TRIGON

26 October 2025

Research

CEE | Equity Research

Benefit Systems

Muscle build-up rapidly lowers P/E

Buy

(Previous: Buy)

Target price: PLN 5150

Upside: 57%

After the 3Q results, the area that particularly required an upward revision of our previous assumptions is MAC. The first full quarter of consolidation of the fitness network revealed that the network operates at a higher-than-assumed profitability and that the seasonality effect is lower. At the same time, the network expansion in 2026, in line with the guidance, will be faster than we had assumed. In parallel, the increase in B2B cards in Poland and the rise in user activity confirmed that consumer trends, including greater participation among younger-generation cohorts, are supporting the company's market environment despite demographic challenges. The focus on growth pushes back margin improvement, but assuming that this year's penetration of B2B/B2C cards in Poland for BFT stands at 5.5%, and c. 9% for the entire market (LINK), the space available to capture is enormous when compared with penetration in the US (23% of the population or 30% of the adult population, LINK) and worth investment in ARPU. A similar situation is observed in CEE markets, where the potential is large, although in both cases clearly smaller than in Turkey, where demographics additionally help. At the same time, in the markets where the company operates, it currently remains the largest disruptor.

Based on the revised forecasts, we raise our previous adj. EPS for 2025–27 by 6%/17%/10%, which implies adj. P/E'25–27 pro forma at 16.5x/14.3x/11.1x, and excluding the loss-making fitness operations in the EU and the B2B cards segment in Turkey, we estimate P/E over this period at 14.1x/12.6x/10.6x, respectively. Both of the aforementioned areas will reduce their combined annual loss from PLN115m to PLN50m in 2025–27 and should reach BEP in 2028.

The changes to projections imply a 20% increase in TP before adjusting the ERP resulting from the greater significance of FCF generated in Turkey and a 14% TP increase to PLN5,150 with a higher ERP by 25bps (6.75%). BFT is, within our CEE coverage, the consumer company with the largest current upside and a strong growth profile supported by consumer trends.

2026 Estimates. (1) In Poland we assume an 8% y/y increase in B2B cards and a comparable y/y gross profit per card. The erosion of the gross margin will be accompanied by a slight decline in the SG&A ratio. In fitness we expect an 8% y/y increase in clubs, a 10% y/y rise in subscriptions and a 4% increase in the average price, which will result in a slight improvement in adj. EBIT margin. Consequently, in Poland we expect a comparable y/y adj. EBIT margin and c. 15% growth in adj. EBIT, broadly in line with the management guidance. **(2)** Abroad, in the EU we expect the increase of 118k B2B cards to be in line with the guidance above 100k, as well as a c. 35% y/y rise in EBIT to c. PLN155m, including a slight decrease in the fitness loss, and outperforming the 2024 level of EBIT. (3) In Turkey in 2026 we expect a twofold y/y increase in B2B cards (80k). The development of MultiSport in this market will not allow for a material decline in the B2B segment's EBIT loss from 2025; however, thanks to fitness, where we assume c. PLN315m EBIT, Turkey's contribution will increase to 22% of total EBIT in 2026.

Strong cash position. At the end of 3Q the company held PLN0.7bn of cash, which seasonally improves further in 4Q. At the same time, ND/EBITDA pre-IFRS 16 will fall to 0.6x at year-end and despite intensive CAPEX for expansion and the dividend payout ratio of c. 70% of reported earnings in the following years, we assume leverage will remain at a similar level. As a result, the company has significant acquisition capacity relying solely on its own balance sheet.

Valuation & key risks. Our valuation for Benefit Systems relies entirely on a DCF approach, yielding a 12-month target price of PLN 5,150 (Buy, upside 57%). A peer comparison based on fitness operators supports a valuation of c. PLN 5184 per share. Key risks include: **(1)** Slower B2B/B2C penetration in select markets (, competitive pressure, bottlenecks in Turkey); **(2)** Lower gross profit per B2B card (higher activity and facility costs not offset by ARPU gains); **(3)** Weaker fitness club margin recovery (fewer memberships per club, weaker pricing, rising direct costs); **(4)** Higher CAPEX/revenue ratios (notably elevated maintenance CAPEX); **(5)** Unfavorable changes in labor laws and tax regulations.

PLNm	2022	2023	2024	2025E	2026E	2027E
Revenues	1,909	2,774	3,397	4,475	5,459	6,509
adj. EBITDA	445	834	1,068	1,391	1,819	2,121
adj. EBIT	213	546	715	924	1,197	1,423
adj. Net profit	138	442	520	587	754	970
EPS (PLN)	46.5	147.8	152.0	168.5	207.6	273.5
adj. P/E (x)	70.7	22.0	18.7	18.4	14.3	11.1
adj. P/E (pro-forma, x)	70.7	22.0	18.7	16.5	14.3	11.1
adj. EV/EBITDA (x)	23.7	12.5	10.2	9.5	7.4	6.4
DY (%)	0.0%	1.2%	4.1%	0.0%	3.3%	4.4%

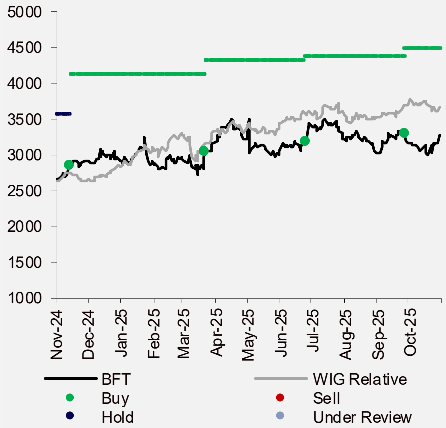
Source: Company, Trigon

FACT SHEET

Ticker	BFT
Sector	Services
Price (PLN)	3540.0
52W range (PLN)	2605 / 3530
Shares outstanding (m)	3.3
Market Cap (PLNm)	11,596
Free-float	86.5%
3M Avg. Vol. (PLNm)	13.52

	1M	3M	1Y
Price performance	-0.8%	-4.1%	16.1%

RELATIVE SHARE PRICE PERFORMANCE



RECOMMENDATIONS	DATE	TP
Buy	23.10.2025	4,500
Buy	21.07.2025	4,400
Buy	17.04.2025	4,350
Buy	10.12.2024	4,150
Hold	21.10.2024	3,600
Buy	19.07.2024	3,600
Buy	19.04.2024	3,700

SHAREHOLDERS	Share %
OFE Nationale Nederlanden	10.0%
OFE Allianz Polska	9.2%
Marek Kamola	7.1%
OFE Generali	6.6%
Fundacja Drzewo i Jutro	6.4%
Government of Norway	5.2%

INVESTOR CALENDAR

ANALYST

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capitalisation – market price multiplied by the number of a company's shares
free float (%) – percentage of a company's shares held by shareholders with less than 5% of total voting rights attached to the shares, reduced by treasury shares held by the company
min/max 52 wks – lowest/highest share price over the previous 52 weeks
average turnover – average volume of share trading over the previous month

EBIT – operating profit
EBITDA – operating profit before depreciation and amortisation
adjusted profit – net profit adjusted for one-off items
CF – cash flow
CAPEX – sum of investment expenditures on fixed assets
OCF – cash generated through a company's operating activities
FCF – cash generated by a company after accounting for cash outflows to support its operations and maintain capital assets
ROA – rate of return on assets
ROE – rate of return on equity
ROIC – rate of return on invested capital
NWC – net working capital
cash conversion cycle – length of time it takes for a company to convert its cash investments in production inputs into cash revenue from sale of its products or services
gross profit margin – ratio of gross profit to net revenue
EBITDA margin – ratio of the sum of operating profit and depreciation/amortisation to net revenue
EBIT margin – ratio of operating profit to net revenue
net margin – ratio of net profit to net revenue
EPS – earnings per share
DPS – dividend per share
P/E – ratio of market price to earnings per share
P/BV – ratio of market price to book value per share
EV/EBITDA – ratio of a company's EV to EBITDA
EV – sum of a company's current capitalisation and net debt
DY – dividend yield, ratio of dividends paid to share price
RFR – risk free rate
WACC – weighted average cost of capital

Recommendations of the Brokerage House
Issuer – BENEFIT SYSTEMS S.A.
BUY – we expect the total return on an investment to reach at least 15%
HOLD - we expect the price of an investment to be largely stable, with potential upside of up to 15%
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Document prepared by: Grzegorz Kujawski
Valuation methods used
The Discounted Cash Flow (DCF) method values a company by estimating its future cash flows and discounting them back to their present value.
- Advantages: future-oriented, flexible when it comes to assumptions, based on the intrinsic value of a company, widely accepted.
- Disadvantages: sensitivity to assumptions, complexity, subjectivity, doesn't consider market sentiment or short-term fluctuations.
The comparable valuation method values a company by comparing it to similar publicly traded companies.
- Advantages: simplicity, transparency, benchmarking, reflects current market valuations and investor sentiment.
- Disadvantages: lack of specificity, limited comparables, sensitive to market fluctuations, ignoring fundamental differences.
SOTP – sum-of-the-parts method, which consists in valuing a company by valuing its individual business lines separately and then summing them up.
Advantages: different valuation methods can be applied to diverse business lines; the approach is useful for assessing the value of a company e.g. in the case of planned acquisition or restructuring.
Disadvantages: the peer group for individual business lines is usually limited, the method does not adequately account for synergies between business segments.
Risk-adjusted net present value method (rNPV)
Advantages: accounting for probabilities assigned to future cash flows, providing a more realistic assessment of the present value of future cash flows and reflecting business-specific factors, especially in the case of innovative companies.
Disadvantages: subjectivity involved in the adoption of a discount rate, significant reliance on a number of assumptions, high level of complexity in the calculations and exclusion of qualitative factors from the valuation.
Discounted residual income method (DRI)
Advantages: valuation based on the excess of income over risk-adjusted opportunity cost to owners of capital, the method can be applied to companies that do not pay dividends or generate positive FCF.
Disadvantages: significant reliance on subjective judgements and assumptions, as well as sensitivity of the valuation to any changes in those variables.
Discounted dividend model (DDM)
Advantages: accounting for real cash flows to equity owners, the model works best for companies with a long history of dividend distribution.
Disadvantages: the method can be applied to dividend-paying companies only, it is not suitable for companies with a short history of dividend distribution.
Net asset value method (NAV)
Advantages: the approach is particularly relevant to holding companies with significant property, plant and equipment assets, the calculation of NAV is relatively straightforward.
Disadvantages: the method neglects future revenue or earnings potential and may not properly reflect the value of intangible assets.
Target multiple method

Advantages: the method can be applied to any company.
Disadvantages: it involves a high degree of subjectivity.
Replacement value method – it assesses the value of a company based on the costs of replacing its assets.
Advantages: the method is particularly relevant to companies with significant property, plant and equipment assets.
Disadvantages: it may be hard to capture the value of a company's intangible assets, reputation and market potential.
Liquidation value method – the sum of prices that the business would receive upon selling its individual assets on the open market.
Advantages: the method can capture the lowest threshold of a company's value.
Disadvantages: it may be hard to capture the value of a company's intangibles.
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