Tuesday, June 02, 2020 | special comment

TIM – May 2020 Sales Update

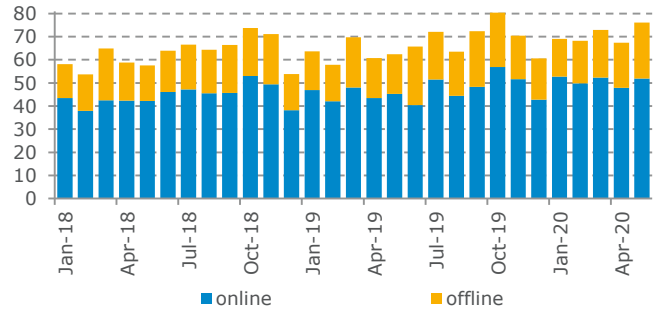
Rating: overweight | current price: PLN 11.30

TIM PW; TIMP.WA | Wholesale, Logistics, Poland

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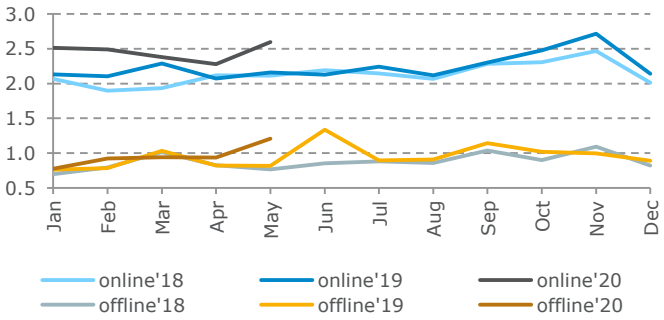
TIM likely generated standalone sales revenue of PLN 76.1m in May 2020 after a 21.8% rebound from the comparable year-ago period, the Company said in a market filing. By segment, online sales were up 14.6% on the year at PLN 52.0m, and offline sales increased 40.8% to PLN 24.1m. May 2020 had 20 working days compared to 21 in May last year, but with travel and lockdown restrictions in place the traditional long May weekend was probably a working one for TIM – keep in mind that TIM's "offline" sales channel is not brick-and-mortar stores but a network of sales representatives who can service sales orders remotely outside of regular business hours. YTD sales through May grew 12.6% on the same year-ago period, led by a 12.7% increase in online sales and 12.1% expansion in offline sales. Sales in the second quarter to date have come out well ahead of expectations after a 16.5% y/y rebound against our assumption of zero growth. TIM is one of our top picks at the moment. We expect its share price to move higher today on the excellent sales results.

Monthly sales (PLN m)



Source: TIM, mBank

Avg daily sales (PLN m, working-day adj.)



Source: TIM, mBank

List of abbreviations and ratios contained in the report:
EV – net debt + market value (EV – economic value)
EBIT – Earnings Before Interest and Taxes
EBITDA – EBIT + Depreciation and Amortisation
PBA – Profit on Banking Activity
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

OVERWEIGHT (OW) – a rating which indicates that we expect a stock to outperform the broad market
NEUTRAL (N) – a rating which indicates that we expect the stock to perform in line with the broad market
UNDERWEIGHT (UW) – a rating which indicates that we expect the stock to underperform the broad market

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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%
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Discounted Dividends (DDM) – discounting of future dividends; the weak point is high sensitivity to changes in the assumptions as to future dividends made in the valuation model.
NAV - valuation based on equity value, one of the most frequently used method in case of developing companies; the weak point of the method is that it does not factor in future changes in revenue/profits of a company.

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