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Haitong Bank in a report from August 11 (08:00) keeps BUY for Comarch (FV PLN 239.7).

Valuation Methodology

We value Comarch using two methods: DCF and peer multiples. Our final fair value is an average of these two methods (each with a 50% weighting). Using DCF we arrive at PLN 236.8/sh while our peer valuation yields PLN 242.6/sh. Our final fair value is PLN 239.7/sh, implying 14% potential upside.

Risks to Fair Value

Delay in launch of new EU budget related to change in the Government.

Unfavorable court decision on ARiMR fine - in 2014 the Agriculture Agency (ARiMR) levied a PLN 32.5m fine on delays on the OFSA contract, while the total value of the 36-month contract is PLN 29m gross. Comarch does not agree with the fine and has made only a PLN2.3m provision for it.

Slowdown in IT market and unsuccessful global expansion.

Value destructive acquisitions.

A weak euro has a negative impact on revenue and profitability.

IMPORTANT DISCLOSURES

Please find updated IMPORTANT DISCLOSURES at: <http://www.haitongib.com/en/what-we-do/research>