

# Voicetel Communications S.A.

Price target: PLN 245.40

Initiating Coverage

Rating: BUY

**Voicetel Communications is a software company, which has developed the BRILLIANCE technology with Artificial Intelligence (AI)-based algorithms that allows to conduct human-like voice dialogues with virtual assistants. While distribution is conducted by partners with strong contacts in specific industries, the company targets its services (customised integrations and standardized cloud-based tools) at operators of call/contact centers and companies of various sizes. In 2015-2017, revenues, which were only generated in Poland, grew at a CAGR of 118% and the operating margin reached >90%. Due to new BRILLIANCE-based bots, the GDPR regulation, which is becoming law on 25 May 2018 and affects all companies in the EU that collect and process data of individuals, as well as international expansion we expect further strong growth and significant cash flow generation in the future. Our 12-months DCF-based price target of PLN 245.40 implies a P/E 2018E of 16.4x. We recommend to BUY the stock at current level.**

**2017 was a very successful year for Voicetel.** Revenues improved by 135% y-o-y to PLN 12.6m as the demand for the company's BRILLIANCE dialogue interface technology and the ESENSE platform (a version of BRILLIANCE, which is being leased to integration partners such as IT vendors) remained high. A major new contract was the implementation of Voicetel's virtual assistant at the airport in Gdansk, where it took over the whole passenger support and led to significant cost savings. At 93%, the EBIT margin remained extraordinarily high due to significant scalability of the company's business model. Operating cash flow in 2017 amounted to PLN 14.4m.

**Going forward, we expect the rapid growth to continue due to new tools, expansion to other European countries and the new GDPR regulation.** The new bots DIALLA, MAYA, ZOYA, POLA and ALISA, on which Voicetel currently concentrates its development efforts, offer AI-based automation and analysis of inbound and outbound calls relating to different processes. While we expect a sales CAGR of 30.7% by 2026E, we believe that EBIT margins will decline to <40% in the long run due to necessary investments in marketing and qualified staff as well as increasing competition.

## Company profile

Voicetel Communications S.A. offers voice-based virtual assistants, which it targets at call/contact centers and companies from various sectors. It plans to expand with its software to other European markets soon.

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Sector	IT
Country	Poland
ISIN	PLVCTCM00019
Reuters	VOIP.WA
Bloomberg	VOI PW

## Share information

Last price	130.00
No of shares (m)	1.12
Market cap. (PLNm)	145.60
Market cap. (EURm)	34.25
52-week range	PLN 216 / PLN 123
Average volume	56

## Performance

4-weeks	-9.09%
13-weeks	-10.34%
26-weeks	-18.75%
52-weeks	-9.60%
YTD	-10.96%

## Shareholder structure

Voicetel Investments Sp. z o.o.	81.31%
Bogusław Marczak	5.00%
Free float	13.69%

\* both members of the Board own 50% of the shares/votes

## Financial calendar

Q1 2018 report	May 15, 2018
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in PLNm	2016	2017	2018E	2019E	2020E	2021E
Net sales	5.35	12.57	23.64	33.45	43.74	57.51
EBITDA	4.94	11.70	21.04	28.28	34.42	40.68
EBIT	4.94	11.68	21.01	28.22	34.32	40.53
Net income	3.96	9.35	16.90	22.75	27.71	32.76
EPS	3.53	8.35	14.95	19.96	24.31	28.74
DPS	0.00	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
RoE	68.19%	74.63%	57.09%	41.61%	34.12%	29.39%
Net gearing	21.11%	2.79%	-16.53%	-29.01%	-36.15%	-45.39%
EV/Sales	27.31x	11.62x	6.18x	4.37x	3.34x	2.54x
EV/EBITDA	29.57x	12.49x	6.94x	5.17x	4.24x	3.59x
P/E	36.78x	15.57x	8.69x	6.51x	5.35x	4.52x

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## Investment Case

- Voicetel Communications S.A. has developed the BRILLIANCE technology with own algorithms, which in contrast to popular voice-based assistants such as “Siri” or “Cortana” allow a non-linear, almost natural communication between the client and virtual assistant. The company offers customized integrations and standardized cloud-based tools to small, medium-sized and large companies through specialised integration partners, with reference clients being e.g. the airport in Gdansk, a Polish medical chain and a biotech company. Its potential market includes operators of call/contact centers and all companies that have their own customer service departments.
- Voicetel’s core technology is the dialogue interface BRILLIANCE, which is a virtual assistant that due to its intelligent algorithms is able to replace whole call/contact centers. Customised integrations of this product accounted for c. 60% of the company’s sales in 2017, with the remaining 40% stemming from the leasing of the platform ESENSE, which is a version of BRILLIANCE that integration partners can program according to their needs. Currently, Voicetel’s development work focuses on the new BRILLIANCE-based tools DIALLA, MAYA, ZOYA, POLA and ALISA, which among others offer the possibility to conduct large phone campaigns with pre-defined, industry-specific questions and automated analysis of recordings of all conversations with call center staff.
- The markets, which are relevant for Voicetel, are forecast to develop rapidly over the next few years. While the global intelligent virtual assistants (IVA) segment is expected to grow from USD 2.5bn in 2017 to USD 17.7bn by 2023E (CAGR of 38.8%), chatbots are forecast to advance at a CAGR of 24.3% to USD 1.3bn by 2025E. Juniper Research believes that in the future they will be able to handle 30-70% of all interactions at companies.
- In 2017, Voicetel generated sales of PLN 12.6m, or +135% y-o-y (CAGR 15-17 = 118%). Last year, its EBIT and net margins reached 93% and 74.4% respectively, which was mainly due to the high operating leverage of the company’s business model. As according to management the demand for its solutions has picked up markedly since Q4/17 due to the upcoming introduction of the General Data Protection Regulation by the EU on 25 May 2018, we believe that our forecasts for 2018E of PLN 23.6m (+88.1% y-o-y) for revenues, PLN 21m (+79.9%) for EBIT and PLN 16.9m (+80.6%) for net income are very conservative. In the long run, we expect a sales CAGR of 30.7% as the new bots start contributing to revenues and Voicetel enters new European markets. However, in our view operating margins will go down to <40% in the future due to necessary investments in staff and marketing as well as intensifying competition.
- We rate Voicetel a BUY with a 12-months DCF-based price target of PLN 245.40. We like the company’s fast-growing, cash-generating business model, which in our view offers tremendous growth potential in Poland and abroad as Voicetel’s solutions allow for significant cost savings in almost all industries. Due to the high cash flow generation we believe that the company could start paying out attractive dividends in the next 3-5 years.

## SWOT Analysis

### Strengths

- Unique product offering in the area of voice-based virtual assistants due to own AI-based algorithms; Voicetel's technology allows a human-like conversation between a client and a bot that is much more efficient and 75% cheaper than traditional call/contact centers; most other technologies are command-based or do not offer such a high level of automation
- Monetisation through 12-months contracts with monthly payments that are automatically renewed
- Voicetel's tools can be used in different sectors; in all companies, which have own customer support departments incl. call/contact center operators
- Revenue CAGR in 2015-2017 equaled 118%
- Very high profitability of >90% and cash flow generation as VOI has almost no fixed costs (sales is done by integration partners, while for development, accounting etc. it uses outsourcing partners)
- Founders/management own indirectly 81.3% of the company

### Opportunities

- Introduction of new standardized tools based on the BRILLIANCE technology (MAYA, DIALLA, ALISA, ZOYA, POLA) that automate call/contact center operations in small, medium and large companies and allow to analyze call center activity
- New EU regulation GDPR (is becoming law in May 2018) will likely result in high uncertainty among all companies in the EU, which collect and process data of individuals; this will likely spur the demand for intelligent voice-based bots
- Lack of qualified staff for call/contact centers; increasing wages especially in Poland and other CEE countries
- Expansion to other European countries, where Voicetel can benefit from its lower costs
- MarketsandMarkets and Grand View Research forecast the intelligent virtual assistant and chatbot markets to grow at a very high CAGR of 24.3%-38.8% in the coming years
- Introduction of a voice-based virtual assistant for retail customers in 3-5 years
- Regular dividend payouts in the long run

### Weaknesses

- No patent protection
- The development work is 100% subcontracted to external software engineers and linguists
- Very low free float of 13.7%
- Listing in the intransparent NewConnect segment of the Warsaw Stock Exchange
- The largest shareholder only has a lock-up until September 2018
- The current profitability will likely not be sustainable in the future due to necessary investments for growth (qualified staff, marketing etc.) and increasing competition

### Threats

- Risk that large international tech companies such as Microsoft, Apple, Google and Amazon, which already offer less-advanced virtual assistants (e.g. "Siri", "Cortana", "Google Home"), develop more sophisticated solutions similar to Voicetel's
- Risk relating to theft of intellectual property
- Loss of key employees

## Valuation

Due to Voicetel's early-stage character we have decided to exclude the peer group analysis from our valuation. Our 12-months DCF-based price target for the company's shares of PLN 245.40, which implies an upside of 88.8% at present, accounts for a private placement of max. EUR 2.5m/PLN 10.5m (75% in 2018E, 25% in H1/19E). Voicetel plans to use the proceeds for financing of integrations at distribution partners and further development of bots.

### DCF model

Below are the key assumptions of our WACC calculation:

- (1) *Risk-free rate*: Current yield of Polish long-term government bonds with maturity in 2037E is 3.4% (Source: www.boerse-stuttgart.de)
- (2) *Beta*: Average unlevered beta for companies from the Software (Internet) sector, which are based in Emerging Markets, is 1.59x (Source: www.damodaran.com)
- (3) *Target equity ratio*: 100%
- (4) *Equity risk premium (Poland)*: 6.06% (Source: www.damodaran.com)

In PLNm	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E
<b>Net sales</b>	<b>23.64</b>	<b>33.45</b>	<b>43.74</b>	<b>57.51</b>	<b>75.74</b>	<b>91.86</b>	<b>110.59</b>	<b>125.29</b>	<b>140.06</b>
(y-o-y change)	88.1%	41.5%	30.8%	31.5%	31.7%	21.3%	20.4%	13.3%	11.8%
<b>Operating profit</b>	<b>21.01</b>	<b>28.22</b>	<b>34.32</b>	<b>40.53</b>	<b>44.26</b>	<b>49.96</b>	<b>55.02</b>	<b>54.16</b>	<b>52.49</b>
(operating margin)	88.9%	84.4%	78.5%	70.5%	58.4%	54.4%	49.8%	43.2%	37.5%
<b>NOPAT</b>	<b>17.02</b>	<b>22.85</b>	<b>27.80</b>	<b>32.83</b>	<b>35.85</b>	<b>40.47</b>	<b>44.57</b>	<b>43.87</b>	<b>42.52</b>
+ Depreciation & amortisation	0.03	0.06	0.10	0.15	0.22	0.24	0.26	0.29	0.32
= Net operating cash flow	17.05	22.92	27.90	32.98	36.07	40.71	44.83	44.16	42.84
- CAPEX + WC Investments	-13.61	-12.84	-12.98	-9.25	-11.04	-10.90	-8.60	-8.28	-9.78
Capital expenditures	-10.04	-10.07	-10.10	-5.15	-5.22	-5.24	-1.27	-1.29	-1.32
Change of working capital	-3.58	-2.77	-2.88	-4.10	-5.82	-5.66	-7.34	-6.99	-8.45
= Free Cash Flow (FCF)	3.44	10.08	14.92	23.73	25.03	29.80	36.23	35.88	33.06
<b>PV of FCFs</b>	<b>3.18</b>	<b>8.24</b>	<b>10.78</b>	<b>15.17</b>	<b>14.16</b>	<b>14.92</b>	<b>16.04</b>	<b>14.05</b>	<b>11.46</b>
PV of FCFs in explicit period	108.00								
PV of FCFs in terminal period	130.36								
<b>Enterprise Value (EV)</b>	<b>238.36</b>								
+ Net cash / - net debt (31 December 2018)	6.94								
<b>Shareholder value</b>	<b>245.30</b>								
<b>Post-money shares outstanding (m)</b>	<b>1.13</b>								
					<b>Terminal EBIT margin</b>				
<b>WACC</b>	<b>13.0%</b>								
Cost of equity	13.0%	9.0%	34.5%	35.5%	36.5%	37.5%	38.5%	39.5%	40.5%
Pre-tax cost of debt	4.6%	10.0%	338.60	344.90	351.20	357.50	363.80	370.10	376.40
Normal tax rate	19.0%	11.0%	295.96	301.14	306.32	311.50	316.68	321.86	327.04
After-tax cost of debt	3.7%	12.0%	262.05	266.37	270.69	275.00	279.32	283.64	287.95
Share of equity	100.0%	13.0%	234.50	238.13	241.77	245.40	249.04	252.68	256.31
Share of debt	0.0%	14.0%	211.70	214.79	217.88	220.97	224.06	227.15	230.23
<b>Fair value per share in PLN</b>	<b>217.10</b>	<b>15.0%</b>	192.56	195.20	197.85	200.49	203.13	205.78	208.42
<b>Fair value per share in PLN (in 12 months)</b>	<b>245.40</b>								

Source: East Value Research GmbH

## Peer Group Analysis

We have compared Voicetel to 10 local and international companies, which provide online voice/chatbot systems. Our list does not include large diversified technology companies such as Apple, Microsoft and Google, which offer speech-based virtual assistants "Siri", "Cortana", "Google Now" etc., however in contrast to Voicetel's BRILLIANCE only command-based ones.

### Listed peers:

- (1) *eGain Corporation Ltd.*: eGain Corporation, which is based in Sunnyvale/US, provides cloud-based customer engagement software solutions worldwide. The company offers eGain Mobile for businesses to offer engagement options to mobile users. It also provides Web applications comprising eGain Offers that helps businesses engage visitors on the Website and Facebook fan pages; eGain Virtual Assistant that enables conversational automation to engage customers across digital touch points; eGain Cobrowse that enables phone and chat representatives to show customers around the Website, help locate information, and hand-hold them during complex tasks; eGain Super Chat for Website visitors to conduct chats with agents; eGain ClickToCall provides Website visitors the ability to request a callback; and eGain SelfService to support customer self-service options. In addition, the company offers desktop applications such as eGain Advisor Desktop, a digital desktop for customer service advisors; eGain CallTrack call logging system; eGain Mail+Social, an application for processing inbound customer emails and providing email customer response; and eGain KnowledgeAgent, which empowers contact center agents with AI-powered knowledge management. Further, the eGain suite includes eGain Operational Analytics for businesses to monitor, measure, and manage their omnichannel contact center operation; eGain Secure Messaging that enables secure messaging for business with their customers; and eGain Notify, an application to deliver automatic reminders, alerts, and updates at various stages of the customer journey. eGain Corporation generated revenues of USD 58.2m (PLN 207.4m) in 2017 (CAGR 15-17 of -12.4%).
  
- (2) *LivePerson Inc.*: LivePerson, which is based in New York/US, is a provider of mobile and online business messaging technologies. Its Business segment facilitates real-time online interactions, such as chat, voice, and content delivery for corporations of various sizes. The Consumer segment facilitates online transactions between independent service providers and individual consumers seeking information and knowledge via mobile and online messaging. LivePerson's main product is LiveEngage, a cloud-based platform, which enables businesses and consumers to connect through conversational interfaces. In 2017, the company generated sales of USD 218.9m (PLN 780m; CAGR 15-17 of -4.3%).

- (3) *Livechat Software S.A.*: LiveChat Software S.A, which is based in Wroclaw/Poland, offers LiveChat, a tool for direct text communication between site visitors and its owners. It supports companies worldwide in the area of sales and customer services. In 2016/17, LiveChat generated sales of PLN 76.3m (CAGR 15-17 of 51.9%).
- (4) *Zendesk Inc.*: Zendesk Inc., which was founded in 2007 and is based in San Francisco/US, offers SaaS-based products. Its flagship product is Zendesk Support, a system for tracking, prioritizing, and solving customer support tickets across various channels. The company also offers Zendesk Chat, a live chat software to connect with customers on websites, in applications, and on mobile devices; Zendesk Talk, a cloud-based call center software; Zendesk Guide, a knowledge base for customer self-service and support agent productivity; Zendesk Message, a customer messaging software; and Zendesk Explore that makes customer data accessible across an organization. In 2017, Zendesk had sales of USD 430.5m (PLN 1.5bn; CAGR 15-17 of 43.6%).
- (5) *Nuance Communications Inc.*: Nuance Communications Inc., which is headquartered in Burlington/US, provides voice and language solutions for businesses and consumers around the world. The company's products are based on a proprietary voice and language platform. It operates in two segments: The Healthcare segment provides transcription solutions and services that automate the input and management of medical information. The Mobile segment offers an integrated suite of voice control and text-to-speech solutions, dictation applications, predictive text technologies and mobile messaging services. In 2016/17, Nuance Communications generated revenues of USD 1.9bn (PLN 6.9bn; CAGR 15-17 of 0.2%).
- (6) *Unified Factory S.A.*: Unified Factory, which is based in Warsaw/Poland, is a producer and supplier of automated customer service solutions to clients from 21 countries worldwide. The company's products include UF Easy, which allows getting in touch with customers by phone, Facebook Messenger, email and chat within one application; UF Pro, which is a contact center for sales and customer service departments with advanced AI algorithms on PC and mobile; and Menerva AI, which is the first search engine with a chatbot that can understand natural language. According to our research, in contrast to Voicetel Unified's solutions are characterized by a low level of automation. Unified Factory had revenues of PLN 39.6m in 2017 (CAGR 15-17 of 6.6%).

Company	EV/Sales			EV/EBITDA			P/E			P/BVPS	EBITDA margin	Net gearing
	2017	2018E	2019E	2017	2018E	2019E	2017	2018E	2019E	Latest	2017	Latest
eGain Corporation (USD)	4.23x	4.03x	3.66x	n.a	58.87x	38.69x	n.a	152.50x	76.25x	neg	-0.86%	40.22%
LivePerson Inc. (USD)	4.78x	4.34x	3.88x	110.24x	46.32x	35.57x	n.a	151.67x	101.11x	7.56x	4.34%	-39.36%
LiveChat Software S.A. (PLN)	12.79x	9.95x	8.47x	18.19x	14.39x	12.15x	23.35x	21.43x	15.48x	22.99x	70.34%	-69.99%
Zendesk Inc. (USD)	12.44x	9.38x	7.29x	n.a	135.81x	80.24x	n.a	675.38x	174.29x	14.10x	-21.00%	-74.37%
Nuance Communications Inc. (USD)	3.22x	3.00x	2.90x	18.11x	10.19x	9.68x	n.a	12.87x	12.15x	2.20x	17.80%	88.35%
Unified Factory S.A. (PLN)*	0.93x	n.a	n.a	2.34x	n.a	n.a	2.92x	n.a	n.a	0.63x	39.80%	25.64%
<b>Median</b>	<b>4.51x</b>	<b>4.34x</b>	<b>3.88x</b>	<b>18.15x</b>	<b>46.32x</b>	<b>35.57x</b>	<b>13.14x</b>	<b>151.67x</b>	<b>76.25x</b>	<b>7.56x</b>	<b>11.07%</b>	<b>-6.86%</b>
Voicetel S.A. (PLN)	11.62x	6.18x	4.37x	12.49x	6.94x	5.17x	15.57x	8.69x	6.51x	8.46x	93.09%	2.79%
<b>Premium/Discount</b>	<b>158.0%</b>	<b>42.5%</b>	<b>12.7%</b>	<b>-31.2%</b>	<b>-85.0%</b>	<b>-85.5%</b>	<b>18.5%</b>	<b>-94.3%</b>	<b>-91.5%</b>			

\* Recently, the company and its CEO have been accused of financial misconduct

Source: CapitalIQ, East Value Research GmbH

### Privately-owned peers:

- (7) *Creative Virtual Ltd.*: Creative Virtual, which is based in London/UK, provides knowledge management, natural language processing, and virtual assistants to businesses from various industries. Its products include V-Person, a multi-lingual and multi-channel customer experience management solution; V-Person Call Centre, a customer access platform; V-Person Mobile, a profitability application; and V-Person Social Media, a tool that integrates and scales support of concurrent users.
- (8) *Inbenta Technologies Inc.*: Inbenta Technologies, which is based in San Mateo/US, provides natural language processing and semantic search services. The company offers support services such as dynamic FAQs, knowledge management, virtual assistance, business website searches, E-commerce conversions, and customer self-service. Apart from the US, it is also present in Spain, France, Brazil, Mexico, Singapore, Chile, and the Netherlands.
- (9) *24/7 Inc.*: 24/7, which is based in Campbell/US, provides cloud-based customer engagement solutions worldwide. It offers 24/7 Predictive Experience Platform, for predictive analytics and real-time decisions; 24/7 Assist that delivers agent assistance through web, mobile, social, and voice interactions; and 24/7 Social, a suite of applications that leverages prediction, real-time decisioning, and intuitive design frameworks. Its other products include 24/7 Vivid Speech, a mobile solution for IVR that enables speech, touch, and visual display in IVR interactions; 24/7 Speech, a self-service speech product that is integrated with online and mobile channels; 24/7 Mobile, a set of applications and tools that enable companies to enhance their mobile solution with predictive and omnichannel experiences; and 24/7 AIVA, an AI-powered virtual agent that empowers enterprises to build once and deploy across various self-service channels.
- (10) *CX Company*: CX Company, which is based in Rotterdam/Netherlands, provides digital customer engagement solutions. Its platform DigitalCX, develops intelligent virtual assistants, chatbots, and notifications through any digital device or channel for customer engagement.



## Recent results

### Revenues and Profitability

In 2017, Voicetel Communications generated total revenues of PLN 12.6m, which corresponded to a y-o-y increase of 135%. The main reason were new contracts for the integration of BRILLIANCE (e.g. a contract with the airport in Gdansk). Moreover, especially in H2/17 the company experienced much higher interest for its automation and communication solutions due to the upcoming introduction of the EU regulation GDPR and a very tight job market in Poland for call center staff.

in PLNm	2017	2016	change y-o-y
<b>Net sales</b>	<b>12.57</b>	<b>5.35</b>	135.0%
<b>EBITDA</b>	<b>11.70</b>	<b>4.94</b>	136.8%
<i>EBITDA margin</i>	<i>93.1%</i>	<i>92.4%</i>	
<b>EBIT</b>	<b>11.68</b>	<b>4.94</b>	136.4%
<i>EBIT margin</i>	<i>93.0%</i>	<i>92.4%</i>	
<b>Net income</b>	<b>9.35</b>	<b>3.96</b>	136.3%
<i>Net margin</i>	<i>74.4%</i>	<i>74.0%</i>	

Source: Company information, East Value Research GmbH

In 2017, EBIT increased by 136.4% to PLN 11.7m. As operating costs only amounted to PLN 885k (2016: PLN 407k), the operating margin reached a record-level of 93% (92.4%). The net margin was lower due to a net financial result of PLN -171k (2016: PLN -31k).

Voicetel does not have any full-time employees and instead only works together with outsourcing partners. This approach allows the company to remain financially flexible and its management to concentrate on supervision of R&D work and business development.

### Balance sheet and Cash flow

At the end of December 2017, Voicetel had equity of PLN 17.2m, which corresponded to a ratio of 65.6%. Apart from equity, the largest balance sheet position were other long term assets of PLN 20.7m, which sum up the company's software development expenses (in our view, this is due to tax reasons and because the R&D work on BRILLIANCE and related tools has not yet been completed). As of 31 December 2017, Voicetel had cash of PLN 222k, while its interest-bearing debt (short-term) equaled PLN 703k.

Between January and December 2017, Voicetel generated an operating cash flow of PLN 14.4m compared to PLN 2.8m in 2016. The reason was a significantly higher net profit y-o-y and a cash inflow from working capital of PLN 2.4m (2016: cash outflow of PLN 2.2m). Due to investments in the product offering cash flow from investing equaled PLN -12.5m (2016: PLN -5m). Cash flow from financing amounted to PLN -1.8m (PLN 2.2m) and was impacted by the repayment of debt and bonds. In total, the cash position increased by PLN 0.1m in 2017.

## Financial forecasts

### Revenues and Profitability

We see a tremendous growth potential for Voicetel's technology not just in Poland but also internationally for two reasons: (1) it is effective, available 24/7, works with all languages and offers small, medium-sized and large companies a significant cost savings potential of c. 75%, and (2) the new GDPR (General Data Protection Regulation) regulation, which is becoming law on 25 May 2018, affects all companies and institutions in the EU that collect and use personal data of individuals. However, regarding Voicetel's margins we expect that they will decline to <40% in the long run vs. 93% last year due to intensifying competition (e.g. by providers of text-based chatbots, who extend their offering by advanced voice-based virtual assistants) and necessary investments in marketing and qualified staff.

We have based our sales model on the segment BRILLIANCE (Voicetel's core technology), ESENSE (technological platform based on BRILLIANCE) as well as the new standardized tools ZOYA, POLA, MAYA, DIALLA and ALISA, which started contributing to the company's revenues this year or will from 2019E.

*BRILLIANCE:* This segment sums up sales relating to customized integrations of Voicetel's core technology BRILLIANCE, which are conducted through integration partners. We have based our forecasts for this segment on a fee per month of PLN 800, and a number of licenses, which in our opinion reached 785 in 2017. While the fee per month should remain stable, we expect that by 2026E the number of licenses will grow at a CAGR of 27%. Consequently, sales should increase from PLN 7.5m in 2017 to PLN 64.7m in 2026E. In case of this segment, we believe that gross margins will reach 70% in the long run after 95% in 2017 due to growing competition.

*ESENSE:* We believe that for ESENSE Voicetel receives a monthly fee of PLN 445 and in 2017 sold 941 licenses for this product at a gross margin of 95%. As ESENSE is not in the focus of Voicetel's management, we expect an average growth of the number of licenses of 1% per year, which consequently should result in a sales increase from PLN 5m in 2017 to PLN 5.5m in 2026E. In terms of gross margin, we believe that it will decline to 70% in the long run.

*DIALLA/MAYA/POLA:* This position sums up all tools, which offer automation of inbound and outbound calls e.g. in order to schedule meetings, collect customer data or conduct campaigns. While we believe that DIALLA already started generating revenues in Q1/18, we expect a market introduction of POLA and MAYA in mid-2018E and 2019E respectively. For full-year 2018E, we forecast that sales will already reach PLN 6.5m based on 25m conducted calls at a fee of PLN 0.26 per call. The reason is the new General Data Protection Regulation, due to which all companies that collect and process personal data face significant penalties in case of data privacy breaches. By 2026E, we expect that revenues of these products will grow to PLN 24.7m (CAGR of 18.2%), among others due to foreign expansion.

Regarding gross margin, we expect that it will decline from 92% in 2018E to 70% in 2026E due to increasing competition.

**ZOYA:** ZOYA is a tool for automation of receivables collection. We expect that it will generate revenues of PLN 1.4m for the first time in 2019E, with 150 licenses sold and a monthly fee per license of PLN 800 (according to our research, Voicetel already faces significant demand for this solution). Afterwards, we believe that the average fee per month will remain stable and the number of sold licenses will grow by 52.7% on average. Regarding gross margin, we expect that it will decline from 89% in 2019E to 70% in 2026E due to increasing competition.

**ALISA:** ALISA is a tool that allows the analysis of all conversations with call center staff. We expect that it will start generating revenues in 2019E. In our view, from 2019E to 2026E sales will increase from PLN 240k to PLN 17.4m, with the number of licenses sold growing from 25 to 1,811. Regarding gross margin, we expect that it will decline from 89% in 2019E to 70% in 2026E due to increasing competition.

in PLNm	2018E	2019E	2020E	2021E
<b>BRILLIANCE</b>	<b>12.06</b>	<b>16.89</b>	<b>21.96</b>	<b>28.54</b>
<i>Share in total sales</i>	51.0%	50.5%	50.2%	49.6%
Gross margin	92.0%	89.0%	86.0%	83.0%
Number of licenses sold	1,257	1,759	2,287	2,973
Monthly fee per license (in PLN)	800	800	800	800
<b>ESENSE</b>	<b>5.08</b>	<b>5.13</b>	<b>5.18</b>	<b>5.23</b>
<i>Share in total sales</i>	21.5%	15.3%	11.8%	9.1%
Gross margin	92.0%	89.0%	86.0%	83.0%
Number of licenses sold	951	960	970	980
Monthly fee per license (in PLN)	445	445	445	445
<b>DIALLA/MAYA/POLA</b>	<b>6.50</b>	<b>9.75</b>	<b>13.00</b>	<b>16.25</b>
<i>Share in total sales</i>	27.5%	29.2%	29.7%	28.3%
Gross margin	92.0%	89.0%	86.0%	83.0%
Number of calls	25,000,000	37,500,000	50,000,000	62,500,000
Revenue per call (PLN)	0.26	0.26	0.26	0.26
<b>ZOYA</b>	<b>0.00</b>	<b>1.44</b>	<b>2.88</b>	<b>5.33</b>
<i>Share in total sales</i>	0.0%	4.3%	6.6%	9.3%
Gross margin	92.0%	89.0%	86.0%	83.0%
Number of licenses sold	0	150	300	555
Monthly fee per license (in PLN)	0	800	800	800
<b>ALISA</b>	<b>0.00</b>	<b>0.24</b>	<b>0.72</b>	<b>2.16</b>
<i>Share in total sales</i>	0.0%	0.7%	1.6%	3.8%
Gross margin	92.0%	89.0%	86.0%	83.0%
Number of licenses sold	0	25	75	225
Monthly fee per license (in PLN)	0	800	800	800
<b>Total sales</b>	<b>23.64</b>	<b>33.45</b>	<b>43.74</b>	<b>57.51</b>
change y-o-y	88.1%	41.5%	30.8%	31.5%

Source: East Value Research GmbH

in PLNm	2018E	2019E	2020E	2021E
<b>Net sales</b>	<b>23.64</b>	<b>33.45</b>	<b>43.74</b>	<b>57.51</b>
<b>EBITDA</b>	<b>21.04</b>	<b>28.28</b>	<b>34.42</b>	<b>40.68</b>
<i>EBITDA margin</i>	<i>89.0%</i>	<i>84.6%</i>	<i>78.7%</i>	<i>70.7%</i>
<b>EBIT</b>	<b>21.01</b>	<b>28.22</b>	<b>34.32</b>	<b>40.53</b>
<i>EBIT margin</i>	<i>88.9%</i>	<i>84.4%</i>	<i>78.5%</i>	<i>70.5%</i>
<b>Net income</b>	<b>16.90</b>	<b>22.75</b>	<b>27.71</b>	<b>32.76</b>
<i>Net margin</i>	<i>71.5%</i>	<i>68.0%</i>	<i>63.4%</i>	<i>57.0%</i>

Source: East Value Research GmbH

in PLNm	Q1/16	Q2/16	Q3/16	Q4/16	2016	Q1/17	Q2/17	Q3/17	Q4/17	2017
<b>Net sales</b>	<b>1.00</b>	<b>0.91</b>	<b>1.58</b>	<b>1.86</b>	<b>5.35</b>	<b>1.87</b>	<b>3.36</b>	<b>3.37</b>	<b>3.96</b>	<b>12.57</b>
<i>y-o-y change</i>	<i>n.a</i>	<i>n.a</i>	<i>n.a</i>	<i>n.a</i>	<i>n.a</i>	<i>87.6%</i>	<i>267.2%</i>	<i>114.0%</i>	<i>113.2%</i>	<i>135.0%</i>
<b>EBITDA</b>	<b>0.87</b>	<b>0.76</b>	<b>1.53</b>	<b>1.78</b>	<b>4.94</b>	<b>1.64</b>	<b>3.12</b>	<b>3.95</b>	<b>2.99</b>	<b>11.70</b>
<i>EBITDA margin</i>	<i>87.5%</i>	<i>83.3%</i>	<i>96.9%</i>	<i>95.7%</i>	<i>92.4%</i>	<i>87.4%</i>	<i>92.9%</i>	<i>117.1%</i>	<i>75.5%</i>	<i>93.1%</i>
<b>EBIT</b>	<b>0.87</b>	<b>0.76</b>	<b>1.53</b>	<b>1.78</b>	<b>4.94</b>	<b>1.64</b>	<b>3.12</b>	<b>3.25</b>	<b>3.68</b>	<b>11.68</b>
<i>EBIT margin</i>	<i>87.5%</i>	<i>83.3%</i>	<i>96.9%</i>	<i>95.7%</i>	<i>92.4%</i>	<i>87.4%</i>	<i>92.9%</i>	<i>96.3%</i>	<i>92.8%</i>	<i>93.0%</i>
<b>Net income</b>	<b>0.70</b>	<b>0.60</b>	<b>1.22</b>	<b>1.44</b>	<b>3.96</b>	<b>1.30</b>	<b>2.59</b>	<b>2.60</b>	<b>2.87</b>	<b>9.35</b>
<i>Net margin</i>	<i>69.7%</i>	<i>65.5%</i>	<i>77.4%</i>	<i>77.6%</i>	<i>74.0%</i>	<i>69.1%</i>	<i>77.2%</i>	<i>77.0%</i>	<i>72.4%</i>	<i>74.4%</i>

Source: Company information, East Value Research GmbH

### CAPEX and Working Capital

In our view, Voicetel will concentrate its R&D activities on (1) extension of existing software tools in order to introduce them on international markets and (2) the development of new standardized bots, which allow the application of the company's core BRILLIANCE technology in certain areas.

We expect that gross CAPEX in 2018E-2020E will reach c. PLN 10m each year (2017: PLN 12.5m) and in the long run 1% of yearly sales. In terms of working capital, we believe that its share in total sales will increase from 5.8% in 2017 to >30% in the future (cash conversion cycle from -221 days to 60 days).

## **Business description**

Voicetel Communications S.A., which has offices in Warsaw and Gdansk, is a Polish technology company that provides unique SaaS-based solutions supporting call/contact centers of small, medium and large companies from various sectors. In particular, it helps to fully-automate the voice-based client interaction with advanced virtual assistants and thus increases the efficiency of communication between a company and its customers. Voicetel's solutions are based on proprietary AI (Artificial Intelligence)-based algorithms, which allow to conduct a non-linear, almost natural dialogue between the client and the bot. The technology, which uses components of the leading providers of speech recognition and synthesis Google, Nuance Communications and Amazon, has so far been used in several thousand dialogues on real-life topics. Voicetel has been listed in the NewConnect segment of the Warsaw Stock Exchange since 2016. As it outsources all of its development work and support functions e.g. accounting, data center, the company has no full-time employees.

## **Company history**

2012: Voicetel was set up in the fourth quarter of 2012 to initiate research and development on speech processing algorithms. This was done by the company SpeechGuru Sp. Z.o.o, which since 2017 has been fully-owned by Voicetel (previously, it had been owned by Voicetel's CEO and co-founder Dawid Wojcicki).

2013: First private placement of 10k shares (nominal value of PLN 1) at PLN 40 per share to Polish individual investors.

Completion of first prototype of a service, which allows a dialogue with a user based on components of Google's speech recognition technology. Start of commercialization among IT integrators/vendors.

2014: Voicetel starts working together with Nuance Communications (speech recognition) and IVONA Software (speech synthesis; IVONA is now owned by Amazon). Like in case of Google, these partners receive license fees not by Voicetel itself, but by its distributors (integration partners).

2015: Voicetel acquires five multi-year leasing contracts for its dialogue interface platform ESENSE.

The company starts the commercialization of its dialogue interface BRILLIANCE in Poland.

2016: Voicetel signs three 12-months contracts for its BRILLIANCE solution worth in total PLN 540k with clients from the Healthcare/Biotech sector.

The company debuts in the NewConnect segment of the Warsaw Stock Exchange. At the beginning, investors were only allowed to trade 120k of its 1.1m shares outstanding. These were Series C and D shares, of which the last (20k shares with a nominal value of PLN 0.10 per share) were sold in a private placement before the IPO at PLN 16 per share.

2017: Lech Walesa Airport in Gdansk launches an innovative automatic telephone service system based on Voicetel's BRILLIANCE technology. The new airport assistant checks the arrival or departure time, flight number, and carrier-specific phone numbers without the need for call center staff.

### **What are Voicetel's products and how are they monetized?**

Until 2017, Voicetel's revenues only stemmed from 12-months contracts for integrations of its BRILLIANCE technology and the related platform ESENSE. All new bots are based on BRILLIANCE, but only started contributing to Voicetel's revenues this year or will in 2019E. In the coming years, management plan to start the distribution of its software also outside Poland.

Below is a list of the company's solutions:

*BRILLIANCE*: BRILLIANCE is a dialogue interface, which utilizes a state-of-the-art machine learning model and semantic technologies to ensure fluency of the dialogue between a human and a bot/machine. As it understands human speech in all languages and knows the caller's profile, the bot is able to recognize the intent of the interlocutor and to respond to the context of the sentence in real-time. Thus, the system provides flexible and natural voice communication that can be used in all kinds of processes in customer support departments. Compared to traditional call/contact centers, the cost savings are estimated at c. 75%.

We believe that in full-year 2017 BRILLIANCE accounted for c. 60% of the company's total sales.

### Comparison between BRILLIANCE and typical call/contact center

	<b>BRILLIANCE</b>	<b>Typical call/contact center</b>
Reaction time	Immediate	Delayed
Cost	25% of the human operator	Full cost of human operator
Efficiency	Unlimited	Depending on availability of employees
Availability	24/7	Limited to working hours
Learnability	Immediate	Additional training required
Quality	Highest	Dependent on the quality of staff

Source: East Value Research GmbH

*ESENSE*: ESENSE is a platform based on BRILLIANCE and is targeted at intermediaries e.g. IT integrators/vendors, Telco companies that can adjust/program it according to their own needs.

We estimate the share of ESENSE in Voicetel's full-year 2017 revenues at c. 40%. However, as its development is not the primary focus of the company, we expect that its revenues will only grow very slowly going forward.

*DIALLA*: DIALLA is a virtual assistant, which allows inbound and outbound calls in an automated way based on standardized processes for different industries. Currently, it supports the following functions: call routing, authentication, scheduling meetings, information about order status and credit card payments. It is targeted especially at small and medium-sized enterprises (incl. freelancers). DIALLA already started to generate revenues at the beginning of 2018.

Voicetel is currently extending this bot to be able to sell it also to international customers from various sectors.

*ZOYA*: This is a voice-based bot, which is supposed to support companies from e.g. the Financial, Cable TV and Energy sectors in their process of receivables collection. According to Voicetel's management, it will be introduced on the market in 2019E.

*POLA*: This is a tool, which will be introduced in mid-2018E, and is for automation of customer support, especially for receiving the client's consent relating to processing of his personal data. The bot only needs the text of the agreement and a list of contacts. Voicetel's management expects significant demand for it due to the introduction of the GDPR EU at the end of May 2018.

*MAYA*: A tool that gives you the opportunity to contact a large number of clients very quickly, ask them pre-defined questions and provide them with personalized information. Thus, it allows to build a customer database for further contact at significantly lower costs than call centers. Market introduction is scheduled for 2019E.

*ALISA*: A digital analyst, who is able to analyze many hours of calls and determine, in which way the customer support can be optimized. The tool is supposed to be introduced on the market in 2019E.

### **How does the distribution strategy look like?**

Voicetel only distributes its solutions through integration partners e.g. IT vendors, providers of solutions for contact centers, who specialize in a particular sector. They distribute the company's bots as an add-on for their own products/solutions and take over all costs related to sales. In Poland, its only market to date, Voicetel's bots are in use among others by companies from the Healthcare, Biotech, IT, Telecommunication and Finance sector. In general, Voicetel's target group are all businesses, where a significant part of communication with customers is done by phone in a standardized way.

According to its management, Voicetel currently works together with 40 integration partners out of a total of c. 100 such firms in Poland. Voicetel targets especially those, who have business relationships to international companies as they could also help to introduce its solutions outside Poland.



## **Management**

*Dawid Wojcicki (CEO and Co-founder):* Dawid Wojcicki graduated with a Master's degree in Computer Science and Econometrics from the University of Gdansk. From the beginning of his professional career, he has been involved with innovative technology companies. Before founding Voicetel, he worked among others as Software Developer and Project Manager at Wirtualna Polska S.A., the leading online portal in Poland, and at the venture incubator Baltic Innovation Center, where he co-ordinated the development of internet start-ups.

*Krzysztof Plachta (Vice President of the Board and Co-founder):* Krzysztof Plachta graduated from the Navigational Department of the Maritime University in Gdynia. He also completed an MBA at the University of Gdansk as well as postgraduate studies in Property Appraisal at the Faculty of Land Surveying and Spatial Management at the University of Warmia and Mazury in Olsztyn, in Property Management at the Higher School of Property Management in Warsaw, and in Energy Performance and Audit of Buildings at the Private Higher School of Environmental Protection in Radom. Before co-founding Voicetel, Mr Plachta held management positions among others at DM Penetrator S.A., Eurotel S.A. and Trado S.A.

## **Market environment**

### **The global market for chatbots**

With 31% of retailers planning to invest in respective solutions in the coming years, the global chatbot market is expected to grow at a CAGR of 24.3% to USD 1.3bn by 2025E, according to a report by Grand View Research. Asia-Pacific is forecast to grow at the fastest rate of 24.7% on average. A chatbot is an interactive application developed using either a set of rules or the Artificial Intelligence technology. It allows a direct interaction with humans through the textual conversation process and is integrated with different messaging services. The respective industry is expected to exhibit significant growth going forward as (1) it enables enterprises to substantially reduce operating costs (USD 8bn worldwide by 2022E according to Juniper Research) and (2) innovations in Artificial Intelligence and machine learning technologies are likely to improve the functionality of chatbots.

According to 101media, the vast majority of bots today only understands and responds to simple requests, which limits the customer experience. Advanced intelligent virtual assistants constitute a solution to this issue.

### **Forecasts for the intelligent virtual assistants (IVA) market**

A virtual assistant is a software agent that can perform tasks/services for an individual via text or voice on a mobile or PC. According to MarketsandMarkets, the respective market is supposed to grow from USD 2.5bn in 2017 to USD 17.7bn by 2023E, which corresponds to a CAGR 17-23E of 38.8%. The market is expected to be driven by the demand (1) for automation in customer support services e.g. in Banking and (2) for IVA smart speakers in "Smart Homes" incl. wireless thermostats and music systems. North America is expected to remain the largest market for IVA, followed by Europe and Asia-Pacific. TechNavio reckons that in the last years the spoken command segment has accounted for the largest share of the IVA market due to the popularity of smartphones (Apple's "Siri"), Windows (Microsoft's "Cortana") as well as Google's and Amazon's smart speakers.

## Profit and loss statement

in PLNm	2016	2017	2018E	2019E	2020E	2021E
<b>Revenues</b>	<b>5.35</b>	<b>12.57</b>	<b>23.64</b>	<b>33.45</b>	<b>43.74</b>	<b>57.51</b>
Cost of goods sold	-0.41	-0.80	-1.89	-3.68	-6.12	-9.78
<b>Gross profit</b>	<b>4.94</b>	<b>11.77</b>	<b>21.75</b>	<b>29.77</b>	<b>37.61</b>	<b>47.73</b>
Other operating income	0.00	0.00	0.00	0.00	0.00	0.00
Personnel costs	0.00	-0.01	-0.07	-0.22	-0.66	-1.99
Other operating expenses	0.00	-0.06	-0.63	-1.27	-2.53	-5.06
<b>EBITDA</b>	<b>4.94</b>	<b>11.70</b>	<b>21.04</b>	<b>28.28</b>	<b>34.42</b>	<b>40.68</b>
Depreciation & amortisation	0.00	-0.02	-0.03	-0.06	-0.10	-0.15
<b>EBIT</b>	<b>4.94</b>	<b>11.68</b>	<b>21.01</b>	<b>28.22</b>	<b>34.32</b>	<b>40.53</b>
Net financial result	-0.03	-0.17	-0.15	-0.13	-0.11	-0.09
<b>EBT</b>	<b>4.91</b>	<b>11.51</b>	<b>20.86</b>	<b>28.09</b>	<b>34.21</b>	<b>40.44</b>
Income taxes	-0.95	-2.16	-3.96	-5.34	-6.50	-7.68
Minorities	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net income / loss</b>	<b>3.96</b>	<b>9.35</b>	<b>16.90</b>	<b>22.75</b>	<b>27.71</b>	<b>32.76</b>
EPS	3.53	8.35	14.95	19.96	24.31	28.74
DPS	0.00	0.00	0.00	0.00	0.00	0.00
<b>Share in total sales</b>						
Revenues	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Cost of goods sold	-7.58 %	-6.35 %	-8.00 %	-11.00 %	-14.00 %	-17.00 %
Gross profit	92.42 %	93.65 %	92.00 %	89.00 %	86.00 %	83.00 %
Other operating income	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Personnel costs	0.00 %	-0.06 %	-0.31 %	-0.66 %	-1.52 %	-3.47 %
Other operating expenses	-0.04 %	-0.50 %	-2.68 %	-3.78 %	-5.79 %	-8.80 %
EBITDA	92.38 %	93.09 %	89.01 %	84.55 %	78.69 %	70.73 %
Depreciation & amortisation	0.00 %	-0.13 %	-0.14 %	-0.19 %	-0.22 %	-0.25 %
EBIT	92.38 %	92.96 %	88.87 %	84.36 %	78.47 %	70.48 %
Net financial result	-0.58 %	-1.36 %	-0.64 %	-0.39 %	-0.25 %	-0.16 %
EBT	91.80 %	91.60 %	88.24 %	83.97 %	78.22 %	70.32 %
Income taxes	-17.79 %	-17.17 %	-16.76 %	-15.95 %	-14.86 %	-13.36 %
Minorities	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Net income / loss	74.01 %	74.43 %	71.47 %	68.01 %	63.36 %	56.96 %

## Balance Sheet

in PLNm	2016	2017	2018E	2019E	2020E	2021E
<b>Assets</b>						
Cash and equivalents	0.11	0.22	7.29	19.54	34.37	58.02
Short-term financial assets	0.00	0.00	0.00	0.00	0.00	0.00
Inventories	0.00	0.00	0.00	0.00	0.00	0.00
Trade accounts and notes receivables	2.36	3.07	5.78	8.19	10.72	14.11
Other current assets	0.79	2.06	3.88	5.49	7.18	9.45
<b>Current assets, total</b>	<b>3.27</b>	<b>5.36</b>	<b>16.95</b>	<b>33.22</b>	<b>52.27</b>	<b>81.58</b>
Property, plant and equipment	0.00	0.03	0.03	0.03	0.03	0.04
Other intangible assets	0.00	0.01	0.01	0.01	0.01	0.01
Goodwill	0.00	0.00	0.00	0.00	0.00	0.00
Other long-term assets	9.14	20.69	30.69	40.69	50.69	55.69
Deferred tax assets	0.00	0.16	0.00	0.00	0.00	0.00
<b>Non-current assets, total</b>	<b>9.14</b>	<b>20.89</b>	<b>30.74</b>	<b>40.74</b>	<b>50.74</b>	<b>55.74</b>
<b>Total assets</b>	<b>12.41</b>	<b>26.25</b>	<b>47.69</b>	<b>73.96</b>	<b>103.01</b>	<b>137.32</b>
<b>Liabilities</b>						
Trade payables	0.66	0.68	1.45	2.50	3.64	4.98
Other short-term liabilities	0.51	3.72	3.91	4.10	4.31	4.52
Short-term financial debt	1.63	0.70	0.35	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00	0.00	0.00
<b>Current liabilities, total</b>	<b>2.80</b>	<b>5.10</b>	<b>5.71</b>	<b>6.61</b>	<b>7.95</b>	<b>9.50</b>
Long-term financial debt	0.14	0.00	0.00	0.00	0.00	0.00
Other long-term liabilities	0.00	0.00	0.00	0.00	0.00	0.00
Deferred tax liabilities	1.62	3.93	0.00	0.00	0.00	0.00
<b>Long-term liabilities, total</b>	<b>1.76</b>	<b>3.93</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total liabilities</b>	<b>4.56</b>	<b>9.04</b>	<b>5.71</b>	<b>6.61</b>	<b>7.95</b>	<b>9.50</b>
<b>Shareholders equity, total</b>	<b>7.86</b>	<b>17.21</b>	<b>41.98</b>	<b>67.36</b>	<b>95.06</b>	<b>127.82</b>
Minority interests	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total equity and liabilities</b>	<b>12.41</b>	<b>26.25</b>	<b>47.69</b>	<b>73.96</b>	<b>103.01</b>	<b>137.32</b>

## Cash Flow Statement

in PLNm	2016	2017	2018E	2019E	2020E	2021E
Net income / loss	3.96	9.35	16.90	22.75	27.71	32.76
Depreciation	0.00	0.02	0.03	0.06	0.10	0.15
Change of working capital	-2.22	2.44	-3.58	-2.77	-2.88	-4.10
Others	1.08	2.56	3.77	0.00	0.00	0.00
<b>Net operating cash flow</b>	<b>2.82</b>	<b>14.37</b>	<b>17.13</b>	<b>20.05</b>	<b>24.93</b>	<b>28.80</b>
<b>Cash flow from investing</b>	<b>-5.01</b>	<b>-12.45</b>	<b>-10.04</b>	<b>-10.07</b>	<b>-10.10</b>	<b>-5.15</b>
Free cash flow	-2.18	1.92	7.09	9.98	14.83	23.65
<b>Cash flow from financing</b>	<b>2.21</b>	<b>-1.80</b>	<b>-0.02</b>	<b>2.28</b>	<b>0.00</b>	<b>0.00</b>
Change of cash	0.03	0.11	7.07	12.25	14.83	23.65
Cash at the beginning of the period	0.09	0.11	0.22	7.29	19.54	34.37
Cash at the end of the period	0.11	0.22	7.29	19.54	34.37	58.02

## Financial ratios

Fiscal year	2016	2017	2018E	2019E	2020E	2021E
<b>Profitability and balance sheet quality</b>						
Gross margin	92.42%	93.65%	92.00%	89.00%	86.00%	83.00%
EBITDA margin	92.38%	93.09%	89.01%	84.55%	78.69%	70.73%
EBIT margin	92.38%	92.96%	88.87%	84.36%	78.47%	70.48%
Net margin	74.01%	74.43%	71.47%	68.01%	63.36%	56.96%
Return on equity (ROE)	68.19%	74.63%	57.09%	41.61%	34.12%	29.39%
Return on assets (ROA)	32.14%	36.29%	35.75%	30.93%	27.01%	23.92%
Return on capital employed (ROCE)	41.44%	44.90%	40.54%	33.93%	29.24%	25.68%
Economic Value Added (in PLNm)	2.73	6.74	11.55	14.07	15.41	16.17
Net debt (in PLNm)	1.66	0.48	-6.94	-19.54	-34.37	-58.02
Net gearing	21.11%	2.79%	-16.53%	-29.01%	-36.15%	-45.39%
Equity ratio	63.30%	65.57%	88.03%	91.07%	92.28%	93.08%
Current ratio	1.17	1.05	2.97	5.03	6.58	8.59
Quick ratio	0.88	0.64	2.29	4.20	5.67	7.59
Net interest cover	158.58	68.33	139.17	215.44	309.27	445.56
Net debt/EBITDA	0.34	0.04	-0.33	-0.69	-1.00	-1.43
Tangible BVPS	7.01	15.37	37.16	59.10	83.41	112.15
CAPEX/Sales	-93.07%	-92.22%	-42.45%	-30.10%	-23.09%	-8.95%
Working capital/Sales	37.16%	5.83%	18.22%	21.16%	22.76%	24.44%
Cash Conversion Cycle (in days)	-437	-221	-190	-159	-127	-96
<b>Trading multiples</b>						
EV/Sales	27.31	11.62	6.18	4.37	3.34	2.54
EV/EBITDA	29.57	12.49	6.94	5.17	4.24	3.59
EV/EBIT	29.57	12.50	6.95	5.18	4.26	3.60
P/Tangible BVPS	18.53	0.00	0.00	0.00	0.00	0.00
P/E	36.78	15.57	8.69	6.51	5.35	4.52
P/FCF	-66.67	75.95	20.53	14.59	9.82	6.16

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