

W U T I S



CD Projekt

Equity Research Division

Target Price: PLN 209.1

Current Price: PLN 277.9

Downside Potential: 24.8%

Recommendation: SELL

Investment Horizon: 1 Year

Vienna, 31th January 2020

Team Overview

Equity Research



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Head of
Equity Research

- Task Distribution
- Presentation



- BSc. (WU)



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- Business Model
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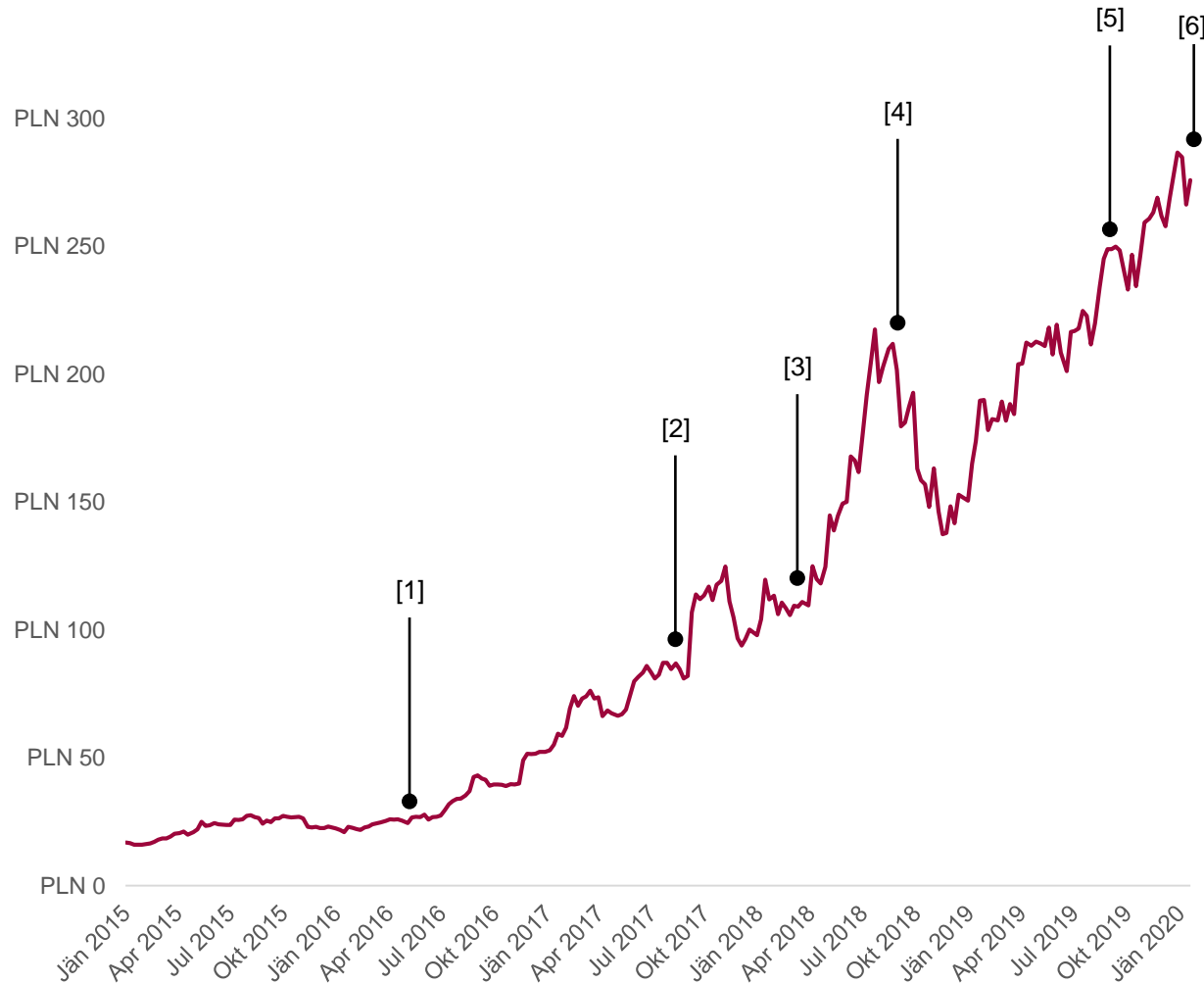
- Research
- Forecasts

- BSc. (WU) – 5th Semester

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Share Price Performance

CDP has gained more than 1,300% in the last four years, especially after E3 announcements

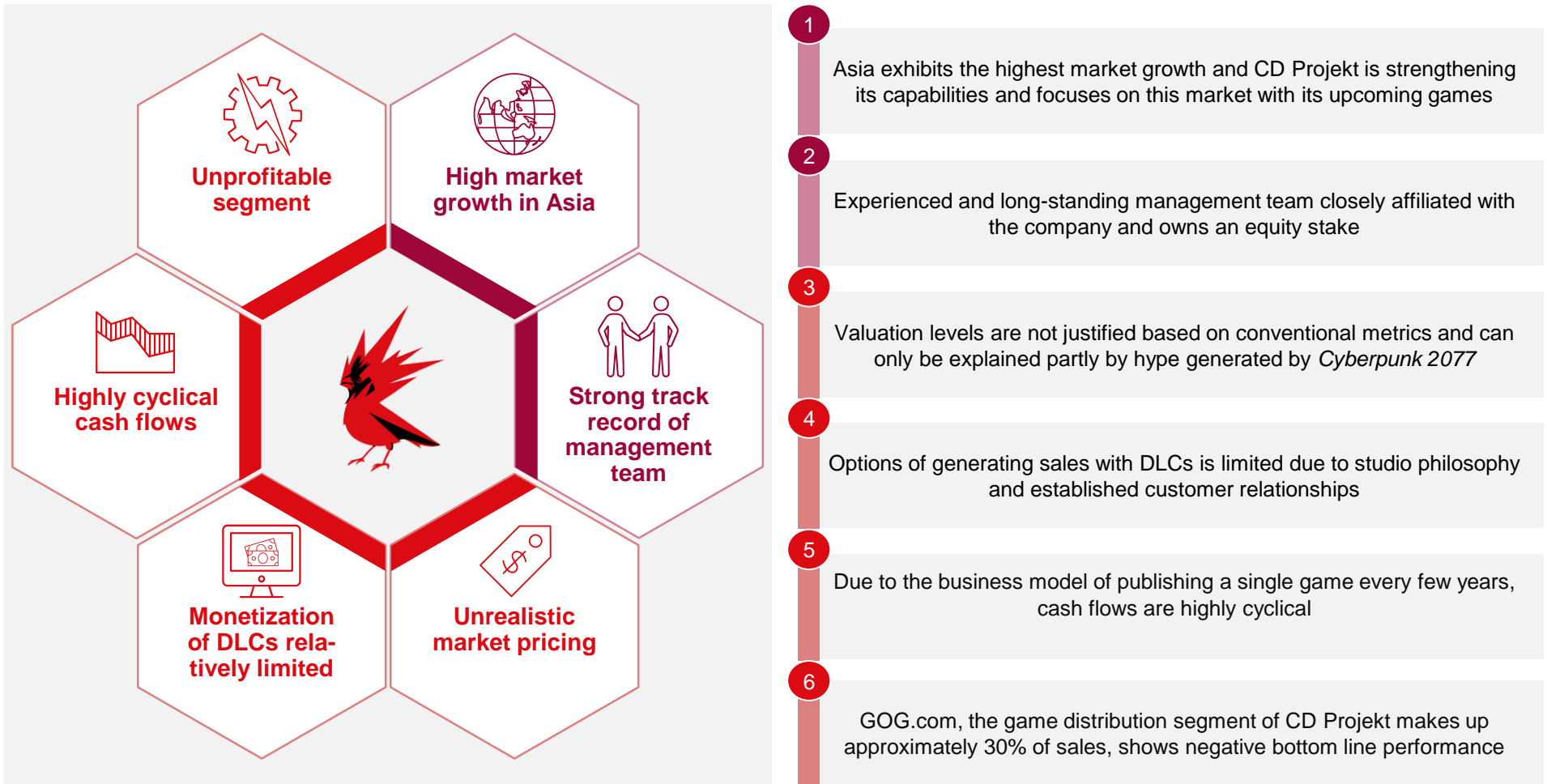


Share price – Major Events

- [1] May 31, 2016 (+212.7%) – The second *Witcher 3* DLC is released by CDP
- [1] June 14, 2016 (v.s.) – CDP announces *GWENT* at E3 2016
- [2] August 2017 (+7.5%) – CDP announces *Thronebreaker* at gamescom 2017.
- [3] June 14, 2018 (+212.7%) – *Cyberpunk 2077* wins over one hundred awards at the E3 2018 and the second game trailer is published
- [4] October to December (-30.6%) – *GWENT* and *Thronebreaker* are released for PC, PS4 and XBO. The latter did not meet sales expectations.
- [5] October 29, 2019 (+8.4%) – *GWENT: The Witcher Card Game* is released for iOS.
- [6] January 17, 2020 (-5.7%) – CDP delays the publishing date of *Cyberpunk 2077* from April 2020 to September 17, 2020 and its online mode to after 2021.

Investment Thesis

Driven mostly by hype and currently without a clear strategy, CDP clearly is a short target





Business Overview

Business Development

The idealistic founders and management team own a considerable equity stake of 33%

Business Description

- Worldwide development and digital distribution of videogames
- CD Projekt Red (CDPR):** Development, publishing and distribution of open world role-playing games
- GOG.com:** Online distribution of DRM free videogames, enabling customers to purchase from around the world
- Headquarters:** Warsaw, Poland
- Established:** 1994
- Employees:** 953
- Market Cap:** PLN 27.1 bn
- Ticker:** CDR
- Stock Exchange:** Warsaw Stock Exchange

Management Team



Adam Kiciński
President,
Joint CEO
Since 1994



Marcin Iwiński
Co-founder,
Joint CEO
Since 1994



Piotr Nielubowicz
Vice President,
CFO
Since 1999

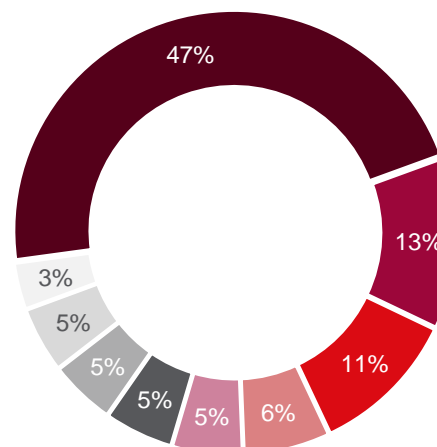


Adam Badowski
Board Member,
Head of CDPR
Since 2003

Company history

- 1996** - First Polish distributor to publish games with Polish manuals
- 2002** – CD Projekt Red Studio is founded
- 2007** – First Witcher-themed game released
- 2008** – Good Old Games (later GOG.com) was set up
- 2011** – Release of *The Witcher 2: Assassins of Kings*
- 2012** – Re-release of *The Witcher 2: Assassins of Kings*
- 2015** – Release of *The Witcher 3: Wild Hunt*
- 2020E** – Planned release of *Cyberpunk 2077*

Shareholder Structure



Founders

- Marcin Iwiński
- Michał Kiciński

- Piotr Nielubowicz
- Aviva PTE Aviva BZ WBK SA
- MetLife PTE SA
- Nationale-Nederlanden PTE SA
- Allianz Polska TFI SA
- Adam Kiciński
- Free Float

Business Model & Products

CDP's development, publishing and distribution is characterized by its DRM-free philosophy

Business Model of CD Projekt Red

CREATION

IP ownership and full creative control
Focus on 2 franchises and limited projects

DEVELOPMENT

In-house development team

TECHNOLOGY

Internally developed REDengine exclusively for nonlinear RPG

PUBLISHING

Own publishing operation – GAMERS FIRST core business philosophy

DISTRIBUTION

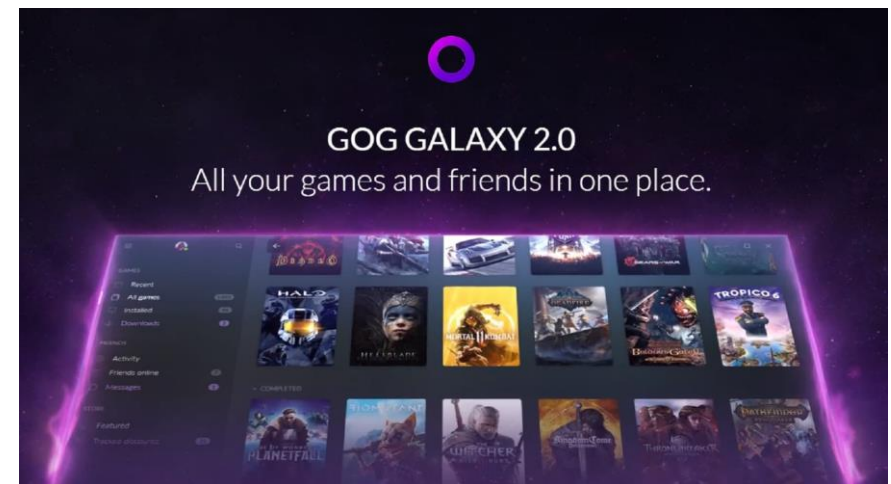
Global retail distribution partners in 109 countries
Direct consoles and PC digital distribution – GOG.com



Business Model of GOG

DISTRIBUTION

- Digital distribution of video games via GOG.com distribution platform and the GOG Galaxy application
- Catalogue of 2800 products from more than 600 publishers and developers of videogames (Activision Blizzard, Bethesda, Disney)
- Languages: English, French, German, Russian, Chinese and Polish
- **Free of DRM measures**



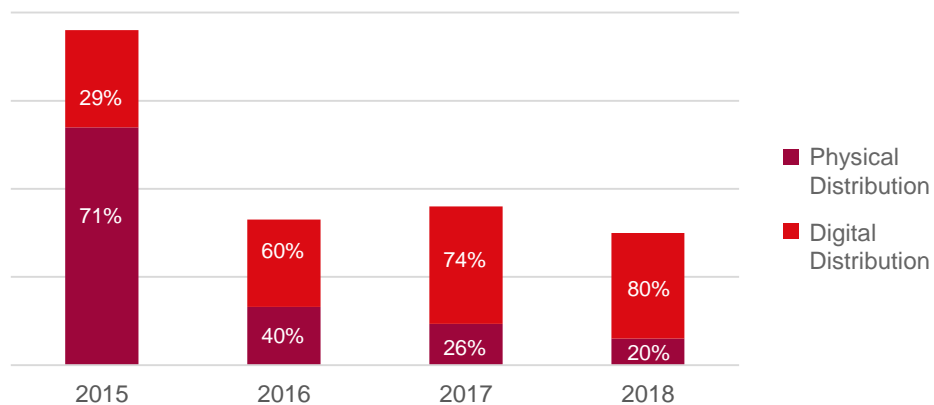
Distribution & Geography

U.S. and European core markets have driven revenue across gaming platforms

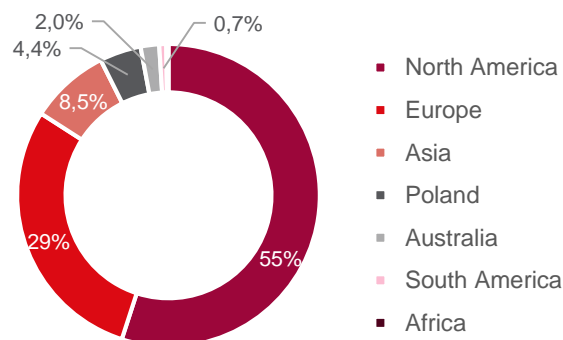
CD Projekt Offices



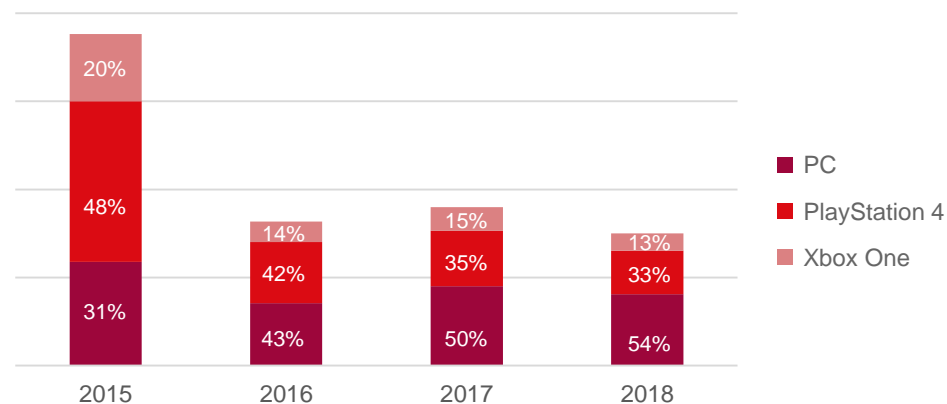
Witcher 3: Units sold by distribution type



Total Group Sales by Geography (2018¹)



Witcher 3: Units sold by platform



After the release of *Cyberpunk 2077*, CDP's strategy is unclear and not yet defined

CDPR's philosophy drives their strategy

Independence

- Creative and financial independence with an own digital distribution and online gaming platform

Game quality

- Digital experiences with focus on RPGs
- Development of proprietary software

Work culture


- Fair treatment of employees
- Direct contact to player base

*Lately issues regarding **crunch policies, employee wellbeing and retention** have arisen...*


FCK DRM initiative

CD Projekt as well as GOG follow a **DRM-free** strategy with their games

Digital Rights Management (DRM) defines technology that restricts how digital content can be interacted with (e.g. sharing, printing, copying)






- Offline access possible
- No log-in required
- Customer experience is put ahead of profits

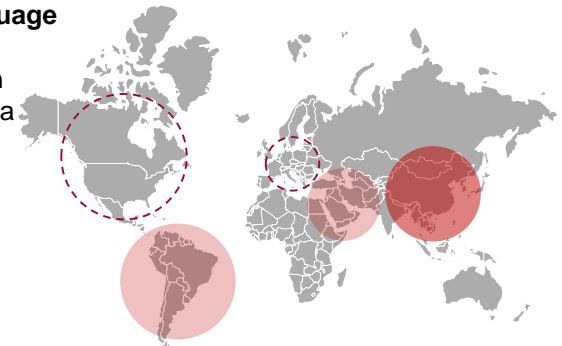


- Piracy (4.5 mn copies of CD Projekt games have been pirated)
- Harder to monetize DLCs

Product portfolio depth and distribution channels

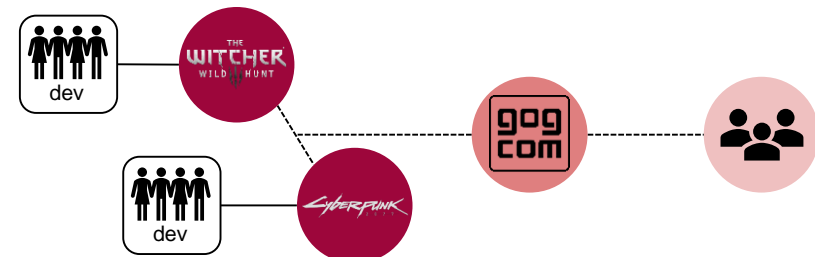
- CD Projekt acquired Spokko in 2018 to enter the **mobile gaming market**, though the developer remains largely independent
- **Distribution** of *Cyberpunk 2077* and the subsequent titles will be fostered by **additional language support, local CDPR sales branches** and an expansion of key markets mainly to Asia

-  Current core market
-  Market expansion (primary)
-  Market expansion (secondary)



Reduction of cyclical effects

- Long-term switch to a **dual-franchise system** that allows for shorter revenue cycles and diversifies their product portfolio
- This goes along with a two-fold expansion of CDPR's development team
- GOG should be established as main digital distribution channel



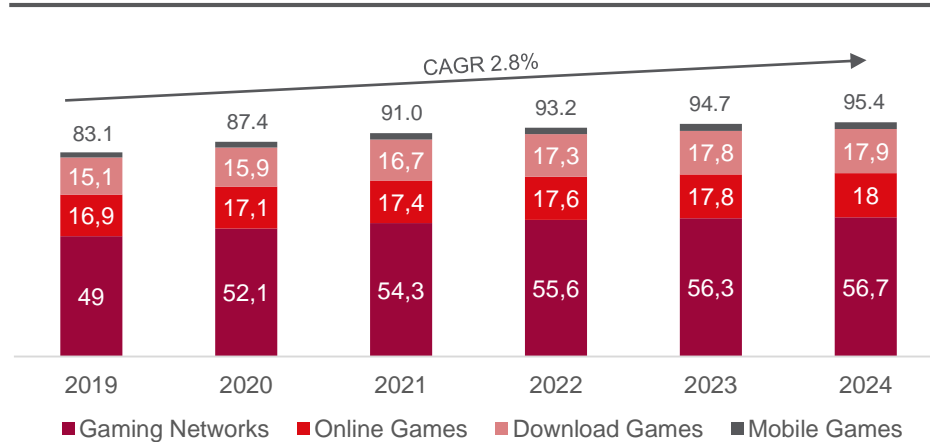


Market & Industry Overview

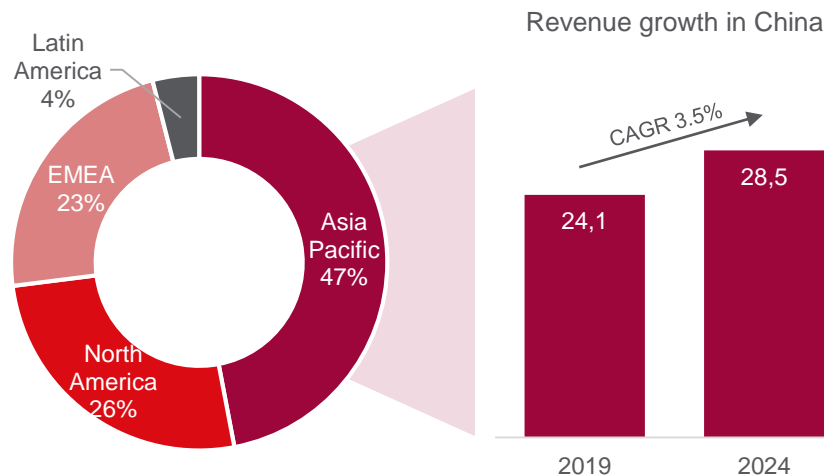
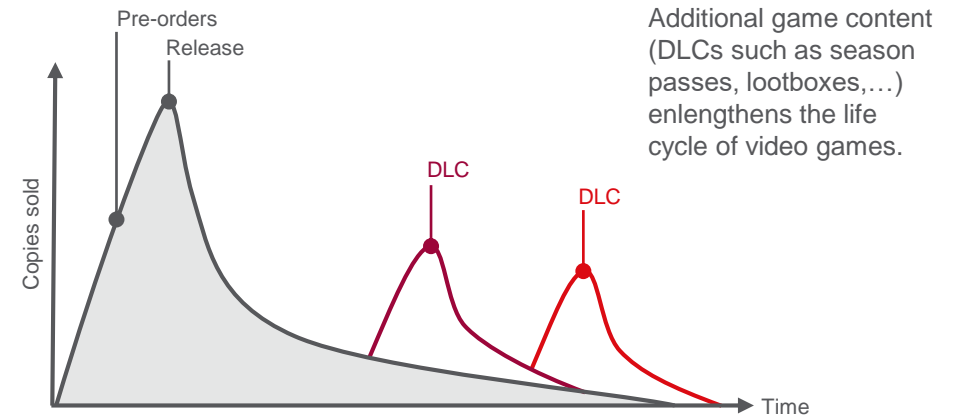
CD Projekt Red

The gaming market across platforms is growing at 2.8% per year with Asia leading the pack

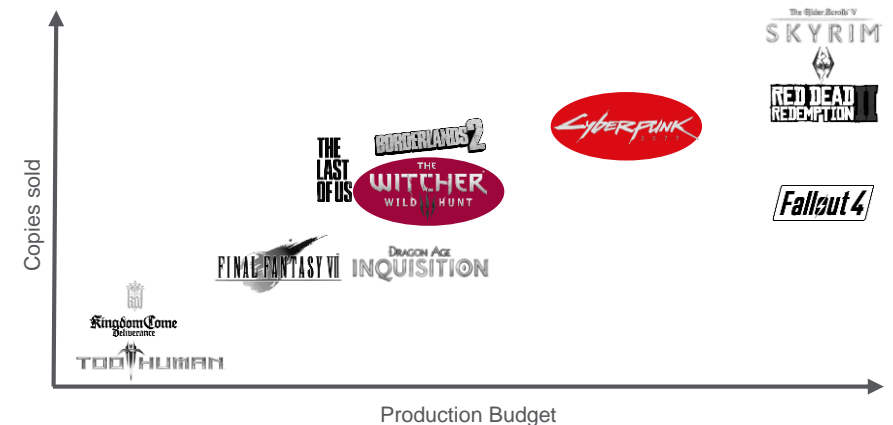
Global Video games market [USD bn]



Change in game lifecycle



Comparable games

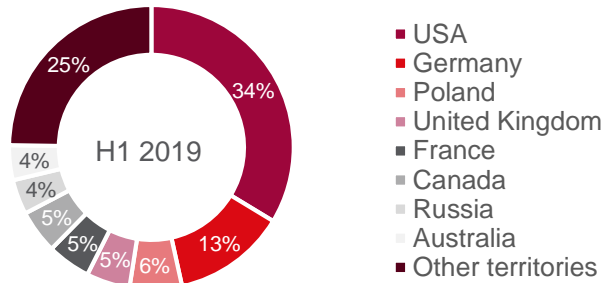


While market developments support growth, GOG is trailing behind its competitors

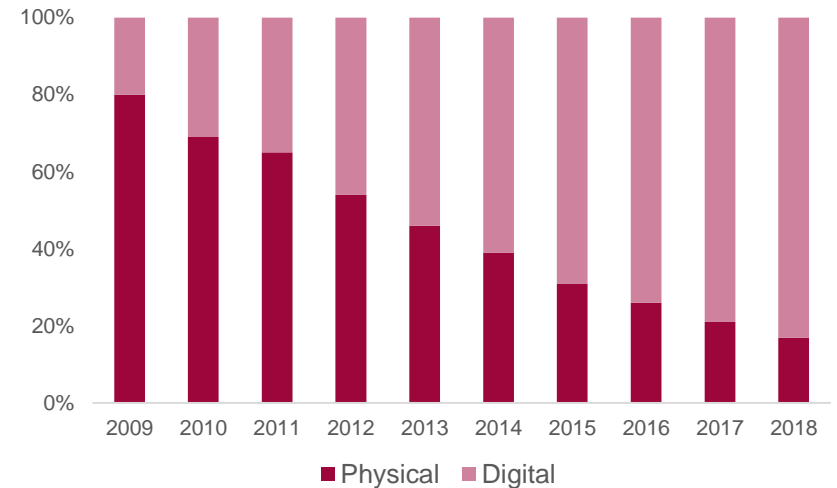
Market positioning

- The Asian market is gaining importance as sales shift to digital channels
- GOG.com and GOG GALAXY 2.0 provide a holistic service portfolio, but are trailing behind major competitors






GOG's geographic distribution of sales



Drastic shift in game distribution in GOG's core market



Selected competitors in digital game distribution

	 GOG.com	 Steam	 Epic Store	 Uplay	 Origin
Revenue commission	15 - 30%	25 - 30%	7 - 12%	-	-
Type of games	DRM-free games, indie games	AAA games, indie games	Epic Store exclusives	mainly distribution of <i>Ubisoft</i> games	mainly distribution of <i>Electronic Arts (EA)</i> games
Number of games	>2.800	>34.000	>10.000	112	>70
Number of registered users	-	> 1 bn	> 108 mn	> 50 mn	> 50 mn
Number of daily active users	-	47 mn	-	> 300.000	> 5 mn
Languages	8	28	16	>20	>15

SWOT Analysis

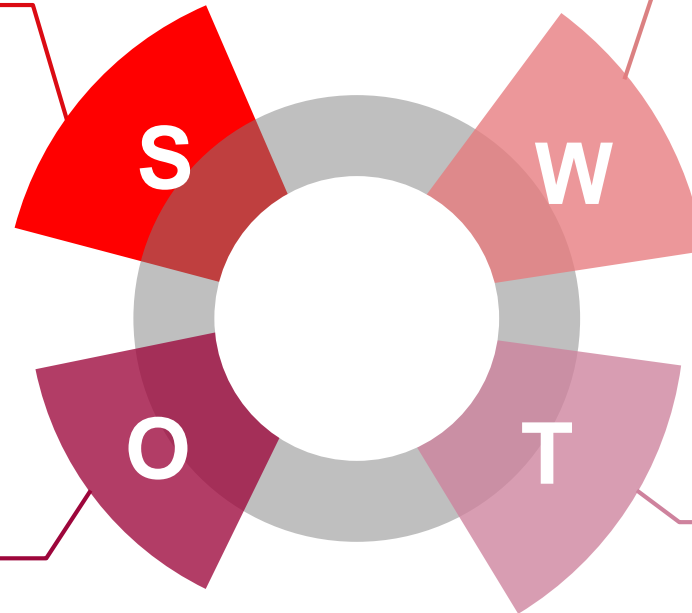
Eminent threats relating to the *Cyberpunk 2077* release make CDP's future highly uncertain

STRENGTHS

- Strong reputation for quality games
- Experienced management team
- *Cyberpunk 2077* highly anticipated
- Loyal fan base
- Inhouse-developed game engine

OPPORTUNITIES

- Expansion into mobile phone game market
- Implementation of microtransactions
- Expansion of sales to Asia
- Increased interest from Netflix series



WEAKNESSES

- Negative profitability margins of GOG
- Cyclical revenue generation
- High competition for IT talent in Poland
- Long development cycles
- High marketing costs relative to firm size
- Currently it is a one-brand franchise

THREATS

- Underperformance of *Cyberpunk 2077*
- Additional delay of release dates
- Unreasonable expectations of copies sold
- Changes in Chinese gaming regulation
- Possible shift in user platform preference

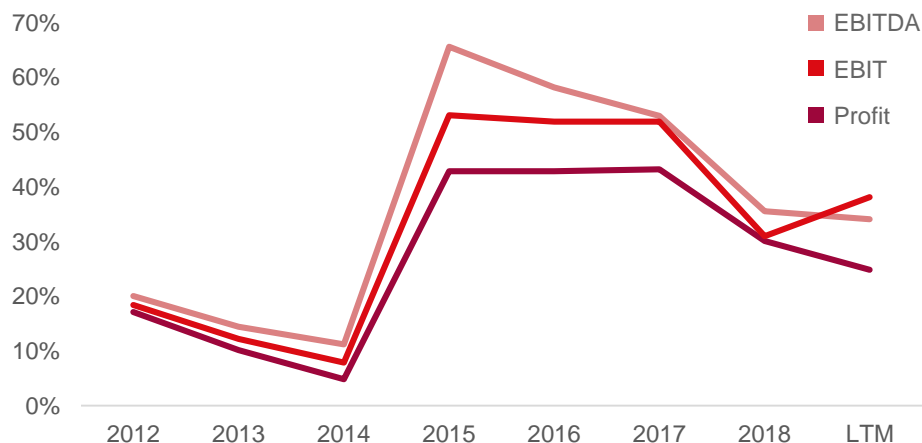


Financial Analysis

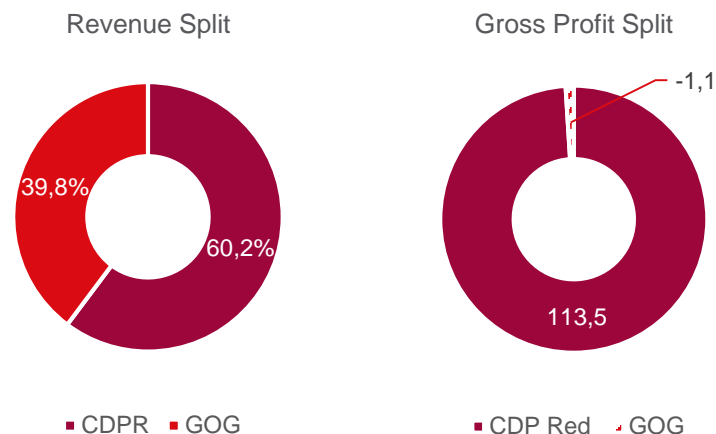
Key Performance Indicators

Profit margins are suppressed by GOGs financial performance

Profitability margins



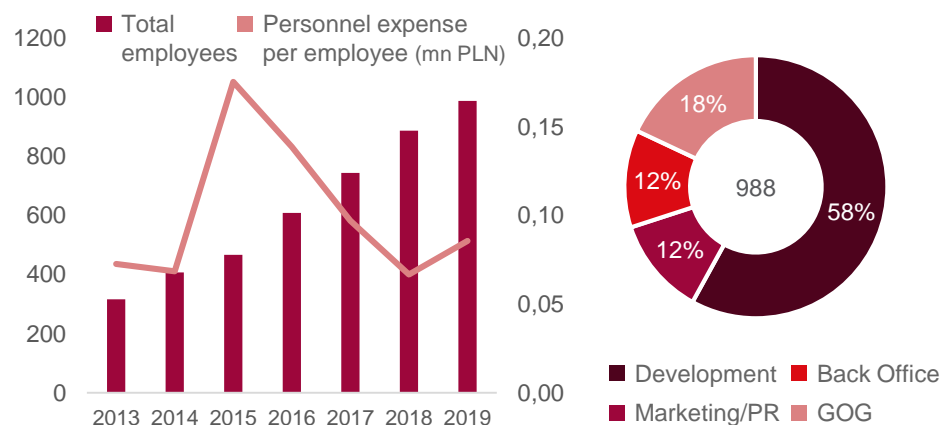
Segment Performance



Historical financials

PLN mn	2015	2016	2017	2018	Q3/2019
Sales	798.0	583.9	463.2	362.9	307.3
% growth	88%	-37%	-26%	-28%	-15%
EBITDA	523.9	339.9	245.5	129.1	101.9
% margin	66%	58%	53%	36%	21.7%
Net Income	342.2	250.5	200.3	109.3	66.6
% margin	43%	43%	43%	30%	33.2%
Debt/Equity	0.28	0.13	0.11	0.12	0.21

Personnel expenses





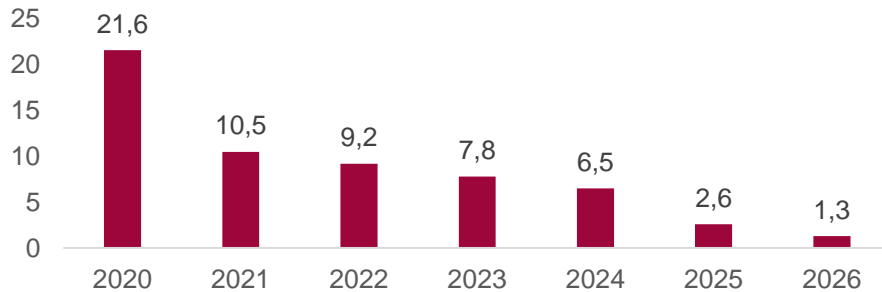
Valuation

Reverse DCF

Market pricing indicates that *Cyberpunk 2077* has to be in the top five best-selling games ever

Copies sold (mn) as calculated via reverse DCF

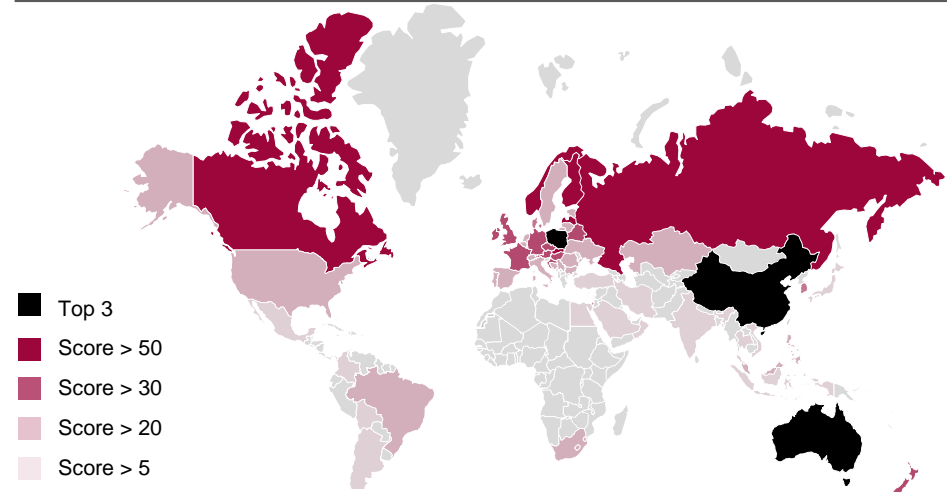
- The reverse DCF hints that around 60 mn games have to be sold during the life-cycle of *Cyberpunk 2077* to justify the current valuation levels
- Comparable games are well-known brands with an established franchise and extremely high marketing budgets



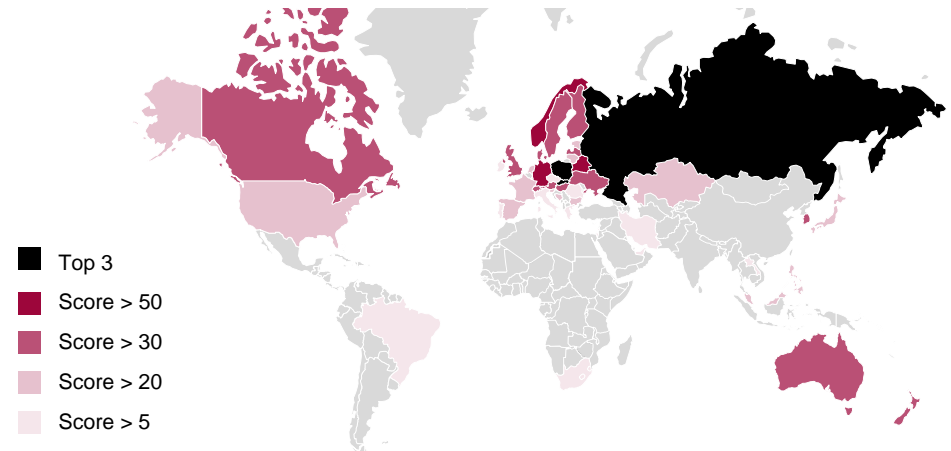
Comparable AAA games with similar number of copies sold

Games (selection)	Publisher / Studio	Release	Copies sold (mn)
Grand Theft Auto V	Rockstar	2013	115
Wii Sports	Nintendo	2006	83
Super Mario Bros	Nintendo	1985	48
Skyrim	Bethesda	2011	30
CoD: Modern Warfare	Sledgehammer Games	2011	26.5
Read Dead Redemption 2	Rockstar	2018	26.5
The Witcher 3	CD Projekt Red	2015	>22
The Witcher 2	CD Projekt Red	2011	> 2

Interest in *Cyberpunk 2077* (Jan 2018 to Jan 2020)



Interest in *Witcher 3* (Jan 2014 to Jan 2017)



DCF Analysis

Good premises for higher profitability, but still strong dependency on sales of individual games

Key assumptions for detailed planning period (2019 – 2027E)

CD Projekt Red

- Market position strengthens in the role-playing segment (CAGR ~ 18%)
- Game lifecycles of 5 – 6 years
- DLCs and other add-ins carry value (modelled wrt. peers)
- Tailwinds from the fast-growing gaming market (global growth 2.5% p.a.)

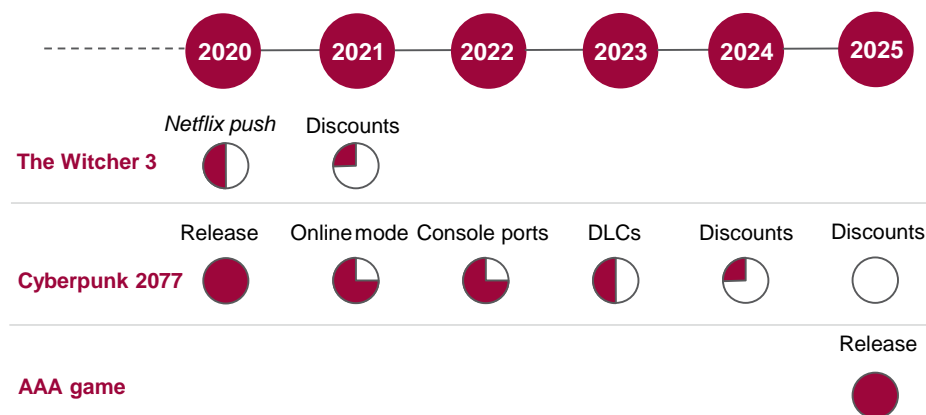
GOG

- Creates value through increased sales of CDPR games
- Anchored to CDPR revenue development
- Still suffers from great cyclicalities, but cross-platform sales bring ease (CAGR ~ 15%)

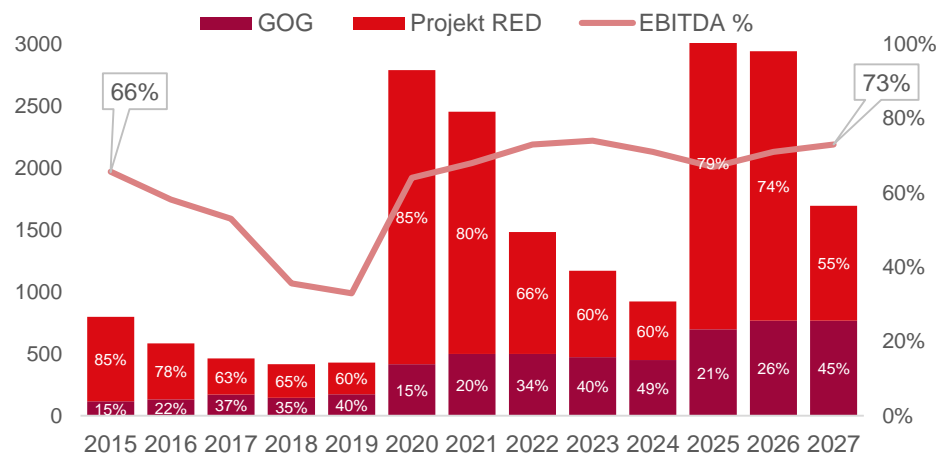
Total units sold

- The Witcher 3* – 34m (currently >22m,)
- Cyberpunk 2077* – 45m (extremely hyped; high expectations)
- AAA – 34m (initial sales cycle only)

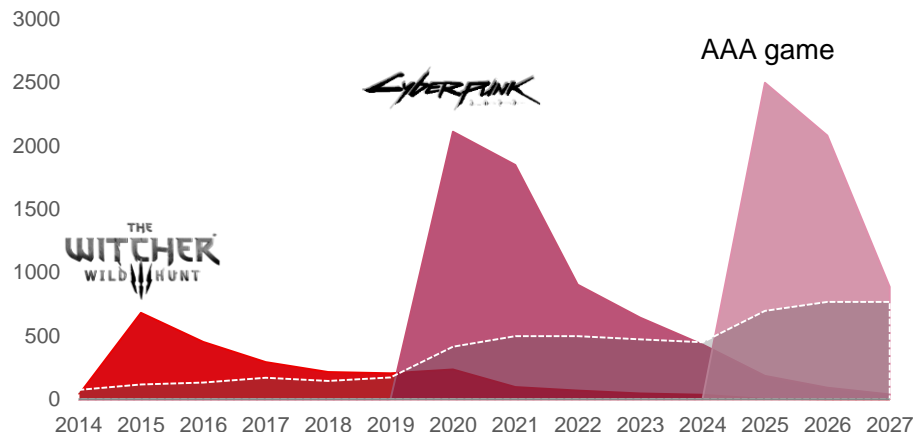
CD Projekt Red revenue stream impact



Revenue development by Segment (in PLN mn)



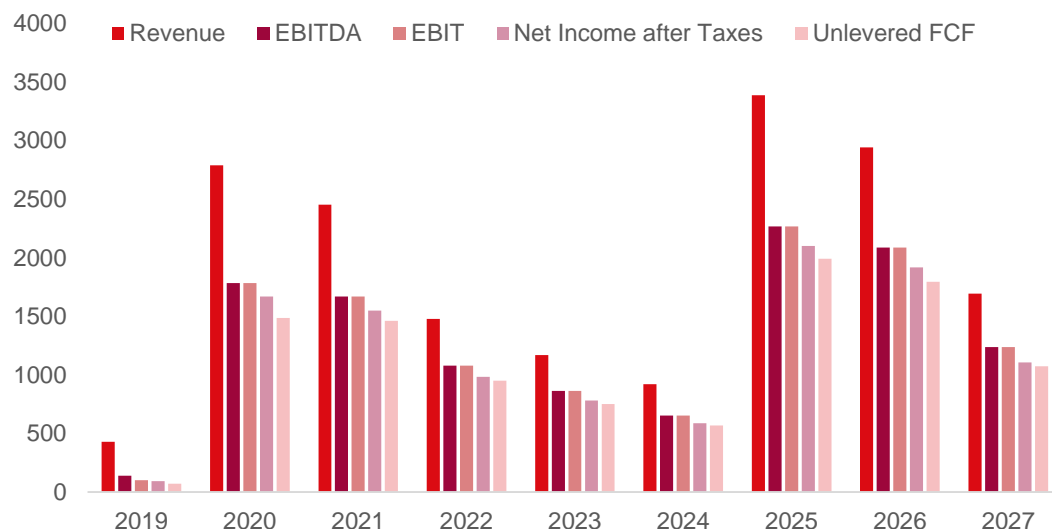
Forecasted game revenues (in PLN mn)



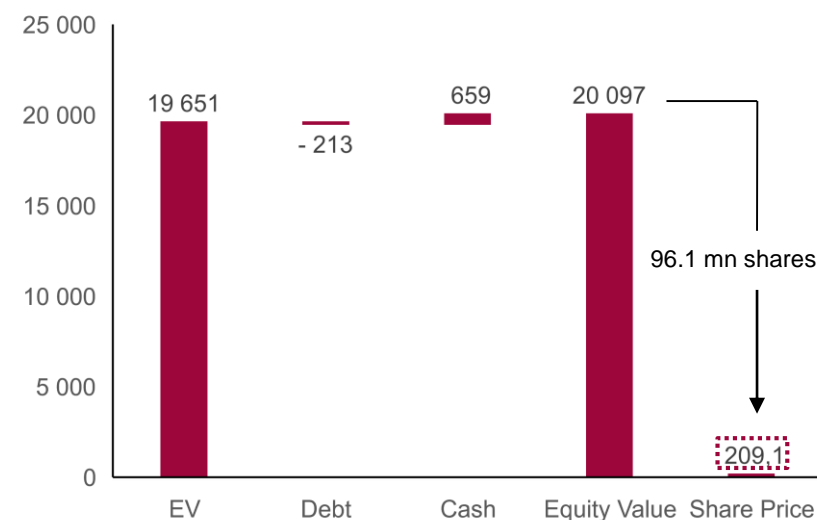
DCF Analysis

One commercial success does not suffice an investor to pay the high price

Rundown of free cash flow to firm (in PLN mn)



Equity bridge (in PLN mn)



Key input factors

WACC (7.4%)

- Cost of Debt: 1.4%
- Cost of Equity: 8.8%
- Capital structure 82% equity
- Terminal Growth Rate 2.5%
- Video game markets surpass long term inflation down the line

Net Cash

- As of 30/09/2019, CD Projekt has considerable cash reserves (about PLN 659 mn) and pays humble interest on a small amount of financial lease agreements
- Strong balance sheet enables the Group to execute the strategy, and thanks to large cash pool, finance significantly larger stakes in game production than before

Sensitivity analysis (in PLN)

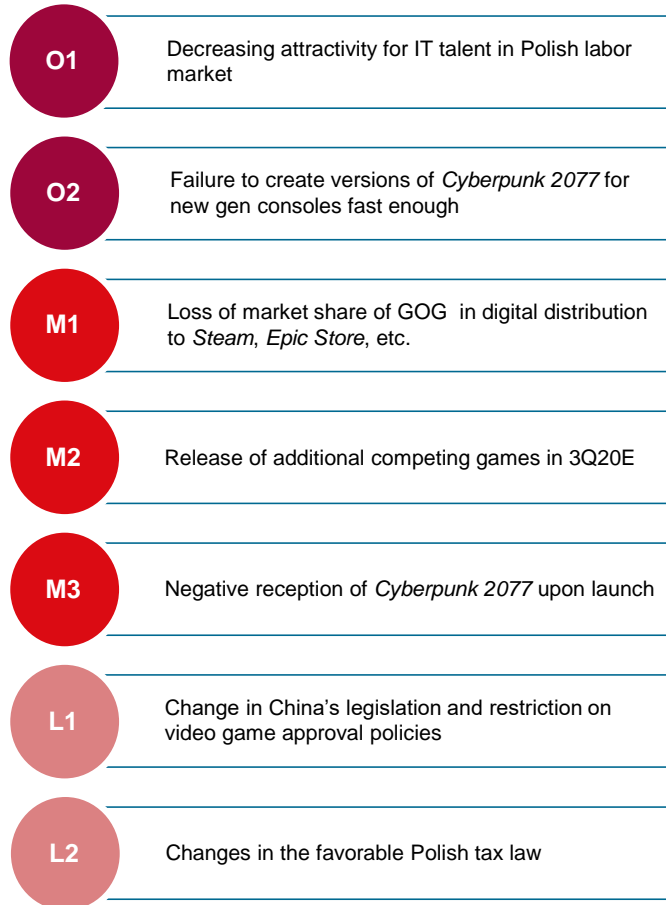
		WACC						
Growth Rate %	0	6.7%	6.9%	7.2%	7.4%	7.7%	7.9%	8.2%
	1.9%	222.2	212.4	203.5	195.3	187.8	180.9	174.6
	2.1%	228.3	217.8	208.2	199.6	191.7	184.4	177.7
	2.3%	234.8	223.6	213.4	204.2	195.8	188.1	181.1
	2.5%	242.0	229.9	219.0	209.2	200.3	192.1	184.7
	2.7%	250.0	236.8	225.1	214.6	205.1	196.4	188.6
	2.9%	258.7	244.5	231.8	220.5	210.3	201.1	192.7
	3.1%	268.5	252.9	239.1	226.9	216.0	206.1	197.2



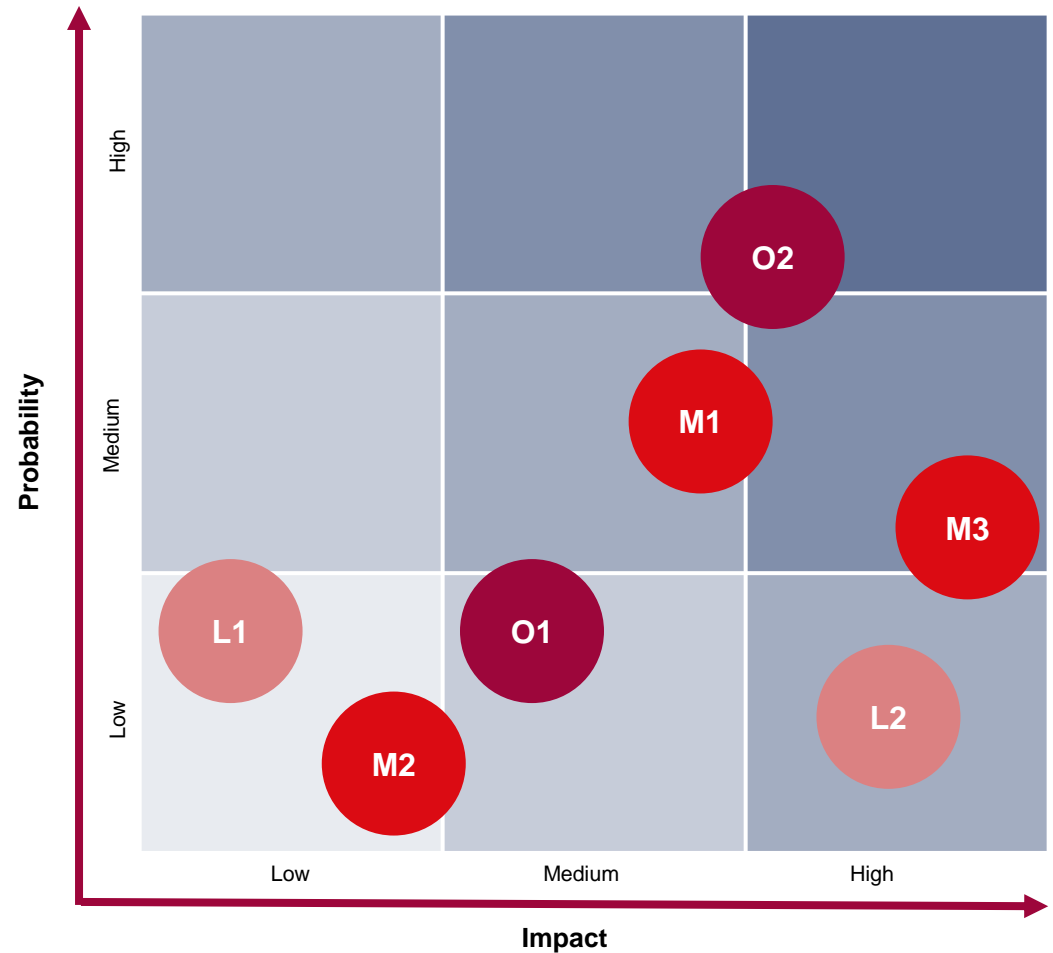
Risk Analysis

Risk Analysis

The major risks relate to operational challenges regarding the release of *Cyberpunk 2077*



Operations (O) – Market (M) – Legislation (L)



The postponement of *Cyberpunk 2077* created additional catalysts for downside movements

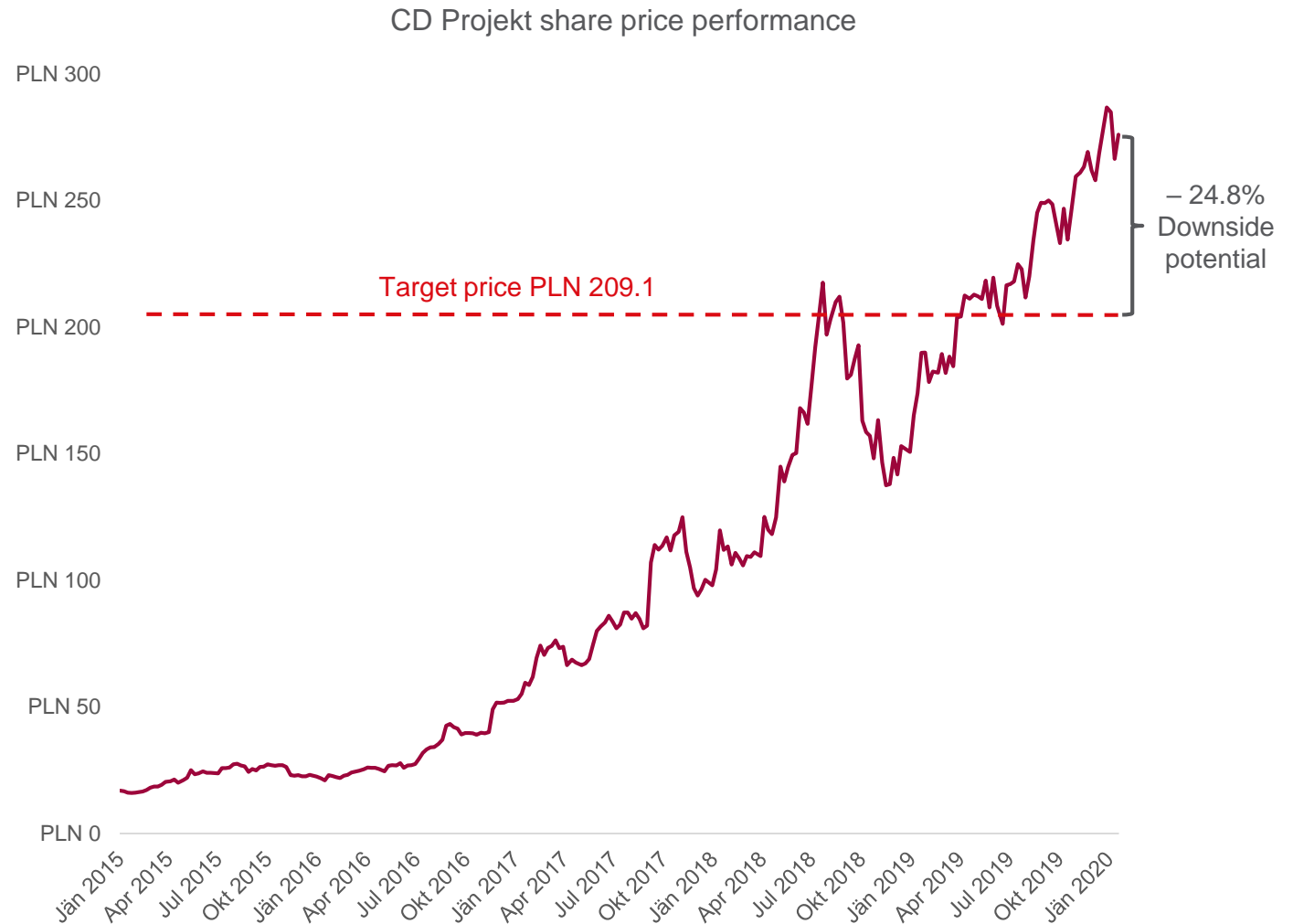
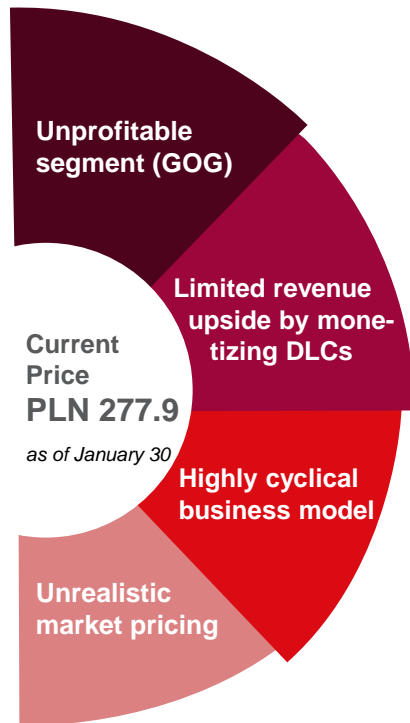
Catalyst	Type	Influenced factor	Estimated impact on share price
Initial sales for <i>Cyberpunk 2077</i> below expectations	Hard	<ul style="list-style-type: none"> Business model Brand-building capabilities Sales 	<ul style="list-style-type: none"> Pre-order numbers have to be confirmed by day-one sales and customer reviews to hold up to expectations Lacking sales numbers provide significant potential for liquidity problems until the next game release - 30%
Launch of online multiplayer version for <i>Cyberpunk 2077</i>	Hard	<ul style="list-style-type: none"> Business model Cyclical nature of sales 	<ul style="list-style-type: none"> Successful launch of CDPR's first AAA game with online mode creates confidence in their operational capabilities Way less cyclical revenue stream due to DLCs and online content + 15%
Presentation of <i>Cyberpunk 2077</i> at the E3 2020	Soft	<ul style="list-style-type: none"> Hype 	<ul style="list-style-type: none"> An almost finished game with actual footage is expected to continue the hype until release in September 2020 Expectations of around 60 mn copies to be sold are hard to maintain if media coverage is limited - 15%
Sales numbers for GOG are significantly boosted by <i>Cyberpunk 2077</i> sales	Soft	<ul style="list-style-type: none"> Profitability 	<ul style="list-style-type: none"> GOG's profitability enhanced by CDPR sales and cross-selling Strengthening of the brand name + 10%
Second postponement of <i>Cyberpunk 2077</i>	Soft	<ul style="list-style-type: none"> Hype Operational capabilities 	<ul style="list-style-type: none"> Eroding trust in CDPR's capabilities to develop, publish and market AAA games beyond the <i>Witcher</i> franchise Correction of sales expectations regarding <i>Cyberpunk 2077</i> and a promised online mode - 20%



Conclusion

Conclusion

A share price supported by hype rather than company performance

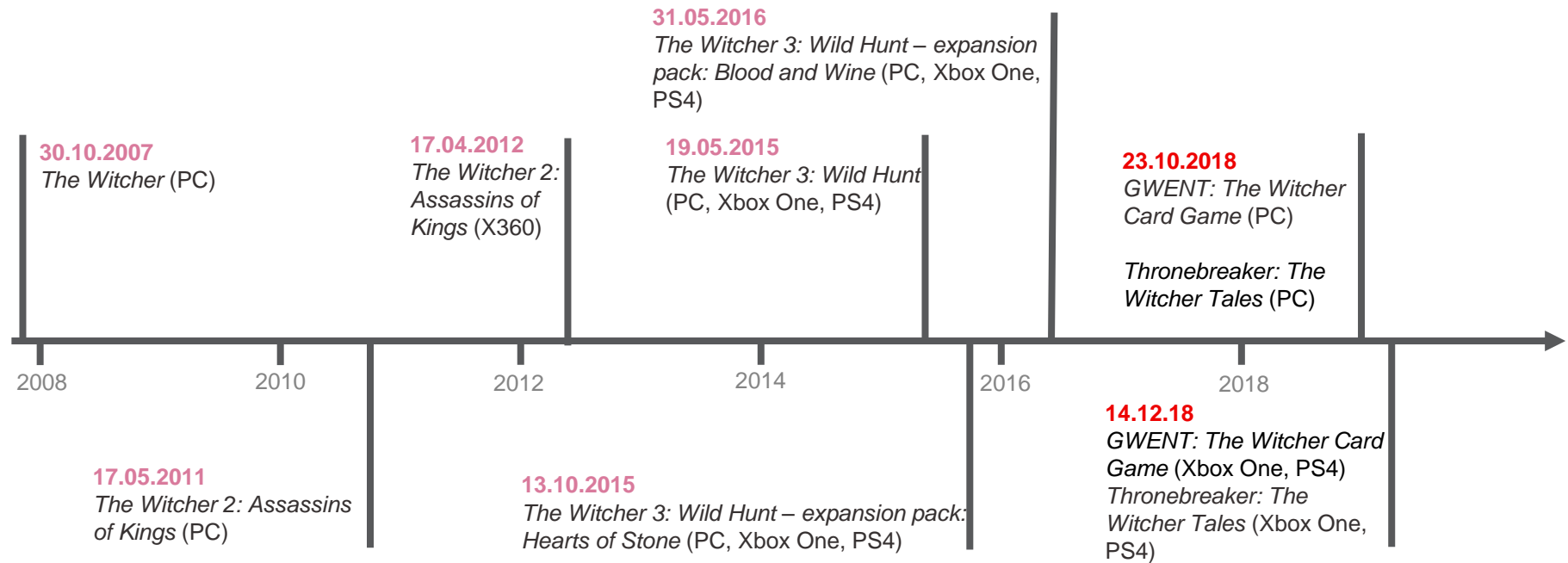




Appendix

Appendix

CD Projekt Game History



Overview: Video Games Market Scope

Mobile Games



- Gaming applications for smart devices such as smartphones and tablets
- Paid app-downloads (single purchase)
- Freemium games that are free to download, but allow in-app purchases

Downloads Games



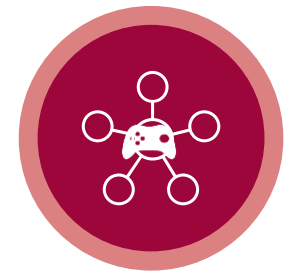
- Online sales of video games for gaming consoles or PCs/laptops via direct download

Online Games



- Freemium games with in-game purchases for additional premium contents or functionalities
- Subscription-based games like massive multiplayer online games (MMOGs)

Gaming Networks



- Subscription-based access to online premium services such as Xbox Live Gold, PlayStation Plus or Nintendo Switch Online
- Game passes (e.g. Xbox Game Pass, EA Access or Origin Access)

Appendix

Reverse DCF

Model	
Market cap	26413.776
+ Debt	6.7
- Cash	-659.4
Enterprise Value	25761.076

	2019	2020	2021	2022	2023	2024	2025	2026	2027	TV
FCFF / TV	253.3	1849.2	1567.3	867.3	639.2	465.6	2036.6	1783.6	849.7	15449.3
	0.98%	7.18%	6.08%	3.37%	2.48%	1.81%	7.91%	6.92%	3.30%	59.97%
Sales	555.3	3634.2	2932.6	1599.7	1196.4	889.2	3994.0	3340.6	1554.2	
	45.62%	50.88%	53.44%	54.22%	53.43%	52.36%	50.99%	53.39%	54.67%	

CP2077	2019	2020	2021	2022	2023	2024	2025	2026	2027
Revenue	0.0	2762.0	1339.2	915.5	667.0	392.3	130.8	52.3	0.0
Revenue %	0.0%	76.0%	45.7%	57.2%	55.7%	44.1%	3.3%	1.6%	0.0%
Revenue/Unit	0	128	128	100	85	60	50	40	0
Units		21.6	10.5	9.2	7.8	6.5	2.6	1.3	

AAA game	2019	2020	2021	2022	2023	2024	2025	2026	2027
Revenue	0.0	0.0	0.0	0.0	0.0	0.0	3060.2	1506.6	823.9
Revenue %	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	76.6%	45.1%	53.0%
Revenue/Unit	0	0	0	0	0	0	130	128	105
Units							23.5	11.8	7.8

Output

	Copies sold
CP 2077 (full cycle)	59.5
AAA game (3yrs)	43.2

Appendix

Valuation – Base Case

CD Projekt																		
		Share Price:	PLN 209.1		Historical Results					(Cyberpunk)			Forecast Period			(AAA)		
FINANCIAL STATEMENTS		Base Scenario	2014	2015	2016	2017	2018	2,019	2,020	2,021	2,022	2,023	2,024	2,025	2,026	2,027		
Live Case				OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK		
Live Case Forecast (PLNm)																		
Sales			0	798	584	463	363	429	2,789	2,453	1,477	1,168	921	3,386	2,941	1,694		
Sales			96	798	584	463	360	429	2,789	2,453	1,477	1,168	921	3,386	2,941	1,694		
CD Projekt Red				682	453	293	216	205	2,348	1,945	979	695	471	2,688	2,174	927		
Witcher 3																		
Volume(mn)			-	9	4	4	4	3	5	2	2	1	1	0	0	-		
Revenue per unit sold			-	68	64	62	50	44	43	40	40	40	40	3	2	1		
Revenue			-	639	251	243	183	132	194	80	60	40	32	1	0	-		
Back catalogue + Witcher 3 DCLs																		
Revenue			-	43	202	50	33	20	13	8	6	4	2	1	0	0		
Gwent + Throne breaker																		
Revnuw			-	-	-	-	57	51	26	10	5	3	2	1	1	1		
Witcher 3 - Nintendo Switch																		
Volume(mn)			-	-	-	-	-	1	1	0	0	0	0	0	-	-		
Revenue per unit sold			-	-	-	-	-	66	45	40	35	30	32	30	-	-		
Revenue			-	-	-	-	-	53	29	8	4	3	3	3	-	-		
Cyberpunk 2077																		
Volume(mn)			-	-	-	-	-	-	17	8	7	6	5	2	1	-		
Revenue per unit sold			-	-	-	-	-	-	128	128	100	85	60	50	40	40		
Revenue			-	-	-	-	-	-	2,112	1,024	700	510	300	100	40	-		
Cyberpunk 2077 DLCs + new-gen consoles + online mode																		
Revenue			-	-	-	-	-	-	-	825	204	135	132	86	53	39		
AAA Game																		
Volume(mn)			-	-	-	-	-	-	-	-	-	-	-	18	9	7		
Revenue per unit sold			-	-	-	-	-	-	-	-	-	-	-	130	128	105		
Revenue			-	-	-	-	-	-	-	-	-	-	-	2,340	1,152	735		
AAA Game DCLs + online mode																		
Revenue			0	0	0	0	0	-	-	-	-	-	-	157	928	151		
GOG			74	116	131	170	144	173	416	499	499	474	450	698	767	767		
Expenses																		
COGS			63%	26%	19%	18%	29%	40%	20%	18%	16%	15%	18%	22%	18%	16%		
SG&A			31%	15%	28%	31%	40%	35%	15%	13%	10%	10%	10%	10%	10%	10%		

Appendix

Valuation – Base Case

CD Projekt															
Share Price: PLN 209.1		Historical Results					(Cyberpunk)		Forecast Period				(AAA)		
FINANCIAL STATEMENTS	Base Scenario	2014	2015	2016	2017	2018	2,019	2,020	2,021	2,022	2,023	2,024	2,025	2,026	2,027
Live Case			OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
DCF Model															

Discounted Cash Flow Analysis

WACC

7.433%

Terminal Growth Rate

2.5%

Free Cash Flow to Firm (FCFF)

Operating Profit	424.3	303.6	240.6	112.5	103.0	1,785.2	1,668.3	1,078.4	864.7	653.9	2,268.4	2,088.3	1,236.8
Unlevered Taxes	(79.2)	(61.4)	(47.1)	(13.7)	(21.8)	(127.4)	(131.8)	(106.0)	(93.6)	(78.8)	(179.8)	(181.7)	(141.6)
Net Operating Profit	345.1	242.2	193.5	98.8	81.2	1,657.8	1,536.5	972.4	771.1	575.0	2,088.6	1,906.6	1,095.2
+D&A	99.6	36.4	4.9	16.6	12.9	83.7	73.6	44.3	35.1	27.6	101.6	88.2	50.8
+Non-Cash Expenses	64.6	(16.8)	(8.0)	(39.4)	(15.0)	(41.8)	(31.9)	(14.8)	(11.7)	(9.2)	(33.9)	(29.4)	(16.9)
-Capex	16.7	11.9	13.8	14.9	21.4	139.5	98.1	59.1	46.7	46.0	169.3	117.6	67.8
-Delta NWC	(24.5)	(18.6)	(36.1)	(19.1)	(15.1)	75.1	18.4	(9.4)	(4.8)	(22.6)	(5.2)	53.7	(13.9)
Unlevered Free Cash Flow	517.1	268.4	212.7	80.1	72.7	1,485.1	1,461.6	952.3	752.5	570.0	1,992.2	1,794.1	1,075.2

Valuation Timeline

	Valuation Date									Terminal Value
	30.01.20	31.12.20	31.12.21	31.12.22	31.12.23	31.12.24	31.12.25	31.12.26	31.12.27	31.12.27
Year Frac		1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	8.00
UFCF		1,485.1	1,461.6	952.3	752.5	570.0	1,992.2	1,794.1	1,075.2	21,797.7
PV FCFF		1,382.4	1,266.4	768.0	564.9	398.3	1,295.7	1,086.1	605.9	12,283.4

Enterprise Value	19,651.2
+Cash	659.4
-Debt	(213.4)
Equity Value	20,097.1

Shares Outs. 96.1

NPV/share 209.1

Appendix

Valuation – Base Case

CD Projekt																	
		Share Price: PLN 209.1		Historical Results					(Cyberpunk)			Forecast Period			(AAA)		
FINANCIAL STATEMENTS		Base Scenario ▾		2014	2015	2016	2017	2018	2,019	2,020	2,021	2,022	2,023	2,024	2,025	2,026	2,027
Live Case				OK	OK	OK		OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
Income Statement																	
Revenue		96.2	798.0	583.9	463.2		362.9	429.0	2,789.3	2,453.4	1,477.3	1,168.5	920.9	3,385.7	2,941.2	1,694.3	
Cost of Goods Sold (COGS)		(60.6)	(210.6)	(113.2)	(82.2)		(106.3)	(171.6)	(557.9)	(441.6)	(236.4)	(175.3)	(165.8)	(744.9)	(529.4)	(271.1)	
Gross Profit		36	587	471	381		257	257	2,231	2,012	1,241	993	755	2,641	2,412	1,423	
Selling & Marketing		(29.8)	(122.9)	(163.8)	(142.9)		(143.8)	(150.1)	(418.4)	(318.9)	(147.7)	(116.8)	(92.1)	(338.6)	(294.1)	(169.4)	
Net Profit on Sales		5.7	464.5	306.8	238.1		112.9	107.2	1,813.1	1,692.8	1,093.2	876.4	663.1	2,302.3	2,117.7	1,253.8	
Other Operating income		3.2	1.9	2.2	4.5		2.5	4.3	27.9	24.5	14.8	11.7	9.2	33.9	29.4	16.9	
Other Operating costs		(1.3)	(42.2)	(5.5)	(2.0)		(2.9)	(8.6)	(55.8)	(49.1)	(29.5)	(23.4)	(18.4)	(67.7)	(58.8)	(33.9)	
EBIT		7.6	424.3	303.6	240.6		112.5	103.0	1,785.2	1,668.3	1,078.4	864.7	653.9	2,268.4	2,088.3	1,236.8	
Financial Income		0.9	8.2	8.6	10.5		10.8	11.7	12.2	11.6	11.8	11.8	11.7	11.8	11.8	11.8	
Financial Costs		(0.0)	(0.1)	(0.17)	(0.1)		(0.1)										
EBT		8.5	432.4	312.0	251.0		123.2	114.6	1,797.3	1,679.9	1,090.3	876.5	665.6	2,280.2	2,100.1	1,248.6	
Income Tax		0.2	(79.2)	(61.4)	(47.1)		(13.7)	(21.8)	(127.4)	(131.8)	(106.0)	(93.6)	(78.8)	(179.8)	(181.7)	(141.6)	
Others		-	-	-	-		-	-	-	-	-	-	-	-	-	-	
Net Income		8.7	353.3	250.5	203.9		109.5	92.9	1,670.0	1,548.1	984.2	782.9	586.8	2,100.4	1,918.4	1,107.0	
EBITDA		10.8	523.9	339.9	245.5		129.1	141.3	1,785.2	1,668.3	1,078.4	864.7	653.9	2,268.4	2,088.3	1,236.8	
Dividends					50%					825.9	533.9	428.1	323.7	1,123.0	1,033.8	612.3	
Cash Flow Statement																	
Net Earnings		8.7	353.3	250.5	203.9		109.5	92.9	1,670.0	1,548.1	984.2	782.9	586.8	2,100.4	1,918.4	1,107.0	
+D&A		3.2	99.6	36.4	4.9		16.6	12.9	83.7	73.6	44.3	35.1	27.6	101.6	88.2	50.8	
+Non-Cash Items		0.7	64.6	(16.8)	(8.0)		(39.4)	(15.0)	(41.8)	(31.9)	(14.8)	(11.7)	(9.2)	(33.9)	(29.4)	(16.9)	
Chg. In Net Working Capital		(4.9)	(92.9)	(10.6)	35.9		46.0	(15.1)	75.1	18.4	(9.4)	(4.8)	(22.6)	(5.2)	53.7	(13.9)	
Cash from Operations		7.6	424.6	259.5	236.7		132.7	105.8	1,636.8	1,571.3	1,023.2	811.1	627.8	2,173.3	1,923.5	1,154.7	
Capex		1.1	(16.7)	(11.9)	(13.8)		(14.9)	(21.4)	(139.5)	(98.1)	(59.1)	(46.7)	(46.0)	(169.3)	(117.6)	(67.8)	
Long-Term Investments		-	-	(55.5)	-		(4.1)	(29.3)	(32.2)	(35.5)	(39.0)	(42.9)	(47.2)	(51.9)	(57.1)	(62.8)	
Net Cash from Acq and Div		-	-	-	(0.5)		(13.0)	-	-	-	-	-	-	-	-	-	
Investments in Other Assets		(9.5)	(77.5)	(90.9)	(267.8)		(62.9)	-	-	-	-	-	-	-	-	-	
Net Cash from Disc. Operations		7.9	-	-	-		-	-	-	-	-	-	-	-	-	-	
Cash from Investing		(0.5)	(94.2)	(158.2)	(282.1)		(95.0)	(50.8)	(171.7)	(133.6)	(98.1)	(89.6)	(93.2)	(221.2)	(174.8)	(130.6)	
Dividends Paid		-	-	-	(100.9)		-			(825.9)	(533.9)	(428.1)	(323.7)	(1,123.0)	(1,033.8)	(612.3)	
Debt (Repayment)		(0.4)	(0.4)	(0.5)	(0.4)		(0.7)										
Equity (Repurchase)		-	-	5.0	-		-										
Other Financing Activities		2.0	-	-	-		-										
Cash from Financing		1.6	(0.4)	4.5	(101.4)		(0.7)	-	-	(825.9)	(533.9)	(428.1)	(323.7)	(1,123.0)	(1,033.8)	(612.3)	
Net Increase (decrease) in Cash		8.8	330.1	105.8	(146.8)		37.0	55.1	1,465.1	611.8	391.2	293.4	210.9	829.1	714.9	411.9	
Opening Cash Balance		28.4	63.7	491.4	794.3		622.3	659.3	714.4	2,179.4	2,791.3	3,182.5	3,475.9	3,686.8	4,515.9	5,230.8	
Closing Cash Balance		37.2	393.8	597.2	647.5		659.3	714.4	2,179.4	2,791.3	3,182.5	3,475.9	3,686.8	4,515.9	5,230.8	5,642.7	

Appendix

Valuation – Base Case

CD Projekt		Historical Results					(Cyberpunk)			Forecast Period			(AAA)		
FINANCIAL STATEMENTS		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Live Case			OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
Balance Sheet															
Cash & Cash Equivalents		37.1	393.7	597.2	647.5	659.4	714.4	2,179.4	2,791.3	3,182.5	3,475.9	3,686.8	4,515.9	5,230.8	5,642.7
Trade and Other Receivable		6.4	87.7	71.6	46.3	37.0	47.0	305.7	268.9	161.9	128.1	100.9	371.0	322.3	185.7
Inventory		96.5	0.6	0.4	0.3	0.3	0.7	2.3	1.8	1.0	0.7	0.7	3.1	2.2	1.1
Other Short-Term Assets		15.6	39.1	35.2	31.9	42.4	42.4	42.4	42.4	42.4	42.4	42.4	42.4	42.4	42.4
Total Current Assets		155.7	521.2	704.3	726.0	739.0	804.5	2,529.8	3,104.3	3,387.7	3,647.0	3,830.8	4,932.4	5,597.7	5,871.9
PP&E		5.5	9.4	14.4	18.8	22.7	31.3	87.1	111.6	126.4	138.1	156.5	224.2	253.6	270.6
Long Term Investments, other		0.5	0.5	0.2	-	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6
Goodwill		46.4	46.4	46.4	46.4	56.4	56.4	56.4	56.4	56.4	56.4	56.4	56.4	56.4	56.4
Intangible Assets		39.6	81.4	109.1	189.3	293.0	322.3	354.6	390.0	429.0	471.9	519.1	571.0	628.1	690.9
Other Assets		1.2	0.2	0.5	0.9	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1
Total Non-Current Assets		93.3	138.0	170.6	255.5	387.8	425.7	513.7	573.7	627.5	682.1	747.7	867.3	953.8	1,033.6
Total Assets		248.9	659.2	875.0	981.5	1,126.8	1,230.2	3,043.5	3,678.0	4,015.2	4,329.1	4,578.4	5,799.7	6,551.5	6,905.4
Accounts Payable		24.1	34.0	36.2	46.9	56.7	82.3	267.5	211.7	113.3	84.0	79.5	357.1	253.8	130.0
Short-Term Debt		0.4	0.3	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Other Short-Term Liabilities		54.3	107.6	53.5	47.4	60.3	60.3	60.3	60.3	60.3	60.3	60.3	60.3	60.3	60.3
Total Current Liabilities		78.8	141.9	89.7	94.5	117.3	142.8	328.0	272.3	173.9	144.6	140.0	417.7	314.4	190.5
Long-Term Debt		0.3	-	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Other Long-Term Liabilities		1.9	3.6	8.2	4.0	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Total Non-Current Liabilities		2.1	3.6	8.3	4.1	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
Total Liabilities		80.9	145.5	98.0	98.6	124.0	149.5	334.7	279.0	180.6	151.3	146.7	424.4	321.1	197.2
Share Capital & APIC		200.2	95.0	96.1	96.1	96.1	96.1	96.1	96.1	96.1	96.1	96.1	96.1	96.1	96.1
Retained Earnings		(49.3)	292.7	269.1	222.1	139.9	232.7	1,902.7	2,624.9	3,075.2	3,430.1	3,693.2	4,670.6	5,555.2	6,049.9
Other Equity		17.2	126.1	411.7	564.7	766.9	751.9	710.0	678.1	663.4	651.7	642.5	608.6	579.2	562.3
Shareholder's Equity		168.0	513.7	776.9	882.9	1,002.9	1,080.7	2,708.8	3,399.1	3,834.7	4,177.9	4,431.8	5,375.3	6,230.5	6,708.3
Total Liabilities & Shareholder's Equity		248.9	659.2	875.0	981.5	1,126.8	1,230.2	3,043.6	3,678.1	4,015.3	4,329.2	4,578.5	5,799.7	6,551.6	6,905.5

Appendix

Valuation – Base Case

CD Projekt															
		Historical Results				(Cyberpunk)			Forecast Period				(AAA)		
FINANCIAL STATEMENTS	Share Price: PLN 209.1 Base Scenario	2014	2015	2016	2017	2018	2,019	2,020	2,021	2,022	2,023	2,024	2,025	2,026	2,027
Live Case			OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
Schedules															
PP&E Schedule															
Opening Balance		5.5	9.4	14.4	18.8	22.7	31.3	87.1	111.6	126.4	138.1	156.5	224.2	253.6	
Less: Depreciation		(99.6)	(36.4)	(4.9)	(16.6)	(12.9)	(83.7)	(73.6)	(44.3)	(35.1)	(27.6)	(101.6)	(88.2)	(50.8)	
Plus: Capex		16.7	11.9	13.8	14.9	21.4	139.5	98.1	59.1	46.7	46.0	169.3	117.6	67.8	
Plus: Other Net Additions		86.8	29.5	(4.5)	5.6										
Closing Balance		9.4	14.4	18.8	22.7	31.3	87.1	111.6	126.4	138.1	156.5	224.2	253.6	270.6	
PP&E on Balance Sheet		9.4	14.4	18.8	22.7	31.3	87.1	111.6	126.4	138.1	156.5	224.2	253.6	270.6	
Debt Schedule															
Debt Opening		0.3	-	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
Issuance (repayment)		(0.4)	(0.5)	(0.4)	(0.7)	-									
Debt Closing		-	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
Interest Expense		0.1	0.2	0.1	0.1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Interest Rate															
Net Working Capital															
Receivables		6.4	87.7	71.6	46.3	37.0	47.0	305.7	268.9	161.9	128.1	100.9	371.0	322.3	185.7
Inventory		96.5	0.6	0.4	0.3	0.3	0.7	2.3	1.8	1.0	0.7	0.7	3.1	2.2	1.1
Payables		24.1	34.0	36.2	46.9	56.7	82.3	267.5	211.7	113.3	84.0	79.5	357.1	253.8	130.0
Net Working Capital		78.8	54.3	35.7	(0.3)	(19.5)	(34.6)	40.5	58.9	49.5	44.7	22.1	17.0	70.7	56.8
Change in NWC			(24.5)	(18.6)	(36.1)	(19.1)	(15.1)	75.1	18.4	(9.4)	(4.8)	(22.6)	(5.2)	53.7	(13.9)

Appendix

Valuation – Pessimistic Case

CD Projekt		Share Price: PLN 109.9					Historical Results					(Cyberpunk)			Forecast Period			(AAA)		
FINANCIAL STATEMENTS		Pessimistic Sce	2014	2015	2016	2017	2018	2,019	2,020	2,021	2,022	2,023	2,024	2,025	2,026	2,027				
Live Case				OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK				
Live Case Forecast (PLNm)																				
Sales		0	798	584	463	363	422	2,286	1,301	807	580	405	2,376	1,551	1,027					
Sales		96	798	584	463	360	422	2,286	1,301	807	580	405	2,376	1,551	1,027					
CD Projekt Red			682	453	293	216	205	1,878	1,020	577	372	208	2,031	1,193	661					
Witcher 3																				
Volume(mn)		-	9	4	4	4	3	4	2	2	1	1	-	-	-					
Revenue per unit sold		-	68	64	62	50	44	43	40	40	40	40	3	2	1					
Revenue		-	639	251	243	183	132	172	80	60	40	20	-	-	-					
Back catalogue + Witcher 3 DCLs																				
Revenue		-	43	202	50	33	20	13	8	6	4	2	1	0	0					
Gwent + Throne breaker																				
Revnuue		-	-	-	-	57	51	26	10	5	3	2	1	1	1					
Witcher 3 - Nintendo Switch																				
Volume(mn)		-	-	-	-	-	1	1	0	0	0	0	0	-	-					
Revenue per unit sold		-	-	-	-	-	66	45	40	35	30	32	30	-	-					
Revenue		-	-	-	-	-	53	29	8	4	3	3	3	-	-					
Cyberpunk 2077																				
Volume(mn)		-	-	-	-	-	-	13	4	4	3	2	1	-	-					
Revenue per unit sold		-	-	-	-	-	-	128	128	100	85	60	50	40	40					
Revenue		-	-	-	-	-	-	1,664	512	400	255	90	25	-	-					
Cyberpunk 2077 DLCs + new-gen consoles + online mode																				
Revenue		-	-	-	-	-	-	-	412	102	67	91	59	36	27					
AAA Game																				
Volume(mn)		-	-	-	-	-	-	-	-	-	-	-	14	5	5					
Revenue per unit sold		-	-	-	-	-	-	-	-	-	-	-	130	128	105					
Revenue		-	-	-	-	-	-	-	-	-	-	-	1,820	640	525					
AAA Game DCLs + online mode																				
Revenue		0	0	0	0	0	-	-	-	-	-	-	122	515	108					
GOG		74	116	131	170	144	173	416	499	499	474	450	698	767	767					
Expenses																				
COGS		63%	26%	19%	18%	29%	40%	25%	23%	20%	20%	25%	25%	22%	20%					
SG&A		31%	15%	28%	31%	40%	35%	20%	18%	15%	15%	15%	15%	15%	15%					

Appendix

Valuation – Pessimistic Case

CD Projekt																
		Share Price: PLN 109.9		Historical Results					(Cyberpunk)			Forecast Period			(AAA)	
FINANCIAL STATEMENTS	Pessimistic Sce	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
Live Case			OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK

DCF Model

Discounted Cash Flow Analysis

WACC

7.433%

Terminal Growth Rate

2.5%

Free Cash Flow to Firm (FCFF)

Operating Profit	424.3	303.6	240.6	112.5	101.2	1,234.4	754.8	516.4	371.0	238.9	1,401.6	961.9	657.3
Unlevered Taxes	(79.2)	(61.4)	(47.1)	(13.7)	(21.5)	(88.3)	(60.1)	(51.4)	(40.9)	(29.7)	(111.4)	(84.2)	(75.9)
Net Operating Profit	345.1	242.2	193.5	98.8	79.8	1,146.1	694.6	465.0	330.1	209.2	1,290.2	877.6	581.4
+D&A	99.6	36.4	4.9	16.6	12.7	68.6	39.0	24.2	17.4	12.1	71.3	46.5	30.8
+Non-Cash Expenses	64.6	(16.8)	(8.0)	(39.4)	(14.8)	(45.7)	(23.4)	(12.1)	(8.7)	(6.1)	(35.6)	(23.3)	(15.4)
-Capex	16.7	11.9	13.8	14.9	21.1	114.3	52.1	32.3	23.2	20.2	118.8	62.1	41.1
-Delta NWC	(24.5)	(18.6)	(36.1)	(19.1)	(14.5)	12.8	21.5	11.4	(3.3)	(12.2)	(18.2)	29.7	7.1
Unlevered Free Cash Flow	517.1	268.4	212.7	80.1	71.1	1,041.8	636.7	433.5	318.9	207.2	1,225.2	809.1	548.6

Valuation Timeline

UFCF
PV FCFF

Valuation Date										Terminal Value
30.01.20	31.12.20	31.12.21	31.12.22	31.12.23	31.12.24	31.12.25	31.12.26	31.12.27	31.12.27	
Year Frac	1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	8.00	
UFCF	1,041.8	636.7	433.5	318.9	207.2	1,225.2	809.1	548.6	11,122.3	
PV FCFF	969.7	551.7	349.6	239.4	144.8	796.9	489.8	309.1	6,267.6	

Enterprise Value 10,118.7

+Cash 659.4

-Debt (213.4)

Equity Value 10,564.7

Shares Outs. 96.1

NPV/share 109.9

Appendix

Valuation – Pessimistic Case

CD Projekt																
		Share Price: PLN 109.9	Historical Results				(Cyberpunk)			Forecast Period			(AAA)			
FINANCIAL STATEMENTS		Pessimistic Sce▼	2014	2015	2016	2017	2018	2,019	2,020	2,021	2,022	2,023	2,024	2,025	2,026	2,027
Live Case				OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
Income Statement																
Revenue			96.2	798.0	583.9	463.2	362.9	421.7	2,285.9	1,301.3	806.9	579.7	405.0	2,375.6	1,551.4	1,027.0
Cost of Goods Sold (COGS)			(60.6)	(210.6)	(113.2)	(82.2)	(106.3)	(168.7)	(571.5)	(299.3)	(161.4)	(115.9)	(101.2)	(593.9)	(341.3)	(205.4)
Gross Profit			36	587	471	381	257	253	1,714	1,002	646	464	304	1,782	1,210	822
Selling & Marketing			(29.8)	(122.9)	(163.8)	(142.9)	(143.8)	(147.6)	(457.2)	(234.2)	(121.0)	(87.0)	(60.7)	(356.3)	(232.7)	(154.1)
Net Profit on Sales			5.7	464.5	306.8	238.1	112.9	105.4	1,257.3	767.8	524.5	376.8	243.0	1,425.4	977.4	667.6
Other Operating income			3.2	1.9	2.2	4.5	2.5	4.2	22.9	13.0	8.1	5.8	4.0	23.8	15.5	10.3
Other Operating costs			(1.3)	(42.2)	(5.5)	(2.0)	(2.9)	(8.4)	(45.7)	(26.0)	(16.1)	(11.6)	(8.1)	(47.5)	(31.0)	(20.5)
EBIT			7.6	424.3	303.6	240.6	112.5	101.2	1,234.4	754.8	516.4	371.0	238.9	1,401.6	961.9	657.3
Financial Income			0.9	8.2	8.6	10.5	10.8	11.7	12.2	11.6	11.8	11.8	11.7	11.8	11.8	11.8
Financial Costs			(0.0)	(0.1)	(0.17)	(0.1)	(0.1)									
EBT			8.5	432.4	312.0	251.0	123.2	112.9	1,246.6	766.3	528.2	382.8	250.7	1,413.4	973.7	669.1
Income Tax			0.2	(79.2)	(61.4)	(47.1)	(13.7)	(21.5)	(88.3)	(60.1)	(51.4)	(40.9)	(29.7)	(111.4)	(84.2)	(75.9)
Others			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income			8.7	353.3	250.5	203.9	109.5	91.5	1,158.2	706.2	476.8	342.0	221.0	1,302.0	889.4	593.2
EBITDA			10.8	523.9	339.9	245.5	129.1	139.6	1,234.4	754.8	516.4	371.0	238.9	1,401.6	961.9	657.3
Dividends						50%				373.6	255.7	183.7	118.3	693.9	476.2	325.4
Cash Flow Statement																
Net Earnings			8.7	353.3	250.5	203.9	109.5	91.5	1,158.2	706.2	476.8	342.0	221.0	1,302.0	889.4	593.2
+D&A			3.2	99.6	36.4	4.9	16.6	12.7	68.6	39.0	24.2	17.4	12.1	71.3	46.5	30.8
+Non-Cash Items			0.7	64.6	(16.8)	(8.0)	(39.4)	(14.8)	(45.7)	(23.4)	(12.1)	(8.7)	(6.1)	(35.6)	(23.3)	(15.4)
Chg. In Net Working Capital			(4.9)	(92.9)	(10.6)	35.9	46.0	(14.5)	12.8	21.5	11.4	(3.3)	(12.2)	(18.2)	29.7	7.1
Cash from Operations			7.6	424.6	259.5	236.7	132.7	103.9	1,168.3	700.3	477.6	354.0	239.2	1,355.8	883.0	601.5
Capex			1.1	(16.7)	(11.9)	(13.8)	(14.9)	(21.1)	(114.3)	(52.1)	(32.3)	(23.2)	(20.2)	(118.8)	(62.1)	(41.1)
Long-Term Investments			-	-	(55.5)	-	(4.1)	(29.3)	(32.2)	(35.5)	(39.0)	(42.9)	(47.2)	(51.9)	(57.1)	(62.8)
Net Cash from Acq and Div			-	-	-	(0.5)	(13.0)	-	-	-	-	-	-	-	-	-
Investments in Other Assets			(9.5)	(77.5)	(90.9)	(267.8)	(62.9)									
Net Cash from Disc. Operations			7.9	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash from Investing			(0.5)	(94.2)	(158.2)	(282.1)	(95.0)	(50.4)	(146.5)	(87.5)	(71.3)	(66.1)	(67.4)	(170.7)	(119.2)	(103.9)
Dividends Paid			-	-	-	(100.9)	-			(373.6)	(255.7)	(183.7)	(118.3)	(693.9)	(476.2)	(325.4)
Debt (Repayment)			(0.4)	(0.4)	(0.5)	(0.4)	(0.7)									
Equity (Repurchase)			-	-	5.0	-	-									
Other Financing Activities			2.0	-	-	-	-									
Cash from Financing			1.6	(0.4)	4.5	(101.4)	(0.7)	-	-	(373.6)	(255.7)	(183.7)	(118.3)	(693.9)	(476.2)	(325.4)
Net Increase (decrease) in Cash			8.8	330.1	105.8	(146.8)	37.0	53.5	1,021.7	239.2	150.6	104.2	53.5	491.3	287.6	172.2
Opening Cash Balance			28.4	63.7	491.4	794.3	622.3	659.3	712.8	1,734.5	1,973.7	2,124.3	2,228.6	2,282.0	2,773.3	3,060.9
Closing Cash Balance			37.2	393.8	597.2	647.5	659.3	712.8	1,734.5	1,973.7	2,124.3	2,228.6	2,282.0	2,773.3	3,060.9	3,233.1

Appendix

Valuation – Pessimistic Case

CD Projekt																
		Share Price: PLN 109.9	Historical Results					(Cyberpunk)			Forecast Period			(AAA)		
FINANCIAL STATEMENTS	Pessimistic Scenario	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
Live Case			OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	
Balance Sheet																
Cash & Cash Equivalents		37.1	393.7	597.2	647.5	659.4	712.8	1,734.5	1,973.7	2,124.3	2,228.6	2,282.0	2,773.3	3,060.9	3,233.1	
Trade and Other Receivable		6.4	87.7	71.6	46.3	37.0	46.2	250.5	142.6	88.4	63.5	44.4	260.3	170.0	112.5	
Inventory		96.5	0.6	0.4	0.3	0.3	0.7	2.3	1.2	0.7	0.5	0.4	2.4	1.4	0.8	
Other Short-Term Assets		15.6	39.1	35.2	31.9	42.4	42.4	42.4	42.4	42.4	42.4	42.4	42.4	42.4	42.4	
Total Current Assets		155.7	521.2	704.3	726.0	739.0	802.1	2,029.8	2,159.9	2,255.8	2,334.9	2,369.2	3,078.5	3,274.7	3,388.9	
PP&E		5.5	9.4	14.4	18.8	22.7	31.2	76.9	89.9	98.0	103.8	111.9	159.4	174.9	185.1	
Long Term Investments, other		0.5	0.5	0.2	-	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	
Goodwill		46.4	46.4	46.4	46.4	56.4	56.4	56.4	56.4	56.4	56.4	56.4	56.4	56.4	56.4	
Intangible Assets		39.6	81.4	109.1	189.3	293.0	322.3	354.6	390.0	429.0	471.9	519.1	571.0	628.1	690.9	
Other Assets		1.2	0.2	0.5	0.9	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	
Total Non-Current Assets		93.3	138.0	170.6	255.5	387.8	425.5	503.5	552.0	599.0	647.7	703.0	802.5	875.1	948.2	
Total Assets		248.9	659.2	875.0	981.5	1,126.8	1,227.6	2,533.3	2,711.9	2,854.9	2,982.7	3,072.3	3,880.9	4,149.8	4,337.0	
Accounts Payable		24.1	34.0	36.2	46.9	56.7	80.9	274.0	143.5	77.4	55.6	48.5	284.7	163.6	98.5	
Short-Term Debt		0.4	0.3	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
Other Short-Term Liabilities		54.3	107.6	53.5	47.4	60.3	60.3	60.3	60.3	60.3	60.3	60.3	60.3	60.3	60.3	
Total Current Liabilities		78.8	141.9	89.7	94.5	117.3	141.4	334.5	204.1	137.9	116.1	109.1	345.3	224.2	159.0	
Long-Term Debt		0.3	-	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
Other Long-Term Liabilities		1.9	3.6	8.2	4.0	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	
Total Non-Current Liabilities		2.1	3.6	8.3	4.1	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	
Total Liabilities		80.9	145.5	98.0	98.6	124.0	148.1	341.2	210.7	144.6	122.8	115.8	352.0	230.9	165.7	
Share Capital & APIC		200.2	95.0	96.1	96.1	96.1	96.1	96.1	96.1	96.1	96.1	96.1	96.1	96.1	96.1	
Retained Earnings		(49.3)	292.7	269.1	222.1	139.9	231.3	1,389.6	1,722.1	1,943.3	2,101.6	2,204.3	2,812.4	3,225.7	3,493.4	
Other Equity		17.2	126.1	411.7	564.7	766.9	752.1	706.4	683.0	670.9	662.2	656.1	620.5	597.2	581.8	
Shareholder's Equity		168.0	513.7	776.9	882.9	1,002.9	1,079.6	2,192.1	2,501.2	2,710.3	2,859.9	2,956.5	3,529.0	3,919.0	4,171.4	
Total Liabilities & Shareholder's Equity		248.9	659.2	875.0	981.5	1,126.8	1,227.7	2,533.3	2,711.9	2,854.9	2,982.7	3,072.3	3,881.0	4,149.9	4,337.1	

Appendix

Valuation – Pessimistic Case

CD Projekt															
		Share Price: PLN 109.9	Historical Results					(Cyberpunk)		Forecast Period				(AAA)	
FINANCIAL STATEMENTS	Pessimistic Scenario	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Live Case			OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
Schedules															
PP&E Schedule															
Opening Balance			5.5	9.4	14.4	18.8	22.7	31.2	76.9	89.9	98.0	103.8	111.9	159.4	174.9
Less: Depreciation			(99.6)	(36.4)	(4.9)	(16.6)	(12.7)	(68.6)	(39.0)	(24.2)	(17.4)	(12.1)	(71.3)	(46.5)	(30.8)
Plus: Capex			16.7	11.9	13.8	14.9	21.1	114.3	52.1	32.3	23.2	20.2	118.8	62.1	41.1
Plus: Other Net Additions			86.8	29.5	(4.5)	5.6									
Closing Balance			9.4	14.4	18.8	22.7	31.2	76.9	89.9	98.0	103.8	111.9	159.4	174.9	185.1
PP&E on Balance Sheet			9.4	14.4	18.8	22.7	31.2	76.9	89.9	98.0	103.8	111.9	159.4	174.9	185.1
Debt Schedule															
Debt Opening			0.3	-	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Issuance (repayment)			(0.4)	(0.5)	(0.4)	(0.7)	-								
Debt Closing			-	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Interest Expense			0.1	0.2	0.1	0.1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest Rate															
Net Working Capital															
Receivables			6.4	87.7	71.6	46.3	37.0	46.2	250.5	142.6	88.4	63.5	44.4	260.3	112.5
Inventory			96.5	0.6	0.4	0.3	0.3	0.7	2.3	1.2	0.7	0.5	0.4	2.4	0.8
Payables			24.1	34.0	36.2	46.9	56.7	80.9	274.0	143.5	77.4	55.6	48.5	284.7	98.5
Net Working Capital			78.8	54.3	35.7	(0.3)	(19.5)	(34.0)	(21.1)	0.3	11.7	8.4	(3.7)	(22.0)	14.9
Change in NWC				(24.5)	(18.6)	(36.1)	(19.1)	(14.5)	12.8	21.5	11.4	(3.3)	(12.2)	(18.2)	7.1

Appendix

Comparable Companies

Net Income After Taxes (FY0, EUR)	Net Debt (LTM, EUR)	EV/Revenue	EV/Revenue NTM	EV/EBIT	EV/EBIT NTM	EV/EBITDA	P/E	P/E forward	Company
25,491,483.62	-137,653,040.15	57.51	7.92	227.90	10.71	168.40	245.01	13.78	CD Projekt SA
148,548,479.79	-926,624,147.69	1.99	1.77	18.30		14.68	31.46	20.79	Square Enix Holdings Co Ltd
293,556,686.00	-1,383,383,080.22	4.07	4.58	54.05	19.70	23.17	41.78	26.21	Take-Two Interactive Software Inc
8,754,849.00	-12,634,004.88	12.12	11.66	34.88	39.53	27.92	55.17	49.66	11 Bit Studios SA
1,332,293,760.00	-1,846,687,800.00	6.39	6.37	22.57	18.23	16.05	34.61	24.17	Activision Blizzard Inc
7,774,082,686.76	-10,495,548,619.83	1.11	1.12	9.97	11.12	7.09	11.88	17.77	Sony Corp
532,170.00	-19,053,400.00	5.81	4.05	58.47	16.82	44.49	78.87	24.29	Remedy Entertainment Oyj
503,765,062.25	-1,480,437,687.32	1.69	1.61	14.33		11.41	22.21	19.40	Bandai Namco Holdings Inc
8,502,913.85	-9,391,314.52	8.26	5.88	25.31	18.15	25.16	31.36	21.69	Ten Square Games SA
99,690,000.00	365,034,500.00	4.48	3.49	63.59	17.47	12.37		22.54	Ubisoft Entertainment SA
12,761,129.87	-19,646,601.04	17.86	12.05	23.12	17.93	23.10	28.41	27.06	Playway SA
19,692,629.78	-42,214,458.89	5.33	5.98	24.69	30.74	16.91	30.66	37.96	Frontier Developments PLC
908,438,500.00	-3,714,130,165.00	5.63	5.38	25.02	17.04	22.13	12.11	22.94	Electronic Arts Inc
1,564,934,788.88	-7,907,437,295.67	3.77	3.49	16.76		16.19	26.90	19.23	Nintendo Co Ltd
-18,038,000.00	-340,500.00	0.59							Next Games Oyj
21,909,473.11	-531,508,185.62	1.13	0.96	21.04		10.08	64.81	16.30	Sega Sammy Holdings Inc
Ranking 1 + 2		Mean	4.7	4.4	30.4	21.1	20.7	39.4	26.0
		Median	4.1	4.0	22.6	18.2	16.1	34.6	24.2
		25th Percentile	1.7	1.6	14.3	14.0	11.4	22.2	19.4
		75th Percentile	6.4	6.4	54.1	29.6	27.9	55.2	26.2
		EV	411,735,215.3	342,401,811.9	578,249,028.9	467,175,676.0	589,774,227.5	871,800,696.0	608,721,763.1
		Net Debt	-137,653,040.2	-137,653,040.2	-137,653,040.2	-137,653,040.2	-137,653,040.2		
		Equity Value	274,082,175.2	204,748,771.8	440,595,988.7	329,522,635.9	452,121,187.3		
Share Price in EUR		2.9	2.1	4.6	3.4	4.7	9.1	6.4	
Share Price in PLN		12.2	9.1	19.6	14.7	20.1	38.8	27.4	

January 16, 2020: Cyberpunk 2077 won't make it's April 16th release date and is postponed to September 16th 2020

December 20, 2019: CD PROJEKT, creators of "The Witcher" series of games and upcoming role-playing game "Cyberpunk 2077", together with Andrzej Sapkowski, author of "The Witcher" books, signed an agreement further solidifying their relationship. The agreement grants CD PROJEKT new rights, as well as confirms the company's title to "The Witcher" intellectual property in video games, graphic novels, board games, and merchandise.

October 15, 2019: The *Complete Edition* is available for purchase in both retail, as well as digitally on the Nintendo eShop. In addition to the box and game card, which houses all of the content, the retail edition comes with a set of physical goodies: stickers, map, and *The Witcher Universe: Compendium* booklet.

May 22, 2019: Experience GOG GALAXY 2.0 yourself — sign up for the closed beta at www.gogalaxy.com and be among the first to get access to it!

December 4, 2018: CD PROJEKT RED, creators of The Witcher series of games, announce the Xbox One and PlayStation 4 launch of Thronebreaker: The Witcher Tales and GWENT: The Witcher Card Game.

August 20, 2018: CD PROJEKT has a majority stake in Spokko, with the remaining shares in possession of key personnel responsible for the development and conceptual design of the project. The Group will provide the new company with access to its intellectual property, backed up by the creative and commercial muscle of the CD PROJEKT RED studio.

October 8, 2018: CD PROJEKT RED, creators of The Witcher series of games, announce the establishing of a long-term strategic cooperation with Vancouver-based studio Digital Scapes. The partnership will focus on CD PROJEKT RED's upcoming futuristic role-playing game — Cyberpunk 2077.

March 20, 2018: Located in the city of Wrocław, south-western Poland, the new studio will join forces with CD PROJEKT RED Warsaw and Cracow, and bolster development of Cyberpunk 2077 — the upcoming futuristic AAA role-playing game.

December 19, 2017: Midwinter Update adds more than 100 cards to the game, many of which with new abilities and gameplay mechanics sure to shake things up on the battlefield. The update also introduces the story-driven Midwinter Hunt.

May 5, 2016: Starting today, GOG.com customers can pay for their purchases in six additional currencies: Polish zlotys, Canadian dollars, Swiss francs, Norwegian kroner, Swedish kronor and Danish kroner.

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