

Monday, 1 June 2026 | special comments

(=) Newag: 2026 Q1 Results

Recommendation: buy | target price: PLN 133.00 | current price: PLN 111.00

NWG PW; NWGP.WA | Industrials, Poland

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Newag released its 1Q26 results after markets closed on Friday, 29 May 2026. The quarterly figures missed the market's expectations. Revenue amounted to PLN 422m (+13% y/y), EBITDA reached PLN 85.5m (+5% y/y), and net profit came in at PLN 58.1m (+11% y/y). At the same time, EBITDA was 7% below consensus and 15% below our forecast. EBITDA margin in Q1'26 registered a 1.4 p.p. y/y fall to 20%, mainly driven by a shift in sales mix.

The first quarter of 2026 was also noticeably weaker than the quarter before, with sales down 31% q/q. This is inherent to Newag's business model, with rolling stock deliveries back-end loaded into the final quarter, leading to a slower opening of the subsequent year. According to management, the first-quarter performance was consistent with internal forecasts and mainly a function of contract phasing, rather than a sign of deterioration in operating conditions.

- **Revenues** amounted to PLN 422m in Q1'26 (+13% y/y), falling 10% below our expectations and 7% below consensus. The gap is mainly due to a fewer deliveries completed in the quarter. The backlog for coming periods is robust and ensures high visibility of sales in coming years.

Q1'26 locomotive deliveries"

- > 2 Griffin locomotives for PKP Intercity S.A., and
- > 3 electric locomotives for AKIEM.

Q1'26 EMU deliveries.

- > 6 EMUs for the pomorskie voivodeship, and
 - > 2 EMUs (Impuls II) for Silesian Railways.
- The total delivery volume was significantly lower than in the quarter before, translating into lower-than-expected sales and a less favourable product mix.
 - **EBITDA** in Q1'26 amounted to PLN 85.5m (+5% y/y) – a result about 15% below our forecast and ~7% below consensus. The EBITDA margin decreased to ~20% from ~22% a year earlier, driven chiefly by a shift in the product mix, including a smaller share of locomotives, Newag's highest-margin offering.

- **EBIT and net profit** at PLN 71m and PLN 58m, respectively, missed our corresponding estimates by 18% and 14%, despite solid y/y growth which confirms that Newag's operating fundamentals remain strong regardless of a less favourable sales mix.
- **EBITDA margin** decreased by 1.4 p.p., alongside a 1.1 p.p. decline in EBIT margin and a 0.2 p.p. reduction in net profit margin – all a consequence of the sales mix shift rather than cost pressure, according to management. That said, in Q4'25 Newag increased its employee headcount by 13% y/y, reducing short-term operating leverage.
- **The order backlog** is strong, with deliveries running from 2027 to 2029, ensuring stable revenues and high predictability of results in future periods.
- **Operating cash flow** was negative in Q1'26 (ca. PLN -170m), mainly due to an increase in working capital (including inventories related to work in progress). FCF was also negative at about PLN -194m, which we interpret as byproduct of a large backlog of orders, rather than a deterioration in business quality.
- **Cash** fell to PLN 384m in Q1'26 from PLN 577m in Q4'25, but Newag maintains a strong net cash position, with cash significantly exceeding debt. At the same time, liquidity ratios remain at very comfortable levels, and debt has decreased, confirming firm financial stability.
- General expenses in Q1'26 increased at a very slow pace of +1.6% y/y, below the pace of inflation, confirming Newag's business model is highly scalable despite revenue volatility.
- **Our comment:** We view Newag's Q1'26 results somewhat negatively, primarily due to the shortfall versus expectations and lower margins, although we do not currently see a need to adjust our full-year forecasts. We expect Newag to accelerate deliveries in coming quarters as contracts reach new milestones, and we do not consider Q1'26 to be a lost quarter. The contraction in the EBITDA margin, partly driven by rising costs, gave us some pause; however, we expect this to be offset in future periods by a higher share of locomotives within what are shaping up to be record delivery volumes.

2026 Q1 results of Newag

(PLN m)	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	Y/Y	Q/Q	1Q26E	diff.	2026E	%YTD
Sales	449.1	374.6	474.6	924.9	612.3	422.3	13%	-31%	471.4	-10%	2,823.5	15%
Gross profit	103.1	107.6	131.2	246.0	193.1	111.7	4%	-42%	121.9	-8%	834.6	13%
Gross margin	23%	29%	28%	27%	32%	26%			26%		30%	
Profit on sales	64.5	67.7	88.9	203.2	137.0	70.8	5%	-48%	88.9	-20%	608.7	12%
EBIT	44.2	67.0	87.9	196.7	89.0	71.0	6%	-20%	86.9	-18%	602.7	12%
EBIT margin	10%	18%	19%	21%	15%	17%			18%		21%	
EBITDA	58.0	81.2	102.2	211.5	103.9	85.5	5%	-18%	100.7	-15%	656.0	13%
EBITDA margin	13%	22%	22%	23%	17%	20%			21%		23%	
Profit before tax	41.8	65.9	84.3	192.2	89.3	70.1	6%	-22%	83.5	-16%	593.9	12%
Net profit	30.1	52.5	76.7	153.3	73.5	58.1	11%	-21%	67.5	-14%	480.5	12%
Shares outstanding	45.0	45.0	45.0	45.0	45.0	45.0						
Net profit (last 12m)	121.8	159.5	204.3	312.6	356.0	361.6						
Earnings per share	0.7	1.2	1.7	3.4	1.6	1.3						
Earnings per share (last 12m)	2.7	3.5	4.5	6.9	7.9	8.0						
Net debt	-127.5	-48.0	120.9	-122.3	-459.4	-246.8						
Equity	881.1	933.7	920.8	1,074.2	1,147.1	1,205.2						
Cash Flow												
Net profit	30.1	52.5	76.7	153.3	73.5	58.1						
D&A	13.8	14.2	14.3	14.7	14.9	14.5						
Change in working capital	127.1	-109.4	-173.8	42.0	229.7	-189.3						
Other	41.5	-24.1	18.5	48.5	27.6	-53.0						
OCF	212.4	-66.9	-64.4	258.5	345.7	-169.7						
CAPEX	-18.4	-6.4	-19.0	-11.4	-9.3	-24.0						
FCF	194.0	-73.2	-83.4	247.1	336.4	-193.7						
FCF (last 12m)	-79.2	44.7	102.8	284.5	426.8	306.3						
MCAP	4,995.0	4,995.0	4,995.0	4,995.0	4,995.0	4,995.0						
EV	4,867.5	4,947.0	5,115.9	4,872.7	4,535.6	4,748.2						
EV/EBITDA	19.9	16.3	15.3	10.1	8.2	8.5						

Source: Newag, E – mBank estimates

List of abbreviations and ratios contained in the report:

EV (Enterprise Value) – Equity Value + Net Debt; **EBIT** – Earnings Before Interest and Taxes; **EBITDA** – EBIT + Depreciation & Amortisation; **Net Debt** – Borrowings + Debt Securities + Interest-Bearing Loans - Cash and Cash Equivalents; **P/E** (Price/Earnings) – Price Per Share Divided by Earnings Per Share; **P/CE** (Price to Cash Earnings) – Price Per Share Divided by Earnings + Depreciation & Amortisation; **P/B** (Price to Book Value) – Price Per Share Divided by Book Value Per Share; **P/CF** (Price to Cash Flow) – Price Divided by Cash Flow from Operations; **ROE** (Return on Equity) – Earnings Divided by Shareholders' Equity; **ROCE** (Return on Capital Employed) – EBIT / (Average Assets - Current Liabilities); **ROIC** (Return on Invested Capital) – EBIT x (1-Tax Rate) / (Average Equity + Minority Interest + Net Debt); **FCFF** (Free Cash Flow to Firm) – Cash Flow from Operations - CAPEX - Lease Payments; **FCFE** (Free Cash Flow to Equity) – Free Cash Flow to Firm - Net Interest Expense (incl. Debt + Leases); **EBITDA margin** – EBITDA/Sales; **E** - mBank estimates

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