

TIM**Alert****Our forecasts for TIM for 1Q23**

mln PLN	1Q 2022	1Q 2023F	y/y	2022F	2023F	y/y	2024F	y/y
Revenue	410,8	384,5	-6%	1516,7	1607,7	6%	1768,5	10%
EBITDA	48,1	26,1	-46%	156,9	127,0	-19%	149,4	18%
EBIT	42,2	20,3	-52%	133,7	98,2	-27%	112,9	15%
Net profit	32,0	14,6	-55%	96,3	69,0	-28%	79,3	15%
EBITDA margin	11,7%	6,8%		10,3%	7,9%		8,4%	
EBIT margin	10,3%	5,3%		8,8%	6,1%		6,4%	
Net margin	7,8%	3,8%		6,4%	4,3%		4,5%	
EV/EBITDA				6,8	8,3		7,0	
P/E				11,3	15,8		13,7	
Dividend yield				5,2%	5,4%		4,2%	

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- TIM S.A.'s revenue amounted to PLN 117m in January (+12.2% y/y; +5% m/m), PLN 112m in February (-1.7% y/y; -4.5% m/m), and PLN 137m in March (-22% y/y; +22% m/m; the second highest monthly sales result in the company's history). The company's estimated revenue in 1Q was PLN 366m (-7% y/y, +1% q/q). The y/y decline follows from a very strong base (increased purchases in 1Q22 on the back of: 1) the outbreak of war in Ukraine and concerns about product availability, 2) the accumulation of purchases in the PV segment in 1Q22 due to the change in the settlement rules for energy generated by prosumers from 1 April 2022).
- We expect 1Q23 to feature deteriorated profitability (particularly due to an increase in payroll and outsourced service costs).
- Today Fega & Schmitt (Würth Group) placed a bid for 100% of TIM shares at the price of PLN 50.69 per share. The subscription period starts on 26th of April and ends on 4th of July. The closure is expected on 7th of July.
- At the end of March, TIM announced that it had signed an investment agreement with a company from Würth Group, further to the latter's intention to announce a tender offer for 100% of shares in TIM at PLN 50.69. Under the terms of the agreement, current shareholders with ties with the company, namely its CEO Krzysztof Folta, Ewa Folta, Piotr Tokarczuk, Piotr Nosal, Krzysztof Wiczorkowski, Maciej Posadzy, and Jan Walulik, undertook to sell their shares in the tender offer (a total stake of 42%).
- We recommend selling shares in the tender offer due to the high premium and the fact that persons controlling the company are responding to the tender offer.**

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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