

26th October 2015

Europe | Poland | IT

DR. KALLIWODA

INTERNATIONAL RESEARCH GmbH

Initial Coverage

Buy

Target price: PLN 5.51

Industry: Software
 Country: Poland
 ISIN: PLMKLAB00023
 Website: makolab.pl/en

Last Price: 3.90
 High Low
 Price 52': 4.10 1.91
 Market Cap. (EURm) 27.57
 No. of Shares (in m) 7.07
 Avg. Daily Volume (shares) 9 000

Shareholders

Mirosław Sopek 37%
 Krzysztofa Sopek 39%
 Free float 24%

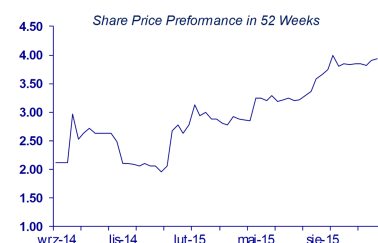
Performance

4 Weeks 2.0%
 13 Weeks 21.0%
 26 Weeks 36.0%
 52 Weeks 46.0%
 YTD 101.0%

Dividend

	in PLN	in %
2012	0.03	0.77%
2013	0.06	1.54%
2014	0.15	3.85%

52-Weeks Chart



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Makolab S.A.

Globally active IT company with growth potential

- MakoLab S.A. is a scientifically-focused, public IT company listed on the NewConnect market of the Warsaw Stock Exchange. Its mission is to create and deliver IT solutions for business in the field of „digital agency“. For over 20 years it has provided its clients with comprehensive IT solutions and utilizes the latest Internet, web based and mobile technologies.
- Makolab published its half-year results for period ending on 30 June 2015. The Group generated total sales of PLN 10.6m, which corresponded to a growth of +46.9% y-o-y. Sources of revenues consist mainly of interactive agency services, which was best-performing business segment in 6M/15, with share in revenues of 79.7% (PLN 8.43m).
- The company has been consistently increasing revenue's shares from abroad as of 30 June 2015, the company's share of revenues in foreign market in 6M 2015 constitutes 81% of revenues and has increased by 85% y-o-y and by 96% in 2Q 2015 versus 2Q 2014. Higher than expected EUR/PLN rate should benefit the company's future profitability margins.
- The company maintained high margin during the latest quarter, achieving EBIT margin of 21%. Furthermore, Makolab consistently generate and distribute cash to shareholders. During 6M 2015, Makolab generated an operating cash flows of positive PLN 2.3m (vs. 6M/14: PLN 0.9m), and distributed dividends of 50% of net income in 2014 (PLN 0.15 per share). The company has excellent liquidity ratios and high level of cash & equivalents of PLN 4.45m (as at 30 June 2015).
- The company currently trades at relatively low valuation multiples vs. similar company (PGS Software) achieving comparable profitability ratios (Makolab: P/E 8.4, EBIT Margin 21% vs. PGS Software, P/E 25.1, EBIT margin 24%).
- **Based on our DCF and peer comparison valuation we set a 12 month target price of PLN 5.51 an upside of 41% at the current price.** We believe Makolab Group will maintain its position as a fast growing digital agency in Poland. Although an increase in competition in Europe, especially in Poland where large competitors are coming into the market, it seems likely that in the automotive, real-estate and financial sectors there is still a need for modernization of IT infrastructure. In these areas, Makolab has an excellent track record and sustainable relations with clients.
- We believe that positive impact of R&D activity (e.g. Chemical Semantics and proprietary research) should be seen in financials partially in 2016 and translate to significant increase revenues. With regards to short-term market-relative perspective, the 3Q15 financials should come out good (approx. 20% y/y improvement of EBIT and NI), providing potential catalyst for the performance of the share market price.

Key Facts

PLN m	2012	2013	2014	2015 E	2016 E
Net sales	11.9	13.5	17.2	23.0	25.5
EBITDA	2.0	1.1	3.2	5.0	5.4
EBIT	1.6	0.8	2.9	4.7	5.1
Net income	0.9	0.5	2.3	4.0	4.3
EPS	0.13	0.07	0.33	0.57	0.61
BVPS	0.72	0.75	1.02	1.17	1.27
RoE	10.0%	9.4%	36.7%	51.7%	49.8%
EBIT margin	13.8%	5.7%	16.9%	20.4%	19.8%
P/E	29.1	56.6	12.0	6.9	6.4
P/BVPS	5.4	5.2	3.8	3.3	3.1
EV/EBITDA	13.6	24.2	8.4	5.4	5.0

Source: company data, Dr. Kalliwoda International Research GmbH Copyright 2015

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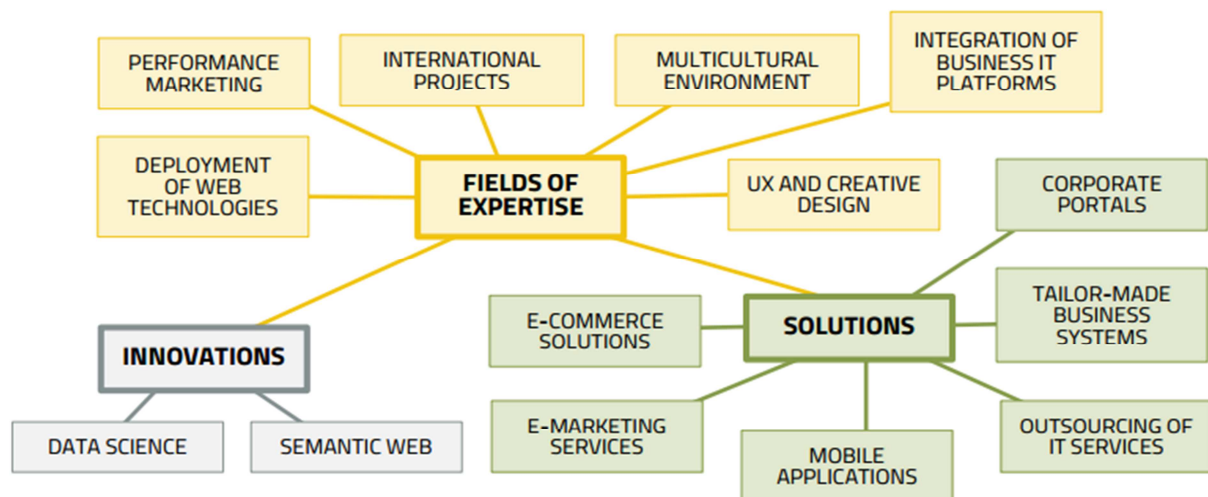
1. Company Profile

MakoLab SA is an IT company listed on the NewConnect market of the Warsaw Stock Exchange. Its mission is to provide clients with the broad range of comprehensive solutions aimed to improve digital communication and support business processes. For more than 25 years the company has been specializing in advanced web technologies and with the broadening scope of the offered services evolved, in recent years, into a digital agency focused on technology.

MakoLab R&D activities concentrate on linked data and semantic web technologies. The company is the member of Enterprise Data Management Council (EDMC) group developing Financial Industry Business Ontology (FIBO) ontology as well as the member of Automotive Ontology Working Group (GAO). It closely cooperates with Hepp Research GmbH, author of Good Relations ontology recognized by Google, in extending schema.org vocabulary.

MakoLab products and services are grouped in two main areas of operation. Interactive agency ones include corporate portals, web and mobile applications, e-commerce, performance marketing and multimedia. Business systems operations are focused on tailor-made systems supporting customer relations (CRM), sales, logistics and other business processes. The supporting activities are hosting and hoteling services and outsourcing of IT services. The company sales also scientific software mainly for chemistry departments at universities and R&D units in chemical industry.

Products and Services



Source: Makolab's Investor Presentation 08/2015

MakoLab directs its offer to various sectors but the largest share in sales have automotive and financial ones. The company supports companies, departments and partners of the Renault-Nissan Group in Europe, Asia, Africa and South America. Other notable clients include: Toyota Europe, PZU Lithuania, mBank, Vastint Poland, CH PTAK, Dr Irena Eris, ATLAS, Trade and Travel Company.

The company employs around 150 people and has offices in Łódź, Paris and London.

2. SWOT Analysis

Strengths

- Specific business expertise and technological competence at customized Web solutions.
- Economies of Scope: Nearly complete coverage of the IT value chain
- High level of R&D activity, as a door-opener to new contracts to acquire new fast-growing IT firms
- Geographic strong and growing position in foreign market with 80% share of revenues
- Board member owns a significant stake of the company
- Fast growing IT company on New Connect with y-y 47% growth in revenues
- Excellent skills in project management

Opportunities

- Revitalization of the public sector's large tenders segment should benefit software development segment
- Private sector's increased propensity to spend
- Weak PLN in relation to EUR : favorable impact on the results from foreign contracts after translation into company's reporting currency
- Possible effect of synergy from future M&As
- Strong growth of global IT market
- Possible (although not certain) acceleration of recurring profits momentum beyond 2015E (on the back of new EU funding perspective)

Weaknesses

- Still, large dependency on one client : Nissan-Renault
- Large dependency on EUR/PLN rate
- Large dependency on clients from EU and UK
- Makolabs's business is seasonal; Q1 is usually worst and Q4 best, which could be a challenge for cash management

Threats

- Economic stagnation/ recession in euro countries
- Salary pressures
- Risks associated with larger scope of operations and geographic diversification
- Competition, especially from large providers of IT solutions and international interactive agency groups
- Loss of key employees and customers

Source: Dr. Kalliwoda International Research GmbH, Copyright 2015

3. Valuation

In order to account for current market valuations, we have valued Makolab by using a weighted average of our DCF model (50%) and peer group (50%). For our DCF model we have used the following assumptions: risk-free rate of 3.0%, beta of 1.45, terminal sales growth rate of 0.25%, corporate income tax rate 20%. With WACC (weighted average cost of the capital) of 19.95%, our 12month forward DCF-based fair value of Makolab is PLN 6.85.

a. DCF-model

WACC assumptions

Growth propositions

Long-term growth rate	0.3%
Assimilation phase (from 2015)	5 years
Revenue growth at the beginning	11.0%
Margin development (p.a)	-0,5 bps

Equity

Long-term risk-free rate	3.0%
Market risk premium	6.0%
Company beta estimation	1.45
company risk factor (CRF)	1.95

Equity costs

19.9%

Debt

Debt costs (before tax)	15.0%
Tax rate on debt interest	20.0%

Debt costs (after tax)

12.0%

Equity value

95

Debt value

5

Gearing

5.3%

WACC

19.54%

Discounted Cash Flow Model (Basis 10/2015)

in PLNm	2015E	2016E	2017E	2018E	2019E	2020E	2021E
Total revenues	23.00	25.53	27.96	30.47	33.21	36.20	39.46
(y-o-y change)	33.7%	11.0%	9.5%	9.0%	9.0%	9.0%	9.0%
EBIT	4.70	5.06	5.44	5.70	5.96	6.21	6.47
(operating margin)	20.4%	19.8%	19.5%	18.7%	17.9%	17.2%	16.4%
+ Depreciation & amortisation	0.33	0.34	0.36	0.38	0.40	0.42	0.44
= Net operating cash flow	3.98	4.50	5.32	6.30	7.45	8.81	10.43
- Total investments (Capex and WC)	0.46	0.61	0.64	0.64	0.65	0.65	0.66
Capital expenditure	0.20	0.25	0.28	0.28	0.28	0.29	0.29
Working capital	0.26	0.36	0.36	0.36	0.36	0.36	0.36
= Free cash flow (FCF)	3.78	4.25	5.05	6.02	7.17	8.53	10.13
PV of FCF's	3.46	3.25	3.23	3.22	3.21	3.19	3.18

PV of FCFs in explicit period 22.75

PV of FCFs in terminal period 13.16

Enterprise value (EV) 35.91

+ Net cash / - net debt 4.60

+ Investments / - minorities 0.00

Shareholder value 40.50

Number of shares outstanding (m) **7.07**

WACC **19.54%**

Cost of equity 19.9%

Pre-tax cost of debt 15.0%

Normal tax rate 20.0%

After-tax cost of debt 12.0%

Share of equity 95.0%

Share of debt 5.0%

Fair value per share in PLN (today) 5.73

Fair value per share in PLN (in 12 month) 6.85

Source: company data, Dr. Kalliwoda International Research GmbH

b. Peer Group Analysis

We have additionally conducted a plausibility check of the valuation, which was derived by our DCF model. The application of a relative valuation method is based on the idea that comparable companies have similar market values. Hence, listed companies are chosen, which offer similar products, or have a comparable business model. The analysis of financial figures provides an estimation to which degree the Company's valuation stems from a low comparability with its peer group or an under- or overvaluation.

The input data of the peers stem from the information provided by Thomson Reuters. The forward-looking financial data of the peer group represents the mean average of all analyst estimates, which are available on Thomson Reuters. We have used the book value in order to approximate the market value of financial liabilities.

Peers	EV/Sales		EV/EBITDA		EV/EBIT		P/E		EBIT margin	P/BVPS
	2015E	2016E	2015E	2016E	2015E	2016E	2015E	2016E	Latest	Latest
PGS Software (PLN)	3.00x	2.50x	10.00x	10.00x	13.00x	12.00x	12.00x	11.00x	24.00%	21.92
Comarch (PLN)	0.90x	0.95x	7.00x	6.00x	8.50x	8.00x	13.00x	11.00x	10.20%	1.35
Comp (PLN)	0.85x	0.90x	5.50x	5.00x	10.00x	9.00x	17.00x	18.00x	8.45%	0.79
Microsoft (USD)	3.44x	3.20x	9.02x	9.69x	10.92x	11.00x	31.47x	15.00x	36.47%	4.71
Oracle (USD)	4.01x	3.90x	9.20x	9.00x	11.08x	10.50x	17.57x	13.20x	44.66%	1.03
Symantec Corp (USD)	2.20x	1.90x	7.22x	6.53x	10.00x	8.00x	18.29x	11.43x	28.27%	0.59
Median	1.41x	1.40x	7.40x	6.60x	10.18x	9.30x	14.06x	11.44x	0.15x	1.29x
<i>(weights: Polish caps 80% / USA caps 20%)</i>										
Makolab (PLN)	1.17x	1.06x	5.37x	5.00x	5.74x	5.33x	6.89x	6.42x	21.00%	3.42
Premium/Discount	-16.6%	-24.5%	-27.4%	-24.3%	-43.6%	-42.7%	-51.0%	-43.9%	35.9%	165.9%
Fair Value Makolab (PLN)	4.18									

Source: company data, Dr. Kalliwoda International Research GmbH Copyright 2015

Based on our peer multiples, the implied fair value equals PLN 4.18 per share.

Hence, based on our mixed valuation model, **our target price for the stock equals to PLN 5.51.**

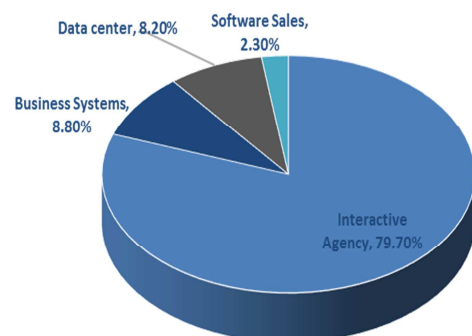
4. 6M/15 Financial Results

Revenues

Makolab published its half-year results for period ending on 30 June 2015. The Group generated total sales of PLN 10.6m, which corresponded to a growth of +46.9% y-o-y. Sources of revenues consist mainly of software interactive agency services.

Revenues with regard to source in 6M 2015			
Interactive Agency		Business Systems	
Sales PLNm	8.43	Sales PLNm	0.93
share in total sales	79.7%	share in total sales	8.8%
Data center		Software Sales	
Sales PLNm	0.87	Sales PLNm	0.24
share in total sales	8.2%	share in total sales	2.3%

Source: company data, Dr. Kalliwoda International Research GmbH Copyright 2015



The company maintained high gross margin during the latest quarter, achieving total gross margin of 20%. The top contributors are services from foreign source. The company is focused mainly on generating revenues from foreign sources, which constitutes 81% of revenues. Moreover, we can observe positive trend in this activity,

when we compare y-o-y change in revenues share with regard to country origin (85% increase in foreign revenues in 6M 2015).

Revenues share with regard to country origin in 6M 2015			
6M 2015		2Q 2015	
Domestic		Domestic	
% Share	19.0%	% Share	20.0%
Foreign		Foreign	
% Share	81.0%	% Share	80.0%

Revenues share TREND with regard to country origin in 6M 2015			
6M 2015 -/6M 2014		2Q 2015 / 2Q 2014	
Domestic		Domestic	
% change	-20.0%	% change	-22.0%
Foreign		Foreign	
% change	85.0%	% change	96.0%

Source: company data, Dr. Kalliwoda International Research GmbH

The company maintained positive sales trend in 6M/15 by increasing its sales of 47%. More importantly, the growth in sales was accompanied with maintaining higher net income margin which increased to 15.9% (vs. 6M/14: 9.5%).

6M/15 results compared to previous year

6M/15 results vs. previous year			
in PLNm	6M 2015	6M 2014	% change
Net sales	10.6	7.2	46.9%
EBIT	2.2	0.87	154.2%
<i>EBIT margin</i>	<i>21.0%</i>	<i>12.1%</i>	
Net income	1.7	0.68	145.3%
<i>Net margin</i>	<i>15.9%</i>	<i>9.5%</i>	

Source: company data, Dr. Kalliwoda International Research GmbH Copyright 2015

Additionally, higher net margin than expected by market participants was achieved despite, the fact that software development services are prone to seasonality. This is due to the fact that usually 6M period is dedicated to work on implementation and administrative activity. The chief of revenues streams are generated later during the year. The company needs to maintain high fixed costs, and the true level of revenues/earnings should be seen partially at the end of the year 2015. Therefore, we predict net margin to be significantly higher at 12M/2015.

Balance Sheet and Cash Flow

As of 30 June 2015, the most important position on Makolab's balance sheet were shareholder's equity of PLN 7.8m, current assets with trade receivables of PLN 4.98m, cash of PLN 4.45m. Total assets amounted to PLN 10.6m.

In the same period, Makolab generated an operating cash flows of positive PLN 2.3m (vs. 6M/14: PLN 0.9m), which was higher than last year mainly due to increase in net income and change in trade receivables. Acquisitions of purchases of intangible assets for PLN 0.1m decreased cash flows from investing activities to PLN -0.1m (vs. 6M/14: PLN -0.1m). Therefore, the company has not required to raise capital resulting in negative cash flow from financing activity of PLN -0.1m (vs. 6M/14: PLN -0.1m). In total, change in cash was positive of PLN 2.1m (vs. 6M/14: PLN +0.7m)

5. Outlook

During the first six months of 2015 Makolab's both operating result and revenues exhibited a notable increase. According to most recent monthly report, published in August, the company's revenue share denominated in euro achieved 79%. Therefore the most recent EUR/PLN rate (4.21) should be favourable for company's revenues due to the fact that the management assumed EUR\PLN rate (4.15) as a basis for constructing sales forecast.

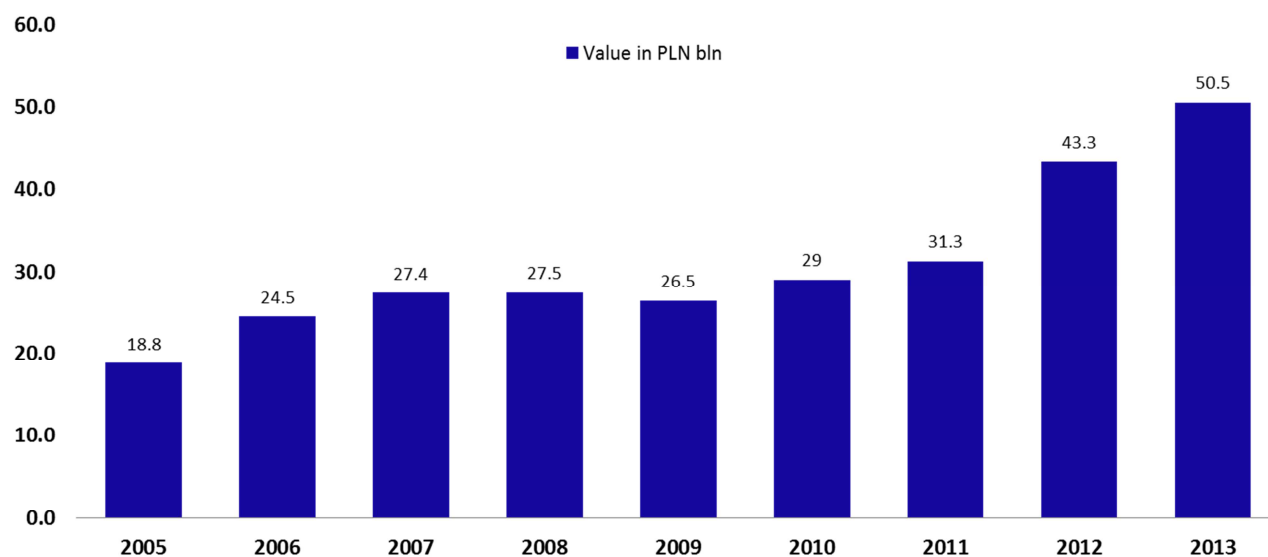
Although, the group claims to achieve its long-term growth organically mainly in foreign market, the high level of cash and recent downturn in stock market may be a temptation towards acquisition small, low-valued enterprise.

The company aims to achieve three strategic goals for the future. Firstly, Makolab continues to develop foreign portfolio of projects through strengthen sales activity in United States, London and Paris. Secondly, the company's goal is develop strong position in automotive, finance and real estate sector. Moreover, Makolab has started to serve as a consultant in semantic web commercial projects, which may be monetized in the future. Still, the company desire to finance R&D activity on large scale as a great door-opener to projects, which require high level of expertise.

With regard to risks, VAT regulations may change in Poland, which can influence on either direction the company's business (which, however, not in each and every case spur strong extra demand) and the level of opportunistic infrastructure deals, additionally the Company's business growth on the domestic market seems capped to both in terms of level of revenues and margin development due to the high competition amongst larger companies. Therefore, Makolab needs to continue seeking to grow outside the country.

With regards to opportunities, according to IDC estimates presented by Computerworld in 2013, the Polish information technologies market was worth PLN 50bn in 2013 with growth of 17% y/y. Although, the chief part of the revenues are generated outside mother country, this friendly environment should be a catalyst for increase in the sales growth of Makolab. Moreover in the Polish market, Makolab is trying to develop new contracts with key customers and winning significant new projects in Poland.

Development of polish IT market (revenues in PLN bln)



Source: IDC, Dr. Kalliwoda International Research GmbH Copyright 2015

The Group intends to grow particularly in United States, in UK and France. In terms of R&D commercialization prospects, the company hold 48% of equity in Chemical Semantics, Inc. from USA, which acquired federal grant of around USD 1.0 - 1.2m.

The company has been consistently increasing revenues' shares from abroad as of 30 June 2015, the company's revenues' share in foreign market in 6M 2015 has increased by 85% y-o-y and by 96% in 2Q 2015 versus 2Q 2014.

Our forecasts for segments in 2015E

Estimates of revenues with regard to source in 2015E			
Interactive Agency		Business Systems	
Sales PLNm	17.5	Sales PLNm	2.5
share in total sales	76.0%	share in total sales	11.0%
Data center		Software Sales	
Sales PLNm	2.1	Sales PLNm	0.7
share in total sales	9.0%	share in total sales	3.0%

Our sales estimates for 2015E-2017E

Our forecasts 2015E-17E			
in PLNm	2015E	2016E	2017E
Net sales	23	26	28
EBITDA	5.0	5.4	5.8
<i>EBITDA margin</i>	21.9%	21.2%	20.7%
EBIT	4.7	5.1	5.4
<i>EBIT margin</i>	20.4%	19.8%	19.5%
Net income	4.0	4.3	4.4
<i>Net margin</i>	17.4%	16.8%	15.8%

Source: company data, Dr. Kalliwoda International Research GmbH

We adjusted our estimates taking into account risks of a global economic slowdown, with consequent potential increases in sales and marketing expenses, and the concrete risk of an increase in competition both in domestic and international markets. We remained cautious in terms of the *rapid* development of the corporate demand.

In our view total sales will constantly increase due to the public administration and e-commerce segments until 2017. Although margins trend might downwards due to an increase in competition, our study assumes strong, positive operating cash flows in 2015E and 2016E. Similar to the previous quarter, we do expect the third quarter of 2015 to bring in material y/y improvement of operating cash flows (be it for the sake of differences in the base levels). Specifically, we are looking at approx. PLN 0.6m (versus PLN 0.41m for 2Q15) for the group.

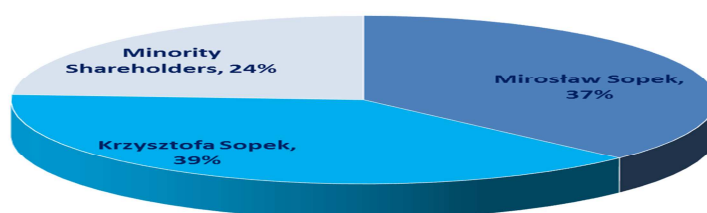
The 3Q15 financial results of the company (due for publication on November 13) should come out, in our view, good, bringing in high-single-digit y/y growth of revenues (pick-up in (medium-margin) Business Systems service and continued sound growth of (high-margin) Interactive agency service solutions for large firms), accompanied by approx. 12% y/y improvement of operating profit and net income (helped by decrease in quarterly D&A charge (witnessed already in the preceding quarter)). Should our expectations on the Company's 3Q15 financial showing hit the mark, we would expect at least slightly positive trading impact.

The outlook for the future development of the company is generic growth and the use of synergy effects amongst subsidiaries (including Chemical Semantics, Inc). As stated in our figures, we expect stable, and slightly higher margins results for the remaining quarters of 2015. Positive news flow from the new acquisition (due to relative high level of cash) might provide further upside. We initiate our coverage Makolab with a *Buy rating*.

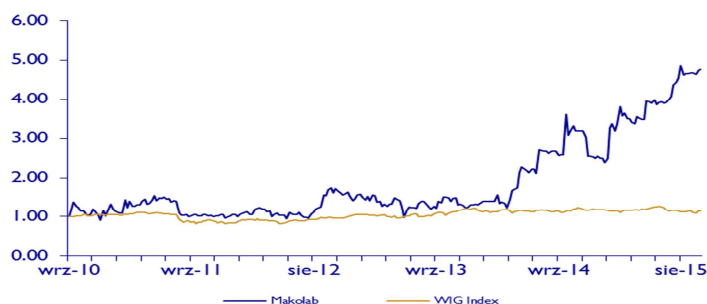
6. Shareholder Structure and market price development

MakoLab S.A. is an IT company quoted on the NewConnect market of the Warsaw Stock Exchange and intends to be included in the prestigious NC Lead index in the near future.

Shareholder Structure



Market price development (relative to WIG index)



Source: company data, Dr. Kalliwoda International Research GmbH Copyright 2015

7. Financials; Profit and Loss Statement

Profit and loss statement					
	Fiscal year				
Figures in PLNm	2012	2013	2014	2015E	2016E
Total revenues	11.9	13.5	17.2	23.0	25.5
<i>Cost of goods sold</i>	-10.4	-12.3	-15.0	-18.2	-20.6
<i>Amortisation and Depreciation</i>	-0.3	-0.3	-0.3	-0.3	-0.3
<i>Payroll</i>	-4.5	-5.7	-7.1	-8.5	-10.2
<i>External services</i>	-3.0	-3.7	-4.5	-5.8	-6.1
<i>Other costs</i>	-2.5	-2.5	-3.2	-3.5	-3.9
Operating income	1.6	0.8	2.9	4.7	5.1
<i>Net financial result</i>	-0.4	-0.1	0.1	0.1	0.1
EBT	1.3	0.7	3.0	4.8	5.2
<i>Income taxes</i>	0.3	0.2	0.7	0.8	0.9
<i>Minorities</i>	0.0	0.0	0.0	0.0	0.0
Net income / loss	0.9	0.5	2.3	4.0	4.3
<i>EPS</i>	0.13	0.07	0.33	0.57	0.61
<i>DPS</i>	0.06	0.03	0.13	0.23	0.24
Change y-o-y					
<i>Total revenues</i>	-	13.02%	27.66%	33.74%	11.00%
<i>Cost of goods sold</i>	-	17.95%	22.74%	21.04%	13.00%
<i>Amortisation and Depreciation</i>	-	0.00%	-15.19%	10.00%	5.00%
<i>Payroll</i>	-	25.73%	24.60%	20.00%	20.00%
<i>External services</i>	-	21.30%	21.85%	30.00%	5.00%
<i>Other costs</i>	-	2.14%	25.12%	11.70%	10.10%
<i>Operating income</i>	-	-53.35%	279.74%	61.79%	7.73%
<i>Net financial result</i>	-	-78.30%	-175.95%	66.67%	30.00%
<i>EBT</i>	-	-46.24%	332.22%	61.89%	8.19%
<i>Income taxes</i>	-	-39.33%	231.16%	21.40%	12.29%
<i>Net income / loss</i>	-	-48.63%	373.51%	73.46%	7.37%
<i>EPS</i>	-	-48.63%	373.51%	73.46%	7.37%
<i>DPS</i>	-	-	373.51%	73.46%	7.37%
Share in total revenues					
<i>Cost of goods sold</i>	-87.13 %	-90.93 %	-87.43 %	-79.13 %	-80.56 %
<i>Amortisation and Depreciation</i>	-2.93 %	-2.59 %	-1.72 %	-1.42 %	-1.34 %
<i>Payroll</i>	-37.95 %	-42.22 %	-41.21 %	-36.98 %	-39.97 %
<i>External services</i>	-25.49 %	-27.35 %	-26.11 %	-25.38 %	-24.01 %
<i>Other costs</i>	-20.76 %	-18.76 %	-18.39 %	-15.36 %	-15.24 %
<i>Operating income</i>	13.76 %	5.68 %	16.89 %	20.43 %	19.83 %
<i>Net financial result</i>	-3.05 %	-0.59 %	0.35 %	0.43 %	0.51 %
<i>EBT</i>	10.70 %	5.09 %	17.24 %	20.87 %	20.34 %
<i>Income taxes</i>	2.75 %	1.48 %	3.83 %	3.48 %	3.52 %
<i>Minorities</i>	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
<i>Net income / loss</i>	7.95 %	3.61 %	13.41 %	17.39 %	16.82 %

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Balance sheet

Balance sheet					
Figures in PLNm	Fiscal year				
	2012	2013	2014	2015E	2016E
Assets					
Inventories	0,4	0,4	0,0	0,5	0,7
Trade receivables	3,2	3,4	5,7	5,1	5,4
Other receivables	0,1	0,0	0,0	0,0	0,0
Securities and other financial assets	0,0	0,0	0,1	0,1	0,2
Cash & cash equivalents	2,5	2,8	2,3	4,5	5,0
Current assets	6,3	6,5	8,1	10,2	11,1
Property, plant and equipment	0,4	0,4	0,5	0,7	0,9
Other assets	0,1	0,2	0,2	0,1	0,0
Intangible assets	0,3	0,2	0,1	0,2	0,2
Goodwill	0,0	0,0	0,0	0,0	0,0
Deferred tax assets	0,0	0,0	0,0	0,0	0,0
Non-current assets	0,7	0,8	0,8	1,0	1,1
Total assets	7,0	7,3	8,9	11,2	12,2
Liabilities					
Tax payables	0,4	0,3	0,6	0,6	0,6
Provisions	0,0	0,0	0,0	0,0	0,0
Other provisions	0,0	0,0	0,0	0,0	0,0
Short-term financial debt	1,0	1,0	0,0	0,0	0,5
Trade payables	0,3	0,4	0,5	0,6	0,6
Other liabilities	0,2	0,1	0,2	0,3	1,0
Current liabilities	1,8	1,8	1,3	1,5	2,8
Financial and leasing debt	0,0	0,0	0,0	0,0	0,0
Long-term trade payables	0,0	0,0	0,0	0,0	0,0
Long-term liabilities	0,0	0,0	0,0	0,0	0,0
Total liabilities	1,8	1,8	1,3	1,5	2,8
Shareholder's equity	5,1	5,3	7,2	8,2	9,0
Minority interests	0,0	0,0	0,0	0,0	0,0
Total equity and liabilities	7,0	7,3	8,9	11,2	12,2

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Source: company data, Dr. Kalliwoda International Research GmbH

Cash flow statement

Cash flow statement					
Figures in PLNm	Fiscal year				
	2012	2013	2014	2015E	2016E
Net income / loss before minority share deduction	0,95	0,49	2,31	4,00	4,29
Depreciation	0,35	0,35	0,30	0,33	0,34
Change of working capital	-1,22	-0,17	-1,45	0,26	0,36
Others	-1,92	-0,24	0,01	-0,60	0,00
Net operating cash flow	2,00	0,91	1,14	3,98	5,00
CAPEX	0,15	0,38	0,14	0,20	0,25
Free cash flow	1,85	0,54	1,00	3,78	4,75
Cash flow from financing	0,00	-0,29	1,50	1,20	1,70
Change of cash	1,84	0,25	-0,45	2,19	0,45
Cash at the beginning of the period	0,67	2,51	2,76	2,31	4,50
Cash at the end of the period	2,51	2,76	2,31	4,50	4,95

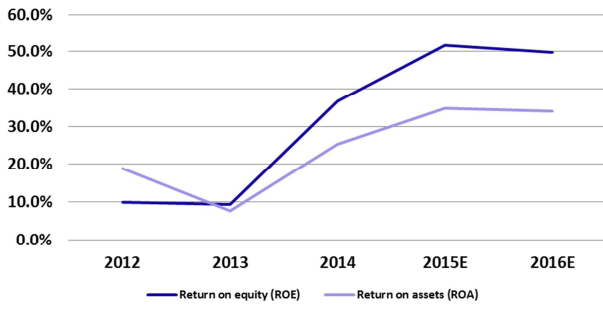
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Financial ratios

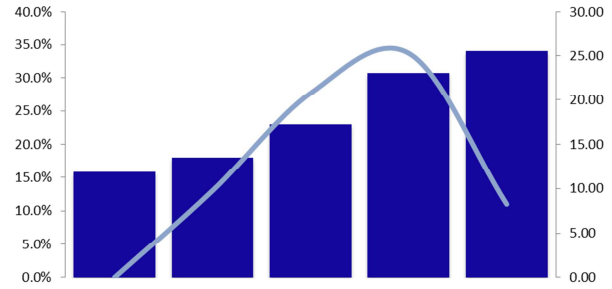
Fiscal year	2012	2013	2014	2015E	2016E
EBIT margin	14%	6%	17%	20%	20%
Net margin	8%	4%	13%	17%	17%
Return on equity (ROE)	10%	9%	37%	52%	50%
Return on assets (ROA)	19%	8%	25%	35%	34%
Return on capital employed (ROCE)	24%	10%	29%	36%	40%
Net debt (in PLNm)	-1,6	-1,8	-2,4	-4,6	-4,6
Net gearing	-31%	-34%	-33%	-56%	-51%
Equity ratio	73%	73%	81%	74%	73%
Current ratio	3,42	3,58	6,09	6,85	4,04
Quick ratio	3,12	3,38	6,08	6,51	3,80
Net interest cover	4,51	9,68	-48,42	-47,00	-38,95
Net debt/EBITDA	-0,78	-1,61	-0,74	-0,91	-0,86
Book value per share	0,72	0,75	1,02	1,17	1,27
CAPEX/Sales	-85%	-85%	-80%	-73%	-82%
Working capital/Sales	23%	22%	25%	18%	15%
EV/Sales	2,27	2,00	1,57	1,17	1,06
EV/EBITDA	13,57	24,24	8,43	5,37	5,00
EV/EBIT	16,46	35,29	9,29	5,74	5,33
P/BVPS	5,45	5,17	3,82	3,34	3,07
P/E	29,09	56,62	11,96	6,89	6,42

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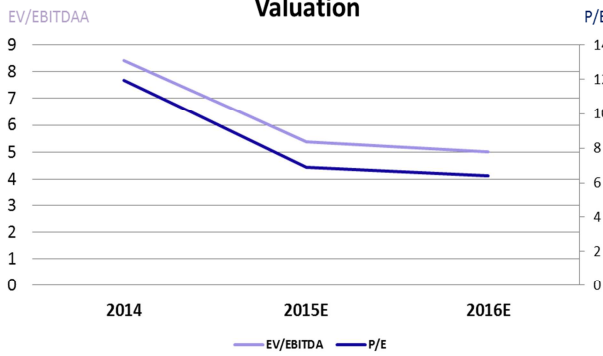
Profitability



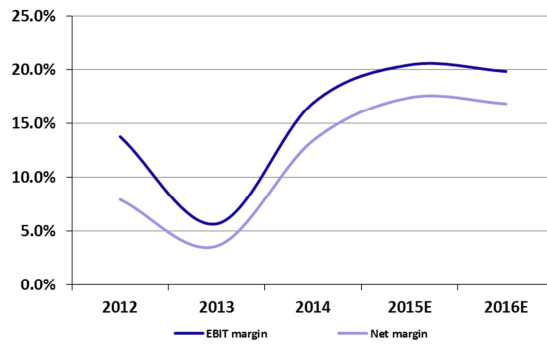
Revenue growth



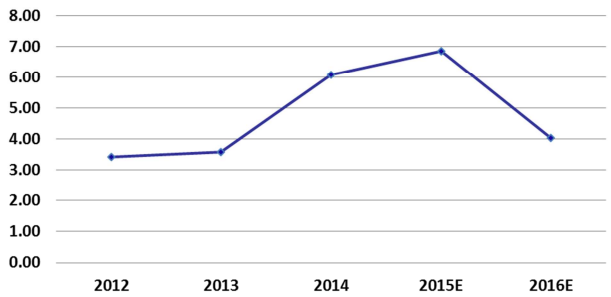
Valuation



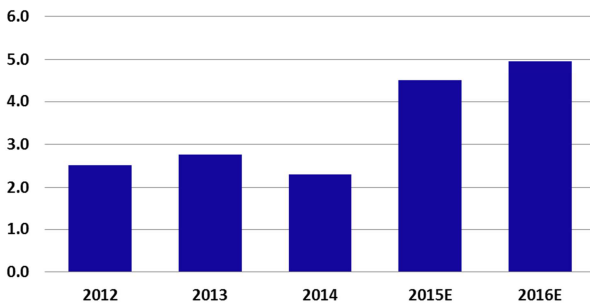
Margin development



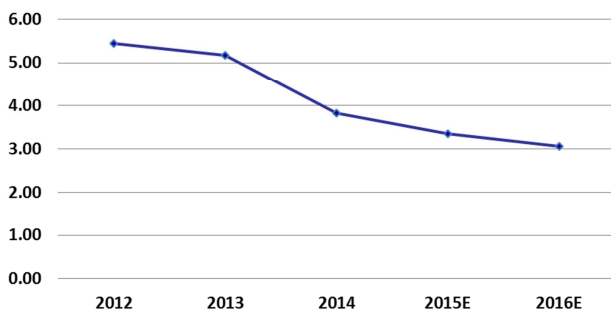
Current ratio



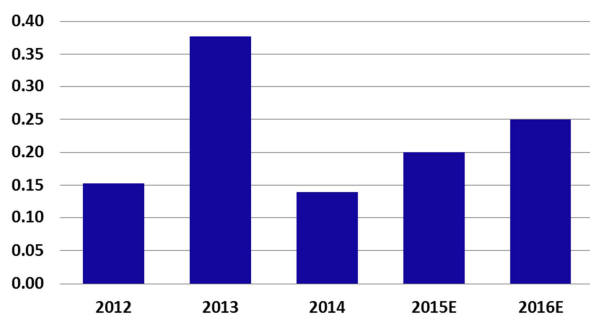
Liquid funds (PLNm)



P/BVPS



CAPEX (PLNm)



Source: company data, Dr. Kalliwoda International Research GmbH

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