

Colt CZ Group SE

High-margin acquisition complemented organic growth

Buy

Price 22.10.26	CZK 847
12m target	CZK 1,259
Upside to TP	48.6%
Dividend	CZK 48.8
Total return	54.4%

Sector stance
Overweight

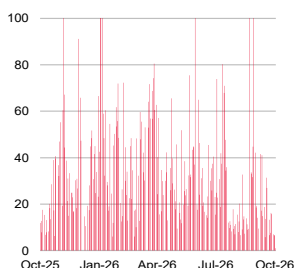
Investment type
Growth story

1 year performance



Source: Bloomberg

Trading volume (in ths of shares)



Source: Bloomberg

Share data

RIC CZG.PR	Bloom	Colt	CP
52-week range	706	-	1120
Market cap. (CZKb)	53.0		
Market cap. (EURb)	2.2		
Free float (%)	19		
Performance (%) 1m		3m	12m
Share	-6.1	-4.4	10.6
Rel. to PX Index	-2.3	-3.8	-1.7

Source: Bloomberg

The latest analysis and report:

https://bit.ly/Colt_swissAA_EN

https://bit.ly/Colt_2Q23_EN

https://bit.ly/Colt_3Q23_EN

https://bit.ly/Colt_perrollamSB_EN

Investment recommendation: Based on an update to our model, we are issuing a new 'Buy' recommendation for Colt CZ Group SE shares, with a target price of CZK1,259 per share. Our previous Buy recommendation, with a target price of CZK893, was issued on 14 July 2025. **A comparison of our new TP with the current market price suggests a premium of +48.6%.**

Since the beginning of this year, Colt has added a further pillar to its traditional business of firearms and ammunition. This new area of business involves energy materials, which are a key raw material in the production of gunpowder. This has strengthened the Colt Group's vertical structure further. Although this sector only accounts for around 20% of total revenue, it contributes around 35% to total EBITDA thanks to its high margin. Compared with other sectors, a margin of 55% would significantly improve the group's profitability. The majority of sales are to customers in Europe. Unsurprisingly, Europe is thus becoming Colt's main market. Ammunition and energy materials are mainly sold to customers on this continent, while the US is crucial for arms sales. Consequently, financial performance is expected to improve substantially by 2026. Organic growth will be complemented by growth through acquisitions. Production will be expanded from the start of 2027, providing a further positive boost to financial performance.

Colt has been, is and is likely to remain active in the field of M&A. We have analysed strategic acquisitions: Colt by Česká zbrojovka (the group was subsequently renamed Colt CZ), Sellier & Bellot, and, in January this year, Synthesia Nitrocellulose in previous reports. Colt's ambition is to achieve total revenue of EUR2bn by 2030, equivalent to almost CZK50bn. We estimate total revenue at CZK33bn this year. While we expect organic growth, further acquisitions will most likely be necessary in addition to this to achieve the target. Furthermore, we emphasise that our estimates include only existing operations.

Colt pays a decent dividend. This year, Colt paid its shareholders CZK30 per share from its 2025 profits. This equates to a payout ratio of 93% of adjusted net profit. Given Colt's ability to generate cash, we project that the payout ratio will remain at around 90%. Therefore, we estimate next year's dividend to be CZK48.8 per share, implying a gross yield of 5.8%.

We valued Colt using the DCF model. We have set a new TP of CZK1,259 per share. Based on this valuation, Colt is currently trading at a P/E ratio of 23.2x (2026) and 17.8x (2027), as well as an EV/EBITDA ratio of 12.3x (2026) and 9.7x (2027). It is mixed compared to its peers.

Financial data	2025	2026e	2027e	2028e	Ratios	2025	2026e	2027e	2028e
Revenues (CZK m)	23,398	32,541	36,708	38,368	P/E (x)	20.2	23.2	17.8	15.1
EBITDA margin (%)	19.9	25.8	27.2	27.3	Price/free cash flow (x)	8.5	36.2	13.4	14.2
Net income (CZK m)	2,030	3,394	4,419	5,215	Dividend yield (%)	2.1	2.4	3.9	5.0
EPS (CZK)	36.0	54.2	70.5	83.3	Price/book (x)	1.9	4.5	2.8	2.7
Dividend/share (CZK)	15.0	30.0	48.8	63.5	P/S (x)	1.7	2.4	2.1	2.1
Interest cover (x)	5.4	5.1	7.2	7.9	EV/S (x)	2.1	3.2	2.6	2.4
Payout (%)	43.8	92.6	90.0	90.0	EV/EBITDA (x)	10.6	12.3	9.7	8.9
Net debt/EBITDA	1.8	2.0	1.8	1.3	EV/IC (x)	1.2	2.5	1.9	1.8

Source: Colt CZ, Economic and Strategy Research, Komerční banka



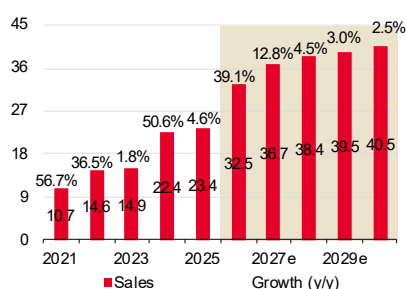
Bohumil Trampota
Equity Analyst
bohumil.trampota@kb.cz
(420) 222 008 560

SOCIETE
GENERALE
GROUP

Company overview

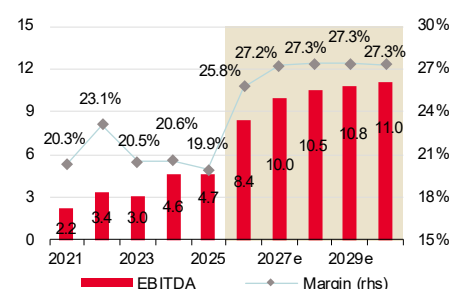
Strengths	Weaknesses
- Recognized international firearms manufacturer with global reach - Strong focus on R&D - Highly skilled workforce - Attractive financial profile - low debt and strong cash flow generation - Diversification in terms of geography and market segments	- Any event that would result in a production outage - The labor market in the Czech Republic is very tight. There is an outflow of highly skilled employees, and there is an inability to find new ones - Liquidity, low free float
Opportunities	Threats
- Great potential for organic growth - Expansion into new markets - Increasing market share in the M&LE sector - Active role in M&A - Ability to meet overall demand for firearms, accessories, equipment, ammunition, etc.	- Highly competitive market. Inability to compete could affect the company's performance - Currency risk (FX). A large portion of revenue is generated in USD and EUR, while most costs are in CZK. - Legislation and regulation: The manufacture, sale, use, handling, etc., of firearms are subject to strict controls. Changes in legislation could adversely affect the company's operations.

Revenues (CZKkm)



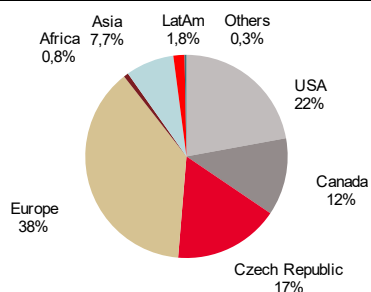
Source: Colt CZ, Economic and Strategy Research, Komerční banka

EBITDA (CZKkm)



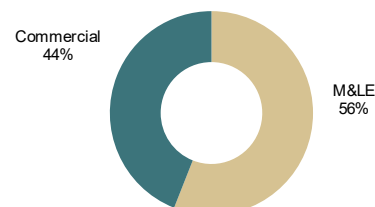
Source: Colt CZ, Economic and Strategy Research, Komerční banka

Geographical breakdown of sales (1H26)



Source: Colt CZ

Customer segments (1H26)



Source: Colt CZ

Company results

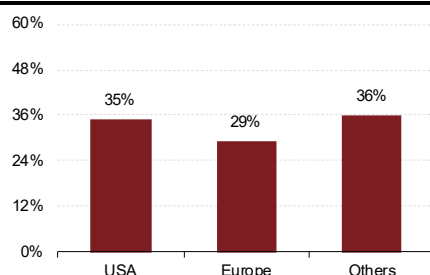
Three complementary sectors.

Following recent developments, Colt CZ's business now consists of three main pillars. These segments complement each other.

Firearms production: an increase in supplies to M&LE and a revival of the commercial market in the US.

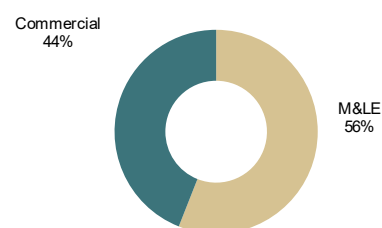
The first pillar is the firearms sector, Colt CZ's traditional area of business. In the first six months of this year, turnover was up by +37% yoy. This is due to a higher number of firearms supplied, particularly long guns. This reflects deliveries to the armed forces in Canada, Europe and Asia. As a result, the ratio of firearms sold to the armed forces and the commercial market rose to 56/44 (previously 38/62). The US market remains key in this sector, accounting for 35% of the volume. It is encouraging to note that in 3Q26, there was an overall increase in firearms sales on the US commercial market of almost +10% yoy. The geographical breakdown of revenue and customer sectors is clearly shown in the charts below.

Geographic split (1H26)



Source: Colt CZ

Customer segments (1H26)

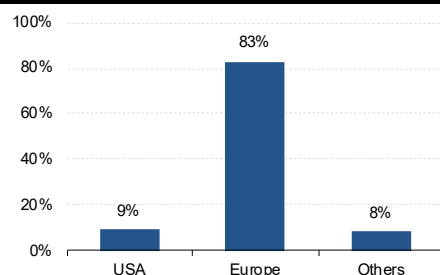


Source: Colt CZ

Ammunition sales are clearly on the rise in European countries.

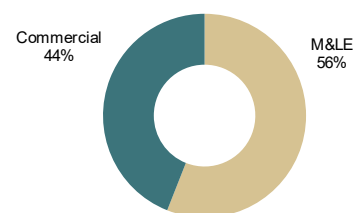
The second is the small-calibre ammunition manufacturing segment. Colt CZ entered this market by acquiring swissAA in 2023 and, more notably, Sellier & Bellot in 2024. Sales in Europe are crucial to this sector, accounting for 83%. As with firearms, most supplies go to the M&LE.

Geographic split (1H26)



Source: Colt CZ

Customer segments (1H26)

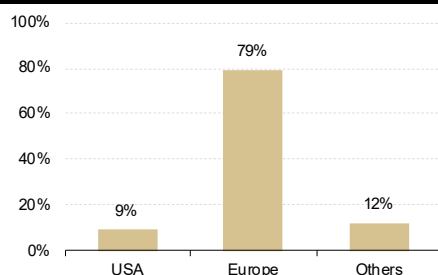


Source: Colt CZ

Energetics segment.

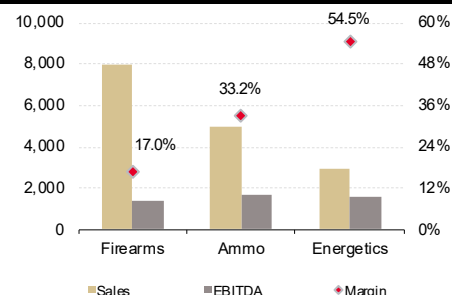
The newest sector is energetics production. Colt CZ entered this sector at the beginning of this year by incorporating Synthesia Nitrocellulose (NCL) into the group. The company's primary product is energetic nitrocellulose, a vital ingredient in gunpowder production. The main market is Europe. Although this sector contributes the smallest share to Colt CZ's total sales, it generates the highest margins. This significantly increases the group's overall profitability.

Geographic split (1H26)



Source: Colt CZ

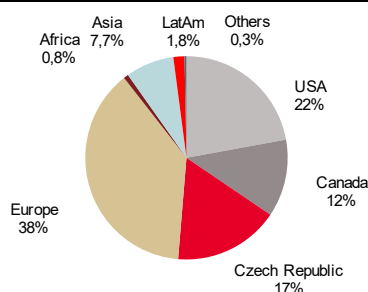
Margin comparison (1H26)



Source: Colt CZ

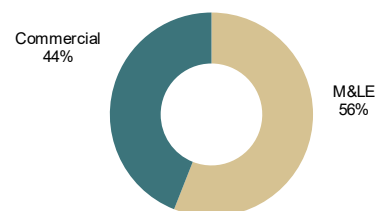
European markets are crucial for Colt CZ as a whole. In 1H26, together with the Czech Republic and Ukraine, they accounted for 55% of the Group's total revenue.

Geographical breakdown of sales (1H26)



Source: Colt CZ

Geographic split (1H26)



Source: Colt CZ

Projection 2026

Due to the acquisition of Synthesia Nitrocellulose at the beginning of January, this year's FY results will be significantly better yoy. We expect a substantial increase in the EBITDA margin. According to our estimates, it will reach 25.8%. This will represent yoy growth of +5.9pps. This marked improvement is primarily due to NCL's high margin. While Colt's traditional firearms manufacturing business has a margin of around 17%, its ammunition operations fare better at around 33%. However, its energy business boasts the highest margin by far at approximately 55%. This will significantly improve Colt's overall margin. We expect net profit to reach CZK3.4bn (+67.2% yoy).

This year, we expect revenue to grow by +39.1% yoy to reach CZK32.5bn. According to our model, EBITDA is expected to reach CZK8.4bn, which represents a yoy increase of +80%.

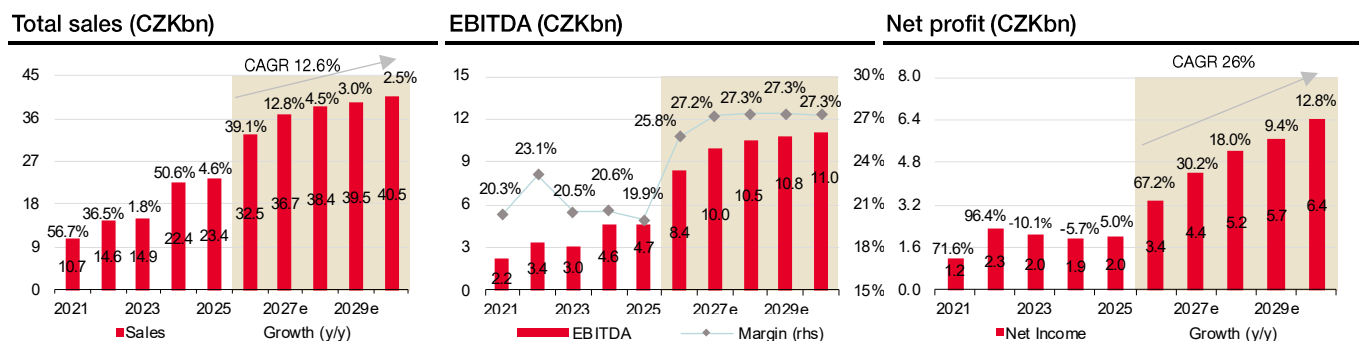
Following the publication of the half-year results, Colt's management updated its full-year forecasts. The group's **total revenues are expected to be in the range of CZK31–33bn**, with **EBITDA expected to be in the range of CZK8.0–8.5bn**. Colt should aim to reach the upper end of its target range. Our estimates are close to the top end of the guidance.

In the first half of the year, Colt reported revenues of CZK15.9bn and EBITDA of CZK4.6bn. This equates to **48.1% and 54.2% of the upper limit of the FY target** for revenue and EBITDA respectively.

Double-digit growth is expected next year (2027), driven partly by organic growth and partly by an increase in NCL's production capacity from 6,000 to 7,000 tonnes.

Long-term forecasts

We estimate that revenues will rise to CZK40.5bn by the end of the forecast period in 2030, representing an average growth rate of +11.6% (CAGR 2026–2030). We then expect EBITDA to grow by an average of 18.8% over the same period, reaching CZK11.0bn in 2030. Net profit is expected to reach CZK6.4bn in 2030, representing a CAGR of +26% (2026-2030).



Source: Colt CZ, Economic and Strategy Research, Komerční banka

Source: Colt CZ, Economic and Strategy Research, Komerční banka

Source: Colt CZ, Economic and Strategy Research, Komerční banka

The table below shows a comparison of our previous and current estimates. The new forecast incorporates the acquisition of Synthesia Nitrocellulose in January. Due to the high margins associated with NCL, we predict that Colt's overall margin will increase by around 5pps.

Changes to our estimates

CZKmn	e2026			e2027			e2028			e2029			e2030
	old	new	change	old	new	change	old	new	change	old	new	change	
Revenues	26,303	32,541	23.7%	26,734	36,708	37.3%	27,168	38,368	41.2%	27,330	39,523	44.6%	40,514
EBITDA	5,777	8,391	45.2%	5,941	9,999	68.3%	6,160	10,493	70.3%	6,418	10,808	68.4%	11,049
margin	22.0%	25.8%	3,8 pb	22.2%	27.2%	5,0 pb	22.7%	27.3%	4,7 pb	23.5%	27.3%	3,9 pb	27.3%
EBIT	4,238	4,263	0.6%	4,416	6,229	41.1%	4,907	7,243	47.6%	5,163	7,702	49.2%	8,442
NI	2,911	3,394	16.6%	3,046	4,419	45.1%	3,431	5,215	52.0%	3,631	5,708	57.2%	6,440

Source: Colt CZ, Economic and Strategy Research, Komerční banka

Targets for 2030

EBITDA margin will grow above 25%.

The presentation of the full-year results for 2025 sets out the ambition to achieve revenues of €2bn (almost CZK50bn) in 2030.

According to our projections, Colt will reach its 2030 target not only through organic growth. Further acquisitions are highly likely. In our estimates, we take into account only Colt CZ's existing operations.

CAPEX and Leverage

CAPEX up to 5% of revenues.

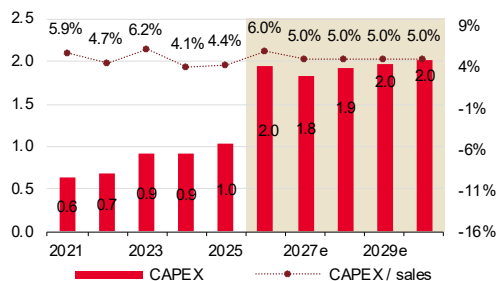
Colt plans to spend 5% of its total revenue on capital expenditure.

This year, capital expenditure is expected to reach CZK1.8–2.0bn. Of this, 55% is maintenance CAPEX and 45% is growth CAPEX. As a proportion of revenue, this equates to 6%. This slight increase is due to the expansion of production at NCL. However, over the past two years, CAPEX has remained at around 4% (2024: CZK921m, 4.1%; 2025: CZK1,036m, 4.4%).

In the coming years, the company plans to allocate a conservative 5 per cent of annual revenues to capital expenditure. These investments are intended to go towards modernisation, automation or the expansion of production.

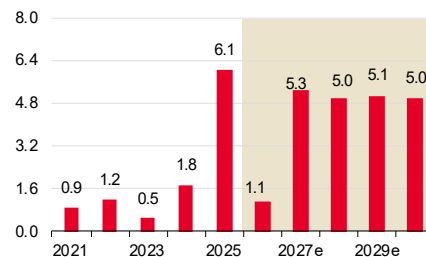
Below is a comparison of CAPEX with revenue and OCF. The chart clearly shows that Colt generates sufficient cash to cover its investments, dividends and, where appropriate, acquisitions.

CAPEX / Sales (CZKm)



Source: Colt CZ, Economic and Strategy Research, Komerční banka

OCF - CAPEX (CZKm)

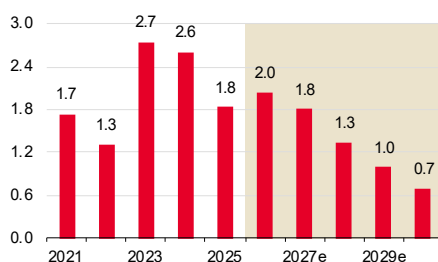


Source: Colt CZ, Economic and Strategy Research, Komerční banka

Leverage is expected to fall to 2.0x by the end of the year. It will continue to decline in subsequent years.

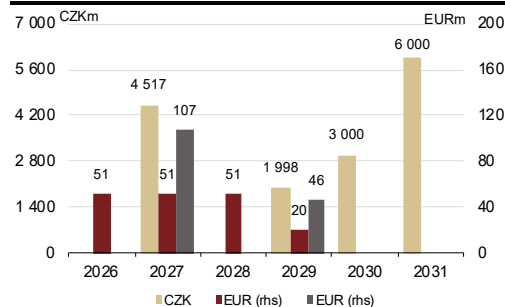
At the end of 2025, the debt-to-EBITDA ratio was 1.8x. By the first half of this year, it had risen to 2.17x. As shown in the chart, whenever debt levels spiked, for example due to acquisitions, they quickly returned to the 2.0x level. This was aided by the company's ability to generate cash or SPO (acquisitions). In our forecast, leverage is expected to fall from 2.17x to 2.0x by the end of the year. The ratio is also expected to decline in the coming years. This will give Colt CZ scope for further acquisitions, for example.

Leverage (net debt / EBITDA)



Source: Colt CZ, Economic and Strategy Research, Komerční banka

Maturity profile



Source: Colt CZ

Dividend Policy

This year, Colt paid its shareholders a cash dividend of CZK30 per share. This equates to a payout ratio of 92.6% of the adjusted net profit for 2025.

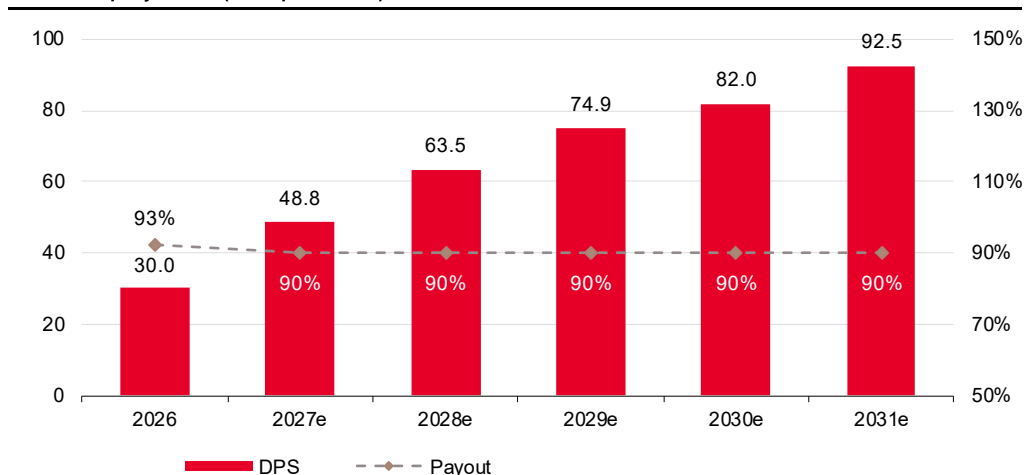
The dividend will increase from CZK30 to CZK48.8.

Following the integration of NCL into the Colt Group, the company's financial performance, including net profit, is expected to improve significantly. As net profit rises, so will the dividend. This year, we expect net profit to reach CZK3.4bn, which is an increase of +67.2% yoy. Assuming the payout ratio remains at 90%, this will result in a dividend per share of CZK48.8. Compared with the current market price, this corresponds to a respectable yield of +5.8% (gross).

Given Colt's ability to generate cash, we have modelled the dividends using a payout ratio of 90% of the adjusted net profit.

According to our projections, this would result in an increase in dividends from CZK30 this year to CZK92.5 in 2031, which would be paid out from 2030 profit.

Dividend projection (CZK per share)



Source: Colt, Economic and Strategy Research, Komerční banka

Several factors can influence the ability to share profits with shareholders. One of these is acquisitions, or leverage. If debt were to rise significantly following new acquisitions, or if the company's outlook were to deteriorate, this could lead to a reduction in profit distribution.

M&A Activity

An active player in the M&A.

Colt CZ has been very active in M&A in recent years. We consider Colt's acquisitions to be successful.

The three most significant are: In 2021, Česká zbrojovka (now Colt CZ) acquired Colt and subsequently renamed the company Colt CZ. In May 2024, the ammunition manufacturer Sellier & Bellot was acquired. In early January 2026, Colt CZ incorporated Synthesia Nitrocellulose into the group.

We expect Colt CZ to continue monitoring the market and remaining active in the M&A field. This is likely to relate primarily to the firearms and ammunition sector.

Valuation

Peer comparison approach

The comparison with peers is mixed.

We regard relative comparisons merely as a supplementary method. However, there are not many listed companies of a similar nature to Colt CZ. Furthermore, they may differ from one another in terms of size or product mix.

	P/E	P/E	P/E	P/S	P/S	EV/ Sales	EV/ Sales	EV/ EBITDA	EV/ EBITDA	EV/ EBITDA	Div. výnos	Div. výnos	Div. výnos
	akt.	2026	2027	akt.	2026	akt.	2026	akt.	2026	2027	akt.	2027	2028
Colt CZ Group SE	25.9	23.2	17.8	2.8	2.4	3.4	3.2	13.9	12.3	9.7	2.4	3.9	5.0
Sturm Ruger & Co Inc	1320.3	31.4	24.7	1.4	1.4	1.2	1.2	11.6	13.0	11.4	1.5	1.1	1.5
Smith & Wesson Brands Inc	30.2	27.5	n/a	1.2	1.2	1.3	1.3	9.7	9.5	8.9	n/a	n/a	n/a
Taurus Armas SA	53.2	n/a	n/a	1.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SEKTOROVÝ MEDIÁN	53.2	29.4	24.7	1.2	1.3	1.2	1.2	10.7	11.3	10.2	1.5	1.1	1.5
Colt vs sektor	-51.3%	-21.1%	-27.9%	128.6%	87.0%	175.5%	160.9%	30.4%	8.7%	-4.8%	61.4%	266.3%	232.5%

Source: Bloomberg, Economic and Strategy Research, Komerční banka

Based on the EV/EBITDA multiple, Colt CZ is trading at a premium to the sector in 2026. However, the following year it is trading at a slight discount. It is also trading at a discount on a P/E basis. In our view, Colt CZ has growth potential and the ability to generate cash, as well as offering a decent dividend yield that is well above the sector median.

Discounted Cash Flow

The new target price is CZK1,259.

We used the DCF model to determine the target price. In our DCF valuation, we have assumed a cost of capital (WACC) of between 7.0% and 7.4% for the period, and 7.4% for the terminal. We also assume long-term growth of 2%. Based on the discounted cash flow method set out in the table below, we arrived at a **fair value of CZK1,259 per Colt share**. This suggests growth potential of +48.6%.

Discounted cash flow (DCF) valuation

	2023e	2024e	2025e	2026e	2027e	LT
Calculation of the required rate of return						
WACC	7.0%	7.0%	7.2%	7.3%	7.4%	7.4%
CoE	8.3%	8.3%	8.2%	8.1%	8.0%	8.0%
Beta	0.705	0.705	0.705	0.705	0.705	0.705
Risk-free	4.3%	4.2%	4.1%	4.0%	3.9%	3.9%
Equity risk premium	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Country risk premium	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
Cost of debt	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Discounted cash flow model (CZKm)						
EBITDA	8,391	9,999	10,493	10,808	11,049	
Taxes paid	-1,750	-2,594	-3,074	-3,365	-3,797	
WC change	-2,509	318	66	23	-37	
CAPEX	-1,952	-1,835	-1,918	-1,976	-2,026	
FCFF	2,179	5,887	5,567	5,490	5,189	
Discounted FCFF	2,037	5,142	4,538	4,170	3,669	
Sum of discounted FCFF	19,555					
Terminal value	68,753					
Long-term growth	2%					
Enterprise value	88,308					
Net debt	17,245					
Equity value	71,064					
Fair value / Target price (CZK)	1,259					

Source: Economic and Strategy Research, Komerční banka

The table below illustrates how sensitive our valuation is to two key factors: the discount rate (WACC) in the terminal phase and long-term growth.

Sensitivity analysis of DCF valuation

		WACC				
		6.4%	6.9%	7.4%	7.9%	8.4%
LT Growth	1.0%	1,259	1,151	1,060	981	914
	1.5%	1,388	1,259	1,151	1,060	981
	2.0%	1,547	1,388	1,259	1,151	1,060
	2.5%	1,747	1,547	1,388	1,259	1,151
	3.0%	2,004	1,747	1,547	1,388	1,259

Source: Economic and Strategy Research, Komerční banka

Risk factors

Any event that would result in a production outage would affect the company's operations.

Rising costs. The inability to effectively manage costs could have an adverse impact on the company's performance and/or competitiveness. For example, a very tight labour market in the Czech Republic could lead to an unexpected rapid increase in personnel costs.

Loss of qualified staff. Colt relies on highly qualified employees. An outflow of its skilled workforce and an inability to replace them could adversely affect the company's future operations.

FX risk. A large proportion of sales are generated in USD and EUR.

Highly competitive market. As mentioned above, the small arms market remains crowded and highly competitive. An inability to compete in terms of product or price could affect the company's business performance.

Failed acquisitions: Risk of overpayment and integration.

Effects of changes in regulations. The production, sale, use and handling of firearms is subject to strict controls. An unexpected adverse change in legislation could negatively affect the company's performance.

Financial statements - annual

Profit and loss account

CZKm	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e	2030e
INCOME STATEMENT										
Sales	10,689	14,590	14,856	22,376	23,398	32,541	36,708	38,368	39,523	40,514
Other Operating Income	62	133	90	160	109	406	350	366	377	386
Changes in Inventories of Finished Goods and Works in Process	167	521	888	-630	1,376	531	1,063	1,146	1,181	1,214
Own Work Capitalized	140	152	173	339	391	344	384	401	413	424
Raw Materials and Consumables Used	-5,113	-7,326	-8,065	-11,336	-12,389	-15,515	-17,038	-17,798	-18,334	-18,805
Services	-1,765	-1,769	-1,960	-2,488	-2,842	-4,019	-3,944	-4,113	-4,237	-4,353
Personnel Costs	-2,088	-2,889	-3,083	-4,490	-4,808	-6,088	-7,129	-7,440	-7,665	-7,869
Depreciation and Amortization	-790	-910	-802	-1,479	-1,546	-3,441	-3,720	-3,221	-3,076	-2,576
Other Operating Expenses	-190	-238	-210	-332	-418	-465	-459	-479	-493	-506
Operating Profit	1,011	2,199	1,862	2,001	3,262	4,263	6,229	7,243	7,702	8,442
Interest Income	50	440	757	785	491	449	310	274	480	661
Interest Expense	-205	-612	-895	-1,308	-1,097	-1,278	-1,174	-1,185	-1,197	-1,209
Other Financial Income	32	173	252	113	30	278	154	216	185	201
Other Financial Expenses	-169	-134	-72	-203	-620	-209	-213	-217	-221	-226
Others, net	211	290	606	-8	506	248	253	258	263	268
Pre-tax	1,422	2,641	2,518	2,554	2,554	4,297	5,593	6,602	7,225	8,152
Profit for the Period	1,161	2,280	2,050	1,933	2,030	3,394	4,419	5,215	5,708	6,440
EBITDA	2,169	3,365	3,048	4,599	4,661	8,391	9,999	10,493	10,808	11,049
BALANCE SHEET										
Total Non-Current Assets	9,057	10,248	14,073	29,031	29,440	49,988	46,240	43,700	41,389	39,722
Total Current Assets	7,957	9,255	11,904	17,001	26,196	22,510	23,577	28,291	32,264	35,739
Total Assets	17,013	19,504	25,977	46,032	55,636	72,499	69,817	71,991	73,653	75,462
Total Equity	5,242	7,681	9,275	20,028	21,282	24,548	28,174	29,402	30,405	31,696
Total Non-Current Liabilities	6,892	8,338	10,458	19,883	23,201	33,708	25,252	25,499	25,748	26,000
Total Current Liabilities	4,879	3,484	6,244	6,121	11,153	14,243	16,391	17,090	17,500	17,766
Total Liabilities	11,771	11,822	16,702	26,004	34,354	47,951	41,643	42,589	43,248	43,766
Total Liabilities and Equity	17,013	19,504	25,977	46,032	55,636	72,499	69,817	71,991	73,653	75,462
CASH FLOW										
Profit before tax	932	2,356	2,510	1,380	2,572	3,751	5,559	6,588	7,211	8,137
Depreciation	790	910	802	1,479	1,546	3,441	3,720	3,221	3,076	2,576
Other non-cash items	226	1,330	-89	-292	2,422	965	1,002	1,053	861	695
Change in working capital	-128	-2,115	-926	1,403	2,233	-2,509	318	66	23	-37
Interest paid, net	-39	-127	-123	-501	-637	-830	-864	-912	-717	-548
Income tax paid	-257	-454	-759	-797	-1,037	-1,750	-2,594	-3,074	-3,365	-3,797
Net cash flow from operating activities	1,523	1,900	1,413	2,671	7,099	3,068	7,141	6,941	7,089	7,026
Cash flow from investing activities	-4,978	-1,484	-4,205	-4,774	-2,405	-6,608	-1,835	-1,918	-1,976	-2,026
Dividends paid	-261	-843	-864	-260	-847	-1,879	-3,055	-3,977	-4,694	-5,137
Cash flow from financing activities	120	1,068	600	-203	636	342	342	342	342	342
Change in cash	-3,335	1,485	-2,192	-2,307	5,330	-3,198	5,648	5,365	5,455	5,343

Source: Colt, Economic and Strategy Research, Komerční banka

Financial data

	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e	2030e
RATIOS (%)										
EBITDA margin	20.3	23.1	20.5	20.6	19.9	25.8	27.2	27.3	27.3	27.3
Operating margin	9.5	15.1	12.5	8.9	13.9	13.1	17.0	18.9	19.5	20.8
Net margin	10.9	15.6	13.8	8.6	8.7	10.4	12.0	13.6	14.4	15.9
EBIT/Interest (x)	6.5	12.8	13.5	3.8	5.4	5.1	7.2	7.9	10.7	15.4
Net debt/Equity (x)	0.7	0.6	0.9	0.6	0.4	1.0	0.6	0.5	0.4	0.2
Net debt/EBITDA (x)	1.7	1.3	2.7	2.6	1.8	2.0	1.8	1.3	1.0	0.7
ROE	22.2	29.7	22.1	9.7	9.6	19.2	15.7	17.7	18.8	20.3
ROA	6.8	11.7	7.9	4.2	3.6	4.7	6.3	7.2	7.7	8.5
ROCE	1.0	1.1	1.0	1.2	1.1	0.9	1.5	1.5	1.6	1.6
Dividend payout	37.4	73.4	45.3	73.7	43.8	92.6	90.0	90.0	90.0	90.0
DATA PER SHARE (CZK)										
EPS	34.4	66.9	58.3	34.2	36.0	54.2	70.5	83.3	91.1	102.8
Book value	155	225	264	355	375	282	450	469	485	506
Free cash flow	34.1	3.4	-8.1	-16.8	85.4	34.8	94.0	88.9	87.6	82.8
Gross dividend	7.5	25.0	30.0	30.0	15.0	30.0	48.8	63.5	74.9	82.0
MARKET VALUATION										
P/E (x)	14.8	8.3	1.3	18.6	20.2	23.2	17.8	15.1	13.8	12.2
Price/Operating cash flow (x)	11.3	9.9	14.1	13.5	5.8	25.7	11.0	11.4	11.1	11.2
Price/free cash flow (x)	14.9	162.3	-69.6	-38.0	8.5	36.2	13.4	14.2	14.4	15.2
Price/book value (x)	3.3	2.5	2.1	1.8	1.9	4.5	2.8	2.7	2.6	2.5
Price/sales (x)	1.6	1.3	1.4	1.6	1.7	2.4	2.1	2.1	2.0	1.9
Dividend yield (%)	1.5	4.5	3.5	4.7	2.1	2.4	3.9	5.0	6.0	6.5
EV/revenues (x)	2.0	1.6	2.0	2.1	2.1	3.2	2.6	2.4	2.3	2.1
EV/EBITDA (x)	9.6	6.9	9.5	10.4	10.6	12.3	9.7	8.9	8.3	7.8
EV/IC (x)	1.7	1.6	1.4	1.3	1.2	2.5	1.9	1.8	1.7	1.6

Source: Colt, Economic and Strategy Research, Komerční banka

Disclaimer

The information herein is not intended to be an offer to buy or sell, or a solicitation of an offer to buy or sell any securities. All information and opinions have been obtained from or are based on sources believed to be reliable, but their completeness and accuracy are not guaranteed by Komerční banka, a.s., even though Komerční banka, a.s. believes them to be fair and not misleading or deceptive. The views of Komerční banka, a.s. reflected in this document may change without notice.

Komerční banka, a.s. and its affiliated companies may from time to time deal in, profit from the trading of, hold or act as market makers of securities, or act as advisers, brokers or bankers in relation to securities or derivatives thereof emitted by persons, firms or entities mentioned in this document.

Employees of Komerční banka, a.s. and its affiliated companies, or individuals connected to them may from time to time have a position in or be holding any of the investments or related derivatives mentioned in this document. The authors of this document are not authorized to acquire the investment instruments mentioned in this document. This does not apply to cases when the investment recommendation mentioned in this document represents dissemination of an investment recommendation earlier produced by third parties according to Chapter III of regulation (EU) 2016/958. Komerční banka, a.s. and its affiliated companies are under no obligation to provide any services to their clients on the basis of this document.

Komerční banka, a.s. does not accept any liability whatsoever arising from the use of the material or information contained herein beyond what is required by law. This research document is primarily intended for professional and qualified investors. Should a private customer obtain a copy of this report, they should not base their investment decisions solely on the basis of this document and should seek independent financial advice. The investors must make their own informed decisions regarding the appropriateness of their investments because the securities discussed in this report may not be suitable for all investors.

The performance attained by investment instruments in the past may not under any circumstance serve as an guarantee of future performance. The estimates of future performance are based on assumptions that may not be realized. Investment instruments and investments are connected with different investment risks, the value of any investment can rise and fall and there is no guarantee for the return of the initial invested amount. Investment instruments denominated in foreign currencies are also subject to fluctuations caused by changes in exchange rates, which can have both positive and negative influences particularly on the prices of the investment instrument and consequently on the investment return.

This publication is issued by Komerční banka, a.s. which is a bank/stockbroker according to the applicable legislation and thus regulated by the Czech National Bank. Komerční banka, a.s. applies various measures to prevent conflict of interests in the process of creating investment recommendations, such as the implementation of an appropriate internal separation including information barriers between different departments of Komerční banka, a.s. in compliance with the requirements imposed by applicable regulation. The employees of Komerční banka, a.s. proceed in accordance with the internal regulations governing conflict of interest.

The evaluation of employees creating investment recommendations is never by any means tied with the volume or profit of the trades with instruments mentioned in this document done by Komerční banka, a.s., or the trades of Komerční banka, a.s. with the issuers of such instruments. However, the evaluation of the authors of this document is linked to the profits of Komerční banka, a.s. which also partially include the results of trading with investment instruments.

The recommendations mentioned in this document are intended for the public and the document before its publication is not available to persons not involved in the creation of this document. As per our practice, the issuers do not receive a copy of research reports prior to their publication. Each author of this research report hereby states that (i) the views expressed in the research report accurately reflect his or her personal views about any and all of the securities or issuers at stake.

This document and its contents is not designed for persons with permanent residence or seat in the United States of America and to persons who are deemed as "U.S. persons", as defined in Regulation S under the US Securities Act of 1933, as amended.

Please refer to our website <http://www.trading.kb.cz> for more details.

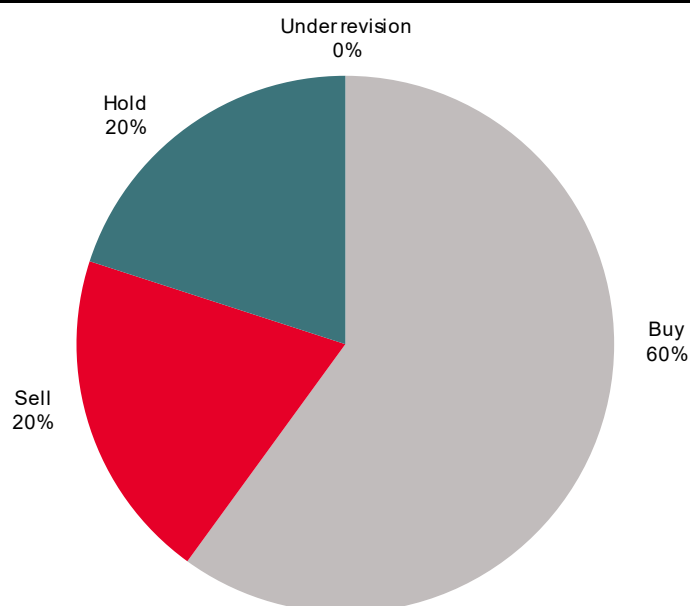
Neither the recommendations in this document nor the document itself were made available to the company concerned prior to publication.

This recommendation is not updated at regular intervals. The date for the next update has not yet been set and will be affected by relevant changes in the facts material to this recommendation to reflect company or sector developments.

The main methods used by Komerční banka to determine the target share price are discounted free cash flow analysis and sector comparison. Other methods may be used if deemed appropriate by the analyst (e.g. sum of valued parts, discounted dividends, discount or premium to net asset value). The target price is set for a twelve-month period. The Commercial Bank uses three levels of investment recommendations: buy, hold and sell. The recommendation is set for a period of three to six months. The main factor in determining the recommendation is the difference between the current market price and the target price calculated by KB analysts. The recommendation also takes into account other factors that the analyst believes may affect the title and the market in the 3-6 month period following the recommendation. Thus, a target price significantly above the current market price may not automatically imply a "buy" recommendation for the next 3-6 months following the first 3-6 months after the recommendation is issued. Valuation methods and key factors for determining the recommendation are explained in the text of each analysis.

The chart below shows the structure of the grades of valid investment recommendations of KB Economic and Strategic Research equity analysts (5 recommendations).

Investment recommendations of KB Equity Research



Source: economic and strategic research, Komerční banka

KB Equity Research recommendations for a 12-month horizon

BUY: estimated total return of 15% or more over the next 12 months

HOLD: estimated total return of 0 to 15% over the next 12 months

SELL: estimated total return of less than 0% over the next 12 months.

Total shareholder return means the estimated share price appreciation plus any estimated cash dividends, including any income from extraordinary dividends paid in the following 12 months. The specific recommendation is determined by the estimated total return stated above at the time the share coverage commences or the recommendation is changed. In the interim, price movements or other market situations may occur that may imply a different recommendation. Such interim deviations from the original recommendation are possible but are subject to review by KB Equity Research.

Overview of recommendations published by KB and relationships with particular issuers

	CEZ	Colt CZ Group SE	Kofola	MONETA Money Bank	Philip Morris CR	Avast	O2 CR
Overview of last investment research and recommendations related to stocks of particular issuers							
Recommendation	Sell	Buy	Buy	Hold	Buy	End of coverage	End of coverage
Target price	CZK1,079	CZK1,259	CZK557	CZK192.0	CZK19,527		
Date	23.02.2026	22.10.2026	04.12.2025	14.07.2026	18.09.2025	07.09.2022	25.02.2022
Price on the day of the publication	CZK1,169	CZK847	CZK480	CZK190.9	CZK18,000	CZK205.1	CZK270
Investment horizon	12 months	12 months	12 months	12 months	12 months		
Author	B. Trampota	B. Trampota	B. Trampota	B. Trampota	B. Trampota		
Overview of investment researches and recommendations							
Recommendation	Hold	Buy	Buy	In revision	Buy	Buy	Buy
Target Price	CZK923	CZK893	CZK402	In revision	CZK17,041	GBp600	CZK362
Date	15.11.2024	14.07.2025	03.09.2024	24.04.2026	21.03.2024	11.02.2021	26.03.2021
Recommendation	Buy	Buy	Buy	Buy	Hold	Buy	Buy
Target Price	CZK1,034	CZK921	CZK313	CZK143.3	CZK18,349	GBp466	CZK293
Date	07.09.2023	09.02.2024	29.05.2023	16.01.2025	03.03.2023	30.08.2019	08.01.2020
Recommendation	Buy	Buy	Buy	In revision	Buy	In revision	Buy
Target Price	CZK1,393	CZK652	CZK381	In revision	CZK18,183	In revision	CZK298
Date	07.06.2022	16.12.2022	12.05.2022	25.07.2024	11.02.2022	14.08.2019	12.12.2018
Recommendation	In revision	Buy	In revision	Buy	Buy	Buy	Hold
Target Price	In revision	CZK645	In revision	CZK104.6	CZK16,512	GBp342	CZK270
Date	10.05.2022	17.01.2022	15.02.2022	05.09.2022	20.11.2020	15.06.2018	18.08.2017
Valuation methods	DFCF	DFCF	DFCF	DFCF DDM ERM	DDM	DFCF	DFCF DDM
Frequency of rec. (per year)	once	once	once	once	once	once	once
Direct or indirect share (5% or more) of the issuer of the registered capital of KB	no	no	no	no	no	no	no
Other significant financial interest of KB and/or its linked persons in the issuer	no	no	no	no	no	no	no
KB direct or indirect share (0.5% or more) of the registered capital of the issuer.	no	no	no	no	no	no	no
Author's direct or indirect share (0.5% or more) of the registered capital of the issuer.	no	no	no	no	no	no	no
Signific. fin. interest in the issuer of the persons partic. in elaboration of inv. research and rec.	no	no	no	no	no	no	no
Relationships of Komerční banka with particular issuers							
KB Management or co- management of public offerings in the past 12 month	no	yes	no	no	no	no	no
Agreements or contractual relations for providing investment services with the issuer	KB can have concluded agreements with the issuer for providing investment services. This information is protected by bank secret and could not be disclosed.						
Agreement with the issuer on production and dissemination of the research	no	no	no	no	no	no	no
KB market making for common stocks of the issuer	no	no	no	no	no	no	no
Note: DFCF – Discounted free cash flow model, DDM – Discounted dividend model, ERM – Excess return model							
Source: Economic & Strategy Research, Komerční banka							