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Haitong Bank in a report from October 20 (08:00) upgrades Asseco Poland to BUY (FV PLN 78).

Valuation Methodology

We value Asseco Poland 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 81.9/sh while our peer valuation yields PLN 74.1/sh. Our final fair value is PLN 78/sh, implying 18% upside potential.

Risks to Fair Value

Fierce competition in IT contracts from the new EU budget perspective.

Global recession and cut in IT budgets

Salary pressure from low unemployment and the accumulation of IT contracts in the new EU budget.

Unexpected fines and provisions on ongoing contracts.

Delay in IT spending related to the new EU budget.

A lower than expected growth rate at Formula Systems.

Visibly lower than expected dividend forecasts.

Cash flow deterioration.

IMPORTANT DISCLOSURES

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