

Telia Lietuva AB

Stability becomes a habit

TEL1L.VL

Communication Services | Lithuania

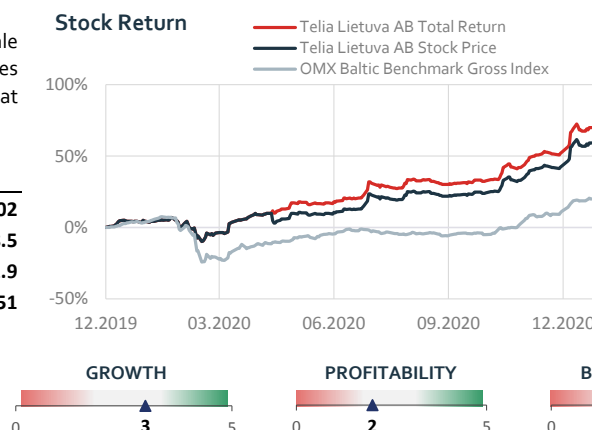
Lithuania-based company offering full scale fixed and mobile telephony, television services and having strong presence in IT sector that secures massive data volume transformation.

Market data

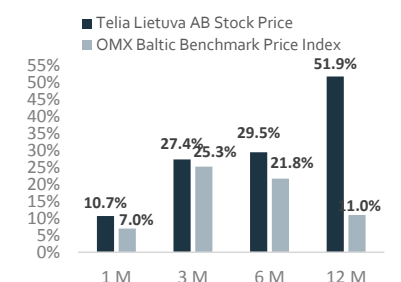
Price (€)	2.02
Market cap (mn €)	1178.5
Free float (%)	11.9
Avg. daily volume - 30 days (mn €)	0.0451

Alphinox Quantitative score

Score displays Company's financial conditions, growth pace and valuation based on latest results and stock price



Stock Price Performance



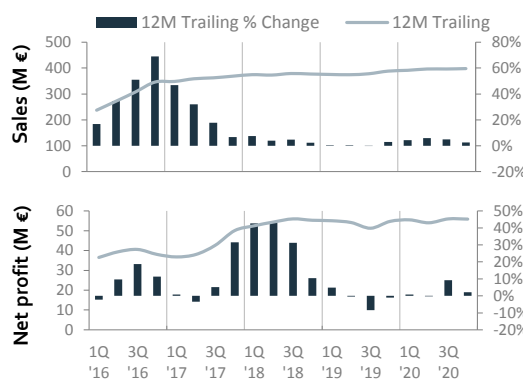
Company Update

Lithuanian telecom giant Telia Lietuva reported a modest increase in 4Q'20 sales of 1.5%, which was positively influenced by ongoing trend of working and studying from home, as well as overall business digitalisation. But strict lockdowns, translating into the inability to travel, negatively influenced earnings as income from roaming service declined substantially. Company has reported flat EBITDA (+0.3%) and net profit (-0.7%), but a 2.3% increase in capex in 4Q'20, as it continued to invest in development of fixed network, in launch of 5G stations and in upgrades of IT systems. Further upgrades of Telia's base stations are to be expected. Company managed to expand its user base in 2020 within mobile and IPTV segments, which more than compensated for lost users in the fixed telephony. Free cash flow generation ability remained on a high level (FCF increased by 0.3% given reduced investments) and, therefore, the ability to continue paying decent dividends.

Growth

Sales	last Q	LTM	2019	2018
Company (M €)	109	398	388	377
Company	1.5%	2.5%	3.0%	2.3%
Sector*	-8.6%	0.7%	-1%	3.1%
Baltic Market	-4.4%	-4.6%	4.6%	7.7%

Profit	last Q	LTM	2019	2018
Company (M €)	16.9	55.9	54.7	55.3
Company	-1%	2%	-1%	10%
Sector*	-51%	-94%	-58%	-49%
Baltic Market	-1%	-30%	-40%	5%

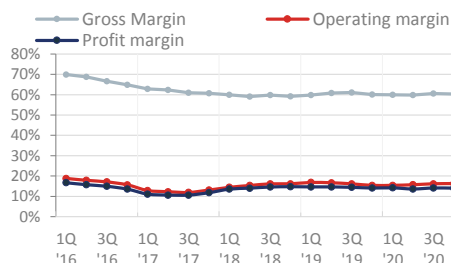
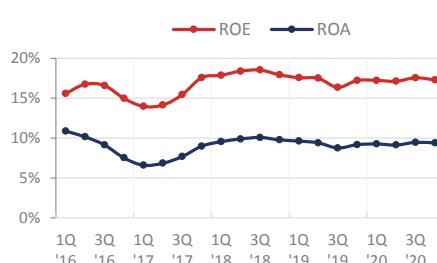


Key performance indicators

	4Q '20	4Q '19	LTM
Mobile service users, th	1398 +4%	1347	5486
Fixed telephone lines in service, th	261 -12%	296	1094
IPTV service users, th	253 +4%	244	250
Broadband Internet connections (excl. wi-fi), th	417 -0.5%	419	415

Profitability

Last 12M	ROE	ROA	GM	OPM	PM
Company	17.3%	9.4%	60.3%	16.3%	14.0%
Sector*	0.5%	-0.1%	51.7%	-2.3%	0.1%
Baltic Market	10.1%	3.6%	25.1%	4.8%	3.7%
3y average	ROE	ROA	GM	OPM	PM
Company	16.9%	8.9%	60.6%	14.8%	13.2%
Sector*	2.6%	1.4%	53.0%	0.6%	0.9%
Baltic Market	7.6%	3.0%	21.0%	3.1%	2.2%

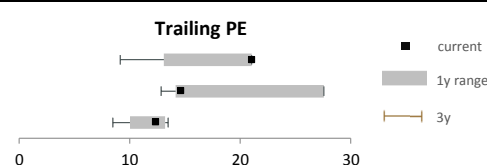


Balance sheet & Cash flow

	last	Q-1	Q-2	Q-3	LTM	2019	2018		last	Q-1	Q-2	Q-3	LTM	2019	2018
Equity / Assets ratio	54%	55%	53%	56%	55%	53%	54%	Cash Flow to Debt	0.74	0.75	0.83	0.75	0.77	0.71	0.56
Debt / Equity ratio	55%	55%	60%	54%	56%	60%	59%	CAPEX / Sales	15%	10%	9%	14%	12%	7%	39%
Cash ratio	0.44	0.29	0.19	0.47	0.35	0.39	0.26	FCF/OCF	68%	87%	75%	72%	76%	66%	47%

Valuation

	Last	1y avg	3y avg		last	1y avg	3y avg	
P/E	21.0	16.3	13.8	P/B	3.66	2.82	2.41	Company
EV/EBITDA	9.55	7.77	6.80	P/CF	8.69	6.54	5.99	Sector
P/S	2.95	2.28	1.96	Dvd yield	0.0%	5.6%	6.2%	Market



*Sector: average of respective GICS sector companies from NASDAQ OMX Baltic and NASDAQ OMX Nordic small cap indices, Market: NASDAQ OMX Baltic median

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