



Dom Maklerski BDM S.A.

ZUE

ANALYTICAL REPORT - SUMMARY

HOLD

(PREVIOUS: HOLD)

TARGET PRICE 13,0 PLN

11th JUNE 2026, 16:37 CEST

ZUE's Q1'26 results were not impressive, although seasonally Q1 usually has limited significance for the full year. Our focus is more on the company's backlog, which reached a record level of >PLN 3.7bn. In May, a new contract was signed in Romania, confirming the company's strategy of long-term involvement in this market. In terms of the pipeline, in recent weeks PKP PLK selected the company's bids as the most advantageous in two tenders worth PLN 1.2bn in total, while its PLN 0.4bn bid was rejected. The new backlog should allow the company to scale up its operations significantly, with revenues sustainably above PLN 1.5bn from 2027. Profitability is more difficult to assess, including the question of the raw material price path over a multi-year horizon. The market may long remember the company's weak track record from the previous large wave of railway contracts in 2016–17. Taking into account the EV/(backlog + pipeline) ratio, the company is still valued at a very large discount to Torpol. Our current target price is PLN 13.0, vs. PLN 13.2 previously. We maintain our Hold recommendation. The valuation does not include potential claims and indexation from contracting authorities, with lawsuits filed for the equivalent of around PLN 5/share.

Recent period results

In Q1'26, the company generated PLN 148m in revenues (-18% yoy) and a net loss of PLN 4.2m, vs. a net loss of PLN 4.8m a year earlier. At the end of Q1'26, net debt stood at PLN 23m, vs. PLN 40m a year earlier. Q1'26 results were slightly disappointing; however, given the difficult winter conditions this year, this should not be surprising.

Backlog

According to the company's latest press comments, it is ready for execution volumes of PLN 2bn/year. Backlog after Q1'26 stood at PLN 3.75bn (+185% yoy). At the time of our previous recommendation at the beginning of April'26, the company had submitted the three lowest-priced bids in PKP PLK tenders worth PLN 1.6bn and in a railway tender in Romania, with a PLN 0.1bn consortium share. The contract in Romania has already been signed. In the case of PKP PLK, the company's bids were selected as the most advantageous in two tenders worth PLN 1.2bn, while in one tender worth PLN 0.4bn its bid was rejected. For Q2–Q4'26, PKP PLK's current schedule assumes bid submissions in 11 additional tenders worth >PLN 100m each, compared with 10 such proceedings since the beginning of the year to date. In 2026–28, CPK is also expected to be active in railway line tenders, with the company having announced that it intends to participate in consortia for railway sections. Several tram tenders have recently appeared, although it is still difficult to speak of any regularity here.

Segmental positioning

The company is exposed to the railway market in Poland, Romania and potentially other countries, as well as to the tram market and, to a limited extent, local roads through Energopol. In the past, entry into the PSE market was also planned. In recent years, the company has had around a 4% share in PKP PLK's annual construction capex. This is supplemented by other customers, including siding owners, cities and foreign markets, which in recent years averaged PLN 0.5bn/year, with high volatility.

Performance forecasts, ratios

We currently estimate that in 2026 the company will generate PLN 1.02bn in revenues and PLN 7.7m in net profit, noting that 2025 results were supported by subsidies/settlements. In 2027/28, we assume revenues of PLN 1.52bn / PLN 1.72bn and net profit of PLN 23.5m / PLN 33.0m, respectively. Under our assumptions, the company is trading at EV/EBITDA'26 of 9.6x, EV/EBITDA'27 of 5.2x and EV/EBITDA'28 of 3.9x. Taking into account the EV-to-backlog ratio, the company is still valued at a very large discount to Torpol: for ZUE, EV stands at PLN 316m with backlog + pipeline of PLN 5.0bn, while for Torpol EV is PLN 1,096m and backlog + pipeline is PLN 6.7bn. Based on the CEO's latest comments after Q4'25, it can be inferred that the company's ambition is annual execution volume of PLN 2.0bn; in the 2030 perspective, our model currently assumes slightly above PLN 1.8bn.

DCF valuation [PLN]	13,1
Peer valuation [PLN]	12,9
Target price [PLN]	13,0
Price upside/downside	2,6%
Cost of capital	15,2%
Price [PLN]	12,70
Market cap [PLNm]	292,5
No. of shares [mn]	23,0
Max. price 6M [PLN]	14,1
Min. price 6m [PLN]	10,3
Rate of return 3M	6,7%
Rate of return 6M	23,3%
Rate of return 9M	22,1%
Shareholders	
Nowak Wiesław	62,5%
Bankowy OFE	8,6%
Generali OFE	6,3%
ZUE	1,1%
Others	21,4%

Krzysztof Pado

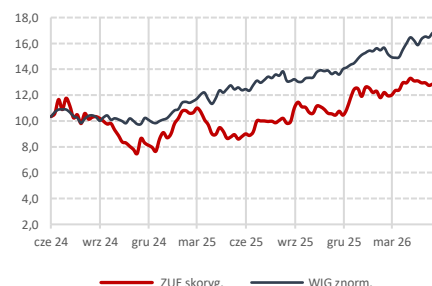
pado@bdm.com.pl

tel. (0-32) 208-14-32

Dom Maklerski BDM S.A.

ul. 3-go Maja 23, 40-096 Katowice

	2023	2024	2025	2026F	2027F	2028F
Sales [PLN m]	1 484,1	1 219,4	945,9	1 020,2	1 520,9	1 721,6
EBITDA [PLN m]	45,2	34,7	37,0	28,1	46,0	56,9
EBIT [PLN m]	30,4	19,1	20,9	13,4	31,3	42,1
Profit before tax [PLN m]	28,9	12,1	14,0	9,7	29,1	40,7
Net profit [PLN m]	21,0	10,7	11,0	7,7	23,5	33,0
Net debt (cash) [PLN m]	-134,2	26,3	26,8	-24,2	-51,3	-69,3
P/BV	1,5	1,4	1,4	1,3	1,2	1,1
P/E	13,9	27,3	26,6	37,8	12,4	8,9
EV/EBITDA	3,5	9,2	8,6	9,6	5,2	3,9
EV/EBIT	5,2	16,7	15,2	20,1	7,7	5,3
DPS [PLN/sh.]	0,07	0,21	0,00	0,00	0,17	0,51



Valuation summary

	Share	Valuation
DCF valuation	80%	13,1
Peer valuation:	20%	12,9
Target price [PLN]		13,0

Source: Dom Maklerski BDM S.A.

DCF valuation

	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F
Revenues [PLN m]	1 020,2	1 520,9	1 721,6	1 822,4	1 840,6	1 859,0	1 877,6	1 896,4	1 915,3	1 934,5
EBIT [PLN m]	13,4	31,3	42,1	50,2	55,4	61,3	62,3	63,3	64,2	65,2
Tax rate	19,8%	19,0%	19,0%	19,0%	19,0%	19,0%	19,0%	19,0%	19,0%	19,0%
Tax on EBIT [PLN m]	2,6	5,9	8,0	9,5	10,5	11,7	11,8	12,0	12,2	12,4
NOPLAT [PLN m]	10,7	25,4	34,1	40,7	44,9	49,7	50,5	51,2	52,0	52,8
Amortization [PLN m]	14,7	14,7	14,8	14,8	14,8	14,8	14,8	14,8	14,8	14,9
CAPEX [PLN m]	-14,8	-14,8	-14,8	-14,8	-14,9	-14,9	-14,9	-14,9	-14,9	-14,9
Working capital movement [PLN m]	42,6	2,5	-5,1	-3,1	-0,5	-0,5	-0,5	-0,5	-0,5	-0,5
FCF [PLN m]	53,2	27,7	28,9	37,5	44,3	49,1	49,9	50,6	51,4	52,2
DFCF [PLN m]	49,3	22,4	20,3	22,9	23,5	22,6	20,0	17,6	15,5	13,7
Total DFCF [PLN m]	228,0									
Terminal value [PLN m]	373,4									
Discounted terminal value [PLN m]	98,0									
Enterprise value [PLN m]	326,0									
Net debt 2025 [PLN m]	26,8									
Own shares [PLN m]	3,4									
Minority interests [PLN m]	1,6									
Paid dividend [PLN m]	0,0									
Equity value [PLN m]	300,9									
Number of shares [m]	23,0									
Value per share [PLN]	13,1									

Terminal growth rate: +1,0%

WACC calculation

	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F
Risk-free rate	5,65%	5,65%	5,65%	5,65%	5,65%	5,65%	5,65%	5,65%	5,65%	5,65%
Risk premium	9,50%	9,50%	9,50%	9,50%	9,50%	9,50%	9,50%	9,50%	9,50%	9,50%
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	15,2%	15,2%	15,2%	15,2%	15,2%	15,2%	15,2%	15,2%	15,2%	15,2%
Contribution of equity	93,5%	96,3%	97,8%	98,4%	98,9%	99,3%	99,7%	99,9%	100,0%	100,0%
Cost of debt after tax	5,7%	5,8%	5,8%	5,8%	5,8%	5,8%	5,8%	5,8%	5,8%	5,8%
Contribution of debt	6,5%	3,7%	2,2%	1,6%	1,1%	0,7%	0,3%	0,1%	0,0%	0,0%
WACC	14,5%	14,8%	14,9%	15,0%	15,0%	15,1%	15,1%	15,1%	15,2%	15,2%

Source: Dom Maklerski BDM S.A.

DCF - sensitivity analysis

	Terminal growth rate			Risk premium	Terminal growth rate			Risk premium	Beta			
	0,00%	1,00%	2,00%		0,00%	1,00%	2,00%		0,9	1,0	1,1	
beta	0,9	1,0	1,1	8,5%	9,5%	10,5%	8,5%	9,5%	10,5%	13,1	12,2	11,3
	13,7	14,1	14,5	13,8	12,7	12,5	13,8	14,1	13,4	14,1	13,1	12,2
	11,9	12,2	12,5	11,9	12,1	12,4	10,5%	13,1	12,1	12,1	11,3	11,3

Source: Dom Maklerski BDM S.A.

Peer valuation

	P/E			EV/EBITDA		
	2026F	2027F	2028F	2026F	2027F	2028F
Budimex	21,3	19,0	17,1	11,6	10,3	9,2
Mirbud	10,5	10,1	8,0	7,1	6,8	5,9
Torpol	15,7	14,2	11,9	6,6	6,0	4,9
Trakcja	15,6	12,0	10,0	8,1	6,6	5,5
Median	15,6	13,1	11,0	7,6	6,7	5,7
ZUE	37,8	12,4	8,9	9,6	5,2	3,9
Premium/discount	141%	-5%	-19%	26%	-22%	-31%
Valuation [PLN/share]	5,3	13,4	15,7	10,3	15,6	17,0
Year's contribution	33%	33%	33%	33%	33%	33%
Average valuation [PLN/share]	11,5			14,3		
Multiple's contribution		50%		50%		
Value per share [PLN]	12,9					

Source: Dom Maklerski BDM S.A. BDM forecasts

Main risks:

- Dependence on main customers (PKP PLK)
- Failure to win new contracts
- Level of investment in transport infrastructure in the CEE region.
- Risks related to the co-financing of project implementation from EU funds.
- Risks related to entering new markets (currently Romania).
- Risks related to the specific nature of the projects implemented.
- Relatively low barriers to entry, increase in competition
- Seasonality of results and weather factor
- Litigation

	2023	2024	2025	2026F	2027F	2028F
EPS, Adj+	0,91	0,47	0,48	0,34	1,02	1,43
Revenue [PLN m]	1 484,1	1 219,4	945,9	1 020,2	1 520,9	1 721,6
Gross Margin %	3,8%	4,1%	6,4%	5,1%	4,8%	5,0%
EBIT [PLN m]	30,4	19,1	20,9	13,4	31,3	42,1
EBITDA [PLN m]	45,2	34,7	37,0	28,1	46,0	56,9
Net Income Adj+ [PLN m]	21,0	10,7	11,0	7,7	23,5	33,0
Net Debt [PLN m]	-134,2	26,3	26,8	-24,2	-51,3	-69,3
BPS	8,63	8,90	9,38	9,71	10,57	11,49
DPS	0,07	0,21	0,00	0,00	0,17	0,51
Return on Equity %	10,6%	5,2%	5,1%	3,5%	9,7%	12,5%
Return on Assets %	2,3%	1,5%	1,8%	1,2%	2,7%	3,4%
Depreciation [PLN m]	10,2	9,3	9,0	9,0	9,1	9,1
Amortization [PLN m]	0,6	0,6	0,7	0,1	0,1	0,1
Free Cash Flow [PLN m]	142,6	-118,1	8,8	51,0	30,9	29,8
CAPEX [PLN m]	8,2	5,5	2,1	14,8	14,8	14,8

**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**

Analyst

Investment Adviser

tel. (032) 208 14 35

e-mail: anna.tobiasz@bdm.pl**INSTITUTIONAL SALES DEPARTMENT:****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	13,0	Hold	13,2	11.06.2025*	16:37 CEST	12,70	135 420
Hold	13,2	Buy	12,4	07.04.2025*	11:45 CEST	13,35	127 394
Buy	12,4	Accumulate	10,9	09.12.2025*	08:55 CET	10,30	110 095
Accumulate	10,9	Hold	8,70	22.08.2025*	13:00 CEST	10,05	108 594
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 Coverage Support Programme.

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.

The strengths and weaknesses of the valuation methods used in the report:

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'26*:			, distribution of BDM's recommendations for the companies which BDM has supplied with investment banking services within the last 12 months	
	numbers	%	numbers	%
Buy	3	25%	0	0%
Accumulate	3	25%	1	100%
Hold	4	33%	0	0%
Reduce	2	17%	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 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 not 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 other 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 ZUE

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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