

2022-04-21 17:00

### Key data

Target price [PLN]	11,0
DCF Valuation [PLN]	10,9
Comparative Valuation [PLN]	10,8
Market price [PLN]	9,0
Growth/decrease potential [%]	22,2%
Market cap [mln PLN]	315,6
Free float [%]	16,6%
Sector	building
WSE code	UNI
Bloomberg code	UNI PW

### Analysts

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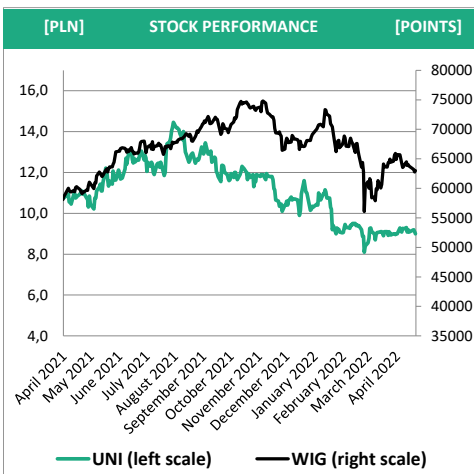
### Company profile

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 Bielsk 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	9,2
Wojciech Jacek Stajkowski	7,1
Bożenna Anna Lachocka	7,1



# UNIBEP SA

## Analytical Report

### Difficult times for construction sector

The construction market and Polish construction companies performed very well during the pandemic. Despite the observable increase in the prices of building materials at the end of last year and the pressure on wage growth, most of the large companies in the sector improved profitability. Unibep owes its good results for 2021 to a very good end of the year in the development and modular construction segments. Currently, in connection with the war in Ukraine the industry is struggling with problems with the availability of certain materials, as well as a drastic increase in prices. Unibep entered in the new year with a solid portfolio of contracts in all business segments, which in our opinion will translate into further revenue growth, but the challenge is to maintain margins. We see the greatest opportunities in the further development of modular construction and the new segment of energy and industrial construction, especially after the expected release of funds from the NRP (National Recovery Plan).

Taking all the above factors into account, for 2022 we see both many opportunities and threats for the Unibep Group. Guided by conservative principles of preparing financial forecasts, we are revising the forecasted results and assumed margins in 2022, which translates into a decrease in the target price of Unibep shares from PLN 14 to PLN 11.

### Growth factors

1. Solid contracts portfolio
2. Increase in public procurement
3. New business segment
4. Revival of construction after pandemic

### Risk factors

1. The war in Ukraine and its consequences
2. Exchange rate fluctuations
3. Economic downturn
4. Rising commodity prices and rising wages

PLN thd	2021	2022P	2023P	2024P	2025P	2026P
<b>Sales</b>	1 712 390,4	1 944 255,3	1 971 401,7	1 995 804,0	2 018 367,5	2 039 737,6
EBITDA	83 437,7	76 352,4	89 227,2	91 750,7	94 240,4	96 543,5
<i>EBITDA margin</i>	4,9%	3,9%	4,5%	4,6%	4,7%	4,7%
<b>EBIT</b>	61 479,7	54 806,2	65 957,3	66 851,9	67 598,7	68 303,3
Net income	47 132,7	41 773,5	51 631,0	52 939,1	52 104,9	53 176,0
<b>Equity</b>	308 545,8	349 207,8	395 456,2	436 238,6	474 956,6	515 641,9
Debt	239 072,0	202 350,2	183 436,1	134 412,2	155 314,7	176 169,5
P/E	6,7	7,6	6,1	6,0	6,1	6,0
P/BV	1,0	0,9	0,8	0,7	0,7	0,6
EV/EBITDA	4,2	5,4	4,8	4,4	4,3	3,9
DY	3,3%	3,7%	3,3%	4,1%	4,2%	4,1%

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: 21 April 2022, 17:30

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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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
VIVID GAMES	nd	1,23	1,34	Analysis of results	2021-12-02	Łukasz Bryl, Tomasz Czarniecki
NTT SYSTEM	nd	8,30	5,16	Analysis of results	2021-12-03	Łukasz Bryl, Tomasz Czarniecki
MONNARI TRADE	nd	5,30	2,57	Analysis of results	2021-12-10	Łukasz Bryl, Tomasz Czarniecki
PROTEKTOR	nd	4,60	3,17	Analytical report	2021-12-10	Artur Wizner
UNIBEP	nd	11,00	9,00	Analytical report	2022-04-21	Artur Wizner