

Masterplast Nyrt.

UNDER REVIEW

One year target price: -



Thousand EUR	Q1 2025	Q1 2024	Y/Y
Revenue	33 451	32 655	2,4%
EBITDA	973	856	12,0%
EBIT	-835	-838	-
Net profit	-2 194	53	-

Price (05/19/2025)	HUF 2 480	Net profit (Q1 2025, Thousand EUR)	-2 194
Shares outstanding (thousand)	16 851	Bloomberg ticker	MASTERPLAST HB Equity
Free float	50%	BÉT ticker	MASTERPLAST
Market capitalization (million)	47 741	52 week min./max.	HUF 2 290-3 080

Source: BÉT, Bloomberg

Masterplast Q1 earnings

- According to the company, there has been a slight recovery in the construction industry, but this has not yet resulted in a significant increase in demand for Masterplast. The company continued to focus on efficient operations, which ensured sustainable, profitable operations (at EBITDA level) even in subdued market conditions and with lower capacity utilization. Due to unfavourable exchange rate movements, the company closed the first quarter of 2025 with a loss of EUR 2 194 thousand in after-tax profit.
- Primarily due to the sales of the HEM, the company's Q1 2025 revenue increased slightly compared to the first quarter of the previous year. The company made a loss in both EBIT and net profit, as a result of reorganisations and other efficiency-improving measures, EBITDA increased by 14%.
- In recent years, the company has significantly expanded its thermal insulation material production capacities, and the glass wool factory is also about to be launched. Based on the latest quarterly figures, Masterplast's capacity utilization is currently low, but we still believe that the EU energy targets guarantee significant market potential in both the renovation and new construction segments.
- **We are reviewing our DCF model and will publish our updated model and target price soon.**

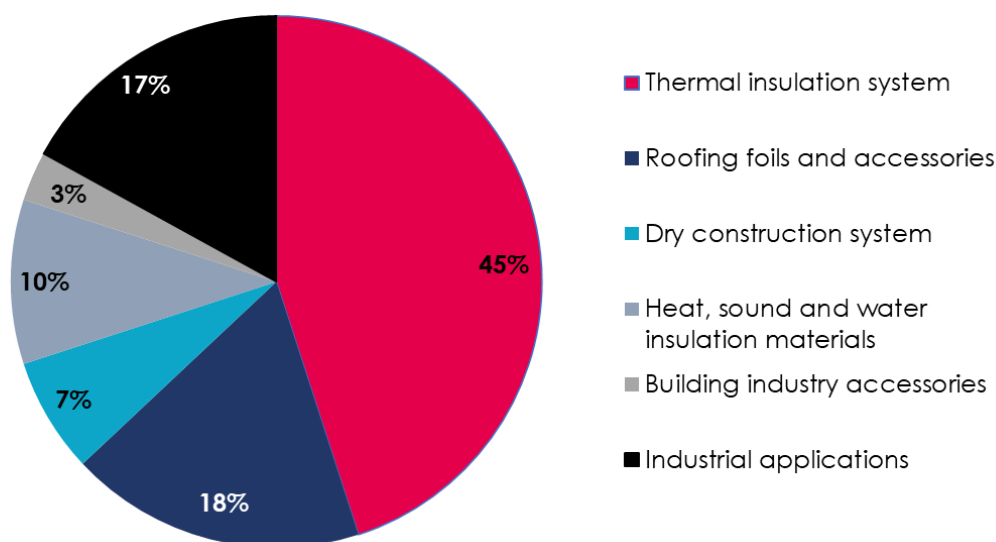
Q1 result

- The total revenue of the Company amounted to EUR 33 451 thousand in Q1 2025, which was 2% higher than in Q1 2024.
- The personnel expenses of the Company decreased by 2% compared to last year's base, the closing headcount (1 111) was 120 lower than the closing headcount of the base period.
- The Group's operating EBITDA in Q1 2025 was a profit of EUR 973 thousand. The depreciation increased mostly as a result of the recently launched XPS production unit. Taking depreciation into account, the operating result (EBIT) still showed a loss.
- Unlike in the base period, unfavourable exchange rate movements this time resulted in financial losses – largely unrealised – for the Company, and therefore the profit after tax closed with a loss of EUR 2,2 million in the first quarter of 2025.

Sales by product group

- In terms of the revenue slate, **thermal insulation systems** provided the biggest share: its sales decreased by 13% in the first quarter compared to the base period. The turnover of self-produced fiberglass mesh decreased to a greater extent, but overall, none of the product ranges could increase in the quarter under review.
- Sales revenues in the **Roofing foils and accessories** product group closed at the same level as last quarter, and within this, the turnover of own-produced diffusion roofing foils decreased.
- In the **Industrial applications product group**, sales increased by 61% in Q1 2025. The sale of the limited marketable property rights (so-called HEM) is also recorded here, which generated significant revenue for the product group.
- In the **dry construction system** the sales decreased in Q1 2025 by 12% compared to the base. In the **building industry accessories**, the sale of products decreased by 4% in the first quarter of 2025.
- In the **Heat, sound and water insulation materials** product group the sales increased by 48% in Q1 2025 compared to the same period in 2024. Masterplast's recently introduced self-produced XPS product achieved outstanding sales growth. Sales of glass and rock wool also improved.

Contribution of product groups in percentage to the total sales revenue

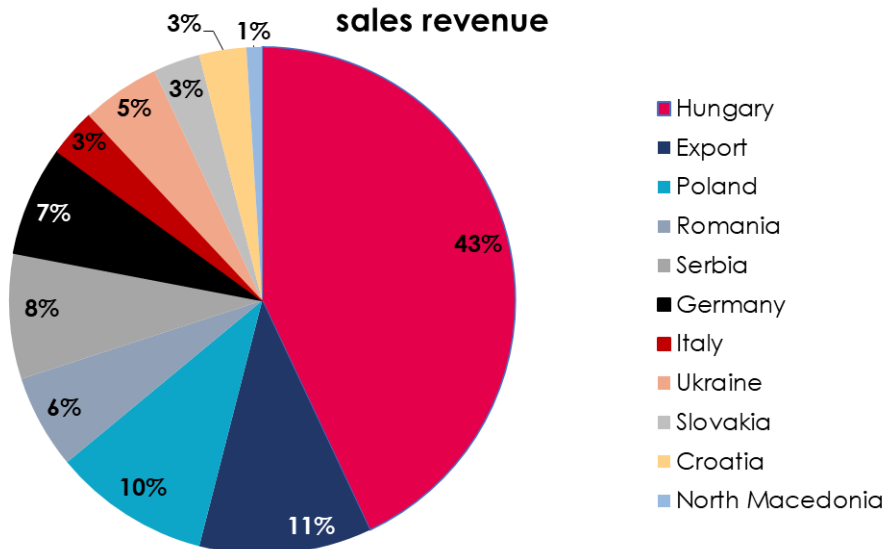


Source: Masterplast, MBH

Sales by countries

- The Group has increased its total sales by 2% in Q1 2025 compared to the Q1 2024 base period.
- The breakdown of the sales by countries shows the revenue realized in countries where the Company has its own subsidiary, regardless of which subsidiary has registered the sales in the country. For countries where there is no Group subsidiary, sales are reported on the Export line.
- In the first half of 2022, the Company revised and changed the breakdown of its sales by country. With foundation of Masterplast Italia Srl. the Group reclassified the Italian market from the Export category to a separate category, as from H1 2022 the Company has its own subsidiary in the country.
- On the most relevant **Hungarian** market the turnover increased by 31% in Q1 2025 compared to the base period. Sales of roofing foils and accessories, including the sales of our own manufactured diffusion roofing membranes, as well as Heat, sound and water insulation materials increased, while sales of the Thermal insulation system and Dry construction system product groups decreased.
- In the **Export** market in Q1 2025, the turnover declined by 18% compared to the same period of the previous year. Sales in the **German** market decreased by 2% in the first compared to the corresponding period last year.
- In **Italy**, sales decreased by 53% compared to the first quarter of last year. On the key **Romanian** market, sales decreased by 18% in Q1 2025 compared to the base period. In **Serbia**, sales decreased by 3% in 2025 Q1.
- On the **Croatian** market the Group sales decreased by 30% in Q1 2025 compared to the base term. On the **Polish** market the sales increased by 19% in Q1 2025 compared to the base where fiberglass sales increased the most. In the **Slovak** market, sales decreased by 15% in Q1 2025. In **Ukraine**, first-quarter sales increased by 2% compared to the base in 2024.

Contribution of countries in percentage to the total sales revenue



Source: Masterplast, MBH

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- **Underweight:** A rating of underweight means the stock's return is expected to be below the average return of the overall industry, or the index benchmark over the next 12 months.
- **Equal-weight:** A rating of equal-weight means the stock's return is expected to be in line with the average return of the overall industry, or the index benchmark over the next 12 months.
- **Buy:** total return is expected to exceed 10% in the next 12 months.
- **Neutral:** Total return is expected to be in the range of -10 - +10% In the next 12 months.
- **Sell:** Total return is expected to be below -10% in the next 12 months.
- **Under review:** If new information comes to light, which is expected to change the valuation significantly.

7. Change from the prior research

Our target price is determined on a 12-month basis, without dividends, unless otherwise stated.

Our first research was published on 15. December 2017. In that Initial Coverage our price target was HUF 775. The changes in fundamental factors and the operation in the Company required regular updates of our model and the target price. We are updating our model, so we have put our current target price under review.

Prior researches

MBH Bank wrote an initiation report on 15. December 2017. The research is available on the web page of the BSE (Budapest Stock Exchange):

<https://www.bet.hu/pfile/file?path=/site/Magyar/Dokumentumok/Tozsdetagoknak/Tozsdetagok-elemzesei/MKB-Bank-Masterplast-initiation-report-20171215.pdf>

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14. The valuation procedures used:

Discounted cash flow valuation

The discounted cash flow valuation is a method of valuing a company (or project, assets, business, etc.) with the time value of the money. The model forecasts the company's free cash flow (free cash flow to firm) and discounts it with the average cost of capital (WACC). The cash flow is simply the cash that is generated by a business and which can be distributed to investors. The free cash flow represents economic value, while accounting metric like net earning doesn't. The WACC represents the required rate of return by the investors. If a business is risky the required rate of return, the WACC will be higher.

Discounted cash flow model (DCF): We analyze the companies using five year forecast period and set a terminal value based on the entity's long term growth or on different exit multiples like EV/EBITDA or EV/EBIT. In certain cases the forecast period may differ from five years. In this case the analysts must define the reason for difference. The cash flows are discounted by the company's WACC unless otherwise specified.

In the first step we have to forecast the company's cash flow. The free cash flow to firm (FCFF) is based on the earnings before interest and taxes (EBIT), the tax rate, depreciation and amortization (D&A), net change in working capital (which is based on the current assets and current liabilities) and the capital expenditures (CAPEX). The model requires a terminal value which can be based on the long term growth or on an exit multiple like EV/EBITDA, or EV/EBIT. Forecasting the terminal value is a crucial point because in most cases it makes up more than 50% of the net present value.

The discount rate (WACC): The average cost of capital of the company is dependent on the industry, the risk free rate, tax, the cost of debt and the equity risk premium. The cost of equity is calculated by the CAPM model, where the independent variables are the risk free rate, the industry specific levered beta, and the equity risk premium. The WACC is dependent on the capital structure, so the forecast of the equity/debt mix is crucial.

At the end we get the enterprise value (EV). The EV is the market capitalization plus the total debt and preferred equity and minority interest, minus the company's cash. In the last step we have to reduce the EV with the net debt. This figures divided by the shares outstanding we arrive at the target share price.

The discounted cash flow model includes sensitivity analysis which takes the effects of the change in the WACC, the long term growth or the used exit multiples on which the terminal value is based.

Our target price is based on a 12 month basis, ex-dividend unless stated otherwise.

Peer group valuation: For comparison we use peer group valuation. The analysis based on important indicators and multiples like P/E, EV/EBITDA, EV/EBIT, market capitalization, P/S, EBITDA margin, net debt to EBITDA, EBITDA growth, dividend yield and ROIC. If the industry justifies we may use other multiples. The peer group is compiled according to the companies' main business, with respect to the region (DM or EM market).

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