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Haitong Bank in a report from April 21 (08:30) downgrades Orange Polska to NEUTRAL (FV PLN 8).

#### **Valuation Methodology**

We value Orange Polska using a DCF and peer multiples where DCF and peers have a 50% weight each. Using a DCF, we derive a fair value of PLN 7.8 and using peers of PLN 8.1. Combined, our fair value is PLN 8.0, implying 8% upside potential to the current share price.

#### **Risks to Fair Value**

Weak net adds in FTTx segment as a result of increased competition.  
Price war on convergent market following Play-UPC Polska deal  
Price pressure in mobile broadband offer.  
Price pressure in B2B market.  
Competitive offer from CableTV and CPS/NET putting pressure on OPL's client base in dense areas.  
ARPU erosion in the mobile voice segment.  
Acceleration of net adds erosion in fixed-voice and fixed-data.  
Stronger than expected impact on Opex from rising costs like eg. Energy.

Upside risks:

Faster than expected net adds in mobile and FTTx segments.  
Faster than expected cost cutting initiatives.  
Higher than expected proceeds from the sale of real estate assets.  
Faster than expected development of ICT segment.  
Sale of TowerCo to Cellnex.  
Higher than expected dividend.

#### **IMPORTANT DISCLOSURES**

Please find updated IMPORTANT DISCLOSURES at: <http://www.haitongib.com/en/what-we-do/research>