

Tuesday, November 28, 2017 | periodic publication

# Monthly Retail Insight: November 2017

## Retail, Poland

Analyst: Piotr Bogusz +48 22 438 24 08

### Clothing & Footwear Retailers

- Four of the seven fashion retailers in our coverage improved earnings in Q3 2017, with EBIT posting year-over-year expansion driven by **positive like-for-like growth (LPP, CCC, VST, and MON)**, **stronger sales margins (LPP, VST, MON)**, and tight cost discipline (MON). The improvement in the sales margins of MON and LPP was owed to lower price markdowns and merchandise costs, while at VST it was fueled by the jewelry segment, and it is expected to continue into Q4.
- We have a **neutral** view on the Q3 performance of **BTM**, where EBIT was kept flat thanks to cost discipline while like-for-like sales decreased and the gross margin tightened relative to Q3'16. **GRI** and **TXM** reported **weak quarterly results**.
- CCC** registered a 29.1% **surge in per-sqm inventory** in Q3, followed by low sales in October, potentially forcing deep price discounts in November and December. **Vistula grew inventory** as well by 11% y/y due to a new purchasing policy. At the same time, **MON reduced inventory** by close to 25%.
- In **October**, a crucial month in terms of sales margins, **like-for-like sales growth suffered at CCC, MON, TXM, and GRI** due to adverse weather, but at **LPP, VST, and BTM** there was **improvement** in lfl growth as well as sales margins.
- The Polish Parliament passed **restrictions on Sunday shopping** on November 24th, providing for a gradual phase-on of the ban starting with two Sundays per month from April 2018 through three Sundays in 2019 and four Sunday in 2020. **The ban does not apply to Internet stores**. When it comes to its impact on retailers, after a temporary dip in weekend sales, we believe the Sunday foot traffic will eventually shift to other days, or to the Internet, boosting online sales. At the same time, adjustment of work schedules should have a positive effect on costs.
- The **BTM-VST share swap ratio** if the merger were to take place on 27 November was below the 2.82 mid-point of the target range at **2.65**. A review of the possible merger impacts by the antitrust agency UOKiK has been extended by about four months.
- After factoring in third-quarter performance, we have **raised** our **2017 financial outlook** for **VST**, set for another strong quarter in the jewelry segment in Q4, **MON**, where we anticipate an acceleration in sales margin growth coupled with cost discipline, and **BTM**, expected to post positive lfl growth and slower gross margin contraction. At the same time, we have **cut the 2017 EBITDA estimate for GRI** by 36% to account for the weak performance of the womenswear segment. On average, our 2017 EBITDA estimate for the retailers in our coverage has increased by 7.9%.
- Accordingly, we are **upgrading BTM from neutral to overweight**, and we are **downgrading GRI from overweight to neutral**.
- Our **top picks** for the weeks ahead are **CCC, BTM, MON, and VST**.
- The Polish retail index is again trading close to the 3-year average on **12M fwd P/E** after a downward correction in comparable foreign stocks.

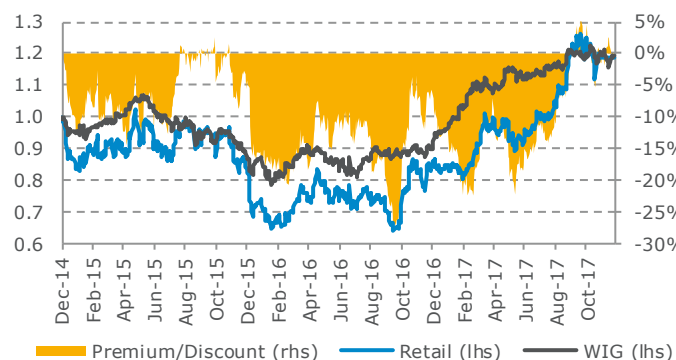
### Performance

Poland	1M*	YTD
Vistula	+9.0%	+13%
LPP	+0.7%	+50%
Próchnik	-1.5%	-37%
Wojas	-1.6%	-4%
Bytom	-6.4%	+20%
Monnari	-8.6%	-18%
CCC	-12.5%	+22%
Gino Rossi	-14.0%	-45%
Redan	-22.3%	-56%
TextilMarket	-24.3%	-60%
WIG-clothing	-4.7%	+20%
WIG	-2.1%	+24%
World	1M*	YTD
FootLocker	+25.4%	-44%
Nike	+17.3%	+17%
Crocs	+14.9%	+59%
Caleres	+5.5%	-8%
ABC Mart	+1.4%	-11%
IC Group	-0.6%	+7%
Zalando	-3.4%	+20%
Inditex	-5.3%	-8%
Adidas	-7.6%	+21%
Boohoo.com	-9.9%	+35%
H&M	-11.7%	-23%
Marks & Spen	-12.6%	-13%
Hugo Boss	-13.2%	+22%
Next	-14.3%	-14%
YOOX	-17.6%	+3%
Gerry Weber	-19.2%	-20%
Geox	-20.9%	+28%
KappAhl	-25.4%	-10%
EU Textiles**	-1.5%	+25%
World Txt.**	+2.5%	+20%
World Ind	1M*	YTD
EMEA Text.	+0.8%	+43%
World Text.	-0.8%	+7%
MSCI EM	+2.0%	+33%
EU Equity	-0.7%	+20%

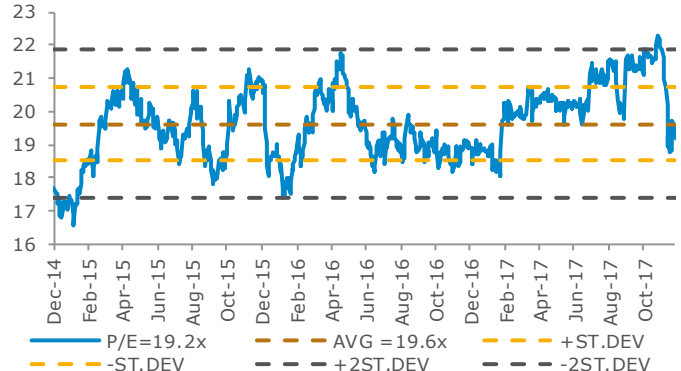
\*Oct. 12 - Nov. 27

\*\*MSCI EU/World Textiles

### Retail Stocks vs. WIG Index



### Median 12M Forward P/E for Retail Stocks



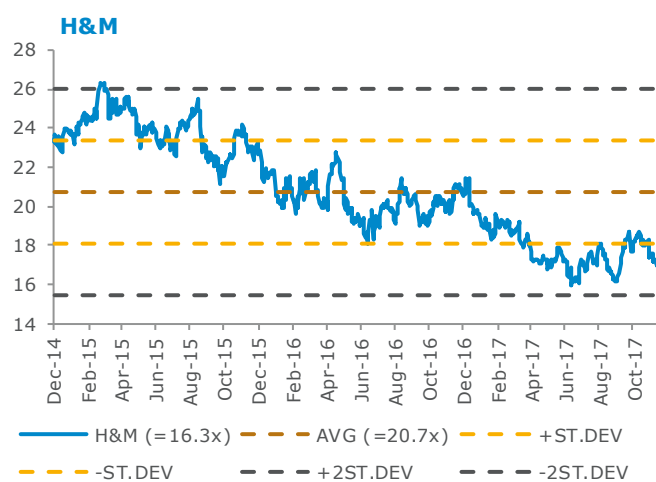
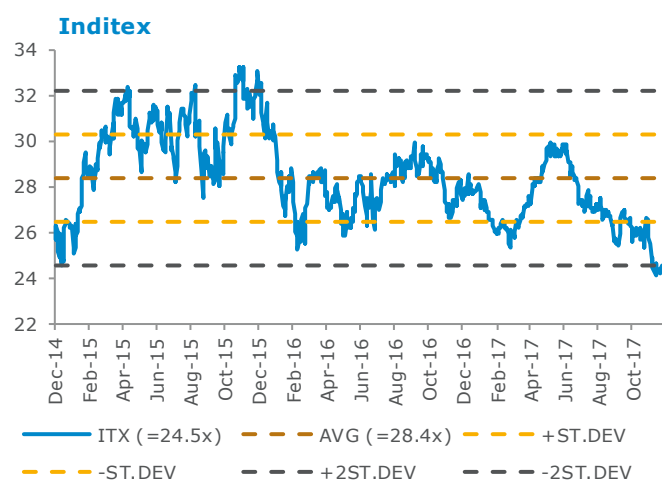
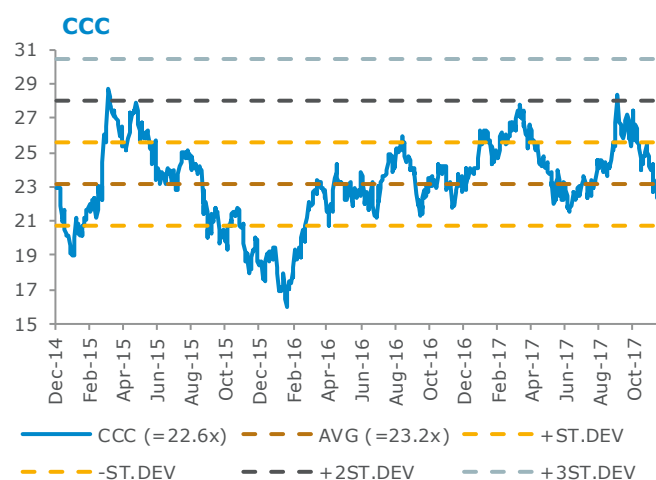
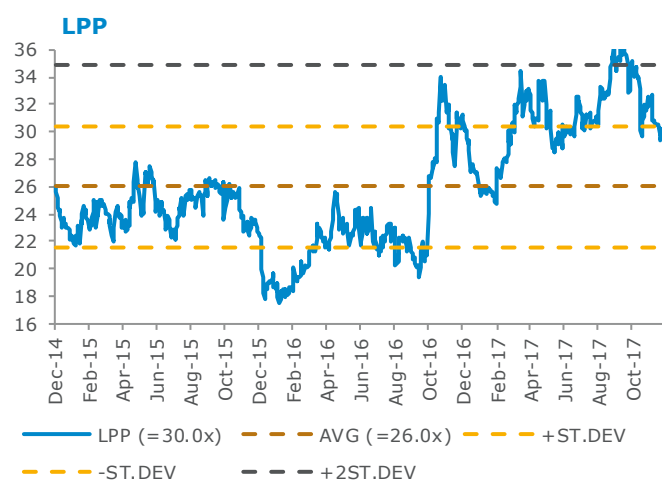
Source: Bloomberg, Dom Maklerski mBanku

## 2017-2019 Financial Projections (PLN m) and Recommendations for Polish Retailers

Company	MCap	EV	Net Debt	D/E*	Revenue			EBITDA			EBIT			Net Profit			
					2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	
LPP	15,690	15,679	-11	0.0	6,869	7,746	8,688	835	970	1,208	562	710	927	446	569	745	
CCC	10,111	11,016	905	1.9	4,125	5,331	6,867	591	790	1,039	507	701	939	338	491	702	
Vistula	675	802	127	1.9	686	785	866	81	90	100	65	73	82	45	52	60	
Monnari	251	189	-62	-3.2	252	286	306	28	33	36	24	29	32	19	24	26	
Bytom	178	189	10	0.6	187	217	243	21	25	26	16	18	19	13	16	17	
TextilMarket	68	91	23	5.2	395	468	494	-8	21	28	-14	14	20	-12	10	16	
Gino Rossi	65	150	85	4.3	284	293	298	15	18	20	5	8	10	2	3	5	
Company	Rating		Target Price	Current Price	1M Chng	P/E			EV/EBITDA			EV/Sales			PEG Ratio		
	Current	Change				2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
LPP	N	-	8400.00	8470.00	+0.7%	35.2	27.6	21.1	18.3	15.4	12.0	6.7	5.6	4.7	97%	76%	58%
CCC	OW	-	308.00	245.85	-12.5%	29.9	20.6	14.4	17.6	13.2	9.9	6.2	4.9	3.8	94%	65%	45%
Vistula	OW	►	-	3.88	+9.0%	14.9	13.0	11.2	9.5	8.4	7.2	1.2	1.1	1.0	76%	66%	57%
Monnari	OW	►	-	8.21	-8.6%	13.0	10.5	9.5	6.7	5.4	4.2	1.2	1.1	1.0	52%	42%	38%
Bytom	OW	▲	-	2.50	-6.4%	13.7	11.4	10.5	9.1	7.4	6.6	2.7	2.2	1.8	131%	110%	101%
TextilMarket	OW	-	5.77	2.02	-24.3%	-	6.7	4.3	-	4.1	2.9	0.9	0.8	0.7	-	-	71%
Gino Rossi	N	▼	-	1.29	-14.0%	29.7	19.0	12.4	9.6	7.6	6.7	0.8	0.7	0.7	-758%	-486%	-317%
Median						22.3	13.0	11.2	9.5	7.6	6.7	1.2	1.1	1.0	85%	65%	57%

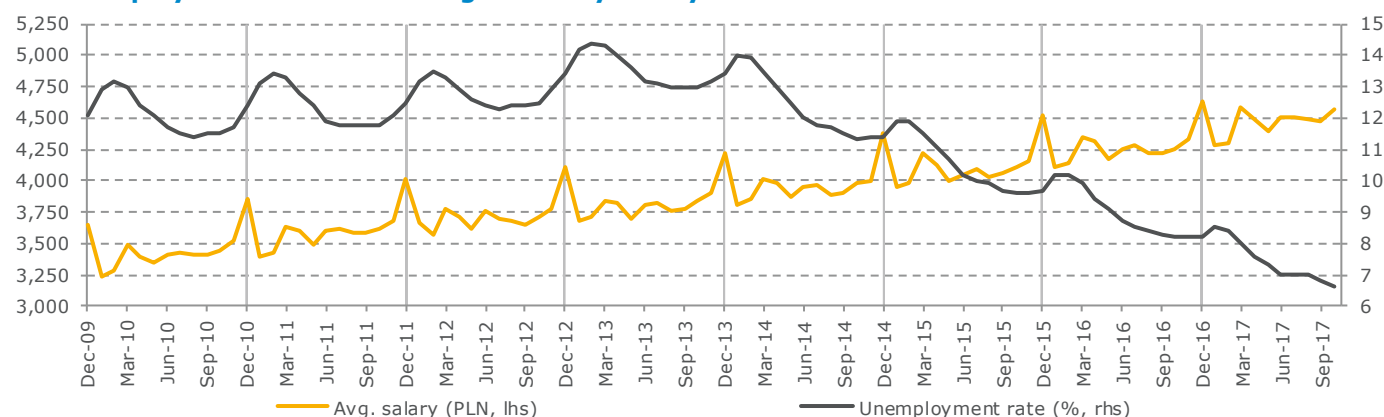
Source: Dom Maklerski mBanku; OW – overweight, N – neutral, UW – underweight; \*Net debt/Equity

## 12M fwd P/E Ratios For Select Retail Stocks

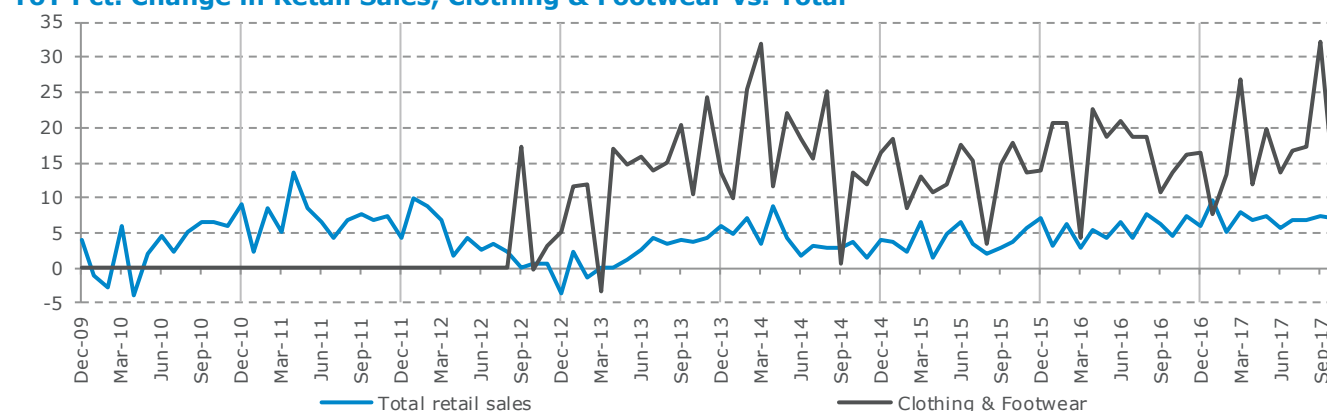


Source: Bloomberg

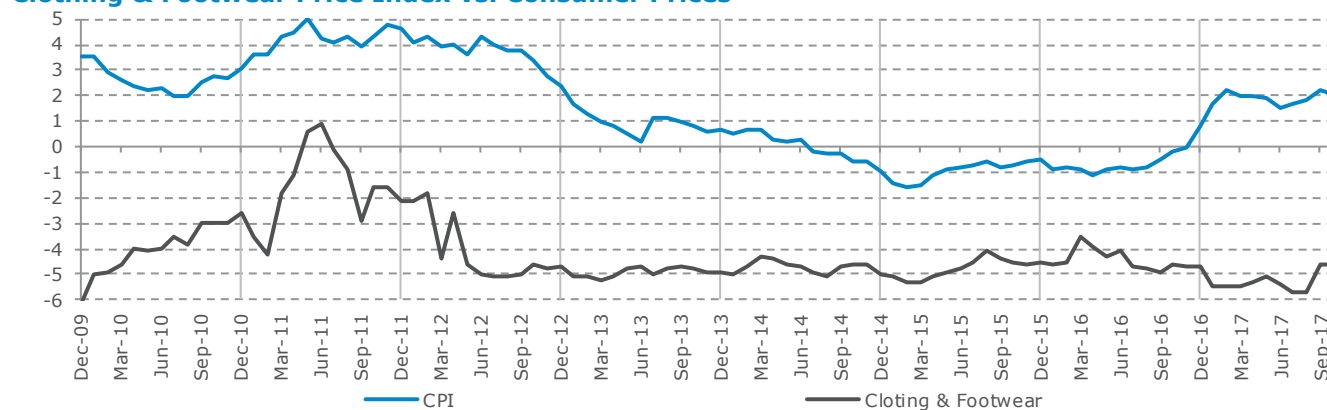
# PL Unemployment Rate vs. Average Monthly Salary In Retail



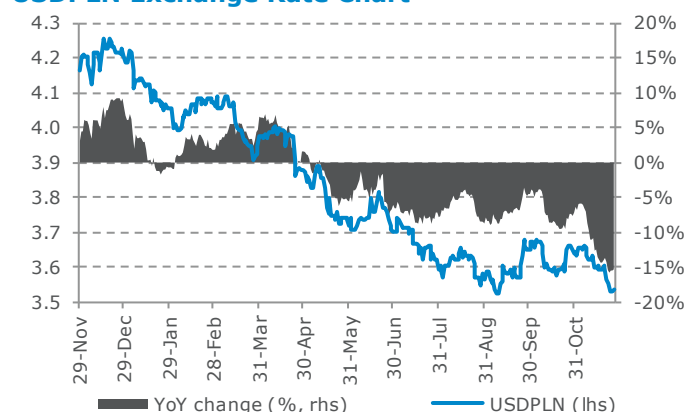
# YoY Pct. Change in Retail Sales, Clothing & Footwear vs. Total



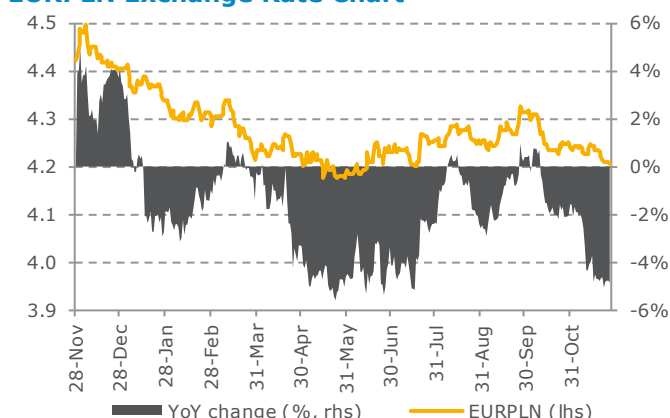
# Clothing & Footwear Price Index vs. Consumer Prices



# USDPLN Exchange Rate Chart

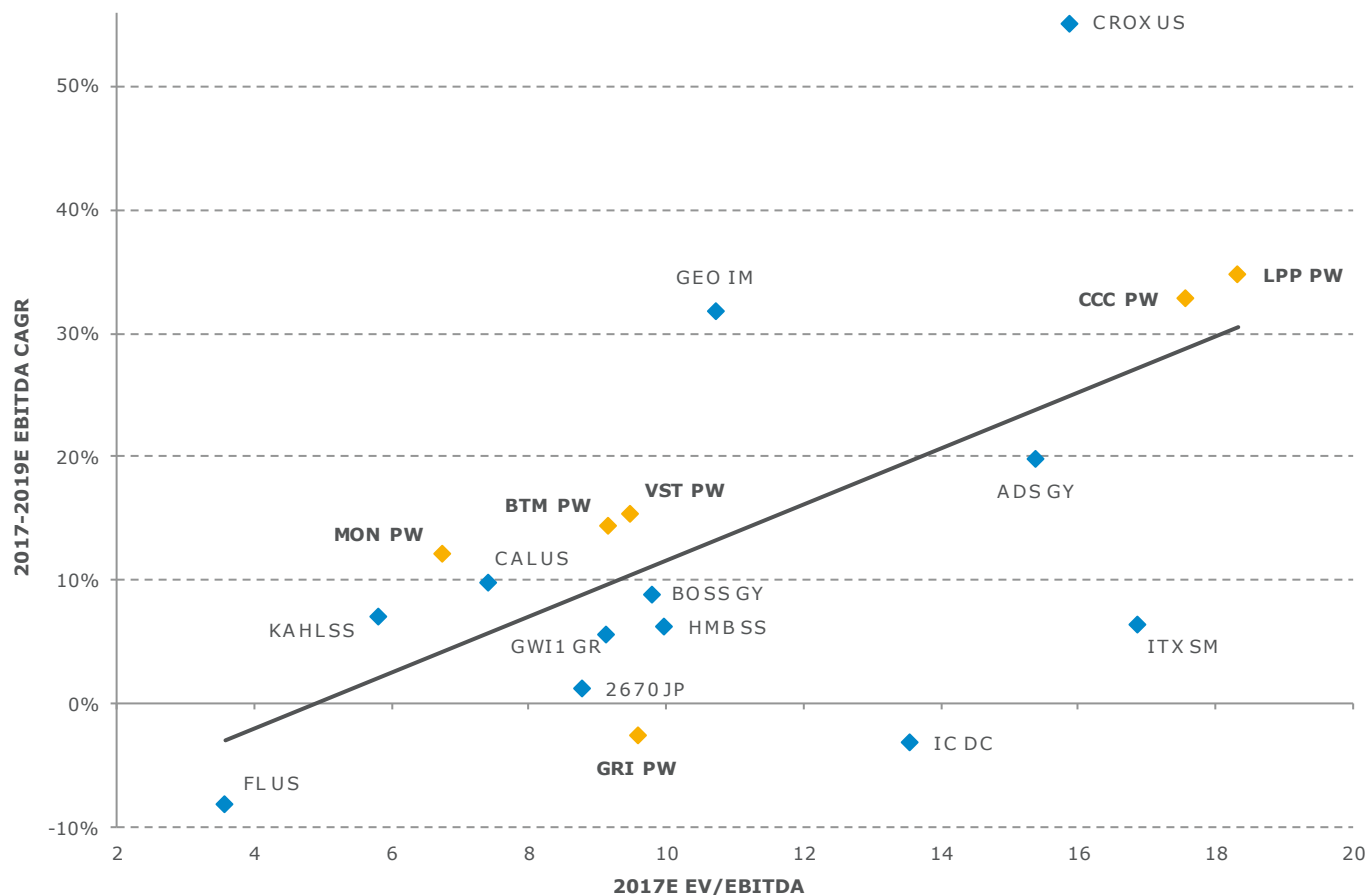


# EURPLN Exchange Rate Chart

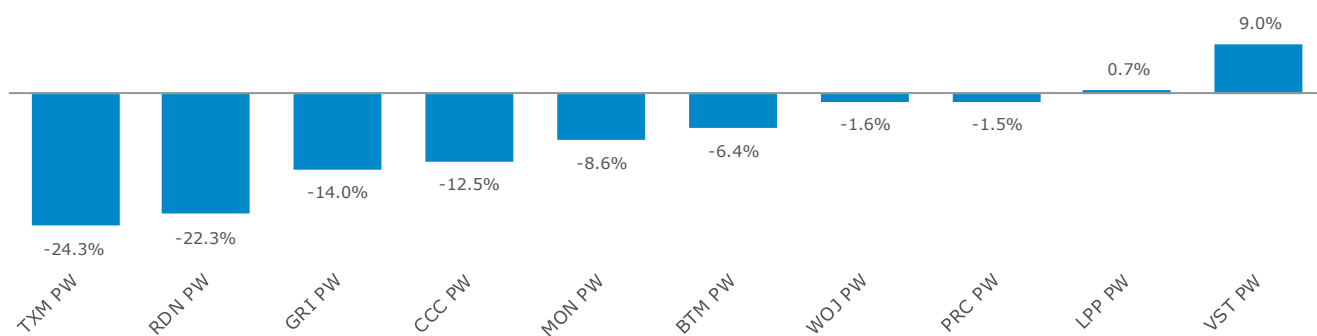


Source: GUS, Bloomberg, Dom Maklerski mBanku

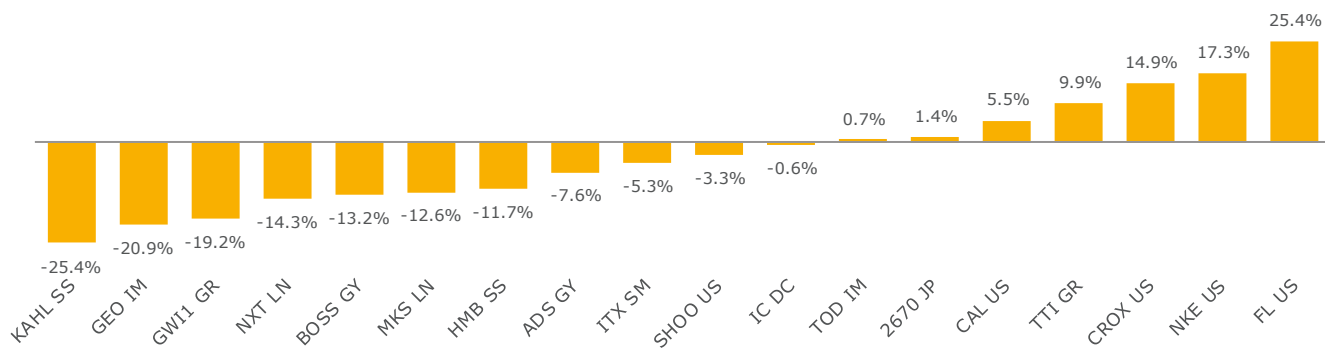
## 2017E EV/EBITDA vs. 2017-2019E EBITDA CAGR for Selected Retailers



## 1M Performance, Polish Retail Stocks

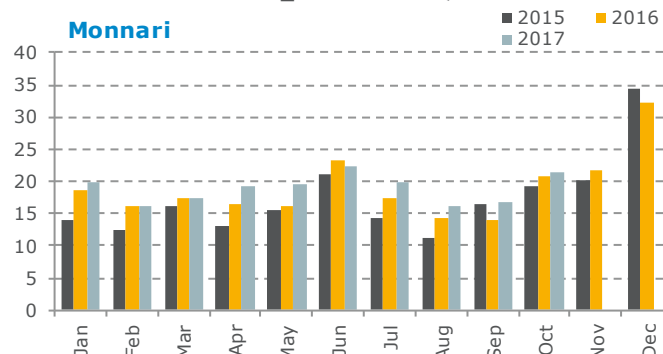
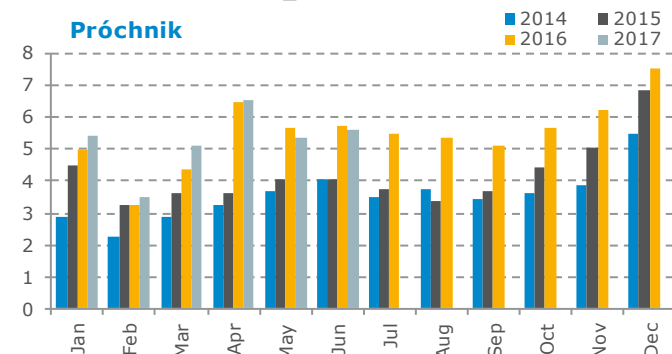
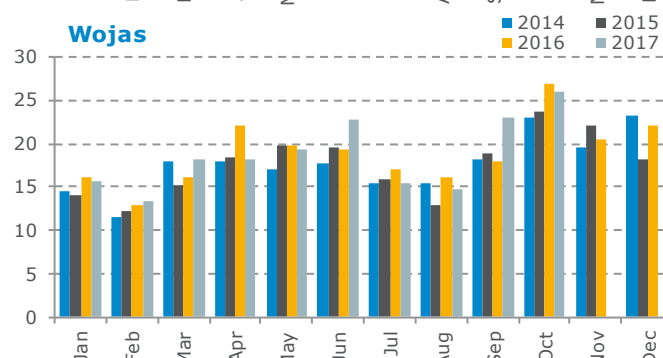
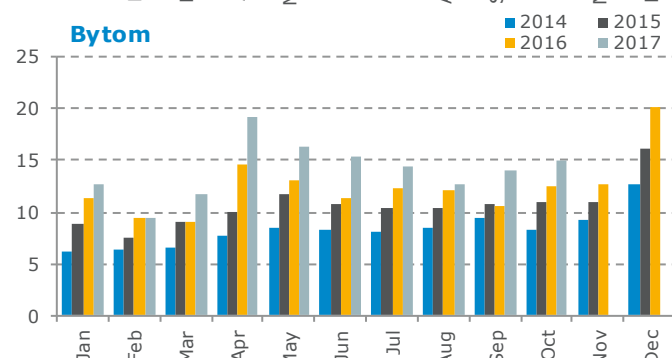
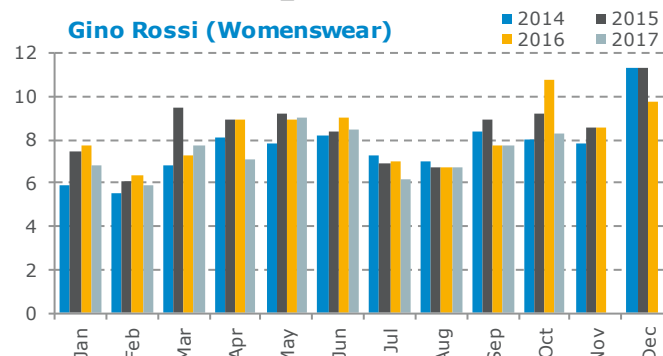
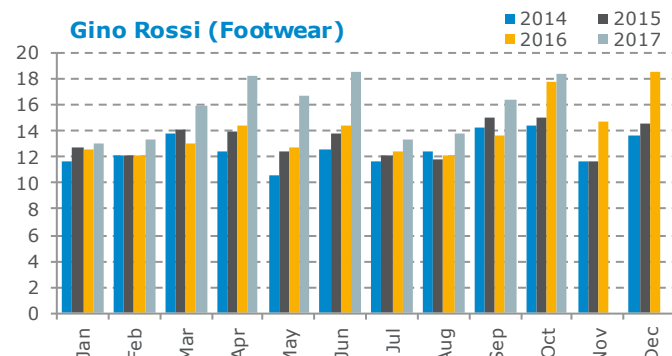
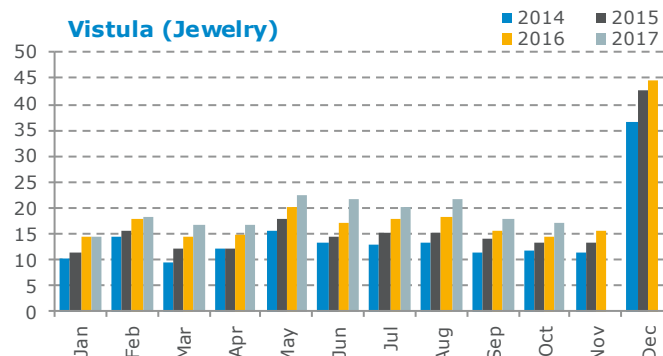
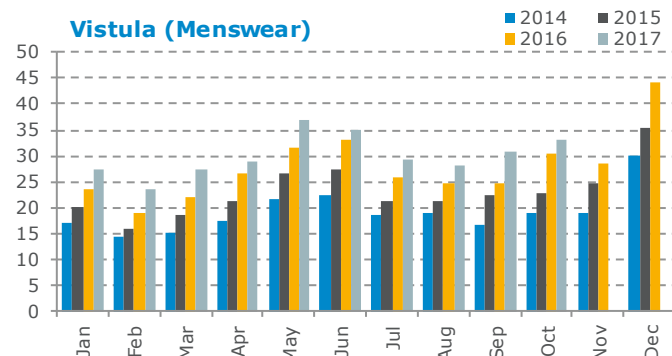
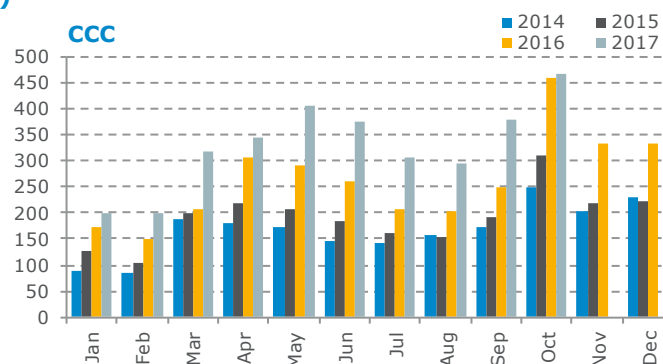
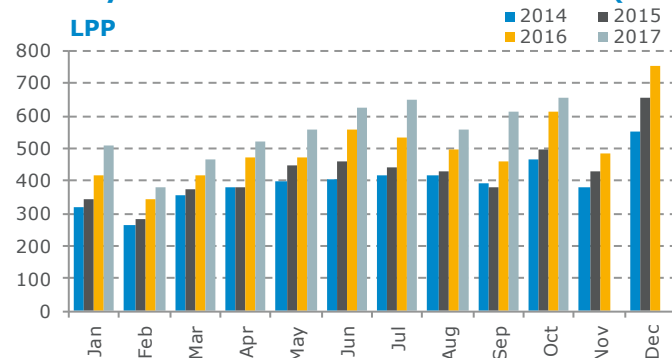


## 1M Performance, World Retail Stocks



Source: Bloomberg, Dom Maklerski mBanku

## Monthly Sales Statistics For Polish Retailers (PLN m)



Source: Companies, Dom Maklerski mBanku

## Key Monthly Financials of Selected Retail Companies

	2016												2017											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Sales Revenue (YoY pct. change)</b>																								
LPP	22.3	20.0	10.1	23.2	5.4	20.6	21.0	15.1	19.6	23.8	12.8	15.8	21.8	11.7	12.3	11.0	18.0	12.8	21.7	12.5	33.7	7.0		
CCC	36.6	44.8	3.6	40.9	41.5	40.6	28.3	34.6	28.9	48.3	53.9	50.4	16.1	34.2	52.4	12.7	39.0	44.1	48.8	43.9	52.9	1.3		
VST	13.3	17.8	17.1	16.7	16.0	16.6	16.2	16.8	11.4	21.0	16.0	12.7	9.0	14.6	18.1	8.3	13.1	12.7	11.0	14.3	18.9	16.1		
BTM	28.2	25.6	-0.2	44.6	12.0	6.1	18.1	16.8	-1.4	13.1	16.3	24.9	11.0	-0.6	28.5	31.4	24.1	35.2	16.8	3.9	32.0	20.0		
MON	31.9	30.1	6.1	25.8	3.2	10.9	22.5	26.6	-15.2	7.8	n/a	n/a	6.5	0.6	0.0	15.1	20.5	-5.1	14.9	13.3	19.3	3.4		
TXM	17.0	17.3	16.7	15.4	25.9	22.1	16.7	32.0	15.4	19.4	22.2	20.0	13.6	4.8	-10.7	1.0	1.0	-6.3	14.3	-3.0	20.0	-2.7		
GRI	1.0	1.6	-9.7	1.7	0.0	5.9	2.6	1.6	-10.5	17.3	15.8	-9.7	-2.0	3.8	10.8	9.0	19.4	15.8	-0.5	8.5	13.1	-6.3		
<b>Revenue Per Square Meter (PLN)</b>																								
LPP	495	407	490	552	548	641	614	566	518	685	534	825	555	420	512	573	603	674	700	600	654	693		
CCC	463	399	544	778	733	647	507	496	591	1065	751	735	439	439	685	727	845	776	630	596	754	901		
VST	1431	1403	1429	1608	1958	1885	1654	1603	1495	1666	1624	3013	1430	1469	1538	1585	2019	1936	1672	1670	1609	1718		
BTM	1105	903	861	1369	1226	1057	1143	1120	967	1113	1102	1695	1044	762	940	1530	1303	1231	1157	951	1048	2266		
MON	689	593	641	607	581	842	619	497	475	689	715	1070	643	523	549	599	601	692	619	503	515	653		
TXM	279	267	354	373	414	381	329	380	340	410	351	488	248	216	244	291	328	290	310	308	344	342		
GRI	1343	1222	1411	1540	1423	1541	1293	1244	1405	1869	1536	1537	1308	1262	1562	1692	1719	1795	1283	1349	1592	1747		
<b>Gross Profit Margin</b>																								
LPP	42%	47%	52%	51%	53%	47%	38%	45%	59%	60%	60%	36%	35%	44%	60%	59%	59%	52%	36%	47%	62%	61%		
VST	50%	50%	54%	57%	53%	51%	49%	n/a	n/a	n/a	n/a	n/a	50%	50%	52%	54%	53%	51%	50%	50%	55%	55%		
BTM	53%	47%	54%	54%	57%	54%	52%	52%	55%	55%	50%	48%	46%	46%	51%	52%	51%	50%	49%	49%	53%	55%		
GRI	45%	47%	50%	55%	55%	52%	45%	45%	51%	56%	49%	59%	44%	40%	49%	49%	49%	46%	42%	39%	45%	47%		
<b>YoY Change In Gross Profit Margin (ppts)</b>																								
LPP	-7.0	-4.0	-5.0	-5.0	+1.0	-4.0	-8.0	-8.0	+1.0	+1.0	+5.0	-15.0	-7.0	-3.0	+8.0	+8.0	+6.0	+5.0	-2.0	+2.0	+3.0	+1.0		
VST													+0.2	-0.3	-1.2	-2.4	+0.1	-0.6	+1.6	-0.1	-0.9	+1.2		
BTM	+1.8	+0.2	+0.6	-4.2	-1.1	-1.8	-0.5	+0.5	-0.6	-2.6	-5.4	-3.1	-6.9	-1.3	-3.4	-2.3	-6.2	-3.5	-2.7	-2.6	-1.6	-0.8		
GRI	+4.5	+4.0	+0.2	+3.7	+3.8	+4.3	+3.7	+2.4	+1.3	+1.3	-1.8	+7.7	-1.0	-6.9	-1.5	-6.3	-6.1	-6.0	-3.4	-5.3	-4.5	-11.2		
<b>Estimated Sales Revenue (PLN m) (green=profit, red=loss)</b>																								
LPP	-8.8	-23.2	31.9	23.5	32.4	44.1	-17.4	2.0	48.9	135.2	57.8	39.0	-61.9	-71.7	39.9	61.8	80.7	78.7	-27.7	3.5	120	134		
VST	0.1	-0.2	1.6	3.8	7.7	5.8	2.2	n/a	n/a	n/a	n/a	n/a	-0.5	-0.1	2.3	2.9	9.8	7.1	3.2	7.6	9.3	3.0		
BTM	1.1	-0.5	0.0	2.6	2.2	0.8	1.1	1.0	0.5	1.1	0.5	3.8	-0.2	-1.7	-0.1	3.9	2.2	1.6	0.2	0.0	1.3	1.5		
GRI	-0.3	-0.7	1.4	2.6	1.6	1.9	-0.8	-1.1	1.3	4.8	0.5	2.7	-1.0	-2.0	1.9	2.4	2.6	2.4	-1.3	-2.4	0.4	1.6		
<b>YoY Pct. Change In Sales Profit</b>																								
LPP	n/a	n/a	-27.6	-41.3	-44.1	-27.3	n/a	-95.6	24.4	50.5	71.5	-70.1	n/a	n/a	24.9	163	149	78.5	n/a	71.8	146	-1.0		
VST	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	50.7	-23.9	26.6	22.1	45.1	278	219	320		
BTM	161.4	n/a	n/a	74.9	-9.1	-46.8	15.1	23.7	-63.9	-32.1	-60.1	11.2	n/a	n/a	n/a	46.7	-0.9	95.6	-82.7	-96.5	145	36.4		
GRI	n/a	n/a	n/a	3.7	-9.1	52.0	n/a	n/a	-55.9	130.7	n/a	28.7	n/a	n/a	33.6	-7.6	59.0	27.0	n/a	b.d.	-49.5	-70.6		

Source: Companies, Dom Maklerski mBanku; Figures in green indicate a positive change, figures in red indicate a negative change

## Key Quarterly Financials

	3Q'14	4Q'14	1Q'15	2Q'15	3Q'15	4Q'15	1Q'16	2Q'16	3Q'16	4Q'16	1Q'17	2Q'17	3Q'17
<b>YoY Pct. Growth In Sales Revenue</b>													
LPP	11.4	10.9	6.1	9.0	2.2	12.1	17.2	16.4	18.0	17.7	16.0	13.5	21.8
CCC	13.9	16.4	20.1	22.5	8.1	11.1	23.8	41.4	29.7	49.2	34.8	30.8	48.5
Vistula	11.0	16.0	17.2	16.2	18.0	13.5	15.6	16.4	15.0	17.9	14.1	11.4	15.2
Bytom	22.8	22.4	24.5	33.9	20.9	24.9	17.2	20.1	11.1	18.8	14.5	30.4	17.9
Monnari	9.9	25.3	24.9	24.2	16.2	22.3	20.2	11.0	8.2	0.0	2.5	7.2	16.5
TXM	13.3	18.8	15.9	16.7	9.9	14.9	16.7	21.6	20.1	21.5	1.6	-0.8	9.6
Gino Rossi	16.5	20.9	10.2	7.3	-3.6	-1.6	-7.2	1.9	-2.7	24.0	5.4	18.4	7.3
<b>LTM Revenue Per Square Meter (PLN)</b>													
LPP	630	608	587	572	556	552	553	558	566	577	586	595	615
CCC	627	626	616	617	596	582	575	604	606	648	653	674	703
Vistula	1,402	1,448	1,483	1,534	1,574	1,605	1,636	1,675	1,697	1,736	1,755	1,762	1,779
Bytom	1,113	1,126	1,141	1,187	1,198	1,207	1,187	1,188	1,167	1,163	1,154	1,189	1,186
Monnari	727	750	763	773	767	767	763	739	718	677	659	650	653
TXM	346	359	362	368	368	368	367	370	369	365	346	329	323
Gino Rossi	1,770	1,804	1,808	1,782	1,713	1,640	1,565	1,532	1,496	1,572	1,590	1,660	1,680
<b>LTM Gross Profit Margin (B&amp;M Sales)</b>													
LPP	59.0%	58.6%	58.0%	55.7%	54.6%	53.5%	51.7%	51.1%	49.7%	48.7%	48.5%	50.4%	50.7%
CCC	54.3%	55.1%	55.3%	54.6%	54.1%	54.9%	54.0%	53.9%	53.4%	52.7%	52.2%	51.7%	51.6%
Vistula	53.7%	53.6%	53.6%	53.4%	53.4%	53.0%	52.8%	52.9%	52.3%	52.1%	51.8%	51.6%	51.8%
Bytom	51.2%	51.5%	51.9%	52.5%	52.9%	53.0%	53.0%	52.6%	52.5%	51.3%	50.3%	49.6%	49.1%
Monnari	59.5%	60.2%	59.2%	57.9%	56.0%	54.8%	54.3%	54.5%	54.0%	54.3%	53.5%	53.3%	54.1%
TXM	41.6%	41.5%	41.1%	40.8%	40.6%	40.8%	41.1%	41.6%	41.6%	42.0%	41.9%	42.3%	40.9%
Gino Rossi	46.6%	49.2%	48.5%	47.1%	47.3%	46.3%	47.6%	48.5%	48.8%	47.6%	47.1%	45.3%	44.3%
<b>LTM SG&amp;A Per Square Meter (PLN)</b>													
LPP	271	267	258	248	237	232	233	239	245	248	256	260	266
CCC	249	260	258	258	256	249	251	258	259	264	269	269	280
Vistula	642	655	668	676	690	705	718	738	744	753	757	751	754
Bytom	495	490	489	491	493	483	478	478	477	480	485	482	479
Monnari	325	323	322	313	311	309	301	301	299	300	299	299	296
TXM	115	119	122	124	125	124	127	129	132	133	134	137	140
Gino Rossi	709	732	728	707	686	677	666	670	670	667	670	681	691
<b>LTM EBIT Margin</b>													
LPP	13.4%	12.8%	12.1%	11.0%	10.4%	9.8%	7.8%	6.6%	4.6%	3.8%	2.9%	4.7%	6.0%
CCC	12.5%	12.1%	11.9%	11.7%	10.3%	11.1%	10.0%	10.6%	10.0%	11.7%	10.7%	11.2%	11.0%
Vistula	7.7%	8.3%	8.3%	8.8%	9.1%	8.4%	8.3%	8.0%	7.7%	8.5%	8.2%	8.4%	8.6%
Bytom	4.4%	6.2%	6.9%	9.7%	10.3%	11.0%	10.7%	10.1%	9.4%	8.6%	6.7%	7.2%	6.8%
Monnari	15.5%	17.0%	16.2%	17.8%	15.5%	14.6%	14.5%	12.5%	11.0%	9.2%	6.8%	6.3%	7.5%
TXM	8.1%	7.8%	7.2%	7.0%	6.4%	6.7%	5.9%	6.1%	5.0%	4.4%	1.8%	-0.9%	-3.8%
Gino Rossi	5.7%	8.2%	7.8%	7.3%	6.8%	4.1%	3.9%	3.9%	3.0%	4.5%	4.2%	3.8%	3.0%
<b>Inventory Per Square Meter (PLN)</b>													
LPP	1,532	1,395	1,542	1,537	1,704	1,618	1,630	1,686	1,648	1,298	1,381	1,616	1,755
CCC	2,725	2,582	2,609	2,333	2,093	1,910	2,337	2,114	2,359	2,314	2,770	2,838	3,045
Vistula	7,566	7,572	7,288	7,251	8,320	8,775	8,717	8,725	9,237	9,566	9,362	9,472	10,263
Bytom	5,052	5,259	5,562	5,514	5,958	5,007	5,204	5,110	5,945	5,399	5,740	5,115	5,483
Monnari	1,714	1,395	1,553	1,372	2,130	2,007	1,747	1,665	2,147	1,924	1,628	1,388	1,616
TXM						820	958	894	1,007	n/a	n/a	1,024	1,014
Gino Rossi	5,367	5,618	5,803	5,247	4,841	4,289	4,367	4,587	4,790	4,916	5,238	5,161	5,239
<b>YoY Pct. Change In Per-Sqm Inventory (figures in green and red indicate significant changes in excess of 10%)</b>													
LPP	-8.3%	-4.3%	9.9%	1.9%	11.2%	15.9%	5.7%	9.7%	-3.3%	-19.8%	-15.3%	-4.2%	6.5%
CCC	30.8%	32.8%	13.9%	-11.4%	-23.2%	-26.0%	-10.4%	-9.4%	12.7%	21.1%	18.5%	34.3%	29.1%
Vistula	14.9%	9.7%	7.2%	7.7%	10.0%	15.9%	19.6%	20.3%	11.0%	9.0%	7.4%	8.6%	11.1%
Bytom	30.4%	47.7%	45.0%	37.8%	17.9%	-4.8%	-6.4%	-7.3%	-0.2%	7.8%	10.3%	0.1%	-7.8%
Monnari	10.3%	37.9%	33.3%	23.1%	24.3%	43.9%	12.5%	21.4%	0.8%	-4.1%	-6.8%	-16.7%	-24.7%
TXM										7.0%	1.2%	14.5%	0.7%
Gino Rossi	12.6%	19.7%	20.5%	0.0%	-9.8%	-23.6%	-24.7%	-12.6%	-1.1%	14.6%	19.9%	12.5%	9.4%

Source: Companies, Dom Maklerski mBanku; Figures in green indicate a positive change, figures in red indicate a negative change

## Retail Stock Valuations

Company	Current Price	1M Change	P/E			EV/EBITDA			EV/Sales			PEG Ratio			DYield		
			2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
ABC Mart	5910.00	+1.4%	17.1	16.8	16.3	8.8	8.8	8.5	1.7	1.6	1.6	935%	918%	888%	2.2%	2.1%	2.3%
Adidas	179.20	-7.6%	26.9	22.5	19.1	15.4	13.2	11.5	1.7	1.6	1.5	118%	99%	84%	1.4%	1.8%	2.1%
Caleries	30.09	+5.5%	14.7	14.1	12.6	7.4	7.1	6.7	0.6	0.5	0.5	90%	86%	77%	1.0%	0.9%	0.9%
Crocs	10.90	+14.9%	-	47.0	21.6	15.9	10.2	7.5	0.8	0.8	0.8	-	-	-	-	-	-
Foot Locker	39.40	+25.4%	8.2	9.8	9.8	3.6	4.3	4.6	0.5	0.5	0.5	-	-	-	2.7%	3.0%	3.1%
Geox	2.80	-20.9%	30.8	19.6	15.1	10.7	8.0	7.0	0.8	0.8	0.8	-	-	-	1.1%	1.5%	2.0%
Gerry Weber	8.61	-19.2%	41.8	19.1	14.5	9.1	7.4	6.7	0.7	0.7	0.7	-	-	-	1.7%	2.7%	3.4%
H&M	191.20	-11.7%	17.9	16.3	15.1	10.0	9.0	8.2	1.5	1.4	1.3	458%	418%	387%	5.1%	5.1%	5.2%
Hugo Boss	67.51	-13.2%	18.9	17.9	16.3	9.8	9.4	8.8	1.8	1.7	1.7	136%	128%	117%	4.1%	4.3%	4.6%
IC Group	153.50	-0.6%	29.0	21.7	17.6	13.5	11.8	10.0	1.0	1.0	1.0	-	-	-	3.3%	3.0%	3.4%
Inditex	29.60	-5.3%	29.1	26.9	24.1	16.9	15.7	14.1	3.7	3.4	3.1	439%	406%	364%	2.3%	2.5%	2.8%
Kappahl	45.30	-25.4%	9.6	11.1	9.9	5.8	6.1	5.6	0.7	0.7	0.7	74%	85%	76%	4.4%	4.8%	5.6%
<b>Median</b>			<b>18.9</b>	<b>18.5</b>	<b>15.7</b>	<b>9.9</b>	<b>8.9</b>	<b>7.9</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>	<b>136%</b>	<b>128%</b>	<b>117%</b>	<b>2.3%</b>	<b>2.7%</b>	<b>3.1%</b>

## e-commerce Stock Valuations

Company	Current Price	1M Change	P/E			EV/EBITDA			EV/Sales			PEG Ratio			DYield		
			2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
boohoo.com	1.82	-9.9%	83.1	65.0	52.0	56.4	38.2	27.9	6.7	3.6	2.6	178%	139%	111%	-	-	-
YOOX NET	27.72	-17.6%	67.1	45.8	32.4	21.5	16.2	12.4	1.7	1.5	1.3	138%	94%	66%	-	-	-
Zalando	43.41	-3.4%	80.1	64.0	49.2	35.0	28.2	22.0	2.1	1.8	1.5	369%	295%	227%	-	-	-
<b>Median</b>			<b>80.1</b>	<b>64.0</b>	<b>49.2</b>	<b>35.0</b>	<b>28.2</b>	<b>22.0</b>	<b>2.1</b>	<b>1.8</b>	<b>1.5</b>	<b>178%</b>	<b>139%</b>	<b>111%</b>	<b>-</b>	<b>-</b>	<b>-</b>

Source: Bloomberg



**EV** – net debt + market value (EV – economic value)  
**EBIT** – Earnings Before Interest and Taxes  
**EBITDA** – EBIT + Depreciation and Amortisation  
**EBIT/EV** – operating profit to economic value  
**EBITDA/EV** – EBIT + Depreciation and Amortisation to economic value  
**P/E** – (Price/Earnings) – price divided by annual net profit per share  
**P/BV** – (Price/Book Value) – price divided by book value per share  
**Net debt** – credits + debt papers + interest bearing loans – cash and cash equivalents  
**MCap** – current market capitalization  
**Monthly price change (MoM price change)** – change in the price of a stock since the date of the previous publication or in the course of the past month

**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

#### Recommendations of Dom Maklerski mBanku :

A recommendation is valid for a period of 6-9 months, unless a subsequent recommendation is issued within this period. Expected returns from individual recommendations are as follows:

**BUY** – we expect that the rate of return from an investment will be at least 15%  
**ACCUMULATE** – we expect that the rate of return from an investment will range from 5% to 15%  
**HOLD** – we expect that the rate of return from an investment will range from -5% to +5%  
**REDUCE** – we expect that the rate of return from an investment will range from -5% to -15%  
**SELL** – we expect that an investment will bear a loss greater than 15%  
Recommendations are updated at least once every nine months.

mBank S.A. with its registered office in Warsaw at Senatorska 18 renders brokerage services in the form of derived organisational unit—Brokerage Office which uses name Dom Maklerski mBanku.

The present report expresses the knowledge as well as opinions of the authors on day the report was prepared. The opinions and estimates contained herein constitute our best judgment at this date and time, and are subject to change without notice. The present report was prepared with due care and attention, observing principles of methodological correctness and objectivity, on the basis of sources available to the public, which Dom Maklerski mBanku considers reliable, including information published by issuers, shares of which are subject to recommendations. However, Dom Maklerski mBanku, in no case, guarantees the accuracy and completeness of the report, in particular should sources on the basis of which the report was prepared prove to be inaccurate, incomplete or not fully consistent with the facts.

This document does not constitute an offer or invitation to subscribe for or purchase any financial instruments and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. It is being furnished to you solely for your information and may not be reproduced or redistributed to any other person. This document nor any copy hereof is not to be distributed directly or indirectly in the United States, Australia, Canada or Japan.  
Recommendations are based on essential data from the entire history of a company being the subject of a recommendation, with particular emphasis on the period since the previous recommendation.

mBank S.A. bears no responsibility for investment decisions taken on the basis of the present report or for any damages incurred as a result of investment decisions taken on the basis of the present report.

Investing in shares is connected with a number of risks including, but not limited to, the macroeconomic situation of the country, changes in legal regulations as well as changes on commodity markets. Full elimination of these risks is virtually impossible.

It is possible that mBank S.A. in its brokerage activity renders, will render or in the past has rendered services for companies and other entities mentioned in the present report.

mBank S.A. does not rule out offering brokerage services to an issuer of securities being the subject of a recommendation. Information about any conflicts of interest that may arise in connection with the issuance of recommendations (should such a conflict exist) is provided below, and it is valid as of the date of the most recent Monthly Report published by Dom Maklerski mBanku or as of the date of the most recent recommendation issued for an Issuer, as applicable.

The present report was not transferred to the issuers prior to its publication.

The production of new recommendations was completed on November 28, 2017, 8:53 AM.  
New recommendations were first disseminated on November 28, 2017, 8:53 AM.

mBank S.A. serves as underwriter for the following issuers: Asseco BS, Asseco Poland, Atal, Capital Park, Erbud, Ergis, Kruk, Polski Bank Komórek Macierzystych, Tarczyński, TXM, Vistal Gdynia, ZUE.

mBank S.A. serves as market maker for the following issuers: Alior Bank, Asseco BS, Asseco Poland, Atal, Bank Pekao, BZ WBK, Capital Park, CCC, Cyfrowy Polsat, Enea, Energa, Erbud, Ergis, Eurocash, KGHM, Kruk, Lotos, LW Bogdanka, Orange Polska, PGE, PGNiG, PKN Orlen, PKO BP, Polski Bank Komórek Macierzystych, Polwax, PZU, Tarczyński, Tauron, TXM, Vistal Gdynia, ZUE.

mBank S.A. receives remuneration from issuers for services rendered to the following companies: Agora, Alior Bank, Asseco Poland, Atal, Bank Handlowy, Bank Millennium, Bank Pekao, Boryszew, BZ WBK, Capital Park, CCC, CD Projekt, Cyfrowy Polsat, Echo Investment, Elemental Holding, Enea, Energa, Erbud, Ergis, Erste Bank, Eurocash, Getin Noble Bank, Impexmetal, ING BSK, KGHM, Kruk, Lotos, LW Bogdanka, Netia, Orange Polska, OTP Bank, PA Nova, PGE, PGNiG, PKN Orlen, PKO BP, Polnord, Polski Bank Komórek Macierzystych, Polwax, PZU, Raiffeisen Bank International, Robyng, Skarbiec Holding, Stelmet, Sygnyty, Tarczyński, Tauron, TXM, Unibep, Uniwheels, Vistal Gdynia, ZUE.

In the last 12 months mBank S.A. has been an offering agent of the issuer's shares in a public offering for the following companies: TXM.

Asseco Poland provides IT services to mBank S.A.

mBank S.A. has a cash service agreement in place with Pekao and a phone subscription agreement in place with Orange Polska S.A.

mBank S.A., its shareholders and employees may hold long or short positions in the issuers' shares or other financial instruments related to the issuers' shares. mBank, its affiliates and/or clients may conduct or may have conducted transactions for their own account or for account of another with respect to the financial instruments mentioned in this report or related investments before the recipient has received this report.

Copying or publishing the present report, in full or in part, or disseminating in any way information contained in the present report requires the prior written agreement of mBank S.A. Recommendations are addressed to all Clients of Dom Maklerski mBanku.

Recommendations are addressed to all Clients of Dom Maklerski mBanku.

The activity of mBank S.A. is subject to the supervision of the Polish Financial Supervision Commission.

Individuals who did not participate in the preparation of recommendations, but had or could have had access to recommendations prior to their publication, are employees of Dom Maklerski mBanku authorised to access the premises in which recommendations are prepared and/or individuals having to access to recommendations based on their corporate roles, other than the analysts mentioned as the authors of the present recommendations.

#### Strong and weak points of valuation methods used in recommendations:

**DCF** – acknowledged as the most methodologically correct method of valuation; it consists in discounting financial flows generated by a company; its weak point is the significant susceptibility to a change of forecast assumptions in the model.

**Relative** – based on a comparison of valuation multipliers of companies from a given sector; simple in construction, reflects the current state of the market better than DCF; weak points include substantial variability (fluctuations together with market indices) as well as difficulty in the selection of the group of comparable companies.

**Economic profits** – discounting of future economic profits; the weak point is high sensitivity to changes in the assumptions made in the valuation model.

**Discounted Dividends (DDM)** – discounting of future dividends; the weak point is high sensitivity to changes in the assumptions as to future dividends made in the valuation model.

**NAV** - valuation based on equity value, one of the most frequently used method in case of developing companies; the weak point of the method is that it does not factor in future changes in revenue/profits of a company.

mBank issued the following investment recommendations for the companies in the 12 months prior to this publication

#### Bytom

Rating	Overweight	Neutral	Overweight
Rating date	2017-11-28	2017-09-13	2017-08-25
Price on rating day	2.50	2.67	2.37
WIG on rating day	64,177.91	64,826.07	63,886.54

#### CCC

Rating	Accumulate	Accumulate	Hold	Accumulate
Rating date	2017-10-02	2017-09-01	2017-03-01	2017-01-27
Price on rating day	276.00	262.20	225.50	207.00
WIG on rating day	64,289.69	64,973.76	58,300.37	55,560.23

#### Gino Rossi

Rating	Neutral	Overweight
Rating date	2017-11-28	2017-08-25
Price on rating day	1.29	1.78
WIG on rating day	64,177.91	63,886.54

#### LPP

Rating	Hold	Hold	Accumulate	Sell	Hold	Hold
Rating date	2017-10-02	2017-09-01	2017-06-20	2017-04-05	2017-01-27	2016-11-04
Price on rating day	8172.05	8696.65	6700.00	6635.25	5369.90	5615.00
WIG on rating day	64,289.69	64,973.76	61,048.15	59,015.12	55,560.23	47,899.61

#### Monnari

Rating	Overweight	Overweight	Neutral
Rating date	2017-11-28	2017-09-13	2017-08-25
Price on rating day	8.21	8.93	7.89
WIG on rating day	64,177.91	64,826.07	63,886.54

#### TextilMarket

Rating	Buy	Buy	Buy	Buy
Rating date	2017-11-03	2017-09-01	2017-06-08	2017-03-09
Price on rating day	1.99	2.97	4.00	5.50
WIG on rating day	64,375.83	64,973.76	60,752.25	58,559.14

#### Vistula

Rating	Overweight	Overweight
Rating date	2017-11-28	2017-08-25
Price on rating day	3.88	3.26
WIG on rating day	64,177.91	63,886.54

## Dom Maklerski mBanku

Senatorska 18  
00-082 Warszawa  
<http://www.mbank.pl/>

## Research Department

**Kamil Kliszc**

director  
+48 22 438 24 02  
[kamil.kliscz@mbank.pl](mailto:kamil.kliscz@mbank.pl)  
energy, power generation

**Jakub Szkopek**

+48 22 438 24 03  
[jakub.szkopek@mbank.pl](mailto:jakub.szkopek@mbank.pl)  
industrials, chemicals, metals

**Piotr Bogusz**

+48 22 438 24 08  
[piotr.bogusz@mbank.pl](mailto:piotr.bogusz@mbank.pl)  
retail

**Michał Marczak**

+48 22 438 24 01  
[michal.marczak@mbank.pl](mailto:michal.marczak@mbank.pl)  
strategy

**Paweł Szpigel**

+48 22 438 24 06  
[pawel.szpigel@mbank.pl](mailto:pawel.szpigel@mbank.pl)  
media, IT, telco

**Michał Konarski**

+48 22 438 24 05  
[michal.konarski@mbank.pl](mailto:michal.konarski@mbank.pl)  
banks, financials

**Piotr Zybala**

+48 22 438 24 04  
[piotr.zybala@mbank.pl](mailto:piotr.zybala@mbank.pl)  
construction, real-estate development

## Sales and Trading

### Traders

**Piotr Gawron**

director  
+48 22 697 48 95  
[piotr.gawron@mbank.pl](mailto:piotr.gawron@mbank.pl)

**Jędrzej Łukomski**

+48 22 697 49 85  
[jedrzej.lukomski@mbank.pl](mailto:jedrzej.lukomski@mbank.pl)

**Andrzej Sychowski**

+48 22 697 48 46  
[andrzej.sychowski@mbank.pl](mailto:andrzej.sychowski@mbank.pl)

**Krzysztof Bodek**

+48 22 697 48 89  
[krzysztof.bodek@mbank.pl](mailto:krzysztof.bodek@mbank.pl)

**Adam Prokop**

+48 22 697 47 90  
[adam.prokop@mbank.pl](mailto:adam.prokop@mbank.pl)

**Tomasz Galanciak**

+48 22 697 49 68  
[tomasz.galanciak@mbank.pl](mailto:tomasz.galanciak@mbank.pl)

**Tomasz Jakubiec**

+48 22 697 47 31  
[tomasz.jakubiec@mbank.pl](mailto:tomasz.jakubiec@mbank.pl)

**Szymon Kubka, CFA, PRM**

+48 22 697 48 54  
[szymon.kubka@mbank.pl](mailto:szymon.kubka@mbank.pl)

**Magdalena Bernacik**

+48 22 697 47 35  
[magdalena.bernacik@mbank.pl](mailto:magdalena.bernacik@mbank.pl)

## Sales, Foreign Markets

**Marzena Łempicka-Wilim**

deputy director  
+48 22 697 48 82  
[marzena.lempicka@mbank.pl](mailto:marzena.lempicka@mbank.pl)

**Bartosz Orzechowski**

+48 22 697 48 47  
[bartosz.orzechowski@mbank.pl](mailto:bartosz.orzechowski@mbank.pl)

## Private Broker

**Kamil Szymański**

director, active sales  
+48 22 697 47 06  
[kamil.szymanski@mbank.pl](mailto:kamil.szymanski@mbank.pl)

**Jarosław Banasiak**

deputy director, active sales  
+48 22 697 48 70  
[jaroslaw.banasiak@mbank.pl](mailto:jaroslaw.banasiak@mbank.pl)