Masterplast Nyrt.

BUY
One year target price: 3348



Thousand EUR	Q3 2026	Q3 2025	Change y/y
Revenue	36 029	44 477	-19%
EBITDA	3 534	3 429	3%
EBIT	1 811	1 491	21%
Net profit	514	-529	-

Price (08/03/2026)	HUF 2 910	Net adj. profit (Q3 2026, Thousand EUR)	514
Shares outstanding (thousand)	19 250	Bloomberg ticker	MASTERPLAST HB Equity
Free float	40%	BÉT ticker	MASTERPLAST
Market capitalization (million)	56 017	52 week min./max.	HUF 2 250-3 130

Source: BÉT, Bloomberg

Summary

- In our view, the quarterly report conveys an overall positive message. While the decline in revenue may initially suggest a weak quarter, a closer look at the figures shows that the Company's profitability improved meaningfully. Higher margins, a lower cost base, and efficiency-enhancing measures enabled Masterplast to deliver higher EBITDA and a positive net profit despite lower sales volumes. This indicates that management is successfully adapting to the still challenging market environment and that the business is being built on increasingly stable foundations.

- Looking ahead, a recovery in the Hungarian home renovation market could become an important growth driver. In this regard, the Wekerle+ Program may provide meaningful support by stimulating energy-efficiency investments and building renovation projects, thereby increasing demand for insulation materials. While the European construction market still shows no clear signs of a broad-based recovery over the short term, Masterplast's improved operational efficiency combined with a potentially more supportive demand environment could create a favorable setup for the coming periods. However, we do not expect a material

improvement in the fourth quarter. Growth is more likely to emerge from next year onwards, although this would also require a recovery in European construction activity.

- **We confirm our target price of HUF 3,348 and our buy recommendation.**

Masterplast Q3 earnings

- Masterplast has published its third quarter figures. The decline was driven by reduced outdoor construction activity due to the summer heat, the absence of certified energy savings recognized in the base period and the related product sales, as well as weak demand from the European construction industry.

- Due to lower sales volumes, production capacity utilization was reduced, with XPS production being the notable exception, as facilities operated at full capacity to meet increased market demand. Despite the generally lower output levels, efficiency improvements across the manufacturing operations partially offset the negative impact of the decline in revenue.

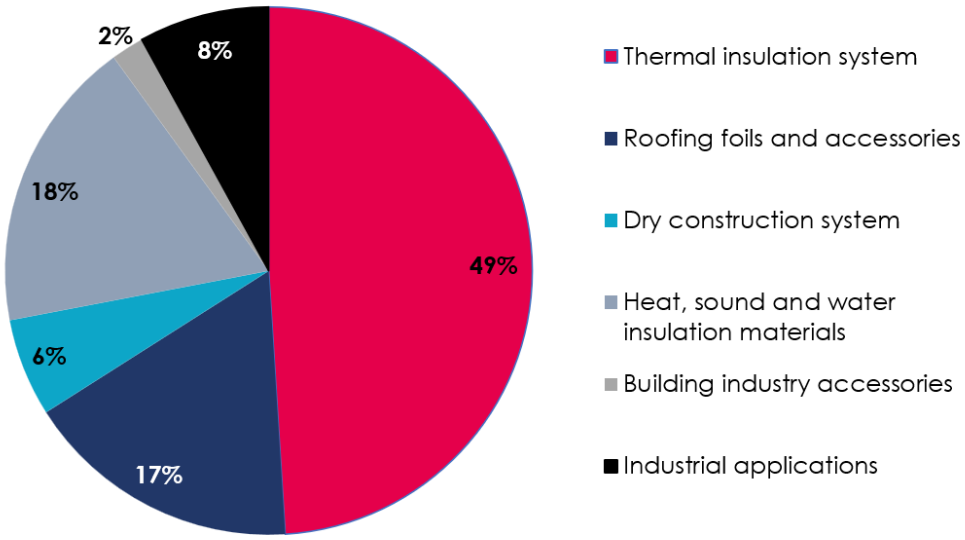
- Masterplast's revenue amounted to EUR 36,029 thousand in the third quarter of 2026, representing a 19% decline compared to the base period. The Company's net profit amounted to EUR 514 thousand in the third quarter of 2026, compared to a net loss of EUR 529 thousand in the same period of the previous year. For the first nine months of the year, net profit reached EUR 5,699 thousand, compared to a net loss of EUR 5,150 thousand in the corresponding period of 2025, representing an improvement of EUR 10,849 thousand.

- The Group's operating EBITDA amounted to a profit of EUR 3,534 thousand in Q3 2026, corresponding to an EBITDA margin of 9.8%, compared to a profit of EUR 3,429 thousand and an EBITDA margin of 7.7% in the base period. Higher gross margins and lower costs resulted in a higher EBITDA in absolute terms despite the decline in revenue. Despite lower sales volumes, the Group was able to maintain a strong profitability margin thanks to efficiency improvements across its operations.

Sales by product group

- The **Thermal insulation system product group** continued to account for the largest share of revenue (49%): its sales decreased by 4% in the third quarter compared to the base period.
- Sales revenues in the **Roofing foils and accessories** product group decreased by 15% in the third quarter. According to the company, in the base period, HEM-related foil sales had increased turnover; roofing work was held back by the summer heat, and the European roofing market was also weaker.
- In the **Industrial applications product group**, sales decreased significantly (fell by 73%). Mainly due to the absence of the HEM sales recognised in the base period.
- Sales of the **Dry Construction Systems** product group decreased by 4%, while **Building Industry Accessories** sales decreased by 19% compared to the same period of the previous year.
- **Heat, sound and water insulation materials group** remained at the base-period level (0%). Within the group, sales revenue of own-produced XPS products increased significantly, whereas in the base period HEM-related glass wool sales had increased turnover.

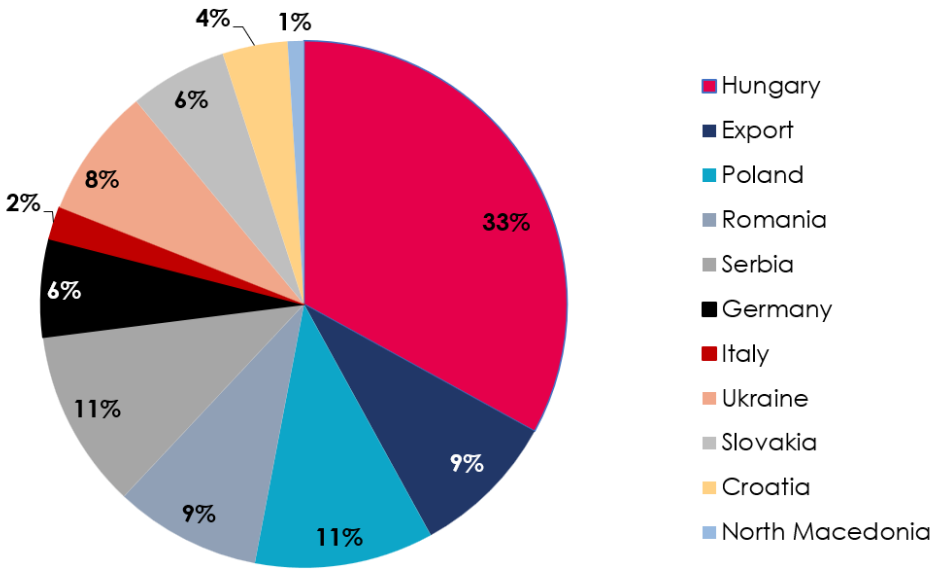
Contribution of product groups in percentage to the total sales revenue



Source: Masterplast, MBH

Sales by countries

- The Group's total sales decreased by 19% in Q3 2026 compared to the Q3 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 decreased by 41% in Q3 2026 compared to the base period. The decrease was mainly due to the fact that HEM-related sales recorded in the base quarter were not repeated.
- In the **Export** market in Q3 2026, the turnover decreased by 14% compared to the same period of the previous year. Sales in the **German** market decreased by 10% in the third quarter compared to the corresponding period last year.
- In **Italy**, sales decreased by 27% compared to the third quarter of last year. On the key **Romanian** market, sales decreased by 18% in Q3 2026 compared to the base period. In **Serbia**, sales increased by 28% in 2026 Q3.
- On the **Croatian** market the Group sales increased by 26% in Q3 2026 compared to the base term. On the **Polish** market the sales decreased by 2% in Q3 2026 compared to the base. In the **Slovak** market, sales increased by 101% in Q3 2026. In **Ukraine**, third-quarter sales increased by 17% compared to the base in 2025.



Source: Masterplast, MBH

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   - **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/Tozsdetagoknak/Tozsdetagok-elemzesei/MKB-Bank-Masterplast-initation-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).

