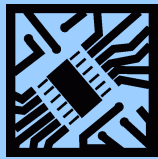


6 April 2010

Update


**IT**  
 Poland

<b>Current price</b>	<b>PLN 57.6</b>
<b>Target price</b>	<b>PLN 72.1</b>
Market cap	PLN 4.47bn
Free float	PLN 2.46bn
Avg daily trading volume (3M)	PLN 23.15m

**Shareholder Structure**

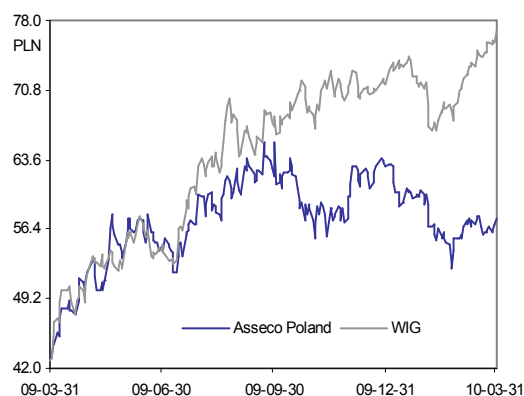
Asseco Poland (treasury shares)	12.00%
Adam Góral	10.42%
CU OFE	9.99%
ING OFE	7.22%
Pioneer Pekao IM	5.28%
Pozostali	55.09%

**Sector Description**

In all likelihood, the IT market dropped in value by several percent in 2009. No big rebound can be expected this year as the economic situation remains uncertain while access to credit is constrained. The industry is still awaiting big government-funded projects subsidized by the EU.

**Company Profile**

Asseco Poland is Poland's biggest IT integrator and software supplier, and one of Europe's biggest companies of this kind. The Company's core business is the provision of IT services to the financial sector, but in the recent years it has also been expanding the share of industry and public-administration clients in its sales.

**Asseco Poland vs. WIG**

**Piotr Grzybowski**

(48 22) 697 47 17

piotr.grzybowski@dibre.com.pl

www.dibre.com.pl

# Asseco Poland

## Buy

SOBK.WA; ACP.PW

(Reiterated)

## There Is More to the World Than PKO BP

In 2010, Asseco Poland will have to cope for the first time without two major projects: the implementation of PKO BP's IT system and the construction of the Central Database of Vehicles and Drivers for the Ministry of Home Affairs and Administration. The Company will continue to provide services related to these two systems, which will allow it to keep a major part of revenue from these projects. In addition, the lost EBIT will be by and large offset by savings stemming from the absorption of ABG by the parent company, the fact that subsidiaries acquired towards the end of 2009 will be consolidated throughout the year, improved earnings at subsidiaries (especially Asseco Slovakia), as well as any potential acquisitions carried out this year. The Company is still trading at a considerable discount to peers (18% on FY10 P/E and 20.5% in FY10 EV/EBITDA, taking into account treasury shares). We are reiterating a buy rating with a price target of **PLN 72.1 per share**.

**Fourth-Quarter Results**

Asseco Poland's operating earnings in Q4'09 were slightly weaker than our expectations and the market consensus, due to the delay in the timing of the Social Security Institution (ZUS) contract. At the net level, AP's earnings were in line, thanks to lower-than-expected effective tax rate and a revaluation gain on a financial investment (+PLN 5.0m).

**Property Investment**

Asseco Poland paid Polnord PLN 78m for a piece of land in Warsaw's district of Wilanów, inclusive of a real-estate project that will be built on it (an office complex that Polnord was planning to erect and rent to Asseco). The complex, with total floor space of 18k m<sup>2</sup> and 630 parking spaces, will cost PLN 200m to complete (inclusive of the cost of the land). Asseco is planning to complete the project within 18 months. Some of the funding will come from EU sources. We believe that given the current rental rates, as well as rental rates foreseen by the preliminary agreement with Polnord, the takeover of the project will save the Company ca. PLN 16-20m per year.

**New Acquisitions on the Horizon**

According to CEO Góral, an acquisition that will give the Company a foothold in the American market is becoming more and more likely. The company in question is a US-focused player listed on Nasdaq. In order to pay for it, Asseco will have to sell its treasury shares. We believe the Company's focus on smaller risk-diversifying acquisitions has been a wise strategy, and such a sudden entry into the unfamiliar US market would mark a break from it.

(PLN m)	2008	2009	2010F	2011F	2012F
Revenue	2 786.6	3 050.3	3 193.7	3 389.2	3 616.2
EBITDA	591.8	646.1	641.2	663.2	692.0
EBITDA margin	21.2%	21.2%	20.1%	19.6%	19.1%
EBIT	494.3	525.5	517.6	537.0	563.1
Net profit	321.6	373.4	337.1	358.2	388.1
DPS	1.5	1.4	1.3	1.4	1.5
P/E	13.9	12.0	13.3	12.5	11.5
P/CE	10.7	9.0	9.7	9.2	8.6
P/BV	1.2	1.0	1.0	0.9	0.8
EV/EBITDA	7.8	7.6	7.6	7.0	6.4



## Financial Standing

### Q409 Results Depressed by Parent's Weak Sales

Asseco Poland reported a lower-than-expected EBIT, and an in-line bottom-line profit for Q4 2009. The operating profit was weighed down by weak sales generated by the parent company (a drop from PLN 298.1m to PLN 240.7m vs. our estimate of PLN 260.0m) in the wake of completion of a major system-rollout contract for PKO BP, and postponement of a contract for the national insurer ZUS. A weaker-than-expected EBIT was offset at bottom-line level thanks to financial gains and a low effective tax rate.

Asseco's consolidated Q409 revenue amounted to PLN 935.7m (we expected PLN 903.0m), marking an increase from PLN 867.4m reported a year earlier. Geographically, Balkan operations generated the biggest, PLN 17.2m increase in sales, and the revenues of Western European operations surged PLN 79.5m following the start of consolidation of two acquisitions based in Spain and Denmark. On a less positive note, sales in Poland displayed a considerable shrinkage from PLN 536.1m to PLN 479.4m, mostly because of the weak performance of the parent.

The Q409 gross profit fell short of expectations (32.0% vs. 35.0%) as a result of the parent's lower sales of high-margin products on the one hand, and better-than-expected subsidiary sales on the other hand. The profitability of the parent company was better than a year earlier and ahead of our estimate, while subsidiary operations experienced a profit shrinkage. The reported gross profit fell 5.5%, or PLN 17.5m, short of our forecast.

SG&A expenses of PLN 158.5m were PLN 1.5m higher than predicted, and other operating expenses amounted to PLN 7.0m, exceeding our PLN 5.0m estimate. As a result, the Q409 EBIT came in at PLN 134.0m, missing our forecast by 13.5%.

Asseco's financial operations produced a PLN 4.5m gain in the quarter, compared to our expected PLN 5.0m loss, thanks mainly to a PLN 5.0m gain from revaluation of financial investments. The tax charge amounted to just PLN 20.0m (at an effective tax rate of 14.5%), less than our expected PLN 28.8m. Minority interests were slightly higher than expected (PLN 23.8m vs. PLN 22.0m), leading to a fourth-quarter net profit of PLN 94.6m.

### Reported vs. forecasted Q409 results

(PLN m)	4Q2009	4Q2008	change	4Q2009F	differ.	consensus estimates	differ.
Revenue	935.7	867.4	7.9%	903.0	3.6%	896.0	4.4%
EBITDA	170.6	185.4	-8.0%	185.0	-7.7%	-	-
margin	18.2%	21.4%	-	20.5%	-	-	-
EBIT	134.0	160.1	-16.3%	155.0	-13.5%	153.0	-12.4%
Pre-tax income	138.6	156.5	-11.5%	150.0	-7.6%	-	-
Net income	94.6	100.1	-5.4%	99.2	-4.6%	95.0	-0.4%

Source: Asseco Poland

## Future Outlook

### Completion of Major Projects

After completion of the design phases of a major contract for Bank PKO BP and the CEPiK national motor-vehicle database in 2009, Asseco Poland will continue to provide maintenance and upgrade services for the systems, but its revenues from these contracts will be lower. In 2008, the PKO BP assignment generated a revenue of PLN 200m, and the CEPiK job brought in about PLN 58.3m. This year, the combined revenue contribution is expected to decrease to PLN 160m, resulting in a PLN 45m reduction in the 2010 operating profit of the parent company. A portion of this gap will be filled by the absorption of subsidiary ABG, expected to generate PLN 13.3m in savings, and full-year consolidation of the earnings of IT Practice A/S and Terminal Systems (PLN 10m). Also contributing to this year's profits will be the most recent acquisitions of Asseco South Eastern Europe (Probass with a 2009 EBIT of EUR 1.7m, and Pronet IT Consulting with EUR 1.2m) and Asseco Slovakia (Statlogics, EUR 1.6m). These operations are expected to add a total of PLN 17.5m to the consolidated 2010 EBIT of Asseco Poland. Further, Asseco Slovakia is expected to improve earnings by restructuring the Austrian Uniquare subsidiary, which should break even this year and add a further PLN 8m to the consolidated EBIT. One factor that will be weighing down on Asseco's 2010 profits will be the appreciation of the zloty, expected to reduce the consolidated EBIT by PLN 12m vis-à-vis



2009. All considered, we predict that Asseco Poland's operating profit for the year will decrease to PLN 517.6m from PLN 525.5m reported in 2009.

### Property Purchase

Asseco Poland decided to buy its new headquarters project instead of leasing it from the developer. The price of the building site, designs, and permits, amounted to PLN 78.0m. The move is aimed at saving on space rental costs to the tune of PLN 26.4m a year. The total cost of the HQ project (comprising the costs of the land and construction) is PLN 200m, of which up to PLN 36m could be covered by EU subsidies (which would account for 30% of the construction costs).

Considering that commercial developers earn yields of an average 7.5% on properties in Warsaw, and that the financing costs of Asseco's new HQ are 3.5% (EURIBOR+2.5%), it is clear that Asseco's decision to own rather than lease its offices was a right one, and that it will generate annual savings of about PLN 8m (PLN 5m after building depreciation charges). Note that our estimates are based on current market rates, which are about EUR 15 per square meter of office space in the neighborhood where the new Asseco headquarters stand. If we base our calculations on Asseco's original lease agreement (EUR 17.5/sqm+ PLN 350per parking space) with the developer, Polnord, the resulting annual savings increase to PLN 7.4m. Further, since the company plans to finish the construction within 18 months, that is earlier than the original completion date set for April 2012, it will save an additional PLN 9.7m on rent. All in all, the 10-year savings stemming from ownership instead of rental can be estimated at PLN 58.5m (after depreciation charges), or as much as PLN 72.9m if Asseco is granted the EU subsidy.

Last but not least, the costs of maintenance of the new HQ, expected to amount to PLN 10m a year starting in 2013 (or PLN 8.6m with the EU subsidy), will be much lower than the current annual rental costs of PLN 26.4m.

That said, we think that Asseco would have made an even better deal by buying an existing office building in the current market. The PLN 78.0m paid to Polnord can be considered an arm's length price, and the same price paid for ready-to-move-in offices would guarantee higher savings thanks to an earlier move (Asseco could have saved PLN 19.5m by not paying 18-month rent (less maintenance costs of the new HQ and depreciation)). The company had a way out of its arrangements with Polnord because the developer was late in moving the project along.

### May Stock Issue

Asseco Poland is slated to issue up to 3.87 million shares of 'I' stock with rights, and at the same time retire the same number of treasury shares, in May. The company is firm that the issue price cannot be lower than PLN 60.0 apiece, otherwise it is going to borrow the money needed to finance its current cash needs. However, given the size of Asseco's cash needs at the moment, we think that the Management will have to be more flexible with respect to their price demands. Based on our valuation model, we estimated that the treasury stock has a 15% discount to market value (PLN 49.0) which more than factors in the effects of a decision to accept a lower issue price.

### New Acquisitions

CEO Adam Góral revealed that Asseco has targeted a NASDAQ company focused on the US market. To finance the acquisition, Asseco will sell 5.5 million shares of treasury stock. The IT distributor has a very successful M&A strategy which consists in targeting a larger number of smaller and more specialized companies offering a limited range of solutions to a limited customer base (the real focus being the product range rather than the business itself). This approach has spared Asseco from having to deal with restructuring problems, and minimized the impact of the acquisitions on earnings. However, the planned US deal breaks with this tradition – the target is fairly large (an estimated price of PLN 350m for a stake which, we think, is probably around 50%, suggests a company generating revenues of \$120m), and it operates in a market that is unfamiliar to Asseco, which means that the risk of the deal being failure is higher. Moreover, an investment this substantial means less cash for M&A activity in Spain and Scandinavia. If Asseco decides to increase debt to finance acquisitions there, considering the plans to sell treasury stock, its bargaining power could decrease.

### Dividends

Asseco's Management Board have proposed a payout of dividends at PLN 1.47 per share from 2009 earnings (the dividends will exclude treasury stock that is not outstanding by the time of the record date). The suggested total distribution is PLN 100.3m (PLN 106.0m if Asseco issues 'I' stock as planned), representing 43.2% (45.7%) of the upcoming May equity issue.

## Valuation

### Valuation Summary

	PLN m	Weight	9M target price
DCF Analysis	5156.2	50%	
Relative Valuation incl.	5198.3	50%	
based on P/E	5280.2	50%	
based on EV/EBITDA	5116.3	50%	
<b>Average</b>	<b>5177.2</b>		<b>5592.7</b>
Value per share			72.1

### Relative Valuation

We compared the EV/EBITDA and P/E multiples of Asseco Poland and its foreign peers as estimated for the years 2010, 2011, and 2012. The forecast years are given 25%, 45%, and 30% weights respectively.

Asseco Poland is trading at a FY2010F P/E ratio of 13.3 and a 2011F P/E ratio of 12.5, representing discounts of 11.0% and 9.7% respectively to median sector multiples. The forward EV/EBITDA multiples (7.6 in FY10 and 7.0 in FY11) display discounts to median of 8.4% and 2.5% respectively. Note that the multiple forecasts do not factor in the Asseco's 12% treasury stock ownership. Estimated taking into account the treasury stock, the 2010 multiples are 11.9 P/E and 6.9 EV/EBITDA (showing discounts to peers of 20.1% and 17.0% respectively).

### P/E and EV/EBITDA estimates for comparable IT companies

	Price	EV/EBITDA			P/E		
		2010F	2011F	2012F	2010F	2011F	2012F
Microsoft Corp		9.3	8.4	7.6	14.9	13.5	11.8
Cap Gemini		6.6	5.5	4.8	20.5	15.1	12.3
SAP AG		11.3	10.3	9.3	17.6	15.8	13.9
Oracle Corp		10.1	8.7	8.3	16.4	14.1	12.6
Accenture Ltd		8.0	7.5	7.2	15.7	14.1	12.4
Indra Sistemas		8.6	8.1	8.1	12.6	11.8	11.5
Tietoerator		6.8	6.2	5.6	13.6	11.9	10.5
Atos Origin SA		5.7	5.0	4.6	14.6	11.8	10.4
LOGICA Plc		7.0	6.7	6.2	10.5	9.6	8.9
IBM		7.3	6.9	6.4	11.6	10.7	10.1
Comarch		11.2	8.2	6.8	20.9	16.0	13.4
Sygnity		9.4	5.1	4.0	-	14.3	8.5
Maximum		11.3	10.3	9.3	20.9	16.0	13.9
Minimum		5.7	5.0	4.0	10.5	9.6	8.5
<b>Median</b>		<b>8.3</b>	<b>7.2</b>	<b>6.6</b>	<b>14.9</b>	<b>13.8</b>	<b>11.6</b>
Asseco Poland	57.6	<b>7.6</b>	<b>7.0</b>	<b>6.4</b>	<b>13.3</b>	<b>12.5</b>	<b>11.5</b>
premium / discount		-8.4%	-2.5%	-2.8%	-11.0%	-9.7%	-1.1%
Asseco Poland adj.		<b>6.9</b>	<b>6.4</b>	<b>5.8</b>	<b>11.9</b>	<b>11.2</b>	<b>10.3</b>
premium / discount		-17.0%	-12.1%	-12.8%	-20.1%	-19.0%	-11.1%

### DCF model assumptions

1. Our earnings forecast horizon extends from FY2010 to FY2019.
2. In the forecast horizon and beyond, our assumed risk-free rate is 5.7% (yield on 10Y T-bonds).
3. Expected FCF growth rate after the last year of the forecast horizon is 3.0%.
4. We apply a 15% discount to the market value of treasury shares and treat them as additional cash resources.
5. The discounted value of the treasury shares is deducted from the company's market cap for the purposes of relative valuation.



**DCF Valuation Model**

(PLN m)	2010F	2011F	2012F	2013F	2014F	2015F	2016F	2017F	2018F	2019F	2019+
<b>Revenue</b>	<b>3 193.7</b>	<b>3 389.2</b>	<b>3 616.2</b>	<b>3 886.0</b>	<b>4 089.3</b>	<b>4 280.4</b>	<b>4 479.7</b>	<b>4 653.3</b>	<b>4 831.4</b>	<b>5 016.5</b>	
change	4.7%	6.1%	6.7%	7.5%	5.2%	4.7%	4.7%	3.9%	3.8%	3.8%	
<b>EBITDA</b>	<b>641.2</b>	<b>663.2</b>	<b>692.0</b>	<b>725.2</b>	<b>756.5</b>	<b>785.4</b>	<b>815.1</b>	<b>840.7</b>	<b>864.4</b>	<b>888.8</b>	
EBITDA margin	20.1%	19.6%	19.1%	18.7%	18.5%	18.3%	18.2%	18.1%	17.9%	17.7%	
D&A expenses	123.7	126.2	128.8	130.9	133.0	135.1	137.2	139.5	139.5	139.5	
<b>EBIT</b>	<b>517.6</b>	<b>537.0</b>	<b>563.1</b>	<b>594.3</b>	<b>623.6</b>	<b>650.3</b>	<b>677.9</b>	<b>701.2</b>	<b>724.9</b>	<b>749.3</b>	
EBIT margin	16.2%	15.8%	15.6%	15.3%	15.2%	15.2%	15.1%	15.1%	15.0%	14.9%	
Tax rate on EBIT	98.3	102.0	107.0	112.9	118.5	123.6	128.8	133.2	137.7	142.4	
<b>NOPLAT</b>	<b>419.2</b>	<b>435.0</b>	<b>456.2</b>	<b>481.4</b>	<b>505.1</b>	<b>526.7</b>	<b>549.1</b>	<b>568.0</b>	<b>587.2</b>	<b>607.0</b>	
CAPEX	-311.8	-168.7	-176.6	-136.1	-139.1	-141.3	-143.4	-149.0	-139.5	-139.5	
Working capital	-13.9	-12.7	-14.5	-16.9	-9.7	-9.4	-18.4	-27.1	-15.7	-16.6	
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>FCF</b>	<b>217.1</b>	<b>379.8</b>	<b>393.8</b>	<b>459.3</b>	<b>489.3</b>	<b>511.0</b>	<b>524.5</b>	<b>531.3</b>	<b>571.5</b>	<b>590.3</b>	<b>608.0</b>
WACC	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	
discount factor	92.7%	83.7%	75.6%	68.3%	61.7%	55.7%	50.4%	45.5%	41.1%	37.1%	
PV FCF	201.2	317.9	297.8	313.7	301.9	284.8	264.1	241.7	234.8	219.1	

<b>WACC</b>	<b>10.7%</b>	<b>10.7%</b>	<b>10.7%</b>	<b>10.7%</b>	<b>10.7%</b>	<b>10.7%</b>	<b>10.7%</b>	<b>10.7%</b>	<b>10.7%</b>	<b>10.7%</b>	<b>10.7%</b>
Cost of debt	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%
Risk-free rate	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%
Risk premium	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Effective tax rate	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	0.0%
Net debt / EV	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cost of Equity	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%
Risk premium	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Beta	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0

FCF growth after the forecast horizon	3.0%	<b>Sensitivity Analysis</b>					
Terminal value	7 896.3	<b>FCF growth in perpetuity</b>					
Present value of the terminal value (PV TV)	2 930.8	<b>1.0%</b>	<b>2.0%</b>	<b>3.0%</b>	<b>4.0%</b>	<b>5.0%</b>	
Present value of FCF in the forecast horizon	2 677.0	WACC +1.0ppt	56.2	59.0	62.4	66.7	72.3
Enterprise value (EV)	5 607.8	WACC +0.5ppt	59.6	62.8	66.8	71.9	78.7
Net debt	-210.2	WACC	63.4	67.1	<b>71.8</b>	77.9	86.1
Other non-operating assets	443.2	WACC -0.5ppt	67.6	71.9	77.5	84.8	95.0
Minority interests	1 104.9	WACC -1.0ppt	72.2	77.4	84.0	93.0	105.8
Enterprise value	5 156.2						
Number of shares (millions)	77.6						
<b>Equity value per share (PLN)</b>	<b>66.5</b>						
Cost of equity (9M)	8.0%						
<b>Target Price</b>	<b>71.8</b>						

EV/EBITDA(*10) for the target price	8.7
P/E(*10) for the target price	16.5
TV to EV	52%

**Income Statement**

(PLN m)	2008	2009	2010F	2011F	2012F	2013F	2014F
<b>Revenue</b>	<b>2 786.6</b>	<b>3 050.3</b>	<b>3 193.7</b>	<b>3 389.2</b>	<b>3 616.2</b>	<b>3 886.0</b>	<b>4 089.3</b>
<i>change</i>	117.3%	9.5%	4.7%	6.1%	6.7%	7.5%	5.2%
Proprietary software and services	1 519.2	1 654.4	1 753.9	1 868.1	2 000.4	2 157.5	2 278.5
Third-party software and services	503.5	546.4	577.1	612.4	653.5	702.2	738.9
Hardware and infrastructure	565.7	604.7	629.1	657.5	690.7	730.5	756.5
Outsourcing	100.1	111.6	121.1	131.9	144.4	159.0	171.4
Data Communications	83.5	90.6	95.7	101.6	108.4	116.4	122.5
Other	14.6	15.8	16.7	17.7	18.9	20.3	21.4
<b>COGS</b>	<b>1 810.1</b>	<b>2 007.2</b>	<b>2 135.7</b>	<b>2 282.0</b>	<b>2 451.7</b>	<b>2 652.8</b>	<b>2 797.2</b>
<b>Gross profit</b>	<b>976.5</b>	<b>1 043.1</b>	<b>1 058.0</b>	<b>1 107.1</b>	<b>1 164.5</b>	<b>1 233.2</b>	<b>1 292.1</b>
Selling costs	202.9	220.8	231.2	245.3	261.8	281.3	296.0
General and administrative expenses	276.7	302.3	307.0	322.5	337.3	355.2	370.0
<b>Net sales profit</b>	<b>496.9</b>	<b>520.0</b>	<b>519.8</b>	<b>539.3</b>	<b>565.5</b>	<b>596.7</b>	<b>626.0</b>
Other operations	-2.6	5.5	-2.2	-2.3	-2.3	-2.4	-2.5
<b>EBIT</b>	<b>494.3</b>	<b>525.5</b>	<b>517.6</b>	<b>537.0</b>	<b>563.1</b>	<b>594.3</b>	<b>623.6</b>
<i>change</i>	108.9%	6.3%	-1.5%	3.7%	4.9%	5.5%	4.9%
<i>EBIT margin</i>	17.7%	17.2%	16.2%	15.8%	15.6%	15.3%	15.2%
Profit/loss on financial activity	-37.8	-8.5	-4.3	8.3	27.8	50.4	76.7
Other	36.7	-2.6	1.7	1.7	1.8	1.9	2.0
<b>Pre-tax income</b>	<b>493.2</b>	<b>514.4</b>	<b>514.9</b>	<b>547.1</b>	<b>592.7</b>	<b>646.6</b>	<b>702.2</b>
Tax	-93.7	-76.5	-97.8	-103.9	-112.6	-122.8	-133.4
Minority interests	77.9	64.5	80.0	84.9	92.0	100.4	109.0
<b>Net income</b>	<b>321.6</b>	<b>373.4</b>	<b>337.1</b>	<b>358.2</b>	<b>388.1</b>	<b>423.3</b>	<b>459.8</b>
<i>change</i>	99.7%	16.1%	-9.7%	6.2%	8.3%	9.1%	8.6%
<i>margin</i>	11.5%	12.2%	10.6%	10.6%	10.7%	10.9%	11.2%
D&A expenses	97.6	120.5	123.7	126.2	128.8	130.9	133.0
<b>EBITDA</b>	<b>591.8</b>	<b>646.1</b>	<b>641.2</b>	<b>663.2</b>	<b>692.0</b>	<b>725.2</b>	<b>756.5</b>
<i>change</i>	115.6%	9.2%	-0.7%	3.4%	4.3%	4.8%	4.3%
<i>EBITDA margin</i>	21.2%	21.2%	20.1%	19.6%	19.1%	18.7%	18.5%
Shares at year-end (millions)	77.6	77.6	77.6	77.6	77.6	77.6	77.6
EPS	4.1	4.8	4.3	4.6	5.0	5.5	5.9
CEPS	5.4	6.4	5.9	6.2	6.7	7.1	7.6
ROAE	10.9%	9.2%	7.5%	7.5%	7.5%	7.6%	7.7%
ROAA	7.2%	6.5%	5.7%	5.7%	5.8%	5.9%	6.0%

**Balance Sheet**

(PLN m)	2008	2009	2010F	2011F	2012F	2013F	2014F
<b>ASSETS</b>	<b>5 728.6</b>	<b>5 715.3</b>	<b>6 055.7</b>	<b>6 448.0</b>	<b>6 879.0</b>	<b>7 355.4</b>	<b>7 850.8</b>
<b>Fixed assets</b>	<b>4 268.2</b>	<b>4 422.1</b>	<b>4 610.9</b>	<b>4 654.3</b>	<b>4 703.2</b>	<b>4 709.6</b>	<b>4 716.7</b>
Property, plant and equipment	334.5	366.9	395.1	401.5	408.7	409.4	410.4
Intangible assets	2 615.7	2 636.7	2 796.7	2 832.8	2 873.4	2 877.8	2 883.1
Goodwill on consolidation	1 206.8	1 280.7	1 280.7	1 280.7	1 280.7	1 280.7	1 280.7
Financial assets	22.8	49.4	49.4	49.4	49.4	49.4	49.4
Long-term loans	11.8	18.0	18.0	18.0	18.0	18.0	18.0
Long-term receivables	40.3	34.6	34.6	34.6	34.6	34.6	34.6
Restricted cash	0.7	1.2	1.2	1.2	1.2	1.2	1.2
Deferred-tax assets	23.3	20.5	20.5	20.5	20.5	20.5	20.5
Long-term prepayments	12.3	14.1	14.8	15.7	16.7	18.0	18.9
<b>Current assets</b>	<b>1 460.4</b>	<b>1 293.2</b>	<b>1 444.8</b>	<b>1 793.7</b>	<b>2 175.9</b>	<b>2 645.8</b>	<b>3 134.1</b>
Inventories	61.3	45.7	54.4	64.4	75.9	89.4	94.3
Prepayments	68.8	64.5	67.5	71.6	76.4	82.1	86.4
Trade debtors	629.9	569.4	604.9	651.2	704.8	768.0	819.4
Other receivables	189.7	247.2	248.5	250.2	252.2	254.5	256.3
Financial assets	59.0	23.7	23.7	23.7	23.7	23.7	23.7
Cash	451.8	342.8	445.8	732.6	1 042.9	1 428.0	1 854.1
<b>LIABILITIES</b>	<b>5 728.5</b>	<b>5 715.3</b>	<b>6 055.7</b>	<b>6 448.0</b>	<b>6 879.0</b>	<b>7 355.4</b>	<b>7 850.8</b>
<b>Equity</b>	<b>3 782.8</b>	<b>4 318.2</b>	<b>4 623.3</b>	<b>4 965.3</b>	<b>5 337.9</b>	<b>5 745.2</b>	<b>6 187.0</b>
Share capital	77.6	77.6	77.6	77.6	77.6	77.6	77.6
Reserves	3 552.3	3 498.5	3 498.5	3 498.5	3 498.5	3 498.5	3 498.5
Retained earnings	451.8	785.2	1 010.3	1 267.4	1 548.0	1 854.9	2 187.7
Minority interests	379.9	635.8	715.7	800.7	892.7	993.1	1 102.1
<b>Long-term liabilities</b>	<b>802.6</b>	<b>468.9</b>	<b>475.1</b>	<b>483.5</b>	<b>493.3</b>	<b>504.9</b>	<b>513.6</b>
Loans	88.5	30.6	30.6	30.6	30.6	30.6	30.6
Long-term payables	578.3	303.8	303.8	303.8	303.8	303.8	303.8
Provisions	107.9	106.8	111.8	118.7	126.6	136.1	143.2
Long-term accruals	24.4	24.4	25.5	27.1	28.9	31.1	32.7
Other liabilities	3.6	3.4	3.4	3.4	3.4	3.4	3.4
<b>Short-term liabilities</b>	<b>1 143.1</b>	<b>928.2</b>	<b>957.3</b>	<b>999.3</b>	<b>1 047.8</b>	<b>1 105.3</b>	<b>1 150.2</b>
Loans	103.8	102.1	102.1	102.1	102.1	102.1	102.1
Trade creditors	291.0	282.2	300.3	327.1	358.2	394.8	424.0
Other liabilities	479.3	308.4	308.4	308.4	308.4	308.4	308.4
Provisions	42.9	23.2	24.2	25.7	27.5	29.5	31.0
Accruals	226.2	212.4	222.4	236.0	251.8	270.6	284.7
Debt	192.3	132.6	132.6	132.6	132.6	132.6	132.6
Net debt	-259.4	-210.2	-313.1	-599.9	-910.3	-1 295.4	-1 721.4
(Net debt / Equity)	-6.9%	-4.9%	-6.8%	-12.1%	-17.1%	-22.5%	-27.8%
(Net debt / EBITDA)	-0.4	-0.3	-0.5	-0.9	-1.3	-1.8	-2.3
<b>BVPS</b>	<b>48.8</b>	<b>55.7</b>	<b>59.6</b>	<b>64.0</b>	<b>68.8</b>	<b>74.1</b>	<b>79.8</b>

**Cash Flows**

(PLN m)	2008	2009	2010F	2011F	2012F	2013F	2014F
<b>Cash flows from Operating Activities</b>	<b>531.7</b>	<b>462.7</b>	<b>531.2</b>	<b>548.3</b>	<b>566.7</b>	<b>587.3</b>	<b>615.4</b>
Pre-tax income	493.2	514.4	514.9	547.1	592.7	646.6	702.2
Interest	37.8	8.5	4.3	-8.3	-27.8	-50.4	-76.7
D&A expenses	97.6	120.5	123.7	126.2	128.8	130.9	133.0
Working capital	140.0	-68.3	-13.9	-12.7	-14.5	-16.9	-9.7
Tax	-77.0	-76.5	-97.8	-103.9	-112.6	-122.8	-133.4
Other	-159.8	-36.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flows from investing activities</b>	<b>-313.2</b>	<b>-495.4</b>	<b>-316.2</b>	<b>-160.3</b>	<b>-148.9</b>	<b>-85.7</b>	<b>-62.4</b>
CAPEX	-97.6	-456.8	-311.8	-168.7	-176.6	-136.1	-139.1
Equity investments	-177.8	-30.0	0.0	0.0	0.0	0.0	0.0
Other	-37.8	-8.5	-4.3	8.3	27.8	50.4	76.7
<b>Cash flows from financing activities</b>	<b>-54.2</b>	<b>-86.7</b>	<b>-112.0</b>	<b>-101.1</b>	<b>-107.5</b>	<b>-116.4</b>	<b>-127.0</b>
Debt	-70.8	-59.7	0.0	0.0	0.0	0.0	0.0
Stock offering	110.3	91.4	0.0	0.0	0.0	0.0	0.0
Dividends/share buy-back	-78.1	-118.4	-112.0	-101.1	-107.5	-116.4	-127.0
Other	-15.5	0.0	0.0	0.0	0.0	0.0	0.0
<b>Change in cash</b>	<b>164.3</b>	<b>-119.4</b>	<b>103.0</b>	<b>286.8</b>	<b>310.3</b>	<b>385.2</b>	<b>426.0</b>
Cash at end of period	451.8	342.8	445.8	732.6	1 042.9	1 428.0	1 854.1
DPS (PLN)	1.5	1.4	1.3	1.4	1.5	1.6	1.8
FCF	540.3	32.6	217.1	379.8	393.8	459.3	489.3
(CAPEX / Sales)	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.4%

**Market multiples**

	2008	2009	2010F	2011F	2012F	2013F	2014F
P/E	13.9	12.0	13.3	12.5	11.5	10.6	9.7
P/CE	10.7	9.0	9.7	9.2	8.6	8.1	7.5
P/BV	1.2	1.0	1.0	0.9	0.8	0.8	0.7
P/S	1.6	1.5	1.4	1.3	1.2	1.1	1.1
FCF/EV	11.8%	0.7%	4.5%	8.1%	8.8%	11.0%	12.7%
EV/EBITDA	7.8	7.6	7.6	7.0	6.4	5.7	5.1
EV/EBIT	9.3	9.3	9.4	8.7	7.9	7.0	6.2
EV/S	1.6	1.6	1.5	1.4	1.2	1.1	0.9
DYield	2.7%	2.5%	2.3%	2.4%	2.6%	2.8%	3.1%
<b>Price (PLN)</b>							
Shares at year-end (millions)	77.6	77.6	77.6	77.6	77.6	77.6	77.6
MC (PLN m)	4467.8	4467.8	4467.8	4467.8	4467.8	4467.8	4467.8
Equity attributable to minority shareholders (PLN m)	379.9	635.8	715.7	800.7	892.7	993.1	1102.1
EV (PLN m)	4 588.3	4 893.4	4 870.4	4 668.5	4 450.2	4 165.5	3 848.5



Michał Marczak tel. (+48 22) 697 47 38  
Managing Director  
Head of Research  
[michal.marczak@dibre.com.pl](mailto:michal.marczak@dibre.com.pl)  
Strategy, Telco, Mining, Metals, Media

**Research Department:**

Marta Jeżewska tel. (+48 22) 697 47 37  
Deputy Director  
[marta.jezewska@dibre.com.pl](mailto:marta.jezewska@dibre.com.pl)  
Banks

**Analysts:**

Kamil Kliszcz tel. (+48 22) 697 47 06  
[kamil.kliszcz@dibre.com.pl](mailto:kamil.kliszcz@dibre.com.pl)  
Fuels, Chemicals, Energy, Retail

Piotr Grzybowski tel. (+48 22) 697 47 17  
[piotr.grzybowski@dibre.com.pl](mailto:piotr.grzybowski@dibre.com.pl)  
IT, Media

Maciej Stokłosa tel. (+48 22) 697 47 41  
[maciej.stoklosa@dibre.com.pl](mailto:maciej.stoklosa@dibre.com.pl)  
Construction, Real-Estate Developers

Jakub Szkopek tel. (+48 22) 697 47 40  
[jakub.szkopek@dibre.com.pl](mailto:jakub.szkopek@dibre.com.pl)  
Manufacturers

**Sales and Trading:**

Piotr Dudziński tel. (+48 22) 697 48 22  
Director  
[piotr.dudzinski@dibre.com.pl](mailto:piotr.dudzinski@dibre.com.pl)

Marzena Łempicka-Wilim tel. (+48 22) 697 48 95  
Deputy Director  
[marzena.lempicka@dibre.com.pl](mailto:marzena.lempicka@dibre.com.pl)

**Traders:**

Emil Onyszczyk tel. (+48 22) 697 49 63  
[emil.onyszczyk@dibre.com.pl](mailto:emil.onyszczyk@dibre.com.pl)

Grzegorz Stępień tel. (+48 22) 697 48 62  
[grzegorz.stepien@dibre.com.pl](mailto:grzegorz.stepien@dibre.com.pl)

Tomasz Dudź tel. (+48 22) 697 49 68  
[tomasz.dudz@dibre.com.pl](mailto:tomasz.dudz@dibre.com.pl)

Michał Jakubowski tel. (+48 22) 697 47 44  
[michal.jakubowski@dibre.com.pl](mailto:michal.jakubowski@dibre.com.pl)

Tomasz Jakubiec tel. (+48 22) 697 47 31  
[tomasz.jakubiec@dibre.com.pl](mailto:tomasz.jakubiec@dibre.com.pl)

Grzegorz Strublewski tel. (+48 22) 697 48 76  
[grzegorz.strublewski@dibre.com.pl](mailto:grzegorz.strublewski@dibre.com.pl)

**"Private Broker"**

Jacek Szczepański tel. (+48 22) 697 48 26  
Director  
[jacek.szczepanski@dibre.com.pl](mailto:jacek.szczepanski@dibre.com.pl)

Paweł Szczepanik tel. (+48 22) 697 49 47  
Sales  
[pawel.szczepanik@dibre.com.pl](mailto:pawel.szczepanik@dibre.com.pl)

Dom Inwestycyjny  
BRE Banku S.A.  
ul. Wspólna 47/49  
00-950 Warszawa  
[www.dibre.com.pl](http://www.dibre.com.pl)

**List of abbreviations and ratios contained in the report:**

**EV** – net debt + market value  
**EBIT** – Earnings Before Interest and Taxes  
**EBITDA** – EBIT + Depreciation and Amortisation  
**P/CE** – price to earnings with amortisation  
**MC/S** – market capitalisation to sales  
**EBIT/EV** – operating profit to economic value  
**P/E** – (Price/Earnings) – price divided by annual net profit per share  
**ROE** – (Return on Equity) – annual net profit divided by average equity  
**P/BV** – (Price/Book Value) – price divided by book value per share  
**Net debt** – credits + debt papers + interest bearing loans – cash and cash equivalents  
**EBITDA margin** – EBITDA/Sales

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Rating	Buy	Buy
Rating date	2009-09-02	2009-11-19
Price on rating day	61.50	57.30
WIG on rating day	37372.21	39985.30