



Corporate Research

Quarterly Forecasts for the 2nd Quarter 2022

July 2022

mIn PLN	2Q 2021	2Q 2022F	y/y	1-2Q 2021	1-2Q 2022F	y/y	2021	2022F	y/y	2023F	y/y
Revenue	680.1	518.0	-24%	1413.5	1212.6	-14%	3078.0	2542.2	-17%	2669.3	5%
EBITDA	24.0	16.4	-32%	48.1	42.0	-13%	119.0	90.3	-24%	82.5	-9%
EBIT	22.7	15.0	-34%	45.8	39.4	-14%	113.9	85.0	-25%	76.1	-10%
Net profit	15.0	7.1	-53%	30.2	23.1	-24%	77.0	49.8	-35%	45.7	-8%
EBITDA margin	3.5%	3.2%		3.4%	3.5%		3.9%	3.6%		3.1%	
EBIT margin	3.3%	2.9%		3.2%	3.2%		3.7%	3.3%		2.9%	
Net margin	2.2%	1.4%		2.1%	1.9%		2.5%	2.0%		1.7%	
EV/EBITDA							2.7	3.4		3.4	
P/E							2.3	3.6		3.9	
Dividend yield							12.5%	8.7%		8.8%	

Results publication date: 11/8/2022

Current price (22/7/2022): PLN 14.85

Market cap (PLN): PLN 824 mn

Net debt 2022: USD 129 mn

EV 2022: USD 306 mn

Free float: 63%

Valuation (PLN mn): 1114-1271

ESG ranking 6.9

- Based on the monthly sales data, Asbis generated approx. USD 143m in sales in April (-38% y/y), USD 168m in May (-20% y/y) and USD 207m in June (-14% y/y).
- The negative dynamics in 2Q22 follow from the ongoing war between Russia and Ukraine as both countries accounted for about 34% of revenue in 2021. Asbis now has no sales in Russia (vs. approx. 19% of revenue in 2021), while in Ukraine the company is reporting a slow recovery in the number of orders with still has a lot of ground to cover before reaching pre-war results. In light of the above, the efficiency with which the entity redirected sales to other markets is a positive surprise reflected in a lower negative sales growth m/m.
- We expect the gross margin in 2Q22 to remain at a very high level of 7.5% (we are estimating a symbolic decline by 0.1p.p. q/q and an increase by 0.6p.p. y/y).
- Given the relatively fixed cost base and lower revenue, we also expect an increase in the costs to revenue ratio.

mln PLN	2Q 2021	2Q 2022F	y/y	1-2Q 2021	1-2Q 2022F	y/y	2021	2022F	y/y	2023F	y/y
Revenue	328.0	361.8	10%	602.4	771.7	28%	1314.3	1590.3	21%	1765.2	11%
EBITDA	42.3	37.1	-12%	67.0	84.3	26%	144.6	161.7	12%	148.5	-8%
EBIT	36.6	31.2	-15%	55.7	72.6	30%	121.6	137.7	13%	115.6	-16%
Net profit	29.6	23.6	-20%	43.0	54.9	28%	91.8	104.5	14%	86.8	-17%
EBITDA margin	12.9%	10.3%		11.1%	10.9%		11.0%	10.2%		8.4%	
EBIT margin	11.2%	8.6%		9.2%	9.4%		9.3%	8.7%		6.5%	
Net margin	9.0%	6.5%		7.1%	7.1%		7.0%	6.6%		4.9%	
EV/EBITDA							4.1	3.7		4.3	
P/E							6.6	5.8		7.0	
Dividend yield							8.0%	9.4%		10.4%	

Results publication date: 21/9/2022

Current price (22/7/2022): PLN 27.4

Market cap (PLN): PLN 608 mn

Net debt 2022: PLN -18 mn

EV 2022: PLN 590 mn

Free float: 56%

Valuation (PLN mn): 910-1004

ESG ranking 7.2

- TIM S.A.'s revenue reached PLN 116m in April (+15% y/y; -34% m/m; the high negative m/m dynamic is not surprising given the particularly strong March), PLN 114m in May (+12% y/y; -1% m/m) and PLN 116m in June (+6% y/y; +2% m/m).
- In our view, a very strong buying impulse that followed the outbreak of the Russian-Ukrainian war and stemming from concerns about product availability (sales in March amounted to PLN 176m: +65% y/y; +54% q/q) has translated into an apparent weakening of demand in the following months. We are also seeing a distinct slowdown in the rate of new investment starts, which will affect the company in the coming months. We also find that pressure on consumer disposable income is an additional factor that has negatively affected sales at both TIM SA and 3LP. Continued high inflation remains a positive influence on revenue.
- In our view, the forecasted y/y decline in results follows from a very high base.
- We expect that TIM has succeeded (at the very least) in maintaining its high margins from the first quarter.

Contacts

Artur Iwański	(Head of Equities)	(+48 22) 521 79 31	artur.iwanski@pkobp.pl
Equity Research Department			
Adrian Skłodowski	(head of research, retail)	(+48 22) 521 87 23	adrian.sklodowski@pkobp.pl
Jaromir Szortyka	(banks, insurances, financial sector)	(+48 22) 580 39 47	jaromir.szortyka@pkobp.pl
Piotr Łopaciuk	(gaming, ecommerce)	(+48 22) 521 48 12	piotr.lopaciuk@pkobp.pl
Robert Brzoza	(financial sector, strategy)	(+48 22) 521 51 56	robert.brzoza@pkobp.pl
Andrzej Rembelski	(utilities, mining)	(+48 22) 521 79 03	andrzej.rembelski@pkobp.pl
Adam Milewicz	(oil & gas, chemicals)	(+48 22) 521 79 41	adam.milewicz@pkobp.pl
Piotr Zybala	(construction, real estate, IT)	(+48 22) 521 53 91	piotr.zybala@pkobp.pl
Dawid Górzynski	(pharmaceuticals, food & agri)	(+48 22) 521 97 69	dawid.gorzynski@pkobp.pl
Alicja Zaniewska	(equity research)	(+48 22) 580 33 68	alicja.zaniewska@pkobp.pl
Investment Advisory and Technical Analysis Department			
Emil Łobodziński	(Investment Advisor)	(+48 22) 521 89 13	emil.lobodzinski@pkobp.pl
Konrad Maślankiewicz	(analyst)	(+48 22) 521 52 04	konrad.maslankiewicz@pkobp.pl
Paweł Małmyga	(technical analysis)	(+48 22) 521 65 73	pawel.malmyga@pkobp.pl
Przemysław Smoliński	(technical analysis)	(+48 22) 521 79 10	przemyslaw.smolinski2@pkobp.pl

Information and reservations

INFORMATION AND RESERVATIONS REGARDING THE NATURE OF INVESTMENT ANALYSIS AND LIABILITY FOR ITS DRAFTING, CONTENTS AND DISTRIBUTION

This investment analysis (hereinafter: "Analysis") has been drafted by PKO BP Securities (hereinafter "PKO BP Securities"), the entity acting in conformity with the Polish Act on Trading in Financial Instruments of 29 July 2005 and 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 for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest, solely for the purposes of the customers of PKO BP Securities and is subject to confidentiality within seven calendar days of its distribution date.

This analysis was drafted against remuneration at the individual request of Issuer.

Whenever this analysis mentions an "Issuer", it will be understood as a company to which the Analysis pertains directly or indirectly. If the Analysis pertains to more than one company, the term "Issuer" will apply to all these companies.

The perspective expressed in the Analysis reflects the opinion of the Analyst(s) of PKO BP Securities regarding the analysed company and the financial instruments issued by it. Opinions contained in this Analysis should not be treated as authorised or approved by the Issuer.

The Analysis has been prepared subject to due diligence and reliability, based on facts and information generally considered credible (including, in particular, financial statements and current reports of the company); nevertheless, PKO BP Securities does not guarantee their absolute precision or completeness. The basis for preparing the Analysis comprises information on the company which was publicly available by the day of its drafting. The forecasts presented are based solely on the analysis conducted by PKO BP Securities and on a number of assumptions which may prove incorrect in the future. PKO BP Securities does not grant any assurance that the forecast presented will be proved right. PKO BP Securities is not liable for any losses incurred as a result of decisions made on the basis of information contained in this Analysis. PKO Securities as a professional entity does not evade liability for an imprecise or incomplete product or for the losses incurred by the Customer as a result of investment decisions taken on the basis of an unreliable Analysis. PKO Securities will bear no liability if the Analysis has been prepared with due diligence and thoroughness. PKO Securities will not be held liable for any potential defects of the analysis, in particular for its incompleteness or imprecision, if said defects could not be avoided or foreseen at the moment of undertaking standard actions in drafting the Analysis. In the future, PKO BP Securities may issue other analysis, presenting other conclusions which are consistent with those contained in this Analysis. Such analysis reflect various assumptions, points of view and analytical methods adopted by the analysts preparing them. PKO BP Securities hereby announces that the accuracy of earlier analysis is no guarantee of their accuracy in the future.

PKO BP Securities hereby announces that investing money in financial instruments is connected with the risk of losing a part of or all the invested funds. PKO BP Securities notes that the price of financial instruments is influenced by many different factors which are or may be independent from the Issuer or the results of the Issuer's operations. These can include, among other things, changing economic, legal, political and fiscal conditions. A decision on purchasing any financial instruments should be made solely on the basis of the prospectus, offer or other generally available documents and materials published in accordance with the binding provisions of Polish law.

This Analysis does not constitute an offer or an invitation to subscribe for or purchase or conclude transactions on financial instruments and is not aimed at encouraging its addressees to purchase or sell any financial instruments.

With the exception of the remuneration paid by PKO BP Securities, Analysts do not receive any other consideration from the Issuer or other third parties for drafting analysis. Analysts drafting analysis are remunerated on a variable basis, indirectly depending on the financial results of PKO BP Securities that may be contingent, among other things, on the results generated by PKO BP Securities with respect to brokering services offered.

PKO BP Securities hereby announces that it renders brokering services in the scope of drafting investment analyses, financial analyses and other recommendations of a general nature under a permit of the Polish Financial Supervision Authority dated 7 October 2010. At the same time, PKO BP Securities hereby announces that brokering services are rendered to customers in accordance with the binding "Rules and regulations for rendering the service of drafting investment analyses, financial analyses and publications regarding financial

instruments by PKO BP Securities" (here) as well as on the basis of a written agreement on rendering the service of drafting investment analyses, financial analyses and publications regarding financial instruments by PKO BP Securities. The entity exercising supervision over PKO BP Securities within the scope of its brokering operations is the Polish Financial Supervision Authority.

Explanation of the specialist terminology used

min (max) 52 weeks: minimum (maximum) of the market share price during the previous 52 weeks

Capitalisation: product of the share market price and the number of shares

EV: sum of the company's capitalisation and net debt

free float (%): share of the total number of shares decreased by 5% stakes held by one shareholder and own shares held by the company in the total number of shares

Average trading/month: average trading per month calculated as total trading value over previous 12 months divided by 12

ROE: rate of return on equity

ROA: rate of return on assets

EBIT: operating profit

EBITDA: operating profit + depreciation and amortization

EPS: earnings per share

ESG: a non-financial measure used for evaluating companies on how advanced they are with sustainability. It consists of environmental, social, and governance factors. The more sustainable business, the higher the PKO Securities ranking (score scale: 1-10).

DPS: dividend per 1 share

CEPS: sum of net profit and depreciation and amortization per 1 share

P/E: quotient of share market price and EPS

P/BV: quotient of share market price and book value of one share

EV/EBITDA: quotient of capitalisation increased by the company's net debt and EBITDA

Gross sales margin: relation of gross sales profit to net sales proceeds

EBITDA margin: relation of the sum of operating profit and depreciation to net sales proceeds

EBIT margin: relation of operating profit to net sales proceeds

Net profitability: relation of net profit to net sales proceeds