

Izostal

Fluctuations in material prices

In this report, we update our recommendation for Izostal following the 4Q25 results. We slightly raise our fair value to PLN 3.25 (implying an 6% upside potential) and maintain our HOLD recommendation. We still like the outlook for gross margin improvement in the coming years supported by "local content" requirements (i.e., barriers for foreign entities) in tender procedures, but it should be partially offset by increase of polyethylene prices. We expect a y/y decline in results in 2026E due to lower number of tenders of pipes with DN over DN700, which is visible in the current order backlog, which stands at PLN 230m, down 70% y/y, following pause in tenders from Gaz-System and Polska Spółka Gazownictwa. We forecast company revenues in 2026E/2027E/2028E at PLN 754m/898m/941m (with the 2026E y/y decline reflecting the completion of key contracts), and EBITDA at PLN 38.1m/49.3m/46.9m, representing EBITDA annual dynamic of -13%/+29%/-5%. Based on our forecasts, Izostal is trading at an EV/EBITDA multiple of approximately 5.9x/3.9x/4.2x for 2026E/2027E/2028E.

Tenders. In line with our earlier assumptions, we did not observe a large number of tenders from Gaz-System or PSG at the start of 2026. Gaz-System has not currently announced any large tenders for DN1000 pipes, which represent the highest value. This translates into a lower year-on-year company backlog of PLN 230m. We assume that tenders for larger diameters will appear towards the end of 2026E, in order to implement Gaz-System's investment plan.

Material prices. The introduction of CBAM and the war in the Middle East have caused an increase in the prices of steel and steel products. According to PUDS data, the average price of hot-rolled sheet in 1Q26 rose by 6.2% compared to the previous quarter. Bearing in mind the introduction of new, lower import tariffs on steel later in 2026E, we assume that steel prices will remain at an elevated level. We forecast that revenue in 2026E/2027E will amount to PLN 754m/898m, compared to our previous forecast of PLN 717m/847m for 2026E and 2027E respectively, representing an increase of 5.2% and 6.0%. However, the armed conflict in the Middle East has caused oil prices to rise, which is reflected in the prices of insulation materials used by the company, such as polyethylene and polypropylene in 3LPE and 3LPP insulation. We assume that higher insulation prices will negatively impact margins from 2Q26E; we assume that in 1Q26 the company utilised materials purchased at lower prices in previous quarters.

Dividend. Management board proposed dividend of PLN DPS 0.11ps, implying DY of 3.6% and DPR of 28%. Proposed ex-date is 3 July 2026. We previously anticipated dividend of PLN DPS 0.13ps, as we believe company can pay higher dividends.

1Q26E results preview. Izostal is expected to report lower financial results both y/y and q/q, due to the reduced number of tenders on the market. However, the growing proportion of 'local content' in tenders will enable the company to achieve higher margins, which we view positively.

Figure 1. Izostal: financial forecasts summary

PLN m	2023	2024	2025	2026E	2027E	2028E
Revenues	751.0	771.6	1,233.5	754.0	898.1	941.2
EBITDA	41.7	32.8	43.7	38.1	49.3	46.9
EBIT	31.1	20.6	31.2	23.7	34.6	32.9
Net profit	11.9	10.1	12.8	21.3	19.5	18.4
EPS (PLN)	0.36	0.31	0.39	0.65	0.60	0.56
DPS (PLN)	0.12	0.09	0.09	0.11	0.23	0.23
EV/EBITDA (x)	5.2	8.9	5.2	5.9	3.9	4.2
P/E rep. (x)	6.8	7.8	6.2	4.7	5.2	5.5

Source: Company, IPOPEMA Research

Industrials

Izostal

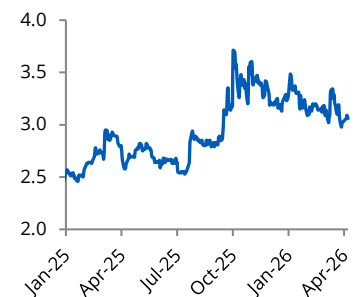
HOLD

FV PLN 3.25

6% upside

Price as of 10 April 2026 PLN 3.06

Recommendation maintained



Share data

Number of shares (m)	32.7
Market cap (EUR m)	23.5
12M avg daily volume (k)	19.7
12M avg daily turnover (EUR m)	0.01
12M high/low (PLN)	3.81/2.32
WIG weight (%)	0.01%
Reuters	IZS.WA
Bloomberg	IZS.PW

Total performance

1M	-0%
3M	-8%
12M	+21%

Shareholders (% of equity)

Stalprofil S.A.	60.3%
Allianz Polska OFE	6.1%
Others	33.6%

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IZOSTAL**HOLD****FV PLN 3.25**

Market Cap EUR 24m

Upside 6%

Valuation multiples	2024	2025	2026E	2027E	2028E
P/E rep. (x)	7.8	6.2	4.7	5.1	5.5
EV/EBITDA rep. (x)	8.9	5.2	5.9	3.9	4.2
EV/Sales (x)	0.4	0.2	0.3	0.2	0.2
P/BV (x)	0.3	0.3	0.3	0.3	0.3
uFCF yield (%)	-92.4%	84.4%	36.2%	39.0%	4.4%
DY (%)	3.7%	3.7%	3.6%	7.5%	7.4%

Per share	2024	2025	2026E	2027E	2028E
No. of shares (m units)	32.7	32.7	32.7	32.7	32.7
EPS rep. (PLN)	0.31	0.39	0.65	0.60	0.56
BVPS (PLN)	7.91	8.21	8.80	9.21	9.60
uFCFPS (PLN)	-2.22	2.03	1.11	1.19	0.13
DPS (PLN)	0.09	0.09	0.11	0.23	0.23

Change y/y (%)	2024	2025	2026E	2027E	2028E
Revenues	-35.9%	2.7%	59.9%	-38.9%	19.1%
EBITDA rep.	-21.4%	33.4%	-12.9%	29.5%	-5.0%
Adj. EBITDA	0.1%	-21.4%	33.4%	-12.9%	29.5%
EBIT rep.	-33.6%	51.5%	-24.1%	46.1%	-4.9%
Net profit rep.	-15.0%	26.2%	66.8%	-8.6%	-5.9%

Leverage and return	2024	2025	2026E	2027E	2028E
Gross margin (%)	8.4%	9.2%	9.0%	9.6%	9.3%
Rep. EBITDA mar. (%)	4.2%	3.5%	5.1%	5.5%	5.0%
Adj. EBITDA mar. (%)	5.6%	4.2%	3.5%	5.1%	5.5%
Rep. EBIT margin (%)	2.7%	2.5%	3.1%	3.9%	3.5%
Rep. net margin (%)	1.3%	1.0%	2.8%	2.2%	2.0%
ND / EBITDA rep. (x)	3.3	6.5	3.4	3.1	1.7
ND / adj. EBITDA (x)	3.3	6.5	3.4	3.1	1.7
ND / Equity (x)	0.5	0.8	0.6	0.4	0.3
ROE rep. (%)	4.8%	4.0%	4.8%	8.1%	6.9%
ROA rep. (%)	3.2%	2.0%	1.6%	1.9%	4.2%
ROIC rep. (%)	9.4%	6.0%	7.0%	4.4%	6.6%

Segments revenues	2024	2025	2026E	2027E	2028E
Infrastructure Segment	602.3	618.7	182.4	617.6	747.2
Steel Segment	148.7	152.9	42.5	136.4	150.9

Segments EBITDA	2024	2025	2026E	2027E	2028E
Infrastructure Segment	35.9	23.7	37.8	28.6	37.0
Steel Segment	5.8	9.1	5.9	9.5	12.3

P&L (PLN m)	2023	2024	2025	2026E	2027E	2028E
Revenues total	751.0	771.6	1,233.5	754.0	898.1	941.2
Cost of sales	-678.6	-707.0	-1,120.6	-686.5	-811.8	-854.0
Gross profit on sales	72.5	64.6	112.9	67.5	86.3	87.3
Other operating income	2.1	2.0	2.7	6.3	6.4	6.5
Sales and marketing costs	-13.3	-12.8	-45.2	-18.3	-21.6	-22.7
Administrative expenses	-29.5	-32.6	-37.6	-25.6	-30.2	-31.8
Other operating expenses	-0.7	-0.5	-1.6	-6.3	-6.3	-6.3
EBITDA	41.7	32.8	43.7	38.1	49.3	46.9
Adj. EBITDA	41.7	32.8	43.7	38.1	49.3	46.9
EBIT	31.1	20.6	31.2	23.7	34.6	32.9
Finance income	0.8	5.0	0.7	14.9	0.3	0.3
Finance expense	-16.9	-12.6	-15.7	-9.5	-8.9	-8.6
Profit before income tax	14.9	13.0	16.3	29.1	26.1	24.6
Income tax expense	-3.0	-2.9	-3.5	-6.1	-5.0	-4.7
Minorities (profit)/loss	0.0	0.0	0.0	1.6	1.6	1.6
Net profit for domin. sh.	11.9	10.1	12.8	21.3	19.5	18.4

BALANCE SHEET (PLN m)	2023	2024	2025	2026E	2027E	2028E
Non-current assets	215.4	205.9	213.7	241.4	234.2	225.2
PP&E	187.7	181.5	174.9	198.8	192.4	186.5
Goodwill	1.2	1.2	1.2	1.2	1.2	1.2
Intangible assets (incl. goodwill)	18.4	17.1	15.1	13.7	11.6	9.8
Other non-current assets	8.1	6.1	22.4	27.7	29.0	27.7
Current assets	295.8	569.5	329.8	315.5	367.0	372.3
Trade and other receivables	123.4	226.3	196.9	163.1	225.0	248.8
Inventories	161.4	310.9	110.8	128.4	101.2	94.9
Cash and equivalents	9.2	31.2	11.7	12.9	30.1	15.6
Other current assets	1.8	1.1	10.3	11.1	10.7	13.0
Total assets	511.1	775.4	543.5	556.9	601.1	597.5
Equity	251.7	258.9	268.7	297.4	311.0	323.6
Minorities	0.0	0.0	0.0	9.3	9.3	9.3
Non-current liabilities	41.0	34.5	29.6	31.2	31.3	31.4
Loans, borrowings and leases	15.1	10.4	7.1	8.3	8.0	7.7
Other non-current liabilities	25.9	24.1	22.5	22.9	23.3	23.7
Current liabilities	218.4	482.0	245.1	228.3	258.9	242.6
Loans, borrowings and leases	131.7	233.0	152.5	1.5	1.5	1.5
Trade and other payables	84.4	249.0	92.6	107.3	152.3	147.5
Other current liabilities	2.2	0.0	0.1	119.5	105.0	93.6
Equity & liabilities	511.1	775.4	543.5	556.9	601.1	597.5
Net debt	137.7	212.1	147.8	116.4	84.5	87.2

CASH FLOW (PLN m)	2023	2024	2025	2026E	2027E	2028E
Operating cash flow	119.9	-55.0	94.8	76.4	53.6	18.8
Net profit for domin. sh.	14.9	13.0	16.3	29.1	26.1	24.6
D&A	10.6	12.2	12.5	14.4	14.7	13.9
Change in WC	86.2	-89.3	56.7	31.3	10.6	-22.0
Tax paid net	-1.5	-0.3	-5.6	-6.1	-5.0	-4.7
Other	9.6	9.4	14.9	7.8	7.2	6.9
Investment cash flow	-11.9	-4.8	-12.1	-31.1	-6.1	-6.2
CAPEX	-12.0	-4.9	-12.3	-16.7	-6.1	-6.3
Other	0.1	0.0	0.2	-14.4	0.1	0.1
Financial cash flow	-107.1	81.9	-102.2	-44.2	-30.4	-27.0
Change in equity	0.0	0.0	0.0	0.0	0.0	0.0
Change in debt	-88.3	97.8	-83.0	-31.5	-14.5	-11.5
Dividends to shareholders	-3.9	-2.9	-2.9	-3.6	-7.5	-7.4
Interest paid (debt and leases)	-12.3	-10.7	-14.1	-7.5	-6.9	-6.6
Lease payments	-1.7	-1.3	-1.3	-1.5	-1.5	-1.6
Other	-0.9	-1.0	-0.8	0.0	0.0	0.0
Change in cash	0.9	22.0	-19.5	1.2	17.2	-14.5
Cash as of EoP	9.2	31.2	11.7	12.9	30.1	15.6

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Valuation

We value Izostal using the Discounted Cash Flow (DCF) method. Additionally, we present a valuation based on the Dividend Discount Model (DDM), although no weight is assigned to this approach.

Based on our forecasts, we value Izostal at PLN 3.25 per share, which is 6% above the current market price, implying a HOLD recommendation.

Figure 2. Izostal: valuation summary

Valuation summary	Weight	Price
DCF (PLN ps)	100%	3.25
DDM (PLN ps)	0%	2.74
Fair value (PLN) ps		3.25

Source: IPOPEMA Research

DCF

For Izostal's valuation, we use a DCF model based on our projected cash flows for the period 2026E–2035E. Our assumptions include an equity risk premium of 5.5%, a risk-free rate of 5.5%, and a debt risk premium of 2.0% to reflect the effective cost of financing. We applied an effective tax rate of 21% in 2026E and 19% from 2027E and assumed an unlevered beta of 1.2x to account for risks related to dependence on key partners. The terminal growth rate is assumed at 1.0%.

Figure 3. Izostal: DCF model (PLN m)

DCF (PLN m)	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	Terminal year
Revenues total	754.0	898.1	941.2	972.2	880.8	906.6	925.6	939.3	951.6	961.1	970.7
Reported EBITDA	38.1	49.3	46.9	47.7	41.4	41.7	42.3	42.1	42.2	42.0	42.4
EBIT	23.7	34.6	32.9	34.5	28.7	29.5	30.5	30.8	31.2	31.3	32.8
Effective tax rate	21.1%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
NOPAT	18.7	28.0	26.7	27.9	23.3	23.9	24.7	24.9	25.3	25.3	26.5
+ D&A	14.4	14.7	13.9	13.3	12.7	12.2	11.7	11.4	11.0	10.7	9.7
+ CAPEX net	-16.7	-6.1	-6.3	-6.4	-6.6	-6.7	-6.9	-7.1	-7.4	-7.8	-7.8
+ Lease payments	-1.5	-1.5	-1.6	-1.6	-1.6	-1.7	-1.7	-1.8	-1.8	-1.9	-1.9
+ Change in working capital	31.3	10.6	-22.0	-6.9	3.1	-13.5	8.5	1.9	-0.1	-1.7	-2.7
FCFF	46.1	45.7	10.8	26.3	30.9	14.3	36.3	29.3	27.0	24.7	23.8
Discount multiple	0.92	0.83	0.74	0.66	0.59	0.53	0.47	0.42	0.38	0.34	0.34
Present value of FCFF	42.6	37.8	8.0	17.4	18.3	7.5	17.2	12.4	10.2	8.4	
Terminal growth rate											1%
Terminal value											220.1
Risk free rate	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Equity risk premium	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Unlevered beta	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Levered beta	2.4	2.3	2.2	2.1	2.0	2.1	2.0	1.9	1.9	1.9	1.9
Cost of equity	18.8%	18.2%	17.6%	17.0%	16.5%	16.9%	16.3%	16.0%	16.1%	16.0%	16.0%
Debt risk premium	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Effective tax rate	21.1%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
Cost of debt after tax	5.9%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%
Weight of debt	56.3%	53.3%	50.6%	47.8%	45.1%	47.2%	43.8%	42.3%	43.0%	42.3%	42.3%
Weight of equity	43.7%	46.7%	49.4%	52.2%	54.9%	52.8%	56.2%	57.7%	57.0%	57.7%	57.7%
WACC	11.6%	11.7%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%
Sum of PV of FCFF	179.8										
+ PV of terminal value	74.6										
Value of EV =	254.4										
+ Net debt	-147.8										
+ Minorities	0.0										
+ Dividend paid	0.0										
Value of equity =	106.5										
Number of shares (diluted, m units)	32.74										
Fair Value (PLN)	3.25										

Source: Company, IPOPEMA Research

Figure 4. Izostal: DCF sensitivity for WACC in terminal year (PLN ps)

		WACC in terminal year				
		10.8%	11.3%	11.8%	12.3%	12.8%
Terminal growth rate	0.5%	3.21	3.12	3.03	2.94	2.87
	0.8%	3.34	3.23	3.13	3.04	2.96
	1.0%	3.48	3.36	3.25	3.15	3.06
	1.3%	3.63	3.50	3.37	3.26	3.16
	1.5%	3.80	3.65	3.51	3.39	3.28

Source: IPOPEMA Research

Figure 5. Izostal: DCF sensitivity for EBITDA margin in terminal year (PLN ps)

		EBITDA margin in terminal year				
		3.4%	3.9%	4.4%	4.9%	5.4%
Terminal growth rate	0.5%	2.35	2.69	3.03	3.37	3.71
	0.8%	2.42	2.78	3.14	3.50	3.85
	1.0%	2.50	2.88	3.25	3.63	4.01
	1.3%	2.59	2.98	3.38	3.78	4.17
	1.5%	2.68	3.10	3.52	3.94	4.36

Source: IPOPEMA Research

DDM

In the DDM model, we adopt the same assumptions regarding the cost of capital as in our DCF model: an equity risk premium of 5.5%, a risk-free rate of 5.5%, and an unlevered beta of 1.2x.

Taking into account the company's cash generation capacity and the assumed partial repayment of loans, in our scenario we assume a dividend payout of 35% of net profit achieved in the previous year in 2027E–2028E. We then forecast an increase in DPS to PLN 0.25ps/0.45ps/0.45ps in 2029E/2030E/2031E, respectively. Up to 2035E, we assume a stable DPS of PLN 0.55ps. The proposed dividend for 2026E amounts to PLN 0.11 per share (3.6% DY). In the long term, we estimate a sustainable potential dividend level of PLN 0.56 per share.

Figure 6. Izostal: DDM model (PLN ps)

DDM	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	Terminal year
DPS (PLN ps)	0.11	0.23	0.23	0.25	0.45	0.45	0.55	0.55	0.55	0.55	0.56
Cost of equity	18.8%	18.2%	17.6%	17.0%	16.5%	16.9%	16.3%	16.0%	16.1%	16.0%	16.0%
Discount multiple	0.96	0.81	0.69	0.59	0.51	0.43	0.37	0.32	0.28	0.28	0.28
Discounted DPS (PLN ps)	0.11	0.19	0.16	0.15	0.23	0.20	0.21	0.18	0.15	0.15	
Sum of discounted DPS (PLN ps)											1.71
Terminal growth											1.0%
Discounted value of terminal DPS (PLN ps)											1.03
Fair Value (PLN ps)											2.74

Source: Company, IPOPEMA Research

Changes in forecast

In the table below we present changes in our forecasts vs. our previous report dated 1 December 2025.

Figure 7. Changes in IPOPEMA's forecast (PLN m)

	2026E			2027E			2028E		
	New	Old	Change	New	Old	Change	New	Old	Change
Revenues	753.99	717.09	5%	898.06	846.77	6%	941.24	901.04	4%
Adj. EBITDA	38.09	28.76	32%	49.32	44.46	11%	46.87	51.21	-8%
EBIT	23.69	13.10	81%	34.62	28.42	22%	32.92	35.83	-8%
Net profit	21.34	16.22	32%	19.68	17.94	10%	18.22	23.08	-21%

Source: IPOPEMA Research

Risk factors

This section outlines the main risks for Izostal.

Customer Concentration Risk

The company relies on a few key clients that account for the majority of its revenue. Dependence on a limited number of customers may negatively impact revenues if one of the main clients reduces orders.

Risk Related to Reduced Investment Plans of Gaz-System and Polska Spółka Gazownictwa

Poland's gas transmission and distribution market depends on the investment plans of Gaz-System and Polska Spółka Gazownictwa. These investments directly affect Izostal's performance, either through its direct participation or by providing services to contractors and subcontractors executing these projects.

Risk Related to Steel Pipe Price Fluctuations

The price of steel pipes constitutes a major cost in insulated steel pipe products. Changes in steel pipe prices can affect the company's revenue and margins.

Risk Related to Rising Raw Material Costs

Profitability in pipe insulation services and insulated pipe sales depends on production inputs, mainly polyethylene and polypropylene. Prices of these chemical raw materials are linked to crude oil prices, which can fluctuate significantly due to the current global political and economic environment.

Risk of Influx of Cheap Steel Products

High prices of European steel products, driven by factors such as the requirement to purchase ETS certificates and the lack of anti-dumping measures by the EU, may lead to an influx of cheaper products from countries like China into the domestic and European markets.

Risk Related to Declining Demand for Steel Structures

A decrease in demand for steel structures from the machinery and construction sectors may negatively impact the company's financial results.

Financial forecast

Figure 8. Izostal: financial forecast 2023-2035E

P&L (PLN m)	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Revenue	751.0	771.6	1,233.5	754.0	898.1	941.2	972.2	880.8	906.6	925.6	939.3	951.6	961.1
Cost of sales	-678.6	-707.0	-1,120.6	-686.5	-811.8	-854.0	-881.6	-801.1	-824.6	-841.5	-854.2	-865.3	-874.2
Gross profit	72.5	64.6	112.9	67.5	86.3	87.3	90.6	79.7	82.0	84.1	85.1	86.3	86.9
Other operating income	2.1	2.0	2.7	6.3	6.4	6.5	6.6	6.6	6.7	6.8	6.8	6.9	7.0
Sales and marketing costs	13.3	-12.8	-45.2	-18.3	-21.6	-22.7	-23.4	-21.3	-21.9	-22.4	-22.7	-23.0	-23.3
Administrative expenses	29.5	-32.6	-37.6	-25.6	-30.2	-31.8	-32.8	-29.8	-30.7	-31.3	-31.8	-32.2	-32.6
Other operating expenses	0.7	-0.5	-1.6	-6.3	-6.3	-6.3	-6.4	-6.5	-6.5	-6.6	-6.7	-6.7	-6.8
EBITDA	41.7	32.8	43.7	38.1	49.3	46.9	47.7	41.4	41.7	42.3	42.1	42.2	42.0
EBIT	31.1	20.6	31.2	23.7	34.6	32.9	34.5	28.7	29.5	30.5	30.8	31.2	31.3
Finance income	0.8	5.0	0.7	14.9	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4
Finance expense	16.9	-12.6	-15.7	-9.5	-8.9	-8.6	-7.9	-7.3	-6.8	-7.2	-6.5	-6.3	-6.4
Profit before income tax	14.9	13.0	16.3	29.1	26.1	24.6	26.9	21.8	23.1	23.7	24.6	25.3	25.2
Income tax expense	3.0	-2.9	-3.5	-6.1	-5.0	-4.7	-5.1	-4.1	-4.4	-4.5	-4.7	-4.8	-4.8
Net profit for dominant shareholder	11.9	10.1	12.8	21.3	19.5	18.4	20.2	16.0	17.1	17.6	18.3	18.9	18.8
EPS (PLN)	0.36	0.31	0.39	0.65	0.60	0.56	0.62	0.49	0.52	0.54	0.56	0.58	0.58
Balance Sheet (PLN m)	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Total non-current assets	215.4	205.9	213.7	241.4	234.2	225.2	218.3	212.2	206.7	201.8	197.6	194.0	191.0
PP&E	187.7	181.5	174.9	198.8	192.4	186.5	181.1	176.2	171.7	167.7	164.2	161.2	158.7
Goodwill	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Other intangible assets	18.4	17.1	15.1	13.7	11.6	9.8	8.3	7.1	6.0	5.2	4.5	3.9	3.4
Other non-current assets	8.1	6.1	22.4	27.7	29.0	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7
Total current assets	295.8	569.5	329.8	315.5	367.0	372.3	375.1	390.2	409.6	415.5	423.1	437.3	446.0
Trade and other receivables	123.4	226.3	196.9	163.1	225.0	248.8	242.4	215.6	226.4	235.8	244.1	254.5	264.3
Inventories	161.4	310.9	110.8	128.4	101.2	94.9	101.5	140.6	146.1	139.4	135.3	130.9	128.4
Cash and equivalents	9.2	31.2	11.7	12.9	30.1	15.6	17.2	18.9	20.8	22.8	25.1	32.0	32.0
Other current assets	1.8	1.1	10.3	11.1	10.7	13.0	14.0	15.1	16.3	17.4	18.7	20.0	21.3
Total assets	511.1	775.4	543.5	556.9	601.1	597.5	593.3	602.4	616.2	617.3	620.7	631.3	637.0
Shareholders equity	251.7	258.9	268.7	297.4	311.0	323.6	337.2	340.1	344.0	345.2	347.1	349.6	352.0
Minority interest	0.0	0.0	0.0	9.3	9.3	9.3	9.3	9.3	9.3	9.3	9.3	9.3	9.3
Non-current liabilities	41.0	34.5	29.6	31.2	31.3	31.4	31.5	31.6	31.8	31.9	32.1	32.4	32.6
Non-current debt and leases	15.1	10.4	7.1	8.3	8.0	7.7	7.4	7.2	6.9	6.6	6.4	6.2	6.0
Other non-current liabilities	25.9	24.1	22.5	22.9	23.3	23.7	24.1	24.5	24.9	25.3	25.8	26.2	26.6
Current liabilities	218.4	482.0	245.1	228.3	258.9	242.6	224.7	230.7	240.4	240.1	241.5	249.3	252.4
Current debt and leases	1.3	1.2	152.5	121.0	106.5	95.1	84.4	75.3	82.5	71.5	67.2	69.6	67.4
Trade and other payables	84.4	249.0	92.6	107.3	152.3	147.5	140.3	155.3	157.8	168.6	174.2	179.7	184.9
Other current liabilities	132.7	231.8	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Total equity & liabilities	511.1	775.4	543.5	556.9	601.1	597.5	593.3	602.4	616.2	617.3	620.7	631.3	637.0
ND / reported EBITDA	3.3	6.5	3.4	3.1	1.7	1.9	1.6	1.5	1.6	1.3	1.2	1.0	1.0
ND / adj. EBITDA	3.3	6.5	3.4	3.1	1.7	1.9	1.6	1.5	1.6	1.3	1.2	1.0	1.0
BVPS (PLN)	7.7	7.9	8.2	8.8	9.2	9.6	10.0	10.1	10.2	10.3	10.3	10.4	10.5
Cash Flow (PLN m)	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Profit / loss before tax	11.9	13.0	16.3	29.1	26.1	24.6	26.9	21.8	23.1	23.7	24.6	25.3	25.2
Adjustments:	105.0	-68.0	78.5	47.4	27.6	-5.9	7.5	17.2	-0.6	21.2	13.4	10.7	9.0
D&A	10.6	12.2	12.5	14.4	14.7	13.9	13.3	12.7	12.2	11.7	11.4	11.0	10.7
Change in WC	86.2	-89.3	56.7	31.3	10.6	-22.0	-6.9	3.1	-13.5	8.5	1.9	-0.1	-1.7
Tax paid	1.5	-0.3	-5.6	-6.1	-5.0	-4.7	-5.1	-4.1	-4.4	-4.5	-4.7	-4.8	-4.8
Interest expenses and income	13.1	11.7	14.9	7.9	7.3	6.9	6.3	5.7	5.1	5.6	4.9	4.7	4.8
Other	9.7	-2.2	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Net cash from operating activities	119.9	-55.0	94.8	76.4	53.6	18.8	34.3	39.0	22.5	44.9	38.0	36.0	34.2
Net CAPEX	-11.9	-4.8	-12.1	-16.6	-6.1	-6.2	-6.3	-6.5	-6.6	-6.8	-7.0	-7.3	-7.7
Other	0.0	0.0	0.0	-14.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash flows from investing activities	-11.9	-4.8	-12.1	-31.1	-6.1	-6.2	-6.3	-6.5	-6.6	-6.8	-7.0	-7.3	-7.7
Change in equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in debt	-88.3	97.8	0.0	-31.5	-14.5	-11.5	-10.7	-9.1	7.2	-11.1	-4.3	2.3	-2.2
Dividend paid to dominant shareholders	-3.9	-2.9	-2.9	-3.6	-7.5	-7.4	-8.2	-14.7	-14.7	-18.0	-18.0	-18.0	-18.0
Lease payments	-1.7	-1.3	-1.3	-1.5	-1.5	-1.6	-1.6	-1.6	-1.7	-1.7	-1.8	-1.8	-1.9
Interests	-12.3	-10.7	-14.1	-7.5	-6.9	-6.6	-5.9	-5.3	-4.8	-5.2	-4.6	-4.3	-4.4
Other	-0.9	-1.0	-83.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash flow from financing activities	-107.1	81.9	-102.2	-44.2	-30.4	-27.0	-26.4	-30.8	-14.0	-36.0	-28.7	-21.8	-26.5
Beginning cash	8.3	9.2	31.2	11.7	12.9	30.1	15.6	17.2	18.9	20.8	22.8	25.1	32.0
Increase / (decrease) in cash	0.9	22.0	-19.5	1.2	17.2	-14.5	1.6	1.7	1.9	2.1	2.3	6.9	0.0
FX effect	0.0	0.0	-1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ending cash	9.2	31.2	11.7	12.9	30.1	15.6	17.2	18.9	20.8	22.8	25.1	32.0	32.0
DPS (PLN)	0.12	0.09	0.09	0.11	0.23	0.23	0.25	0.45	0.45	0.55	0.55	0.55	0.55

Source: Company, IPOPEMA Research

1Q26 results preview

Izostal is due to publish its 1Q26E results on 18 May 2026.

Opinion. *Neutral. Izostal is expected to report lower financial results both year-on-year and quarter-on-quarter, due to the reduced number of tenders on the market caused by the hiatus in Gaz-System's investment projects. However, the growing proportion of 'local content' in tenders will enable the company to achieve higher margins, which we view positively.*

Revenues. We assume that following the PLN 230m backlog as of end of 4Q25, revenues should decline both year-on-year and quarter-on-quarter, which should be partially offset by higher selling prices. Taking into account lower number of tenders from Gaz-System for DN 1000 pipes and focusing on DN 300 -500 pipes, we forecast 1Q26E revenues of PLN 180.1m (-45% y/y, -19% q/q). The decline in revenues will be driven by the Infrastructure Segment, which is expected to generate PLN 146.9m (-48% y/y, -19% q/q) and the contribution from the Steel Segment should be also negative at PLN 33.2m (-26% y/y, -22% q/q).

Infrastructure Segment. Taking into account the absence of any major DN 1000 pipe supply contracts and the low backlog level at the end of 4Q25, we estimate revenues from the sale of insulated pipes at PLN 78.4m, trading revenues at PLN 65.21m, while other segment items are expected to remain flat year-on-year. Consequently, we forecast Infrastructure Segment revenues in 1Q26E at PLN 146.9m (-48% y/y).

Steel Segment. We assume the company will achieve PLN 33.2m (-26% y/y) in revenues in 1Q26E from the segment. We expect an increase in the volume of sold steel structures to 560 tons in 1Q26E versus 490 tons in 1Q25, along with flattish selling prices for structures. In trading of steel products, we anticipate -37% decrease.

Costs. We expect cost of goods sold to reach PLN -161.7m (-47% y/y), decreasing at higher pace than revenues.

EBITDA. We forecast EBITDA of PLN 11.7m (-6% y/y) in 1Q26E. We assume an increase in the EBITDA margin of 2.7 pp y/y, mainly due to lower costs in the Infrastructure Segment and higher steel prices.

Net Profit. We project net profit at PLN 15.3m (+370% y/y) effected by acquisition of Proma. Adjusted net profit should amount at PLN 4.0m, assuming net financial expenses of PLN -2.5m.

Figure 9. Izostal 1Q26E results preview

IZS PW (PLN m)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26E	Y/Y	Q/Q
Revenues	172.0	179.4	152.8	267.5	329.7	373.4	307.6	222.9	180.1	-45%	-19%
Infrastructure Segment	140.8	135.8	112.6	229.5	285.1	326.4	265.4	180.4	146.9	-48%	-19%
Steel Segment	31.2	43.6	40.2	38.0	44.6	47.0	42.2	42.5	33.2	-26%	-22%
COGS	-156.3	-164.9	-136.8	-249.0	-302.2	-341.3	-277.5	-199.6	-161.6	-47%	-19%
Gross profit	15.7	14.5	15.9	18.5	27.5	32.1	30.0	23.3	18.4	-33%	-21%
EBITDA	9.8	8.0	8.7	6.3	12.4	12.9	11.6	6.8	11.7	-6%	72%
EBIT	6.9	5.0	5.7	3.1	9.3	9.8	8.5	3.6	8.1	-13%	123%
Net profit	3.2	3.0	2.1	1.8	3.3	5.0	3.4	1.1	15.3	370%	1269%
Adj. Net profit	3.2	3.0	2.1	1.8	3.3	5.0	3.4	1.1	4.0	22%	256%
Gross margin	9.1%	8.1%	10.4%	6.9%	8.3%	8.6%	9.8%	10.5%	10.2%		
EBITDA margin	5.7%	4.4%	5.7%	2.4%	3.8%	3.5%	3.8%	3.0%	6.5%		
EBIT margin	4.0%	2.8%	3.7%	1.2%	2.8%	2.6%	2.8%	1.6%	4.5%		
Net profit margin	1.9%	1.7%	1.4%	0.7%	1.0%	1.3%	1.1%	0.5%	8.5%		

Source: Company, IPOPEMA Research

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DCF models encapsulate the forecasted cash streams for a company, and are widely used in the investment industry. DCF models rely on multiple discretionary assumptions regarding the company's operations, future profits and its market environment. DCF model usually present only one variant of the future, hence to analyze the different scenarios a sensitivity analysis is needed (for either/both operational items or valuation parameters). The weak points of DCF method include the susceptibility to a change of a specific forecasts assumptions in the model, and the fact that it present only one discretionary future scenario.

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The definitions of terms used in the document include:

AGM/EGM – annual/extraordinary general meeting of shareholders.

BVPS – book value per share - the book value of the company's shareholders equity divided by the number of shares outstanding without treasury shares at the end of period.

CAGR – compound annual growth rate.

CFO – net cash flow from operations.

Cost/Income – operating expenses divided by total banking revenue.

D&A – depreciation and amortization.

DCF – discounted cash flow model – a valuation method based on the sum of discounted future cashflows with appropriate adjustments (such as net debt, etc., if applicable).

DDM – dividend discount model – a valuation method of based on the sum of discounted future dividends.

DPS – dividend per share – dividend of a given year divided by the number of shares outstanding without treasury shares at the moment of distribution.

DY – dividend yield – total DPS of a given financial year divided by share price.

EBIT – earnings before interests and tax.

EBITDA – earnings before interests, tax, depreciation and amortization.

EPS – earnings per share – the net income (or adjusted net income) divided by the number of shares outstanding without treasury shares at the end of period.

EV – enterprise value – market cap adjusted by treasury shares, plus gross debt, less cash and equivalents, less associates, plus minorities.

EV/EBITDA – EV divided by EBITDA.

EV/S, or EV/revenues – EV divided by revenues (sales).

FCFE – free cash flow to the equity.

FCFF – free cash flow to the firm.

FV – fair value – fair value price of the company calculated based on valuation methods outlined in the document.

LLP – loan loss provisions – an expense set aside as an allowance for bad loans.

ND – net debt – gross debt and leases (depending on accounting standard) less cash and equivalents.

Net F&C – net fee and commission income – fee and commission income minus fee and commission expense.

NII – net interest income – interest income minus interest expense.

NPL – non-performing loan – loans that are in default or close to be in default.

P/BV – price to book value - price divided by the BVPS.

P/E – price to earnings ratio – price divided by earnings per share.

PEG – P/E ratio divided by the annual EPS growth, usually over a certain period of time.

ROA – return on assets – net income (or adjusted net income) divided by the average assets.

ROE – return on equity – net income (or adjusted net income) divided by the average shareholders' equity.

ROIC – return on invested capital – EBIT * (1 – tax rate) divided by average invested capital.

uFCF – underlying free cash flow – IPOPEMA's measure reflecting the amount of potential cash flow generation available for distribution before outflow on discretionary purposes (such as shareholders' distribution, unannounced M&A, financial assets, etc.), calculated as follows: net cash from operations less net CAPEX on PP&E, intangibles and subsidiaries (related to announced deals), less net interest paid on debt, leases and granted loans, less lease payment, less dividends paid to minorities, plus received dividends, plus other items if necessary depending on company's specifics/presentation.

uFCFps – uFCF per share.

WACC – weighted average cost of capital.

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BUY – the difference between FV and price at recommendation exceeds 10%.

HOLD – the difference between FV and price at recommendation is between (and including) -10% and 10%.

SELL – the difference between FV and price at recommendation is below -10%.

The price used throughout the recommendation to calculate adequate ratios is the "last" price stated on the front page of this document. The date and the time stated on the front page is the date and the time of the preparation of this document. This document has been distributed on 13 April 2026 at 08:45 CEST.

IPOPEMA Research – Distribution by rating category (1 January – 31 March 2026)	Number	%
Buy	6	46%
Hold	6	46%
Sell	1	8%
Total	13	100%

Rating History - Izostal

Date	Recommendation	Fair Value	Price at recommendation	Author
12/09/2025	HOLD	PLN 3.00	PLN 2.89	Krzysztof Otczyk Marcin Nowak
01/12/2025	HOLD	PLN 3.20	PLN 3.37	Krzysztof Otczyk Marcin Nowak
13/04/2026	HOLD	PLN 3.25	PLN 3.06	Krzysztof Otczyk Marcin Nowak