

11 bit studios

Neutral ↘ | Target Price : PLN 220 vs PLN 440 ↘

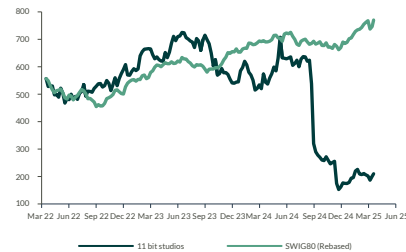
Price (16/04/2025) : PLN 210.00 | Upside : 5%

Révision 12/25e 12/26e
EPS 1.1% -23.3%

Downgrade on Project 8 termination and pipeline execution risks

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Sources : ODDO BHF Securities, SIX

Share data

11B PW 11B.WA	
Market Cap (PLNm)	508
Enterprise value (PLNm)	366
Extrema 12 months (PLN)	150.0 - 707.0
Free Float (%)	87.9

Performance (%)	1m	3m	12m
Absolute	-0.5	23.5	-60.9
Perf. rel. Country Index	7.3	26.7	-61.6
Perf. rel. SWIG80	-2.5	10.2	-65.0

P&L

	12/24	12/25e	12/26e
Sales (PLNm)	141	229	174
EBITDA (PLNm)	83.7	145	99.1
Current EBIT (PLNm)	63.9	119	76.1
Attr. net profit (PLNm)	6.9	109	71.8
Adjusted EPS (PLN)	2.82	44.59	29.34
Dividend (PLN)	0.00	0.00	0.00

P/E (x)	178.1	4.7	7.2
P/B (x)	5.3	1.5	1.2
Dividend Yield (%)	0.0	0.0	0.0
FCF yield (%)	6.9	14.1	9.0
EV/Sales (x)	8.14	1.60	1.83
EV/EBITDA (x)	13.7	2.5	3.2
EV/Current EBIT (x)	17.9	3.1	4.2
Gearing (%)	-28	-41	-45
Net Debt/EBITDA (x)	-0.8	-1.0	-1.9

Next Events

24/04/2025	Conference Call
15/05/2025	Q1 Results
28/08/2025	H1 Results
20/11/2025	Q3 Results

Several one-offs distorted the Q4 and 2024 results

The company published its 2024 annual report yesterday. While Q4 revenues of PLN 33.9m came almost 5% ahead of our expectations, write-downs related to Project 8 of PLN 48.4m and to other games at PLN 18.3m weighed on the results. Consequently, the company missed our expectations on all other items. Additionally, the one-off reversal of provisions of c. PLN 4m in connection with the 2021–25 incentive scheme had a positive impact and the recognition of deferred tax assets resulted in a tax credit of PLN 10.3m in Q4. This resulted in a FY net profit of PLN 6.9m. In terms of sales of individual titles, FP2 contributed 50% to the total 2024 revenue (PLN 140.5m), followed by sales of FP1 (20%) and This War of Mine (5%). We take note that sales of own games from the back catalogue are very strong, which shows that the company is able to achieve long-term success with its flagship products.

Q4 2024 results – key metrics

PLN m	Q4 24	ODDO BHF est.	Diff.	Q4 23
Revenues	33.9	32.3	4.9%	18.0
Total expenses	-89.8	-20.8	332.6%	-8.8
o/w write-downs	-66.8	0.0	n.a.	0.0
EBITDA	-41.1	17.1	-340.3%	10.1
EBIT	-55.9	11.5	-584.3%	9.3
Net profit (loss)	-40.6	12.2	-433.1%	-0.8

Sources : ODDO BHF Securities, company information

Investor conference next week could provide more clarity on the pipeline

While the launch of The Alters (own-production video game) has been confirmed for 13 June after several postponements, the company is also actively working on additional content for Frostpunk 2 (FP2; i.e. DLCs). Although we have lowered our estimates for FP2 sales figures for the next two years, we believe in the long-term potential of this franchise and expect total sales to exceed the revenue generated in 2024. In terms of publishing, two titles have been confirmed for 2025. These are Moonlighter 2 (sequel to the company's first bestseller), which is expected to be published in Q3 and the Danish-developed video game "Death Howl." We anticipate the former to be the main driver of the publishing portfolio in FY 25. There are no confirmed releases for FY 26, therefore, we expect revenue to come entirely from the back catalogue. The company will hold an investor conference call on 24 April at 11.00 (CET), where management will present its plans for the future, both in terms of games from own production and publishing activities.

Execution risks warrant a TP reduction and rating downgrade to Neutral

In our view, the next major milestone for the company is the release of The Alters in June. This game was originally scheduled for release in H1 2024, but has been delayed several times to refine it and enable better customer reach. Although the release of Frostpunk 2 in 2024 was not nearly as bad as the initial reactions suggested, it is a fact that the sales figures are lagging behind those of its predecessor. The expectations of the gaming community are becoming more and more demanding, so new video game releases come with a big execution risk. We have lowered our 2026 estimates due to terminated Project 8 development and see no major catalysts for a re-rating of the share price based on current pipeline information, which is why we downgrade the stock to Neutral. Our DCF valuation yields a 12-month TP of PLN 220, a significant but in our view justified reduction from PLN 440.

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11 bit studios Gaming Poland	Neutral				Price 210.00 PLN		
	Upside	4.76%			TP 220 PLN		
PER SHARE DATA (PLN)	12/20	12/21	12/22	12/23	12/24	12/25e	12/26e
Adjusted EPS	18.00	11.96	9.53	0.21	2.82	44.59	29.34
Reported EPS	18.57	12.17	9.66	0.22	2.85	45.14	29.70
Growth in adjusted EPS	-	-33.6%	-20.3%	-97.7%	ns	ns	-34.2%
Net dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FCF to equity per share	5.94	5.55	-6.80	-12.45	34.84	29.70	18.80
Book value per share	71.09	83.72	94.74	93.94	95.11	140.46	170.37
Number of shares market cap (m)	2.36	2.37	2.38	2.42	2.42	2.42	2.42
Number of diluted shares (m)	2.39	2.40	2.40	2.45	2.45	2.45	2.45
VALUATION (PLNm)	12/20	12/21	12/22	12/23	12/24	12/25e	12/26e
12m highest price (PLN)	604	587	590	740	707	230	
12m lowest price (PLN)	280	397	468	541	150	169	
(*) Reference price (PLN)	462	492	526	645	502	210	210
Capitalization	1,090	1,164	1,252	1,560	1,214	508	508
Restated Net debt	-84.9	-97.9	-79.0	-47.3	-64.7	-139.1	187.0
Minorities (fair value)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial fixed assets (fair value)	0.0	0.0	4.0	3.6	4.9	4.9	4.9
Provisions	0.6	0.6	2.3	0.7	0.0	2.3	1.7
Enterprise Value	1,006	1,067	1,172	1,510	1,144	366	317
P/E (x)	25.6	41.1	55.2	ns	178	4.7	7.2
P/CF (x)	21.0	25.8	46.8	102	14.5	3.8	5.6
Net Yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield	1.3%	1.1%	ns	ns	6.9%	14.1%	9.0%
P/B incl. GW (x)	6.50	5.87	5.55	6.87	5.28	1.50	1.23
P/B excl. GW (x)	6.50	5.87	5.55	6.87	5.28	1.50	1.23
EV/Sales (x)	11.55	15.21	15.79	28.88	8.14	1.60	1.83
EV/EBITDA (x)	18.7	27.4	45.3	128	13.7	2.5	3.2
EV/Current EBIT (x)	23.1	35.5	58.6	199	17.9	3.1	4.2
(*) historical average price							
PROFIT AND LOSS (PLNm)	12/20	12/21	12/22	12/23	12/24	12/25e	12/26e
Sales	87	70	74	52	141	229	174
EBITDA	54	39.0	25.9	11.8	84	145	99
Depreciations	-10.3	-8.9	-5.9	-4.2	-19.8	-26.0	-23.0
Current EBIT	43.5	30.0	20.0	7.6	64	119	76
Published EBIT	43.5	30.0	20.0	7.6	-2.8	119	76
Net financial income	-0.1	1.8	7.2	-7.9	5.6	4.6	5.5
Corporate Tax	-0.3	-3.1	-4.3	0.8	4.1	-14.2	-9.8
Net income of equity-accounted companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss of discontinued activities (after tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Attributable net profit	43.0	28.7	22.9	0.5	6.9	109	72
Adjusted attributable net profit	43.0	28.7	22.9	0.5	6.9	109	72
BALANCE SHEET (PLNm)	12/20	12/21	12/22	12/23	12/24	12/25e	12/26e
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other intangible assets	37.9	59.1	100.0	155	129	159	192
Tangible fixed assets	31.0	30.3	29.3	28.5	26.6	26.2	25.7
WCR	10.0	9.4	5.3	-10.9	-4.4	3.6	-5.1
Financial assets	1.5	1.2	13.3	7.6	14.3	14.1	14.1
Ordinary shareholders equity	165	197	225	227	230	340	412
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders equity	165	197	225	227	230	340	412
Non-current provisions	0.6	0.6	2.3	0.7	0.0	2.3	1.7
Net debt	-84.9	-97.9	-79.0	-47.3	-64.7	-139.1	-187.0
CASH FLOW STATEMENT (PLNm)	12/20	12/21	12/22	12/23	12/24	12/25e	12/26e
EBITDA	53.8	39.0	25.9	11.8	83.7	144.7	99.1
Change in WCR	-7.5	-2.9	2.9	13.5	-8.3	-5.7	10.3
Interests & taxes	-6.7	0.7	-3.7	-2.0	7.0	-11.8	-6.3
Others	3.9	5.2	4.5	5.5	-6.9	0.1	-2.1
Operating Cash flow	43.5	42.0	29.6	28.7	75.6	127.3	100.9
CAPEX	-29.8	-28.9	-45.7	-58.8	8.6	-55.5	-55.5
Free cash-flow	13.8	13.1	-16.1	-30.1	84.2	71.8	45.4
Acquisitions / disposals	-4.7	-8.5	16.8	42.6	12.8	-39.2	0.0
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net capital increase	7.5	0.7	1.4	3.8	0.0	0.5	0.5
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in net cash	10.5	3.9	5.0	9.3	97.9	35.4	47.9
GROWTH MARGINS PRODUCTIVITY	12/20	12/21	12/22	12/23	12/24	12/25e	12/26e
Sales growth	-	-19.5%	5.8%	-29.6%	ns	63.2%	-24.3%
Lfi sales growth	-	-	-	-	-	-	-
Current EBIT growth	-	-30.9%	-33.5%	-62.0%	ns	85.7%	-35.9%
Growth in adjusted EPS	-	-33.6%	-20.3%	-97.7%	ns	ns	-34.2%
Net margin	49.4%	40.9%	30.8%	1.0%	4.9%	47.6%	41.4%
EBITDA margin	61.7%	55.5%	34.9%	22.5%	59.6%	63.1%	57.1%
Current EBIT margin	49.9%	42.8%	26.9%	14.5%	45.5%	51.8%	43.8%
CAPEX / Sales	-34.2%	-41.2%	-61.6%	ns	6.1%	-24.2%	-32.0%
WCR / Sales	11.4%	13.5%	7.2%	-20.9%	-3.1%	1.6%	-2.9%
Tax Rate	0.8%	9.9%	15.9%	ns	-5.9%	11.5%	12.0%
Normative tax rate	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
Asset Turnover	-	0.8	0.6	0.3	0.9	1.4	0.9
ROCE post-tax (normative tax rate)	-	27.4%	13.9%	4.0%	32.0%	56.6%	30.7%
ROCE post-tax hors GW (normative tax rate)	-	27.4%	13.9%	4.0%	32.0%	56.6%	30.7%
ROE	-	15.8%	10.9%	0.2%	3.0%	38.3%	19.1%
DEBT RATIOS	12/20	12/21	12/22	12/23	12/24	12/25e	12/26e
Gearing	-52%	-50%	-35%	-21%	-28%	-41%	-45%
Net Debt / Market Cap	-0.08	-0.08	-0.06	-0.03	-0.05	-0.27	-0.37
Net debt / EBITDA	-1.58	-2.51	-3.05	-4.02	-0.77	-0.96	-1.89
EBITDA / net financial charges	383.8	-21.6	-7.7	-5.7	-28.9	-60.2	-28.3

Sources: ODDO BHF Securities, SIX



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Our target prices are established on a 12-month timeframe and we use three valuation methods to determine them. First, the discounting of available cash flows using the discounting parameters set by the Group and indicated on ODDO BHF' website. Second, the sum-of-the-parts method based on the most pertinent financial aggregate depending on the sector of activity. Third, we also use the peer comparison method which facilitates an evaluation of the company relative to similar businesses, either because they operate in identical sectors (and are therefore in competition with one another) or because they benefit from comparable financial dynamics. A mixture of these valuation methods may be used in specific instances to more accurately reflect the specific characteristics of each company covered, thereby fine-tuning its evaluation.

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Date	Reco	Price Target (PLN)	Price (PLN)	Analyst
20/11/24	Outperform	440.00	239.50	Rok Stibric
10/09/24	Outperform	760.00	635.00	Rok Stibric

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		Outperform	Neutral	Underperform
Our whole coverage	(774)	52%	39%	8%
Liquidity providers coverage	(118)	48%	42%	9%
Research service coverage	(70)	57%	36%	7%
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