

Warsaw, December 20, 2019

Konrad Książopolski, Head of Research, Haitong Bank

Haitong Bank in a report from December 20 (08:00) keeps Asseco Poland NEUTRAL (FV PLN 63.2).

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 68.3/sh while our peer valuation yields PLN 58.1/sh. Our final fair value is PLN 63.2/sh, implying 1% downside potential.

Risks to Fair Value

1. Less than expected synergies on Asseco Poland deal.
2. Unsuccessful tender offer on Asseco Poland.
3. Fierce competition in IT contracts from the new EU budget perspective.
4. Salary pressure from low unemployment and the accumulation of IT contracts in the new EU budget.
5. Unexpected fines and provisions on ongoing contracts.
6. Delay in IT spending related to the new EU budget.
7. A lower than expected growth rate at Formula Systems.
8. Visibly lower than expected dividend forecasts.
9. Cash flow deterioration.

IMPORTANT DISCLOSURES

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