

2021-11-24 17:00

Key data

Target price [PLN]	14,0
DCF Valuation [PLN]	14,5
Comparative Valuation [PLN]	13,9
Market price [PLN]	10,4
Growth/decrease potential [%]	35,3%
Market cap [mln PLN]	363,0
Free float [mln PLN]	16,6%
Sector	building
WSE code	UNI
Bloomberg code	UNI PW

Analysts

Artur Wizner

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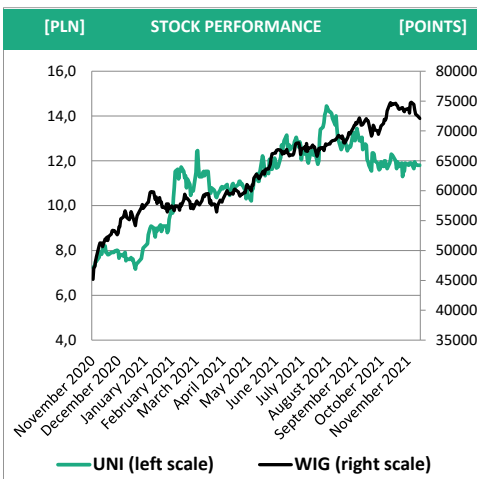
Company profile

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.

Źródło: 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	8,7
Wojciech Jacek Stajkowski	7,1
Bożenna Anna Lachocka	7,1



UNIBEP SA

Analytical Report

Results under cost pressure

The construction market and Polish construction companies perform very well during the pandemic. Much better than other industries and sectors of the economy. At that time, a stream of public money for infrastructure investments appeared on the market, and developers and individual investors were building to power. Against this background, the results of the Unibep group are disappointing in our opinion. We believe that the Company did not take advantage of the favorable environment to maximize its results. The sales revenues achieved in the third quarter were weaker compared to the same period in the previous years. Similarly, the generated gross margin on sales also saw a significant decrease. A solid backlog of orders in all business segments, which we have recently paid attention to, on the one hand is a guarantee of stable revenues, and on the other hand, it is a risk for profitability with rising prices of building materials, energy prices and labor costs. In addition, in the case of contracts on the Scandinavian market, the risk for margins is fluctuations in the exchange rate of the Swedish and Norwegian krone.

Taking all the above factors into account, we revised our forecasted revenues and assumed margins in 2022, which implied a reduction of the target price of Unibep shares to PLN 14. We still recognize the greatest opportunities in the building construction segment and in the growing share of foreign investments, especially in the segment of ecological modular houses. In the long term, the Infrastructure segment (Reconstruction Fund) should positively contribute to the results.

PLN thd	2020	2021P	2022P	2023P	2024P	2025P
Sales	1 682 336,7	1 647 933,2	1 841 628,7	1 822 092,3	1 854 804,9	1 870 970,4
EBITDA	78 285,0	61 016,6	94 367,3	96 348,7	110 959,1	117 034,9
EBITDA margin	4,7%	3,7%	5,1%	5,3%	6,0%	6,3%
EBIT	59 792,6	41 421,8	73 008,9	73 068,0	85 583,2	89 375,2
Net income	50 206,6	34 542,0	56 326,4	57 603,8	67 847,8	69 686,7
Equity	275 742,4	303 995,1	376 669,8	423 906,8	486 477,3	543 962,7
Debt	172 560,6	198 876,0	170 086,6	171 623,1	182 010,8	177 539,1
P/E	7,2	10,5	6,4	6,3	5,3	5,2
P/BV	1,3	1,2	1,0	0,9	0,7	0,7
EV/EBITDA	2,4	2,7	2,0	2,0	1,6	1,6
DY	2,0%	2,9%	4,7%	5,6%	6,5%	6,7%

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.

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Distribution of this study: 24 November 2021, 17:15

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	nd	8,30	5,98	Initial report	2021-09-01	Łukasz Bryl, Tomasz Czarniecki
UNIBEP	nd	17,00	12,90	Initial report	2021-09-07	Artur Wizner
MONNARI TRADE	nd	5,30	2,80	Initial report	2021-09-07	Łukasz Bryl, Tomasz Czarniecki
PROTEKTOR	nd	4,60	3,60	Initial report	2021-09-07	Artur Wizner, Tomasz Czarniecki
PROCHEM	nd	31,00	25,00	Initial report	2021-10-06	Artur Wizner
NTT SYSTEM	nd	8,30	5,80	Analysis of results	2021-10-01	Łukasz Bryl, Tomasz Czarniecki
MONNARI TRADE	nd	5,30	2,90	Analysis of results	2021-10-01	Łukasz Bryl, Tomasz Czarniecki
PROTEKTOR	nd	4,60	3,40	Analysis of results	2021-10-08	Artur Wizner, Tomasz Czarniecki
VIVID GAMES	nd	1,23	1,39	Analytical report	2021-10-18	Łukasz Bryl, Tomasz Czarniecki
PROCHEM	nd	31,00	25,40	Analysis of results	2021-11-17	Artur Wizner
VIVID GAMES	nd	1,23	1,37	Financial forecast	2021-11-24	Łukasz Bryl, Tomasz Czarniecki
NTT SYSTEM	nd	8,30	5,04	Financial forecast	2021-11-24	Łukasz Bryl, Tomasz Czarniecki
UNIBEP	nd	14,00	10,35	Analytical report	2021-11-24	Artur Wizner