

2021-09-07 18:08

Key data

Target price [PLN]	17,0
DCF Valuation [PLN]	15,9
Comparative Valuation [PLN]	17,3
Market price [PLN]	12,9
Growth/decrease potential [%]	31,8%
Market cap [mln PLN]	452,4
Free float [mln PLN]	16,6%
Sector	building
WSE code	UNI
Bloomberg code	UNI PW

Analysts

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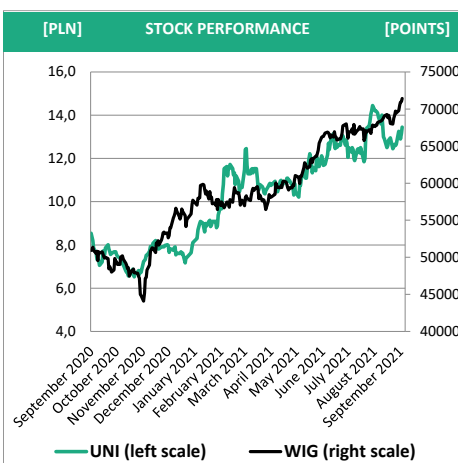
Company profile

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 Bielski Podlaski.

Źródło: www.gpw.pl

Shareholders:

	[%]
Zofia Mikołuszkó	25,1
Beata Maria Skowrońska	15,7
Unibep SA	10,0
OFE Aviva Santander	9,7
OFE PKO BP Bankowy	8,7
Wojciech Jacek Stajkowski	7,1
Bożenna Anna Lachocka	7,1



UNIBEP SA

Analytical Report

Strong industry as a chance for revenue growth

The last year, despite the pandemic, showed a continuation of high turnover of construction and assembly production, which was also reflected in the results of the most prospering construction companies in Poland. The continued demand for construction services in the infrastructure sector mainly contributed to the increase in revenues. Last year, the Unibep Group achieved historical results: PLN 37 million of net profit (increase by 28% y / y), with sales at the level of PLN 1.68 billion (increase by 1% y / y). Additionally, the Group significantly improved its cash position and built a solid order backlog in all business segments. In the construction and infrastructure part, at the beginning of the year, had contracts for approximately PLN 2.5 billion

We recognize the **greatest opportunities** in the building construction segment, as a result of the visible recovery in the Polish industry after the pandemic and growing foreign investments. In the long term, the segments of Infrastructure (Fund for Reconstruction), developer activities and ecological modular houses (Unihouse), which are becoming more and more popular, should positively contribute to the results.

Among the **potential threats** to the Company value, we identify a rising prices of building materials and increasing pressure to increase salaries.

We **estimate the value of Unibep at PLN 17**, by employing both DCF and comparative method. The target price is a premium of 31,8% compared to the current price (12,9 PLN).

PLN thd	2020	2021P	2022P	2023P	2024P	2025P
Sales	1 682 336,7	1 684 066,6	1 830 166,2	1 844 980,5	1 857 701,1	1 868 847,8
EBITDA	78 285,0	66 747,6	78 833,1	81 067,8	81 187,0	80 395,6
EBITDA margin	4,7%	4,0%	4,3%	4,4%	4,4%	4,3%
EBIT	59 792,6	48 411,1	60 129,9	61 990,6	61 728,2	60 547,6
Net income	50 206,6	39 784,0	46 667,2	49 295,7	49 956,5	48 066,0
Equity	275 742,4	318 271,8	361 215,0	402 886,4	443 477,3	480 682,7
Debt	172 560,6	134 668,1	141 127,1	150 380,2	144 767,7	146 358,5
P/E	9,0	11,4	9,7	9,2	9,1	9,4
P/BV	1,6	1,4	1,3	1,1	1,0	0,9
EV/EBITDA	3,6	4,8	3,9	3,7	3,8	3,8
DY	1,8%	2,0%	2,3%	2,4%	2,5%	2,4%

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 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: 07 September 2021, 18:00

Distribution of this study: 07 September 2021, 18:15

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)
NTT SYSTEM	N/A	8,30	5,98	Initial report	2021-09-01	Łukasz Bryl, Tomasz Czarniecki
UNIBEP	N/A	17,00	12,90	Initial report	2021-09-07	Artur Wizner