	-34,1	196,9	-180,6	9,0	6,7	49,3	-10,6
Net debt	-49,5	-35,5	2,3	-14,6	17,3	20,1	50,5	-134,2	50,2	75,8	73,0	26,3	39,9
Backlog	1 498	1 523	1 532	1 832	1 666	1 458	2 053	1 731	1 647	1 467	1 227	1 079	1 316

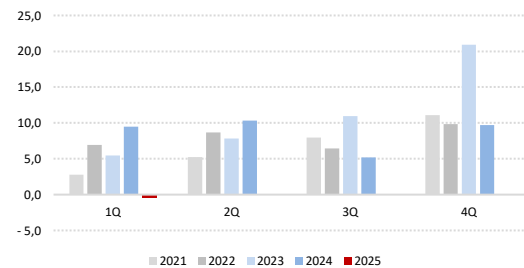
Source: Dom Maklerski BDM S.A., company

Sales [PLN m]



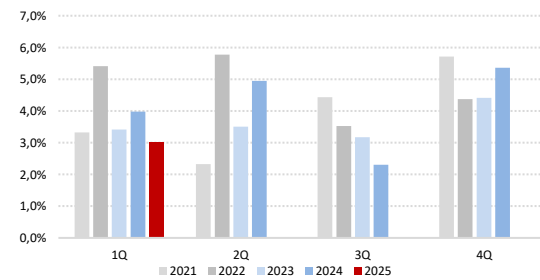
Źródło: BDM S.A., spółka

EBITDA [PLN m]



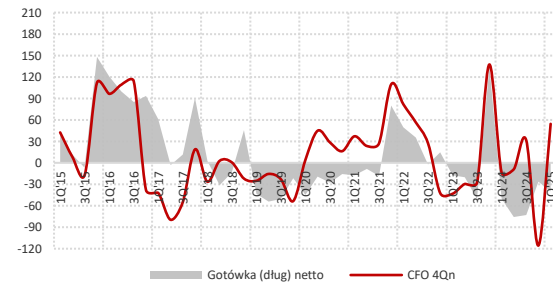
Źródło: BDM S.A., spółka

Gross margin



Źródło: BDM S.A., spółka

Net cash (debt) and OCF [PLN m]



Źródło: DM BDM S.A., spółka

RESEARCH DEPARTMENT:

Maciej Bobrowski

Director

tel. (032) 208 14 12

e-mail: maciej.bobrowski@bdm.pl

[strategy, industry, media/entertainment, TMT](#)

Krzysztof Pado

Deputy Director

Investment Adviser

tel. (032) 208 14 35

e-mail: krzysztof.pado@bdm.pl

[oil&gas, construction, building materials, real estate](#)

Anna Tobiasz

Junior analyst

Investment Adviser

tel. (032) 208 14 35

e-mail: anna.tobiasz@bdm.pl

Andrzej Wodecki

Junior analyst

Investment Adviser

tel. (032) 208 14 39

e-mail: andrzej.wodecki@bdm.pl

Explanations of terminology:

EBIT - earnings before interest and tax

EBITDA - earnings before interest, taxes, depreciation, and amortization

Net debt - interest bearing debt minus cash and equivalents

WACC - weighted average cost of capital

CAGR - cumulative average annual growth

EPS - earnings per share

DPS - dividend per share

CEPS - net profit plus depreciation per share

EV - market capitalization plus interest bearing debt minus cash and equivalents

EV/S - market capitalization / sales

EV/EBITDA - EV / sales

P/EBIT - market capitalization / EBIT

MC/S - market capitalization / sales

P/E - market capitalization / net profit

P/BV - market capitalization / book value

P/CE - market capitalization / net profit plus depreciation

ROE - net profit / equity

ROA - net income / assets

Gross margin - gross profit on sales / sales

EBITDA margin - EBITDA / sales

EBIT margin - EBIT / sales

Net margin - net profit / sales

Explanation of ratings:

Buy - we believe that the security will reach the target price in the recommended period, which significantly exceeds the current market price (at least + 15%);

Accumulate - we believe that the security will reach the target price in the recommended period, which exceeds the current market price (in the range of +5 to + 14.99%);

Hold - we believe that a security in the recommended period will fluctuate around the target price, which is close to the current market price (in the range from -4.99% to + 4.99%);

Reduce - we believe that the security will reach the target price in the recommended period, which is lower than the market price (range of decline from 5% to 14.99%);

Sell - we believe that a security in the recommended period will reach the target price, which is significantly lower than the market price (suggested erosion of the value exceeds 15%).

Target price - the theoretical price which, in our opinion, should reach a security in the recommended period; This price is the result of the company's value (eg based on DCF, comparative and other valuations), market conditions and the industry as well as other factors subjectively considered by the analyst.

Recommendations made by BDM are binding for 12 months from the issue date or until the target level is reached, unless they are updated during this period of time.

INSTITUTIONAL SALES DEPARTMENT:

Leszek Mackiewicz

Director

tel. (022) 62-20-848

e-mail: leszek.mackiewicz@bdm.pl

Maciej Fink-Finowicki

tel. (022) 62-20-855

e-mail: maciej.fink-finowicki@bdm.pl

Piotr Komorowski

tel. (022) 62-20-851

e-mail: piotr.komorowski@bdm.pl

Tomasz Grzeszczyk

tel. (022) 62-20-854

e-mail: tomasz.grzeszczyk@bdm.pl

Ratings and price targets history:

rating	price target	previous rating	previous target price	report date	report date (hour)	price	WIG
Hold	8,70	Hold	11,0	19.05.2025*	07:30 CEST	8,90	103 150
Hold	11,0	Hold	11,0	19.02.2025*	08:48 CEST	11,20	94 651
Hold	11,0	Hold	11,1	22.08.2024*	11:55 CEST	10,60	84 528
Hold	11,1	Accumulate	8,43	22.04.2024*	14:28 CEST	11,10	84 109
Accumulate	8,43	Buy	7,76	04.01.2024*	09:55 CEST	7,86	77 054
Buy	7,76	relaunch	---	12.09.2023*	13:45 CEST	5,62	66 241
Buy	11,8	---	---	17.02.2017	14:39 CEST	9,94	58 348

* The report was prepared by Dom Maklerski BDM at the request of the WSE as part of the Exchange's Analytical & Support Programme.

Distribution of BDM's recommendations in Q2'25*:

, distribution of BDM's recommendations for the companies which BDM has supplied with investment banking services within the last 12 months

	number	%	number	%
Buy	8	62%	0	0%
Accumulate	1	8%	0	0%
Hold	4	31%	0	0%
Reduce	0	0%	0	0%
Sell	0	0%	0	0%

* detailed list of all analytical reports (recommendations) published by BDM during the last 12 months is included at <https://www.bdm.pl/analizy-i-informacje/analizy/historia-rekomendacji>

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The report constitutes an investment research within the meaning of art. 36 §1 of Commission Delegated Regulation (EU) 2017/565.

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- The issuer does not hold shares exceeding 5 % of the BDM issued share capital,
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**BDM acts as an issue sponsor for ZUE

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