Company report | **IT** | Poland | **7 April 2025**

Atende

A year of rebuilding profitability - test for management

We are upgrading our recommendation to HOLD (previously: SELL) with a 12-month target price of PLN 3.1 (previously PLN 2.3).

- **Atende S.A. reported 4Q'24 cons. revenue of PLN 132mn vs. 96mn of our assumptions (+27% y/y).** The largest sales were to the public sector (PLN 62mn, +82% y/y). The second largest in terms of sales was the industrial sector, where sales increased to PLN 26mn from PLN 12mn a year earlier. Once again, sales to the TMT sector showed weakness (-7% y/y, PLN 23mn). The largest y/y decline was in sales to the energy sector, which fell to PLN 5mn vs. 24mn a year earlier.
- **Consolidated gross profit margin was at the level of 2% vs. 21% a year earlier.** The y/y decline was due in part to the continued negative A2CC contribution from the PGE contract. SG&A expenses increased 3% y/y to PLN 15mn vs. PLN 17mn of our assumptions.
- **Management expects '25e to bring further revenue growth** (Atende Industries increased revenue in '24 to PLN 10mn vs. PLN 7mn a year earlier, and Phoenix Systems to PLN 8mn vs. PLN 5mn) **and improved financial performance of its subsidiaries**, particularly through the implementation of key R&D and implementation projects.
- **After a better-than-expected '24 sales year, we are raising our '25 revenue forecast to PLN 365m (+4% y/y) vs. PLN 327m previously. We continue to assume an improvement in the y/y EBIT margin given the planned completion of the first stage of work on the PGE contract to 1.5%.** At the same time, we assume that subsequent years will see a further recovery in profitability given the larger share of proprietary services in the group's portfolio (targeting 3.2% in 27e).

Key financial information

PLN mn	2022	2023	2024	2025e	2026e	2027e	2028e
Revenues	225.6	328.1	352.3	364.8	375.4	386.0	396.4
EBITDA	12.9	22.4	-0.7	17.9	19.4	21.2	21.0
EBIT	3.0	11.8	-12.0	5.5	9.4	12.4	12.7
Net income	1.8	7.4	-12.0	3.0	6.1	8.5	8.8
EPS	0.0	0.2	-0.3	0.1	0.2	0.2	0.2
DPS	0.0	0.0	0.1	0.1	0.1	0.2	0.2
DY	0.0	0.0	5.2%	4.0%	5.0%	6.1%	7.1%
P/E	53.8	13.1	neg.	33.0	15.9	11.4	11.1
EV/EBITDA	7.3	3.8	neg.	4.3	4.3	3.8	3.8

Source: Atende ('22-'24), Pekao Equity Research

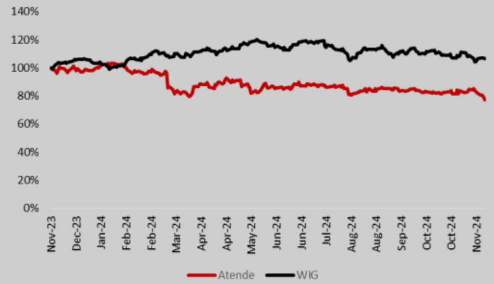
HOLD (prev. SELL)

Target price | **PLN 3.1**

Upside to TP | **14.3%**
Price on 4 April 2025 | PLN 2.68

ESG Rating | **C**
ESG Score | **0.69**

Relative share price performance vs. WIG Index



UPCOMING EVENTS

1Q'24e results	14.05.25
1HY'24e results	16.09.25
3Q'24e results	13.11.25

STOCK DATA

Bloomberg	ATD PW
Free float (%)	45.0
Market cap (PLNmn)	95.6
No. of shares	36.3

Shareholders: Spinoza Family Foundation 32.9%; Piotr Nadolski 12.3%; OFE PKO BP Bankowy 10.0%

Lukas Cinikas
lukas.cinikas@pekao.com.pl

Table of contents

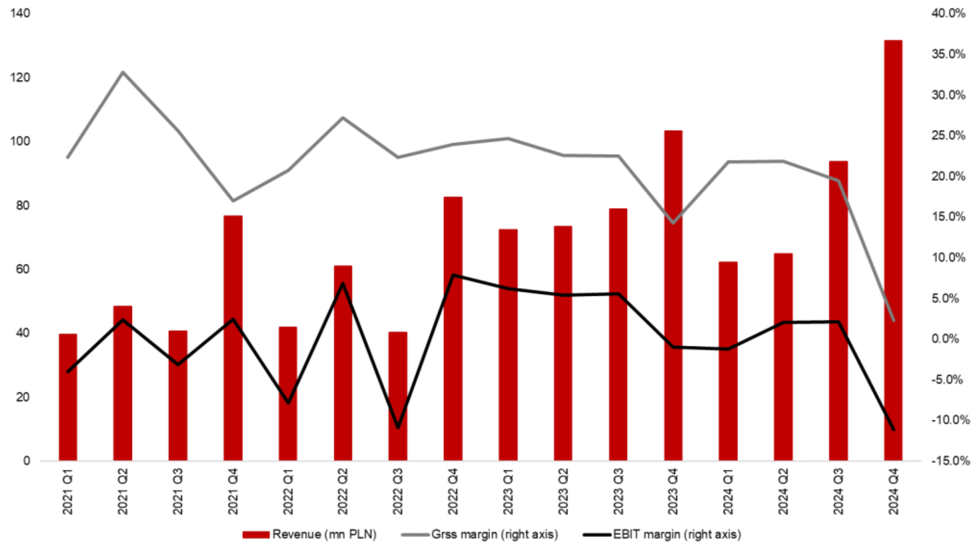
Recent developments

4Q'24 results

Atende S.A. Group reported Q4 revenue of PLN 132mn vs. 96mn of our assumptions (+27% y/y). The largest sales were to the public sector (PLN 62mn, +82% y/y). The second largest sector in terms of sales was the industrial sector, where sales increased to PLN 26mn from PLN 12mn a year earlier. Once again, sales to the TMT sector showed weakness (-7% y-o-y, PLN 23mn). The largest y/y decline was in sales to the energy sector, which fell to PLN 5mn vs. 24mn a year earlier.

The consolidated gross profit margin was 2% vs. 21% a year earlier. The y/y decline was due to, among other things, the continued negative A2CC contribution from the PGE contract. General and administrative expenses increased 3% y-o-y to PLN 15mn vs. PLN 17mn of our assumptions.

Consolidated OCF was PLN +51mn vs. +14mn a year earlier, due to positive changes in working capital (mainly positive delta of liabilities) = PLN +47mn. FCF = PLN 50mn vs. 12mn a year earlier.



Source: Atende, Pekao Equity Research

Contract in the public sector

On 4.02.25, a contract was signed between Atende S.A. and a public sector client for the delivery of products and services from leading global manufacturers. The contract includes the delivery of: hardware, licences, software, as well as their implementation and provision of technical support for a period of 60 months. The contract is for guaranteed and optional orders. The total value of guaranteed orders amounts to PLN 34.43 million gross.

Status of the contract with PGE

21.03.25 a pilot billing and CRM system was launched at two locations in a contract implemented for PGE Obrót S.A. and PGE Dystrybucja S.A.

Valuation

Valuation method

Our valuation is based 100% on the DCF method, and a comparative valuation is presented for informational purposes only (0% weighting). We also decided to mark to market minority interests in Omnichip and Phoenix Systems, whose profile is different in nature from the group's core business.

Atende: Summary

Method	Price (PLN)	Weight (%)
12M DCF method	3.06	100%
12M peers valuation	4.78	0%
12M cena docelowa	**3.06**	
Current price	2.68	
Upside/downside (%)	14.3%	

Source: Pekao Equity Research.

Peers valuation

		P/S			EV/EBITDA			P/E		
Compay name	**Ticker**	**2025e**	**2026e**	**2027e**	**2025e**	**2026e**	**2027e**	**2025e**	**2026e**	**2027e**
Capgemini SE	CAP FP Equit	1.0	0.9	0.9	7.1	6.8	6.5	11.2	10.4	9.5
Tieto OYJ	TIETO NO Equ	0.7	0.7	0.7	6.6	6.4	6.1	8.4	7.9	7.7
Sopra Steria Group	SOP FP Equit	0.6	0.6	0.5	5.9	5.6	5.4	9.3	8.5	7.9
Computacenter PLC	CCC LN Equit	0.3	0.3	0.3	6.1	5.7	5.2	13.0	12.0	10.9
Accenture PLC	ACN US Equit	2.7	2.6	2.4	14.1	13.2	12.2	23.4	21.8	19.9
Asseco Poland	ACP PW Equi	0.7	0.6	0.6	6.4	6.2	5.8	20.7	18.6	12.9
Asseco BS	ABS PW Equi	5.0	4.6	4.2	13.3	12.0	11.1	19.4	16.9	16.0
Cognizant	CTSH US Equ	1.7	1.6	1.5	9.0	8.6	7.9	14.4	13.4	12.3
Mediana		**0.8**	**0.8**	**0.8**	**6.9**	**6.6**	**6.3**	**13.7**	**12.7**	**11.6**
Atende		**0.3**	**0.3**	**0.3**	**4.3**	**4.3**	**3.8**	**33.0**	**15.9**	**11.4**
Premium/discount		*210%*	*214%*	*212%*	*58%*	*53%*	*65%*	*-59%*	*-20%*	*2%*
Implied value PLN		**8.31**	**8.41**	**8.37**	**3.93**	**3.90**	**4.12**	**1.11**	**2.13**	**2.72**

Source: Bloomberg, Pekao Equity Research

Shares in Omnichip

Our assumptions for the company's valuations:

PLN mn	2025e	2026e	2027e
Revenues	6.0	6.6	7.3
EBITDA	2.1	2.3	2.5
EBIT	1.7	1.9	2.1
Net income	1.4	1.5	1.7
Net debt	-2.5	-2.5	-2.5

Source: Pekao Equity Research

Peers valuation

			P/S			EV/EBITDA			P/E		
Company	**Krótki opis spółki**	**Ticker**	**2025e**	**2026e**	**2027e**	**2025e**	**2026e**	**2027e**	**2025e**	**2026e**	**2027e**
Realtek Semiconductor Corp	IC designer, tester and distributor	2379 TT Equit	2.1	1.9	1.6	11.5	10.2	8.7	15.7	13.9	12.1
Mediatek Inc	R&D, semiconductor manufacturing and sales	2454 TT Equit	3.8	3.2	2.9	15.7	12.5	10.5	19.8	16.6	13.5
AT&S	Manufacturer of PCBs and substrates for semiconductors	ATS AV Equit	0.3	0.2	0.2	8.2	5.3	4.5	1.6	#N/A N/A	#N/A N/A
Synopsys Inc	IP and software for chip manufacturing	SNPS US Equ	9.1	8.1	7.1	20.5	17.7	15.4	26.8	23.4	20.2
Cadence Design Systems Inc	IP, software, hardware for chip manufacturing	CDNS US Equ	12.6	11.2	10.0	27.0	23.8	20.7	35.5	30.8	27.1
Median			**3.8**	**3.2**	**2.9**	**15.7**	**12.5**	**10.5**	**19.8**	**20.0**	**16.8**
Omnichip (value mnPLN)			**22.4**	**21.1**	**21.4**	**35.7**	**31.2**	**28.7**	**27.5**	**30.8**	**28.7**
ATD share			*55%*	*55%*	*55%*	*55%*	*55%*	*55%*	*55%*	*55%*	*55%*
Omnichip - ATD share (mnPLN)			*12.33*	*11.63*	*11.75*	*19.62*	*17.17*	*15.80*	*15.12*	*16.95*	*15.81*
Omnichip - minorities ATD (mnPLN)			*10.09*	*9.52*	*9.61*	*16.05*	*14.05*	*12.93*	*12.37*	*13.87*	*12.94*
Omnichip - minorities (mnPLN)							**12.4**				

Source: Bloomberg, Pekao Equity Research

Shares in Phoenix Systems

Our assumptions for the company's valuations:

PLN mn	2025e	2026e	2027e
Revenues	5.7	6.1	6.4
EBITDA	1.8	1.9	2.0
EBIT	1.5	1.6	1.7
Net income	1.3	1.4	1.5
Net debt	0.4	0.4	0.4

Source: Pekao Equity Research

Peers valuation

			P/S			EV/EBITDA			P/E		
Company	**Description**	**Ticker**	**2025e**	**2026e**	**2027e**	**2025e**	**2026e**	**2027e**	**2025e**	**2026e**	**2027e**
Kontron AG	IoT solutions for business	KTN GY Equity	0.7	0.7	0.6	7.2	6.5	5.8	11.2	9.6	8.9
Cancom SE	IoT solutions for business	COK GR Equi	0.4	0.4	0.4	6.6	6.0	5.7	17.8	14.9	13.2
Seco SPA	IoT systems and solutions for various industries	IOT IM Equity	1.1	1.0	0.9	7.6	6.3	5.5	31.0	17.4	12.5
Alarm.com	Provides IoT solutions (i.a. home)	ALRM US Equ	2.6	2.5	2.4	12.2	11.2	10.1	22.3	21.0	23.4
Johnson Controls PLC	Provides IoT solutions (min. smart building)	JCI US Equity	2.1	2.0	1.9	15.6	14.0	12.9	21.0	18.0	15.6
Median total			**1.1**	**1.0**	**0.9**	**7.6**	**6.5**	**5.8**	**21.0**	**17.4**	**13.2**
Omnichip (value mnPLN)			**7.2**	**6.8**	**6.6**	**15.2**	**13.3**	**12.4**	**29.8**	**27.1**	**21.9**
ATD share			*51%*	*51%*	*51%*	*51%*	*51%*	*51%*	*51%*	*51%*	*51%*
Phoenix Systems - ATD share (mnPLN)			*3.68*	*3.47*	*3.34*	*7.77*	*6.76*	*6.35*	*15.21*	*13.82*	*11.15*
Phoenix Systems - minorities ATD (mnPLN)			*3.54*	*3.34*	*3.21*	*7.46*	*6.50*	*6.10*	*14.61*	*13.28*	*10.72*
Phoenix Systems - minorities (mnPLN)							**7.64**				

Source: Bloomberg, Pekao Equity Research

The key assumptions incorporated in our DCF valuation model are as follows:

- Risk-free rate of 5.8% from 2025-30e and 4.0% in the residual period.
- Capital risk premium of 6.0% from 2025-30e and 5.0% in the residual period.
- Beta ratio of 1.0.
- A credit margin of 2.5%.
- An effective income tax rate of 19.0%.
- Residual EBIT margin as an average over the forecast period.
- Dynamic weighting of equity and debt capital in the calculation of the weighted cost of capital (WACC).
- Non-controlling interests based on market valuation of Omnichip and Phoenix Systems.
- Residual period growth rate of 2.0% - taking into account the capital reinvestment rate.

Rating ESG

TMT	E	S	G
Score	0.26	0.60	1.00
Sector weight	20%	40%	40%
Final ESG Score		**0.69**	
ESG Rating		**C**	

	score from:	to	Rating	WACC risk premium impact (% of RFR)
ESG Score	1.5	2	**A**	-15.00%
	1	1.5	**B**	-7.50%
	0.5	1	**C**	0%
	0	0.5	**D**	15.00%

WACC calculation

	2025e	2026e	2027e	2028e	2029e	2030e	Terminal Year
Risk free rate	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	4.0%
Equity risk premium	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	5.0%
ESG discount/premium	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Beta	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Cost of equity	**11.8%**	**11.8%**	**11.8%**	**11.8%**	**11.8%**	**11.8%**	**9.0%**
Cost of debt	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	6.5%
After-tax cost of debt	**6.7%**	**6.7%**	**6.7%**	**6.7%**	**6.7%**	**6.7%**	**5.3%**
Equity weight	81%	81%	81%	81%	81%	81%	81%
WACC	**10.9%**	**10.9%**	**10.9%**	**10.9%**	**10.9%**	**10.9%**	**8.3%**

DCF valuation

(PLN mn)	2025e	2026e	2027e	2028e	2029e	2030e	Terminal Year
Revenues	365	375	386	396	407	417	425
EBIT	5.5	9.4	12.4	12.7	13.1	13.4	12.0
Taxes on EBIT	-1.0	-1.8	-2.4	-2.4	-2.5	-2.5	-2.3
NOPAT	**4.5**	**7.6**	**10.0**	**10.3**	**10.6**	**10.9**	**9.7**
Depreciation and assets write-offs	12.4	9.9	8.8	8.3	8.1	8.1	8.1
Change in NWC	-23.5	-9.2	-1.0	-1.0	-1.0	-0.9	-0.9
Capital expenditures	-7.3	-7.5	-7.7	-7.9	-8.1	-8.3	-9.3
FCFF	**-13.9**	**0.9**	**10.1**	**9.7**	**9.6**	**9.7**	**7.6**
Terminal value growth							*2.0%*
Terminal value							122.7
Discount factor	*0.90*	*0.81*	*0.73*	*0.66*	*0.60*	*0.54*	*0.50*
Discounted free cash flow	-12.5	0.7	7.4	6.4	5.7	5.2	*64.7*
Enterprise value	**77.7**						
Minorities (market value)	20.0						
Net debt (31.12.24)	-38.9						
Other adjustments	0.0						
Equity value	**96.6**						
Number of shares (mn)	36.3						
12M target price per share (PLN)	**3.06**						
Share price as of 4.04.25 (PLN)	2.68						
Upside/Downside vs. current price	*14.3%*						

Revenues growth	4%	3%	3%	3%	3%	3%	2.0%
EBIT margin	1.5%	2.5%	3.2%	3.2%	3.2%	3.2%	2.8%
Tax rate	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
Capex/revenues	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.2%
Capex/depreciation	58.8%	75.5%	88.0%	95.9%	100.4%	102.7%	114.1%

Sensitivity of 12M target price per share to Terminal value growth & WACC

Terminal value growth/WACC	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
6.3%	3.2	3.5	3.7	4.0	4.4	4.9	5.6
7.3%	2.9	3.1	**3.2**	**3.5**	**3.7**	4.0	4.4
8.3%	2.7	2.8	**2.9**	**3.1**	**3.2**	3.5	3.7
9.3%	2.5	2.6	**2.7**	**2.8**	**2.9**	3.1	3.2
10.3%	2.3	2.4	2.5	2.6	2.7	2.8	2.9

Sensitivity of 12M target price per share to key drivers' of company earnings

TV EBIT margin/WACC in Terminal Year	1.5%	2.0%	2.5%	2.8%	3.0%	3.5%	4.0%
6.3%	3.0	3.3	3.7	4.0	4.2	4.6	5.1
7.3%	2.5	2.8	**3.2**	**3.4**	**3.6**	4.0	4.4
8.3%	2.2	2.5	**2.8**	**3.1**	**3.2**	3.5	3.9
9.3%	1.9	2.3	**2.6**	**2.8**	**2.9**	3.2	3.5
10.3%	1.8	2.1	2.4	2.6	2.7	3.0	3.2

Source: Pekao Equity Research

Risk factors

Economic environment risk. The company's business is dependent on the condition of the domestic and global economies, which affects the financial results and the amount of IT budgets of companies. Increase in economic uncertainty may also affect the amount of IT investments.

Currency risk. The Group imports IT equipment that is settled in foreign currencies (mainly EUR and USD), which implies currency risk. To mitigate the risk, the Company uses hedging instruments at a level of at least 90.0% of foreign currency transactions.

Risk of losing key employees. The company's operations include, among others, IT specialists, which means that their loss could expose the company to the risk of delays in the execution of contracts and the acquisition of new ones.

Delivery delays. The Group's business is based on IT equipment through which it is exposed to the risk of delays, loss of contracts and problems with acquiring new ones in the situation of disruptions in supply chains.

Competition risk. The Group operates in a highly fragmented market for ICT services, which may adversely affect financial performance and force continuous innovation.

Risk of losing a key customer and concentration of orders. The group sells services to large entities and public customers. In 2023, the share of two customers exceeded 10% of the parent company Atende's sales revenue. Revenues from a public sector client amounted to PLN 40.6 million, representing a 14% share of the Company's sales. Revenues from a telecommunications customer amounted to PLN 37.5 million, representing a 12.9% share of the Company's sales.

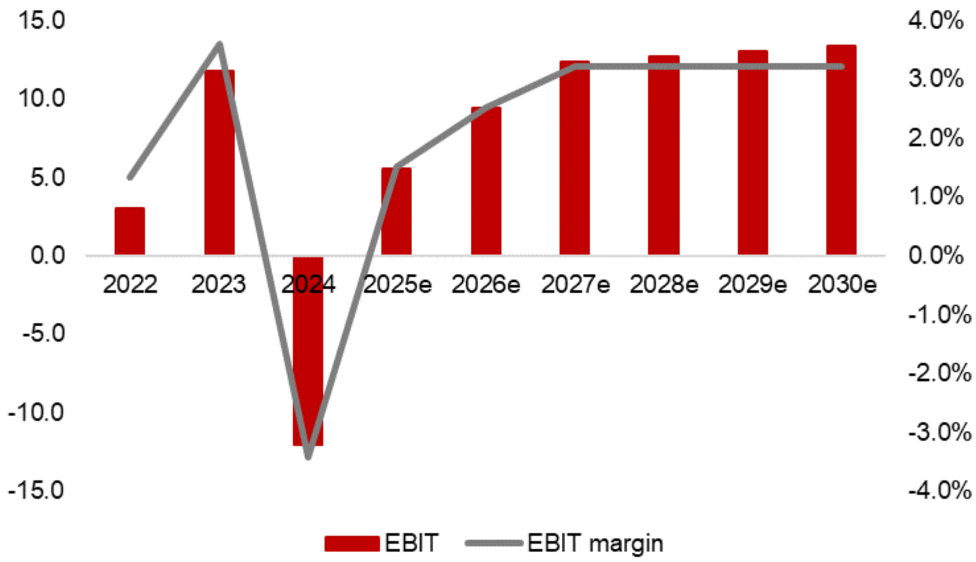
Risks associated with operations with defense customers. The Group sells a portion of its services, where the requirement is to have clearance to access classified information with the highest clauses. Loss of such clearances could expose the company to loss of customers and revenue from this area.

Risks associated with winning new contracts. The Group operates in a sector where the majority of contracts are awarded through tenders and competitive pricing pressures can result in loss of orders and have a negative impact on margins.

Cyber security risks. In the event of an IT security incident and data leakage, the group is exposed to compensation and reputational risks, which could lead to the loss of customers and a claim in this respect.

Update of forecasts

After a better-than-expected '24 sales year, we are raising our '25 revenue forecast to PLN 365m (+4% y/y) vs. PLN 327m previously. We continue to assume an improvement in the y/y EBIT margin given the planned completion of the first stage of work on the contract with PGE to 1.5%. At the same time, we assume that subsequent forecast periods will see a further recovery in profitability given the larger share of proprietary services in the group's portfolio (targeting 3.2% in '27e).



Source: Pekao Equity Research

A summary of the changes to our forecasts vs. the initiating report is presented in the table below:

	2025e			2026e			2027e		
	Earlier	Now	change	Earlier	Now	change	Earlier	Now	change
Revenues	326.8	364.8	11.6%	340.2	375.4	10.3%	354.1	386.0	9.0%
EBITDA	15.9	17.9	12.7%	17.1	19.4	13.3%	20.3	21.2	4.3%
EBIT	4.8	5.5	15.0%	7.4	9.4	27.5%	11.2	12.4	10.8%
Net income	2.2	2.9	33.7%	4.1	6.1	49.1%	7.0	8.5	21.7%

Source: Pekao Equity Research

P&L (PLN mn)	2022	2023	2024	2025e	2026e	2027e	2028e
Revenues	**226**	**328**	**352**	**365**	**375**	**386**	**396**
Gross Profit	**54**	**67**	**49**	**68**	**76**	**81**	**83**
Other Operating Income/Cost	-51	-55	-61	-63	-66	-68	-70
EBITDA	**13**	**22**	**-1**	**18**	**19**	**21**	**21**
EBIT	**3**	**12**	**-12**	**6**	**9**	**12**	**13**
Financial Income/(Cost)	-1	-1	-2	-2	-2	-2	-2
Pretax Profit	**-1**	**2**	**-14**	**4**	**8**	**11**	**11**
Income Tax	0	-1	2	-1	-1	-2	-2
Net Income	**2**	**7**	**-12**	**3**	**6**	**9**	**9**
EPS (PLN)	**0.0**	**0.2**	**-0.3**	**0.1**	**0.2**	**0.2**	**0.2**

Balance Sheet (PLN mn)	2022	2023	2024	2025e	2026e	2027e	2028e
Total Current Assets	**109**	**153**	**181**	**184**	**185**	**192**	**196**
Cash and Equivalents	17	34	61	46	37	40	41
Other Current Assets	91	119	120	138	148	152	155
Total Fixed Assets	**55**	**65**	**70**	**65**	**63**	**62**	**61**
Tangible Assets	24	23	26	21	18	17	17
Other Fixed Assets	31	41	45	45	45	45	45
Total Assets	**164**	**218**	**251**	**249**	**248**	**253**	**258**
Stockholders` Equity	**75**	**82**	**65**	**64**	**66**	**68**	**70**
Long Term Liabilities	**13**	**25**	**29**	**29**	**29**	**29**	**29**
Long -Term Debt	4	7	13	13	13	13	13
Other Long - Term liabilities	9	18	16	16	16	16	16
Short Term Liabilities	**76**	**110**	**157**	**155**	**153**	**156**	**158**
Short -Term Debt	10	15	9	9	9	9	9
Other Current Liabilities	66	96	148	146	144	147	149
Total Equity & Liabilities	**164**	**218**	**251**	**249**	**248**	**253**	**258**
Net debt	-3	-12	-39	-23	-15	-18	-19

Cash Flow (PLN m)	2022	2023	2024	2025e	2026e	2027e	2028e
Net Profit	2	7	-12	3	6	9	9
Depreciation and Amortisation	10	11	11	12	10	9	8
Other (incl. WC)	3	5	45	-16	-8	3	3
Operating Cash Flows	**15**	**23**	**45**	**0**	**8**	**20**	**20**
Capital Expenditures	-6	-8	-6	-7	-8	-8	-8
Other	0	-1	0	0	0	0	0
Cash Flows from Investing Activities	**-6**	**-8**	**-6**	**-7**	**-8**	**-8**	**-8**
Dividends paid	0	0	-5	-4	-5	-6	-7
Other	-2	3	-7	-4	-4	-4	-4
Cash Flows from Financing Activities	**-2**	**3**	**-12**	**-8**	**-9**	**-10**	**-11**
Change in Cash	8	17	27	-16	-8	3	1
Cash at the end of period	**17**	**34**	**61**	**46**	**37**	**40**	**41**
DPS (PLN)	0.0	0.0	0.1	0.1	0.1	0.2	0.2
Y/Y growth ratios							
Revenues	10%	45%	7%	4%	3%	3%	3%
EBITDA	30%	74%	-103%	-2522%	8%	9%	-1%
EBIT	1928%	293%	-202%	-146%	71%	31%	3%
Net profit	-249%	310%	-262%	-125%	108%	39%	3%
EPS	-249%	310%	-262%	-125%	108%	39%	3%
Margins							
EBITDA	**5.7%**	**6.8%**	**-0.2%**	**4.9%**	**5.2%**	**5.5%**	**5.3%**
EBIT Margin	1.3%	3.6%	-3.4%	1.5%	2.5%	3.2%	3.2%
Net Margin	0.8%	2.3%	-3.4%	0.8%	1.6%	2.2%	2.2%
ROE	**2.4%**	**9.0%**	**-18.4%**	**4.6%**	**9.3%**	**12.5%**	**12.5%**
Balance Sheet Ratios							
BVPS (PLN)	2.1	2.3	1.8	1.8	1.8	1.9	1.9
Net debt/EBITDA	-0.2	-0.5	52.6	-1.3	-0.8	-0.8	-0.9
Bank Debt/Equity	18.9%	26.8%	34.4%	34.9%	34.3%	33.0%	32.1%

Source: Pekao Equity Research

Key financial data

Tabela wskaźnikowa (PLN)	2022	2023	2024	2025e	2026e	2027e	2028e	2029e	2030e
EPS, GAAP	**0.0**	**0.2**	**-0.3**	**0.1**	**0.2**	**0.2**	**0.2**	**0.2**	**0.3**
Revenue	**226**	**328**	**352**	**365**	**375**	**386**	**396**	**407**	**417**
Gross Margin %	24.0%	20.4%	13.9%	18.7%	20.2%	20.9%	20.9%	20.9%	20.9%
EBIT	**3.0**	**11.8**	**-12.0**	**5.5**	**9.4**	**12.4**	**12.7**	**13.1**	**13.4**
EBITDA	**12.9**	**22.4**	**-0.7**	**17.9**	**19.4**	**21.2**	**21.0**	**21.2**	**21.5**
Net Income, GAAP	**1.8**	**7.4**	**-12.0**	**2.9**	**6.1**	**8.5**	**8.8**	**9.1**	**9.3**
Net Debt	-3	-12	-39	-23	-15	-18	-19	-19	-18
BPS	2.07	2.27	1.80	1.77	1.80	1.88	1.93	1.96	1.97
DPS	0.0	0.0	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Return on Equity %	2.4%	9.0%	-18.4%	4.6%	9.3%	12.5%	12.5%	12.7%	13.0%
Return on Assets %	1.1%	3.4%	-4.8%	1.2%	2.5%	3.4%	3.4%	3.5%	3.5%
Depreciation	10	11	11	12	10	9	8	8	8
Amortization	0	0	0	0	0	0	0	0	0
Free Cash Flow	9	15	39	-8	0	13	12	12	12
CAPEX	-6	-8	-6	-7	-8	-8	-8	-8	-8

Source: Atende ('22-24), Pekao Equity Research

THIS REPORT WAS COMPLETED ON 7 APRIL 2025 AT 07:30 CET.

THIS REPORT WAS FIRST DISTRIBUTED ON 7 APRIL 2025 AT 07:35 CET.

THE CONTENTS OF THIS REPORT HAVE NOT BEEN REVIEWED BY ANY OF THE COMPANIES MENTIONED HEREIN.

RESPONSIBILITY FOR THE CONTENT OF THIS PUBLICATION:

Pekao Brokerage Office (BM) is an organizationally separated unit of Bank Polska Kasa Opieki S.A., based in Warsaw, ul. Żubra 1, 01-066, Poland. Bank Polska Kasa Opieki Spółka Akcyjna with its seat in Warsaw, at Żubra 1, 01-066 Warsaw, Poland, entered in the register of entrepreneurs in the District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register, KRS: 0000014843, NIP: 526-00-06-841, REGON: 000010205, share capital (entirely paid) in the amount of PLN: 262 470 034.

BM is supervised by Polish Financial Supervision Authority, ul. Piękna 20, 00-549 Warsaw, Poland and is subject to regulations issued by the Financial Supervision Authority as well as by certain other regulators in the European Union.

This research report ("Report") has been prepared by BM as a part of the WSE Research Coverage Support Program (the "Program") and was commissioned by the Warsaw Stock Exchange SA ("WSE"). Information about the Program is available at https://www.gpw.pl/gpwpa. The copyright to the Report is vested in the Warsaw Stock Exchange S.A.. For preparation of the Report, Pekao Brokerage Office will be remunerated by the Warsaw Stock Exchange on the terms specified in the agreement concluded between Pekao Brokerage Office and the Warsaw Stock Exchange.

The investment analysis is public, it is not a general investment advice, nor an investment recommendation provided as part of the investment advisory service, nor a part of portfolio management service. The analyses is given without taking into consideration the needs and circumstances of the Client, in particular when preparing the analyses BM does not examine the Client's investment objectives, level of risk tolerance, time horizon as well as the financial situation of the Clients nor does it assess the suitability of the service.

The investment analysis is based on information obtained from, or are based upon public information sources that we consider to be reliable but for the completeness and accuracy of which we assume no liability. All estimates, projections, forecasts and opinions included in the report represent the independent judgment of the analysts as of the date of the issue. We reserve the right to modify the views expressed herein at any time without notice. Moreover, we reserve the right not to update this information or to discontinue it altogether without notice.

This investment analysis is for information purposes only and does not constitute an offer to buy, sell or subscribe to any financial instrument on any financial market. It is also not an advertisement.

BM is not responsible for the consequences of investment decisions made on the basis of the investment analysis. The investment analysis does not give any guarantee that a given strategy or price projection is appropriate for a specific Client, and when using it one should not resign from conducting an independent assessment and taking into account risk factors other than those presented. The securities discussed may fluctuate in price or value. Investors may get back less than they invested. Changes in rates of exchange may have an adverse effect on the value of investments. Furthermore, past performance is not necessarily indicative of future results. In particular, the risks associated with an investment in the financial instrument or security under discussion are not explained in their entirety. The use of BM services involves investment risk, described in detail on the website www.pekao.com.pl/biuro-maklerskie

RECOMMENDATION INFORMATION:

This investment analysis is a general recommendation.

This recommendation is an investment research within the meaning of Art. 36 sec. 1 of the Commission Delegated Regulation (EU) 2017/565 and was prepared in accordance with legal requirements ensuring the independence of investment research.

The list of all recommendations on any financial instrument or issuer that were disseminated by BM during the preceding 12-month period, as well as information on the percentage of all investment recommendations issued by the BM, which constitute "buy", "hold", "sell" or equivalent recommendations in the last 12 months, and information about the number of recommendations that can be assigned to each of the above categories, is available at: www.pekao.com.pl/biuro-maklerskie/ratings

This document may not be distributed in Australia, Canada, Japan or the United States, United Kingdom, or any other jurisdiction where such distribution would violate the applicable laws of that jurisdiction or require registration in that jurisdiction.

POTENTIAL CONFLICTS OF INTERESTS:

Current potential conflicts of interests involve following stocks (see definition of keys below):
AB S.A. 3; Alior 3; Allegro 3; Astarta S.A. 3; Asseco Poland 3, 4; CCC 3; CD Projekt 3, 4; Cyfrowy Polsat 3, 4; Dino Polska 3; ENEA 3; ENERGA 3; GPW 3, 4; JSW 3; KGHM 3; LPP 3; Lotos 3; LW Bogdanka 4; mBank 4; Mercator 3; Orange Polska 3, 4; PGE 3; PGNiG 3, 4; PKN Orlen 3; PKO BP 3; PKP Cargo 4; Play 3; Santander Bank Polska 3; Tauron PE 3; Stalprodukt S.A. 3, WP Holding 4;

Glossary:
Key 1: Issuer owns at least 5% of the capital stock of Bank Pekao S.A.
Key 2: BM and/or any legal person part of the same group belonged to has been lead manager or co-lead manager (gwarantem lub współgwarantem) over the previous 12 months of a publicly disclosed offer of financial instruments of the issuer.
Key 3: BM and/or any legal person part of the same group is a market maker or liquidity provider in the financial instruments of the issuer.
Key 4: The analyzed company and BM, and/or any related legal person have concluded an investment research agreement.
Key 5: The analyst or his/her related person is on the supervisory/management board of the company they cover.
Key 6: BM holds a net long position exceeding 0.5% of the total issued share capital of the issuer.
Key 7: BM holds a net short position exceeding 0.5% of the total issued share capital of the issuer.

Analyses may refer to one or several companies in their analyses. In some cases, the analyzed issuers have actively supplied information for this analysis. The investment analysis has not been disclosed to any security issuer prior to its first publication.

The remuneration of BM or persons working for BM, and who were involved in producing the recommendation, is not directly tied to transactions in services of BM set out in Sections A and B of Annex I to Directive 2014/65/EU or other type of transactions BM or any legal person part of the same group performs, or to trading fees BM or any legal person that is part of the same group receives.

Information on the possession of financial instruments or their derivatives by persons participating in the process of preparation of investment recommendation or information that the person making the recommendation is not in possession of such instruments:

Analyst	Position	Financial instrument	Number of instruments	Exposure (long/short)	Average transactions price	Transactions dates
Lukas Cinikas	Analyst	Atende	n.a.	n.a.	n.a.	n.a.

BM and/or other legal person part of the same group may regularly trade shares of the analyzed company. BM and/or other related legal persons may hold significant open derivative positions on the stocks of the company. Banks and other legal persons in the Pekao Group may have handed out substantial loans to the analyzed company. BM and/or other related legal persons may have a significant financial interest relating to the analyzed company or may have such at any future point of time. Due to the fact that BM and/or any related legal person are entitled, subject to applicable law, to perform such actions at any future point in time which may lead to the existence of a significant financial interest, it should be assumed for the purposes of this information that BM and/or any related legal person will in fact perform such actions which may lead to the existence of a significant financial interest relating to the analyzed company.

The analyzed company and BM and/or any legal person part of the same group may have concluded an agreement relating to the provision of services of investment firms set out in Sections A and B of Annex I to Directive 2014/65/EU of the European Parliament and of the Council in the previous 12 months, in return for which BM and/or such legal person part of the same group received a consideration or promise of consideration or intends to do so. Due to the fact that BM and/or any legal person part of the same group are entitled to conclude, subject to applicable law, an agreement on services relating to the provision of services of investment firms set out in Sections A and B of Annex I to Directive 2014/65/EU of the European Parliament and of the Council with the analyzed company at any future point in time and may receive a consideration or promise of consideration, it should be assumed for the purposes of this information that BM and/or any legal person part of the same group will in fact conclude such agreements and will in fact receive such consideration or promise of consideration.

To prevent or remedy conflicts of interest, BM and/or other legal person part of the same group have established the organizational arrangements required from a legal and supervisory aspect, adherence to which is monitored by its compliance department. Conflicts of interest arising are managed by legal and physical and non-physical barriers designed to restrict the flow of information between one area/department of BM and/or other related legal persons with them. In particular, Investment Banking units, including corporate finance, capital market activities, financial advisory and other capital raising activities, are segregated by physical and non-physical boundaries from sales units, as well as the research department. Disclosure of known and potential conflicts of interest and other material interests is made in the research. Analysts are supervised and managed on a day-to-day basis by line managers who do not have responsibility for investment banking activities, including corporate finance activities, or other activities involving offering of securities.

METHODS USED TO FORMULATE OUR RECOMMENDATIONS:

Our company valuations are based on two valuation methods selected from among the following: discount model, multiples-based model or asset-based valuation method.

Discount models are characterized by simultaneous and comprehensive consideration of key determinants of intrinsic value, e.g. operating cash flow, capex, cost of capital (WACC). They are theoretically appealing and provide a direct computation of intrinsic value. However, discount model valuations are highly sensitive to changes in assumptions, particularly the risk free rate and terminal growth rate. Moreover, projections cannot be stated with certainty; unforeseen future events can cause income or earnings projections to be invalid.

Multiples-based models are based on the analysis of the valuation multipliers of a given company in relation to other similar companies in the industry. Among strengths of multiplier models we can highlight their simplicity, as they are easy to compute as well as to understand. Moreover, only the key statistics for investors are chosen for valuation. On the other hand, multiples are based on historic data or near-term forecasts. Valuations based on multiples will therefore fail to capture differences in projected performance over the longer term. Finally, it may be problematic to select a suitable peer group.

Asset-based models can be used even if a company has a brief record of earnings or its future existence is uncertain. However, it may be challenging to determine market value of some assets, particularly intangibles. Additionally, asset-based models do not take into account future changes in financial results, nor do they include non-balance sheet items, such as know-how.

Valuation models are dependent on macroeconomic factors, such as interest rates, exchange rates, raw materials, and on assumptions about the economy. Furthermore, market sentiment affects the valuation of companies. The valuation is also based on expectations that might change rapidly and without notice, depending on developments specific to individual industries. Our recommendations and target prices derived from the models might therefore change accordingly.

The investment ratings generally relate to a 12-month horizon. They are, however, also subject to market conditions and can only represent a snapshot. The ratings may in fact be achieved more quickly or slowly than expected, or need to be revised upward or downward. In the tables and charts throughout this report, we designate the years with an “E” to denote that the figures presented are forecasts and estimates.

Definition of ratings used in our publications:

We currently use a three-tier recommendation system for the stocks in our formal coverage: Buy, Hold, or Sell (see definitions below):
A **Buy** is applied when the expected total return over the next twelve months is higher than 15%.
A **Hold** is applied when the expected total return over the next twelve months is within the range of 0% to 15%.
A **Sell** is applied when the stock's expected total return over the next twelve months is negative.

We employ three further categorizations for stocks in our coverage:
Restricted: A rating and/or financial forecasts and/or target price is not disclosed owing to compliance or other regulatory considerations such as blackout period or conflict of interest.

Coverage in transition: Due to changes in the research team, the disclosure of a stock's rating and/or target price and/or financial information are temporarily suspended. The stock remains in the research universe and disclosures of relevant information will be resumed in due course.
Under review: A rating and/or financial forecasts and/or target price is at the moment under revision of an analyst and the previous rating and/or financial forecasts and/or target price should not be relied on.
Not rated: We do not issue company-specific recommendations and we do not plan to issue them in the foreseeable future.

EXPLANATION OF THE PROFESSIONAL TERMINOLOGY USED IN THE REPORT:

P/E – „Price/Earnings" is the ratio of the financial instrument price to the net financial result for the issuer of the financial instrument.
P/B – „Price/Book Value" is the ratio of the price of the financial instrument to the issuer's equity capital.
EPS – „Earnings per Share", i.e. net profit per share.
BVPS – „Book Value per Share".
FWD – „Forward" - stands for the ratio (eg. P/E) calculated on the basis of the expected results.
DPS – „Dividend per Share".
DY – "Dividend Yield", a ratio calculated as dividends per share divided by the current share price.
EBIT – „Earnings Before Interest and Taxes".
EBITDA - „Enterprise Value / Earnings Before Interest, Taxes, Depreciation and Amortization".
EV/EBITDA – "Enterprise Value / Earnings Before Interest, Taxes, Depreciation and Amortization" is the company's market capitalization (price x number of shares) increased by the value of net financial debt and the value of minority shareholders divided by the operating result increased by the value of the company's asset depreciation.
AGM – Annual General Meeting