

Tuesday, July 07, 2015 | update

TVN: sell (downgraded)

TVN PW; TVN.WA | Media, Poland

Scripps Networks Makes Call For Remaining TVN Stake

Scripps Networks through its subsidiary Southbank Media on Monday, July 6th, announced a tender offer for the remaining 45.6% shares in TVN at PLN 20.0 per share, a price 6% higher than our target and 12.9% higher than the previous six-month average. Over and above PLN 20 TVN's upside potential is limited. In the last five years TVN's prime-time viewership among the most lucrative target audience of 16-49 year-old urban viewers has fallen by 5.7ppts to 25.1%, with the flagship TVN channel losing 7.3ppts. Increasing audience fragmentation, combined with mounting competition from free-to-air channels as well as the biggest rival commercial broadcaster Polsat, have contributed to the relatively slow growth in TVN's advertising revenues in the last several quarters. Further TVN may have a hard time fully monetizing its TVN Player streaming service in light of widespread content piracy and the expected entry into Poland of global VoD leaders like Netflix. On top of that TVN's pay-TV service nC+ is having a hard time achieving its PLN 550m EBITDA target. With all this in mind we recommend that investors accept Scripps's tender offer. At PLN 20.0 per share, after adjustment for noncore assets (stakes in nC+ and Onet.pl, deferred tax asset), TVN is trading at 13.5x EV-to-adjusted 2015E EBITDA compared to a median of 11.1x for comparable companies.

The tender offer

Scripps Networks finalized the acquisition of a 52.7% stake in TVN for EUR 584m on July, and as well as the shares the US media group agreed to take over the debts of TVN's owner Polish Television Holding in a total amount of PLN 300m. The implied per-share price was PLN 20.7. The tender offer announced yesterday is for the remaining 160.95 million shares representing an equity stake of 45.6% (47.3% after a planned reduction in share capital through the retirement of 12.5 million of the shares purchased on 2 July). The PLN 20 per-share bid being offered by Scripps is compliant with the relevant tender offer regulations.

Risks entailed in nC+

The weak competitive position of TVN's DTH platform nC+ is due to the fact that the platform does not have the capability to offer service bundles, thus losing subscribers to cable providers and Polsat (in Q1 2015 the subscriber base contracted 3% y/y while ARPU edged up just 1%). Even after being moved forward in time by more than a year, the PLN 550m EBITDA target that nC+ is aiming to achieve in 2017 is unrealistic in our view. Our 2015 EBITDA estimate for the pay-TV platform is PLN 331m, and this implies that TVN's 32% stake is worth about PLN 856m vs. a carrying value of PLN 1,520m recognized on TVN's books as of 31 March 2015 (with the respective per-share values at PLN 2.52 and PLN 4.51).

(PLN m)	2013	2014	2015E	2016E	2017E
Revenue	1,554.6	1,593.8	1,668.6	1,732.2	1,795.4
EBITDA	372.4	548.8	532.1	641.2	661.9
EBITDA margin	24.0%	34.4%	31.9%	37.0%	36.9%
EBIT	297.2	477.3	463.3	572.7	595.7
Net profit	-197.8	194.8	280.9	395.8	352.0
DPS	0.64	0.00	0.30	0.00	0.00
P/E	-39.6	26.4	28.8	20.5	19.1
P/CE	-55.9	25.3	19.2	14.5	16.1
P/BV	7.2	7.0	6.9	6.2	5.8
EV/EBITDA	24.1	16.0	16.5	13.4	12.8
DYield	3.2%	0.0%	1.5%	0.0%	0.0%

Current Price	PLN 19.78
Market Price	PLN 18.90
Market Cap	PLN 6.73bn
Free float	PLN 3.10bn
ADTV (3M)	PLN 9.63m

Ownership

Polish Television Holding B.V.	49.32%
ITI Holdings	1.51%
Treasury Stock	3.54%
Others	45.63%

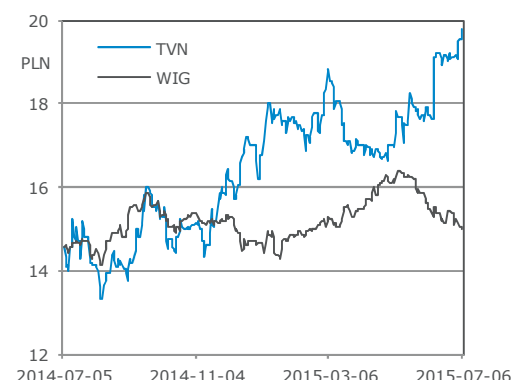
Sector Outlook

TV advertising it is a late-cycle industry closely tied with GDP growth and investment. Companies operating in the industry are characterized by low operating leverage. As the Polish GDP picks up and investment rebounds, going forward we anticipate a steady increase in advertising expenses which as a proportion of GDP as well as on a per-capita basis are still much lower than the EU average.

Business Profile

TVN is a leading commercial television broadcaster in Poland with an audience share in Q2 2015 at 22.1% (including 14.7% for the main channel 'TVN'). TVN owns a 25% stake in the Web portal Onet.pl, and a 32% stake in nC+, the second-largest payTV provider in the country with a subscriber base of 2.1 million.

TVN vs. WIG



Analyst:

Paweł Szpigel
+48 22 438 24 06
pawel.szpigel@mdm.pl

Valuation

Using DCF analysis and relative valuation, we set our 9-month price target for TVN at PLN 18.90 per share.

(PLN)	weight	price
Relative Valuation	50%	17.1
DCF Analysis	50%	18.3
	price	17.7
	9M target price	18.9

DCF Analysis

DCF Model Assumptions:

- The forecast period extends from fiscal 2015 through 2023.
- The risk-free rate in the forecast period is 3.50%.
- Beta has been raised to 1.1x from 1.0x, equivalent to the unlevered beta median for the sector.
- We added dividends of PLN 103m to 2014 year-end net debt.
- We assume FCF will grow at a rate of 2.5% after the forecast period.
- Management stock options are not accounted for in the model.
- The valuation factors in a deferred tax asset in the net present value of PLN 243m.
- We estimate the value of TVN's holdings in nC+ and Onet at PLN 1,141m.
- The number of outstanding shares is reduced by 12.5 million shares of treasury stock earmarked for retirement.

DCF Model

(PLN m)	2015P	2016P	2017P	2018P	2019P	2020P	2021P	2022P	2023P	2023+
Revenue	1669	1732	1795	1858	1920	1982	2042	2102	2161	
change	4.7%	3.8%	3.6%	3.5%	3.3%	3.2%	3.1%	2.9%	2.8%	
EBITDA	552.9	588.8	610.0	631.7	652.7	673.2	693.0	712.2	730.5	
EBITDA margin	33.1%	34.0%	34.0%	34.0%	34.0%	34.0%	33.9%	33.9%	33.8%	
D&A	68.9	68.4	66.2	65.5	66.2	68.1	71.0	75.0	79.8	
EBIT	484.0	520.4	543.8	566.2	586.6	605.1	622.0	637.2	650.7	
EBIT margin	29.0%	30.0%	30.3%	30.5%	30.5%	30.5%	30.5%	30.3%	30.1%	
Tax on EBIT	92.0	98.9	103.3	107.6	111.4	115.0	118.2	121.1	123.6	
NOPLAT	392.1	421.5	440.5	458.6	475.1	490.2	503.8	516.1	527.1	
CAPEX	-55.1	-58.9	-61.9	-65.0	-68.2	-71.3	-74.5	-77.8	-81.0	
Working capital	-86.0	-4.7	-7.7	-7.1	-6.4	-5.7	-4.9	-4.2	-3.4	
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCF	319.8	426.3	437.1	452.0	466.7	481.2	495.4	509.1	522.4	535.5
WACC	8.4%	8.5%	8.5%	8.6%	8.6%	8.7%	8.7%	8.8%	8.8%	8.8%
Discount factor	96.0%	88.5%	81.5%	75.1%	69.1%	63.6%	58.5%	53.8%	49.4%	53.8%
PV FCF	307.1	377.3	356.4	339.5	322.7	306.2	289.9	274.0	258.3	4185.3
WACC	8.4%	8.5%	8.5%	8.6%	8.6%	8.7%	8.7%	8.8%	8.8%	8.8%
Cost of debt	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Risk premium	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
Effective tax rate	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
Net debt / EV	23.5%	21.9%	20.9%	19.5%	18.0%	16.9%	15.5%	13.8%	11.9%	11.9%
Cost of equity	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%
Risk premium	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Beta	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1

FCF after the forecast period

2.5%

Sensitivity Analysis

Terminal value

8,463.9

Present value of terminal value

4,185.3

Present value of FCF in the forecast period

2,831.4

Enterprise value

7,016.6

Net debt (year-end 2014)

2,182.0

Other noncore assets (investments in Onet and nC+)

1,384.2

Minority interests

0.0

Management stock options

0.0

Equity value

6,218.8

Number of shares (millions)

340.2

Equity value per share (PLN)

18.3

9M cost of equity

6.9%

Target price (PLN)

19.5

EV/EBITDA ('15) at target price

12.8

P/E ('15) at target price

34.1

TV / EV

60%

FCF growth in perpetuity

2.00%

2.50%

3.00%

3.50%

4.00%

WACC +1.0pp

19.9

21.1

22.5

24.2

26.3

WACC +0.5pp

19.2

20.3

21.6

23.1

25.0

WACC

18.5

19.5

20.7

22.2

23.9

WACC -0.5pp

17.9

18.9

20.0

21.3

22.8

WACC -1.0pp

17.3

18.2

19.2

20.4

21.8

Relative Valuation

Relative valuation is based on a comparison of forward EV/EBITDA and P/E multiples projected for the period FY2014-2016, with the forecast years each assigned equal weights. To reflect TVN's 32% stake in nC+ and 25% holdings in Onet.pl the EBITDA and earnings values are

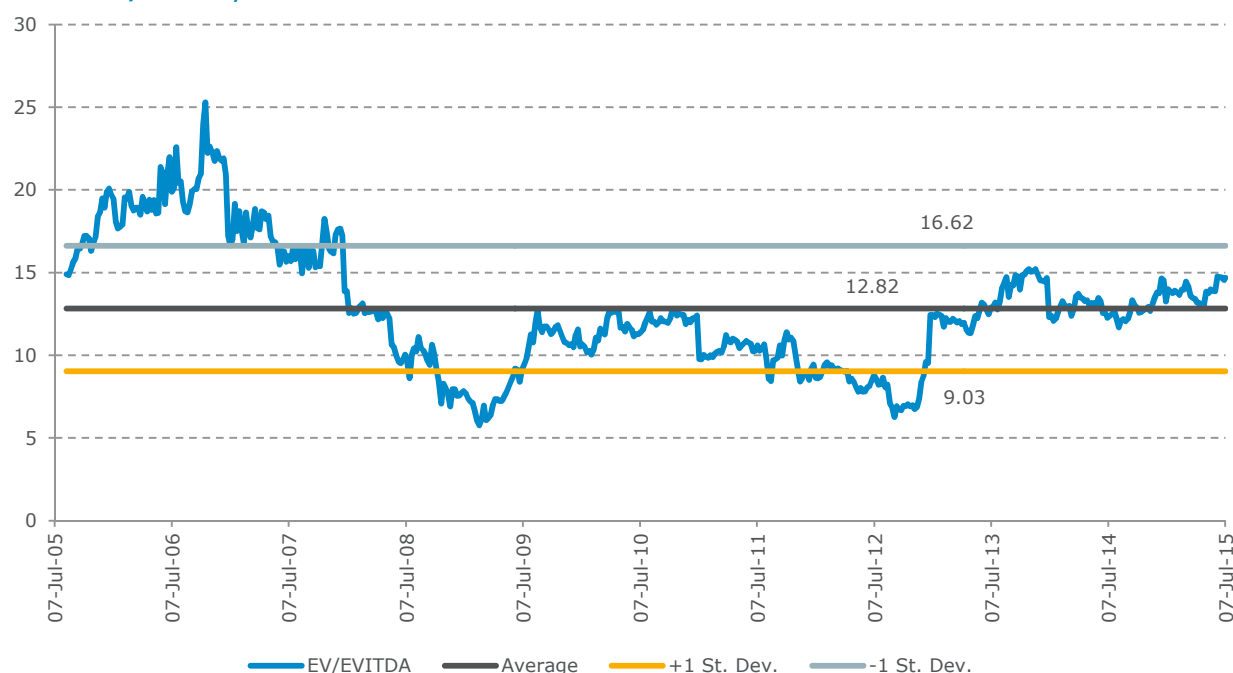
adjusted for investment in associates (PLN 1,141m) which have been added to the relative valuation result. A deferred asset at NPV adds another PLN 241m to the result of the valuation.

Multiples Comparison

	Price	EV/EBITDA			P/E		
		2014	2015E	2016E	2014	2015E	2016E
M6-Metropole Television		6.6	6.3	6.2	18.6	17.1	16.9
Itv Plc		14.2	12.1	11.0	19.8	16.6	15.3
Rtl Group		10.6	10.1	9.7	17.7	17.4	16.5
Mediaset Spa		5.6	4.6	4.2	72.5	51.8	27.4
Prosieben Sat.1 Media Ag-Prf		13.5	12.6	11.8	22.3	19.7	18.0
Atresmedia Corp De Medios De		24.4	17.1	12.6	35.4	23.3	16.4
Modern Times Group-B Shs		11.1	10.2	9.8	12.8	14.2	13.3
Television Francaise (T.F.1)		15.7	12.2	10.6	34.1	24.3	21.0
Maximum		24.4	17.1	12.6	72.5	51.8	27.4
Minimum		5.6	4.6	4.2	12.8	14.2	13.3
Median		12.3	11.1	10.2	21.0	18.5	16.7
TVN	19.78	16.0	16.5	13.4	26.4	28.8	20.5
	premium / discount	29.8%	48.3%	31.6%	25.9%	55.6%	22.6%

Source: Bloomberg, Dom Maklerski mBanku

Historical TVN EV/EBITDA, Past 9 Years



Source: Bloomberg

Income Statement

(PLN m)	2012	2013	2014	2015P	2016P	2017P	2018P
Revenue	1584.3	1554.6	1593.8	1668.6	1732.2	1795.4	1858.1
change	-7.8%	-1.9%	2.5%	4.7%	3.8%	3.6%	3.5%
Advertising revenue	1119.1	1076.9	1104.5	1165.2	1217.7	1269.7	1321.3
Other	465.1	477.7	489.3	503.4	514.5	525.6	536.8
Operating costs	1172.5	1128.1	1139.9	1176.1	1202.9	1242.3	1282.4
license amortization	144.1	137.6	146.3	161.5	158.3	165.0	171.8
original programming	429.9	428.2	436.6	448.6	468.8	488.8	508.7
payroll	156.0	158.0	170.4	176.7	183.3	190.1	197.1
broadcasting	69.3	65.8	59.8	60.7	59.0	60.2	61.4
D&A	81.8	75.2	71.5	68.9	68.4	66.2	65.5
marketing and promotion	48.8	39.7	46.4	49.6	52.0	54.8	56.7
rental	41.4	28.6	23.3	23.3	23.3	23.3	23.3
copyrights	52.9	50.0	49.3	52.0	54.4	56.7	59.0
accounts receivable adjustments	0.1	2.6	-0.6	0.0	0.0	0.0	0.0
COGS	32.8	36.5	37.3	38.1	38.8	39.6	40.4
other	115.5	106.1	99.6	96.6	96.6	97.6	98.5
Other net operating costs	37.5	-83.6	-8.2	-71.7	-8.9	-9.2	-9.5
Equity in profits of associates	0.0	-45.7	31.7	42.4	52.3	51.9	55.8
EBIT	374.3	297.2	477.3	463.3	572.7	595.7	622.0
change		-20.6%	60.6%	-2.9%	23.6%	4.0%	4.4%
margin	23.6%	19.1%	29.9%	27.8%	33.1%	33.2%	33.5%
EBIT (adjusted)*	374.3	342.9	445.7	484.0	520.4	543.8	566.2
change		-8.4%	30.0%	8.6%	7.5%	4.5%	4.1%
margin	23.6%	22.1%	28.0%	29.0%	30.0%	30.3%	30.5%
Financing gains / losses	-106.6	-566.9	-280.3	-123.1	-90.8	-167.8	-164.6
Pre-tax profit	267.7	-269.8	197.1	340.2	482.0	427.9	457.4
Tax	252.3	62.9	-7.7	-64.6	-91.6	-81.3	-86.9
Net profit	485.9	-197.8	194.8	280.9	395.8	352.0	375.9
change		-140.7%	-198.5%	44.3%	40.9%	-11.1%	6.8%
margin	30.7%	-	12.2%	16.8%	22.8%	19.6%	20.2%
D&A	81.8	75.2	71.5	68.9	68.4	66.2	65.5
EBITDA	456.0	372.4	548.8	532.1	641.2	661.9	687.5
change		-18.3%	47.4%	-3.0%	20.5%	3.2%	3.9%
margin	28.8%	24.0%	34.4%	31.9%	37.0%	36.9%	37.0%
EBITDA (adjusted)*	456.0	418.1	517.2	552.9	588.8	610.0	631.7
change		-8.3%	23.7%	6.9%	6.5%	3.6%	3.5%
margin	28.8%	26.9%	32.5%	33.1%	34.0%	34.0%	34.0%
Shares at year-end (millions)	343.9	346.5	340.2	340.2	340.2	340.2	340.2
EPS	1.41	-0.57	0.57	0.83	1.16	1.03	1.10
CEPS	1.65	-0.35	0.78	1.03	1.36	1.23	1.30
ROAE	42.6%	-17.1%	20.2%	29.0%	38.4%	31.2%	31.0%
ROAA	9.6%	-4.5%	5.0%	7.4%	10.6%	9.3%	9.6%

* ex. nC+ and Onet or costs of change-of-control transaction

Balance Sheet

(PLN m)	2012	2013	2014	2015P	2016P	2017P	2018P
ASSETS	4966.3	3899.3	3814.8	3742.9	3757.3	3848.6	3964.1
Fixed assets	2945.8	2840.8	2832.9	2789.8	2727.5	2682.3	2636.5
Property, plant and equipment	414.5	393.0	364.9	356.7	350.9	348.4	348.1
Intangible assets	234.0	241.9	246.8	241.3	237.5	235.8	235.6
Long-term programming assets	171.5	155.1	152.3	155.3	158.8	164.1	169.3
Investments in associates	1865.6	1730.5	1762.5	1774.8	1790.0	1805.1	1821.3
Tax asset	259.7	319.1	305.4	260.7	189.1	127.9	60.9
Other fixed assets	0.4	1.1	1.1	1.1	1.1	1.1	1.2
Current assets	2020.5	1058.5	981.9	953.1	1029.8	1166.3	1327.6
Current programming assets	259.2	244.9	222.6	249.1	251.4	259.7	268.1
Trade debtors	317.2	341.9	350.2	399.1	409.6	419.6	429.1
Derivative securities	0.0	0.0	1.2	1.2	1.2	1.2	1.2
Accruals	118.9	73.2	92.8	84.4	84.7	85.8	86.8
Taxes receivable	51.1	0.0	0.0	0.0	0.0	0.0	0.0
Other	915.3	0.0	45.0	45.0	45.0	45.0	45.0
Cash and cash equivalents	358.6	398.5	270.0	174.3	237.9	355.0	497.4
(PLN m)	2012	2013	2014	2015P	2016P	2017P	2018P
EQUITY AND LIABILITIES	4966.3	3899.3	3814.8	3742.9	3757.3	3848.6	3964.1
Equity	1359.1	957.3	968.1	971.4	1089.7	1164.1	1262.4
Long-term liabilities	3203.9	2520.1	2348.7	2289.3	2205.7	2205.7	2205.7
Bonds	3054.4	2412.2	2314.8	2255.4	2171.9	2171.9	2171.9
Other borrowings	97.3	76.4	0.0	0.0	0.0	0.0	0.0
Other liabilities	37.1	25.7	28.1	28.1	28.1	28.1	28.1
Deferred tax reserve	15.2	5.8	5.8	5.8	5.8	5.8	5.8
Current liabilities	403.3	421.8	498.0	482.2	461.9	478.8	496.0
Trade creditors	170.0	133.2	161.9	146.9	151.9	158.6	165.5
Overdraft facility	8.5	33.4	31.9	32.2	0.0	0.0	0.0
Bond interest	39.7	0.0	0.2	0.2	0.2	0.2	0.2
Taxes payable	0.0	1.6	0.0	0.0	0.0	0.0	0.0
Other	185.1	253.5	304.0	302.9	309.8	319.9	330.3
Debt	3199.9	2561.1	2346.7	2287.6	2171.9	2171.9	2171.9
Net debt	1926.0	2162.6	2031.7	2068.3	1889.0	1771.8	1629.4
(Net debt / Equity)	1.4	2.3	2.1	2.1	1.7	1.5	1.3
(Net debt / adjusted EBITDA)	4.2	5.2	3.9	3.7	3.2	2.9	2.6
BVPS	4.0	2.8	2.8	2.9	3.2	3.4	3.7

Cash Flow

(PLN m)	2012	2013	2014	2015P	2016P	2017P	2018P
Cash flow from operating activities	325.2	596.1	610.5	413.8	601.2	619.1	644.2
Net profit	470.2	-206.9	189.4	280.9	395.8	352.0	375.9
Input tax	-232.8	-62.9	7.7	64.6	91.6	81.3	86.9
Financing activity	102.0	566.9	280.3	123.1	90.8	167.8	164.6
D&A	95.6	75.2	71.5	68.9	68.4	66.2	65.5
Working capital change	-95.2	95.2	27.2	-86.0	-4.7	-7.7	-7.1
Taxed paid	-55.8	-6.6	-1.7	-20.0	-20.0	-20.0	-20.0
Other	41.3	135.1	36.1	-17.7	-20.6	-20.5	-21.6
Cash flow from investing activities	530.1	21.7	-98.6	-55.1	-58.9	-62.0	-65.1
CAPEX	-365.7	-84.1	-72.1	-55.1	-58.9	-61.9	-65.0
Other	895.9	105.8	-26.6	0.0	0.0	0.0	0.0
Cash flow from financing activities	-1207.5	-527.0	-638.7	-454.4	-478.6	-440.0	-436.8
Share issue	0.0	27.7	69.0	0.0	0.0	0.0	0.0
Dividend/buyback	-34.2	-220.1	-250.3	-272.2	-272.2	-272.2	-272.2
Financing activity	-102.0	-566.9	-180.5	-123.1	-90.8	-167.8	-164.6
Other	-1071.4	232.3	-277.0	-59.2	-115.7	0.0	0.0
Change in cash	-199.7	-31.5	-152.2	-95.7	63.6	117.2	142.4
Cash at period-end	358.6	398.5	270.0	174.3	237.9	355.0	497.4
DPS (PLN)	0.10	0.64	0.00	0.30	0.00	0.00	0.00
FCF	-305.8	179.6	459.4	319.8	426.3	437.1	452.0
(CAPEX/Sales)	23.1%	5.4%	4.5%	3.3%	3.4%	3.5%	3.5%

Trading Multiples

	2012	2013	2014	2015P	2016P	2017P	2018P
P/E	20.2	-39.6	26.4	28.8	20.5	19.1	17.9
P/CE	12.0	-55.9	25.3	19.2	14.5	16.1	15.2
P/BV	5.0	7.2	7.0	6.9	6.2	5.8	5.3
P/S	4.3	4.4	4.2	4.0	3.9	3.7	3.6
FCF/EV	0.0	0.0	0.1	0.0	0.0	0.1	0.1
EV/EBITDA	19.1	24.1	16.0	16.5	13.4	12.8	12.1
EV/EBIT	23.3	30.3	18.4	19.0	15.0	14.2	13.4
EV/S	5.5	5.8	5.5	5.3	5.0	4.7	4.5
DYield	0.5%	3.2%	0.0%	1.5%	0.0%	0.0%	0.0%
Price (PLN)	19.78	19.78	19.78	19.78	19.78	19.78	19.78
Shares at year-end (millions)	343.9	346.5	340.2	340.2	340.2	340.2	340.2
MC (PLN m)	6801.9	6853.7	6729.2	6729.2	6729.2	6729.2	6729.2
EV (PLN m)	8711.5	8990.7	8760.9	8792.0	8607.3	8484.8	8337.0

List of abbreviations and ratios contained in the report:

EV – net debt + market value
EBIT – Earnings Before Interest and Taxes
EBITDA – EBIT + Depreciation and Amortisation
P/CE – price to earnings with amortisation
MC/S – market capitalisation to sales
EBIT/EV – operating profit to economic value
P/E – (Price/Earnings) – price divided by annual net profit per share
ROE – (Return on Equity) – annual net profit divided by average equity
P/BV – (Price/Book Value) – price divided by book value per share
Net debt – credits + debt papers + interest bearing loans – cash and cash equivalents
EBITDA margin – EBITDA/Sales

Recommendations of Dom Maklerski mBanku:

A recommendation is valid for a period of 6-9 months, unless a subsequent recommendation is issued within this period. Expected returns from individual recommendations are as follows:

BUY – we expect that the rate of return from an investment will be at least 15%
ACCUMULATE – we expect that the rate of return from an investment will range from 5% to 15%
HOLD – we expect that the rate of return from an investment will range from -5% to +5%
REDUCE – we expect that the rate of return from an investment will range from -5% to -15%
SELL – we expect that an investment will bear a loss greater than 15%
 Recommendations are updated at least once every nine months.

This document has been created and published by Dom Maklerski mBanku S.A. The present report expresses the knowledge as well as opinions of the authors on day the report was prepared. The opinions and estimates contained herein constitute our best judgment at this date and time, and are subject to change without notice. The present report was prepared with due care and attention, observing principles of methodological correctness and objectivity, on the basis of sources available to the public, which Dom Maklerski mBanku S.A. considers reliable, including information published by issuers, shares of which are subject to recommendations. However, Dom Maklerski mBanku S.A., in no case, guarantees the accuracy and completeness of the report, in particular should sources on the basis of which the report was prepared prove to be inaccurate, incomplete or not fully consistent with the facts. Dom Maklerski mBanku S.A. bears no responsibility for investment decisions taken on the basis of the present report or for any damages incurred as a result of investment decisions taken on the basis of the present report.

This document does not constitute an offer or invitation to subscribe for or purchase any financial instruments and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. It is being furnished to you solely for your information and may not be reproduced or redistributed to any other person. This document nor any copy hereof is not to be distributed directly or indirectly in the United States, Australia, Canada or Japan.

Recommendations are based on essential data from the entire history of a company being the subject of a recommendation, with particular emphasis on the period since the previous recommendation. Investing in shares is connected with a number of risks including, but not limited to, the macroeconomic situation of the country, changes in legal regulations as well as changes on commodity markets. Full elimination of these risks is virtually impossible.

It is possible that Dom Maklerski mBanku S.A. renders, will render or in the past has rendered services for companies and other entities mentioned in the present report.

Dom Maklerski mBanku S.A. does not rule out offering brokerage services to an issuer of securities being the subject of a recommendation. Information concerning a conflict of interest arising in connection with issuing a recommendation (should such a conflict exist) is located on the final page of this report.

The present report was not transferred to the issuer prior to its publication.

Dom Maklerski mBanku S.A., its shareholders and employees may hold long or short positions in the issuer's shares or other financial instruments related to the issuer's shares.

Copying or publishing the present report, in full or in part, or disseminating in any way information contained in the present report requires the prior written consent of Dom Maklerski mBanku S.A.

Recommendations are addressed to all Clients of Dom Maklerski mBanku S.A.

The activity of Dom Maklerski mBanku S.A. is subject to the supervision of the Polish Financial Supervision Commission.

Individuals who did not participate in the preparation of recommendations, but had or could have had access to recommendations prior to their publication, are employees of Dom Maklerski mBanku S.A. authorised to access the premises in which recommendations are prepared and/or individuals having to access to recommendations based on their corporate roles, other than the analysts mentioned as the authors of the present recommendations.

Strong and weak points of valuation methods used in recommendations:

DCF – acknowledged as the most methodologically correct method of valuation; it is based in discounting financial flows generated by a company; its weak point is the significant susceptibility to a change of forecast assumptions in the model.

Relative – based on a comparison of valuation multipliers of companies from a given sector; simple in construction, reflects the current state of the market; weak points include substantial variability (fluctuations together with market indices) as well as difficulty in the selection of the group of comparable companies.

Previous recommendations issued for TVN

rating	Accumulate	Hold
rating day	2015-01-26	2015-07-03
price on rating day	17.60	19.50
WIG on rating day	51680.12	53074.71

Michał Marczak
member of the management board
tel. +48 22 438 24 01
michal.marczak@mdm.pl
strategy, resources, metals

Research Department:

Kamil Kliszc
director
tel. +48 22 438 24 02
kamil.kliszc@mdm.pl
energy, chemicals, power generation

Michał Konarski
tel. +48 22 438 24 05
michal.konarski@mdm.pl
banks

Jakub Szkopek
tel. +48 22 438 24 03
jakub.szkopek@mdm.pl
industrials

Paweł Szpigel
tel. +48 22 438 24 06
pawel.szpigel@mdm.pl
media, IT, telco

Piotr Zybała
tel. +48 22 438 24 04
piotr.zybała@mdm.pl
construction, real-estate development

Piotr Bogusz
tel. +48 22 438 24 08
piotr.bogusz@mdm.pl
retail

Sales and Trading:

Piotr Gawron
director
tel. +48 22 697 48 95
piotr.gawron@mdm.pl

Marzena Łempicka-Wilim
deputy director
tel. +48 22 697 48 82
marzena.łempicka@mdm.pl

Foreign Institutional Sales:

Łukasz Wójtowicz, CAIA
deputy director, international markets
tel. +48 22 697 48 47
lukasz.wojtowicz@mdm.pl

Dom Maklerski mBanku S.A.

Research Department
ul. Senatorska 18
00-075 Warszawa
www.mDomMaklerski.pl

Traders:

Krzysztof Bodek
tel. +48 22 697 48 89
krzysztof.bodek@mdm.pl

Michał Jakubowski
tel. +48 22 697 47 44
michal.jakubowski@mdm.pl

Tomasz Jakubiec
tel. +48 22 697 47 31
tomasz.jakubiec@mdm.pl

Szymon Kubka, CFA, PRM
tel. +48 22 697 48 16
szymon.kubka@mdm.pl

Anna Łagowska
tel. +48 22 697 48 25
anna.lagowska@mdm.pl

Jędrzej Łukomski
tel. +48 22 697 48 46
jedrzej.lukomski@mdm.pl

Paweł Majewski
tel. +48 22 697 49 68
pawel.majewski@mdm.pl

Adam Mizera
tel. +48 22 697 48 76
adam.mizera@mdm.pl

Adam Prokop
tel. +48 22 697 47 90
adam.prokop@mdm.pl

Michał Roźmiej
tel. +48 22 697 49 85
michal.rozmiej@mdm.pl

"Private Broker"

Jarosław Banasiak
director, active sales
tel. +48 22 697 48 70
jaroslaw.banasiak@mdm.pl