

7/2011/FN (22) April 6, 2011

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TP SA

Sector: Telecommunications services

Fundamental rating: Hold (→)

Market relative: Overweight (↑)

Price: PLN 18.45

12M EFV: PLN 17.0 (↑)

Market Cap.: US\$ 8,805 m

Reuters code: TPSA.WA

Av. daily turnover: US\$ 18.86 m

Free float: 49%

12M range: PLN 14.10-18.45

Investment story

As one of the largest players in three key segments (fixed line, mobile and broadband) of the telecommunication market, TPSA's fate is most critically linked to the current development of the market which in 2010 continued to be feeble. The incumbent faces a hostile market environment, due to (i) the high level of a mobile penetration (which reached 124% at the end of 4Q10, leaving a very limited room for any further growth), coupled with the aggressive strategy by Play, the fourth MNO, which still enlarges its market stake (above 10% of the market share), (ii) shrinking fixed line market (due to customers switching from fixed line into mobile and VoIP telecommunication), (iii) decelerating growth of the broadband market, combined with the successful strategy pursued by Netia (leading alternative operator) and CATVs, and (iv) restless market regulator (Office of Electronic Communications, the OEC), continuing its intensive efforts to stimulate market competition.

On the other hand, new tariffs in the mobile segment combined with a new, more attractive broadband pricelist introduced in 4Q10 and efforts put on decreasing churn in the fixed line should, in our opinion, start to positively contribute to a TPSA's standing, translating into better net additions in those segments. A co-operation agreement signed with TVN should help the Company to enhance its TV offering (so as to become a more attractive 'anti-churn tool') and bring PLN 20 million savings annually on top of that.

We keep our Hold LT fundamental recommendation for the Company's equities intact. With a sale of Emitel and a potentially substantial subsidy payment from the OEC for a common service on the horizon, coupled with 1Q11E results apparently not coming as a negative surprise for the investment community and potential additional remuneration to shareholders in 3Q11, combined with no progress in a DPTG case until the beginning of September, we upgrade our ST market-relative bias towards TPSA's equities to Overweight from Neutral.

Quarterly results corner; 1Q11E preview

TPSA is to publish its 1Q11 consolidated financial results on April 21. We do not expect the results to constitute any major surprise for the investment community.

Fixed line. We forecast further outflow of fixed line customers and a yoy slide of fixed line ARPL (in 4Q10 it remained almost unchanged yoy), which will translate into further decrease of the fixed line sales. Fixed line revenue is expected to be negatively affected by further outflow of fixed line subscribers (on the other

Guide to adjusted profits

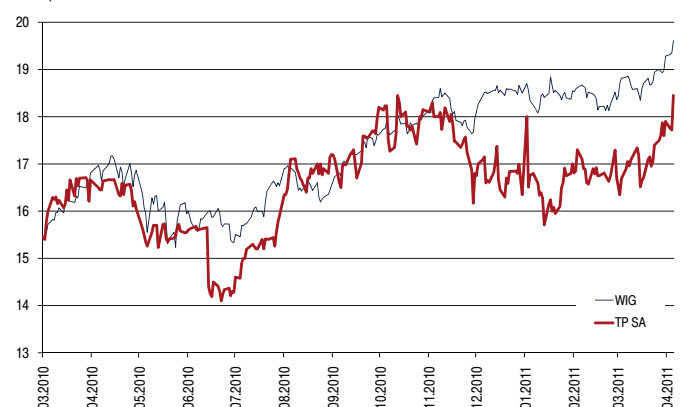
Adjusted EBITDA, EBIT and net income exclude one-off gain on Emitel disposal in 2011E.

Key data

IFRS consolidated		2010	2011E	2012E	2013E
Sales	PLN m	15,715.0	15,040.7	14,766.1	14,791.8
EBITDA	PLN m	4,700.0	6,754.9	5,553.9	5,616.0
Adj EBITDA	PLN m	4,700.0	5,554.9	5,553.9	5,616.0
EBIT	PLN m	908.0	3,039.9	1,857.8	1,861.5
Adj EBIT	PLN m	908.0	1,839.9	1,857.8	1,861.5
Net income	PLN m	107.0	2,337.0	1,196.7	1,199.7
Adj net income	PLN m	107.0	1,365.0	1,196.7	1,199.7
FCFF	PLN m	765.6	4,109.4	2,494.4	2,883.3
Adj EPS	PLN	0.08	1.02	0.90	0.90
Adj EPS yoy	x	-92	1,176	-12	0
Net debt	PLN m	3,793.0	2,170.9	2,170.9	2,170.9
EV	PLN m	28,435.7	26,813.6	26,813.6	26,813.6
Adj P/E	x	230.3	18.1	20.6	20.5
Adj P/CE	x	6.3	4.9	5.0	5.0
EV/Sales	x	1.8	1.8	1.8	1.8
Adj EV/EBITDA	x	6.1	4.8	4.8	4.8
Adj EV/EBIT	x	31.3	14.6	14.4	14.4
EV/FCFF	x	37.1	6.5	10.7	9.3
Dividend yield	%	8.1	8.1	8.8	10.7
FCFF yield	%	2.7	15.3	9.3	10.8
Number of shares	m	1,336	1,336	1,336	1,336

Source: Company, DM IDMSA estimates

Stock performance



Source: ISI

Upcoming events

1. Release of 1Q11 results: April 21, 2011
2. Release of 1H11 results: July 27, 2011
3. Release of 3Q11 results: October 27, 2011

Catalysts

1. Strong PLN in relation to Euro (20% of OPEX denominated in Euro)
2. Failure of new MNO/MVNO projects
3. Rebound of broadband penetration rate growth
4. Higher than expected growth of mobile penetration

Risk factors

1. New regulatory decisions, which could additionally increase competitiveness of the market
2. Possible split of the Company into the wholesale and retail divisions (UKE's final decision in 2011)
3. Tenders for new frequencies may increase competitiveness of the mobile market

hand, churning retail fixed line subscribers should be partially offset by an increasing number of WLR lines (up by 58 thousand qoq in 4Q10, which we expect to recur also in 1Q11)). We forecast the Company's revenue in the fixed line segment to deteriorate by -9% and -1% yoy and qoq, respectively. While this trend remains unchanged for several consecutive quarters, due to a decreasing share of the fixed line sales in the TPSA's total revenue, its influence on the Company's consolidated top line continues to diminish. We forecast that in 1Q11 the revenue from the fixed line will reach PLN 1,224 million.

Mobile. We forecast the 1Q11 revenue from mobile operations to decrease qoq by -6% and remain almost flat yoy. In our opinion, the Company's total net adds should reach more than 60 thousand, while approx. 40 thousand should be attributable to post-paid. In 1Q11, the blended mobile ARPU should see a seasonal qoq decline. Moreover, some negative impact is likely to be exerted by a SMS MTR reduction conducted at the beginning of 2011; though due to the increased AUPU this impact should be partially mitigated (we assume that its impact should reach PLN 60 million per quarter). We forecast TPSA's 1Q11 mobile revenue to reach PLN 1,701 million.

Data. The Company's 1Q11E quarterly revenue is very likely to decrease yoy and qoq by -4% and -1% respectively, according to our forecasts. This will be attributable to a slight decrease in the Company's broadband ARPU. On the other hand, the persisting trend of the negative net addition in ADSL should break down on the back of the introduction of new pricelists in 4Q10.

Total sales. In our opinion, the consolidated revenue should decrease in 1Q11 by -3% yoy. Accordingly, we forecast the Company to deliver the consolidated sales of PLN 3,764 million in 1Q11.

Operating profits. TPSA's 1Q11E EBITDA and EBIT deterioration will stem mainly from the lower sales (operating leverage negative effect). Some positive impact should be exerted by lower yoy D&A (resulting from limited capex in the past 2 years). We forecast TPSA's 1Q11 consolidated EBITDA and EBIT to deteriorate yoy by -3% and -10%, and reach PLN 1,366 million and PLN 426 million, respectively.

Financial costs and bottom line. We forecast the Company's net financial cost to approximate the 4Q10 level. We assume the 19% effective CIT rate for the quarter; however, it should be remembered that during 2010 the Company's effective tax rate strongly fluctuated (depending on the quarter), which cannot be precluded also in 1Q11. Consequently, we forecast TPSA's 1Q11 pre-tax and net profit to decrease yoy by -9% and -7%, respectively.

Impact. We believe that if our quarterly forecast for TPSA materialises, the market reaction should be rather neutral as the key factor influencing the Company's 1Q11 forecast results (i.e. SMS MTR cuts) should be widely known to the market and expected by it. Please note that we do not include any one-off items in our 1Q11 forecasts for the Company; however, it should be remembered that DPTG raised its claims regarding phase II

of a dispute with TPSA to PLN 1,292 million, from PLN 534 million signalled previously in the beginning of January. As a result, the Company's 1Q11 posting may be affected by some additional provisioning, which we cannot exclude. Please refer to *Figure 1* for details of our quarterly projection for the incumbent.

Fig. 1 TPSA; 1Q11 results forecast

IFRS consolidated PLN m			yoy change	Realisation of the FY figures in 1Q	
	1Q11E	1Q10A		2011E	2010
Sales	3,763.9	3,873.0	-3%	25%	25%
EBITDA	1,366.3	1,415.0	-3%	20%	30%
<i>EBITDA margin</i>	<i>36.3%</i>	<i>36.5%</i>	-	-	-
EBIT	426.3	474.0	-10%	14%	52%
<i>EBIT margin</i>	<i>11.3%</i>	<i>12.2%</i>	-	-	-
Pre-tax profit	326.3	359.0	-9%	13%	80%
<i>Pre-tax margin</i>	<i>8.7%</i>	<i>9.3%</i>	-	-	-
Net profit	264.3	285.0	-7%	19%	266%
<i>Net margin</i>	<i>7.0%</i>	<i>7.4%</i>	-	-	-

Source: Company, DM IDMSA estimates

Event 1: Emitel disposal

TPSA signed a preliminary agreement on the disposal of TP Emitel with Kapri Investments owned by London-based Montagu IV. The value of the agreement was set at PLN 1.7 billion (PLN 1.3 per TPSA's share). The Company announced that the book value of TP Emitel at the end of 2010 reached PLN 0.5 billion; in consequence, the Company will realise a pre-tax gain on the transaction of PLN 1.2 billion in 2011. The final agreement should be signed by the end of July. We expect the one-off gain to be booked in the second or third quarter. Emitel's sales and EBITDA in 2009 reached PLN 352 million and PLN 146 million, respectively. Given the signed preliminary agreement on the Emitel disposal, we exclude sales of the subsidiary from our financial projections for TPSA, adding the one-off gain from the transaction.

Event 2: DPTG case update

In the beginning of January, DPTG announced that its claims towards TPSA regarding phase II of the dispute between the companies stood at DKK 2,386 million (i.e. PLN 1,292 million) instead of PLN 534 million, as signalled previously. Currently, two trials in the TPSA – DPTG dispute are pending. The first trial takes place in Vienna, and the second in Warsaw. The first hearing in the TPSA – DPTG case in Vienna regarding a cancellation of the Court of Arbitration's verdict was postponed till September 8, while both parties have to deliver their pleadings to the court by the July 14. The first hearing in the second trial in Warsaw took place on March 9 and the court postponed the hearing without stating any precise date. Moreover, DPTG initiated enforcement proceedings against TPSA in the Netherland, in the UK and in Germany. In our opinion, the final court proceedings in this case may last many months, but in case of a final loss TPSA will be obliged to additionally pay PLN 8 million of interest for each month of default (i.e. PLN 100 million annually). We raise our assessment regarding the payment to DPTG to PLN 2.9 billion (i.e. PLN 2.1 per share), from PLN 2.1 billion (i.e. PLN 1.6 per share).

Fig. 2 TP SA; Changes in IDM's forecast

IFRS consolidated PLN m	2011E			2012E			2013E		
	current	previous	change	current	previous	change	current	previous	change
Sales	15,040.7	15,402.3	-2%	14,766.1	15,357.9	-4%	14,791.8	15,407.6	-4%
EBITDA	6,754.9	5,770.6	17%	5,553.9	5,818.7	-5%	5,616.0	5,905.9	-5%
Adj EBITDA	5,554.9	5,770.6	-4%	5,553.9	5,818.7	-5%	5,616.0	5,905.9	-5%
EBIT	3,039.9	2,014.1	51%	1,857.8	2,070.3	-10%	1,861.5	2,087.0	-11%
Adj EBIT	1,839.9	2,014.1	-9%	1,857.8	2,070.3	-10%	1,861.5	2,087.0	-11%
NP	2,337.0	1,310.0	78%	1,196.7	1,389.7	-14%	1,199.7	1,403.2	-15%
Adj NP	1,365.0	1,310.0	4%	1,196.7	1,389.7	-14%	1,199.7	1,403.2	-15%

Source: DM/IDMSA estimates

Event 3: Common service subsidy

Recently, Ms Anna Streżyńska, the president of the OEC, stated that the decision regarding the subsidy for the common service for TPSA would be taken by the end of April. Ms Streżyńska announced that the decision should probably be favourable for the dominating telco operator; what is more, it should be the most important and strategic decision of the OEC in 2011. TPSA demanded PLN 0.8 billion on account of the subsidy for 2006-2009; however, the amount was decreased by an auditor to PLN 0.5 billion. The Company has not put a motion regarding the subsidy for 2010 yet. As a result, we expect that TPSA may receive a few hundred million subsidy in 2011 (we assume PLN 350 million subsidy for the purpose of our DCF model). This, coupled with a cash inflow from the Emitel disposal, should cover a substantial part of DPTG claims.

Financial forecast

We significantly change our financial forecasts for TPSA based on two key premises: (i) a disappointing management FY11 outlook (for details of TPSA's management guidance and our comment thereon please refer to our *Daily Research Report* dated March 23, 2011), and (ii) the planned disposal of the Company's subsidiary – Emitel. On the back of the disappointing FY11 management guidance we decrease the TPSA's revenue, and we forecast an increase in the Company's EBITDA margin to be slower than previously expected – in the upper range of the management's guidance. Moreover, our 2011 forecasts include the one-off gain on the Emitel disposal and are adjusted by the deconsolidation of this subsidiary, starting from 1H11E onwards. For details of the changes in our forecast please refer to *Figure 2* above.

Event 4: Additional dividend or share buy-back?

Given the Emitel disposal and the very likely subsidy to be received from the OEC for the common service, TPSA should receive an additional cash inflow of approx. PLN 1.9-2.2 billion, which could cover 68-78% of DPTG claims (worth PLN 2.8 billion). However, given the recent instigation of two court trials in the DPTG-TPSA dispute and their potential long duration, we would not exclude that the Company may decide to pay out additional remuneration to its shareholders, following the conclusion of the Emitel disposal (i.e. in 3Q11). In this case, TPSA could pay an additional dividend or execute a share buy-back, while funds needed for the potential payment for DPTG would be arranged after the final ruling by the Austrian and Polish courts.

Valuation

As a result of (i) the significant change in our forecasts for the Company, (ii) the additional subsidy payment from the OEC for the common service, (iii) the rise of DPTG claims against TPSA and (iv) a valuation horizon forward shift, our DCF-based 12M forward assessment of TPSA's EFV slightly increases (by 3%) to PLN 16.5 per share, from PLN 16.1 per share previously. Comparison to peers ((i) CEE telecommunication companies, and (ii) European mid-cap telecommunication companies) implies an average EFV of PLN 17.6 per TPSA's share. Our ultimate 12M EFV per share target for TPSA – representing a 50%-50% mix of the outcomes of DCF and peer-relative exercises – rests therefore at PLN 17.0 per share (up by 6%, from PLN 16.1 per share previously). Our assessment regarding the compensation payment to DPTG increases to PLN 2.1 per share (up from PLN 1.6 per share previously).

Fig. 3 TP SA; Model DCF

PLN m	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	>2020E
Sales	15,040.7	14,766.1	14,791.8	14,852.1	14,981.8	15,137.7	15,275.7	15,351.2	15,419.7	15,542.0	
yoy change	-4.3%	-1.8%	0.2%	0.4%	0.9%	1.0%	0.9%	0.5%	0.4%	0.8%	
Adj EBIT margin	12.2%	12.6%	12.6%	12.3%	12.3%	12.5%	13.8%	14.6%	14.6%	14.3%	
Adj EBIT	1,839.9	1,857.8	1,861.5	1,834.0	1,843.2	1,892.7	2,101.0	2,238.0	2,246.1	2,217.3	
yoy change	103%	1%	0%	-1%	1%	3%	11%	7%	0%	-1%	
Effective CIT tax rate (T)	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	
Adj EBIT*(1-T)	1,490.3	1,504.8	1,507.8	1,485.5	1,493.0	1,533.0	1,701.8	1,812.8	1,819.4	1,796.0	
yoy change	2441%	1%	0%	-1%	1%	3%	11%	7%	0%	-1%	
Adj EBITDA	5,554.9	5,553.9	5,616.0	5,632.9	5,688.2	5,744.0	5,793.5	5,798.3	5,806.9	5,853.0	
yoy change	18%	0%	1%	0%	1%	1%	1%	0%	0%	1%	
Adj EBITDA margin	36.9%	37.6%	38.0%	37.9%	38.0%	37.9%	37.9%	37.8%	37.7%	37.7%	
Depreciation	3,715.0	3,696.1	3,754.4	3,799.0	3,845.0	3,851.3	3,692.5	3,560.3	3,560.8	3,635.7	
Adj EBIT*(1-T)+depreciation	5,205.3	5,200.9	5,262.3	5,284.5	5,338.0	5,384.4	5,394.3	5,373.0	5,380.1	5,431.7	
yoy change	35%	0%	1%	0%	1%	1%	0%	0%	0%	1%	
CAPEX: Intaglibes and tangible fixed assets	-2,707.3	-2,657.9	-2,366.7	-2,376.3	-2,397.1	-2,422.0	-2,444.1	-2,456.2	-2,467.2	-3,708.4	
Acquisitions/disposals of subsidiaries	1,700.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
NWC change	-88.6	-48.6	-12.4	-9.2	-2.9	-0.8	-2.7	-8.6	-9.3	-4.8	
Equity issue proceeds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	4,109.4	2,494.4	2,883.3	2,899.0	2,937.9	2,961.5	2,947.5	2,908.3	2,903.7	1,718.5	
yoy change	437%	-39%	16%	1%	1%	1%	0%	-1%	0%	-41%	0.0%
Cost of equity											
Risk free rate	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	5.0%
Equity market premium	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Unlevered beta	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Beta adjusted for the current level of company's leverage	1.24	1.25	1.27	1.30	1.24	1.20	1.16	1.14	1.13	1.12	1.12
Required rate of return	11.6%	11.6%	11.7%	11.8%	11.6%	11.4%	11.2%	11.1%	11.1%	11.0%	10.0%
Cost of debt											
Cost of debt (pre-tax)	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%
Tax rate	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%
After tax cost of debt	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
WACC											
Weight of interest-bearing debt	29%	31%	34%	37%	30%	25%	19%	17%	16%	14%	14%
Weight of equity	71%	69%	66%	63%	70%	75%	81%	83%	84%	86%	86%
Cost of equity	11.6%	11.6%	11.7%	11.8%	11.6%	11.4%	11.2%	11.1%	11.1%	11.0%	10.0%
After-tax cost of debt	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
WACC	9.8%	9.7%	9.6%	9.5%	9.7%	9.9%	10.1%	10.1%	10.2%	10.2%	9.4%
Discount multiple	1.00	1.06	1.17	1.28	1.40	1.54	1.70	1.87	2.06	2.27	
Discount factor	1.00	0.94	0.86	0.78	0.71	0.65	0.59	0.54	0.49	0.44	
PV of FCFF		2,343.2	2,471.5	2,270.1	2,096.5	1,922.7	1,738.3	1,557.3	1,411.1	757.8	
Sum of FCFFs PVs											16,568.5
Weight of interest-bearing debt in the residual period											14%
Weight of equity in the residual period											86%
Average cost of equity in the definite period											11.4%
Average WACC in the definite period											9.9%
WACC in the residual period											9.4%
Residual growth of FCFFs base case scenario											0.0%
Residual value											18,365.6
Present value of the residual value											8,098.1
Value of the company's operations											24,666.6
Enterprise value											24,666.6
Cash and equivalents, eop 2011E											4,108.1
Interest-bearing debt, end of 2011E											6,279.0
Dividends											2,004.0
Assumed penalty for DPTG											2,860.0
Subsidy for common service from UAE											350.0
Equity value											21,989.7
No. of shares (m)											1,335.6
TP SA's 12M EFV per share (PLN)											16.5

Source: DM IDMSA estimates

Fig. 4 Sensitivity of DCF Valuation (PLN per share)

Residual FCF growth	Residual WACC				
	9.0%	9.2%	9.4%	9.6%	9.8%
-1.0%	16.0	15.9	15.8	15.7	15.6
-0.5%	16.4	16.2	16.1	16.0	15.9
0.0%	16.7	16.6	16.5	16.3	16.2
0.5%	17.1	17.0	16.8	16.7	16.6
1.0%	17.6	17.4	17.3	17.1	16.9

Source: DM IDMSA estimates

Fig. 5 TPSA; Valuation relative to CEE telecommunication peers

Company	EV/EBITDA		
	2011E	2012E	2013E
Telefonica o2	5.8	5.8	5.7
Magyar Telekom	4.5	4.6	4.2
Hrvatski Telekom	5.4	5.5	5.5
Average	5.2	5.3	5.1
Minimum	4.5	4.6	4.2
Maximum	5.8	5.8	5.7
TPSA*	4.7	4.7	4.6
Implied TPSA's share price (PLN)	20.2	20.3	19.9
Average implied TPSA's share price (PLN)	20.1		
Average implied TPSA's share price including penalty for DPTG (PLN)	18.0		

* based on adj EBITDA

Multiples priced as of the close of April 5, 2011.

Source: Reuters, DM IDMSA estimates

Fig. 6 TPSA; Valuation relative to telecommunication mid-caps

Company	EV/EBITDA		
	2011E	2012E	2013E
Telefonica o2	5.8	5.7	5.7
Belgacom	5.8	5.8	5.9
Magyar Telekom	4.6	4.2	4.2
Hellenic Telecom	4.8	4.9	5.0
Portugal Telecom	3.9	3.9	6.5
Telekom Austria	4.9	4.9	4.9
Telenor ASA	5.1	4.7	4.6
Average	5.0	4.9	5.2
Minimum	3.9	3.9	4.2
Maximum	5.8	5.8	6.5
TPSA*	4.7	4.7	4.6
Implied TPSA's share price (PLN)	19.1	18.7	20.4
Average implied TPSA's share price (PLN)	19.4		
Average implied TPSA's share price including penalty for DPTG (PLN)	17.3		

* based on adj EBITDA

Multiples priced as of the close of April 5, 2011.

Source: Reuters, DM IDMSA estimates

Fig. 7 TPSA; Weighted average peer-relative valuation

	Implied fair value of TPSA based on CEE telco companies comparison	Implied fair value of TPSA based on European midcap telco companies comparison
Weights	50.0%	50.0%
Valuation (PLN per share)	18.0	17.3
Weighted average overall valuation (PLN per share)	17.6	

Source: Reuters, DM IDMSA estimates

Fig. 8 TPSA; Weighted average overall valuation

	DCF	Peer-relative
Weight	50.0%	50.0%
Valuation (PLN per share)	16.5	17.6
Weighted average overall valuation (PLN per share)	17.0	

Source: Reuters, DM IDMSA estimates

Financial statements (consolidated IFRS)

Fig. 9 TP SA; Balance sheet

PLN m	2009	2010	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Fixed assets	25,167.0	24,111.0	22,560.3	21,479.1	20,048.3	18,582.7	17,091.8	15,619.5	14,328.2	13,181.1	12,044.4	12,074.1
Intangibles	2,767.0	2,861.0	2,975.1	3,016.2	2,928.5	2,789.6	2,601.9	2,467.9	2,404.7	2,406.0	2,405.8	2,238.5
Goodwill	4,016.0	4,016.0	4,016.0	4,016.0	4,016.0	4,016.0	4,016.0	4,016.0	4,016.0	4,016.0	4,016.0	4,016.0
Tangible fixed assets	17,743.0	16,500.0	14,835.3	13,712.9	12,369.8	11,043.1	9,740.0	8,401.7	7,173.5	6,025.1	4,888.6	5,085.6
LT receivables	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LT investments	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
LT deferred assets	634.0	727.0	727.0	727.0	727.0	727.0	727.0	727.0	727.0	727.0	727.0	727.0
Deferred tax assets	506.0	603.0	603.0	603.0	603.0	603.0	603.0	603.0	603.0	603.0	603.0	603.0
Other	128.0	124.0	124.0	124.0	124.0	124.0	124.0	124.0	124.0	124.0	124.0	124.0
Current assets	4,189.0	4,762.0	6,294.3	6,261.9	6,273.0	6,289.3	6,315.7	6,346.2	6,374.2	6,393.0	6,410.9	6,436.9
Inventories	229.0	272.0	260.3	255.6	256.0	257.1	259.3	262.0	264.4	265.7	266.9	269.0
ST receivables:	1,594.0	1,903.0	1,828.9	1,802.9	1,813.4	1,828.2	1,851.7	1,878.5	1,903.3	1,920.3	1,936.6	1,959.8
Trade receivables	1,475.0	1,637.0	1,574.3	1,552.9	1,563.0	1,576.8	1,598.1	1,622.3	1,644.7	1,660.5	1,675.6	1,696.7
Other	119.0	266.0	254.6	249.9	250.4	251.4	253.6	256.2	258.6	259.8	261.0	263.1
ST investments	2,242.0	2,486.0	4,108.1	4,108.1	4,108.1	4,108.1	4,108.1	4,108.1	4,108.1	4,108.1	4,108.1	4,108.1
ST investments	24.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0
Cash	2,218.0	2,447.0	4,069.1	4,069.1	4,069.1	4,069.1	4,069.1	4,069.1	4,069.1	4,069.1	4,069.1	4,069.1
ST deferred assets	100.0	94.0	90.0	88.3	88.5	88.8	89.6	90.5	91.4	91.8	92.2	93.0
Current deferred tax	24.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Total assets	29,356.0	28,873.0	28,854.6	27,741.0	26,321.4	24,872.0	23,407.6	21,965.7	20,702.3	19,574.1	18,455.3	18,511.0
Equity	16,579.0	14,620.0	14,953.0	13,990.7	12,565.8	11,093.8	9,572.6	8,061.2	6,737.2	5,579.3	4,434.4	4,437.5
Minority interest	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
Liabilities&reserves	12,763.0	14,239.0	13,887.7	13,736.2	13,741.6	13,764.1	13,820.9	13,890.6	13,951.2	13,980.8	14,006.9	14,059.5
LT liabilities:	7,541.0	6,094.0	6,036.2	6,012.6	6,014.8	6,020.0	6,031.1	6,044.5	6,056.3	6,062.8	6,068.7	6,079.2
Non-interest-bearing	1,024.0	1,093.0	1,046.1	1,027.0	1,028.8	1,033.0	1,042.0	1,052.8	1,062.4	1,067.7	1,072.5	1,081.0
Interest-bearing	6,242.0	4,737.0	4,737.0	4,737.0	4,737.0	4,737.0	4,737.0	4,737.0	4,737.0	4,737.0	4,737.0	4,737.0
Reserves	222.0	198.0	189.9	186.6	186.9	187.6	189.2	191.1	192.7	193.6	194.4	195.9
Deferred income tax	7.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred liabilities	53.0	66.0	63.2	62.0	62.1	62.4	62.9	63.6	64.2	64.5	64.8	65.3
ST liabilities:	5,222.0	8,145.0	7,851.5	7,723.6	7,726.8	7,744.1	7,789.8	7,846.1	7,894.9	7,918.0	7,938.3	7,980.3
Trade	2,477.0	3,156.0	3,005.5	2,935.9	2,933.6	2,938.1	2,956.3	2,979.5	2,999.0	3,006.2	3,011.9	3,028.0
Tax	2.0	72.0	68.9	67.7	67.8	68.0	68.6	69.4	70.0	70.3	70.6	71.2
Other non-interest bearing	486.0	486.0	465.1	456.7	457.4	459.3	463.3	468.1	472.4	474.7	476.9	480.7
Interest-bearing	375.0	1,542.0	1,542.0	1,542.0	1,542.0	1,542.0	1,542.0	1,542.0	1,542.0	1,542.0	1,542.0	1,542.0
Derivatives	91.0	114.0	114.0	114.0	114.0	114.0	114.0	114.0	114.0	114.0	114.0	114.0
Deferred liabilities	583.0	533.0	510.1	500.8	501.7	503.7	508.1	513.4	518.1	520.7	523.0	527.1
Reserves	1,208.0	2,242.0	2,145.8	2,106.6	2,110.3	2,118.9	2,137.4	2,159.6	2,179.3	2,190.1	2,199.9	2,217.3
Accrued expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total liabilities & equity	29,356.0	28,873.0	28,854.6	27,741.0	26,321.4	24,872.0	23,407.6	21,965.7	20,702.3	19,574.1	18,455.3	18,511.0

Source: Company, DM IDMSA estimates

Fig. 10 TP SA; Income statement

PLN m	2009	2010	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Sales:	16,560.0	15,715.0	15,040.7	14,766.1	14,791.8	14,852.1	14,981.8	15,137.7	15,275.7	15,351.2	15,419.7	15,542.0
Mobile	7,188.0	7,065.0	6,664.1	6,685.8	6,693.4	6,699.9	6,705.4	6,709.1	6,710.9	6,659.4	6,606.7	6,606.7
Data transmission:	2,591.0	2,517.0	2,698.0	2,788.0	2,908.8	3,022.1	3,134.0	3,273.5	3,396.7	3,510.5	3,618.3	3,726.9
xDSL	1,578.0	1,544.0	1,736.4	1,836.6	1,966.7	2,088.8	2,209.2	2,323.4	2,426.8	2,527.1	2,628.0	2,729.5
Other	1,013.0	973.0	961.6	951.4	942.0	933.3	924.8	950.1	969.9	983.4	990.4	997.4
Fixed line with inter-operator:	5,908.0	5,157.0	4,892.6	4,696.3	4,593.6	4,534.0	4,546.4	4,559.1	4,572.0	4,585.2	4,598.7	4,612.5
Key fixed:	4,827.0	4,048.0	3,845.3	3,695.7	3,619.5	3,577.1	3,591.4	3,606.0	3,620.8	3,635.9	3,651.2	3,666.7
Subscriptions	3,527.6	2,880.9	2,837.6	2,810.1	2,816.5	2,827.7	2,839.2	2,850.8	2,862.7	2,874.8	2,887.0	2,899.4
Traffic	1,272.4	1,152.1	992.9	870.9	788.4	735.0	738.0	741.0	744.1	747.2	750.4	753.6
Inter-operator	1,081.0	1,109.0	1,047.2	1,000.5	974.1	956.9	955.0	953.1	951.2	949.4	947.6	945.8
Other	873.0	976.0	786.0	596.0	596.0	596.0	596.0	596.0	596.0	596.0	596.0	596.0
Operating costs excl. D&A	-10,314.0	-11,015.0	-9,485.8	-9,212.1	-9,175.8	-9,219.1	-9,293.7	-9,393.7	-9,482.2	-9,552.9	-9,612.8	-9,689.0
Gain on disposal of subsidiaries	0.0	0.0	1,200.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	6,246.0	4,700.0	6,754.9	5,553.9	5,616.0	5,632.9	5,688.2	5,744.0	5,793.5	5,798.3	5,806.9	5,853.0
Adj EBITDA	6,246.0	4,700.0	5,554.9	5,553.9	5,616.0	5,632.9	5,688.2	5,744.0	5,793.5	5,798.3	5,806.9	5,853.0
Depreciation	-4,150.0	-3,792.0	-3,715.0	-3,696.1	-3,754.4	-3,799.0	-3,845.0	-3,851.3	-3,692.5	-3,560.3	-3,560.8	-3,635.7
EBIT	2,096.0	908.0	3,039.9	1,857.8	1,861.5	1,834.0	1,843.2	1,892.7	2,101.0	2,238.0	2,246.1	2,217.3
Adj EBIT	2,096.0	908.0	1,839.9	1,857.8	1,861.5	1,834.0	1,843.2	1,892.7	2,101.0	2,238.0	2,246.1	2,217.3
Financial income (cost)	-499.0	-459.0	-436.2	-380.4	-380.4	-380.4	-380.4	-380.4	-380.4	-380.4	-380.4	-380.4
Pre-tax income	1,597.0	449.0	2,603.7	1,477.4	1,481.1	1,453.6	1,462.8	1,512.3	1,720.6	1,857.6	1,865.7	1,836.9
Adj pre-tax income	1,597.0	449.0	1,403.7	1,477.4	1,481.1	1,453.6	1,462.8	1,512.3	1,720.6	1,857.6	1,865.7	1,836.9
Corporate income tax	-315.0	-341.0	-266.7	-280.7	-281.4	-276.2	-277.9	-287.3	-326.9	-352.9	-354.5	-349.0
Minorities (income) losses	-2.0	-1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	1,280.0	107.0	2,337.0	1,196.7	1,199.7	1,177.4	1,184.9	1,224.9	1,393.7	1,504.6	1,511.2	1,487.9
Adj net income	1,280.0	107.0	1,365.0	1,196.7	1,199.7	1,177.4	1,184.9	1,224.9	1,393.7	1,504.6	1,511.2	1,487.9

Source: Company, DM IDMSA estimates

Fig. 11 TP SA; Cash flow

PLN m	2009	2010	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Net income (losses)	1,280.0	108.0	2,337.0	1,196.7	1,199.7	1,177.4	1,184.9	1,224.9	1,393.7	1,504.6	1,511.2	1,487.9
Total corrections	4,261.0	4,422.0	2,859.8	4,159.2	4,330.8	4,387.3	4,457.4	4,472.6	4,307.2	4,153.2	4,151.1	4,244.4
Minorities income (losses)	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation	4,150.0	3,792.0	3,715.0	3,696.1	3,754.4	3,799.0	3,845.0	3,851.3	3,692.5	3,560.3	3,560.8	3,635.7
(Gain)/loss on FX	-246.0	-42.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest and share in income	111.0	8.0	480.3	456.1	456.1	456.1	456.1	456.1	456.1	456.1	456.1	456.1
(Gain)/loss on investment	381.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in reserves	-156.0	1,088.0	-104.3	-42.5	4.0	9.3	20.1	24.1	21.3	11.7	10.6	18.9
NWC change	-51.0	-372.0	-88.6	-48.6	-12.4	-9.2	-2.9	-0.8	-2.7	-8.6	-9.3	-4.8
Change in deferred assets and liabilities	16.0	-12.0	4.0	1.6	-0.2	-0.4	-0.8	-0.9	-0.8	-0.5	-0.4	-0.7
Other	41.0	-44.0	-1,146.6	96.4	128.8	132.5	140.0	142.8	140.9	134.1	133.4	139.2
Operating cash flow	5,541.0	4,530.0	5,196.8	5,355.9	5,530.5	5,564.7	5,642.3	5,697.5	5,700.9	5,657.8	5,662.4	5,732.3
CAPEX	-2,185.0	-2,713.0	-2,707.3	-2,657.9	-2,366.7	-2,376.3	-2,397.1	-2,422.0	-2,444.1	-2,456.2	-2,467.2	-3,708.4
Acquisition of subsidiary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	-96.0	698.0	1,700.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investing cash flow	-2,281.0	-2,015.0	-1,007.3	-2,657.9	-2,366.7	-2,376.3	-2,397.1	-2,422.0	-2,444.1	-2,456.2	-2,467.2	-3,708.4
Net issue proceeds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in debt	-635.0	-232.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interests	0.0	0.0	-416.8	-376.7	-376.7	-376.7	-376.7	-376.7	-376.7	-376.7	-376.7	-376.7
Dividends	-2,004.0	-2,004.0	-2,004.0	-2,158.9	-2,624.7	-2,649.3	-2,706.1	-2,736.4	-2,717.7	-2,662.5	-2,656.1	-1,484.8
Buyback	-4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	-37.0	-50.0	-146.5	-162.3	-162.3	-162.3	-162.3	-162.3	-162.3	-162.3	-162.3	-162.3
Financing cash flow	-2,680.0	-2,286.0	-2,567.3	-2,698.0	-3,163.8	-3,188.4	-3,245.2	-3,275.5	-3,256.8	-3,201.6	-3,195.2	-2,023.9
Total Cash Flow	580.0	229.0	1,622.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company, DM IDMSA estimates

Fig. 12 TP SA; Ratios

	2009	2010	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Sales % yoy change	-9%	-5%	-4%	-2%	0%	0%	1%	1%	1%	0%	0%	1%
Mobile	-10%	-2%	-6%	0%	0%	0%	0%	0%	0%	-1%	-1%	0%
Data transmission	5%	-3%	7%	3%	4%	4%	4%	4%	4%	3%	3%	3%
Other	-2%	-4%	-1%	-1%	-1%	-1%	-1%	3%	2%	1%	1%	1%
xDSL	9%	-2%	12%	6%	7%	6%	6%	5%	4%	4%	4%	4%
Fixed Line	-13%	-13%	-5%	-4%	-2%	-1%	0%	0%	0%	0%	0%	0%
Key fixed line services:	-17%	-16%	-5%	-4%	-2%	-1%	0%	0%	0%	0%	0%	0%
Subscriptions	-7%	-18%	-2%	-1%	0%	0%	0%	0%	0%	0%	0%	0%
Traffic	-35%	-9%	-14%	-12%	-9%	-7%	0%	0%	0%	0%	0%	0%
Inter-opertator	12%	3%	-6%	-4%	-3%	-2%	0%	0%	0%	0%	0%	0%
Adj EBITDA	-18%	-25%	18%	0%	1%	0%	1%	1%	1%	0%	0%	1%
Adj EBIT	-37%	-57%	103%	1%	0%	-1%	1%	3%	11%	7%	0%	-1%
Adj pretax income	-38%	-72%	213%	5%	0%	-2%	1%	3%	14%	8%	0%	-2%
Adj net income	-41%	-92%	1176%	-12%	0%	-2%	1%	3%	14%	8%	0%	-2%
A/R turnover days	36	36	39	39	38	39	39	39	39	39	39	40
Inventory turnover days	9	8	10	10	10	10	10	10	10	10	10	10
A/P turnover days	98	93	119	118	117	116	116	115	115	115	114	114
Cash conversion days	-71	-65	-90	-89	-88	-88	-87	-87	-86	-86	-85	-84
NWC/sales	-3%	-6%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%
Current ratio	0.8	0.6	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Quick ratio	0.8	0.6	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
CAPEX/sales	13%	17%	18%	18%	16%	16%	16%	16%	16%	16%	16%	24%
Interest bearing debt/equity	0.4	0.4	0.4	0.4	0.5	0.6	0.7	0.8	0.9	1.1	1.4	1.4
Interest bearing debt/ adj EBITDA	1.1	1.3	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Net debt/ adj EBITDA	0.7	0.8	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Adj EBITDA margin	37.7%	29.9%	36.9%	37.6%	38.0%	37.9%	38.0%	37.9%	37.9%	37.8%	37.7%	37.7%
Adj EBIT margin	12.7%	5.8%	12.2%	12.6%	12.6%	12.3%	12.3%	12.5%	13.8%	14.6%	14.6%	14.3%
Adj pre-tax margin	9.6%	2.9%	9.3%	10.0%	10.0%	9.8%	9.8%	10.0%	11.3%	12.1%	12.1%	11.8%
Adj net margin	7.7%	0.7%	9.1%	8.1%	8.1%	7.9%	7.9%	8.1%	9.1%	9.8%	9.8%	9.6%
ROE	7.6%	0.7%	9.2%	8.3%	9.0%	10.0%	11.5%	13.9%	18.8%	24.4%	30.2%	33.5%
ROA	5.3%	1.7%	5.9%	5.3%	5.6%	5.8%	6.2%	6.7%	8.0%	9.0%	9.6%	9.7%

Source: Company, DM IDMSA estimates

BASIC DEFINITIONS

A/R turnover (in days) = $365/(\text{sales}/\text{average A/R})$

Inventory turnover (in days) = $365/(\text{COGS}/\text{average inventory})$

A/P turnover (in days) = $365/(\text{COGS}/\text{average A/P})$

Current ratio = $(\text{current assets} - \text{ST deferred assets})/\text{current liabilities}$

Quick ratio = $(\text{current assets} - \text{ST deferred assets} - \text{inventory})/\text{current liabilities}$

Interest coverage = $(\text{pre-tax profit before extraordinary items} + \text{interest payable})/\text{interest payable}$

Gross margin = $\text{gross profit on sales}/\text{sales}$

EBITDA margin = $\text{EBITDA}/\text{sales}$

EBIT margin = EBIT/sales

Pre-tax margin = $\text{pre-tax profit}/\text{sales}$

Net margin = $\text{net profit}/\text{sales}$

ROE = $\text{net profit}/\text{average equity}$

ROA = $(\text{net income} + \text{interest payable})/\text{average assets}$

EV = $\text{market capitalization} + \text{interest bearing debt} - \text{cash and equivalents}$

EPS = $\text{net profit}/\text{no. of shares outstanding}$

CE = $\text{net profit} + \text{depreciation}$

Dividend yield (gross) = $\text{pre-tax DPS}/\text{stock market price}$

Cash sales = $\text{accrual sales corrected for the change in A/R}$

Cash operating expenses = $\text{accrual operating expenses corrected for the changes in inventories and A/P, depreciation, cash taxes and changes in the deferred taxes}$

DM IDM S.A. generally values the covered non bank companies via two methods: comparative method and DCF method (discounted cash flows). The advantage of the former is the fact that it incorporates the current market assessment of the value of the company's peers. The weakness of the comparative method is the risk that the valuation benchmark may be mispriced. The advantage of the DCF method is its independence from the current market valuation of the comparable companies. The weakness of this method is its high sensitivity to undertaken assumptions, especially those related to the residual value calculation. Please note that we also resort to other valuation techniques (e.g. NAV-, DDM- or SOTP-based), should it prove appropriate in a given case.

KEY TO INVESTMENT RANKINGS

This is a guide to expected price performance in absolute terms over the next 12 months:

Buy – fundamentally undervalued (upside to 12M EFV in excess of the cost of equity) + catalysts which should close the valuation gap identified;

Hold – either (i) fairly priced, or (ii) fundamentally undervalued/overvalued but lacks catalysts which could close the valuation gap;

Sell – fundamentally overvalued (12M EFV < current share price + 1-year cost of equity) + catalysts which should close the valuation gap identified.

This is a guide to expected relative price performance:

Overweight – expected to perform better than the benchmark (WIG) over the next quarter in relative terms

Neutral – expected to perform in line with the benchmark (WIG) over the next quarter in relative terms

Underweight – expected to perform worse than the benchmark (WIG) over the next quarter in relative terms

The recommendation tracker presents the performance of DM IDMSA's recommendations. A recommendation expires on the day it is altered or on the day 12 months after its issuance, whichever comes first. Relative performance compares the rate of return on a given recommended stock in the period of the recommendation's validity (i.e. from the date of issuance to the date of alteration or – in case of maintained recommendations – from the date of issuance to the current date) in a relation to the rate of return on the benchmark in this time period. The WIG index constitutes the benchmark. For recommendations that expire by an alteration or are maintained, the ending values used to calculate their absolute and relative performance are: the stock closing price on the day the recommendation expires/ is maintained and the closing value of the benchmark on that date. For recommendations that expire via a passage of time, the ending values used to calculate their absolute and relative performance are: the average of the stock closing prices for the day the recommendation elapses and four directly preceding sessions and the average of the benchmark's closing values for the day the recommendation expires and four directly preceding sessions.

Banks

Net Interest Margin (NIM) = $\text{net interest income}/\text{average assets}$

NIM Adjusted = $(\text{net interest income adjusted for SWAPs})/\text{average assets}$

Non interest income = $\text{fees\&commissions} + \text{result on financial operations (trading gains)} + \text{FX gains}$

Interest Spread = $(\text{interest income}/\text{average interest earning assets})/(\text{interest cost}/\text{average interest bearing liabilities})$

Cost/Income = $(\text{general costs} + \text{depreciation} + \text{other operating costs})/(\text{profit on banking activity} + \text{other operating income})$

ROE = $\text{net profit}/\text{average equity}$

ROA = $\text{net income}/\text{average assets}$

Non performing loans (NPL) = loans in 'substandard', 'doubtful' and 'lost' categories

NPL coverage ratio = $\text{loan loss provisions}/\text{NPL}$

Net provision charge = $\text{provisions created} - \text{provisions released}$

DM IDM S.A. generally values the covered banks via two methods: comparative method and fundamental target fair P/E and target fair P/BV multiples method. The advantage of the former is the fact that it incorporates the current market assessment of the value of the company's peers. The weakness of the comparative method is the risk that the valuation benchmark may be mispriced. The advantage of the fundamental target fair P/E and target fair P/BV multiples method is its independence of the current market valuation of the comparable companies. The weakness of this method is its high sensitivity to undertaken assumptions, especially those related to the residual value calculation.

Assumptions used in valuation can change, influencing thereby the level of the valuation. Among the most important assumptions are: GDP growth, forecasted level of inflation, changes in interest rates and currency prices, employment level and change in wages, demand on the analysed company products, raw material prices, competition, standing of the main customers and suppliers, legislation changes, etc.

Changes in the environment of the analysed company are monitored by analysts involved in the preparation of the recommendation, estimated, incorporated in valuation and published in the recommendation whenever needed.

LT fundamental recommendation tracker

Recommendation		Issue date	Reiteration date	Expiry date	Performance	Relative performance	Price at issue/ reiteration (PLN)	12M EFV (PLN)	
TP SA									
Hold	-	03.03.2008	-	26.02.2009	-12%	88%	21.88	23.20	-
-	→	-	30.03.2008	-	-	-	21.65	23.30	↑
-	→	-	02.04.2008	-	-	-	21.65	23.30	→
-	→	-	29.04.2008	-	-	-	22.00	23.50	↑
-	→	-	01.06.2008	-	-	-	20.51	21.90	↓
-	→	-	02.07.2008	-	-	-	21.79	21.70	↓
-	→	-	28.07.2008	-	-	-	22.33	21.70	→
-	→	-	30.07.2008	-	-	-	23.99	22.30	↑
-	→	-	31.08.2008	-	-	-	22.86	22.30	→
-	→	-	28.09.2008	-	-	-	22.45	22.30	→
-	→	-	01.10.2008	-	-	-	23.39	22.90	↑
-	→	-	29.10.2008	-	-	-	18.90	22.50	↓
-	→	-	29.10.2008	-	-	-	18.90	22.50	→
-	→	-	30.11.2008	-	-	-	19.50	22.50	→
-	→	-	05.01.2009	-	-	-	20.48	22.50	→
-	→	-	11.01.2009	-	-	-	19.87	22.50	→
-	→	-	08.02.2009	-	-	-	18.75	22.50	→
Hold	→	26.02.2009	-	07.01.2010	0%	-46%	17.86	21.50	↓
-	→	-	05.03.2009	-	-	-	17.86	21.50	→
-	→	-	08.03.2009	-	-	-	18.10	21.50	→
-	→	-	02.04.2009	-	-	-	19.55	21.50	→
-	→	-	05.04.2009	-	-	-	19.85	21.50	→
-	→	-	29.04.2009	-	-	-	17.49	18.30	↓
-	→	-	17.05.2009	-	-	-	17.72	18.30	→
-	→	-	08.06.2009	-	-	-	17.74	18.30	→
-	→	-	16.06.2009	-	-	-	16.10	18.30	→
-	→	-	08.07.2009	-	-	-	15.98	18.30	→
-	→	-	02.08.2009	-	-	-	14.89	18.30	→
-	→	-	31.08.2009	-	-	-	16.10	18.30	→
-	→	-	07.10.2009	-	-	-	16.57	17.10	↓
-	→	-	12.10.2009	-	-	-	16.52	17.10	→
-	→	-	14.12.2009	-	-	-	16.49	17.10	→
Hold	→	07.01.2010	-	25.02.2010	-8%	-1%	16.38	16.20	↓
-	→	-	03.02.2010	-	-	-	15.97	16.20	→
Sell	↓	25.02.2010	-	01.07.2010	4%	0%	15.15	15.00	↓
-	→	-	01.03.2010	-	-	-	15.29	15.00	→
-	→	-	29.03.2010	-	-	-	16.71	15.00	→
-	→	-	05.04.2010	-	-	-	16.66	15.00	→
-	→	-	17.05.2010	-	-	-	15.72	15.00	→
-	→	-	14.06.2010	-	-	-	14.15	13.50	↓
Hold	↑	01.07.2010	-	05.09.2010	20%	10%	14.28	14.70	↑
-	→	-	19.07.2010	-	-	-	15.40	14.70	→
-	→	-	29.07.2010	-	-	-	15.77	15.80	↑
-	→	-	31.08.2010	-	-	-	17.14	15.80	→
-	→	-	02.09.2010	-	-	-	17.19	15.80	→
Sell	↓	05.09.2010	-	02.01.2011	-4%	-14%	17.10	14.70	↓
-	→	-	07.09.2010	-	-	-	16.60	15.30	↑
-	→	-	07.10.2010	-	-	-	17.50	15.30	→
-	→	-	12.10.2010	-	-	-	17.65	15.30	→
-	→	-	15.11.2010	-	-	-	17.90	15.30	→
-	→	-	15.12.2010	-	-	-	17.37	15.30	→
Hold	↑	02.01.2011	-	No later than 02.01.2012	13%	6%	16.35	16.10	↑
-	→	-	28.01.2011	-	-	-	16.75	16.10	→
-	→	-	01.03.2011	-	-	-	16.70	16.10	→
-	→	-	24.03.2011	-	-	-	17.05	16.10	→
-	→	-	06.04.2011	-	-	-	18.45	17.00	↑

Market-relative recommendation tracker

Relative recommendation		Issue date	Reiteration date	Expiry date	Price at issue/ reiteration (PLN)	Relative performance
TP SA						
Overweight	-	03.03.2008	-	02.07.2008	21.88	0%
-	→	-	30.03.2008	-	21.65	-
-	→	-	02.04.2008	-	21.65	-
-	→	-	29.04.2008	-	22	-
Neutral	↓	01.06.2008	-	02.07.2008	20.51	23%
Overweight	↑	02.07.2008	-	29.10.2008	21.79	28%
-	→	-	28.07.2008	-	22.33	-
-	→	-	30.07.2008	-	23.99	-
-	→	-	31.08.2008	-	22.86	-
-	→	-	28.09.2008	-	22.45	-
-	→	-	01.10.2008	-	23.39	-
Neutral	↓	29.10.2008	-	05.03.2009	18.9	15%
-	→	-	29.10.2008	-	18.9	-
-	→	-	30.11.2008	-	19.5	-
-	→	-	05.01.2009	-	20.48	-
-	→	-	11.01.2009	-	19.87	-
-	→	-	08.02.2009	-	18.75	-
-	→	-	26.02.2009	-	17.86	-
Underweight	↓	05.03.2009	-	01.03.2010	17.86	-46%
-	→	-	08.03.2009	-	18.1	-
-	→	-	02.04.2009	-	19.55	-
-	→	-	05.04.2009	-	19.85	-
-	→	-	29.04.2009	-	17.49	-
-	→	-	17.05.2009	-	17.72	-
-	→	-	08.06.2009	-	17.74	-
-	→	-	16.06.2009	-	16.10	-
-	→	-	08.07.2009	-	15.98	-
-	→	-	02.08.2009	-	14.89	-
-	→	-	31.08.2009	-	16.10	-
-	→	-	07.10.2009	-	16.57	-
-	→	-	12.10.2009	-	16.52	-
-	→	-	14.12.2009	-	16.49	-
-	→	-	07.01.2010	-	16.38	-
-	→	-	03.02.2010	-	15.97	-
-	→	-	25.02.2010	-	15.15	-
Underweight	→	01.03.2010	-	01.07.2010	15.29	2%
-	→	-	29.03.2010	-	16.71	-
-	→	-	05.04.2010	-	16.66	-
-	→	-	17.05.2010	-	15.72	-
-	→	-	14.06.2010	-	14.15	-
Neutral	↑	01.07.2010	-	02.09.2010	14.28	11%
-	→	-	19.07.2010	-	15.40	-
-	→	-	29.07.2010	-	15.77	-
-	→	-	31.08.2010	-	17.14	-
Underweight	↓	02.09.2010	-	02.01.2011	17.19	-14%
-	→	-	05.09.2010	-	17.10	-
-	→	-	07.09.2010	-	16.60	-
-	→	-	07.10.2010	-	17.50	-
-	→	-	12.10.2010	-	17.65	-
-	→	-	15.11.2010	-	17.90	-
-	→	-	15.12.2010	-	17.37	-
Neutral	↑	02.01.2011	-	01.03.2011	16.35	3%
-	→	-	28.01.2011	-	16.75	-
Underweight	↓	01.03.2011	-	24.03.2011	16.70	0%
Neutral	↑	24.03.2011	-	06.04.2011	17.05	3%
Overweight	↑	06.04.2011	-	Not later than 06.04.2012	18.45	-

Distribution of IDM's current recommendations

	Buy	Hold	Sell	Suspended	Under revision
Numbers	28	32	10	1	2
Percentage	38%	44%	14%	1%	3%

Distribution of IDM's current recommendations for companies that were within the last 12M IDM customers in investment banking

	Buy	Hold	Sell	Suspended	Under revision
Numbers	2	2	1	1	0
Percentage	33%	33%	17%	17%	0%

Distribution of IDM's current market relative recommended weightings

	Overweight	Neutral	Underweight	Suspended	Under revision
Numbers	26	25	19	1	2
Percentage	36%	34%	26%	1%	3%

Distribution of IDM's current market relative recommended weightings for the companies that were within the last 12M IDM customers in investment banking

	Overweight	Neutral	Underweight	Suspended	Under revision
Numbers	2	2	1	1	0
Percentage	33%	33%	17%	17%	0%

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