



Solid Demand for Digital (Payment)

Asseco SEE reported very strong results in 1H20 and a solid backlog for 2020 (+19% on revenue and +15% on the first margin); hence, we are increasing our forecasts (by approx. 15% for EBIT in FY20). ASEE also showed a rather limited negative impact of the coronavirus crisis (we see the biggest pressure on its independent ATM network MoneyGet, as it might generate losses of over EUR 0.5m). At the same time, the company is benefiting from the digitisation trends (higher demand for multi-channel solutions from banks, growth in e-commerce and solid ATMs). We appreciate the company's growth prospects, defensive nature as well as the strong balance sheet. Still, we see this as fully discounted by the market. We are maintaining our HOLD recommendation and upgrading our TP to PLN 48.5 per share.

Banks might seek savings, but IT is last on the list

On one hand, in the short-term banks might seek cost savings, as they might be strongly negatively affected by the coronavirus crisis (lower interest rates, higher bad debts, etc.). Nevertheless, we see a limited risk here for Asseco SEE as: (1) ATM/point-of-sales infrastructure in Southeastern Europe is still under penetrated, so there is still room for further investments; (2) Asseco SEE has a significant market share in its markets and serious competition is rather limited. Additionally, recently financial institutions even increased their spending on some IT solutions (multi-channel software servicing online communication).

Supportive digitisation trends

In the short-term there might be some pressure on the results on the back of the coronavirus crisis (mostly losses on its independent ATM network MoneyGet of EUR 0.5-1.0m in FY20 – we assume the biggest y/y impact in 3Q20). In the long-term, though, we see opportunities for the company related to stronger digitalisation trends (omni-channel banking software, e-commerce, more sophisticated ATM machines, which are becoming quite important communication channels for banks in the Balkans). On top of that, a strong backlog (for 2020 +15% y/y on the first margin after 2Q20) should also support growth.

Net cash + strong FCF = dividend + acquisitions

We believe Asseco SEE will continue consolidating the markets it operates on (especially in the payment segment). As the company generates solid FCF (4-5% of market cap, and growing) and has net cash, it is able to make acquisitions and pay out dividends (DY is estimated at 2-3%).

PLN mn	2018	2019	2020F	2021F	2022F
Revenues	670	881	1,017	1,067	1,119
EBITDA	120	176	218	231	246
EBIT	74	110	140	152	168
Net profit	65	90	112	123	136
P/E	9.5	10.0	22.3	20.4	18.4
P/BV	0.8	1.1	2.9	2.7	2.4
EV/EBITDA	4.0	7.3	11.3	10.3	9.4
EPS	1.26	1.73	2.17	2.37	2.62
DPS	0.52	0.52	0.74	0.98	1.07
FCF	-	-	110	124	137
CAPEX	-40	-56	-51	-51	-51

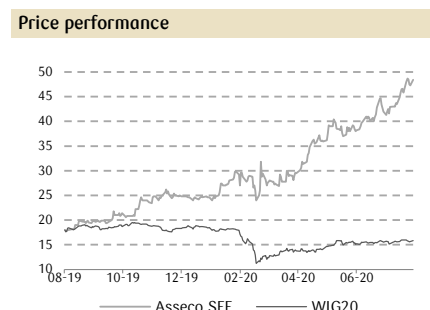
F - forecast by PKO BP Securities

Key data	
Market price (PLN)	48.40
Upside	0%
No. of shares (mn)	51.89
Market Cap (PLNmn)	2,511.68
Free float	49%
Free float (PLNmn)	1,229
Free float (USDmn)	331
EV (PLNmn)	2,462.13
Net debt (PLNmn)	-75.35

Dividend	
Div yield	1.5%
Ex-div	-

Major Shareholders	% of shares
Asseco International	51.06
Aviva OFE	16.56
Aviva TFI	5.13
-	-

Previous recomm.	Date & target price	
Hold	03-06-20	41.00
Hold	16-03-20	27.20



	WIG20	Company
1 month	1.7%	15.2%
3 months	12.0%	34.8%
6 months	-11.8%	65.8%
12 months	-12.2%	170.4%
Min 52 weeks PLN		17.80
Max 52 weeks PLN		48.70
Av. turnover/day PLN mn		0.52

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Risk factors

- Negative impact of the coronavirus crisis on signing new contracts
- Potential decline in IT investments in the financial sector
- Macro-economic and political situation in Southeastern Europe
- Increased competition in the IT market in Southeastern Europe
- Pressure on wages in the IT expert market
- Increase in the share of cashless payments and a decline in demand for ATMs
- F/X risk related to operations in many markets (mainly Southeastern Europe, Turkey)



Financial Forecasts

Profit and loss account	2015	2016	2017	2018	2019	2020F	2021F	2022F	2023F
Sales of products, goods and materials	487	571	571	670	881	1,017	1,067	1,119	1,168
Costs of sold products, goods and materials	-362	-434	-427	-509	-667	-754	-786	-816	-845
Gross profit on sales	125	136	144	161	215	263	281	303	323
EBITDA	83	94	106	120	176	218	231	246	259
Selling costs	-37	-38	-35	-47	-53	-61	-64	-67	-70
General administrative expenses	-36	-42	-43	-39	-54	-62	-65	-68	-71
Other operating income	3	2	1	2	4	0	0	0	0
Other operating costs	-2	-1	-2	-2	-2	0	0	0	0
Operating profit	53	57	66	74	110	140	152	168	182
Share in profit of associates	0	0	0	0	0	0	0	0	0
Pre-tax profit	54	61	67	78	110	139	152	168	183
Income tax	-10	-9	-12	-13	-19	-25	-27	-30	-33
Net profit (loss) attributable to non-controlling interest	0	0	0	0	1	2	2	2	2
Net Profit (loss)	44	52	55	65	90	112	123	136	148
Balance Sheet	2015	2016	2017	2018	2019	2020F	2021F	2022F	2023F
Fixed assets	614	643	631	628	781	779	775	772	770
Intangible assets	522	536	493	492	554	556	557	557	558
Tangible assets	86	102	132	129	212	208	203	199	196
Investments	0	0	0	1	5	5	5	5	5
Other long-term assets	5	5	5	6	11	11	11	11	11
Current assets	235	304	288	362	468	469	555	621	711
Inventories	16	23	25	17	37	41	41	41	41
Receivables	104	143	136	161	199	218	227	236	244
Cash and cash equivalents	104	123	117	169	200	178	254	312	394
Other short-term assets	12	14	10	15	32	32	32	32	32
Total Assets	849	946	918	990	1,250	1,248	1,330	1,393	1,481
Equity capital	688	732	719	765	800	874	947	1,028	1,107
Non-controlling interests	0	2	2	2	2	2	2	2	2
Liabilities	161	214	199	224	450	373	383	365	374
Long-term liabilities	29	29	29	22	124	66	68	56	58
Loans and borrowings	27	25	24	18	91	53	56	44	46
Other provisions	3	5	6	4	33	13	12	12	12
Short-term liabilities	131	185	170	202	326	307	315	309	316
Loans and borrowings	21	24	24	32	83	48	51	40	42
Other provisions	45	62	32	36	50	50	50	50	50
Trade liabilities and other	65	95	82	102	138	154	159	164	169
Total Equity & Liabilities	849	946	918	990	1,250	1,248	1,330	1,393	1,481
Cash flow statement	2015	2016	2017	2018	2019	2020F	2021F	2022F	2023F
Cash flow on operating activity	75	88	94	121	159	183	198	211	223
Cash flow on investment activity	-42	-38	-65	-43	-103	-72	-52	-51	-52
Cash flow on financial activity	-20	-30	-24	-28	-25	-134	-70	-102	-88
Indicators (%)	2015	2016	2017	2018	2019	2020F	2021F	2022F	2023F
ROE	6.4%	7.3%	7.6%	8.8%	11.5%	13.4%	13.5%	13.8%	13.8%
Net Debt	-53.0	-71.0	-68.2	-114.9	-26.4	-75.3	-147.1	-227.4	-306.3

Source: forecasts of PKO BP Securities

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min (max) 52 weeks: minimum (maximum) of the market share price during the previous 52 weeks

Capitalisation: product of the share market price and the number of shares

EV: sum of the company's capitalisation and net debt

free float (%): share of the total number of shares decreased by 5% stakes held by one shareholder and own shares held by the company in the total number of shares

Average trading/month: average trading per month calculated as total trading value over previous 12 months divided by 12

ROE: rate of return on equity

ROA: rate of return on assets

EBIT: operating profit

EBITDA: operating profit + depreciation and amortization

EPS: earnings per share
DPS: dividend per 1 share
CEPS: sum of net profit and depreciation and amortization per 1 share
P/E: quotient of share market price and EPS
P/BV: quotient of share market price and book value of one share
EV/EBITDA: quotient of capitalisation increased by the company's net debt and EBITDA
Gross sales margin: relation of gross sales profit to net sales proceeds
EBITDA margin: relation of the sum of operating profit and depreciation to net sales proceeds
EBIT margin: relation of operating profit to net sales proceeds
Net profitability: relation of net profit to net sales proceeds

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Issuer:	Reservation
Asseco SEE	-

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Company	Recommendation	Date of reco.	Target price	Relevant Market Price*	Market cap. (PLN mn)	P/E			EV/EBITDA			Analyst
						2018	2019F	2020F	2018	2019F	2020F	
Asseco SEE	Buy	2019-07-19	20,50	16,8	2511,7	9,5	10,0	22,3	4,0	7,3	11,3	Małgorzata Żelazko
Apator	Hold	2019-07-22	24,30	24,3	623,4	10,7	13,1	9,8	7,0	6,5	6,4	Piotr Łopaciuk
Mabion	Buy	2019-07-26	105,00	85,5	450,5	nm	nm	nm	0,0	0,0	0,0	Dawid Górzyński
ZE PAK	Hold	2019-07-26	7,50	7,0	473,5	nm	nm	15,7	5,1	1,7	3,4	Andrzej Rembelski
Asseco SEE	Hold	2019-11-19	25,00	23,8	2511,7	9,5	10,0	22,3	4,0	7,3	11,3	Małgorzata Żelazko
ZE PAK	Hold	2019-12-04	7,80	7,4	473,5	nm	nm	15,7	5,1	1,7	3,4	Andrzej Rembelski
Apator	Hold	2019-12-05	22,5	21,10	623,4	10,7	13,1	9,8	7,0	6,5	6,4	Piotr Łopaciuk
Mabion	Buy	2019-12-16	100,00	60,2	450,5	nm	nm	nm	0,00	0,00	0,0	Dawid Górzyński
Asseco SEE	Hold	2020-03-16	27,20	25	2511,7	9,5	10,0	22,3	4,0	7,3	11,3	Małgorzata Żelazko
ZE PAK	Sell	2020-04-24	6,50	7,66	473,5	nm	nm	15,7	5,1	1,7	3,4	Andrzej Rembelski
Mabion	Hold	2020-04-29	23	22,80	450,5	nm	nm	nm	0,0	0,0	0,0	Dawid Górzyński
Apator	Hold	2020-04-29	19,5	19,00	623,4	10,7	13,1	9,8	7,0	6,5	6,4	Piotr Łopaciuk
Asseco SEE	Hold	2020-06-03	41	40,40	2511,7	9,5	10,0	22,3	4,0	7,3	11,3	Małgorzata Żelazko
MLP Group	Buy	2020-07-31	95	72,50	1358,5	8,6	6,5	7,8	21,2	28,3	26,5	Piotr Żybała
Asseco SEE	Hold	2020-08-25	48,5	48,40	2511,7	9,5	10,0	22,3	4,0	7,3	11,3	Małgorzata Żelazko

*at the time of publication