

TIM

Alert

Very good 2Q21 results, above our expectations (positive)

PLNm	2Q 2020	2Q 2021	y/y	PKO Securities 2Q 2021	Diff.
Revenue	253,7	328,0	29%	330,4	-1%
EBITDA	17,5	42,3	142%	38,6	10%
EBIT	11,9	36,6	208%	33,0	11%
Net profit	8,9	29,6	233%	25,0	18%
EBITDA margin	6,9%	12,9%		11,7%	
EBIT margin	4,7%	11,2%		10,0%	
Net margin	3,5%	9,0%		7,6%	

Source: PKO Securities

Analyst

Alicja Zaniewska

+48 22 580 33 68

alicja.zaniewska@pkobp.pl

Address

PKO BP Securities

ul. Puławska 15

02-515 Warszawa

- TIM generated revenue of PLN 328m in Q2'21 (+29% y/y).
- Y/y revenue growth was recorded in all product groups.

The largest share of sales was recorded in the "Cables and wires" group (share in Q2 2021: 37%, revenue: PLN 116m; share in Q2 2020: 30%, PLN 65m). The dynamic sales growth in this group was driven by an increase in prices of raw materials necessary for production of cables and wires, i.e. copper, aluminium and plastics (in case of plastics, additional problems occurred with their availability).

The second largest product group was "Apparatus and Switchgear" in Q2 (share in Q2 2021: 26%, revenue: PLN 81m; Q2 2020: 32%, PLN 69m)

The most dynamic y/y growth was recorded in photovoltaics (PV), a relatively new product group (PLN 18.1m, up by 113% y/y).

- 3LP's Q2 revenue increased by 53% y/y to PLN 18m.
- Operating expenses increased by 21% y/y to PLN 255.4m in Q2 21, falling 2% short of our forecasts.

TIM achieved a higher net income primarily thanks to increased sales revenues and improved operating profitability. The better-than-expected net income was also driven by the disposal of non-financial fixed assets (+PLN 1.3m) and better-than-expected financing gains (positive).

Artur Iwański	(Head of Equities)	(+48 22) 521 79 31	artur.iwanski@pkobp.pl
Equity Research Department			
Tomasz Kasowicz	(head of research, oil & gas, chemicals)	(+48 22) 521 79 41	tomasz.kasowicz@pkobp.pl
Robert Brzoza	(financial sector, strategy)	(+48 22) 521 51 56	robert.brzoza@pkobp.pl
Dawid Górzynski	(pharmaceuticals, food & agri)	(+48 22) 521 97 69	dawid.gorzynski@pkobp.pl
Piotr Łopaciuk	(gaming, industrials)	(+48 22) 521 48 12	piotr.lopaciuk@pkobp.pl
Andrzej Rembelski	(utilities, mining)	(+48 22) 521 79 03	andrzej.rembelski@pkobp.pl
Adrian Skłodowski	(retail & wholesale)	(+48 22) 521 87 23	adrian.sklodowski@pkobp.pl
Jaromir Szortyka	(banks, insurances, financial sector)	(+48 22) 580 39 47	jaromir.szortyka@pkobp.pl
Alicja Zaniewska	(equity research)	(+48 22) 580 33 68	alicja.zaniewska@pkobp.pl
Piotr Zybala	(construction, real estate)	(+48 22) 521 53 91	piotr.zybala@pkobp.pl
Małgorzata Żelazko	(telecommunication, media)	(+48 22) 521 52 04	malgorzata.zelazko@pkobp.pl
Investment Advisory and Technical Analysis Department			
Emil Łobodziński	(Investment Advisor)	(+48 22) 521 89 13	emil.lobodzinski@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
Institutional Sales Department			
Krzysztof Kubacki	(head of sales trading)	(+48 22) 521 91 33	krzysztof.kubacki@pkobp.pl
Marcin Borciuch	(sales trader)	(+48 22) 521 82 12	marcin.borciuch@pkobp.pl
Maciej Kałuża	(trader)	(+48 22) 521 91 50	maciej.kaluzka@pkobp.pl
Igor Szczepaniec	(sales trader)	(+48 22) 521 65 41	igor.szczepaniec@pkobp.pl
Michał Sergejev	(head of sales)	(+48 22) 521 82 14	michal.sergejev@pkobp.pl
Piotr Dedejus	(sales)	(+48 22) 521 91 40	piotr.dedecjus@pkobp.pl
Szymon Kubka	(sales)	(+48 22) 521 82 10	szymon.kubka@pkobp.pl

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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