ARGUS®

EQUITY RESEARCH REPORT

March 18, 2025

ASBISC ENTERPRISES PLC
(WSE: ASB)

Founded in 1990, Cyprus-based ASBISc Enterprises PLC is a leading value-added distributor, developer, and provider of information technology (IT) and internet of things (IoT) products, solutions, and services to markets in Europe and the Middle East and Africa (EMEA). It has local operations in the Commonwealth of Independent States (CIS, former countries of the Soviet Union), Central and Eastern Europe, the Baltic Republics, the Middle East, and North and South Africa.

COMPANY HIGHLIGHTS

* **Diversified Geographic Footprint**: ASBISc operates in 34 countries and sells to customers in approximately 60 countries. In our view, this has helped the company to navigate disruptions that began in early 2022 with the onset of the Russia/Ukraine war. ASBISc decisively shifted to expand sales in unaffected regions and later exited from Russia entirely. Amid challenges in 2024 from new legislation and illicit product trading in leading market Kazakhstan and geopolitical escalations in the Middle East, ASBISc has continued to diversify its footprint by increasing sales in Central Europe, Africa, and other markets.
* **Resilient 2024 Results**: Despite these challenges, which led to a modest revenue decline in 2024, revenue growth resumed in 4Q24, and ASBISc expanded its net profit for the full year over 2023 levels, while advancing its strategies and investments that we see expanding margins and accelerating long-term growth. Despite near-term challenges from less favorable supply and demand trends and pricing leverage for some of its current markets, we expect a continued focus on reselling premium brands like Apple and its Breezy unit, which focuses on sustainable electronic product reselling, to support an attractive organic growth outlook.
* **Investing in High-Growth, Private-Label Innovative Products:** Over the past few years, ASBISc has reshaped its product development pipeline to focus on innovative, private-label products, including home appliances, gaming products

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PRICE CHART

KEY STATISTICS

Key Stock Statistics	
Recent price (3/18/25), (PLN)	25.36
Fair Value Estimate (PLN)	48.00
52 week high/low (PLN)	28.48/16.35
Shares oustanding (M)	55.5
Market cap (M, PLN)	1407.5
Dividend ($)	0.50
Yield	7.5%

Sector Overview	
Sector	Information Technology
Sector % of S&P 500	30.7%

Financials ($M, as of 12/31/24)	
Cash & Mkt Securities	155.0
Debt	284.3
Working Capital	237.4
Current Ratio	1.3
Total Debt/Equity (%)	95%
Payout ratio (TTM)	51.0%
Revenue, TTM	3008.5
Net Income, TTM	54.4
Net Margin, TTM	1.8%

Risk	
Beta	0.52
Inst. ownership	8%

Valuation	
P/E forward EPS	5.1
Price/Sales (TTM)	0.1
Price/Book (TTM)	1.2

Top Holders

Fundacja Zbigniewa Juroszka Fundacja Rodzinna
Powszechne Towarzystwo Emerytalne PZU SA
Nationale-Nederlanden Powszechne Towarzystwo

Management	
CEO	Mr. Siarhei Kostevitch
Deputy CEO	Mr. Constantinos Tziamalis
CFO	Mr. Marios Christou
Company website	https://www.asbis.com

and accessories, industrial robotic solutions, and, most recently, green energy solutions. The company has also introduced new, higher-margin products and IT solutions and finalized new distribution agreements with leading global suppliers and manufacturers across multiple product categories.

* **Margin Expansion Potential**: ASBISc is in the midst of a reset of gross margins, as product shortages over the past few years that supported higher prices have since normalized. We expect its long-term margin profile to benefit from its premium product focus, as well as from operational efficiencies from value-added distribution services, increasing warehouse capacity, leveraging its distribution capabilities, and increasing its use of e-commerce. We expect costs that have been elevated over the past few years due to investments in new growth initiatives to begin to moderate.
* **Healthy Balance Sheet**: As of December 31, 2024, ASBISc had $155 million in cash and equivalents on its balance sheet, compared with $143.6 million at the end of 2023. Despite a challenging 2024, ASBISc generated positive operational cash flow of $26.7 million for the full year, though this was down from $45.4 million in 2023. We view ASBISc as sufficiently capitalized to support a continuing dividend program that returned a record $0.50 per share to investors from 2023 profits and currently yields above 7%.
* **Fair Value:** ASBISc's valuation gap to global technology distributor peers had narrowed somewhat over the past few years but widened across 2024. Still, we think its strong fundamentals, shareholder returns, and attractive growth prospects remain underappreciated by investors. Based on our forward P/E analysis, we arrive at a fair value estimate of 48 Polish zloty (PLN) per share, well above the current share price above 25 PLN.

COMPANY/INDUSTRY BACKGROUND

Founded in 1990, Cyprus-based ASBISc Enterprises specializes in the distribution of computer hardware and software, mobile solutions, and other IT products and digital equipment. ASBISc currently sells products to customers in approximately 60 countries, including those purchased from leading global technology manufacturers such as Apple Inc., Intel Corp., Advanced Micro Devices Inc., Samsung Electronics Co., Microsoft Corp., Dell Technologies Inc., Logitech International SA, and Lenovo Group Ltd.

As of February 2025, ASBISc had 31 warehouses and subsidiaries in 34 countries. In 2023, the company opened new subsidiaries in multiple, new high-growth markets, including Armenia, Azerbaijan, Georgia, Moldova, Morocco, and South Africa. We see these new local operating entities improving the company's business-to-business (B2B) sales efforts. ASBISc is also an official distributor of Apple products in 11 countries of the former Soviet Union, excluding Russia and Belarus.

By the end of 2024, the company's footprint included distribution among 16,000 resellers, IoT solutions to more than 19,000 enterprises, consumer distribution across 7,400 points of sale, and a retail presence with more than 40 internally operated locations of brands, including Apple and premium audio brand Bang & Olufsen.

The company also generates revenue from the sale of legacy private-label products, including Prestigio (tablets, external storage, GPS devices, car DVRs, multiboards, etc.) and Canyon (power banks, networking products, and other peripheral devices), with several new brands recently launched.

The company's centralized distribution platform leads to greater efficiency and lower transportation costs, thus boosting its margins. Its two main distribution centers in Prague and Dubai receive products from vendors and then distribute these products in individual countries. In 2022, the company opened regional distribution centers in Tbilisi, Georgia, and Johannesburg, South Africa.

In late 2023, the company expanded existing warehouse capacity and commenced the construction of a new distribution center in Kazakhstan, which it expects will be up and running sometime in 2025. In total, we foresee warehouse space of around 80,000 square meters at that time, up 30% from previous levels. We think this infrastructure is pivotal to helping ASBISc's distribution mix to mitigate disruptions.

ASBISc's top four markets have remained consistent in recent years, led by Kazakhstan (16% in 2024, down from 23% in both 2023 and 2022), Ukraine (12% in 2024, 12-13% in other periods), United Arab Emirates (11% in 2024, up from 10% and 9% in 2023 and 2022, respectively), and Slovakia (9% in all periods). Prior to 2022, Russia (19%) was ASBISc's largest market, but that country's subsidiary was divested and closed in 2023. The exit from Russia resulted in a one-time, $25 million impact on ASBISc's net profit in 2023 ($11.5 million settlement of an exchange rate loss and an impairment loss of $13.5 million).

Regionally, in 2024, CIS countries accounted for approximately 42% of revenue, down from 51% in 2023, and well below the 58% in 2020, as the company has diversified its geographic sales footprint. Its next largest regions all saw higher contributions to 2024 revenues over 2023: Central and Eastern Europe rose to 29% from 26%, Middle East and Africa expanded to 16% from 14%, and Western Europe increased to 11% from 8%.

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PEER COMPARISON

Company	Ticker	Recent Price ($)	52-Week High ($)	52-Week Low ($)	Mkt. Cap ($MIL)	1-yr Price Change (%)	1-yr Rev Growth (%)	1 YR EPS Growth (%)	P/E Ratio	Beta	Yield (%)
ASBISC ENTERPRISES PLC	**WSE: ASB**	**25.36***	**28.48***	**16.35***	**1408***	**0**	**NM**	**0**	**6.7**	**0.52**	**7.5**
ARROW ELECTRONICS INC	NYSE: ARW	105.63	137.80	101.78	5511	-12	NM	NM	14.5	1.26	NA
AVNET INC	NASDAQ: AVT	48.23	59.24	45.50	4172	3	NM	NM	8.9	1.11	2.8
INSIGHT ENTERPRISES INC	NASDAQ: NSIT	154.87	228.07	146.56	4921	-17	NM	NM	23.6	1.40	NA

** Stock Statistics in PLN*

In recent years, a majority of the company's sales have come from three product categories: smartphones (41.9% in 2024, which has risen steadily since the 29% in 2021), central processing units (10.5% in 2024, 10.1% in 2023, 9.25% in 2022, and 14.4% in 2021), and laptops (7.3% in 2024, having declined each year since around 10% in 2021). We view positively ASBISc's participation in higher-growth categories and operating market geographies.

We see the smartphone category being boosted by ASBISc's status as an authorized distributor of Apple products in 11 countries and as an operator of 34 iSpace stores in high-growth markets led by Kazakhstan, Georgia, and Uzbekistan. In January 2025, ASBISc reopened a showroom in Azerbaijan with Apple's Premium Partner status, marking the second location to secure this distinction, joining a location in Kazakhstan. In 4Q23, ASBISc signed a distribution agreement with Apple that authorized the company to become a distributor in South Africa.

In 2021, ASBISc launched its Breezy subsidiary to support electronics retailers and telecom operators that seek to implement a sustainable approach to electronics. The unit purchases used electronic devices that have retained value, in exchange for discounts on new purchases through its partner network. It then resells these products in secondary markets. The company is active in nine markets across Central Asia and the Caucasus and has been expanding its presence in EMEA since 2024. Breezy works with over 45 local and global partners, including nationally recognized electronics retailers and telecom operators such as Apple, Samsung, Vodafone Group PLC, and Kcell and retail chains Rozetka.ua, Sulpak, Mechta, and Technodom and across more than 4,000 retail locations.

Breezy employs an omnichannel approach, utilizing e-commerce with brick-and-mortar Breezy Experience Centers. In December 2024, Breezy unveiled a cutting-edge facility in Raszyn, Poland, that uses artificial intelligence (AI) and robotic solutions to efficiently grade and upgrade pre-owned smartphones. Its production line can grade up to 1 million devices and refurbish up to 320,000 smartphones per year, doubling its 2023 refurbishing count of approximately 160,000 phones, while reducing CO2 equivalent emissions.

INVESTMENT THESIS

In our view, ASBISc is well positioned for long-term growth, supported by its expanding geographic footprint and entry into high-growth countries. We expect ASBISc to benefit from the strong relationships it has developed with key IT vendors over more than 30 years and to continue to source high-demand products thanks to its robust distribution network. In our view, this established history is important, as many technology leaders have recently undertaken cost-cutting measures by limiting their own distribution networks, and we see ASBISc maintaining its preferred status amid such macroeconomic challenges.

While total 2024 revenues declined modestly, largely attributable to gray market activity for Apple products, new consumer laws in Kazakhstan, and continued challenges in Ukraine, we view positively its year-to-date growth in all other primary operating regions, including Central and Eastern Europe (+9%), Middle East and Africa (15%), and Western Europe (24%), which we think is a testament to the diversification strategy for long-term growth.

In our view, ASBISc is well positioned to increase its gross margin profile over the long term, despite a near-term reset to the growth trend of the previous few years. In 2022, gross margin peaked at an all-time high of 8.5%, which was up significantly from 7.1% in 2021 and 5.8% in 2020. That growth in gross margin was attributable to changes in the geographic sales mix, product shortages in the market, and the smartphone category, among other factors. Margins have also benefited from an increase in online transactions and from an automated system that coordinates supply-chain management activities.

That said, gross margins pulled back to 8.2% in 2023 and 8% in 2024, amid industry supply dynamics impacting product prices as well as higher investments in growth initiatives. We believe that ASBISc has also made great strides to expand its gross margin profile by investing in value-added distributor capabilities. For example, its servers are certified to support cloud-based services through the Microsoft Azure platform, which enables customers to transfer data centers to the cloud. The company is focused on expanding its product portfolio to support customers that are upgrading their digitization and remote capabilities.

Longer term, we see the company's strategy shifting to focus on the development and commercialization of new internally developed private label brands, thus complementing its legacy Prestigio and Canyon brands and driving enhanced margins over the long term. Supporting this commitment to new product growth and innovation, ASBISc has opened a technology hub in Cyprus.

In 2021, ASBISc launched a new brand called AENO in the small household appliances segment, contributing to a low-power-consuming "smart home" concept. Among its initial products are eco-friendly smart heaters, robotic vacuum cleaners, and, most recently, its flagship CR1S GastroLab smart body scales, which have expanded into new markets including Bulgaria, Kazakhstan, Kenya and other African countries, and Montenegro. We see these products as positioned for solid commercial uptake, given the company's strong existing distribution channels and vendor relationships. At the end of 2024, AENO's global footprint included 27 countries and prominent retailers.

In 2021, the company launched gaming brand Lorgar, featuring a new line of gaming accessories, including mice, keyboards, chairs, microphones, web cameras, headsets, and other peripherals, which are marketed as a comprehensive gaming product suite. In 3Q24, Lorgar completed a brand refresh and doubled the number of product lines in the brand to capitalize on favorable long-term gaming industry growth trends globally. The line now features over 30 new products across nine different categories, and ASBISc expects the resumption of growth in 2025, after clearing old stock.

In late 2022, ASBISc launched a robotic solution now called AROS Engineering, which is focused on developing custom, integrated solutions for its business end users instead of distributing products through value-added resellers. Under this model, we expect AROS to execute orders received from original design manufacturers, which should promote efficient operations and enhanced profit margins.

AROS is initially targeting commercial applications, including industrial, cleaning, service, delivery, logistics/warehouse solutions, and security surveillance patrolling applications. In our view, the robotics market is poised for expansion beyond its current portfolio of brands and represents a compelling opportunity for further sales and market expansion over the coming years. We are encouraged by the company maintaining profitability despite the capital investments required to launch AROS and these other ventures. Recent investments include developing 3D modeling design and simulation software, project planning software, and custom robotic palletizing demo applications.

ASBISc has also made approximately 15 corporate venture investments in various high-growth markets, including medical devices, regenerative medicine, and clean energy. Most recently, in July 2024, ASBISc launched a Green Energy Solutions segment and expanded its product portfolio to include products such as photovoltaic modules, photovoltaic inverters, and BESS energy storage systems and electric vehicle (EV) chargers. The initial market for these products is Hungary, which has one of the highest levels of installation of solar energy products in Central Europe.

In December 2021, ASBISc invested 1 million euros to take a 20% stake in privately held EMBIO Diagnostics Ltd., which develops and commercializes medical devices for professional (B2B) and individual (B2C) settings. EMBIO recently entered commercialization for its CE mark–issued, innovative, biosensor-based breakthrough device B.EL.D. for rapid diagnostics in the fields of food safety, air quality testing, and environmental research. In 2022, the company invested 800,000 euros for a 16% stake in Cyprus-based Promed Bioscience Ltd., which is developing advanced collagen biomaterials for research and clinical applications. The funds are expected to be used to expand production capacity, and ASBISc has cited a strong commercial backlog emerging for the products.

We also view positively ASBISc's recognition as a socially responsible company, with its inclusion in the WIG-ESG index, which includes Warsaw Stock Exchange–listed (WSE-listed) companies cited as being socially responsible, specifically in regard to environmental, social, economic, and corporate governance issues. Since 2020, ASBISc has been selected among a small group of WSE-listed companies with the highest ratings and cited as a "Climate Aware Company" in the exchange's annual Companies Climate Awareness Survey. It advanced seven positions among the top 13 WSE-listed companies in 2024. We note that Breezy is already being recognized for its sustainability, as it aims to ensure that electronic devices get extended life cycles, thus delaying their being discarded in landfills.

RECENT DEVELOPMENTS

ASBISc shares trade on the WSE under the ticker ASB. In 2024, the shares declined by approximately 35%, compared with a 6% decline for the WIG 20. Year-to-date in 2025, the shares have increased by 37%, compared with a 25% increase for the WIG 20.

In February 2025, ASBISc reported financial results for the fourth quarter and full-year 2024. For 4Q24, revenues increased 4% to $927 million. Net profit was $24.6 million, as compared to $2.1 million in 4Q23. For the full-year 2024, revenues of $3.0 billion were 1.7% lower, though net profit increased by 2% to $54.2 million, as compared to $53.0 million in 2023.

In December 2024, ASBIS Robotic Solutions opened a 24/7 ROBO CAFÉ in the United Arab Emirates' Dubai Festival City, IKEA's outdoor seasonal restaurant. The solution offers end-users barista-quality coffee, with greater efficiency, scalability, and return on investment than manually staffed solutions.

In late 2024, ASBISc's Breezy subsidiary launched a unique, robotic production line in Poland using AI to classify and modernize used smartphones, which will allow for the classification of up to 1 million devices and the modernization of 320,000 smartphones per year.

In October 2024, ASBISc announced that it had doubled the number of product lines of its own gaming brand Lorgar and entered the rapidly developing segment of racing games.

During 3Q24, ASBISc finalized a distribution partnership with China-based manufacturer Blackview through which ASBISc will distribute Blackview products including PC tablets, keyboards, smart watches, smartphones, and TWS Bluetooth headsets across 60 countries, spanning the CIS, Eastern Europe and Adriatic region, as well as the Middle East and Africa.

In 3Q24, ASBISc signed a distribution agreement with Buydeem, a maker of small kitchen appliances, with a leading market position in several categories in Asian markets, spanning 31 countries across Western Europe, Central and Eastern Europe, Asia, and South Africa.

In July 2024, ASBISc launched a Green Energy Solutions segment, which will add green energy products, including photovoltaic modules, photovoltaic inverters, and energy storage systems and EV chargers, to its product portfolio. Its initial focus will be in Hungary, which has one of the highest levels of solar energy product installations in Central and Eastern Europe.

In June 2024, ASBISc entered into a distribution agreement with Jabra, a global leader in the audio and video communication industry.

In the second quarter of 2024, ASBISc signed a distribution agreement with and became a partner of Pure Storage for the Greek market. Pure Storage is an IT pioneer providing the most advanced technology and data storage services in the world.

In February 2024, ASBISc announced that it had commenced the construction of a 20,000-square-meter distribution center in Kazakhstan, which is expected to be operational by early 2025.

EARNINGS & GROWTH ANALYSIS

In 2024, ASBISc's revenues declined by 1.7% to $3.0 billion, though we see the 4Q return to growth by approximately 4% suggesting stabilization in the business, as it navigated several challenges to its business, as mentioned earlier.

We forecast revenue of $3.2 billion in 2025 and $3.4 billion in 2026, representing growth of around 6% in both periods. We expect smartphones to continue to drive revenue growth, as this category continues to show higher growth potential compared with other product categories. Longer term, we expect product portfolio expansion to include new, private-label brands, including new offerings from Lorgar, and the robotics unit ramping up to support an attractive long-term growth profile.

As mentioned earlier, we expect gross margins to improve modestly from 2024's 8% over the next couple of years, as ASBISc navigates operational challenges and continues to invest in new growth initiatives, including robotics. In addition, we see investments previously undertaken to develop new private-label brands to begin to realize economies of scale over the coming years.

We also see ASBISc benefiting from an optimized geographic sales mix over time. Thus, we project gross margins of 8.1% in 2025 and 2026. We see SG&A expenses as a percentage of sales drifting lower from the 4.8% seen in 2024, which was higher than in 2023's 4.5%. We expect such costs of 4.6% and 4.5% in 2025 and 2026, respectively. We view positively ASBISc's disclosure of having started optimization processes for its divisions that have underperformed expectations, which we expect to continue into 2025.

We forecast EPS of $1.22 in 2025 and $1.40 in 2026, which would represent 25% and 15% growth, respectively.

FINANCIAL STRENGTH & DIVIDEND

Our financial strength rating for ASBISc is High. As of December 31, 2024, the company had $155 million in cash and equivalents on its balance sheet, compared with $143.6 million at the end of 2023. After adjusting for bank overdrafts, these results were $105.4 million, compared with $108.3 million. We note that ASBISc achieved positive operating cash flow for the full year of 2024, at $26.7 million, though this was down from $45.4 million in 2023.

As of December 31, 2024, ASBISc had positive working capital of $237.4 million and a current ratio of 1.3, which has been largely stable since 2015. However, we note that it is below the peer average of 1.7. At year-end 2024, the total debt/capitalization ratio was 50.2%, well below its recent peak above 60% at the end of 2020.

We view the company's liquidity position as strong and underappreciated by investors, as more than 90% of its debt relates to short-term borrowing to help finance the expansion of inventory and product distribution. With liquidity supported by positive operating cash flow generation and access to borrowed capital, we believe that ASBISc is well capitalized for the foreseeable future.

Prior to 2022, ASBISc's cash conversion metrics were positive compared with its peer group, underscoring the efficiency of its selling infrastructure and strong relationships with suppliers. In 2022, however, ASBISc increased its inventory, which raised the average cash conversion cycle to 55.8 days, compared with 33-34 days over the prior three years. In 2024, this figure was 53.4 days, which is in line with its global peer group. Average days sales outstanding were 45.2 days in 2024, up from 40.2 days for 2023 but well below the peer average of 69 days.

Average days of sales outstanding were 61.5 in 2024, up from 60.3 days in 2023, which is below the peer average of 74 days. We view this metric as important given that tech products can quickly become obsolete as new products reach the market. Last, average days payable outstanding were 53.3 days, up from 49.6 in 2023. While up, this figure remains well below the peer average of 69 days.

In 2024, net cash generated from operations totaled $26.7 million, down from net cash generated of $45.4 million in 2023. Net cash used by investing activities was $18.1 million in 2024, compared with net cash used of $11.7 million in 2023. Net cash used by financing activities was $11.5 million in 2024, compared with net cash used of $17.7 million in 2023.

In addition to investing in growth initiatives, ASBISc has focused on shareholder returns, which we view as a significant positive. The company currently distributes up to 50% of net profits as dividends. It paid total dividends of $0.50 per share for 2023, an interim dividend during the fiscal year ($0.20) and a final dividend ($0.30) upon the completion of the year's financial review, which was paid in June 2024. The $0.50 total for 2023 was the largest in company history and represents a yield above 7% at the current valuation, despite the PLN-to-USD rate declined by 6% between February and March of 2025. In November 2024, ASBISc declared an interim dividend of $0.20 per share.

In recent years, the company's weighted average cost of debt has been elevated due to variable borrowing costs in various operating markets. In 2023, this cost exceeded 11%. To mitigate this, ASBISc has been negotiating improved terms with some of its lenders and working to limit financing costs. As such, the company's weighted average cost of debt decreased to 9.9% in 2024, and we expect base rates to continue to gradually decrease and reduce the company's financing costs to more normalized levels below 10%.

MANAGEMENT

Siarhei Kostevitch is the founder, president and CEO of ASBISc. Mr. Kostevitch received a master's degree in radio engineering design at the Radio Engineering University of Minsk in 1987. Between 1987 and 1992, he worked at the Research Centre at the Radio Engineering University. Mr. Kostevitch, through KS Holdings Ltd., holds approximately 37% of the company's shares and voting power.

The company's board has eight directors. The board has three independent directors, two of whom chair the company's audit and compensation committees.

RISKS

Risks for ASBISc include increased competition from both established companies and new entrants, including nonofficial "gray market" products that can impact ASBISc's pricing power; the potential for economic and political developments that are currently impacting business conditions in major markets such as Kazakhstan and Ukraine and, thus, possibly limiting the ability to expand to new countries; the potential for unfavorable changes to its product selections and quality, inventory, prices, customer services, and credit availability; and changes in foreign exchange rates and fluctuations in the weighted average cost of debt.

ASBISc's reporting currency is the U.S. dollar, which typically accounts for around 90% of its trade payables and half of its operating expenses (the other half being in euros/others). As such, a stronger U.S. dollar in recent years has pressured both revenues and gross profits. We see potential for customer concentration risk in this industry but view ASBISc positively in this regard as well, given its expanding network and diversification strategies.

VALUATION

In our view, ASBISc's current valuation remains compelling based on multiple metrics and does not fairly reflect the company's strong underlying fundamentals, near-term uncertainties notwithstanding.

Its recent market capitalization of approximately $365 million (1.41 billion PLN) implies an enterprise value multiple around 0.2-times our 2024 revenue estimate of $3.2 billion. That is below the average multiple of 0.4 for a group of global electronics distribution peers. The stock also trades at a trailing-12-month enterprise value/EBITDA below 5 times, below the peer average of over 9-times. Lastly, ASBISc is trading at a forward P/E above 5-times our 2025 EPS estimate of $1.22, which is well below the peer group's recent average above 16-times. We note that these metrics are below its peers, despite the shares increasing by nearly 40% year-to-date.

We think that recent initiatives (including reselling Apple products and focusing on marketing innovative, private-label products) are likely to leverage ASBISc's robust infrastructure network across Europe and should enhance the company's reputation among investors over time.

Further, we view the company's overall liquidity position as strong, as most of its debt relates to short-term borrowing to help finance inventory purchases and product distribution. We believe that as its inventory is sold through and reduced, and as ASBISc weathers higher borrowing costs over the near term, its results will benefit from its strong revenue growth and supply-chain efficiency, thus improving cash flow. Last, we see the solid dividend, which recently yielded above 7%, using an expected total dividend from 2024 profits of $0.50, which would match 2023, as underappreciated.

Given the ongoing difficult geopolitical climate across the company's European footprint, some challenges in navigating industry supply dynamics, and our view of reliance on establishing a presence for its newer products, we believe that ASBISc warrants a discount to the industry average, albeit a narrower one. Applying a multiple of 10-times to our 2025 EPS estimate of $1.22 (4.76 PLN, using a 90-day average PLN-to-USD exchange rate above 3.9:1), we arrive at what we view as a fair value estimate for ASB of 48 PLN per share, well above the current price above 25 PLN.

Steve Silver,
Argus Research Analyst)

INCOME STATEMENT

Growth Analysis ($MIL)	2021	2022	2023	2024	Q1 2025E	Q2 2025E	Q3 2025E	Q4 2025E	2025E	Q1 2026E	Q2 2026E	Q3 2026E	Q4 2026E	2026E
Revenue	3078.0	2690.0	3061.2	3008.5	763.1	691.1	768.0	977.9	3200.1	811.2	732.5	814.1	1042.2	3400.0
Gross Profit	218.5	227.8	252.3	240.2					258.2					276.1
SG&A	104.8	116.8	139.8	145.9					147.1					153.0
R&D	NA	NA	NA	NA					NA					NA
Operating Income	113.7	111.00	112.5	94.3					111.0					123.1
Interest Expense	-17.0	-22.2	-32.2	-31.2					-29.9					-29.6
Pretax Income	94.3	91.1	65.0	65.0					82.7					95.1
Tax Rate (%)	18	17	18	17					18					18
Net Income	77.1	75.9	53.0	54.4					67.8					78
Diluted Shares	55.5	55.3	55.5	55.5					55.5					55.5
EPS	1.39	1.37	0.96	0.98	0.29	0.22	0.25	0.46	1.22	0.33	0.28	0.32	0.47	1.40
Dividend	0.30	0.45	0.50	0.50					0.50					0.50
Growth Rates (%)														
Revenue	30	-13	14	-2					6					6
Operating Income	101	NM	1	NM					18					11
Net Income	111	NM	NM	1					25					15
EPS	111	NM	NM	0					24					15
Valuation Analysis														
Price (PLN): High	28.2	25.96	32.50	30.16					NA					NA
Price (PLN):Low	6.10	8.60	20.78	16.35					NA					NA
PE: High	NA	NA	NA	NA					NA					NA
PE: Low	NA	NA	NA	NA					NA					NA
PS: High	NA	NA	NA	NA					NA					NA
PS: Low	NA	NA	NA	NA					NA					NA
Yield: High	NA	NA	NA	NA					NA					NA
Yield: Low	NA	NA	NA	NA					NA					NA
Financial & Risk Analysis ($MIL)														
Cash	184.6	134.6	143.6	155.0					NA					NA
Working Capital	147.5	194.7	253.5	237.4					NA					NA
Current Ratio	1.2	1.2	1.3	1.3					NA					NA
LTDebt/Equity (%)	2.7	3.8	5.2	8.8					NA					NA
Total Debt/Equity (%)	112	95.2	90.1	95.0					NA					NA
Ratio Analysis														
Gross Profit Margin	7.1%	8.5%	8.2%	8.0%					8.1%					8.1%
Operating Margin	3.7%	4.1%	3.7%	3.1%					3.5%					3.6%
Net Margin	2.5%	2.8%	1.7%	1.8%					2.1%					2.3%
Return on Assets (%)	8.3	9.7	6.8	5.3					NA					NA
Return on Equity (%)	47.4	48.5	20.2	18.7					NA					NA
Op Inc/Int Exp	6.7	5.0	3.5	3.0					3.7					4.2
Div Payout	36%	37%	52%	51%					NA					NA

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