TIM SA

The company shares give an attractive exposure to both retail and e-commerce sectors. After restructuring, TIM entered a growth phase and improved results at each level. Adopted low-cost business model and active management of product offer has increased the competitiveness and has boosted profitability. We separately valued the trading and logistics segment, and the estimated present value of the company (PLN 14.1/share) gives 44% of upside potential for the stock.

Business based on two pillars

The activity of TIM focuses on two main areas: trade (distribution of electrotechnical articles and tools) and logistics (storage of goods and warehouse operations). Both businesses are closely related, however, due to the nature of operations and market prospects, we decided to treat them separately (with separate forecasts and valuation).

Results expansion of the trading segment

The transition of the distribution model towards e-commerce with active product offer management, allowed company to rebuild margins without hampering the growth of sales. TIM remains a company with a strong balance and low costs of write-downs for inventories and receivables.

Very good position in the e-commerce segment

TIM had built efficient warehouse and fulfillment center for its own needs and offered the services to external clients. An effect of scale allowed the company to cover high fixed costs at a faster rate. At the same time company gained an exposure to a very promising e-commerce market – both from the trading and services perspective.

Dividend potential

After the decision of the AGM regarding distribution of fiscal Y2018 profit, equity transferred to dividend fund is approximately 45.5 PLNm (or ca. PLN2 per share). Taking into account our forecasted strong operating cash flow and low CAPEX needs, TIM has a potential to pay high dividends in the following years.

Risks for forecasts and valuation

Among the main risks we see for our forecasts are: the slowdown of the upward trend in the construction industry, the return of the price war among distributors (as a result we see drop in margins and problems with receivables), and acquisition of external clients in logistics (3LP) at slower rate.

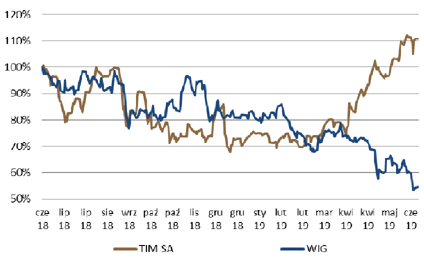
Our valuation is equally based on DCF (PLN14.8/share) and peers valuation (separately for trading segment PLN10.4/share and logistics PLN3.0/share) and indicates present fair price at PLN14.1 /share.

PLNm	2016	2017	2018	2019F	2020F	2021F
Revenues	667.4	719.2	830.3	886.9	936.6	983.4
EBITDA	11.5	7.3	31.1	46.2	49.9	53.5
Net profit	-2.8	-3.7	11.9	15.7	21.0	24.3
EPS	-0.13	-0.17	0.54	0.71	0.95	1.10
DPS	0.00	0.00	1.00	0.49	0.49	0.49
P/E (x)	nd	nd	18.2	13.8	10.3	8.9
EV/EBITDA (x)	19.5	30.5	8.0	6.5	5.6	4.7

Source: TIM, Noble Securities, earnings adjusted for on-offs, forecasts for 2019-21 with IFRS 16

NOBLE SECURITIES
DOM MAKLERSKI

Current price	9.8 PLN
Valuation	14.1 PLN
Upside/downside	44%
Market cap.	217 PLNm
Free float	64%
Avg. Vol. 6M	26 116



Source: Bloomberg, Noble Securities

COMPANY PROFILE

Leader on the wholesale distribution of electrical installation materials in Poland, with an exposure to the logistics market in the e-commerce industry.

SHAREHOLDERS

K. Folta with wife	22,97%
K. Wieczorkowski	13,51%
Rockbridge TFI	11,65%
NN OFE	7,05%
Norges Bank	5,02%
Others	39,80%

Michał Sztabler
Equity Analyst
michal.sztabler@noblesecurities.pl
+48 22 244 13 03

The preparation of report was finalized on 17/06/2019 at 10:35 a.m.. The first publication took place on 17/06/2019 at 10:45 a.m..

VALUATION

We calculated the value of one share of TIM SA as the average of the peers valuation and DCF. **On this basis, we estimated the current value of the shares at PLN 14.1.** In the peers analysis, we separately priced the trading business and logistic business using peers multiples and calculated sum of the parts. When selecting a peer group, in the case of the commercial segment, we opted for domestic companies (operating in the wholesale and / or e-commerce segment) as well as foreign distributors of electrical engineering products, while in the case of the logistics segment, due to for the lack of counterparts on the WSE, we have chosen foreign stocks.

Valuation summary	Weight	Per share (PLN)
DCF	50%	14.79
Peers	50%	13.40
- trading/commercial business		10.38
- logistics segment		3.02
Average valuation		**14.10**
Current price		9.76
Upside/downside		44%

Source: Noble Securities

DCF VALUATION

Assumptions:

- Based on consolidated financial data,
- FCF discounted on the current date,
- Net debt on 31/12/2018 calculated at 103m PLN (with IFRS16 and assets for sale),
- Growth rate (g) 0%,
- Equity ratio 80%,
- Risk free rate 3,5%, market premium 6%, beta 1,0.

DCF VALUATION

DCF	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F
Revenues	887	937	983	1 009	1 036	1 061	1 087	1 113	1 140	1 168
NOPAT	21	23	26	28	30	31	32	34	35	36
Depreciation and amortization	20	21	22	20	19	20	21	22	23	22
Change in WC	-5	-4	-4	-2	-2	-2	-2	-2	-2	-2
CAPEX	-10	-6	-6	-13	-12	-11	-12	-12	-13	-15
FCFF	26	34	37	33	35	38	39	41	42	42
WACC	**8.4%**	**8.4%**	**8.4%**	**8.4%**	**8.4%**	**8.4%**	**8.4%**	**8.4%**	**8.4%**	**8.4%**
Discount factor	0.96	0.88	0.81	0.75	0.69	0.64	0.59	0.54	0.50	0.46
DFCFF	25	30	30	25	24	24	23	22	21	19

Sum of DFCFF to 2028	244
Growth rate (g)	0%
Residual value 2028	403
Discounted Residual value	187
Enterprise Value (EV)	431
Net debt 31/12/2018	103
Minorities	0
Equity value	328
Shares (ths.)	22,2
Equity Value per share	14,8

Sensitivity analysis					
	Growth rate (g)				
	-2%	-1%	0%	1%	2%
WACC - 1,0%	14.9	16.0	17.3	19.1	21.5
WACC - 0,5%	13.9	14.8	16.0	17.4	19.4
WACC	13.0	13.8	14.8	16.0	17.6
WACC + 0,5%	12.2	12.9	13.7	14.8	16.1
WACC + 1,0%	11.5	12.1	12.8	13.7	14.8

Source: Noble Securities

Below we present WACC calculation:

WACC	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F
Risk free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Market risk premium	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Beta	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Cost of equity	**9.5%**	**9.5%**	**9.5%**	**9.5%**	**9.5%**	**9.5%**	**9.5%**	**9.5%**	**9.5%**	**9.5%**
Effective tax rate	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Cost of debt	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Cost of debt after tax bracket	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Net debt/EV	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
WACC	**8.4%**	**8.4%**	**8.4%**	**8.4%**	**8.4%**	**8.4%**	**8.4%**	**8.4%**	**8.4%**	**8.4%**

Source: Noble Securities

PEERS VALUATION

Trading segment	**Market cap. (PLNm)**	**P/E (x)**			**EV/EBITDA (x)**		
		2018	**2019F**	**2020F**	**2018**	**2019F**	**2020F**
W.W.Grainger	57 317	16,6	15,2	13,9	10,9	10,1	9,5
Electrocomponents	13 048	22,1	17,2	15,6	13,8	11,5	10,5
Rexel	13 264	9,9	8,8	7,9	7,3	6,8	6,4
Eurocash	2 833	32,5	31,5	21,8	14,4	13,5	12,1
Intercars	2 742	11,5	9,7	8,6	10,5	9,5	8,8
Solar	1 292	11,0	12,3	9,3	8,8	6,1	5,8
Neuca	1 320	14,6	14,1	12,7	10,1	9,5	8,7
Oponeo	333	17,1	15,9	14,1	11,8	9,7	9,0
AB	279	4,4	4,9	4,7	4,6	5,0	4,9
Premium/discount to mean (%)		25%	-2%	-19%	-24%	-32%	-37%
TIM's implied fair value (trading segment)		8.2	10,2	10,8	9,3	11,5	11,9
TIM's implied fair value (trading segment)				**10.4**			

Source: Bloomberg, Noble Securities, data on 17.06.2019 y. at 7:30 a.m.

Logistics segment	**Market cap. (PLNm)**	**P/E (x)**			**EV/EBITDA (x)**		
		2018	**2019F**	**2020F**	**2018**	**2019F**	**2020F**
DSV	65 718				21,0	14,1	11,8
XPO Logistics	19 804				8,1	7,8	7,2
Cia de Distribucion Integral	11 494				3,0	2,8	2,7
Kerry Logistics	10 724				10,2	9,0	8,2
CEVA Logistics	6 212				15,5	14,0	12,8
ID Logistics Group	3 796				12,0	10,3	9,0
Eddie Stobart	1 296				6,5	5,8	5,3
Wincanton	1 595				5,6	5,4	5,3
Self Storage	527				22,6	10,7	9,4
Premium/discount to mean (%)					-22%	-28%	-33%
TIM's implied fair value (logistics segment)					4.2	4.0	4.3
TIM's implied fair value (logistics segment)				**3.0**			

Source: Bloomberg, Noble Securities, data on 17.06.2019 y. at 7:30 a.m.

TIM SA (PLNm)	2016	2017	2018	2019F	2020F	2021F
Revenues	**614.8**	**655.7**	**751.5**	**800.0**	**840.0**	**882.0**
Gross profit from sales	93.5	106.1	131.0	139.5	146.5	153.8
Gross margin	*14.6%*	*15.5%*	*16.7%*	*16.7%*	*16.7%*	*16.7%*
Operating costs	90.4	105.4	116.3	119.3	123.8	128.4
% of revenues	*14.7%*	*16.1%*	*15.5%*	*14.9%*	*14.7%*	*14.6%*
Net profit from sales	3.1	0.7	14.8	20.2	22.7	25.3
Other operating revenues and costs	5.1	0.6	-1.9	0.0	0.0	0.0
EBIT	8.2	1.3	12.9	20.2	22.7	25.3
EBITDA	**13.5**	**4.9**	**17.2**	**26.6**	**29.1**	**31.7**
Financial income and costs	-0.3	-0.2	-0.4	-0.2	0.5	0.8
Reported net profit	5.7	0.7	10.2	16.2	18.8	21.2
Repeatable net profit	**1.2**	**0.7**	**12.6**	**16.2**	**18.8**	**21.2**
Depreciation and amortization	4.5	4.7	5.5	7.4	7.8	7.1
CAPEX	-10.9	-3.8	-1.6	-5.0	-5.0	-5.0
CF from current operations	-2.3	12.5	19.7	18.4	21.8	24.0
Dividend	0.0	0.0	22.2	0.0	10.5	10.5
Net debt	**-3.4**	**-12.7**	**-1.3**	**-2.4**	**-8.7**	**-17.2**

Source: TIM (2016-2018), Noble Securities (2019-2021), forecasts for years 2019-21 with IFRS16 (unless otherwise noted)

Rotopino (PLNm)	2016	2017	2018	2019F	2020F	2021F
Revenues	**50.8**	**56.6**	**60.8**	**66.9**	**73.6**	**75.4**
Gross profit from sales	8.1	9.5	11.4	12.5	13.7	14.1
Gross margin	*16.0%*	*16.9%*	*18.7%*	*18.7%*	*18.7%*	*18.7%*
Operating costs	7.4	9.5	10.8	12.5	13.7	14.1
% of revenues	*14.6%*	*16.8%*	*17.7%*	*18.7%*	*18.7%*	*18.7%*
Net profit from sales	**0.7**	**0.0**	**0.6**	**0.0**	**0.0**	**0.0**

Source: Rotopino (2016-2018), Noble Securities (2019-2021), forecasts for years 2019-21 with IFRS16 (unless otherwise noted)

3LP (PLNm)	2016	2017	2018	2019F	2020F	2021F
Total revenues		60.2	74.2	80.3	81.8	83.3
External revenues		**4.1**	**14.4**	**20.0**	**23.0**	**26.0**
EBIT		-7.0	1.1	5.9	6.2	6.6
EBITDA		**-0.7**	**7.6**	**17.3**	**17.7**	**18.0**

Source: TIM (2016-2018), Noble Securities (2019-2021), forecasts for years 2019-21 with IFRS16 (unless otherwise noted)

Profit and loss account (PLNm)	2016	2017	2018	2019F	2020F	2021F
Revenues from sales	**667,4**	**719,2**	**830,3**	**886,9**	**936,6**	**983,4**
Gross profit from sales	103,9	123,6	161,1	172,0	183,2	193,9
SG&A costs (without IFRS16)	105,9	126,3	143,5	149,1	157,5	165,2
SG&A costs				145,9	154,3	161,9
Net profit from sales (without IFRS16)	-2,1	-2,7	17,7	22,9	25,7	28,7
Net profit from sales				26,1	28,9	31,9
Other operating revenues and expenses	5,7	-0,5	2,2	0,0	0,0	0,0
EBIT (without IFRS16)	**3,6**	**-3,2**	**19,9**	22,9	25,7	28,7
EBIT				**26,1**	**28,9**	**31,9**
Financial income and costs (without IFRS16)	-0,6	-1,1	-1,1	-1,2	2,5	3,6
Financial income and costs				-6,7	-3,0	-1,9
Profit before tax	3,0	-4,3	18,7	19,4	25,9	30,0
Income tax	1,4	-0,4	3,6	3,7	4,9	5,7
Reported net profit (without IFRS16)	**1,6**	**-3,7**	**15,1**	17,5	22,8	26,2
Reported net profit				**15,7**	**21,0**	**24,3**
Repeatable net profit (without IFRS16)	**-2,8**	**-3,7**	**11,9**	17,5	22,8	26,2
Repeatable net profit				**15,7**	**21,0**	**24,3**
Depreciation and amortization (without IFRS16)	7,9	10,4	11,2	11,8	12,7	13,3
Depreciation and amortization				20,1	21,0	21,6
EBITDA (without IFRS16)	**11,5**	**7,3**	**31,1**	34,6	38,4	42,0
EBITDA				**46,2**	**49,9**	**53,5**

Source: TIM (2016-2018), Noble Securities (2019-2021), forecasts for years 2019-21 with IFRS16 (unless otherwise noted)

Balance Sheet (PLNm)	2016	2017	2018	2019F	2020F	2021F
Assets	**343.0**	**366.4**	**370.0**	**461.8**	**482.5**	**506.0**
Non-current assets	**108.5**	**110.9**	**116.2**	**178.7**	**163.7**	**148.1**
Tangible and Intangible assets (without IFRS16)	92.0	91.9	100.7	98.9	92.2	84.9
Tangible and Intangible assets				163.1	148.1	132.6
Subsidiaries goodwill	5.9	5.9	5.9	5.9	5.9	5.9
Other long-term assets	10.6	13.1	9.7	9.7	9.7	9.7
Current Assets	**234.6**	**255.5**	**253.8**	**283.1**	**318.9**	**357.9**
Inventories	89.7	98.2	102.0	108.9	115.0	120.8
Trade receivables	135.2	142.7	142.1	151.8	160.3	168.4
Cash and cash equivalents	8.4	13.5	2.2	21.2	42.3	67.5
Other current assets	0.1	0.2	0.2	0.2	0.3	0.4
Liabilities	**343.0**	**366.4**	**370.0**	**461.8**	**482.5**	**506.0**
Equity	**168.3**	**164.7**	**155.4**	**166.0**	**176.5**	**190.3**
Long-term liabilities	**21.6**	**23.3**	**36.1**	**36.1**	**36.1**	**36.1**
Loans, borrowings and other financial liabilities	13.2	12.7	25.3	25.3	25.3	25.3
Other	8.4	10.6	10.8	10.8	10.8	10.8
Current liabilities	**148.0**	**173.8**	**178.5**	**259.7**	**269.9**	**279.5**
Loans, borrowings and other financial liabilities (without IFRS16)	3.7	5.3	8.1	0.0	0.0	0.0
Loans, borrowings and other financial liabilities				77.6	77.6	77.6
Accounts payable	135.0	157.6	157.2	167.9	177.4	186.2
Other	9.3	10.8	13.2	14.1	14.9	15.7

Source: TIM (2016-2018), Noble Securities (2019-2021), forecasts for years 2019-21 with IFRS16 (unless otherwise noted)

Cash Flow Statement (PLNm)	2016	2017	2018	2019F	2020F	2021F
Net profit	1,6	-3,7	15,1	15,7	21,0	24,3
Depreciation and amortization	7,9	10,4	11,2	20,1	21,0	21,6
Change in working capital	-14,5	8,2	-1,2	-5,0	-4,4	-4,2
CF from current operations	**-10,0**	**13,8**	**27,2**	**30,7**	**37,6**	**41,7**
CAPEX	-17,9	-10,5	-29,3	-10,0	-6,0	-6,0
Capital investments	0,0	0,0	6,8	0,0	0,0	0,0
Divestments and other	20,0	1,4	15,4	6,3	0,0	0,0
Purchase of debt securities	0,0	0,0	0,0	-18,9	-21,0	-25,1
CF from investing activities	**2,1**	**-9,1**	**-7,1**	**-22,6**	**-27,0**	**-31,1**
Increase of share capital	1,4	0,0	0,0	0,0	0,0	0,0
Change in financial liabilities	0,0	0,0	15,4	-8,1	0,0	0,0
Dividends and other payments due to equity holders	0,0	0,0	-22,2	0,0	-10,5	-10,5
CF from financial activities	**0,4**	**0,4**	**-31,4**	**-8,1**	**-10,5**	**-10,5**
CF for the period	**-7,5**	**5,1**	**-11,3**	**0,1**	**0,1**	**0,1**
Cash at the beginning of the period	15,9	8,4	13,5	2,2	2,3	2,4
Cash at the end of the period	8,4	13,5	2,2	2,3	2,4	2,6

Source: TIM (2016-2018), Noble Securities (2019-2021), forecasts for years 2019-21 with IFRS16 (unless otherwise noted)

Selected indicators	2016	2017	2018	2019F	2020F	2021F
EBITDA margin	1.7%	1.0%	3.7%	5.2%	5.3%	5.4%
EBIT margin	0.5%	-0.4%	2.4%	2.9%	3.1%	3.2%
Net profit margin	0.2%	-0.5%	1.8%	1.8%	2.2%	2.5%
Net debt (without IFRS16)	8.5	4.5	31.2	4.1	-17.0	-42.2
Net debt				81.8	60.7	35.4
Net debt /EBITDA	0.7	0.6	1.0	1.8	1.2	0.7
Number of shares issued	22.2	22.2	22.2	22.2	22.2	22.2
Dividend per share	0.00	0.00	1.00	0.47	0.47	0.47
P/BV	1.2	1.3	1.3	1.3	1.2	1.1

Source: TIM (2016-2018), Noble Securities (2019-2021), forecasts for years 2019-21 with IFRS16 (unless otherwise noted)

Annual growth rates	2016	2017	2018	2019F	2020F	2021F
Revenues	16%	8%	15%	7%	6%	5%
EBITDA	-24%	-37%	328%	49%	8%	7%
EBIT	-47%	nd	nd	31%	11%	10%
Net profit	-67%	nd	nd	4%	34%	16%
Repeatable net profit	nd	nd	nd	32%	34%	16%

Source: TIM (2016-2018), Noble Securities (2019-2021), forecasts for years 2019-21 with IFRS16 (unless otherwise noted)

LEGAL DISCLAIMER

FUNDAMENTAL RULES FOR ISSUING ANALYTICAL REPORT

This analytical report, hereinafter referred to as the "Report", was prepared by Noble Securities S.A. ("NS") based in Warsaw.

The basis for the preparation of the Report were publicly available information known to the Analyst as at the date of preparing the Report, in particular information provided by the Issuer in current and periodic reports prepared as part of its disclosure obligations.

The Report only expresses the analyst's knowledge and views as at the date of its preparation.

The forecasts and evaluation elements presented in the Report are based solely on the analysis performed by the Analyst, without arrangements with the Issuer or with other entities, and are based on a number of assumptions that may turn out to be irrelevant in the future.

NS or the Analyst do not give any assurance that the forecasts will work.

The report issued by NS is valid for a period of 24 months, unless it is previously updated. The frequency of updates results from the date of publication by the Issuer of financial results for a given reporting period, the market situation or subjective assessment of the Analyst.

STRONG AND WEAKNESSES OF VALUATION METHODS APPLIED BY NS IN THE REPORT

The DCF (eng. *discounted cash flow*) method - is considered the methodologically most appropriate valuation technique and consists in discounting financial flows generated by the rated entity. Strengths of this method include taking into account all cash flows that flow in and out of the company and the cost of money over time. The disadvantages of the DCF valuation method are: a large number of assumptions and parameters that need to be estimated and the sensitivity of valuation to changes in these factors. A variation of this method is the discounted dividend method.

Comparative method - is based on a comparison of valuation multipliers of companies in the industry in which the rated entity operates. This method very well reflects the current state of the market, requires fewer assumptions and is simpler to apply (relatively high availability of indicators for compared entities). Its disadvantages include high volatility related to price fluctuations and stock exchange indices (in the case of comparison to listed companies), subjectivism in the selection of a group of comparable companies and simplification of the company image leading to the omission of some important parameters (eg growth rate, corporate governance, non-operational assets , differences in accounting standards).

INTERESTS OR CONFLICTS OF INTERESTS THAT MAY AFFECT THE REPORTING OBJECTIVITY OF THE REPORT

The report was prepared by NS for consideration, on behalf of the Warsaw Stock Exchange S.A.

The Analyst is not a party to any contract concluded with the Issuer and does not receive remuneration from the Issuer. The Analyst's remuneration for preparing the Report due from NS is not directly related to transactions in brokerage services provided by NS or other types of transactions carried out by NS or any other legal entity that is part of the group to which NS belongs or with transaction fees that they receive NS or these people. It can not be ruled out that the remuneration that may be due in future to a NS Analyst by another title may be indirectly dependent on NS financial results, including those obtained as part of investment banking transactions related to the Issuer's financial instruments. The Analyst is not a party to any contract concluded with the Issuer and does not receive remuneration from the Issuer. The Analyst's remuneration for preparing the Report due from NS is not directly related to transactions in brokerage services provided by NS or other types of transactions carried out by NS or any other legal entity that is part of the group to which NS belongs or with transaction fees that they receive NS or these people. It can not be ruled out that the remuneration that may be due in future to a NS Analyst by another title may be indirectly dependent on NS financial results, including those obtained as part of investment banking transactions related to the Issuer's financial instruments.

It is possible that NS has or will have the intention to submit an offer to provide services to the Issuer.

ORGANIZATIONAL AND ADMINISTRATIVE SOLUTIONS AND INFORMATION BARRIERS ESTABLISHED TO PREVENT CONFLICT OF INTERESTS AND TO AVOID THEMSELVES

Detailed rules of conduct in the event of conflicts of interest are set out in the "Regulations of Conflicts of Interest Management at Noble Securities SA" available at the website www.noblesecurities.pl in the tab: "About us" / "Regulations" / "Information policy".

The internal structure of NS ensures organizational separation of analysts from individuals (teams) performing activities that involve the risk of a conflict of interest and prevents conflicts of interest, and in the event of such conflict enables protection of the Client's interests against the harmful effects of this conflict. In particular, Analysts do not have access to information about transactions concluded on the NS's own account and to Client orders. NS ensures that there is no possibility for third parties to exert any adverse influence on the performance of the work by Analysts. NS ensures that there are no links between the amount of remuneration of employees of one organizational unit and the amount of remuneration of employees of another organizational unit, or the amount of income earned by that other organizational unit, if these units perform activities that involve the risk of a conflict of interests

NS has implemented internal regulations regarding the flow of confidential and professional information, which is aimed at securing confidential information or professional secrecy and preventing its unjustified flow or misuse. NS limits to a minimum the circle of people who have access to confidential information or professional secrecy. In order to control access to relevant non-public information, within NS there are internal limitations and barriers in the transfer of information, so-called *Chinese walls*, i.e. rules, procedures and physical solutions to prevent the flow and use of confidential information and constitute professional secrecy. NS uses restrictions in physical access (separate rooms, lockable filling cabinets) and in access to information systems.

NS has implemented regulations in the scope of performing activities consisting in preparing investment analyzes, financial analyzes and other general recommendations regarding transactions in financial instruments, as well as the internal procedure regulating the subject scope. NS discloses in the content of Reports prepared by itself all connections and circumstances that could affect the objectivity of the Reports being prepared. It is forbidden to accept material or non-material benefits by NS or the Analyst from entities having a significant interest in the content of the Report, suggesting to the Issuer by NS or Analyst content favorable to that Issuer. It is forbidden to make available to the Issuer or other persons than Analysts, the Report, containing the content of the recommendation or the target price, before commencing its distribution for purposes other than verification of the NS's compliance with its legal obligations.

NS has implemented internal regulations regarding the rules of concluding personal transactions by involved persons, including prohibits the use of information obtained in connection with business activities for personal transactions. In addition, Analysts may not enter into personal transactions regarding the Issuer's financial instruments or related financial instruments prior to the dissemination of the Report, as well as personal transactions that conflict with the content of the Report and when NS starts or works on issuing Issuer's financial instruments since the Insurer's information in in this respect until the prospectus is published - in the case of a public offer or for launching an offer.

OTHER INFORMATION AND RESERVATIONS

NS ensures that the Report has been prepared with due diligence and integrity based on generally available facts and information recognized by the Analyst as reliable, reliable and objective, however NS nor the Analyst does not guarantee that they are fully accurate and complete. If the Report indicates the addresses of the websites used in the preparation of the Report, neither the Analyst nor NS takes responsibility for the content of these websites.

Investing can involve high investment risk. The analytical report cannot be treated as an assurance or guarantee of avoiding losses, or achieving potential or expected results, in particular profits or other benefits from transactions carried out on its basis, or in connection with refraining from such transactions. A general description of financial instruments and the risk related to investing in individual financial instruments is presented at www.noblesecurities.pl in the tab Brokerage House / Brokerage Account/ Documents. NS points out that although the above information has been prepared with due diligence, in particular in a reliable manner and in accordance with NS's best knowledge, it may not be exhaustive and may exist or be updated in the specific situation in which an investor is or will be located other risk factors than those indicated in the above information by NS. The investor should bear in mind that investments in individual financial instruments may result in the loss of some or all of the funds invested, and even involve the additional costs.

Investors using the Report may not resign from independent assessment and take into account other circumstances than indicated by the Analyst or by NS.

The Report has been prepared in accordance with legal requirements ensuring independence, in particular from the Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards concerning technical means for the purpose of presenting investment recommendations or other information recommending or suggesting an investment strategy and disclosing particular interests or indications of conflicts of interest. The report is an investment study referred to in art. 36 par. 1 Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65 / EU of the European Parliament and of the Council with regard to organizational requirements and operating conditions for investment firms and concepts defined for the purposes of this directive.

The Report or any of its entries do not state:

- offer within the meaning of art. 66 of the Act of 23 April 1964 - the Civil Code,
- grounds for concluding a contract or creating a liability,
- public offering of financial instruments within the meaning of art. 3 of the Act of July 29, 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies,
- invitations to subscribe for or purchase securities of the Issuer,
- investment advisory services or portfolio management services referred to in the Act of 29 July 2005 on Trading in Financial Instruments,
- investment, legal, accounting or other types of advice.

The Report

- is published on the NS website: https://noblesecurities.pl/dom-maklerski/analizy2/program-wsparcia-pokrycia-analitycznego-gpw/1792-tim-s-a,
- is intended for distribution only on the territory of the Republic of Poland, and is not intended for distribution or transmission, directly or indirectly, in the United States of America, Canada, Japan or Australia, or any other jurisdiction, where such distribution would violate relevant provisions of the given jurisdiction or required registration in that jurisdiction,
- does not contain all information about the Issuer and does not allow full assessment of the Issuer, in particular as regards the Issuer's financial situation, because only certain data regarding the Issuer were selected for the Report,
- is for information purposes only, so it is not possible to comprehensively evaluate the Issuer based on the Report.

FINAL REMARKS

Analyst preparing the Report: Michał Sztabler
Date and time of completion of the Report: 17/06/2019 at 10.35. Date and time of the first dissemination of the Report: 17/06/2019 at 10.45.

NS is subject to the supervision of the Polish Financial Supervision Authority.

All recommendation distributed by NS in last 12 months:

Company	Direction	Price target	Price at publication	Current price	Difference to price target	Date of publication (1)	Date of validation (2)	Prepared by (3)
11 bit studios	Buy	464,7	395,0	389,5	19%	06.06.2019	9M	Kamil Jędrej
Amrest Holdings	Buy	52,1	37,5	38,0	37%	21.05.2019	9M	Krzysztof Radojewski
Dino Polska	Hold	111,0	112,7	127,0	-13%	20.05.2019	9M	Krzysztof Radojewski
Budimex	Hold	143,5	145,0	134,2	7%	28.03.2019	9M	Krzysztof Radojewski
Eurocash	Accumulate	26,8	22,4	20,4	32%	15.03.2019	9M	Krzysztof Radojewski
Amica	Buy	139,5	111,4	116,0	20%	07.01.2019	9M	Michał Sztabler
Izoblok	Buy	45,0	29,4	26,8	68%	07.01.2019	9M	Michał Sztabler
Wielton	Accumulate	11,3	9,8	9,2	23%	07.01.2019	9M	Michał Sztabler
Apator	Buy	31,0	22,8	24,2	28%	07.01.2019	9M	Michał Sztabler
CD Projekt	Buy	194,3	150,7	208,5	-7%	04.01.2019	9M	Kamil Jędrej
Pfleiderer Group	Hold	33,8	31,4	20,0	69%	19.12.2018	9M	Krzysztof Radojewski
Aplisens	nd	16,0	10,5	10,2	57%	18.12.2018	nd	Michał Sztabler
Elektrobudowa	Buy	43,5	29,0	8,4	415%	17.12.2018	Under review	Krzysztof Radojewski
PKP Cargo	Accumulate	53,7	45,0	45,2	19%	14.12.2018	9M	Michał Sztabler
11 bit studios	Buy	321,8	264,0			30.11.2018	9M	Kamil Jędrej
Dino Polska	Hold	83,9	83,5			27.11.2018	9M	Krzysztof Radojewski
Amrest Holdings	Accumulate	52,5	47,5			09.10.2018	9M	Krzysztof Radojewski
Ciech	Buy	72,2	47,7			26.09.2018	suspended	Dawid Radzyński
Bogdanka	Accumulate	67,6	61,4			24.09.2018	Under review	Michał Sztabler
Eurocash	Buy	24,8	20,6			31.08.2018	9M	Krzysztof Radojewski
PKP Cargo	Buy	62,7	49,8			23.08.2018	9M	Michał Sztabler
CD Projekt	Hold	213,2	197,4			06.08.2018	9M	Kamil Jędrej
Alumetal	Hold	53,8	48,5			01.08.2018	suspended	Dawid Radzyński
Budimex	Reduce	106,4	126,6			30.07.2018	9M	Krzysztof Radojewski
PKP Cargo	Accumulate	53,1	45,1			19.06.2018	9M	Michał Sztabler
Elektrobudowa	Hold	74,6	70,8			19.06.2018	9M	Krzysztof Radojewski

(1) Date of publication is simultaneously date of first publication, (2) recommendation is valid for a period of 9 months, unless it is previously updated

(3) Job position: Krzysztof Radojewski – Head of Market Research Department, Michał Sztabler – Equity Analyst, Dawid Radzyński – Junior Equity Analyst (finished work in NS with effect from 31.12.2018), Kamil Jędrej - Equity Analyst,

MARKET RESEARCH DEPARTMENT

Krzysztof Radojewski
krzysztof.radojewski@noblesecurities.pl
mobile: +48 22 213 22 35
industrials, retail, construction, developers

Michał Sztabler
michal.sztabler@noblesecurities.pl
tel: +48 22 213 22 36
industrials, utillities, mining, logistics

Kamil Jędrej
kamil.jedrej@noblesecurities.pl
gaming, IT, media

Dariusz Dadej
dariusz.dadej@noblesecurities.pl