

ATM S.A.



Price target: n.a.

Q4 Preview

Rating: n.a

What to expect from Q4/14 In our view, Q4 was affected by the same trends as 9M/14: (1) lack of significant revenues from the sale of new optic fiber lines as well as (2) declining unit prices for data transmission and Internet access. We think that growth of the area Colocation and Hosting was likely negatively affected by the loss of one larger client in 2013, higher share of smaller customers and pressure on prices, however in general the share of recurring monthly revenues again amounted to c. 95%. We believe that ATM's cost structure was impacted by investments in distribution & marketing as well as higher D&A expenses due to the completion of the F4 data center in 2014 (c. 1,000 sqm).

Our forecasts For Q4/14, we forecast sales of PLN 34.1m (-23% y-o-y), an EBITDA of PLN 11.5m (-12.8%, 33.7% margin), EBIT of PLN 6.7m (-14.2%, 19.6% margin) and net income of PLN 4.9m (-40.4% y-o-y, 14.4% margin). We believe that in full-year 2014 Colocation and Hosting generated revenues of PLN 63.1m (+9.4% y-o-y; 3,600 sqm at PLN 1,460/sqm on average), while Data Transmission/Fiber optic services and Internet access contributed PLN 46m (-7.6% y-o-y) and PLN 16.7m (-8.8% y-o-y) respectively. In our opinion, the 21.3% shareholding Linx Telecommunications, which operates among others a data center in Sankt Petersburg, contributed a net profit of c. PLN 1.7m. Based on our 2014E EBITDA estimate of PLN 42.7m, ATM is currently trading at an EV/EBITDA of 12.5x vs. 13.5x-16.3x for similar companies such as TeleCity Group, Equinix and InterXion Holding.

Company profile

ATM S.A. is a telecommunication operator and No 1 provider of colocation (data center) services in Poland. It owns data center space of 6,300 sqm net as well as a metropolitan fiber-optic network of >100k km in eight largest Polish cities.

Website	www.atm.com.pl
Sector	Telco/Data Centers
Country	Poland
ISIN	PLATMSA00013
Reuters	ATMP.WA
Bloomberg	ATM PW

Share information

Last price	11.28
Number of shares (m)	36.34
Market cap. (PLNm)	409.95
Market cap. (EURm)	97.82
52-weeks range	PLN 13 / PLN 10.20
Average volume	6,471

Performance

4-weeks	4.54%
13-weeks	-4.00%
26-weeks	-5.21%
52-weeks	-5.05%
YTD	-1.66%

Shareholder structure

ATP FIZ AN	25.09%
ING PTE	19.71%
AVIVA OFE	8.02%
Altus TFI	6.47%
Piotr Puteczny	6.17%
Free float	34.54%

Financial calendar

Annual report 2014	March 20, 2015
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Analyst

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in PLNm	Q1/14	Q2/14	Q3/14	Q4/14E	2014E*
Net sales (incl. "OST 112")	43.65	41.57	33.15	34.05	152.41
<i>y-o-y change</i>	<i>4.9%</i>	<i>-2.1%</i>	<i>-21.2%</i>	<i>-23.0%</i>	<i>-10.5%</i>
Net sales (excl. "OST 112")	30.34	31.61	29.83	34.05	125.82
EBITDA	10.77	11.08	9.35	11.48	42.68
<i>EBITDA margin (excl. "OST 112")</i>	<i>35.5%</i>	<i>35.1%</i>	<i>31.3%</i>	<i>33.7%</i>	<i>33.9%</i>
EBIT	5.68	5.84	3.60	6.68	21.80
<i>EBIT margin (excl. "OST 112")</i>	<i>18.7%</i>	<i>18.5%</i>	<i>12.1%</i>	<i>19.6%</i>	<i>17.3%</i>
Net income	3.72	3.03	2.59	4.91	14.25
<i>Net margin (excl. "OST 112")</i>	<i>12.3%</i>	<i>9.6%</i>	<i>8.7%</i>	<i>14.4%</i>	<i>11.3%</i>

* revenues from the "OST 112" contract, which only generated a neglectable margin, amounted to PLN 26.6m. The contract ended in July 2014, thus there were no respective sales in Q4/14