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Haitong Bank in a report from April 19 (08:30) upgrades Asseco Poland at BUY (FV PLN 89.3).

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 88/sh while our peer valuation yields PLN 90.6/sh. Our final fair value is PLN 89.3/sh, implying 17% upside.

Risks to Fair Value

Downside risks:

- Fierce competition in IT contracts.
- 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.

Upside risks:

- Higher than expected backlog dynamic especially in margin accretive public segment.
- Value accretive acquisitions.
- Costs savings.
- Higher than expected dividends.

IMPORTANT DISCLOSURES

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