



# Results of the TIM Group for the first half of 2021

## Krzysztof Folta

Chief Executive Officer - TIM S.A.  
President of the Management Board

## Piotr Nosal

Chief Sales Officer - TIM S.A.  
Member of the Management Board

## Piotr Tokarczuk

Chief Financial Officer - TIM S.A.  
Member of the Management Board,

## Maciej Posadzy

Chief Executive Officer – 3LP S.A.  
President of the Management Board



A hand is holding a smartphone with a yellow screen. The screen displays the word 'AGENDA' at the top, followed by a list of items: 'About us', 'Markets of operations', 'Financial results', '3LP S.A.', and 'Plans and prospects'. Each item is separated by a horizontal line. The background is white, and there is a yellow triangle in the bottom left corner.

# AGENDA

About us

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Markets of operations

---

Financial results

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3LP S.A.

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Plans and prospects

# ABOUT US



## TIM Group authorities and shareholders of TIM S.A.



### Krzysztof Folta, President of the Management Board of TIM S.A.

- Founder of the Tim Group (in 1987), CEO and the President of the Management Board since 1995,
- He has also completed a number of management courses and trainings, including a course at the Wrocław School of Management (Preparation for Managerial Functions) and the Canadian Institute of Management (Management Program 2000),
- Graduate of the Wrocław University of Technology with a degree in Electronics and a specialisation in Electrical Metrology.



### Piotr Nosal, Member of the Management Board of TIM S.A.

- CSO and the Member of the Management Board TIM S.A. since 2007
- Prior to assuming functions on the management board, he worked at TIM S.A. as, among others, as Sales Director, Product Manager, Market Manager, and Technical Specialist. Previously associated with Moeller Electric,
- He graduated from the Wrocław University of Technology, Faculty of Electrical Engineering. Completed Executive MBA studies at Kozminski University in Warsaw.



### Piotr Tokarczuk, Member of the Management Board of TIM S.A.

- Since 2017 CFO and the Member of the Management Board of TIM S.A.
- Worked for KGHM Polska Miedź SA from 2001 to 2017), where he served as Executive Director for Finance (from 2007 to 2017),
- He graduated from the Faculty of Management and Computer Science at the Wrocław University of Economics and the Executive Academy Programme at IMD Business School in Lausanne. In addition, he completed postgraduate studies in IFRS at the Warsaw School of Economics and the E&Y Academy of Business. He has a Securities Broker License, a Chief Accountant Certificate and a National Certificate for Members of Supervisory Bodies.



### Maciej Posadzy, President of the Management Board of 3LP S.A.

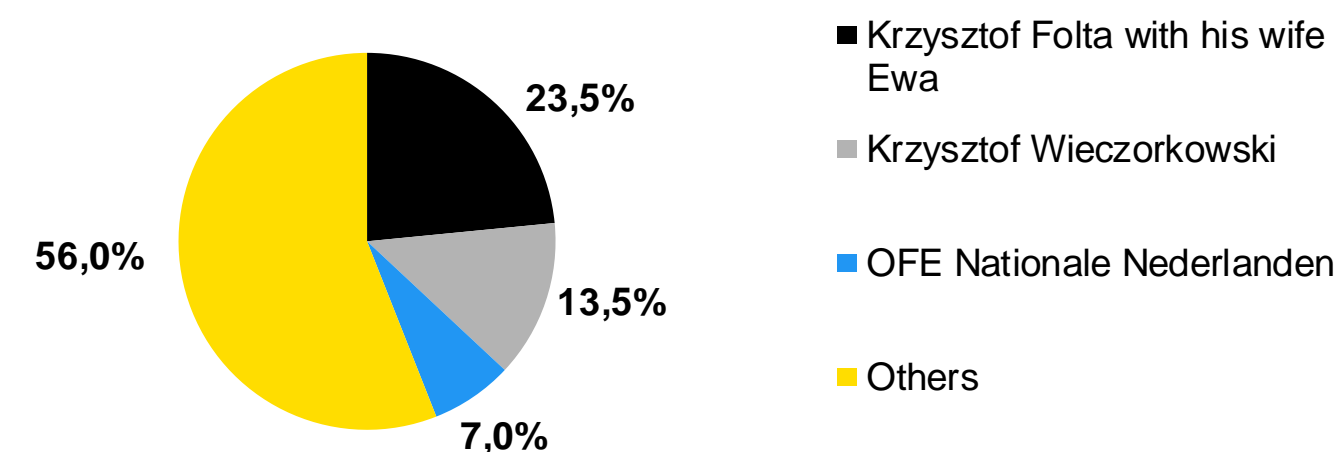
- CEO and President of the Management Board of 3LP SA, previously Member of the Management Board of TIM S.A.,
- He successfully led the company's business transformation from an internal logistics department of TIM to one of the largest and diversified entities offering fulfilment services for the eCommerce sector in Poland.



### Damian Krzypiec, Member of the Management Board of 3LP S.A.

- COO and Member of the Management Board of 3LP SA, previously Director of the Product Division of TIM S.A.,
- He graduated from the Wrocław University of Technology, ICAN Institute and Warsaw School of Economics. For over 20 years has been working for TIM SA group,
- An experienced manager specialising in the field of logistics process management - previously responsible for the process of transformation of TIM's business towards the eCommerce segment.

## TIM S.A.'s shareholder structure\*



\* As at 22.09.2021 / The share capital of TIM S.A. amounts to PLN 22 199 200 and is divided into 22 199 200 shares of the value of PLN 1 each\*. The total number of votes resulting from all issued shares equals their number and amounts to 22 199 200.



## The history of TIM Group

**1987**

Establishment of  
TIM

**2011**

Establishment of  
TIM Group

**2014**

Rebranding

**2019**

New sales models  
(marketplace, B2B, B2C)

**1998**



IPO  
The Warsaw Stock  
Exchange

**2013**

Launching  
TIM.pl online  
channel

**2016**

Establishment  
of 3LP

**2020**

Effective adaptation of the  
group to the COVID-19  
pandemic/  
Sale of Rotopino.pl /  
Record dividend payout

## TIM Group in brief



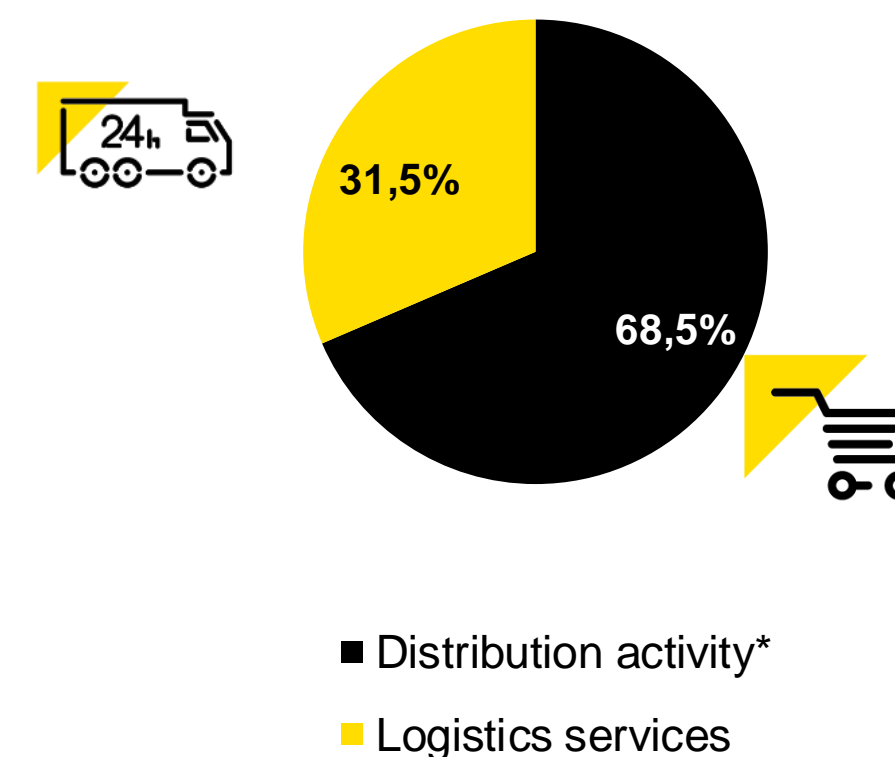
- **Leading distributor of electrical components in Poland**
- The Group's ambitious development plan based on two synergistic pillars
- Growing financial results and low debt level
- Attractive dividend policy



- **A dynamically growing player offering fulfillment service for ecommerce**
- Investments in the expansion of the 3LP area rapidly increasing the scale of the business
- New Business Opportunities
- Strong exposure in the e-commerce sector (infrastructure specializes in providing services for **ecommerce**)

## TIM GROUP's LTM

### EBITDA by business line\*:



\*Share of EBITDA of TIM Group in the period of Q3 2020 - Q2 2021  
excluding EBITDA of Rotopino.pl and profit on sale of Rotopino.pl shares

## Syn. business model

TIM S.A. - parent company of  
3LP S.A., listed on the  
Warsaw Stock Exchange



Group  
**TIM**

**TIM**

**3LP**

### LTM data\*:

**PLN  
1 074,3 mn**

TIM revenue  
- e-commerce and remote  
distribution

**PLN  
132,8 mn**

3LP revenue  
- logistics

### Consolidated data of TIM Group:

Sales revenue\*:

**PLN 1,2 bn**

EBITDA\*:

**PLN 117,5 mn**

Net profit\*:

**PLN 70,7 mn**

Total assets\*\*:

**PLN 580,8 mn**

\* LTM data (Q3 2020 - Q2 2021)

\*\* Data as at balance sheet date 30.06.2021.



## 3LP assets in Siechnice near Wrocław

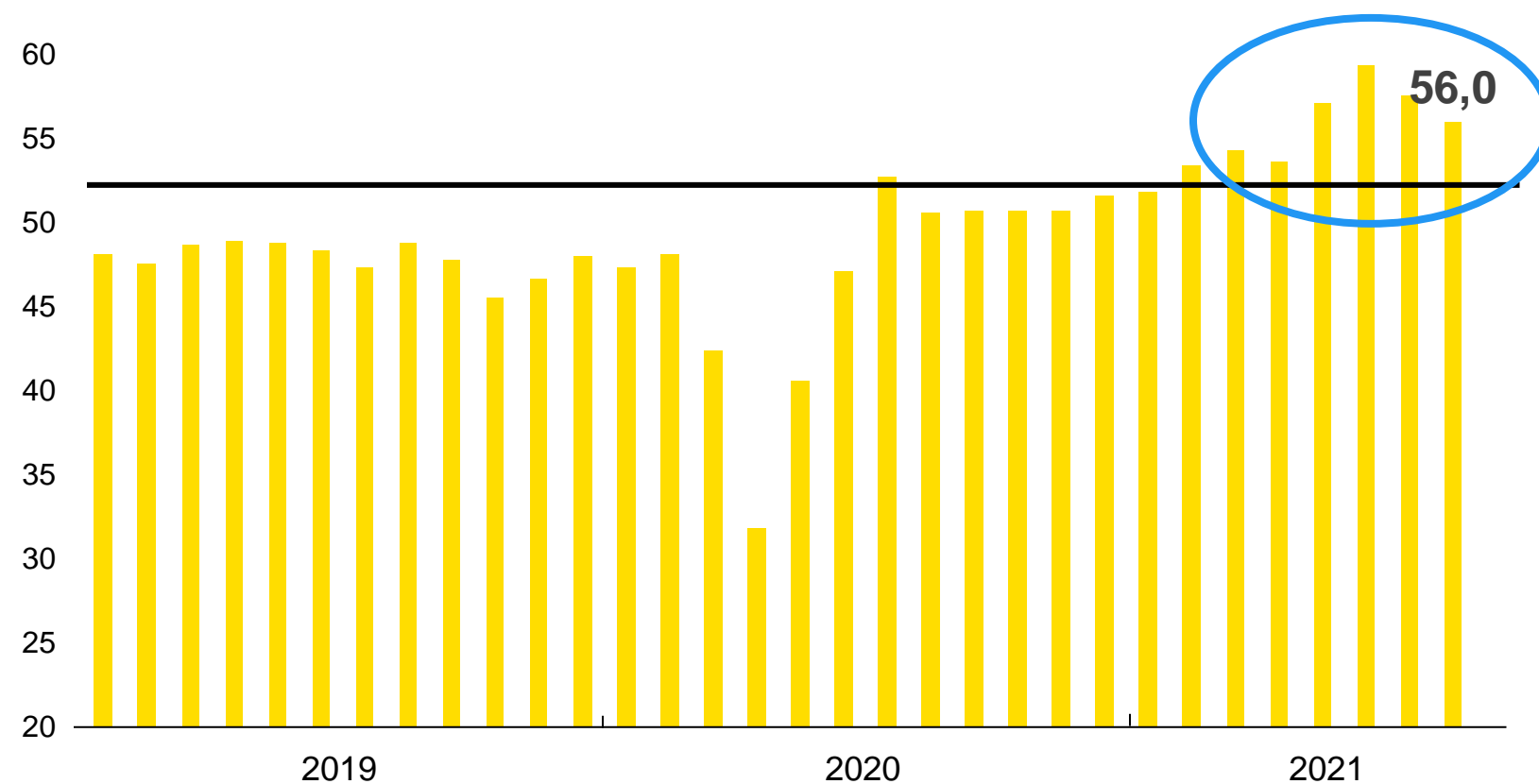




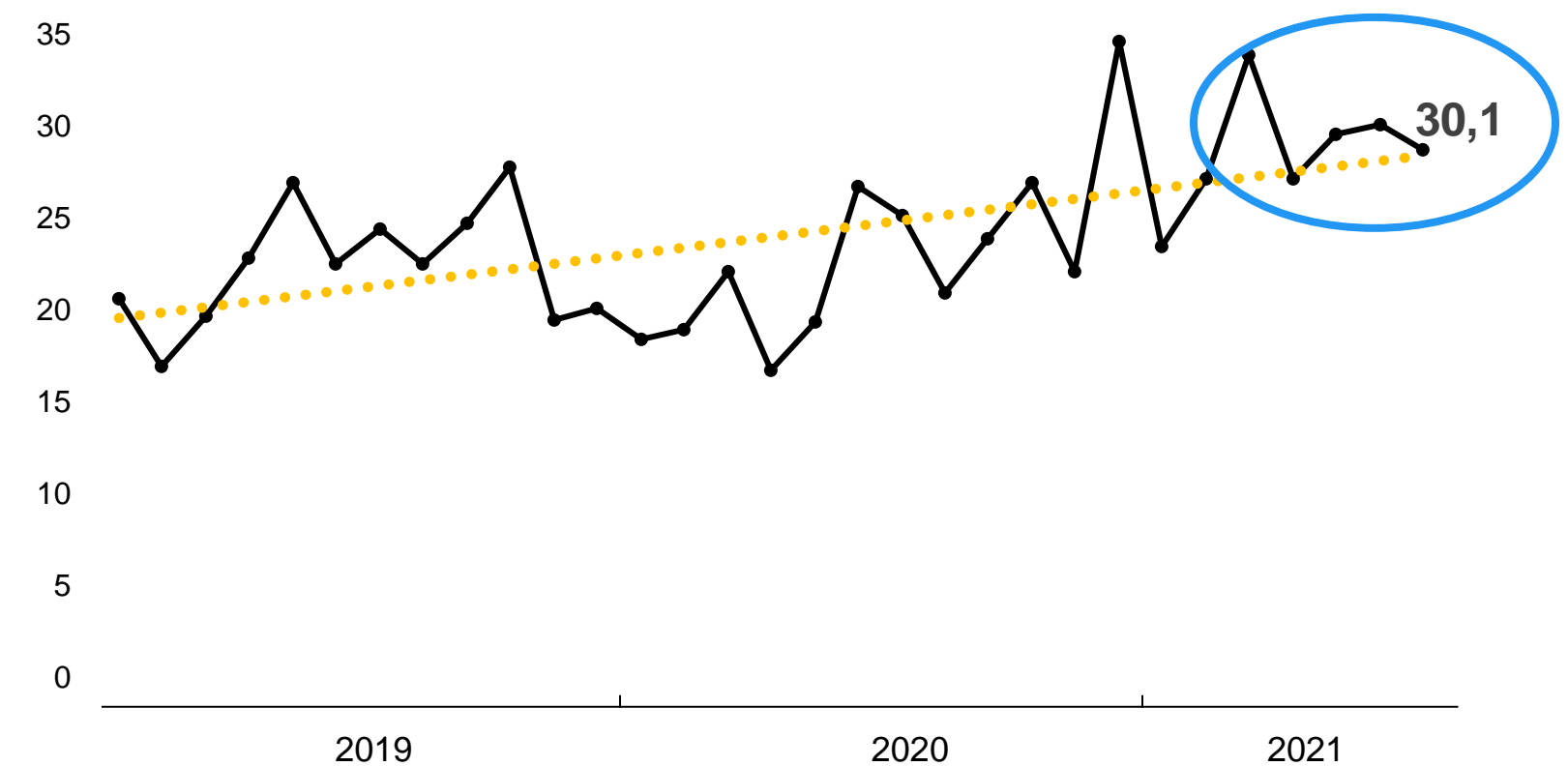
# MARKETS OF OPERATIONS

## Favourable outlook of the economy

### PMI indicator for the Polish economy\*



### Number of housing permits issued (thousands)

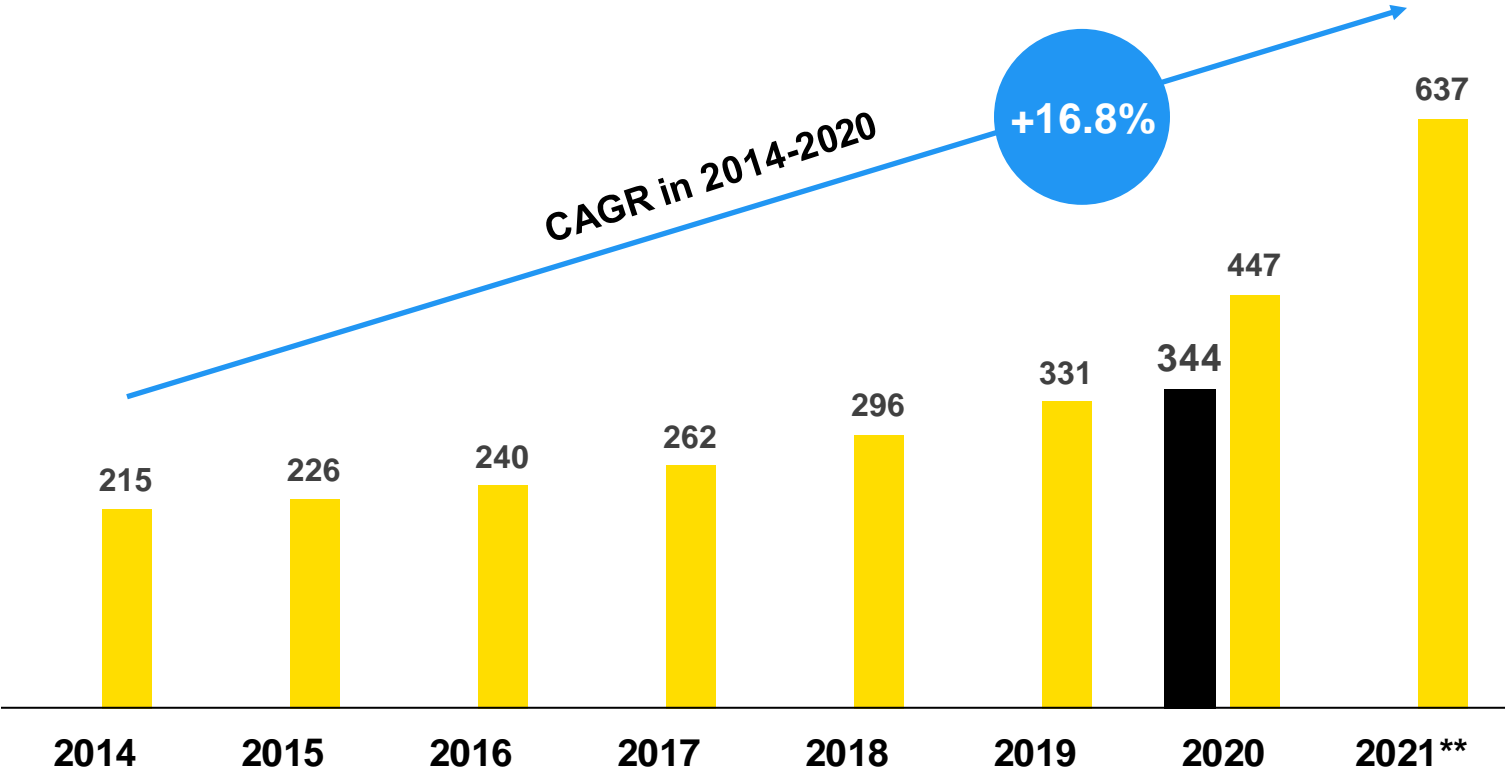


- Macro data indicates that the economy has recovered from the collapse resulting from the COVID-19 pandemic, creating good conditions for further dynamic development of TIM S.A. and 3LP S.A.

# B2B e-commerce a long-term growth driver\*

Dynamic growth in consumer purchases is also influencing the *rapid digitalisation of business purchases*

Value of B2B e-commerce turnover in Poland (PLN billion)



■ Estimates of the Chamber of the Electricity Industry (2017)  
 ■ Data from Santander Bank Polska report\*

Global B2B e-commerce market value (2019)

**USD 21.8 bn**

**0.4%**

Polish market share in global B2B e-commerce - **great potential for growth**

**40%** (to approx. PLN 637 bn)

**Estimated B2B e-commerce growth in Poland in 2021**

**69%** (+4 percentage points vs 2018)

**Share of total companies buying online in 2020**

**63%** (+20 percentage points vs 2018)

**Share of industrial sector companies buying online in 2020**

The effects of implementing B2B online sales:

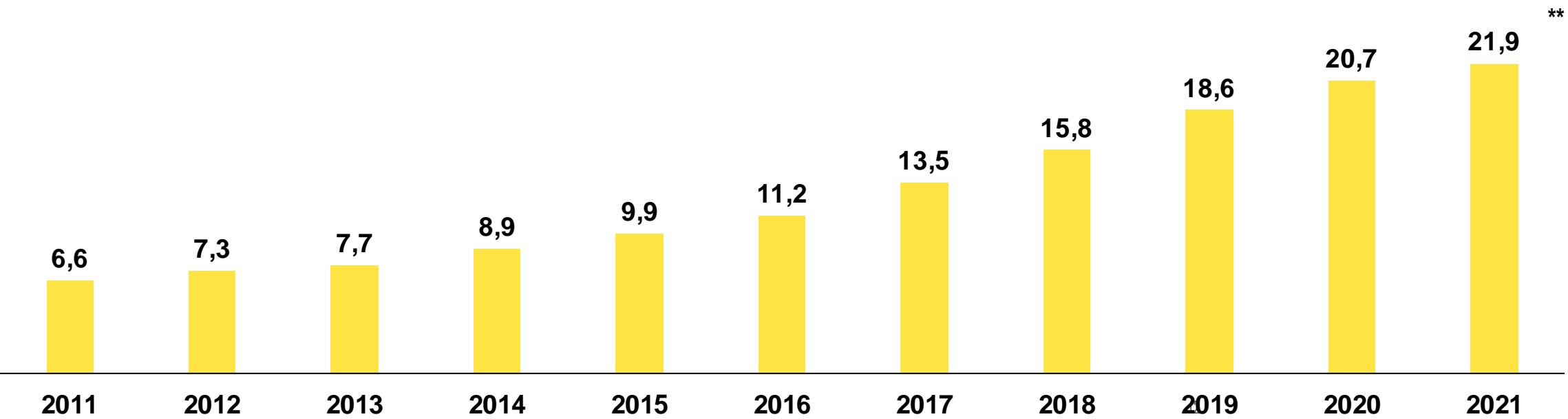
- Increase in the number of customers (54% of companies surveyed)
- Increase in sales performance (43% of companies surveyed)
- Increase in sales margin (21% of companies surveyed)

\*source: Santander Bank Polska report: „E-commerce B2B – biznes w sieci”, 2021.

\*\* forecast.

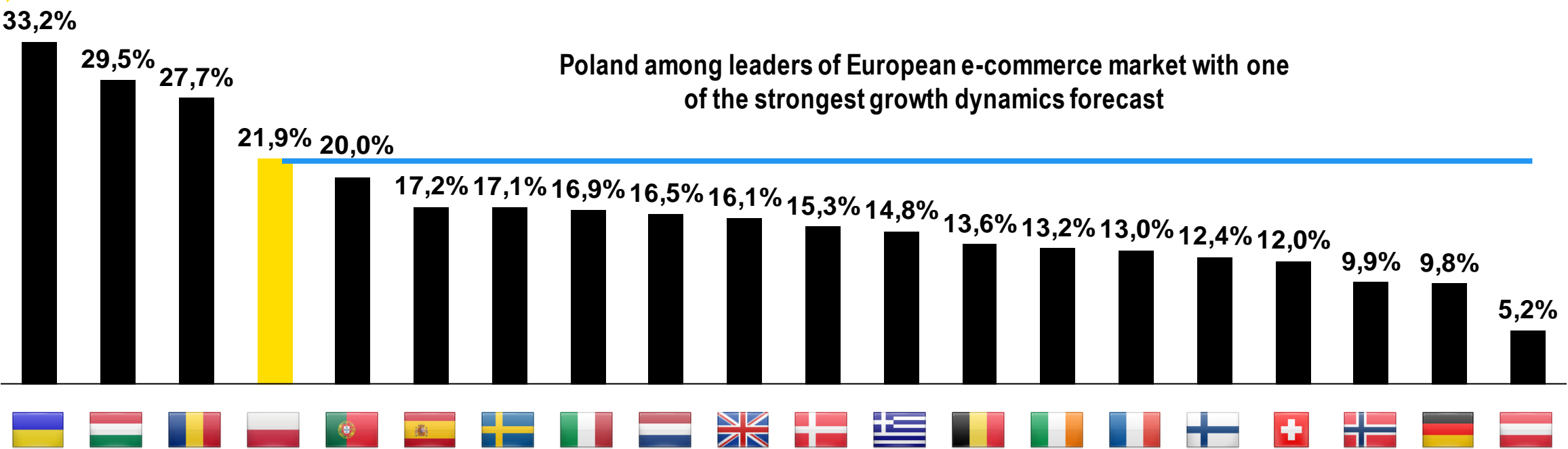


# Warehouse space stock in Poland\*

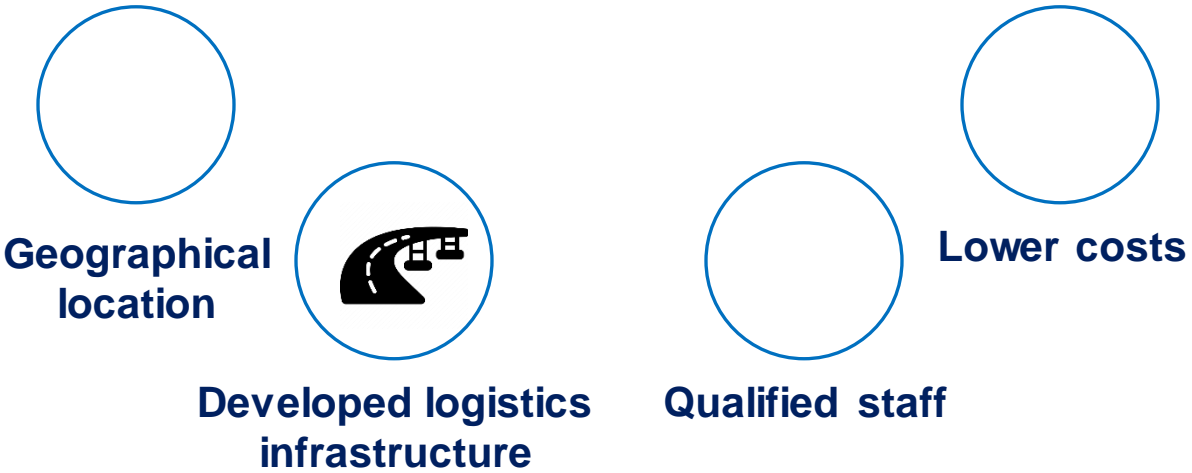


- 1 The dynamically growing eCommerce segment is a key driver of the increasing demand for warehouse space and professional logistics services.
- 2 Estimated share of eCommerce (in various forms) already exceeds 1/3 of total demand for warehouse space on the Polish market.
- 3 The situation with the COVID-19 pandemic has confirmed that having efficient logistics processes is a fundamental element of running an effective business in the eCommerce channel.

# Forecast growth dynamics of the e-commerce market\*



Foreign entities active in eCommerce sector eagerly transfer logistics processes to Poland



\*source: Euromonitor, Cushman & Wakefield

\*\* Data as at the end of H1 2021, forecast.

kWh

Q2748

# FINANCIAL RESULTS

## Operating Summary

1

### Best half-yearly financial results in the history of TIM Group

- PLN 602 mn revenue (+34% yoy\*),
- PLN 67 mn EBITDA (+123% yoy),
- PLN 43 mn net profit (+357% yoy).

2

### Adopted dividend policy and payment of record dividend for 2020

- Policy to pay dividends of PLN 1 per share (PLN 22.2 mn) + 50% of TIM's excess net profit over PLN 22.2 mn,
- Dividend payment for 2020 of PLN 2.20 per share.

3

### Implementation of the analytical part of the TIM 2.0 project

- Completed review of the Company's main sales processes,
- Analysis of the current IT infrastructure supporting the implementation of sales processes,
- Modelling of optimised processes and system infrastructure to support the implementation of TIM's growth strategy.

4

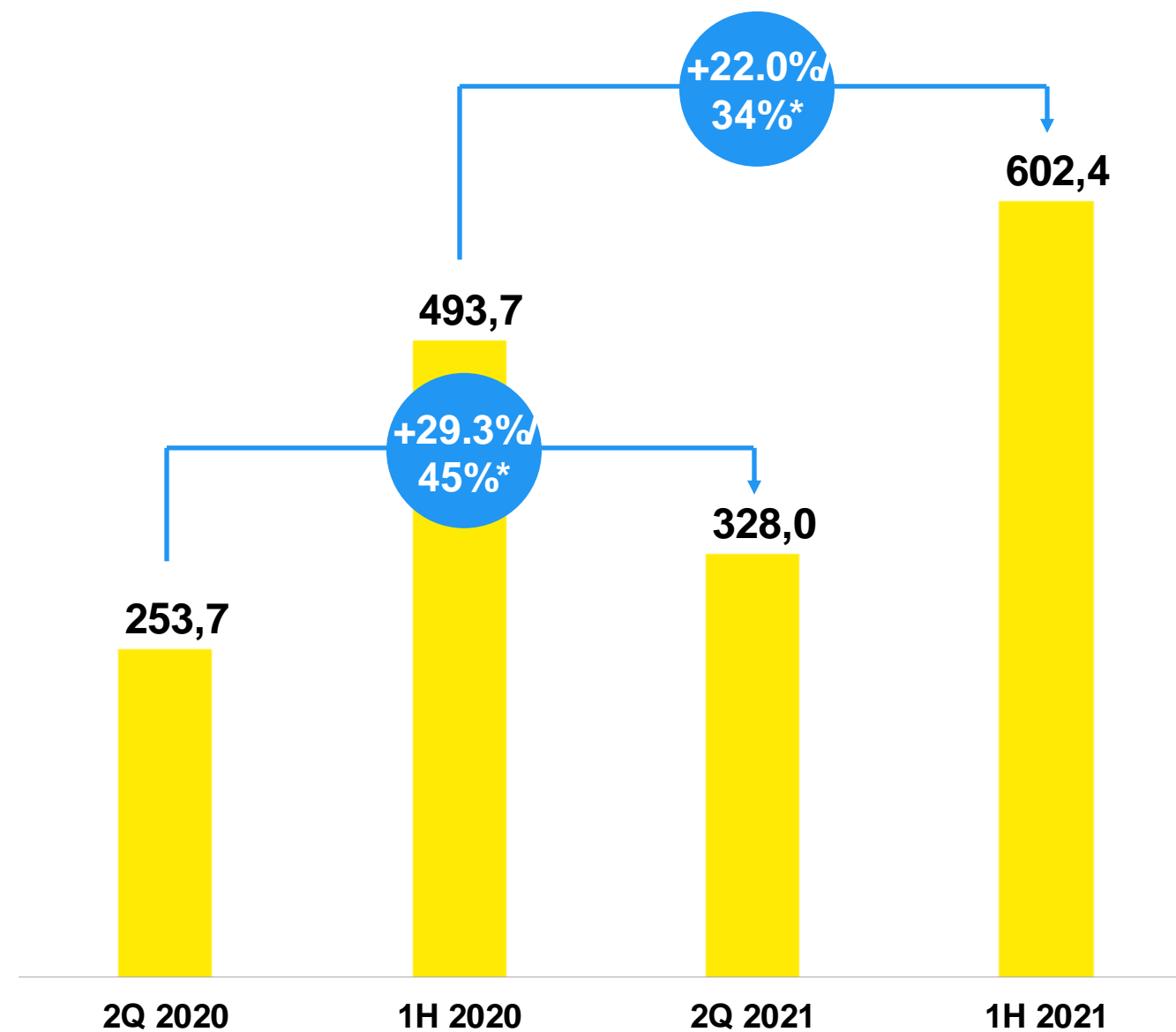
### IPO

- Commencement of preparations for the initial public offering of the subsidiary 3LP S.A,
- The assumption is to raise funds for the development of the company, excluding the sale of current shares by TIM S.A,
- Planned transaction date: 1H 2022

\* After bringing the data to comparability, i.e. without taking into account the revenue of Rotopino.pl S.A. in H1 2020. (the company left the TIM Group at the end of 2020)

## TIM Group - dynamic growth of sales revenue

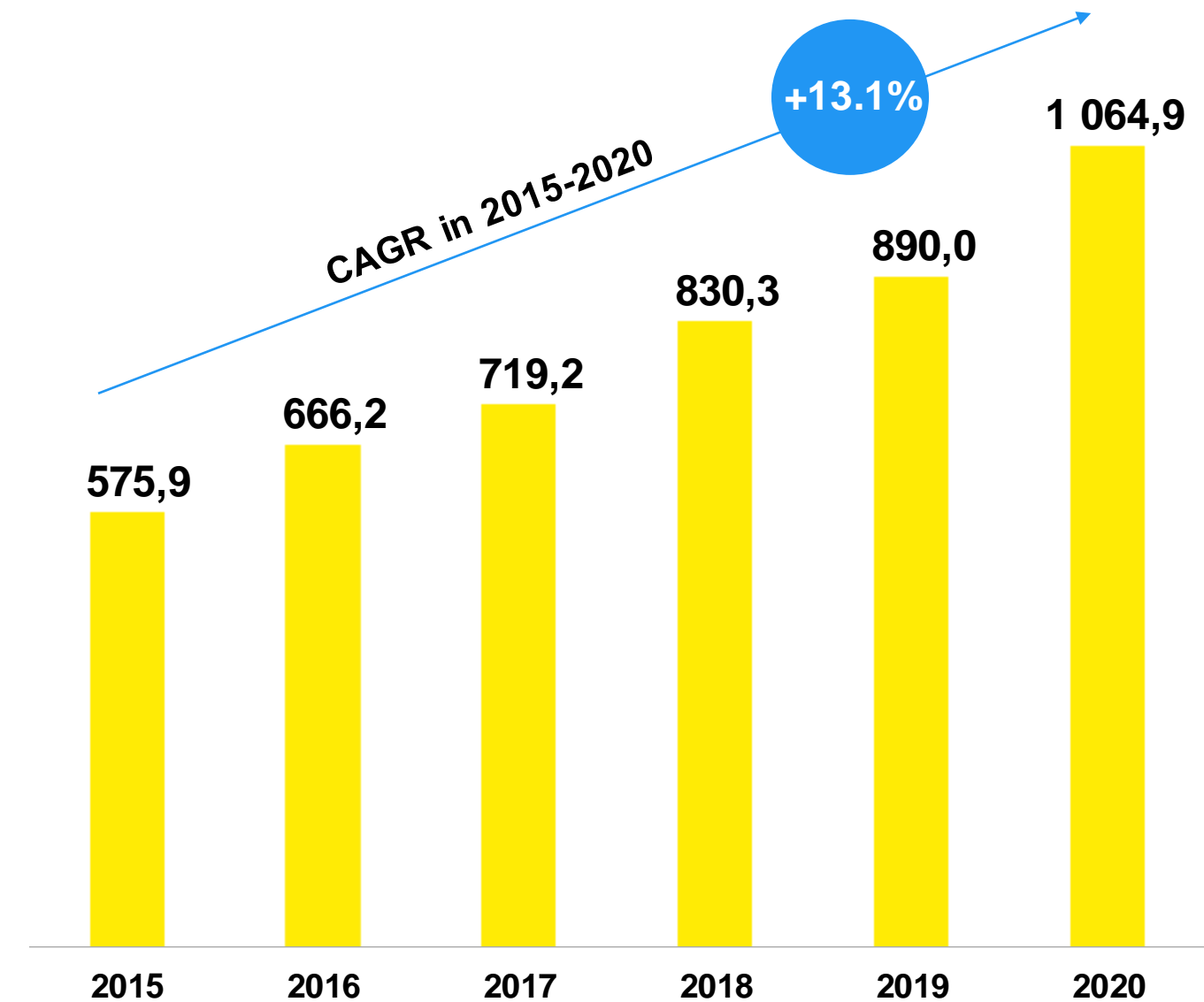
Sales revenue (PLN mn)



- In Q2 2021, sales growth accelerated compared to January-March this year,
- After 8 months 2021 (last reported data), TIM with PLN 789.1 mn revenue (+33.4% y/y).

\*excluding sale revenue of Rotopino.pl

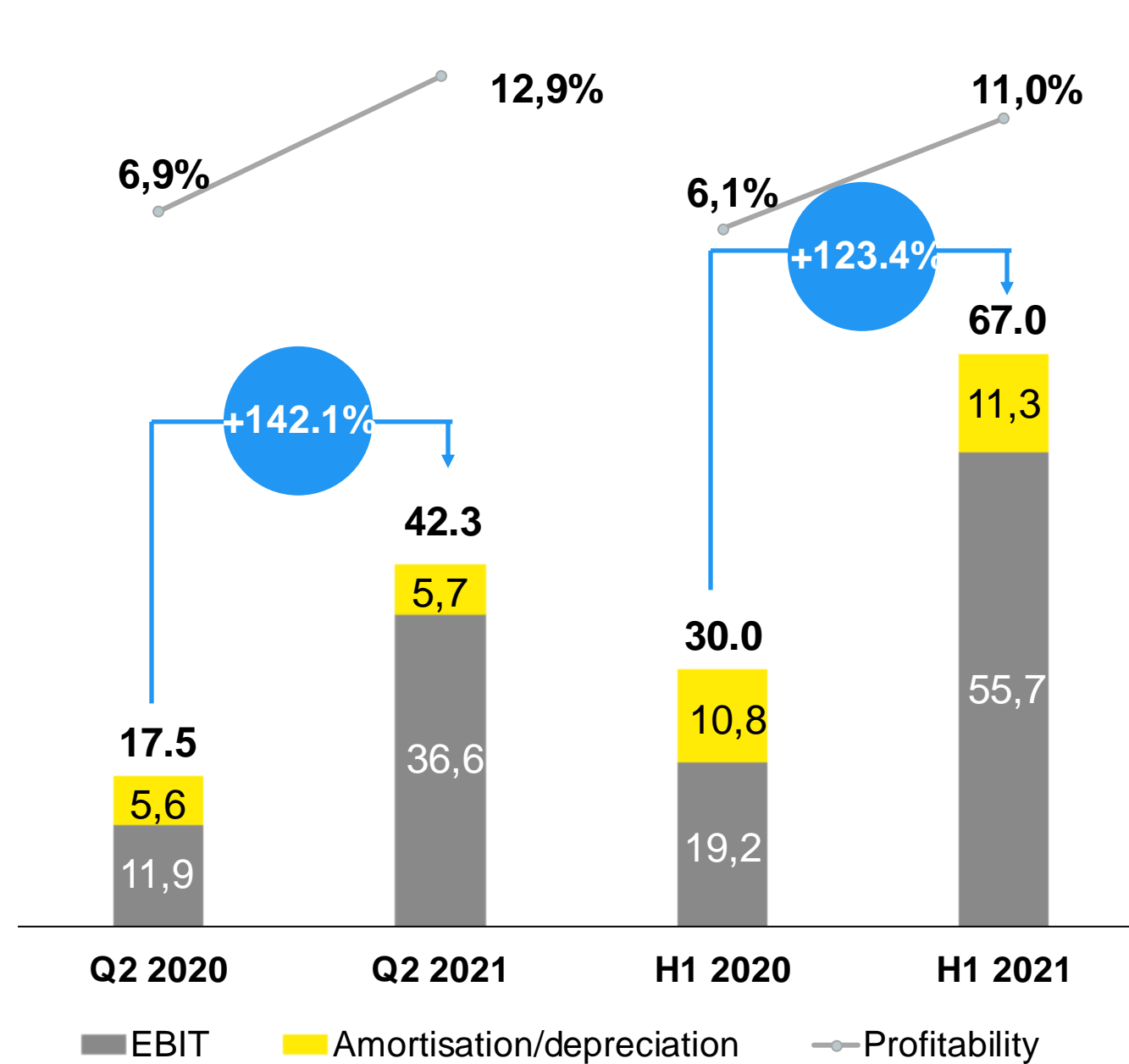
Revenue in 2015-2020 (PLN mn) and its average annual growth



- Nearly doubling turnover between 2015 and 2020 confirms the Group's growth ambitions

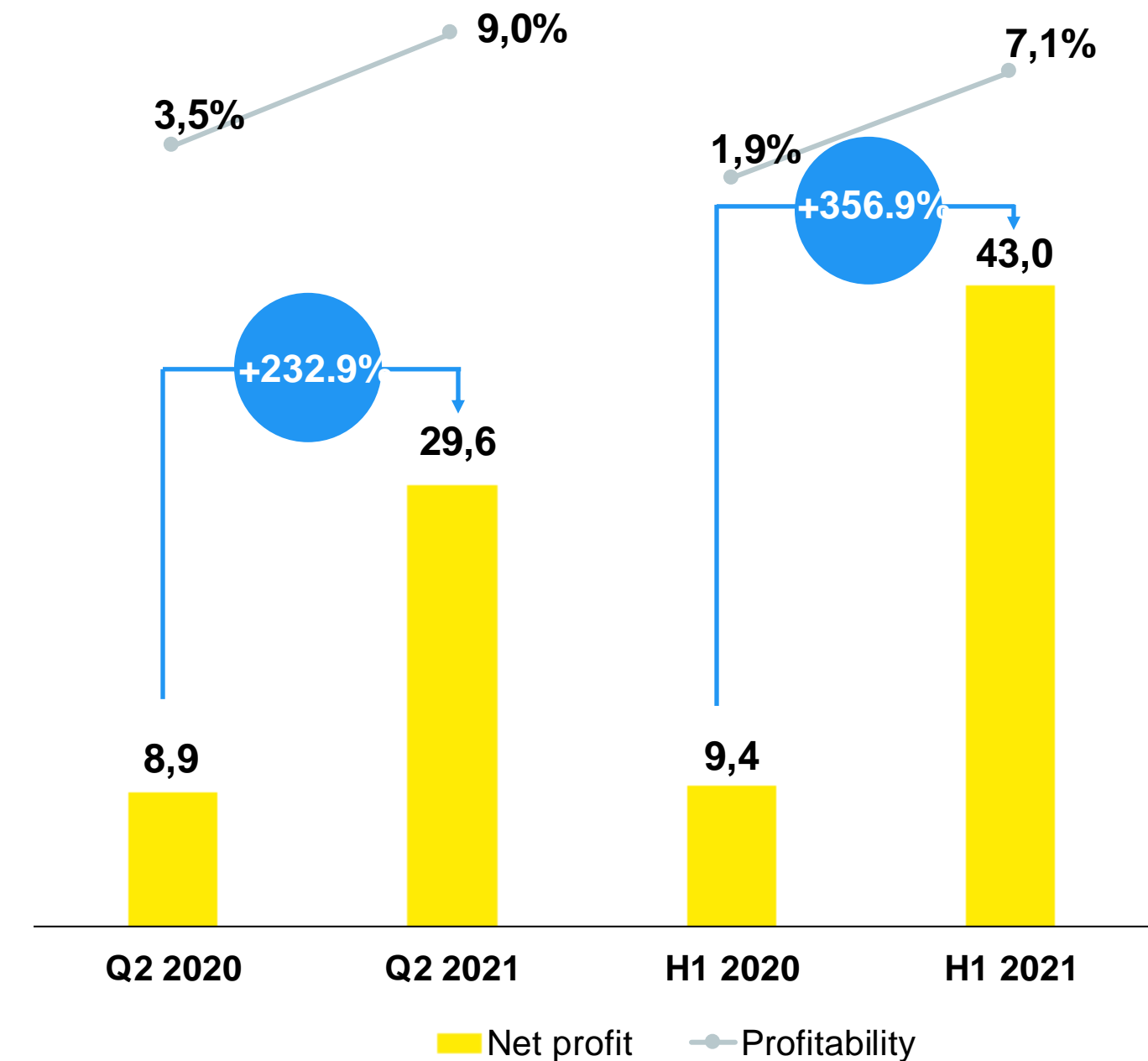
## TIM Group - Growth of profits and margins

EBITDA [PLN mn]



- Sharply higher EBITDA profits in the reported periods,
- Doubling margins against 2020 periods.

Net profit [PLN mn]

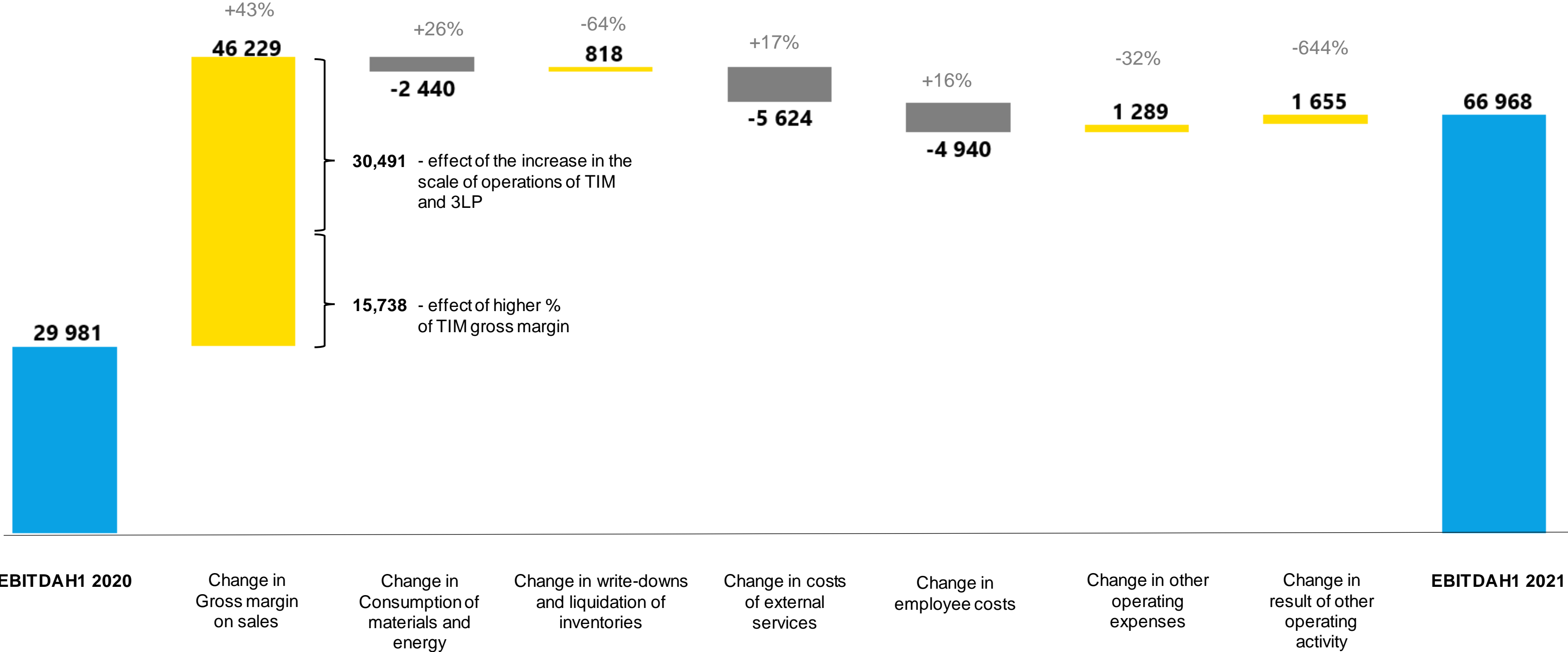


- Q2 2021 with the highest ever quarterly net profit



TIM Group - EBITDA decomposition

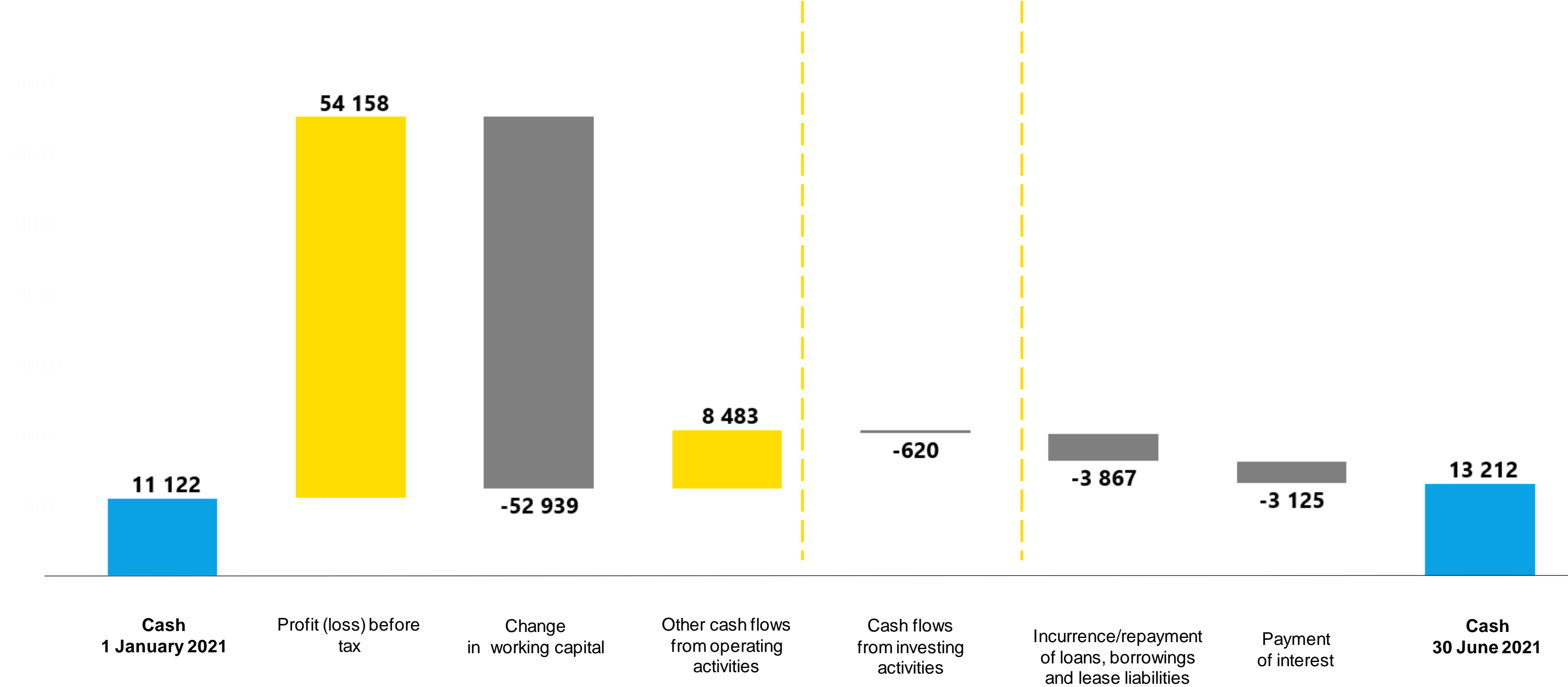
The increase in the scale of operations and the higher gross margin on sales are the main determinants of the higher EBITDA reading.





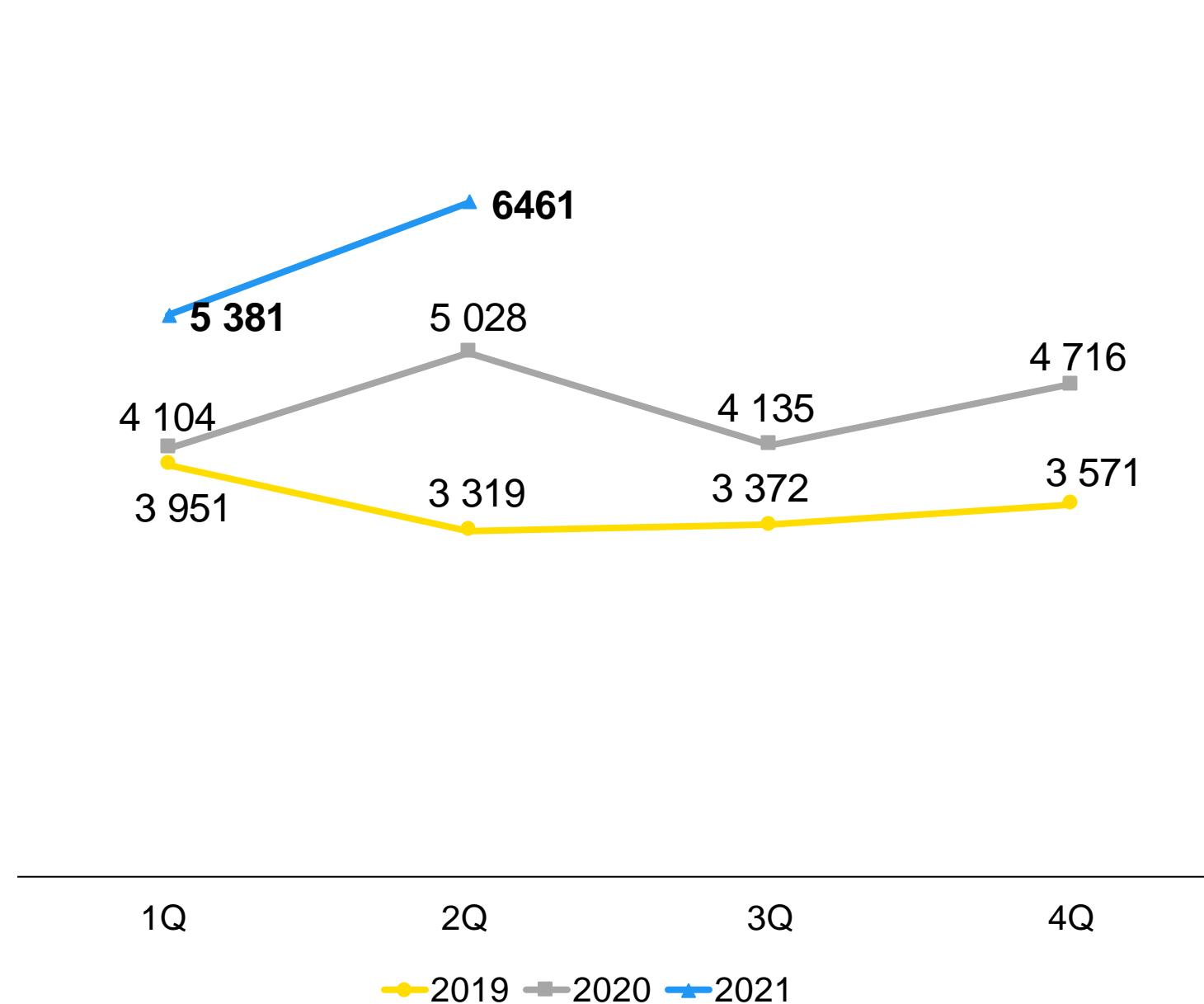
TIM Group - stable cash flows

- In H1 2021, operating cash flows amounted to PLN 9.7 million and fully covered capital expenditure and financing.



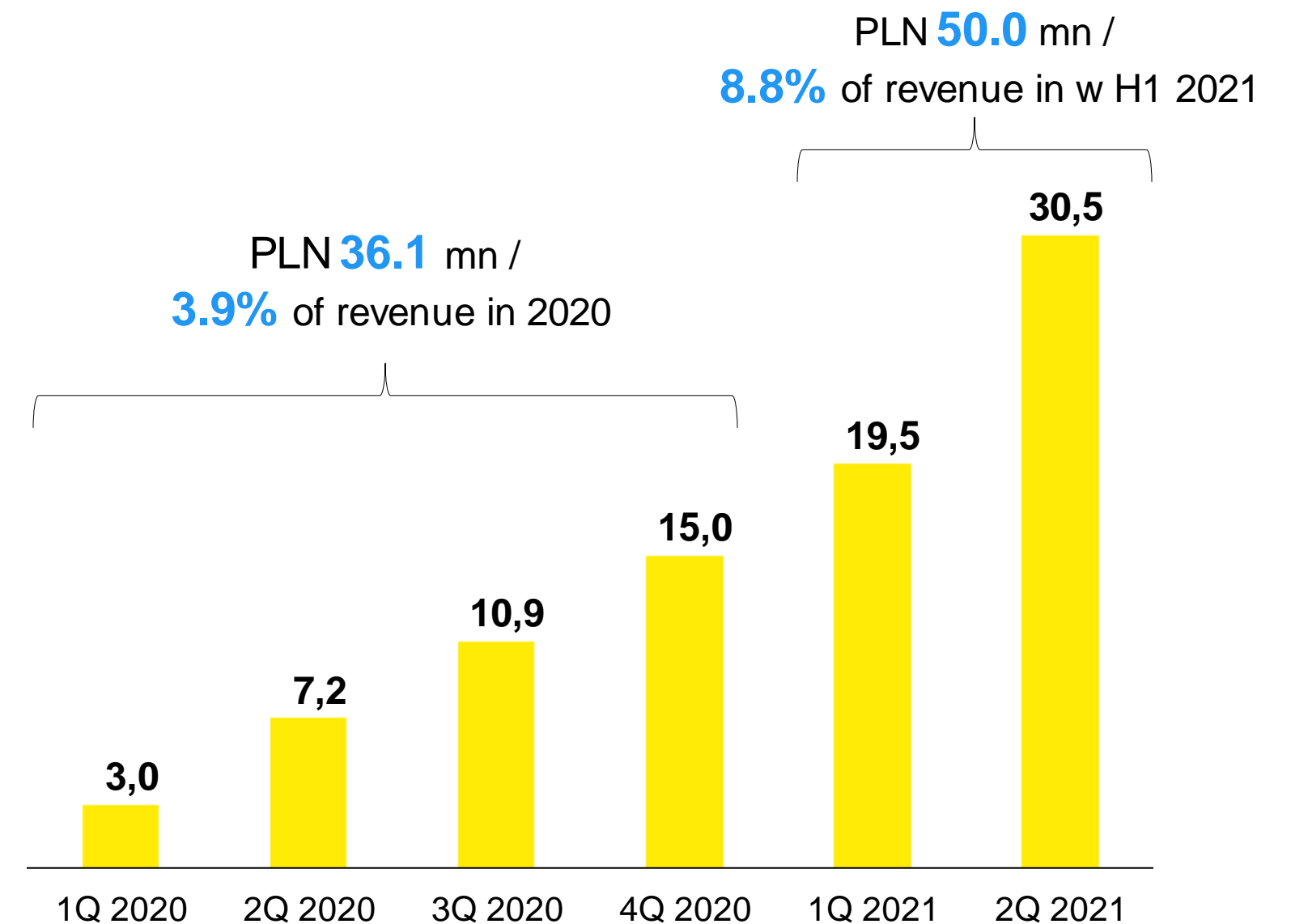
## TIM S.A. systematic improvement of sales indicators

Number of new clients registered on TIM.pl



- A significant increase in interest in the e-commerce sales model,
- Maintained growth trend and high dynamics in terms of acquiring new users of the TIM.pl platform.

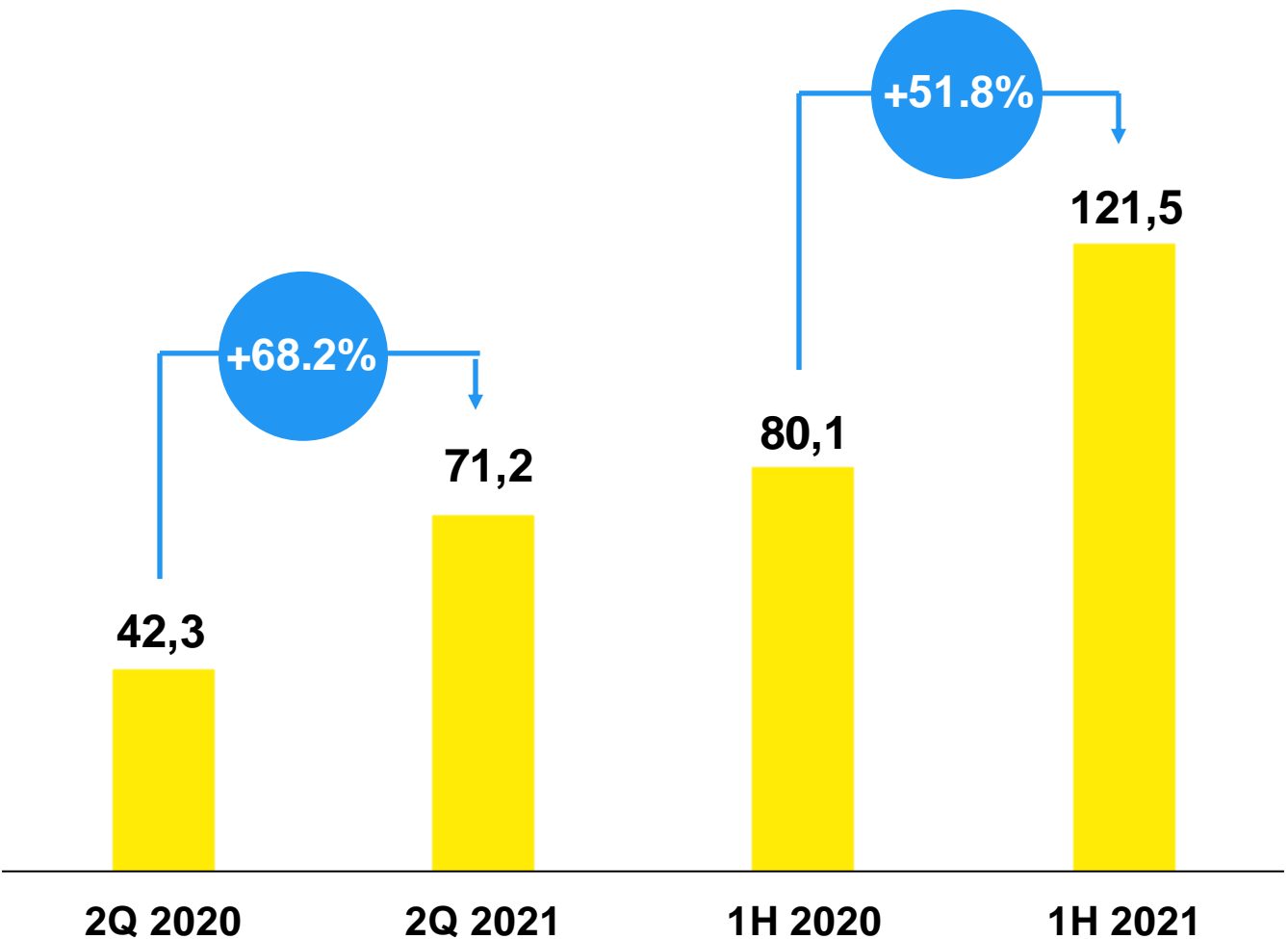
Sales to customers registered on TIM.pl



- Sales to new customers are growing every quarter,
- Sales to new customers represent nearly 9% of total sales generated in H1 2021.

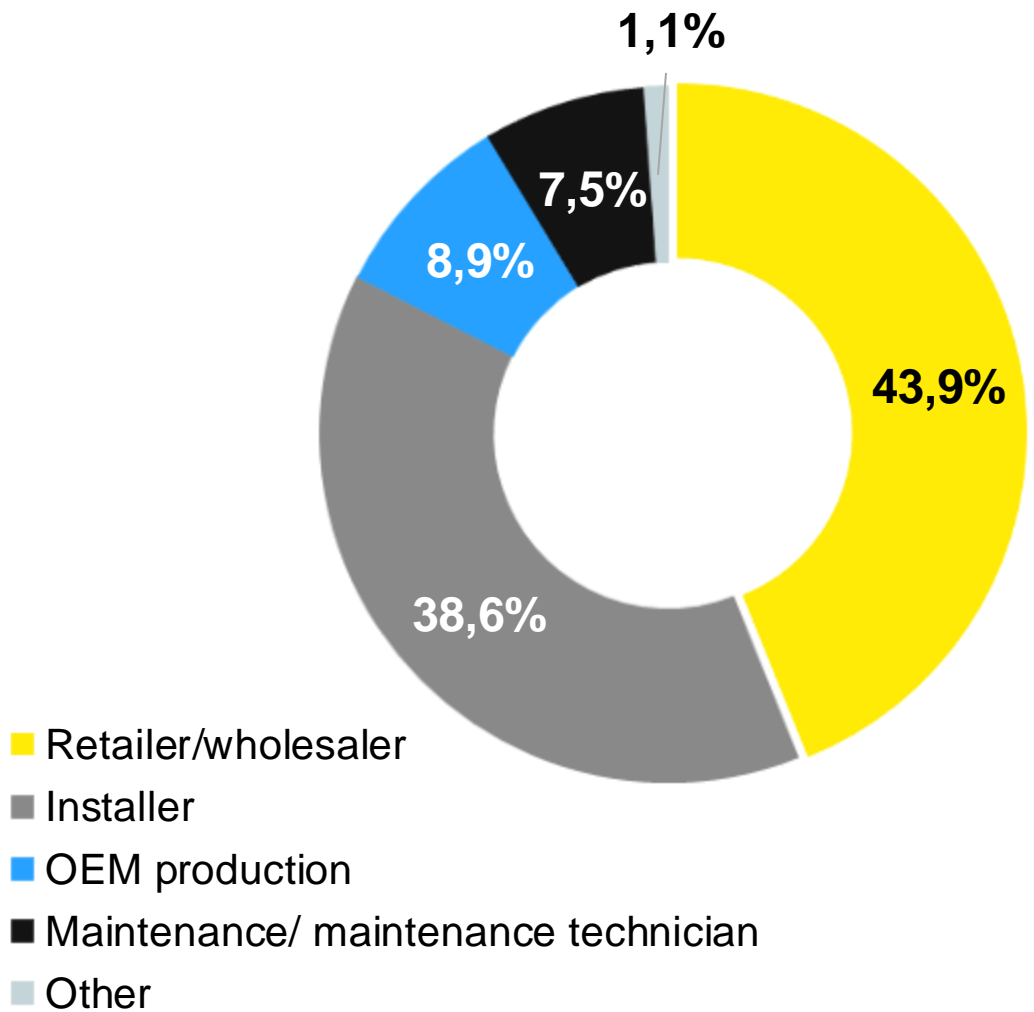
# TIM S.A. sales profitability and segmentation

Gross margin on sales (PLN mn)



- In the second quarter and first half of this year, dynamic growth in nominal gross profit on sales combined with higher trading margins.

Revenue by customer segments (%)

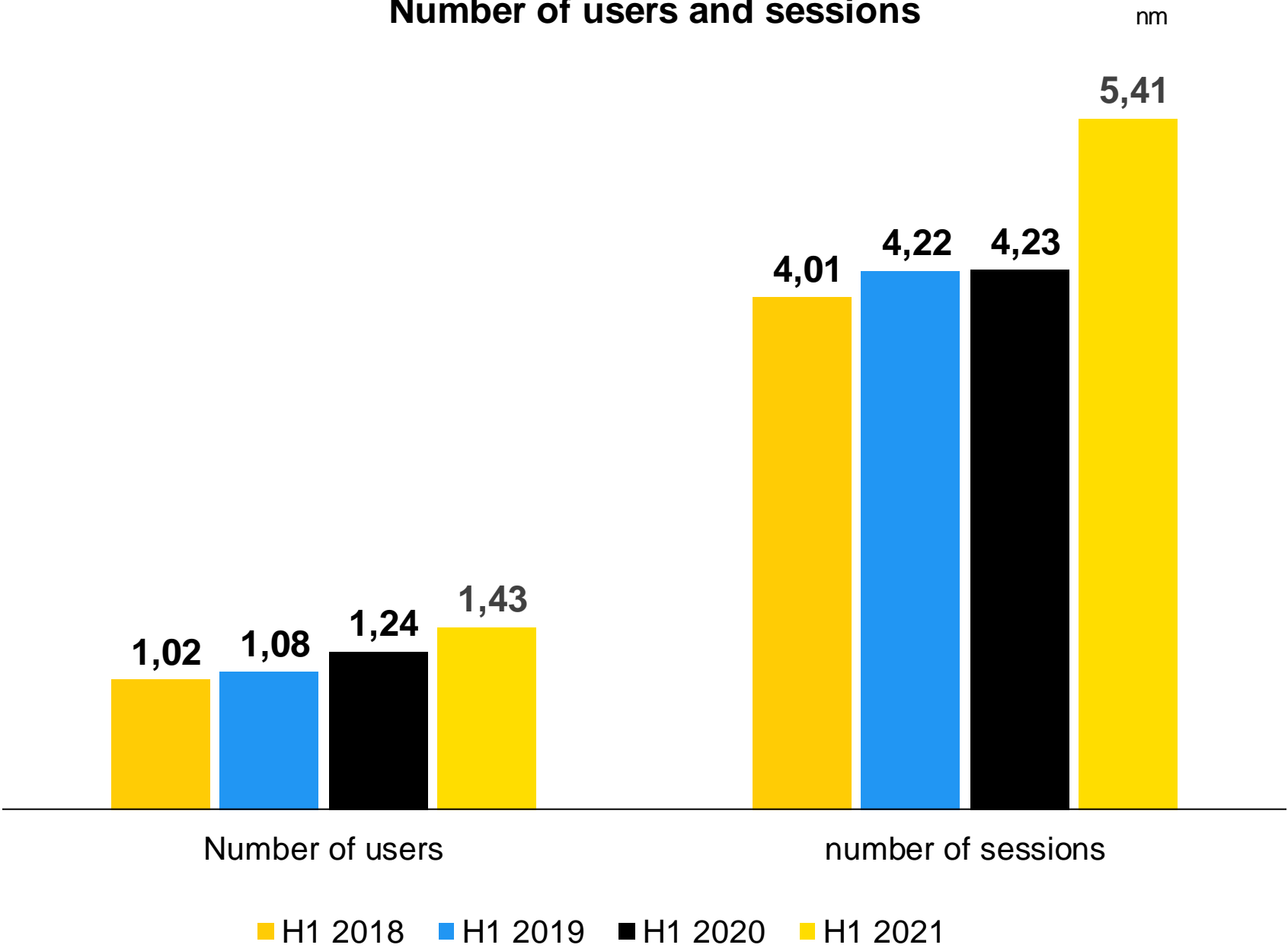


- At the end of H1 2021, the number of key customers\* was 16,066, up **18.9% year-on-year**.

\* Customer realizing sales higher than PLN 1,500 in the last 12 months.

# TIM S.A. - efficiency gains in the e-commerce segment

Number of users and sessions



**55.6%** (+7 pp vs 2020)

users come from organic traffic (SEO)

**26.7%** (- 6 pp vs 2020)

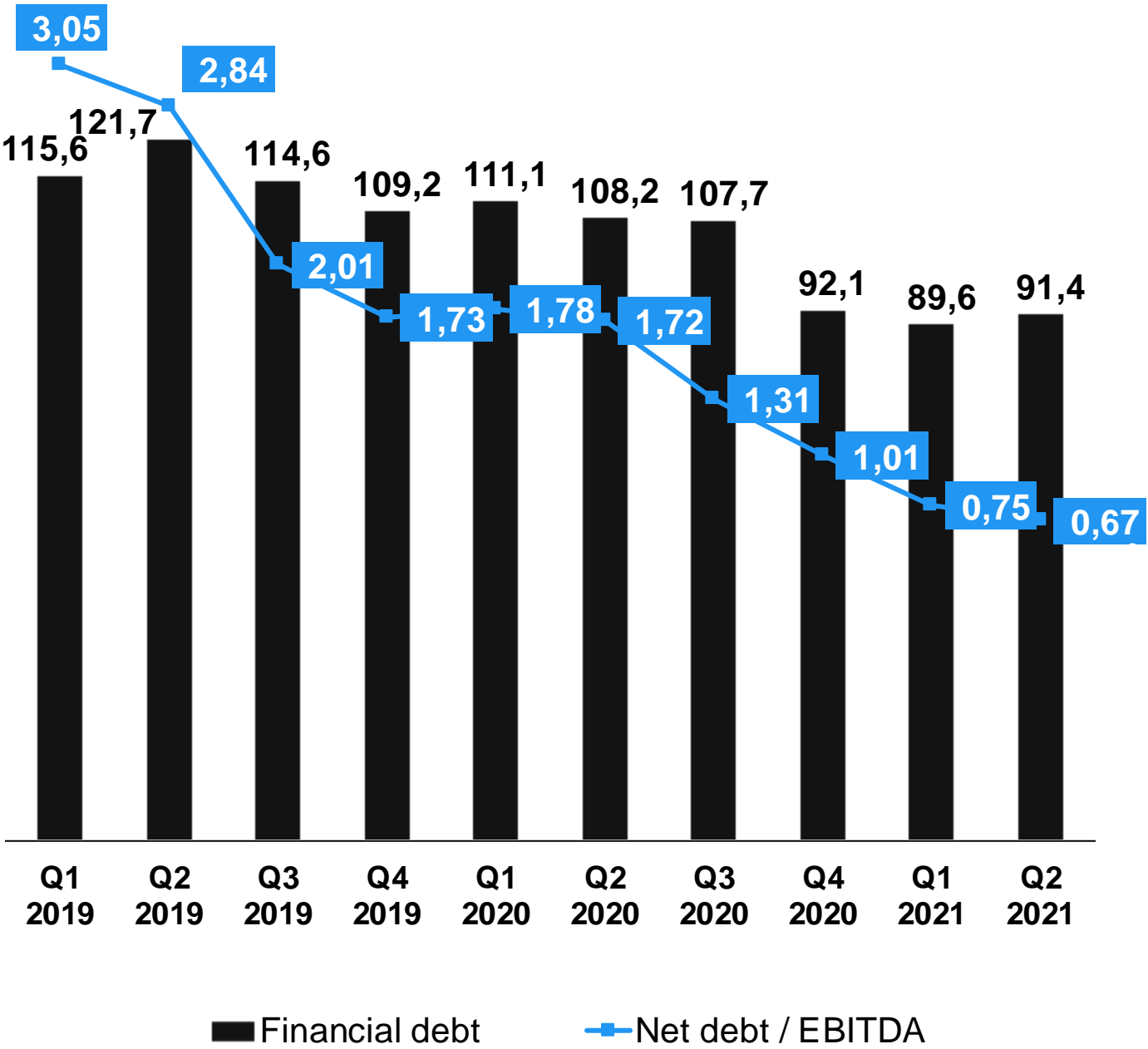
represents the share of traffic from the Ads channel

**13.1%** (- 2 pp vs 2020)

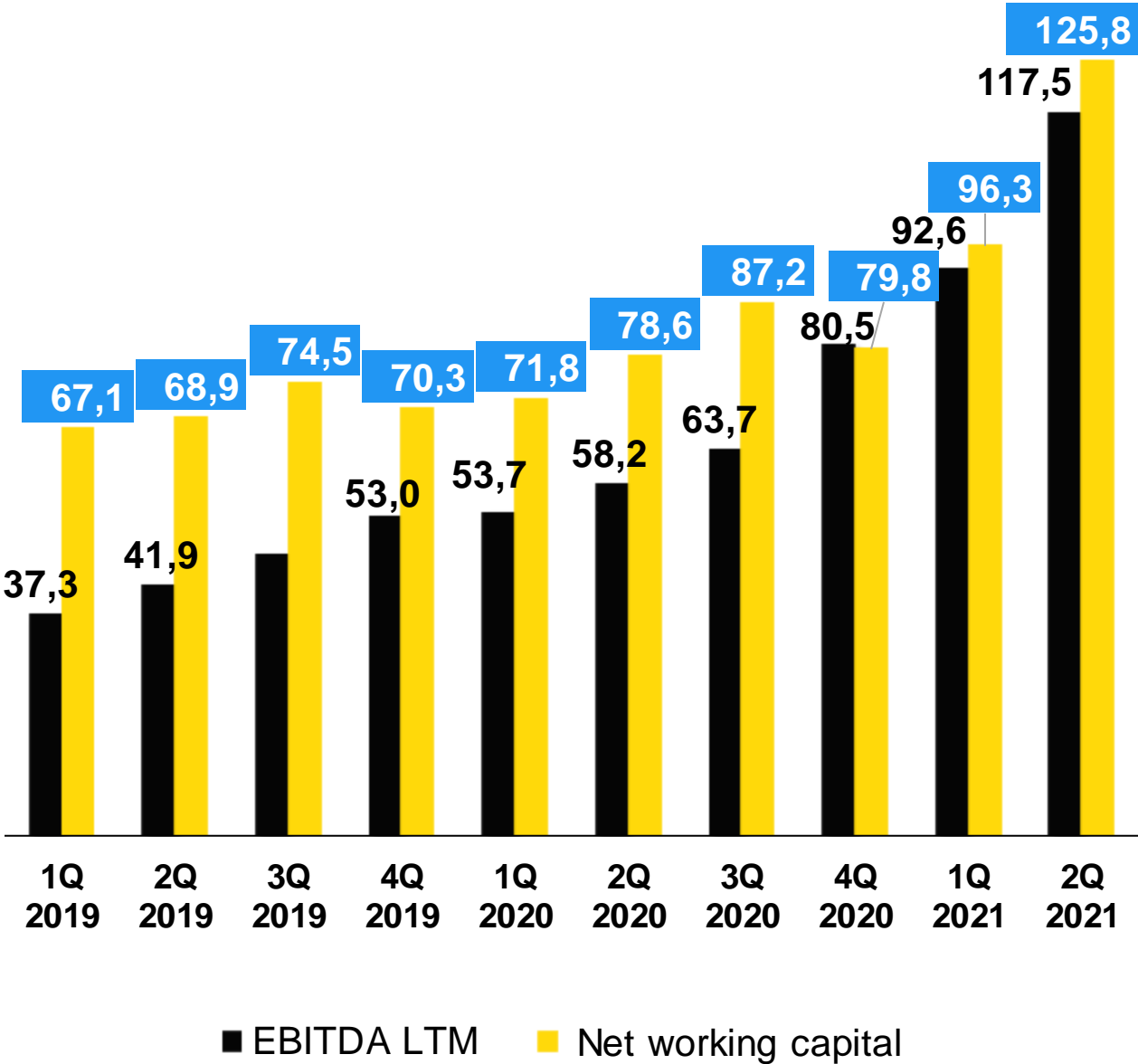
users access TIM.pl directly (*direct* traffic)

# TIM Group - healthy financial situation

Financial debt (PLN mn) and net debt / EBITDA (points)



LTM EBITDA and net working capital (PLN mn)



Despite investments in growth and dividend payments, interest-bearing debt and the net debt to EBITDA ratio have steadily declined.

Effective use of net working capital growth.

**MOSCA**  
EXCELLENCE IN STRAPPING SOLUTIONS

**3LP S.A.**

## Business profile of 3LP S.A.

#1

One of the largest and most dynamically developing entities offering comprehensive and automated fulfilment services for e-commerce companies in Poland.

#2

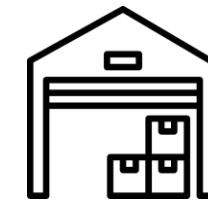
Business model focused on fulfilment services for the demands of the e-commerce segment (quality, flexibility, variable remuneration, returns)

#3

Growing revenue diversification - more than half of the revenue from the fulfilment segment is generated by more than a dozen customers outside TIM group.

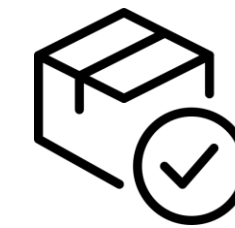
#4

Operational excellence proven by over 97% timeliness of deliveries and minimal error rate (0.1%)



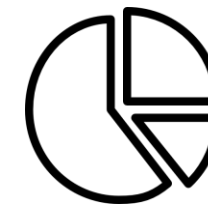
>80 thou.

Management of warehouse space in sqm.



>5.2 mn

Realised shipments in the period H2 2020 - H1 2021; more than +33% y/y



> 50%

Over 50% of revenue in the segment of fulfilment services is generated by clients from outside TIM Group



> 97%

Timeliness of deliveries - average for the period H2 2020 - H1 2021



0.1%

Percentage of errors



24%

Revenue CAGR in 2018-2020



## Milestones in the development of the company



### VII 2016

Launching of 3LP S.A. operations by spinning off the Logistics Department of TIM S.A.

### IV 2017

Establishing cooperation with Oponeo.pl

### VIII 2018

Establishing cooperation with Ikea

### XI 2020

Modification of the loading area with new automation systems

### 2020

Exceeding the level of over PLN 100 million of revenue per year

**3LP**



**oponeo**



**+100**  
mln



### VIII 2016

Extension of a logistics facility to 40,000 m<sup>2</sup>

### X 2017

Agreement with THG (CUBY shuttle system) - extension of automation

### XII 2018 – III 2019

Increasing the managed warehouse space by over 20 thousand m<sup>2</sup>, including a new warehouse in Wojkowice

### 2019 / 2020

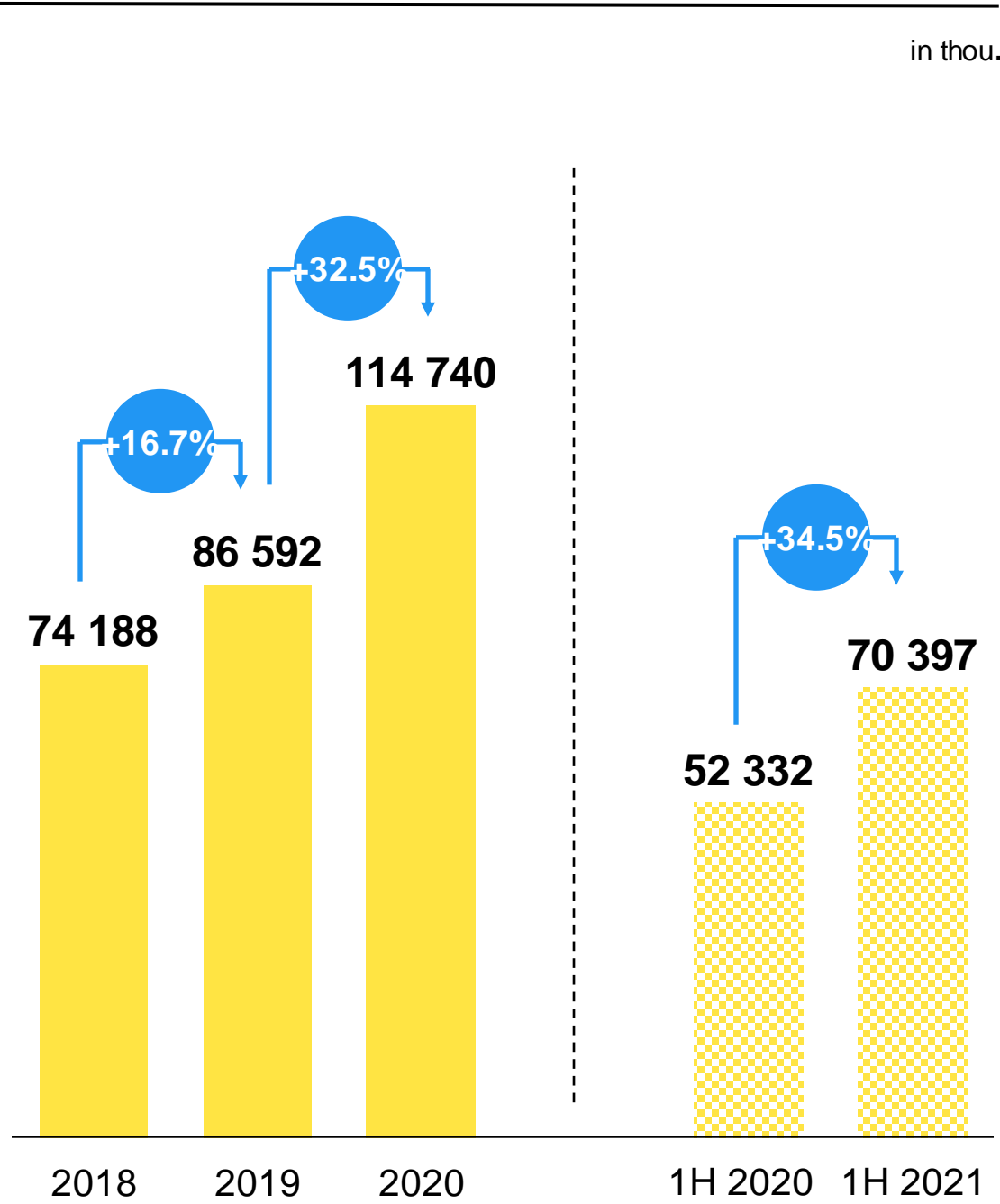
Expansion of managed warehouse space by a further 20,000 m<sup>2</sup>

Expansion of warehouse space by 25,000 m<sup>2</sup> in Siechnice

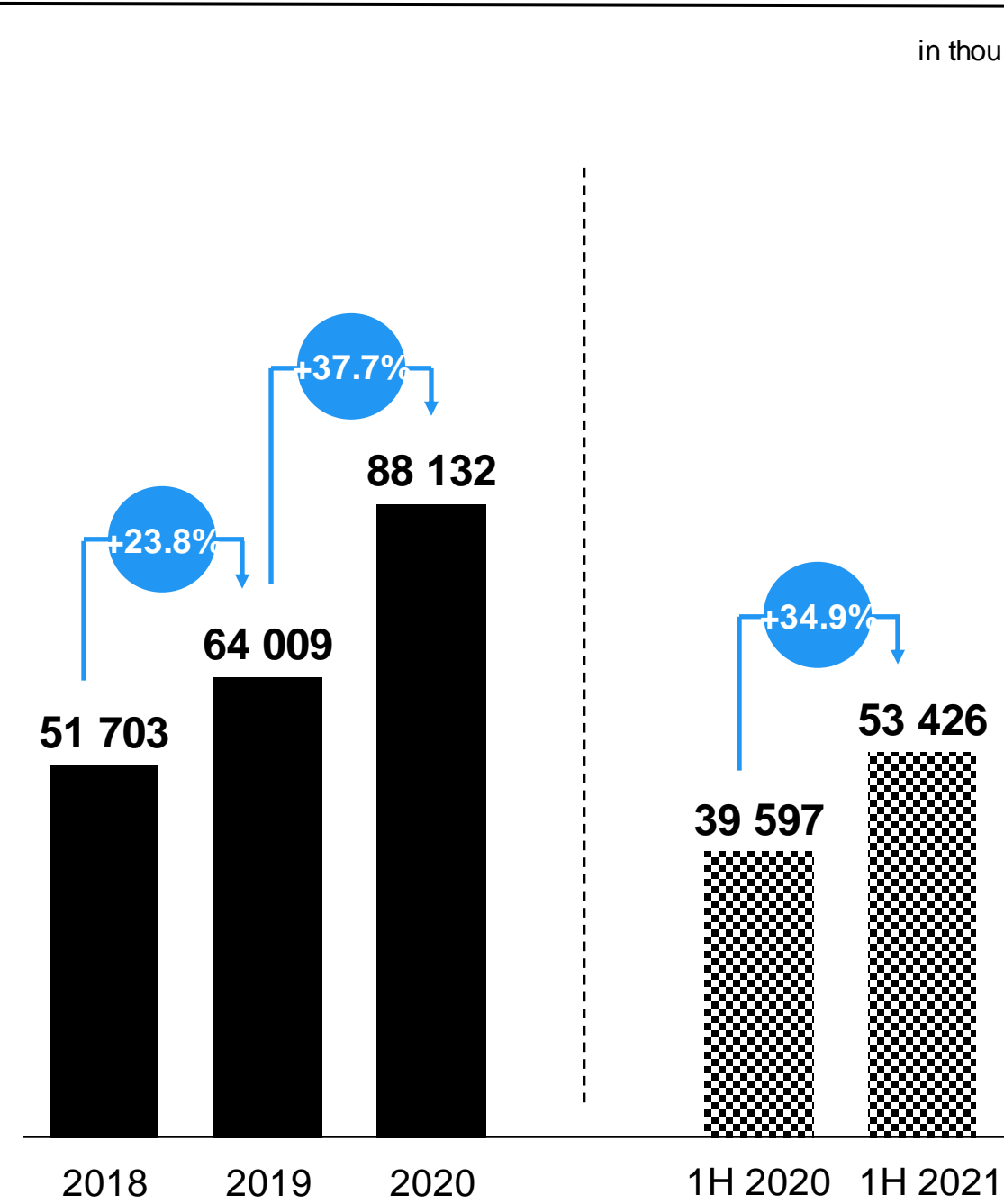


Increasing diversification of revenue

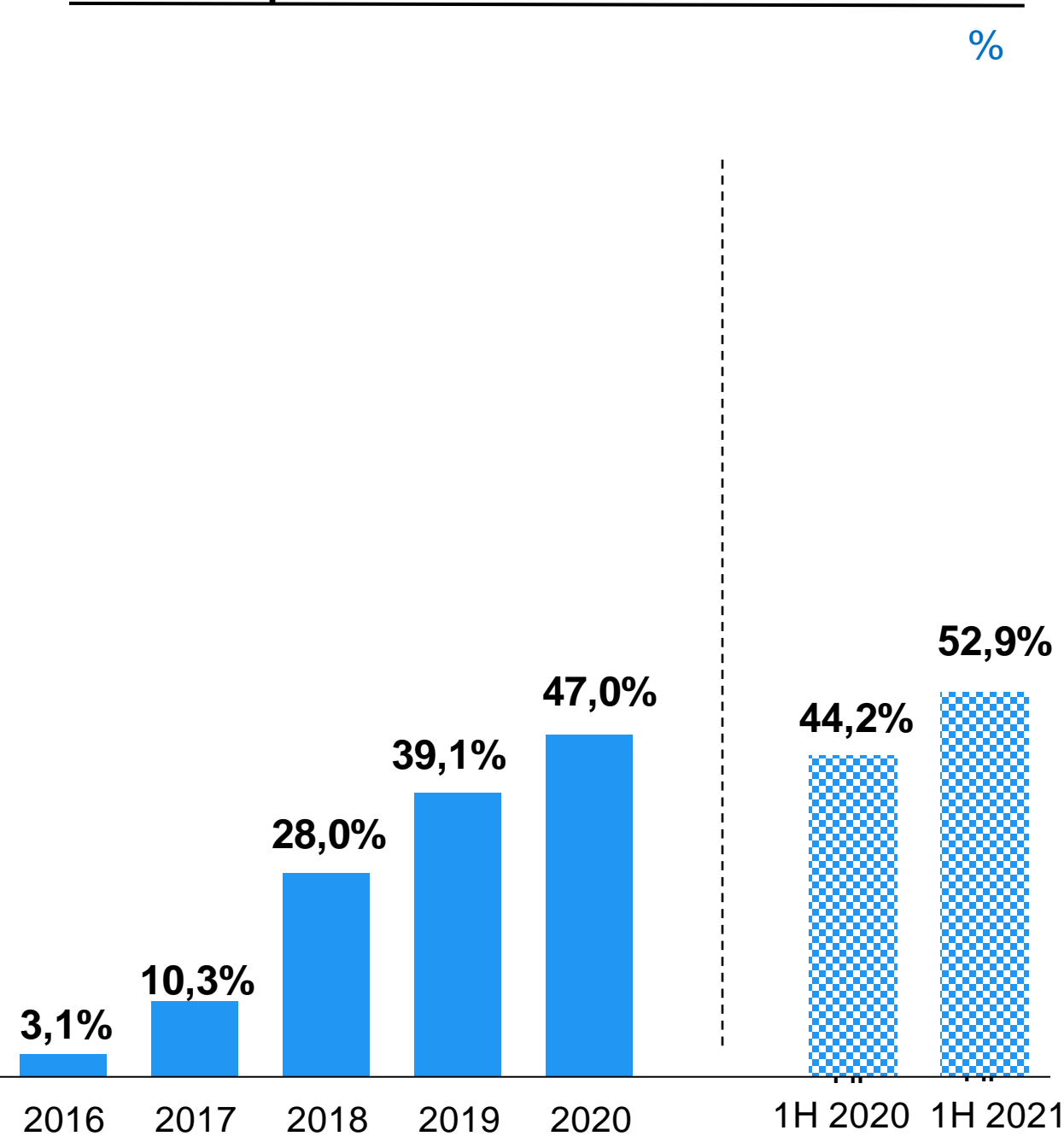
Total revenue



Revenue on logistic services



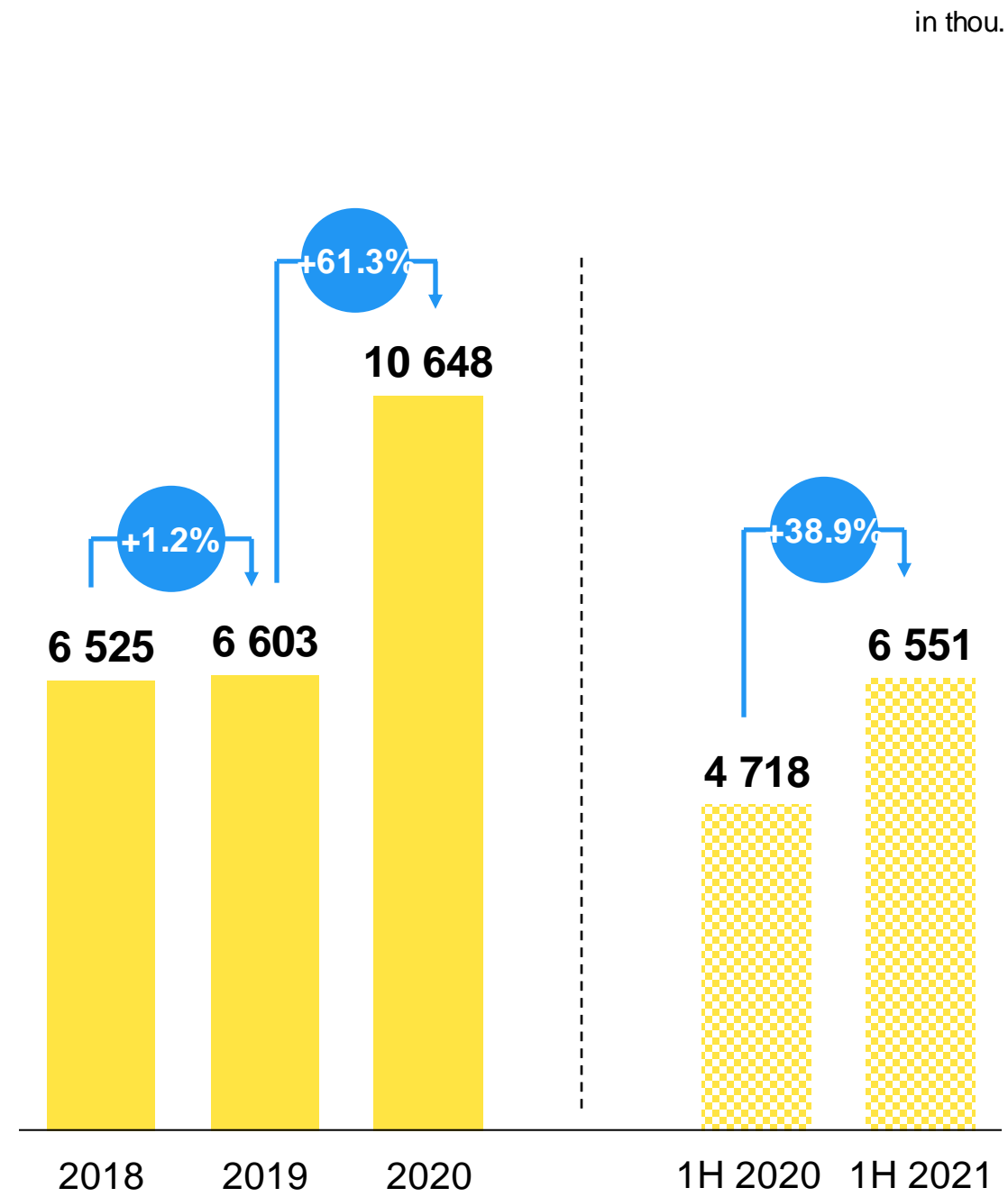
Revenue on logistic services generated outside TIM Group



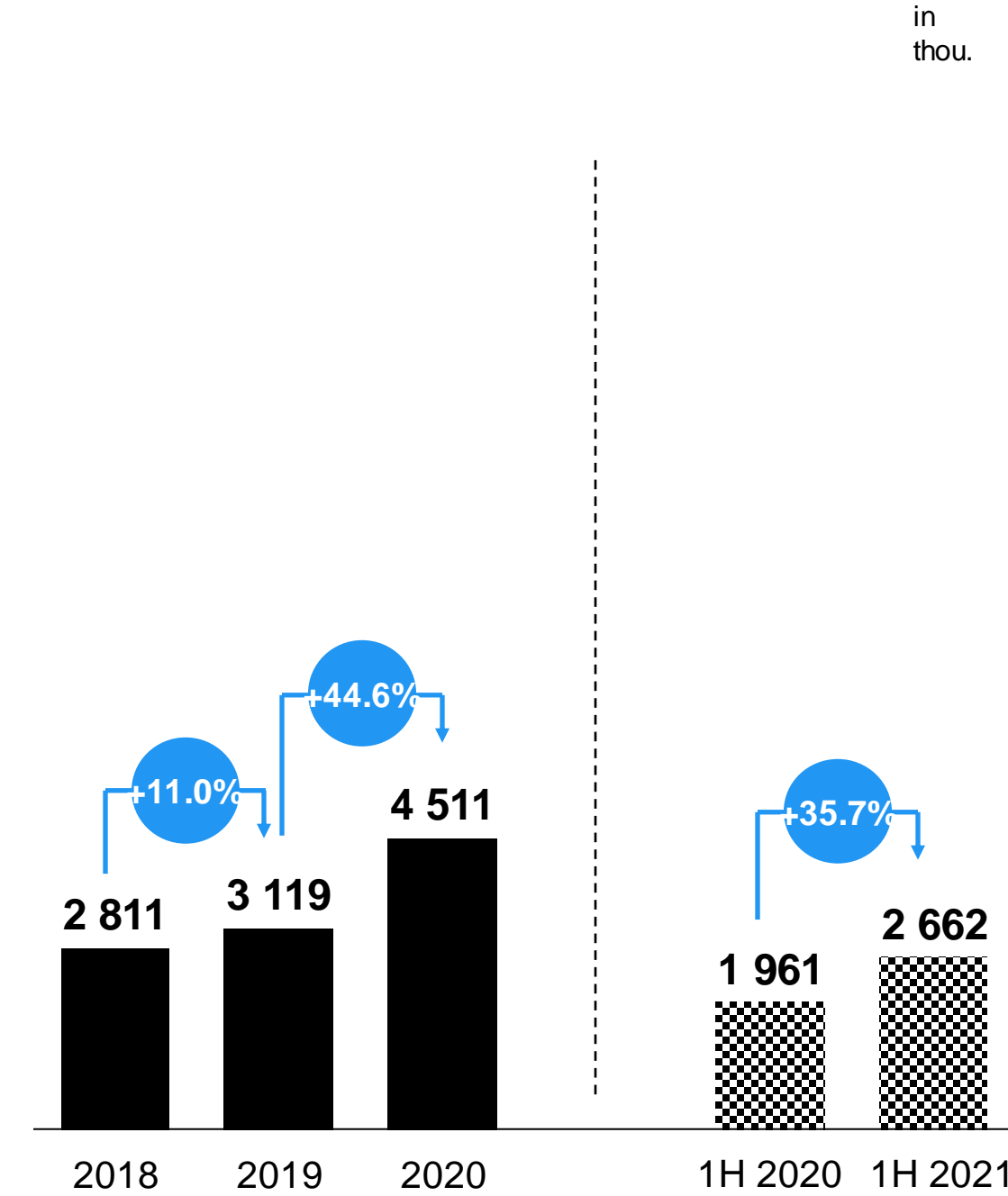


# Dynamic growth of business scale

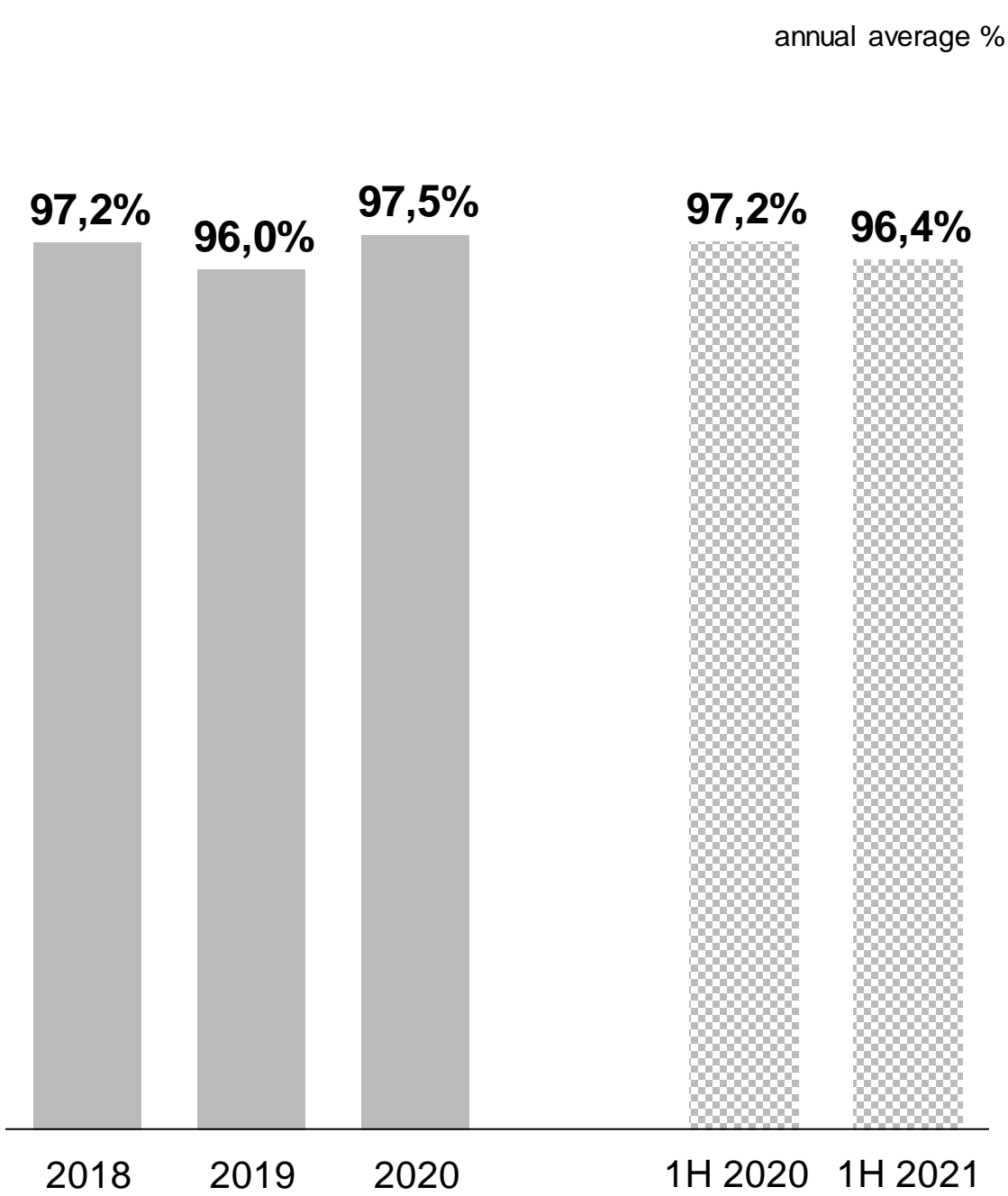
Number of completed order lines



Number of shipments (parcels + pallets)



Timeliness of deliveries





## Specialisation in servicing the specific fulfilment market for e-commerce

1

### Flexibility

Occurrence of sales peaks and low quality of forecasting due to irregularity of sales



2

### Quality

The highest quality is being implemented from the very beginning of our cooperation with the customer.



3

### Variable remuneration

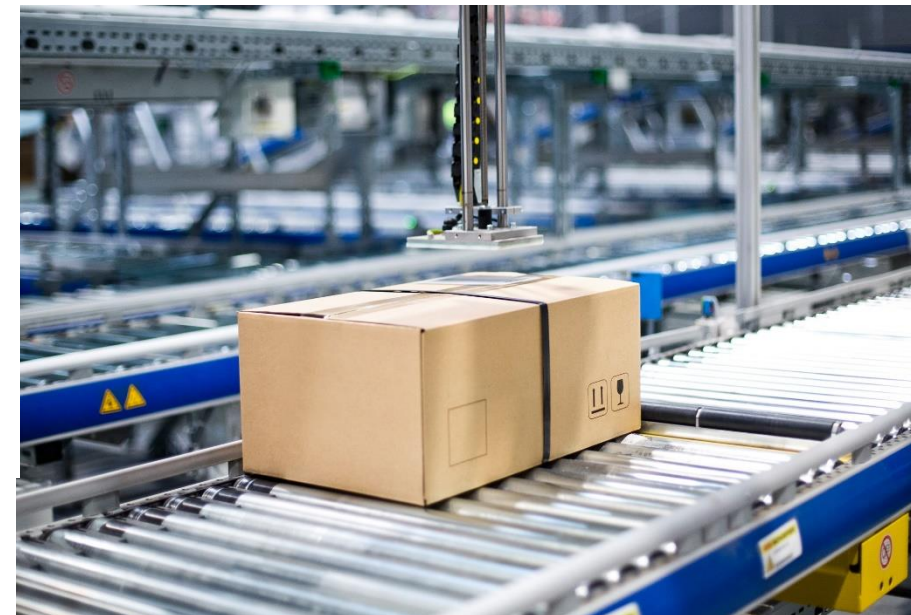
Reflects the dynamic growth of e-commerce businesses



4

### To handle returns

Ability to support customers in handling the entire process including returns.



## Company development strategy aimed at further dynamic growth



### Development of warehouse space

**Both in the current location and in new regional branches** set in optimal locations for existing and new customers

**Based on the "asset light" model**, consisting in leasing warehouse space - capital expenditure on the part of the company is limited to equipment, among others including automation

### Additional services

Development of new services in the area of, among others:

- operating **from customers' warehouses**
- **JV** formation with the client
- **managing customers' inventories**, including forecasting stock levels
- **increasing the volume of foreign order processing**

### Further automation and investment in green energy

**Automation equipment for the new 25,000 m<sup>2</sup> hall currently under construction.** 3LP's warehouse automation is **versatile and can be used to serve operators in a variety of industries**

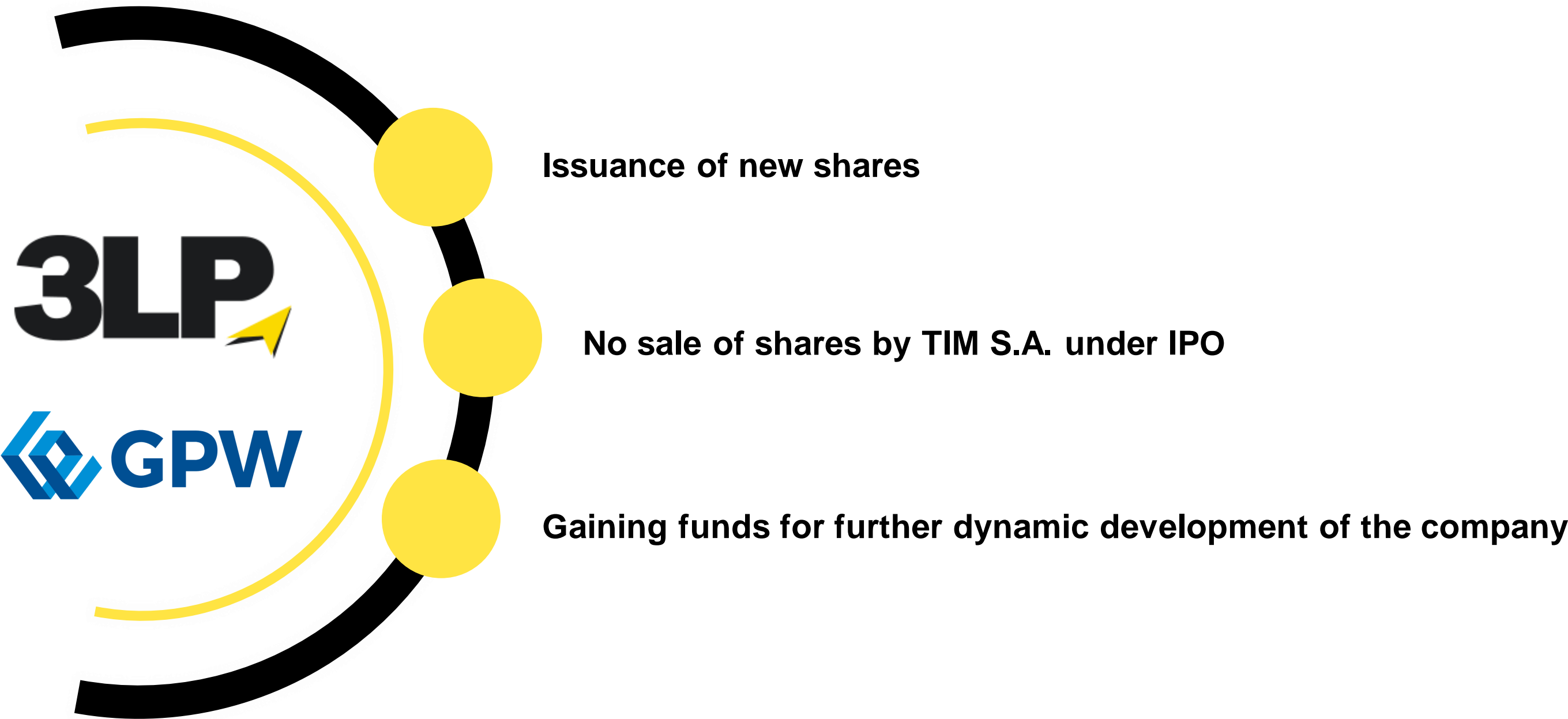
Environmental protection - **renewable energy and recycling**

### Acquisitions and new sectors

**Potential acquisitions of entities serving sectors in which 3LP is not currently active**, e.g. in the area of the fashion or food industry - with a focus on the e-commerce segment



# IPO - key transaction assumptions



A modern office interior featuring a reception desk with the 'TIM' logo, a large vertical living wall, and a lounge area with a curved sofa and a small table. The ceiling has geometric light fixtures, and the floor is covered in a patterned carpet. A yellow diagonal graphic is in the bottom left corner.

# PLANS AND PROSPECTS

## Operational plans 2H 2021 / 2022

1

### **Continuation of achieving high sales revenue dynamics in TIM S.A.**

- Intensification of marketing activities,
- Expansion of the product range, including energy efficiency products,
- Sales forces specialization in another area - energy efficiency,
- Attracting new customers and developing cooperation with existing ones - using algorithms that generate pro-sales activities,
- Development of new forms of sales (marketplace, dropshipping, etc.).

2

### **Further work on rebuilding the IT environment - Project TIM 2.0.**

- Migration of the TIM.pl shop to Magento 2,
- Work on mapping optimized processes in prototypes of system tools
- Reconstruction of the IT architecture of the sales systems environment

3

### **Dynamic development of 3LP's business in the provision of e-commerce services**

- Expansion of the Logistics Centre in Siechnice on 25,000 sqm, equipped with modern automation and technology,
- Provision of additional complementary services,
- Increase in the scale of cooperation with external partners
- Conducting the company's IPO.

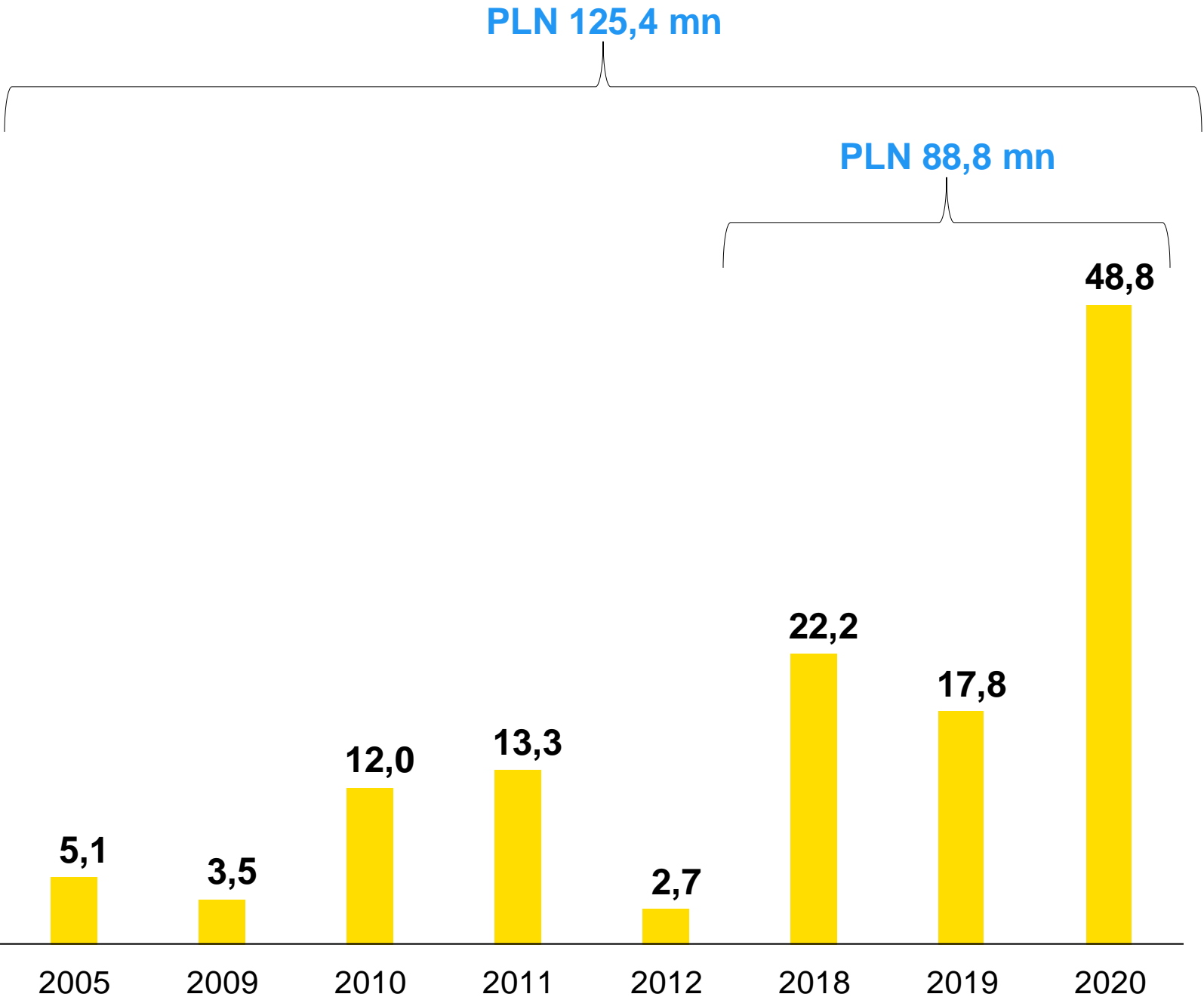


Attractive dividend policy

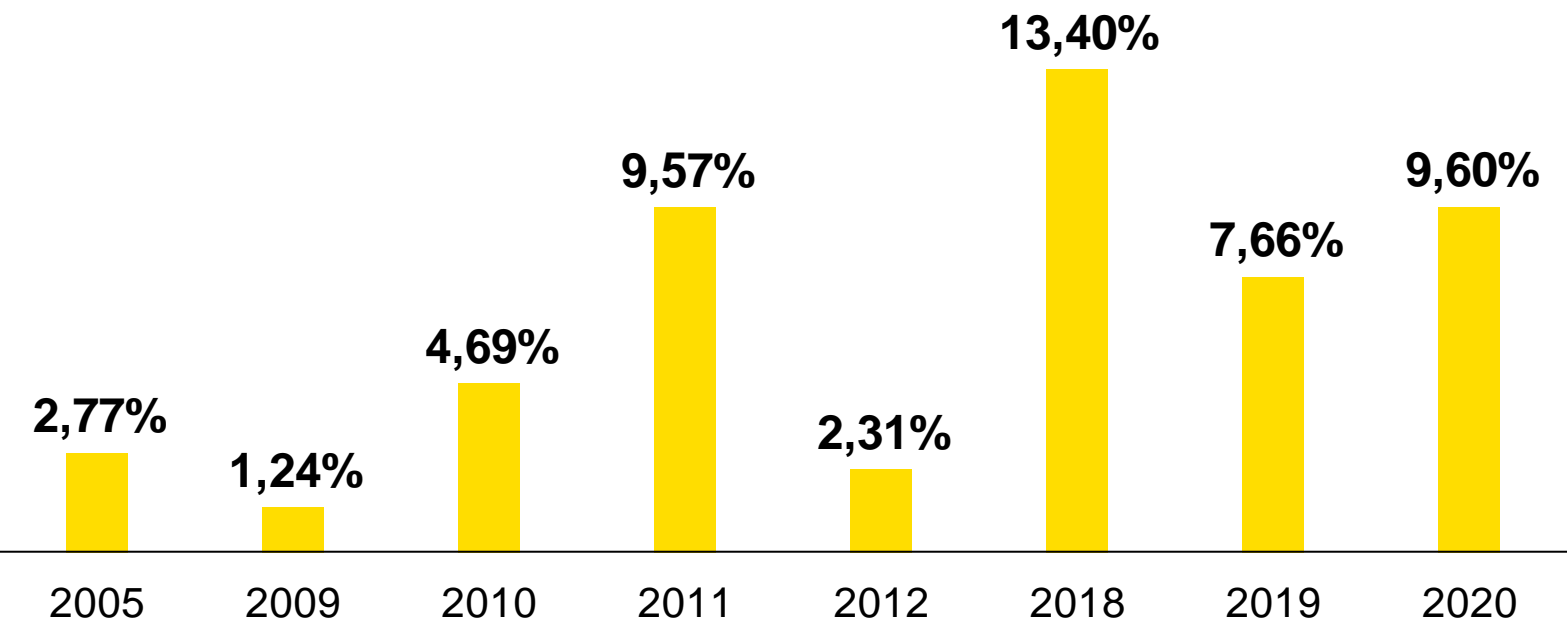
Dividend policy of TIM S.A. for the years 2021-2023

- Dividend payment of PLN 1 per share (PLN 22.2 million) + 50% of the surplus of TIM's standalone net profit above PLN 22.2 million

Dividend payments in 2005-2020 (PLN million)



Dividends in 2005-2020 (%)\*



\* From the 2005 and 2020 profits, dividends were paid in 2 instalments (1st instalment based on an advance) - the dividend rate shown for the years indicated is the sum of the % rates for the two days entitling dividends..

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and feel free to contact us

**Michał Kostrowicki**

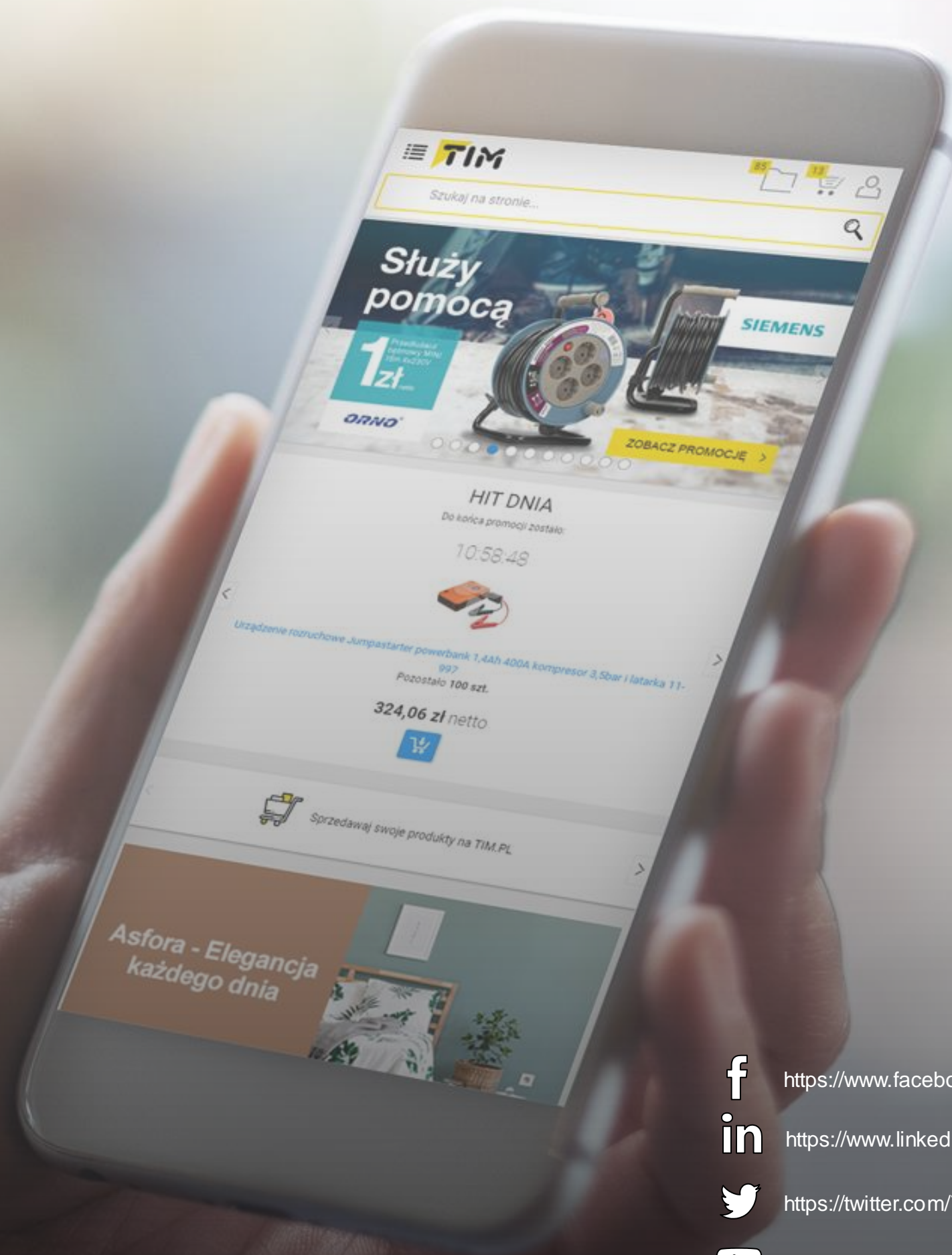
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