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Telecommunications – T-Mobile Paves Way With Mobile Plan Revamp

Telecoms, Poland

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T-Mobile Poland yesterday launched revamped postpaid mobile plans in a selection of sizes from 'XS' to 'L.' The plans start at PLN 35 a month for 3GB of data in the XS option – 4 zloty less than the carrier's previous cheapest plan. All of the new plans look like they have been marked down at first glance, however when considered on a per-gigabyte-per-month basis the rates have actually gone up considerably. For example, the new 15GB plan tagged as size "M" is the equivalent of the old L-size plan, which today costs 6 zloty more after the revamp. Considering the rate of growth in mobile data usage (for example, Play Mobile reported a 30% surge to >9.2GB in average postpaid user traffic in Q4 2019, i.e. even before the outbreak of the COVID-19 pandemic), in our opinion T-Mobile wants to leverage this to convince customers to upgrade to the higher-priced 15GB plan. T-Mobile has constructed its refurbished data plans in a similar way as rival carrier Orange Polska (the main difference is in the second-highest data limits at 45 zloty for 8GB at T-Mobile and 7GB for the same price at Orange). On a per-GB basis, Play remains the cheapest mobile data provider in the PLN 50-55-a-month category. In conclusion, the T-Mobile pricing shake-up is a positive sign and potentially a forerunner to similar adjustments in the pricing strategies of other carriers amid strong demand for mobile data. This, paired with a relatively good first-quarter earnings season, should provide an upside catalyst today.

- T-Mobile's four new calling plans all include unlimited calls and texts.
- The cheapest, XS-sized plan is a low cost option at 35 zloty for 3 GB of data per month.
- The M plan is 55 zloty for 15GB, and the "Large" option is 70GB at 75 zloty a month (no phone), with extra data over the limit offered free but slowed to 1Mbps.
- T-Mobile also offers discounts of 5 zloty for deals for two, and has family plans for 10 zlotys less a month per line. M and L deals for two make for a combined monthly discount of 20 zloty, and the family discount can come up to 15 zloty.

T-Mobile plans before June 2nd

	T-Mobile – S	T-Mobile – M	T-Mobile – L	T-Mobile – XL
Calls, SMS, MMS	unlimited	unlimited	unlimited	unlimited
Data Limit	5 GB	15 GB	30 GB	70 GB
PLN/Month	39.0	49.0	59.0	79.0
Implied Price per Gigabyte	7.80	3.27	1.97	1.13

T-Mobile plans from June 2nd

	T-Mobile – XS	T-Mobile – S	T-Mobile – M	T-Mobile – L
Calls, SMS, MMS	unlimited	unlimited	unlimited	unlimited
Data Limit	3 GB	8 GB	15 GB	70 GB
PLN/Month	35.0	45.0	55.0	75.0
Implied Price per Gigabyte	11.67	5.63	3.67	1.07

	T-Mobile – Plan 1	T-Mobile – Plan 2	T-Mobile – Plan 3	T-Mobile – Plan 4
Change in implied price per GB	49.6%	72.2%	86.4%	-5.1%

Source: T-Mobile, mBank

T-Mobile's 'M' mobile plan compared to competition

	T-Mobile M	Orange (Plan Mobilny 55)	Plus (Plus.50)	Play (Solo M)
Calls, SMS, MMS	unlimited	unlimited	unlimited	unlimited
Data Limit	15 GB	15 GB	12 GB	20 GB
PLN/Month	55.0	55.0	50.0	55.0
Implied Price per Gigabyte	3.67	3.67	4.17	2.75

Source: T-Mobile, Orange Polska, Plus, Play, mBank

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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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