

## Newag - Buy

Target Price: PLN 31.24 | Close as of 06/05/2020: PLN 22.10

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### Sole offer of PLN 40mn net in Zachodniopomorskie region tender for hybrid trains (POSITIVE)

Zachodniopomorskie region showed offers in a tender for two hybrid multiple units (with an option for 10 more).

Newag placed a sole offer of PLN 49.2mn gross (PLN 40mn net). If the region decides to execute an option, the total contract value will amount to **PLN 240mn net**.

Region's budget for this contract stands at PLN 49.2mn gross.

Deliveries of a base contract together with option are expected from 2020 to 2022.

"The coronavirus pandemic seriously affected the public transport. However, (...) this is an extremely important investment for the region, given that railway lines on many sections are not electrified. It bodes well that our proven partner placed an offer, Marshal of Zachodniopomorskie region Olgierd Geblewicz said in a statement.

#### OPINION: POSITIVE

*We evaluate this news positively. Our assumption from the report has been confirmed, given that Newag once again had no competition in a contract for hybrid trains (after tender by Koleje Dolnoslaskie).*

*Company's offer is exactly in line with budget so we expect that Newag will win and sign the contract.*

*Pricing at PLN 20mn net is in line with assumption from our model, but lower than the one from Koleje Dolnoslaskie tender (PLN 23mn net per hybrid train).*

*We are expecting that Zachodniopomorskie will execute the option and total value of a contract will amount to PLN 240mn net.*

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