

Masterplast Nyrt.

BUY

One year target price: 3348



Thousand EUR	Q1 2026	Q1 2025	change y/y
Revenue	57 416	33 451	72%
EBITDA	5 143	973	429%
EBIT	3 462	-835	-
Net profit	1 907	-2194	-

Price (05/18/2026)	HUF 270	Net adj. profit (Q1 2025, Thousand EUR)	1 907
Shares outstanding (thousand)	19 250	Bloomberg ticker	MASTERPLAST HB Equity
Free float	40%	BÉT ticker	MASTERPLAST
Market capitalization (million)	54 285	52 week min./max.	HUF 2 250-3 130

Source: BÉT, Bloomberg

Summary

- Masterplast has published its first quarter numbers. The positive turn already started in the last quarter, which is also supported by the results of the past three months. The company's sales revenue increased by 72%, and operating profit and net profit also improved significantly compared to last year's figures. We expect this trend to continue in the coming quarters.
- **We have reviewed our DCF model and expect the company to generate EUR 9.1 million in operating profit on EUR 234.9 million in revenue in 2026, increasing to EUR 350.5 million in revenue and EUR 25.3 million in operating profit by 2030. Our target price to HUF 3,348, and our recommendation remains BUY.**
- The company has made numerous investments in the past: e.g. the glass factory in Szerencs, the XPS factory in Subotica, thus the proportion of self-produced products within total sales has further expanded. These investments can also help in future sales and profit growth, but it is also very important that the demand side also shows significant recovery in the coming years.
- However, a strong increase in demand would require the launch of state insulation programs. The new government's program also includes a plan to insulate 100,000 houses per year.

- The escalation of the Middle East conflict and the disruption of traffic in the Strait of Hormuz have recently caused considerable uncertainty on global raw material markets. The situation has particularly affected petroleum-based plastic raw materials and special chemical additives. According to management, due to existing stocks and a diversified supplier base, the increased raw material prices are only gradually being incorporated into the cost price.

Insulation is becoming increasingly important due to rising energy prices

- The production and sale of insulation and other building materials—which constitute Masterplast’s core business—are significantly influenced by developments in the external economic and industry environment. Sales of building materials and accessories are primarily linked to the new construction market, while sales of insulation materials (primarily thermal insulation) are linked to both the new construction and renovation markets.
- The effects of the unfavorable macroeconomic environment of previous years were still being felt, but a gradual stabilization began in 2025, particularly in the second half of the year, while supply chains remained stable and market competition remained strong.
- Rising energy prices have led to a pick-up in insulation works in the construction segment in several countries, and the demand side is also being boosted by government subsidies in many markets. In order to achieve its climate protection goals, the European Union provides significant financial resources for building energy renovation programs, which, together with stricter energy regulations and high energy prices, will result in increasing demand for the Company's products in the longer term. The newly built buildings are already made with adequate insulation, and the insulation used during renovations in recent years can also be said to be effective, but with regards to the entire building stock, the proportion of those with adequate insulation is still low. Actually, at least the owners of buildings with level „BB” have only a chance to keep their consumption below the level supported by the overhead reduction.
- Overall, the European construction market had not yet shown signs of a general economic upturn, but signs of improvement became increasingly evident throughout 2025. The easing of monetary conditions, particularly the decline in interest rates, gradually improved investment conditions, while EU energy efficiency regulations and renovation programs provide a stable demand base for the construction industry in the medium and long term. The role of the renovation segment has become particularly important, and it could be one of the key growth drivers for the market in the coming period.
- A similar trend was observed in several countries across the region: subdued demand in the first half of 2025, followed by a gradual recovery. In Poland, Romania, and Slovakia, an improvement in market conditions became apparent over the course of the year, while construction activity across the Central European region as a whole picked up in the second half of the year.
- The company has recently carried out numerous investments, including the construction of several factories designed to increase the proportion of in-house manufactured products within its total sales. These investments enable the company to manufacture key construction materials (e.g., XPS or glass wool) that previously had to be sourced from other manufacturers.

The goal is to modernize 100,000 homes annually

- The European Union’s “Fit for 55” climate policy package aims to reduce greenhouse gas emissions in the EU by at least 55 percent by 2030 compared to 1990 levels.
- The directive aims to achieve climate neutrality by 2050 and requires member states to develop national renovation plans, increase the renovation rate, and gradually modernize the building stock. The tightening regulatory and financing environment creates secure demand for energy efficiency investments in the medium and long term, providing structural demand support for the insulation industry.
- The new government’s program includes a provision that could have a very positive impact on sales of Masterplast’s thermal insulation materials. The new government’s program states that it will support energy efficiency investments.
- Approximately 1 trillion forints of the EU funds secured would be allocated to residential and corporate energy modernization and efficiency programs. The goal is to modernize 100,000 homes annually: The new government would launch a Family Energy Program, thereby ensuring that at least 25% of Hungarian homes would be more energy-efficient within 10 years and could be operated at minimal energy costs.

Masterplast Q1 earnings

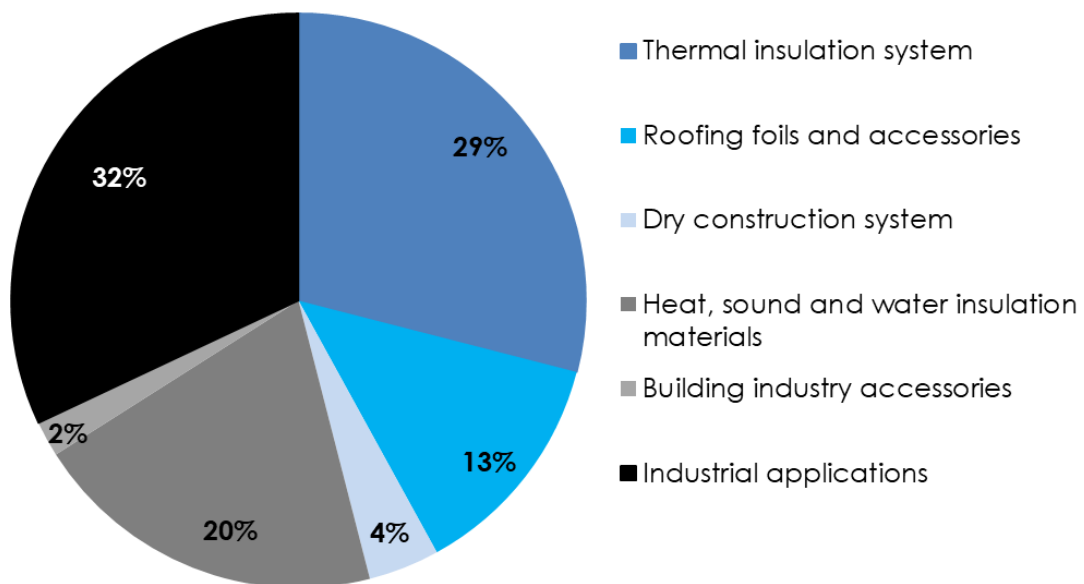
- Masterplast has published its first quarter figures. The company's sales revenue increased by 72% compared to the previous year. Along with the growth, the utilization of production capacities has also improved significantly. The outstanding performance continued to be significantly supported by the strong sales of CES (Certified Energy Savings) and the related products, while sales growth was also experienced across the majority of product groups and markets.
- The Group's sales revenue in the first quarter was EUR 57,416 thousand, which is 72% higher than the value of the base period. Masterplast reported a profit of EUR 3,462 thousand in the other operating income line, representing an improvement of EUR 4 297 thousand compared to the base period.
- The Group’s EBITDA amounted to EUR 5 143 thousand in Q1 2026, corresponding to an EBITDA margin of 9.0%, and more than five times the EBITDA result of EUR 973 thousand achieved in the first quarter of 2025.
- The result of associates showed a loss of approximately EUR 663 thousand during the reporting quarter, primarily due to additional operating costs related to the ramp-up phase of the glass wool plant in Szerencs. The intensity of this negative impact is expected to decrease materially in the upcoming periods. Glass wool production volumes increased significantly, while operational efficiency indicators are continuously improving.
- In the first quarter, the Company achieved a profit after tax of EUR 1 907 thousand, compared to a loss of EUR 2 194 thousand recorded in the same period of the previous year, representing an earnings improvement of more than EUR 4 million.

Sales by product group

- In terms of the revenue slate, **thermal insulation systems** provided the second biggest share: its sales increased by 11% in the first quarter compared to the base period.

- Sales revenues in the **Roofing foils and accessories** product group increased by 26% in the first quarter, and within this, the turnover of own-produced diffusion roofing performed well.
- In the **Industrial applications product group**, sales increased significantly (grew by 207%). The sale of the limited-transferability proprietary right (the so-called CES) is also recognised here, which generated significant revenue for the product group.
- **Dry construction system group and building industry accessories** performed roughly in line with the base period.
- In the case of the **Heat, sound and water insulation materials group**, outstanding turnover growth was recorded. Revenue from Masterplast’s own-produced XPS products also increased significantly, while the sales of partly own produced glass wool exceeded the level of one year earlier by more than six times.

Contribution of product groups in percentage to the total sales revenue



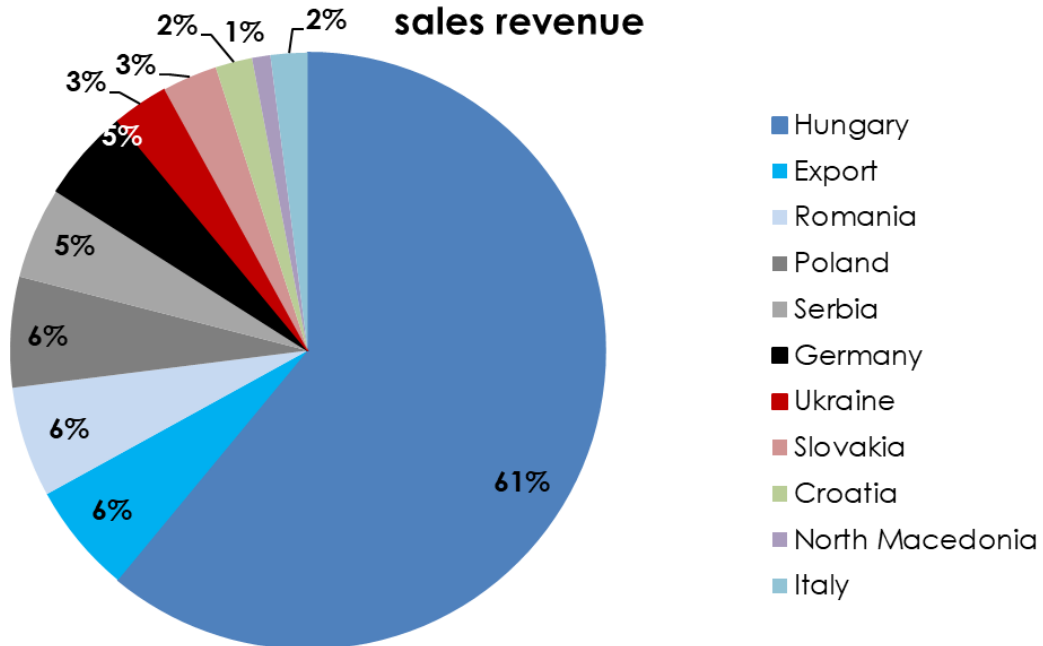
Source: Masterplast, MBH

Sales by countries

- The Group has increased its total sales by 72% in Q1 2026 compared to the Q1 2025 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 144% in Q1 2026 compared to the base period. According to the company's information, revenue increased across all product groups, while sales of CES and products related to CES programmes played a decisive role in the growth. The Company also launched its own façade thermal insulation discount programme and participated together with its insulation partners in the attic ceiling programme also available on the market. In connection with these programmes, a limited-transferability proprietary right is generated as a result of the energy savings achieved, the so-called Certified Energy Savings (CES). CES certified directly or indirectly through Masterplast partners are sold within the framework of the EEOS system to parties entitled to purchase CES.
- In the **Export** market in Q1 2026, the turnover increased by 11% compared to the same period of the previous year. Sales in the **German** market decreased by 1% in the first quarter compared to the corresponding period last year.
- In **Italy**, sales increased by 28% compared to the first quarter of last year. On the key **Romanian** market, sales increased by 49% in Q1 2026 compared to the base period. In **Serbia**, sales increased by 9% in 2026 Q1.
- On the **Croatian** market the Group sales increased by 29% in Q1 2026 compared to the base term. On the **Polish** market the sales increased by 15% in Q1 2026 compared to the base where fiberglass sales increased the most. In the **Slovak** market, sales increased by 24% in Q1 2026. In **Ukraine**, first-quarter sales increased by 1% compared to the base in 2025.

Contribution of countries in percentage to the total sales revenue



Source: Masterplast, MBH

DCF model update

- We increased our 12-month target price to HUF 3348, we reiterate the buy recommendation for Masterplast shares.

- The weighted average cost of capital (WACC) is calculated to be 11.12%-11.50%, considering the expected development of the 10-year Hungarian reference yield (5.8%-6.35%) and the country risk premium (6.7%). The company's tax rate was set at 15%.
- The discounted cash flow (DCF) model considers 5 years, between 2026 and 2030. The share price was calculated in HUF, with 19.25 million shares and EURHUF at 375. For calculating the target price, we used our own EUR/HUF, and 10 year Hungarian government bond yields forecast, which are available on [this](#) website.

DCF Model (EURmn)					
	2026	2027	2028	2029	2030
Sales	234 916	280 434	300 776	327 408	350 564
Sales growth	37.26%	19.38%	7.25%	8.85%	7.07%
EBIT	9 185	12 339	17 366	19 456	25 346
EBIT margin	3.91%	4.40%	5.77%	5.94%	7.23%
Tax rate	15.0%	15.0%	15.0%	15.0%	15.0%
Taxes on EBIT	-1378	-1851	-2605	-2918	-3802
NOPLAT	7 807	10 489	14 761	16 538	21 544
Free Cash flow to the Firm	9 474	13 941	13 684	17 230	21 682
WACC	11.50%	11.12%	11.12%	11.12%	11.12%
Discount factor	0.90	0.81	0.73	0.65	0.59
Discounted free cash flow	8 497	11 253	9 940	11 264	174 648
Enterprise value	215 603				
Net debt	64 891				
Equity value	150 712				
Number of shares outstanding (mn)	19 251				
Cost of equity	14.03%				
Fair value per share (EUR, HUF)	7.83	2 936			
12M target price (EUR, HUF)	8.93	3 348			

Source: Masterplast, MKB

		Terminal value EBIT margin				
		6.23%	6.73%	7.23%	7.73%	8.23%
WACC	10.12%	3 285	3 589	3 893	4 198	4 502
	10.62%	3 035	3 319	3 603	3 887	4 171
	11.12%	2 815	3 082	3 348	3 615	3 881
	11.62%	2 621	2 872	3 123	3 374	3 625
	12.12%	2 448	2 685	2 923	3 160	3 397

		Terminal value growth				
		2.0%	2.5%	3.0%	3.5%	4.0%
WACC	10.12%	3 348	3 603	3 893	4 228	4 617
	10.62%	3 123	3 348	3 603	3 893	4 228
	11.12%	2 923	3 123	3 348	3 603	3 893
	11.62%	2 743	2 923	3 123	3 348	3 603
	12.12%	2 581	2 743	2 923	3 123	3 348

Source: Masterplast, MKB

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6. Recommendations

- **Overweight:** A rating of overweight means the stock's return is expected to be above the average return of the overall industry, or the index benchmark over the next 12 months.
- **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. On May 20th we increased our 12-month target price to HUF 3348, we reiterate the buy recommendation for Masterplast shares.

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/Tozsdetaqoknak/Tozsdetaqok-elemzesei/MKB-Bank-Masterplast-initiation-report-20171215.pdf>

The flash notes are available on the web page of the BSE (Budapest Stock Exchange):

<https://bet.hu/Kibocsatok/BET-elemzesek/elemzesek/masterplast-elemzesek>

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- 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).

A saját utunkat járjuk.



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