



Dom Maklerski BDM S.A.

ELEKTROTIM

ANALYTICAL REPORT - SUMMARY

The company continues its portfolio growth trend, benefiting from the recovery in the electricity industry. Q4'24 EBITDA results were in line with our expectations. We view positively management's outlook from the recent earnings conference call (assuming 15% gross sales margin and 7% net margin in the medium term while maintaining a high CAGR on the revenue side and being able to service PLN 1bn in revenue). We are raising our model assumptions in this direction. We now assume close to 7% net margin in 2025-27 (with a slight decline towards 6.5% in subsequent years) and exceeding PLN 1.0bn in revenue in 2029. Such assumptions (along with the recent drop in risk-free rate in the form of 10Y bond yields) raise our valuation to PLN 54.3 (previously PLN 47.7). We are reiterating an Accumulate recommendation. The company's rather unique exposure (both power and defense) compared to other WSE-listed construction companies, along with its successful business turnaround in recent years, may continue to support investor interest in the company, while the multiples at which it is trading are no longer low (EV/EBITDA'25=8.3x, '26=6.7x).

Recent results

In 2024, the company generated revenue of PLN 525m (-4% y/y), EBITDA of PLN 58.6m and net profit of PLN 54.1m (with the result on the sale of the Zeus subsidiary responsible for PLN 18.2m). In Q4'24 alone, revenues amounted to PLN 189m (+37% y/y), with EBITDA at PLN 15.8m and net profit at PLN 8.6m (a year ago, there was a loss due to a number of one-offs). The company's Q4'24 results were in line with our assumptions at the EBITDA level (net income 12% below due to increased financial expenses and tax rate). At the end of Q4'24, the company had net cash of PLN 36m (vs. net debt of PLN 31m after Q3'24 and net cash of PLN 27m at the end of 2023).

Backlog

After Q4'24, the Group's backlog amounted to PLN 545m (+66% y/y, -8% q/q). After February'25, it increased to a record level of PLN 692m (the company signed a number of contracts mainly for network upgrades), of which PLN 527m is due in 2025. The goal, signalled by the company, is to enter the scale of >€1bn of backlog and revenues in a few years' time.

Segmental positioning

The company's business is based on two areas: Installations (defence, industrial and maintenance) and Networks (distribution and traction). We maintain that, in the medium/long term, the company should be the beneficiary of increased expenditure on the power distribution network, derived from the development of RES and the maintenance of increased expenditure on the military area. Also, the maintenance and traction divisions are exposed to the inflow of EU funds. In addition, the company is signalling interest in contracts for PSE, where the contracting authority's announcements for the coming years are very ambitious.

Profit forecasts, ratios

We assume that the company will generate PLN 573m in revenue and PLN 38.4m in net profit in 2025. In 2026-27, we currently estimate revenue growth of ca. 22-26% y/y (with emphasis on the power and defense segments; we have raised our forecasts given the company's high contract acquisition in recent months). Our forecasts imply EV/EBITDA'25=8.3x, P/E'25=12.9x and 6.7x and 10.2x, respectively, over the next year.

	2022	2023	2024*	2025F	2026F	2027F
Sales [PLN m]	505,6	546,9	524,8	572,8	698,0	877,8
Profit on sales [PLN m]	39,4	50,8	48,6	50,2	61,7	75,8
EBITDA [PLN m]	38,1	38,7	58,6	54,8	66,4	80,7
EBIT [PLN m]	33,2	34,2	54,2	50,2	61,7	75,8
Profit before tax [PLN m]	30,4	32,3	64,2	47,4	59,9	74,4
Net profit [PLN m]	22,0	22,4	54,1	38,4	48,5	60,3
Net debt (cash) [PLN m]	-50,5	-27,1	-35,8	-43,5	-49,0	-52,2
DPS [PLN/share]	0,00	1,55	2,50	2,50	2,88	3,65
P/BV	5,0	4,8	3,7	3,4	3,0	2,6
P/E	22,6	22,2	9,2	12,9	10,2	8,2
P/E adj.	22,6	22,2	12,9	12,9	10,2	8,2
EV/EBITDA	11,7	12,1	7,9	8,3	6,7	5,5
EV/EBIT	13,4	13,7	8,5	9,0	7,2	5,9

*earnings forecasts for 2024 include a +€18.5 million result on the deconsolidation of the Zeus subsidiary at gross and net profit levels (we have adjusted the P/E ratio in the table above for this event)

ACCUMULATE

(PREVIOUS: ACCUMULATE)

TARGET PRICE 54,3 PLN

8th MAY 2025, 13:30 CET

DCF valuation [PLN]	54,2
Peer valuation [PLN]	54,8
Target price [PLN]	54,3
Price upside/downside	9,2%
Cost of capital	13,3%
Price [PLN]	49,7
Market cap [PLNm]	496,2
No. of shares [mn]	10,0
Max. price 6M [PLN]	52,7
Min. price 6m [PLN]	34,0
Rate of return 3M	14,6%
Rate of return 6M	46,4%
Rate of return 9M	73,9%
Shareholders	
Vesper Fundacja Rodzinna	13,2%
Krzysztof i Ewa Folta	10,4%
Futuro Fundacja Rodzinna	6,0%
NN OFE	5,9%
OFE Allianz	5,1%
Pozostali	59,4%

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Valuation summary

	Share	Valuation
DCF valuation	80%	54,2
Peer valuation:	20%	54,9
Target price [PLN]		54,3

Source: Dom Maklerski BDM S.A.

DCF valuation

	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F
Revenues [PLN m]	572,8	698,0	877,8	938,6	1 007,4	1 045,7	1 078,9	1 107,5	1 132,1	1 154,0
EBIT [PLN m]	50,2	61,7	75,8	80,4	85,8	88,5	90,7	92,4	93,7	94,7
Tax rate	19,0%	19,0%	19,0%	19,0%	19,0%	19,0%	19,0%	19,0%	19,0%	19,0%
Tax on EBIT [PLN m]	9,5	11,7	14,4	15,3	16,3	16,8	17,2	17,6	17,8	18,0
NOPLAT [PLN m]	40,6	50,0	61,4	65,2	69,5	71,7	73,4	74,8	75,9	76,7
Amortization [PLN m]	4,6	4,7	4,9	5,1	5,1	5,1	5,1	5,1	5,1	5,2
CAPEX [PLN m]	-4,8	-4,9	-5,1	-5,0	-5,2	-5,1	-5,2	-5,2	-5,2	-5,2
Working capital movement [PLN m]	-6,0	-15,6	-22,4	-7,6	-8,6	-4,8	-4,1	-3,6	-3,1	-2,7
FCF [PLN m]	34,4	34,2	38,8	57,7	60,8	66,9	69,3	71,3	72,8	74,0
DFCF [PLN m]	31,8	27,9	28,0	36,9	34,4	33,4	30,6	27,8	25,1	22,6
Total DFCF [PLN m]	298,5									
Terminal value [PLN m]	678,1									
Discounted terminal value [PLN m]	206,8									
Enterprise value [PLN m]	505,2									
Net debt 2024 [PLN m]	-35,8									
Dividend [PLN m]	0,0									
Minority interests [PLN m]	0,3									
Equity value [PLN m]	540,7									
Number of shares [m]	10,0									
Value per share [PLN]	54,2									

Terminal growth rate: +2,0%

WACC calculation

	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F
Risk-free rate	5,25%	5,25%	5,25%	5,25%	5,25%	5,25%	5,25%	5,25%	5,25%	5,25%
Risk premium	8,00%	8,00%	8,00%	8,00%	8,00%	8,00%	8,00%	8,00%	8,00%	8,00%
Beta	1,0	1,0	1,0	1,0	1,0	1,0	1,0	1,0	1,0	1,0
Credit premium	1,50%	1,50%	1,50%	1,50%	1,50%	1,50%	1,50%	1,50%	1,50%	1,50%
Cost of equity	13,3%	13,3%	13,3%	13,3%	13,3%	13,3%	13,3%	13,3%	13,3%	13,3%
Contribution of equity	96,0%	96,9%	97,7%	98,1%	98,4%	98,4%	98,4%	98,5%	98,5%	98,5%
Cost of debt after tax	5,5%	5,5%	5,5%	5,5%	5,5%	5,5%	5,5%	5,5%	5,5%	5,5%
Contribution of debt	4,0%	3,1%	2,3%	1,9%	1,6%	1,6%	1,6%	1,5%	1,5%	1,5%
WACC	12,9%	13,0%	13,1%	13,1%	13,1%	13,1%	13,1%	13,1%	13,1%	13,1%

Source: Dom Maklerski BDM S.A.

DCF - sensivity analysis

	Terminal growth rate				Terminal growth rate				Beta				
	0,9	1,00%	2,00%		3,00%	7,0%	1,00%		2,00%	3,00%	0,9	1,0	1,1
beta	0,9	56,0	58,3	61,1	Risk premium	7,0%	57,0	59,5	62,5	7,0%	63,9	59,5	55,7
	1,0	52,3	54,2	56,4		8,0%	52,3	54,2	56,4	8,0%	58,3	54,2	50,6
	1,1	49,0	50,6	52,4		9,0%	48,2	49,7	51,5	9,0%	53,7	49,7	46,3

Source: Dom Maklerski BDM S.A.

Peer valuation

	P/E			EV/EBITDA		
	2025F	2026F	2027F	2025F	2026F	2027F
Aترم	11,3	10,8	11,9	7,3	6,8	7,5
Budimex	22,8	19,4	16,9	12,8	10,6	8,9
Introl	8,2	8,6	8,5	3,8	3,6	3,3
Mostostal Zabrze	10,9	10,9	9,9	4,0	3,6	3,2
Onde	27,6	61,2	30,1	10,5	13,5	10,1
Median	11,3	10,9	11,9	7,3	6,8	7,5
Elektrotim	12,9	10,2	8,2	8,3	6,7	5,5
Premium/discount	14%	-6%	-31%	13%	-1%	-27%
Valuation [PLN/share]	43,5	53,0	71,9	44,4	50,3	66,2
Year's contribution	33%	33%	33%	33%	33%	33%
Average valuation [PLN/share]		56,1			53,6	
Multiple's contribution		50%			50%	
Value per share [PLN]		54,9				

Main risks:

- risk of a surge in material costs translating into a decrease in margins during project execution,
- the risk of significant ongoing or potential contracts for the Border Guard resulting from the value of the contracts and tight deadlines
- risk of lack of qualified employees
- potential supply of shares by major shareholders
- payment bottlenecks and bankruptcies in the construction industry;
- problems with obtaining financing and bank guarantees;
- risk of not obtaining new orders and high competition;

	2022	2023	2024	2025F	2026F	2027F
EPS, Adj+	2,20	2,24	5,42	3,85	4,86	6,04
Revenue	505,6	546,9	524,8	572,8	698,0	877,8
Gross Margin %	13,3%	13,9%	15,4%	14,9%	15,0%	14,8%
EBIT	33,2	34,2	54,2	50,2	61,7	75,8
EBITDA	38,1	38,7	58,6	54,8	66,4	80,7
Net Income Adj+	22,0	22,4	54,1	38,4	48,5	60,3
Net Debt	-50,5	-27,1	-35,8	-43,5	-49,0	-52,2
BPS	9,82	10,55	13,43	14,78	16,75	19,15
DPS	0,00	1,55	2,50	2,50	2,88	3,65
Return on Equity %	22,4%	21,2%	40,3%	26,0%	29,0%	31,5%
Return on Assets %	8,2%	8,3%	20,5%	13,4%	14,6%	15,3%
Depreciation	4,7	4,3	4,3	4,5	4,9	4,8
Amortization	0,2	0,1	0,1	0,1	0,2	0,3
Free Cash Flow	43,0	-1,4	46,0	32,7	35,1	40,4
CAPEX	1,7	1,8	1,3	4,8	4,9	5,1

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Ratings and price targets history:

rating	price target	previous rating	previous target price	report date	report date (hour)	price	WIG
Accumulate	54,3	Accumulate	47,7	08.05.2025*	13:30 CET	49,70	101 058
Accumulate	47,7	Accumulate	36,7	06.03.2025*	12:30 CET	43,00	92 242
Accumulate	36,7	Accumulate	31,0	28.10.2024*	08:15 CEST	33,00	80 756
Accumulate	31,0	Accumulate	19,1	20.05.2024*	08:00 CEST	27,85	88 735
Accumulate	19,1	Buy	17,1	04.01.2024*	09:55 CEST	17,48	77 054
Buy	17,1	Buy	15,8	10.10.2023*	11:20 CEST	14,70	66 149
Buy	15,8	Buy	13,0	13.06.2023*	08:30 CEST	13,26	66 298
Buy	13,0	Accumulate	8,17	10.05.2023*	09:22 CEST	10,60	63 285
Accumulate	8,17	Hold	6,79	09.12.2022*	16:00 CEST	7,16	55 651
Hold	6,79	Buy	11,0	18.10.2022*	12:00 CEST	6,48	47 309
Buy	11,0	Buy	10,2	15.06.2022*	07:00 CEST	6,50	53 247
Buy	10,2	---	---	23.08.2021*	07:00 CEST	6,54	67 966

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

-- the author of the reports on Elektrotim in 2021-06'2022 was Krystian Brymora

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.

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DCF – the most popular and the most effective of the valuation methods - it is based on the discounting of future cash flows generated by the company. The disadvantage is the high sensitivity to changes in the basic financial parameters forecast in the model (interest rates, exchange rates, profits, residual value).
 DDM – the method is based on discounting future cash flows from dividends. The advantage of the valuation is the inclusion of future financial results and cash flows from dividends. The main disadvantages are the high sensitivity to changes in the basic financial parameters forecasted in the model (capital cost, profits, residual value) and the risk of changing the dividend payment policy.
 Comparative – the method is based on current and forecasted market multipliers of companies from the industry or related industries, which better than DCF shows the current market situation. The main disadvantages are the difficulty in choosing the right companies for comparison, the risk of ineffective valuation of companies compared at a given moment, as well as high volatility (along with price fluctuations).

Distribution of BDM's recommendations in 2Q'25*:			, distribution of BDM's recommendations for the companies which BDM has supplied with investment banking services within the last 12 months	
	numbers	%	numbers	%
Buy	2	40%	0	0%
Accumulate	1	20%	0	0%
Hold	2	40%	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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- BDM is not a holder of net long or short positions exceeding the threshold of 0,5 % of the total issued share capital of the issuer,
- The person that participated in preparing recommendation is not a holder of net long or short positions exceeding the threshold of 0,5 % of the total issued share capital of the issuer,
- The issuer does not hold shares exceeding 5 % of the BDM issued share capital,
- BDM is a market maker or liquidity provider in the financial instruments of the issuer,
- BDM has not been lead manager or co-lead manager over the previous 12 months of any publicly disclosed offer of financial instruments of the issuer;
- BDM is not a party to an agreement with the issuer relating to the provision of investment banking services pursuant to art. 69 §2 and 4 of the Act on Trading in Financial Instruments dated 25th July 2005,
- BDM is not a party to an agreement with the issuer relating to the provision of investment banking services pursuant to section A and B od Annex I to the Directive 2014/65/EU of the European Parliament and of the Council (hereinafter the Directive 2014/65/EU),
- BDM is not a party to an agreement with the issuer relating to the production of the recommendation,
- There is other significant financial interest that BDM or its related affiliates have in relation to the issuer of financial instruments*
- There are significant connections between BDM or its related affiliates and the issuer of financial instruments**
- The person affiliated with BDM who was involved in the preparation of recommendations did not receive or purchase the shares of the issuer, to whom the recommendation relates directly or indirectly, prior to public offering of such shares,
- The person affiliated with BDM who was involved in the preparation of recommendations declares that they respect internal regulations and are subject to organizational and technical solutions and information barriers established by BDM to eliminate any conflicts of interest concerning recommendations and to avoid them,
- The person affiliated with BDM who was involved in the preparation of recommendations was not rewarded in any form by the issuer, to whom the recommendation relates directly or indirectly, or was not directly connected with any possible transactions concerning services defined in art. 69 §2 and 4 of the Act on Trading in Financial Instruments dated 25th July 2005.

*BDM is a party to the “ANALYTICAL REPORT PREPARATION SERVICES AGREEMENT” concluded with the WSE.

**BDM acts as an issue sponsor for Elektrotim

According to the best knowledge of the party recommending upon the publication of the report there are no other connections between BDM and the company described in this report that the party preparing this report would know of. However, the investor should be aware that the list disclosing conflicts of interest is long and that in the future there may occur situations leading to conflicts of interest which have not been identified or disclosed at the moment of publication of the report concerned. Especially, the investor should assume that BDM may submit an offer for services to a company or other companies mentioned in this report.

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