

# Comp S.A.



Price target: PLN 89.60

Update

Rating: BUY

**Comp's (CMP) 2021 results were much weaker-than-expected on the top-line (PLN 820.9m vs. PLN 938.6m), but in-line with our estimates on EBIT level (PLN 63.4m vs. PLN 62.6m), resulting in a higher profitability than we had forecast. While both the Retail and IT segment showed lower revenues than we had expected, the EBIT margin of the latter was almost twice as high. The main factors that negatively affected CMP's results in H2/21 were the COVID-19 pandemic that limited the possibility to conduct on-site implementation work and issues with the availability of electronic components. However, we like the strong improvement of free cash flow (PLN 85.7m vs. PLN 73.6m in 2020) and much stronger than expected reduction of net debt (PLN 101.2m vs. our forecast of PLN 134.7m). From 2022E on, we expect that CMP's results will depend much less on one-off sales of e.g. fiscal devices and much more on high-margin value-added services such as the M/Platform or electronic payments, which the company has already started to offer for its c. 350,000 online cash registers. In addition, we expect higher demand for CMP's own encryption devices for the defense sector due to the current geopolitical situation. Our new 12-months SOTP-based PT, which accounts for a much higher risk-free rate (6.6% vs. 2.3% before), equals PLN 89.60, down from PLN 95.80. At an EV/EBITDA 2022E of 5.6x and DYield 2021 of 10%, CMP's shares remain a BUY.**

**As expected, in 2021 the main driver of Comp's results was the Retail segment, where sales advanced by 35.2% y-o-y to PLN 464.4m and the EBIT margin from 10.2% to 14.2%.** The reason was the end of the latest stage of online fiscalisation in Poland. In the IT segment, revenues declined by 5% y-o-y to PLN 362.9m due to in our view the COVID-19 pandemic and issues with components. The EBIT margin (6% vs. 6.3% in 2020) also declined. We like the fact that both CMP's ROCE (7.2% vs. 3.8% in 2020) and net gearing (18.9% vs. 30.8%) strongly improved y-o-y.

**While M/Platform's development is slower than expected due to COVID-19 and the Ukraine crisis, we expect that this year its modules M/Promo+ and M/Analytics will achieve the break-even on EBITDA level.** For 2022E, we now expect that with 15,000 shops (prev. 17,000) the online platform will generate sales of PLN 16.5m (PLN 26.3m).

in PLNm	2019	2020	2021	2022E	2023E	2024E
Net sales	730.55	720.61	820.92	579.50	600.76	647.56
EBITDA	92.72	78.18	110.09	70.43	75.27	88.04
EBIT	54.15	35.48	63.38	23.68	28.47	41.19
Adj. Net income*	30.61	19.88	35.78	9.01	13.00	24.08
Adj. EPS*	5.33	3.36	6.05	1.88	2.72	5.04
DPS	0.00	3.00	5.00	5.00	5.00	5.00
Dividend yield	0.00%	6.00%	10.00%	10.00%	10.00%	10.00%
RoE	3.82%	3.02%	6.88%	1.69%	2.43%	4.50%
Net gearing	45.51%	30.81%	18.94%	18.96%	19.34%	19.85%
EV/Sales	0.54x	0.55x	0.48x	0.69x	0.66x	0.61x
EV/EBITDA	4.28x	5.08x	3.61x	5.64x	5.28x	4.51x
Adj. P/E*	9.38x	14.89x	8.27x	26.53x	18.39x	9.93x

\* excl. result from discontinued operations

## Company profile

Comp is the No 1 provider of fiscal equipment and IT security solutions in Poland. A new, but rapidly growing business area, are innovative software solutions for the retail sector similar to e.g. German Vectron Systems. Comp plans to put a stronger focus on monetisation of data and service revenues.

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Sector	IT
Country	Poland
ISIN	PLCMP0000017
Reuters	CMP.WA
Bloomberg	CMP PW

## Share information

Last price	50.00
No of shares (m)	5.92
Market cap. (PLNm)	295.91
Market cap. (EURm)	63.92
52-week range	PLN 64.60 / PLN 41.20
Avg. volume (3-months)	2,943

## Performance

4-weeks	4.82%
13-weeks	-1.19%
26-weeks	-14.38%
52-weeks	-3.51%
YTD	-3.85%

## Shareholder structure

Own shares*	19.20%
MetLife Pension Fund	16.22%
NN Pension Fund	9.45%
Funds managed by AgioFunds	8.49%
Robert Tomaszewski (CEO)	5.13%
Free Float	41.51%

\* thereof 456.6k belong to Comp S.A. and 679.6k to its subsidiary Comp Centrum Innowacji Sp. z o.o

## Financial calendar

Q1/22 report	May 20, 2022
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## Analyst

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## 2021 results

### Revenues and Profitability

In 2021, Comp's revenues reached PLN 820.9m, which corresponds to a 13.9% growth y-o-y. However, they came in 12.5% below our estimate as we had overestimated both the performance of the Retail (incl. M/Platform) and IT segment. The main factors, which impacted Comp's sales last year, were the end of the latest stage of online fiscalisation in July that positively impacted Retail sales as well as the COVID-19 pandemic, which led to delays with on-site implementations and the delivery of electronic components in the IT segment.

In Jan-Dec 2021, Polish clients accounted for 94.7% of Comp's total revenues vs. 95% in the previous year. The two best-performing subsidiaries were ZUK Elzab S.A. (Sales: +36.9% y-o-y, EBIT margin: 9.9% vs. 6.1% in 2020), which produces fiscal devices, and Comp Centrum Innowacji sp. z.o.o (Sales: +49.4% y-o-y, EBIT margin: -69.4% vs. -87.7%), which co-develops the M/Platform.

in PLNm	2021	2020
<b>Segment Retail*</b>	<b>464.35</b>	<b>343.58</b>
<i>Share in total sales</i>	56.6%	47.7%
EBIT margin	14.2%	10.2%
<b>Segment IT</b>	<b>362.93</b>	<b>381.94</b>
<i>Share in total sales</i>	44.2%	53.0%
EBIT margin	6.0%	6.3%
<b>Others</b>	<b>-6.36</b>	<b>-4.91</b>
<i>Share in total sales</i>	-0.8%	-0.7%
EBIT margin	382.9%	488.5%
<b>Total sales</b>	<b>820.92</b>	<b>720.61</b>

\* incl. c. PLN 12m of revenues of M/Platform in 2021

Source: Company information, East Value Research GmbH

in PLNm	2021	2021E	2020	2021 vs. 2021E	2021 vs. 2020
<b>Net sales</b>	<b>820.92</b>	<b>938.63</b>	<b>720.61</b>	-12.5%	13.9%
<b>EBITDA</b>	<b>110.09</b>	<b>110.39</b>	<b>78.18</b>	-0.3%	40.8%
<i>EBITDA margin</i>	13.4%	11.8%	10.8%		
<b>EBIT</b>	<b>63.38</b>	<b>62.55</b>	<b>35.48</b>	1.3%	78.6%
<i>EBIT margin</i>	7.7%	6.7%	4.9%		
<b>Net income (after min. but excl. disc. operat.)</b>	<b>35.78</b>	<b>44.16</b>	<b>19.88</b>	-19.0%	80.0%
<i>Net margin</i>	4.4%	4.7%	2.8%		
<b>Net income (after min. &amp; disc. operat.)</b>	<b>35.98</b>	<b>44.57</b>	<b>15.22</b>	-19.3%	136.4%
<i>Net margin</i>	4.4%	4.7%	2.1%		

Source: Company information, East Value Research GmbH

Name of the subsidiary	Comp Group's stake	2021		
		Revenues	EBIT	Net income
Comp S.A. (holding company)	100.0%	PLN 487.5m	PLN 43.8m	PLN 35.7m
Enigma Systemy Ochrony Informacji Sp. z.o.o	100.0%	PLN 160.1m	PLN 19.4m	PLN 10.5m
ZUK Elzab S.A.	78.4%	PLN 163.9m	PLN 16.3m	PLN 285k
Insoft Sp. z.o.o	52.0%	PLN 7.4m	PLN 1.7m	PLN 1.8m
Comp Centrum Innowacji Sp. z.o.o	50.1%	PLN 24.2m	PLN -16.8m	PLN -21.1m
Polski System Korzysty Sp. z.o.o	100.0%	PLN 178k	PLN -1.2m	PLN -1.1m

Source: Company information, East Value Research GmbH

Due to the significant improvement of profitability of the Retail segment in 2021 Comp was able to increase its EBIT by 78.6% y-o-y to PLN 63.4m. As we had forecast a much lower EBIT margin in the IT segment (3.2% vs. actual figure of 6%), our estimate of PLN 62.6m was lower.

In 2021, the Group's gross margin equalled 35% compared to 33.5% in the previous year. At the end of December 2021, the company had 1,196 full-time employees (30/09/2021: 1,217, 31/12/2020: 1,207) on average, which resulted from lay-offs at Elzab after the end of the latest stage of online fiscalisation.

Net income after minorities and discontinued operations (PLN 36m vs. PLN 19.9m in 2020) remained below our estimate of PLN 44.6m due to 1) a much higher effective tax rate of 29.3% vs. our estimate of 19% and 2) minorities of PLN 1m (we expected PLN 20k).

### **Balance sheet and Cash flow**

At the end of December 2021, Comp had equity (excl. minority interests) of PLN 534.6m, or 56.1% of the balance sheet total. As of 31/12/2021, fixed and intangible assets (excl. goodwill) equalled PLN 72.6m (2020: PLN 70.8m) and PLN 208.4m (PLN 200.9m) respectively. Based on our calculation, working capital was worth PLN 79.6m (PLN 108.1m) and much lower y-o-y due to the end of the latest stage of online fiscalisation in Poland in mid-2021. Interest-bearing debt (bank loans, leasing, bonds) amounted to PLN 144m (thereof: 83% short term) and was much lower compared to 2020 (PLN 206.8m, 84.5% short term).

Between January and December 2021, Comp generated an operating cash flow of PLN 119.4m compared to PLN 105.4m in 2020 and our estimate of PLN 78.2m. The main reason was a significantly higher EBIT y-o-y. Cash flow from investing equalled PLN -33.7m (2020: PLN -31.8m), while cash flow from financing amounted to PLN -95.1m (PLN -80.1m) because in-line with its strategy the company used the cash from sales of fiscal equipment to pay out a dividend and repay a significant chunk of interest-bearing debt. Between January and December 2021, Comp's cash position declined by PLN 9.4m to PLN 37.2m.

## Financial forecasts

### Revenues and Profitability

Comp's 2021 results exceeded our expectations when it comes to profitability but were below our forecasts on top-line and net income level. Due to the COVID-19 pandemic and the Ukraine conflict the roll-out of the M/Platform has been going at a slower pace than we had thought. Regarding fiscal devices, we believe that in 2022E the respective sales will be significantly below last year because as of today in Poland only car washes will have to exchange their old cash registers and it is still unclear when the online fiscalisation in Kenia will start. Despite the fact that all COVID-19 restrictions have recently been removed in Poland, the availability of electronic components should remain an issue in Comp's IT segment.

Because of the above and model adjustments after a recent video call with management, we have lowered our estimates for 2022E and beyond. Our new forecasts for this year are PLN 579.5m (previously: PLN 795.4m) for sales, PLN 23.7m (PLN 46.4m) for EBIT and PLN 9m (PLN 31.5m) for net income. In the long run, we expect a sales CAGR of 0.5% and a target EBIT margin of 9.7% (2021: 7.7%), whereby we believe that the high-margin M/Platform will be the by far strongest growth driver. We expect more information on Comp's new proprietary products and services in the strategy for 2022E-2025E, which is supposed to be released in mid-2022E.

Below are our detailed estimates for Comp's business segments:

*Retail segment (excl. M/Platform):* According to Comp, there are currently c. 750,000 online fiscal devices (out of a total number of cash registers of c. 2.2m), thereof c. 350,000 of the company. In the coming years, c. 1.4m registers could additionally be replaced in Poland. In addition, we believe that Comp sells several thousand fiscal devices in Hungary each year and there is also a chance that the company will participate in the online fiscalisation in Kenia (total market: c. 500,000 fiscal registers), which could start as soon as this year. However, after discussions with management we have decided to lower the average sale price of a fiscal device at CMP from PLN 1,800 to PLN 1,300.

Due to the high base in 2021 and model adjustments we expect 56.3% lower sales in 2022E of PLN 203m (previously: PLN 308.4m) and an EBIT margin of 12.5% (14.3%). As we do not have visibility when it comes to sales of value-added services such as online payments, we have decided not to include them in our forecasts.

*M/Platform:* M/Platform is Comp's new digital services platform powered by modular cloud-based data mining software integrated directly with fiscal devices (online cash registers), which was developed together with strategic partner Heineken. It connects traditional retailers with FMCG producers and helps them to better manage working capital, promotions and loyalty programs and thus to increase profitability. So far, Comp has already acquired >12,000 shops (c. PLN 20bn of yearly sales) from all regions and all types of municipalities as well as c. 20 FMCG producers as clients e.g. Unilever, Nestle, PepsiCo, Danone Waters, Imperial Tobacco.

While M/Promo+ and M/Analytics are already online, Comp is adding new modules to the online platform e.g. M/Store (with Unilever as partner) and M/Loyalty. Currently, the potential market in Poland is estimated by Comp at >37,000 shops, where the company's fiscal devices are used.

Due to much slower roll-out in 2021 than expected we have lowered our estimates for M/Platform again. For 2022E, we now forecast 15,000 shops (previously: 17,000) on the platform, a transaction volume of PLN 1.1bn (PLN 1.75bn), revenues of PLN 16.5m (PLN 26.3m) and an EBIT margin of -4% (0.1%). In the long run, as more modules are added to the platform and more online fiscal registers connected, we estimate the sales CAGR at 40.4% (previously: 54%) and a target operating margin of c. 25% (c. 25%).

*IT segment:* Although there should be strong demand for IT security and encryption solutions due to the current geopolitical situation, we believe that Comp will have to cope with delays related to delivery of electronic components in the coming quarters.

Our updated forecasts for 2022E are PLN 366.6m (previously: PLN 463.9m) for sales and an EBIT margin of 6% (5%). In the long run, we estimate the sales CAGR at 1% and expect a target EBIT margin of c. 5.5%.

We believe that in the coming years Comp will try to stabilize results of its IT segment through more services, proprietary products and repeatable contracts. While the share of the segment's recurring revenues, which we currently estimate at 20-30%, should remain constant, we expect that the share of proprietary products (our estimate: c. 25%) will further increase.

in PLNm	2022E	2023E	2024E
<b>Segment Retail (excl. M/Platform)</b>	<b>203.00</b>	<b>204.30</b>	<b>205.60</b>
<i>Share in total sales</i>	<i>35.0%</i>	<i>34.0%</i>	<i>31.7%</i>
EBIT margin	12.5%	12.4%	12.3%
Number of fiscal equipment sold	110,000	111,000	112,000
Average price (PLN)	1,300	1,300	1,300
Service & maintenance (PLNk)	60,000	60,000	60,000
<b>M/Platform</b>	<b>16.50</b>	<b>33.00</b>	<b>75.00</b>
<i>Share in total sales</i>	<i>2.8%</i>	<i>5.5%</i>	<i>11.6%</i>
EBIT margin	-4.0%	8.0%	18.5%
Number of shops	15,000	22,000	28,000
Number of FMCG producers	30	40	50
Transaction volume (PLNk)	1,100,000	2,200,000	5,000,000
% fee	1.5%	1.5%	1.5%
<b>Segment IT</b>	<b>366.56</b>	<b>370.22</b>	<b>373.93</b>
<i>Share in total sales</i>	<i>63.3%</i>	<i>61.6%</i>	<i>57.7%</i>
EBIT margin	6.0%	5.9%	5.9%
<b>Others</b>	<b>-6.56</b>	<b>-6.76</b>	<b>-6.96</b>
<b>Total sales</b>	<b>579.50</b>	<b>600.76</b>	<b>647.56</b>
change y-o-y	-29.4%	3.7%	7.8%

Source: East Value Research GmbH

in PLNm	2022E		2023E		2024E	
	new	old	new	old	new	old
<b>Net sales</b>	<b>579.50</b>	<b>795.37</b>	<b>600.76</b>	<b>837.00</b>	<b>647.56</b>	<b>896.07</b>
<b>EBITDA</b>	<b>70.43</b>	<b>94.31</b>	<b>75.27</b>	<b>104.24</b>	<b>88.04</b>	<b>120.35</b>
<i>EBITDA margin</i>	<i>12.2%</i>	<i>11.9%</i>	<i>12.5%</i>	<i>12.5%</i>	<i>13.6%</i>	<i>13.4%</i>
<b>EBIT</b>	<b>23.68</b>	<b>46.42</b>	<b>28.47</b>	<b>56.30</b>	<b>41.19</b>	<b>72.36</b>
<i>EBIT margin</i>	<i>4.1%</i>	<i>5.8%</i>	<i>4.7%</i>	<i>6.7%</i>	<i>6.4%</i>	<i>8.1%</i>
<b>Net income (after min. but excl. disc. operat.)</b>	<b>9.01</b>	<b>31.50</b>	<b>13.00</b>	<b>40.19</b>	<b>24.08</b>	<b>53.90</b>
<i>Net margin</i>	<i>1.6%</i>	<i>4.0%</i>	<i>2.2%</i>	<i>4.8%</i>	<i>3.7%</i>	<i>6.0%</i>
<b>Net income (after minorities and disc. operat.)</b>	<b>9.01</b>	<b>31.50</b>	<b>13.00</b>	<b>40.19</b>	<b>24.08</b>	<b>53.90</b>
<i>Net margin</i>	<i>1.6%</i>	<i>4.0%</i>	<i>2.2%</i>	<i>4.8%</i>	<i>3.7%</i>	<i>6.0%</i>

Source: East Value Research GmbH

in PLNm	Q1/19	Q2/19	Q3/19	Q4/19	2019	Q1/20	Q2/20	Q3/20	Q4/20	2020
<b>Net sales</b>	<b>120.33</b>	<b>147.13</b>	<b>183.57</b>	<b>279.52</b>	<b>730.55</b>	<b>141.28</b>	<b>111.61</b>	<b>156.65</b>	<b>311.07</b>	<b>720.61</b>
<i>change y-o-y</i>	<i>0.4%</i>	<i>-7.1%</i>	<i>20.0%</i>	<i>13.3%</i>	<i>7.8%</i>	<i>17.4%</i>	<i>-24.1%</i>	<i>-14.7%</i>	<i>11.3%</i>	<i>-1.4%</i>
<b>EBITDA</b>	<b>14.45</b>	<b>25.38</b>	<b>26.36</b>	<b>26.53</b>	<b>92.72</b>	<b>23.83</b>	<b>4.18</b>	<b>20.48</b>	<b>29.69</b>	<b>78.18</b>
<i>EBITDA margin</i>	<i>12.0%</i>	<i>17.3%</i>	<i>14.4%</i>	<i>9.5%</i>	<i>12.7%</i>	<i>16.9%</i>	<i>3.7%</i>	<i>13.1%</i>	<i>9.5%</i>	<i>10.8%</i>
<b>EBIT</b>	<b>6.00</b>	<b>15.85</b>	<b>16.44</b>	<b>15.86</b>	<b>54.15</b>	<b>13.41</b>	<b>-6.21</b>	<b>9.24</b>	<b>19.04</b>	<b>35.48</b>
<i>EBIT margin</i>	<i>5.0%</i>	<i>10.8%</i>	<i>9.0%</i>	<i>5.7%</i>	<i>7.4%</i>	<i>9.5%</i>	<i>-5.6%</i>	<i>5.9%</i>	<i>6.1%</i>	<i>4.9%</i>
<b>Net income</b>	<b>0.49</b>	<b>2.09</b>	<b>8.12</b>	<b>7.90</b>	<b>18.59</b>	<b>4.26</b>	<b>-3.70</b>	<b>5.33</b>	<b>9.33</b>	<b>15.22</b>
<i>Net margin</i>	<i>0.4%</i>	<i>1.4%</i>	<i>4.4%</i>	<i>2.8%</i>	<i>2.5%</i>	<i>3.0%</i>	<i>-3.3%</i>	<i>3.4%</i>	<i>3.0%</i>	<i>2.1%</i>

in PLNm	Q1/21	Q2/21	Q3/21	Q4/21	2021
<b>Net sales</b>	<b>171.43</b>	<b>245.46</b>	<b>162.88</b>	<b>241.15</b>	<b>820.92</b>
<i>change y-o-y</i>	<i>21.3%</i>	<i>119.9%</i>	<i>4.0%</i>	<i>-22.5%</i>	<i>13.9%</i>
<b>EBITDA</b>	<b>27.24</b>	<b>43.50</b>	<b>18.34</b>	<b>21.02</b>	<b>110.09</b>
<i>EBITDA margin</i>	<i>15.9%</i>	<i>17.7%</i>	<i>11.3%</i>	<i>8.7%</i>	<i>13.4%</i>
<b>EBIT</b>	<b>15.45</b>	<b>31.89</b>	<b>6.76</b>	<b>9.28</b>	<b>63.38</b>
<i>EBIT margin</i>	<i>9.0%</i>	<i>13.0%</i>	<i>4.1%</i>	<i>3.8%</i>	<i>7.7%</i>
<b>Net income</b>	<b>10.65</b>	<b>23.29</b>	<b>3.27</b>	<b>-1.23</b>	<b>35.98</b>
<i>Net margin</i>	<i>6.2%</i>	<i>9.5%</i>	<i>2.0%</i>	<i>-0.5%</i>	<i>4.4%</i>

Source: Company information, East Value Research GmbH

### **CAPEX and Working capital**

Between 2022E and 2024E, we expect a gross CAPEX of PLN 138.3m, which in the long run should amount to <6% of CMP's yearly sales.

Regarding working capital, we believe that its share in total sales will decline from 9.7% in 2021 to <8% in the future due to better working capital management. The cash conversion cycle should remain at 30 days, thus at the same level as last year.

## Valuation

In order to reflect all its business segments appropriately, we have valued Comp by using a Sum-of-the-Parts valuation. Our model accounts for the 1.14m shares, which have been bought back by Comp in the last years. Our updated valuation model results in a new 12-months PT of PLN 89.60 compared to PLN 95.80 before. With an upside of 79.2% at present, we continue to rate Comp a BUY.

Below are the key assumptions of our DCF valuations:

- (1) *Risk-free rate*: Current yield of Polish long-term government bonds with maturity in 2047E is 6.6% (Source: [www.boerse-stuttgart.de](http://www.boerse-stuttgart.de))
- (2) *Beta*: 4-year average unlevered beta for companies from the Software System & Application sector, which are based in Emerging Markets, is 1.5x (Source: [www.damodaran.com](http://www.damodaran.com))
- (3) *Target equity ratio*: 80%
- (4) *After-tax cost of debt*: 5.7%
- (5) *Levered beta*: 1.8x
- (6) *Equity costs*: 15.7%
- (6) *Equity risk premium (Poland)*: 5.08% (Source: [www.damodaran.com](http://www.damodaran.com))
- (7) *WACC*: 13.7%
- (8) *Sales growth in the terminal period*: 2%
- (9) Free cash flows are discounted to 21 April 2022

## Sum-of-the Parts

We have valued all of Comp's business segments separately: (1) IT segment – based on peer group multiples for 2021-23E of other listed Polish IT companies, which provide services in the area of IT security, and (2) Retail segment & M/Platform – with DCF models.

### *IT segment*

Comp's main listed competitors in this area are Polish IT companies Wasko S.A., Asseco Poland S.A., Comarch S.A., Atende S.A. and Passus S.A. Below are the most important facts about them.

## Overview over listed Polish providers of IT security

	Description	Market cap	Last FY sales
Wasko S.A.	Wasko develops and integrates solutions relating to IT, industry automation, Telco and Electronics. The company constructs broadband and transport networks and conducts IT projects in the area of aviation, healthcare and public administration.	PLN 176.9m	PLN 500.2m
Asseco Poland S.A.	Asseco Poland, which is the 6th largest software company in Europe, offers products for clients from the areas of banking, payments, insurance, healthcare, energy, telco, media, uniformed services and public administration. In 2021, 89.4% of its sales stemmed from abroad and 78% from own products.	PLN 6.6bn	PLN 14.5bn
Comarch S.A.	Comarch provides software, hardware, integration and training services for clients from various sectors and public administration. Foreign markets account for c. 44% and own software for c. 19% of the company's total sales.	PLN 1.5bn	PLN 1.6bn
Atende S.A.	Atende specializes in the integration of ICT e.g. in next-generation computer networks and data centers. It also offers leading solutions in the area of cybersecurity. An increasingly important part of its business is cloud computing and managed services.	PLN 155.7m	PLN 205.3m
Passus S.A.	Passus focuses on the design and implementation of highly specialized IT solutions in the area of network and application performance monitoring and improvement, as well as IT security in on-premise architecture, hybrid solutions or private and public clouds.	PLN 90.3m	PLN 62.6m

Source: CapitalIQ, company websites, East Value Research GmbH

## Trading multiples-based valuation of Comp's IT segment

Company	EV/Sales			EV/EBIT			P/BVPS	EBITDA margin	Net gearing
	2021	2022E	2023E	2021	2022E	2023E	Latest	Last FY	Latest
Wasko S.A. (PLN)	0.24x	n.a	n.a	5.87x	n.a	n.a	0.70x	6.64%	-22.93%
Asseco Poland S.A. (PLN)	0.48x	0.45x	0.44x	5.73x	4.64x	4.51x	1.05x	13.26%	5.76%
Comarch S.A. (PLN)	0.73x	0.69x	0.65x	6.39x	7.62x	7.77x	1.23x	15.79%	-22.77%
Atende S.A. (PLN)	0.79x	n.a	n.a	1095.56x	n.a	n.a	2.24x	4.84%	9.24%
Passus S.A. (PLN)	1.28x	1.04x	0.87x	9.31x	7.52x	6.28x	5.66x	17.37%	-61.62%
<b>Median</b>	<b>0.73x</b>	<b>0.69x</b>	<b>0.65x</b>	<b>6.39x</b>	<b>7.52x</b>	<b>6.28x</b>			
Implied EV Comp S.A. - IT segment (PLN)	265.51	254.47	242.16	139.23	164.04	137.34			
<b>Fair Enterprise Value - IT segment</b>	<b>200.46</b>								

Source: CapitalIQ, marketscreener.com, East Value Research GmbH

The valuation of Comp's IT segment is based on 2021 results, our estimates for 2022E-23E and median consensus multiples of Wasko, Asseco Poland, Comarch, Atende and Passus. It results in a Fair Enterprise Value of PLN 200.5m.

### Retail segment

In the area of Retail, which reflects Comp's business with fiscal equipment (incl. Point-of-Sale systems), the company is most comparable to German Vectron Systems AG, Canadian Lightspeed Commerce Inc., Chinese Urovo Technology and Uniform Industrial from Taiwan.

Our DCF model is based on a WACC of 13.7%, yearly growth of depreciation and amortization of 1%, CAPEX = D&A and working capital investments of 2.2% of total sales per annum. Our approach results in a Fair Enterprise Value of Comp's Retail segment (excl. M/Platform) of PLN 97.3m.

in PLNm	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
<b>Net sales</b>	<b>203.00</b>	<b>204.30</b>	<b>205.60</b>	<b>206.90</b>	<b>208.20</b>	<b>209.50</b>	<b>210.80</b>	<b>212.10</b>	<b>213.40</b>
(y-o-y change)	-56.3%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
<b>Operating profit</b>	<b>25.38</b>	<b>25.33</b>	<b>25.29</b>	<b>25.24</b>	<b>25.19</b>	<b>25.14</b>	<b>25.09</b>	<b>25.13</b>	<b>24.65</b>
(operating margin)	12.5%	12.4%	12.3%	12.2%	12.1%	12.0%	11.9%	11.9%	11.6%
<b>NOPAT</b>	<b>20.55</b>	<b>20.52</b>	<b>20.48</b>	<b>20.45</b>	<b>20.41</b>	<b>20.36</b>	<b>20.32</b>	<b>20.36</b>	<b>19.96</b>
+ Depreciation & amortisation	16.15	16.31	16.47	16.64	16.80	16.97	17.14	17.31	17.48
= Net operating cash flow	36.70	36.83	36.95	37.08	37.21	37.33	37.46	37.67	37.45
- Total investments (Capex and WC)	-20.61	-20.80	-20.99	-21.19	-21.38	-21.58	-21.78	-21.98	-22.18
Capital expenditures	-16.15	-16.31	-16.47	-16.64	-16.80	-16.97	-17.14	-17.31	-17.48
Working capital	-4.47	-4.49	-4.52	-4.55	-4.58	-4.61	-4.64	-4.67	-4.69
= Free Cash Flow (FCF)	16.09	16.03	15.96	15.89	15.83	15.75	15.68	15.69	15.27
<b>PV of FCFs</b>	<b>14.71</b>	<b>12.88</b>	<b>11.28</b>	<b>9.88</b>	<b>8.65</b>	<b>7.57</b>	<b>6.63</b>	<b>5.83</b>	<b>4.99</b>
PV of FCFs in explicit period	82.43								
PV of FCFs in terminal period	14.84								
<b>Enterprise Value (EV)</b>	<b>97.27</b>								
<b>WACC</b>	<b>13.7%</b>								
Cost of equity	13.7%								
Pre-tax cost of debt	7.0%								
Normal tax rate	19.0%								
After-tax cost of debt	5.7%								
Share of equity	80.0%								
Share of debt	20.0%								

Source: East Value Research GmbH

## Overview over listed providers of POS systems

	Description	Market cap	Last FY sales
Urovo Technology Co. Ltd.	Urovo provides mobile computers, mobile printers & scanners and payment terminals among others for the retail sector.	CNY 4.3bn	CNY 1.4bn
Uniform Industrial Corp.	Uniform Industrial Corporation provides customized solutions for the payment industry e.g. magnetic stripes, smart chips, secure card readers, contactless readers and POS systems.	TWD 785.6m	TWD 827.2m
Lightspeed Commerce Inc.	With a cloud-based platform and POS systems, Lightspeed Commerce helps restaurants and retailers sell across channels, manage operations, engage with consumers, accept payments, and grow their business. In Q1/20, the company acquired German Gastrofix (installed basis of 8,000 devices) for min. EUR 126m implying an EV/Sales multiple of 10.1x	CAD 4.5bn	CAD 610.6m
Vectron Systems AG	With c. 80,000 installed devices, Vectron is market leader in the DACH region in the area of proprietary cash registers for restaurants and bakeries. The company regards itself as innovation and technology leader and focuses on the medium and premium segment of the market. Vectron, which generates gross margins of >50%, sells its cash registers as a means for delivery of digital services relating to customer activity, loyalty programs or payments.	EUR 43.7m	EUR 38.1m

Source: CapitalIQ, company websites, East Value Research GmbH

## Trading multiples of listed providers of POS systems

Company	EV / Sales			EV / EBITDA			P / BVPS	EBITDA margin	Net gearing
	2021	2022E	2023E	2021	2022E	2023E	Latest	Last FY	Latest
Urovo Technology Co. Ltd. (CNY)	2.69x	2.14x	1.55x	21.18x	n.a	n.a	2.60x	12.71%	-31.12%
Uniform Industrial Corp. (TWD)	0.70x	n.a	n.a	29.13x	n.a	n.a	0.93x	2.40%	-24.58%
Lightspeed Commerce Inc. (CAD)	5.88x	5.25x	3.91x	n.a	n.a	n.a	1.29x	0.00%	-26.20%
Vectron Systems AG (EUR)	0.78x	0.84x	0.84x	6.29x	10.19x	6.26x	1.72x	12.42%	-55.18%
<b>Median</b>	<b>1.74x</b>	<b>2.14x</b>	<b>1.55x</b>	<b>21.18x</b>	<b>10.19x</b>	<b>6.26x</b>	<b>1.51x</b>	<b>7.41%</b>	<b>-28.66%</b>
Comp S.A. (PLN)*	0.41x	0.59x	0.57x	3.09x	4.83x	4.52x	0.45x	13.41%	18.94%
<b>Premium / discount</b>	<b>-76.1%</b>	<b>-72.5%</b>	<b>-63.5%</b>	<b>-85.4%</b>	<b>-52.6%</b>	<b>-27.8%</b>	<b>-70.3%</b>		

\* excl. 1.14m own shares

Source: CapitalIQ, East Value Research GmbH

Our analysis shows that Comp is currently trading at a 27%-85% discount versus international providers of POS systems.

*M/Platform*

Like the Retail segment, we have valued the M/Platform with a DCF model, whereby we have used WACC = 13.7% and assumed Depreciation & Amortisation of c. 10% of yearly sales in the long run, CAPEX = D&A and yearly working capital investments = 0. This approach derives a Fair Enterprise Value of PLN 243.6m.

in PLNm	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
<b>Net sales</b>	<b>16.50</b>	<b>33.00</b>	<b>75.00</b>	<b>105.00</b>	<b>135.00</b>	<b>165.00</b>	<b>195.00</b>	<b>225.00</b>	<b>255.00</b>
(y-o-y change)	37.5%	100.0%	127.3%	40.0%	28.6%	22.2%	18.2%	15.4%	13.3%
<b>Operating profit</b>	<b>-0.66</b>	<b>2.64</b>	<b>13.88</b>	<b>21.00</b>	<b>30.38</b>	<b>41.25</b>	<b>48.56</b>	<b>55.91</b>	<b>62.68</b>
(operating margin)	-4.0%	8.0%	18.5%	20.0%	22.5%	25.0%	24.9%	24.9%	24.6%
<b>NOPAT</b>	<b>-0.53</b>	<b>2.14</b>	<b>11.24</b>	<b>17.01</b>	<b>24.60</b>	<b>33.41</b>	<b>39.33</b>	<b>45.29</b>	<b>50.77</b>
+ Depreciation & amortisation	11.85	13.63	15.67	18.02	20.73	22.49	24.40	26.47	28.72
= Net operating cash flow	11.32	15.77	26.91	35.03	45.33	55.90	63.73	71.76	79.49
- Total investments (Capex and WC)	-11.85	-13.63	-15.67	-18.02	-20.73	-22.49	-24.40	-26.47	-28.72
Capital expenditures	-11.85	-13.63	-15.67	-18.02	-20.73	-22.49	-24.40	-26.47	-28.72
Working capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
= Free Cash Flow (FCF)	-0.53	2.14	11.24	17.01	24.60	33.41	39.33	45.29	50.77
<b>PV of FCFs</b>	<b>-0.49</b>	<b>1.72</b>	<b>7.95</b>	<b>10.57</b>	<b>13.45</b>	<b>16.06</b>	<b>16.62</b>	<b>16.83</b>	<b>16.59</b>
PV of FCFs in explicit period	99.29								
PV of FCFs in terminal period	144.28								
<b>Enterprise Value (EV)</b>	<b>243.57</b>								
<b>WACC</b>	<b>13.7%</b>								
Cost of equity	13.7%								
Pre-tax cost of debt	7.0%								
Normal tax rate	19.0%								
After-tax cost of debt	5.7%								
Share of equity	80.0%								
Share of debt	20.0%								

Source: East Value Research GmbH

**Price target calculation**

<b>Sum-of-the-Parts</b>	
IT segment	200.46
Retail segment	97.27
M/Platform (CMP's economic interest = 74%)*	180.24
<b>Sum of Enterprise Values (PLNm)</b>	<b>477.97</b>
- Net debt (31/12/2021)	-101.22
<b>Implied Equity Value (PLNm)</b>	<b>376.74</b>
Number of shares less 1.14m own shares	4.78
<b>Implied Equity Value per share (PLN)</b>	<b>78.79</b>
<b>Implied Equity Value per share (in 12 months)</b>	<b>89.60</b>

\* own calculation based on discussions with representatives of CMP.  
In the project M/Platform, several of Comp's subsidiaries are involved.

Source: East Value Research GmbH

## Profit and loss statement

in PLNm	2019	2020	2021	2022E	2023E	2024E
<b>Revenues</b>	<b>730.55</b>	<b>720.61</b>	<b>820.92</b>	<b>579.50</b>	<b>600.76</b>	<b>647.56</b>
Cost of goods sold	-463.35	-479.13	-533.49	-358.13	-367.67	-394.37
<b>Gross profit</b>	<b>267.20</b>	<b>241.49</b>	<b>287.43</b>	<b>221.37</b>	<b>233.10</b>	<b>253.20</b>
Other operating income	7.71	17.60	12.32	12.56	12.81	13.07
Distribution costs	-96.35	-91.33	-100.71	-71.09	-73.70	-79.44
Administration costs	-72.49	-71.11	-75.49	-53.29	-55.25	-59.55
Other operating expenses	-13.35	-18.47	-13.45	-39.11	-41.69	-39.23
<b>EBITDA</b>	<b>92.72</b>	<b>78.18</b>	<b>110.09</b>	<b>70.43</b>	<b>75.27</b>	<b>88.04</b>
Depreciation & amortisation	-38.57	-42.70	-46.71	-46.76	-46.80	-46.85
<b>EBIT</b>	<b>54.15</b>	<b>35.48</b>	<b>63.38</b>	<b>23.68</b>	<b>28.47</b>	<b>41.19</b>
Net financial result	-15.14	-7.28	-14.17	-13.17	-12.17	-11.17
<b>EBT</b>	<b>39.01</b>	<b>28.21</b>	<b>49.21</b>	<b>10.51</b>	<b>16.30</b>	<b>30.02</b>
Income taxes	-8.85	-10.28	-14.43	-2.00	-3.10	-5.70
Minorities	0.45	1.95	1.00	0.50	-0.20	-0.24
Result from discontinued operations (PayTel S.A.)	-12.03	-4.66	0.20	0.00	0.00	0.00
<b>Adj. Net income / loss (excl. discount. operat.)</b>	<b>30.61</b>	<b>19.88</b>	<b>35.78</b>	<b>9.01</b>	<b>13.00</b>	<b>24.08</b>
<b>Net income / loss</b>	<b>18.59</b>	<b>15.22</b>	<b>35.98</b>	<b>9.01</b>	<b>13.00</b>	<b>24.08</b>
EPS	3.89	3.18	7.52	1.88	2.72	5.04
Adj. EPS	5.33	3.36	6.05	1.88	2.72	5.04
DPS	0.00	3.00	5.00	5.00	5.00	5.00
<b>Share in total sales</b>						
Revenues	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Cost of goods sold	-63.43 %	-66.49 %	-64.99 %	-61.80 %	-61.20 %	-60.90 %
Gross profit	36.57 %	33.51 %	35.01 %	38.20 %	38.80 %	39.10 %
Other operating income	1.06 %	2.44 %	1.50 %	2.17 %	2.13 %	2.02 %
Distribution costs	-13.19 %	-12.67 %	-12.27 %	-12.27 %	-12.27 %	-12.27 %
Administration costs	-9.92 %	-9.87 %	-9.20 %	-9.20 %	-9.20 %	-9.20 %
Other operating expenses	-1.83 %	-2.56 %	-1.64 %	-6.75 %	-6.94 %	-6.06 %
EBITDA	12.69 %	10.85 %	13.41 %	12.15 %	12.53 %	13.60 %
Depreciation & amortisation	-5.28 %	-5.93 %	-5.69 %	-8.07 %	-7.79 %	-7.23 %
EBIT	7.41 %	4.92 %	7.72 %	4.09 %	4.74 %	6.36 %
Net financial result	-2.07 %	-1.01 %	-1.73 %	-2.27 %	-2.03 %	-1.72 %
EBT	5.34 %	3.91 %	5.99 %	1.81 %	2.71 %	4.64 %
Income taxes	-1.21 %	-1.43 %	-1.76 %	-0.34 %	-0.52 %	-0.88 %
Minorities	0.06 %	0.27 %	0.12 %	0.09 %	-0.03 %	-0.04 %
Result from discontinued operations (PayTel S.A.)	-1.65 %	-0.65 %	0.02 %	0.00 %	0.00 %	0.00 %
Adj. Net income / loss (excl. discount. operat.)	4.19 %	2.76 %	4.36 %	1.56 %	2.16 %	3.72 %
Net income / loss	2.54 %	2.11 %	4.38 %	1.56 %	2.16 %	3.72 %

## Balance Sheet

in PLNm	2019	2020	2021	2022E	2023E	2024E
<b>Assets</b>						
Cash and equivalents	53.09	46.64	37.22	29.46	20.12	10.37
Short-term financial assets	2.30	2.46	5.57	5.68	5.79	5.91
Inventories	82.75	97.25	91.11	61.16	62.79	67.35
Trade accounts and notes receivables	261.52	173.29	134.78	95.14	98.63	106.32
Other current assets	34.16	38.92	45.17	42.91	40.76	38.73
Short-term part of construction contracts	24.51	42.88	46.97	47.47	47.97	48.47
Assets-held-for-sale	1.41	1.19	2.42	0.00	0.00	0.00
<b>Current assets, total</b>	<b>459.74</b>	<b>402.63</b>	<b>363.22</b>	<b>281.82</b>	<b>276.07</b>	<b>277.13</b>
Property, plant and equipment	90.14	70.78	72.61	72.61	72.61	72.61
Other intangible assets	183.11	200.89	208.41	208.51	208.61	208.71
Goodwill	272.80	272.80	272.80	272.80	272.80	272.80
Long-term financial assets	2.37	20.87	11.34	11.57	11.80	12.03
Other long-term assets	15.36	12.27	10.35	10.55	10.76	10.98
Long-term part of construction contracts	13.75	14.87	9.32	9.52	9.72	9.92
Deferred tax assets	5.74	0.92	5.49	0.00	0.00	0.00
<b>Non-current assets, total</b>	<b>583.26</b>	<b>593.40</b>	<b>590.32</b>	<b>585.56</b>	<b>586.31</b>	<b>587.06</b>
<b>Total assets</b>	<b>1043.01</b>	<b>996.02</b>	<b>953.54</b>	<b>867.38</b>	<b>862.37</b>	<b>864.19</b>
<b>Liabilities</b>						
Trade payables	125.62	132.17	135.28	90.81	93.23	100.00
Other short-term liabilities	53.37	69.18	56.20	39.67	41.13	44.33
Short-term financial debt	215.99	174.62	119.53	114.53	109.53	104.53
Provisions	32.09	24.07	22.54	20.54	18.54	16.54
<b>Current liabilities, total</b>	<b>427.07</b>	<b>400.05</b>	<b>333.55</b>	<b>265.55</b>	<b>262.42</b>	<b>265.40</b>
Long-term financial debt	65.35	32.14	24.48	22.03	19.83	17.85
Other long-term liabilities	15.78	13.41	16.27	11.48	11.90	12.83
Provisions	1.84	2.04	2.10	2.00	1.90	1.80
Deferred tax liabilities	6.78	9.27	10.83	0.00	0.00	0.00
<b>Long-term liabilities, total</b>	<b>89.75</b>	<b>56.86</b>	<b>53.68</b>	<b>35.51</b>	<b>33.63</b>	<b>32.47</b>
<b>Total liabilities</b>	<b>516.82</b>	<b>456.90</b>	<b>387.22</b>	<b>301.06</b>	<b>296.05</b>	<b>297.87</b>
<b>Shareholders equity, total</b>	<b>496.55</b>	<b>511.80</b>	<b>534.55</b>	<b>535.05</b>	<b>534.85</b>	<b>534.61</b>
Minority interests	29.64	27.32	31.77	31.27	31.47	31.71
<b>Total equity and liabilities</b>	<b>1043.01</b>	<b>996.02</b>	<b>953.54</b>	<b>867.38</b>	<b>862.37</b>	<b>864.19</b>

## Cash Flow Statement

in PLNm	2019	2020	2021	2022E	2023E	2024E
Net income / loss	18.59	15.22	35.98	9.01	13.00	24.08
Depreciation	38.57	42.70	46.71	46.76	46.80	46.85
Change of working capital	-86.92	49.09	25.35	10.85	0.90	-0.23
Others	37.25	-1.65	11.35	7.44	2.10	2.10
<b>Net operating cash flow</b>	<b>7.48</b>	<b>105.35</b>	<b>119.38</b>	<b>74.06</b>	<b>62.80</b>	<b>72.80</b>
<b>Cash flow from investing</b>	<b>-23.08</b>	<b>-31.75</b>	<b>-33.70</b>	<b>-44.44</b>	<b>-46.90</b>	<b>-46.95</b>
Free cash flow	-15.59	73.61	85.68	29.62	15.90	25.85
<b>Cash flow from financing</b>	<b>14.89</b>	<b>-80.05</b>	<b>-95.11</b>	<b>-37.37</b>	<b>-25.24</b>	<b>-35.60</b>
Change of cash	-0.71	-6.44	-9.43	-7.76	-9.34	-9.75
Cash at the beginning of the period	53.79	53.09	46.64	37.22	29.46	20.12
Cash at the end of the period	53.09	46.64	37.22	29.46	20.12	10.37

## Financial ratios

Fiscal year	2019	2020	2021	2022E	2023E	2024E
<b>Profitability and balance sheet quality</b>						
Gross margin	36.57%	33.51%	35.01%	38.20%	38.80%	39.10%
EBITDA margin	12.69%	10.85%	13.41%	12.15%	12.53%	13.60%
EBIT margin	7.41%	4.92%	7.72%	4.09%	4.74%	6.36%
Net margin	2.54%	2.11%	4.38%	2.70%	2.16%	3.72%
Return on equity (ROE)	3.82%	3.02%	6.88%	1.69%	2.43%	4.50%
Return on assets (ROA)	3.23%	2.26%	5.26%	2.56%	2.92%	4.08%
Return on capital employed (ROCE)	6.80%	3.78%	7.23%	3.19%	3.84%	5.57%
Economic Value Added (in PLNm)	-42.69	-59.27	-40.31	-63.44	-59.30	-48.84
Net debt (in PLNm)	225.96	157.66	101.22	101.42	103.44	106.10
Net gearing	45.51%	30.81%	18.94%	18.96%	19.34%	19.85%
Equity ratio	47.61%	51.38%	56.06%	61.69%	62.02%	61.86%
Current ratio	1.08	1.01	1.09	1.06	1.05	1.04
Quick ratio	0.74	0.56	0.53	0.49	0.47	0.46
Net interest cover	3.58	4.88	4.47	1.80	2.34	3.69
Net debt/EBITDA	2.44	2.02	0.92	1.44	1.37	1.21
Tangible BVPS	46.79	49.98	54.74	54.84	54.80	54.75
CAPEX/Sales	8.81%	5.67%	6.98%	7.67%	7.81%	7.25%
Working capital/Sales	27.30%	15.00%	9.69%	11.86%	11.29%	10.51%
Cash Conversion Cycle (in days)	97	61	30	30	30	30
<b>Trading multiples</b>						
EV/Sales	0.54	0.55	0.48	0.69	0.66	0.61
EV/EBITDA	4.28	5.08	3.61	5.64	5.28	4.51
EV/EBIT	7.33	11.19	6.27	16.77	13.95	9.64
P/Tangible BVPS	1.07	1.00	0.91	0.91	0.91	0.91
Adj. P/E	9.38	14.89	8.27	26.53	18.39	9.93
P/FCF	-18.98	4.02	3.45	9.99	18.61	11.45

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