

Wednesday, December 13, 2017 | periodic publication

# Monthly Retail Insight: December 2017

## Retail, Poland

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### Clothing & Footwear Retailers

- All listed clothing and footwear retailers experienced a **rebound in sales in November** after a slow October, owing most likely to more favorable weather. **LPP, CCC Vistula, and Bytom**, all reported **positive like-for-like growth** for the month. On the other hand, like-for-like **declines** were registered by **Monnari**, due to its focus on margins, **TXM**, still under pressure from lingering effects of inadequate stocking, and **Gino Rossi**, due to worsened lfl sales at the women's fashion stores.
- The retailers that delivered the most solid November results included **LPP** (further acceleration in lfl sales), **CCC** (reporting lfl growth despite negative base effects and less favorable weather), **VST** (delivering improvement in both lfl revenues and sales margins), and **BTM** (improved lfl and margins). We have a neutral view on the sales results of **MON** (where slower lfl growth probably means higher sales margins in Q4), **GRI** (with weaker sales discounted in the share price), and **TXM** (seen to slowly curb lfl sales contraction).
- The **Sunday shopping ban** in Poland, set to take effect in April 2018, provides for store closures for two Sundays a month in the first year, followed by three in 2019, and four in 2020, with some exceptions. The ban does not apply to Internet shopping. At the moment, the Parliament is considering amendments to the law to restrict Sunday sales in establishments larger than 80 square meters located at train and bus stations and service stations, and large establishments selling baked goods and ice cream. As for the ban's impact on Polish 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 of clothes and shoes. At the same time, adjustments to work schedules should have a positive effect on costs.
- If the **merger of Bytom and Vistula** were to take place today, at **0.63** the BTM-VST share swap ratio is well below (23.2%) the mid point (0.82) of the target range - a result of considerable gains recently in VST stock. In our view, this calls for an adjustment to the optimal swap ratio range.
- We are **downgrading VST from overweight to neutral** to reflect the **higher share price**, with no change in the 2017-2019 earnings outlook.
- The **EURPLN** exchange rate is currently **5.6% lower** than this time last year, promising decreases in the SG&A costs (specifically costs of store rental) of fashion retailers in Q4. At the same time, a **15.3% y/y fall in the USDPLN exchange rate** should reduce the costs of 2018 spring-summer collections, resulting in higher sales margins in the first half of next year (with LPP, CCC, MON, VST, BTM, and TXM as the main beneficiaries).
- Our **top picks** for the weeks ahead are **CCC, BTM, and MON**.
- Earlier this month, we made small adjustments to our financial forecasts for **CCC, LPP, and TXM**, not affecting the respective valuations.
- The **12M fwd P/E ratio of the retail sector is holding near its 3-year average**.

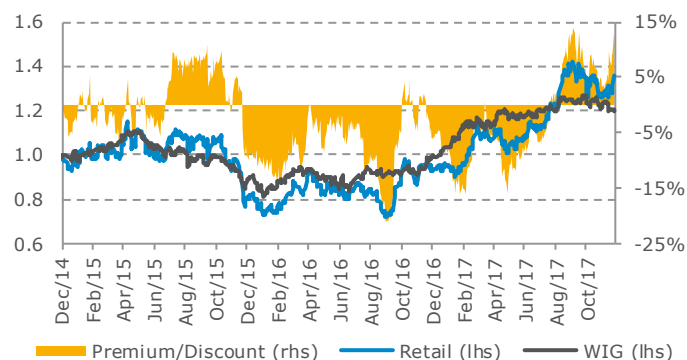
### Performance

Poland	1M*	YTD
CCC	+10.0%	+35%
Vistula	+9.0%	+27%
Redan	+7.9%	-56%
Bytom	+7.4%	+32%
TextilMarket	+5.4%	-57%
LPP	+2.4%	+51%
Wojas	+1.2%	-3%
Monnari	-0.7%	-14%
Gino Rossi	-8.3%	-53%
Próchnik	-30.3%	-57%
WIG-clothing	+5.3%	+21%
WIG	-0.7%	+21%
World	1M*	YTD
YOOX	+10.6%	+13%
Zalando	+7.1%	+26%
ABC Mart	+5.6%	-4%
FootLocker	+4.6%	-37%
Nike	+3.3%	+23%
Inditex	+3.3%	-5%
Hugo Boss	+3.2%	+28%
Geox	+2.8%	+34%
H&M	+2.5%	-20%
Gerry Weber	+1.2%	-20%
Marks & Spen	-0.2%	-9%
Crocs	-0.3%	+62%
Adidas	-2.0%	+18%
Next	-2.4%	-12%
Caleres	-3.2%	-3%
IC Group	-4.4%	+5%
Boohoo.com	-4.8%	+28%
KappAhl	-4.8%	-10%
EU Textiles**	+2.0%	+26%
World Txt.**	+2.1%	+22%
World Ind	1M*	YTD
EMEA Text.	+0.8%	+43%
World Text.	-0.9%	+8%
MSCI EM	-2.5%	+29%
EU Equity	+0.0%	+20%

\*Nov. 29 - Dec. 12

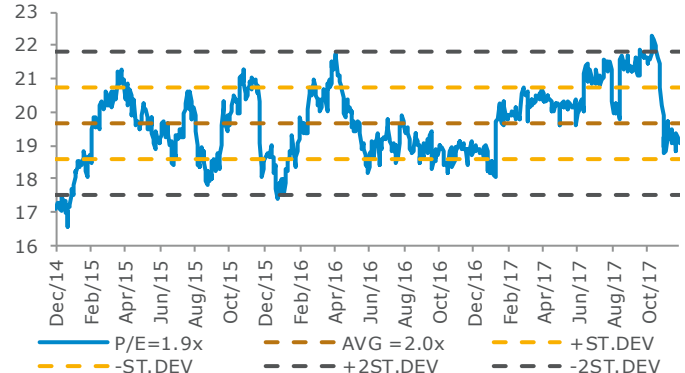
\*\*MSCI EU/World Textiles

### Retail Stocks vs. WIG Index



Source: Bloomberg, Dom Maklerski mBanku

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

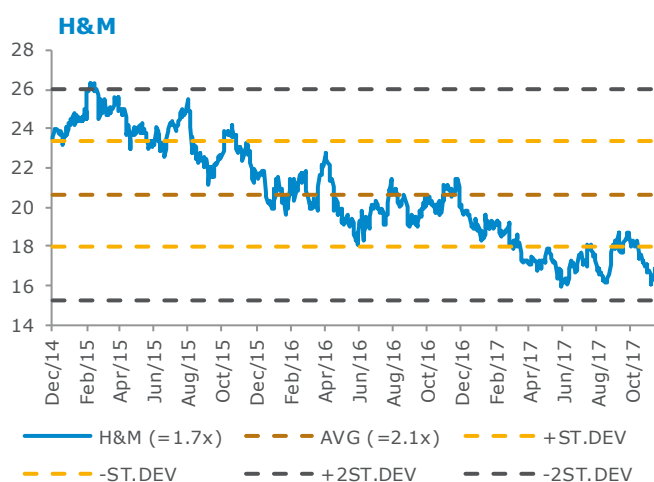
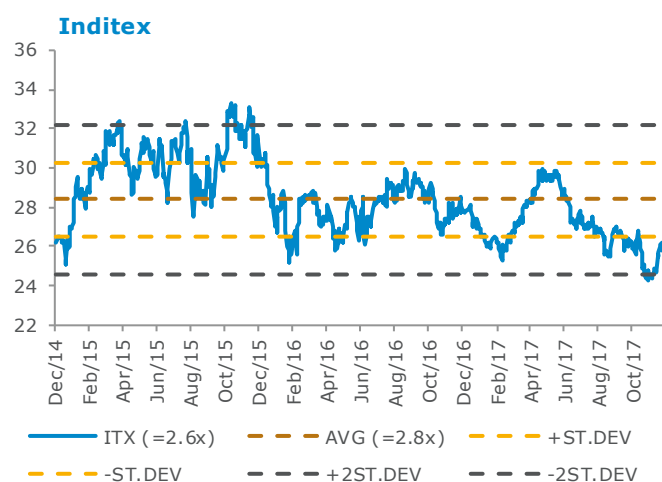
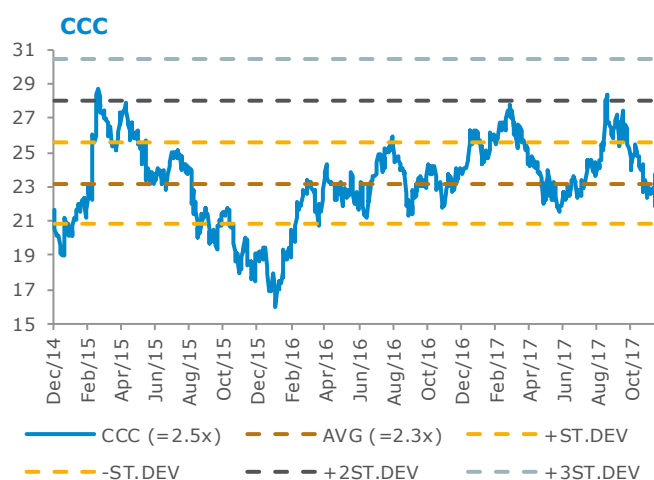
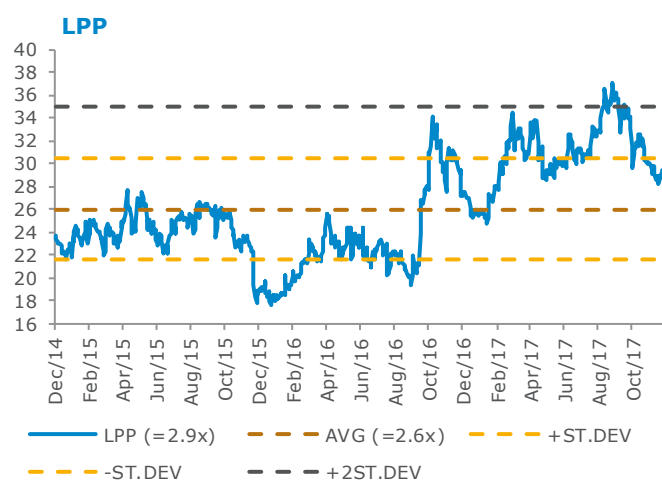


## 2017-2019 Financial Projections (PLN m) and Recommendations for Polish Retailers

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	15,744	15,733	-11	0.0	6,987	7,878	8,885	895	990	1,196	603	720	888	439	579	715	
CCC	11,125	12,030	905	1.9	4,157	5,374	7,024	551	728	989	453	613	862	328	475	682	
Vistula	758	885	127	1.9	686	785	866	81	90	100	65	73	82	45	52	60	
Monnari	261	199	-62	-3.2	252	286	306	28	33	36	24	29	32	19	24	26	
Bytom	197	207	10	0.6	187	217	243	21	25	26	16	18	19	13	16	17	
TextilMarket	72	95	23	5.2	396	468	494	-9	20	26	-15	12	19	-13	9	15	
Gino Rossi	55	140	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	►	8200.00	8499.00	+2.4%	35.9	27.2	22.0	17.0	15.1	12.1	6.3	5.4	4.5	104%	79%	64%
CCC	OW	►	292.00	270.50	+10.0%	33.9	23.4	16.3	20.6	15.6	11.4	6.7	5.4	4.2	111%	77%	53%
Vistula	N	▼	-	4.36	+9.0%	16.8	14.6	12.6	10.5	9.3	8.1	1.4	1.3	1.2	86%	74%	64%
Monnari	OW	-	-	8.55	-0.7%	13.6	10.9	9.9	7.1	5.7	4.5	1.3	1.2	1.0	55%	44%	40%
Bytom	OW	-	-	2.76	+7.4%	15.1	12.6	11.6	10.0	8.2	7.3	3.0	2.4	2.0	145%	121%	111%
TextilMarket	OW	►	5.74	2.14	+5.4%	-	7.9	4.9	-	4.7	3.3	1.0	0.9	0.8	-	-	127%
Gino Rossi	N	-	-	1.10	-8.3%	25.3	16.2	10.6	8.9	7.1	6.2	0.7	0.6	0.6	-647%	-414%	-271%
Median						21.1	14.6	11.6	10.3	8.2	7.3	1.4	1.3	1.2	95%	76%	64%

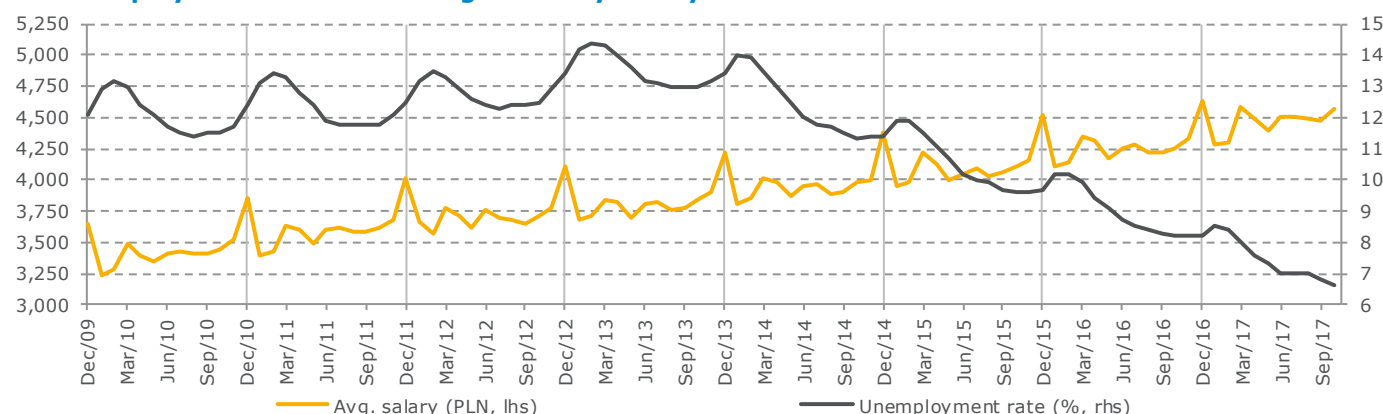
Source: Dom Maklerski mBanku; OW – overweight, N – neutral, UW – underweight; \*Net debt/Equity

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

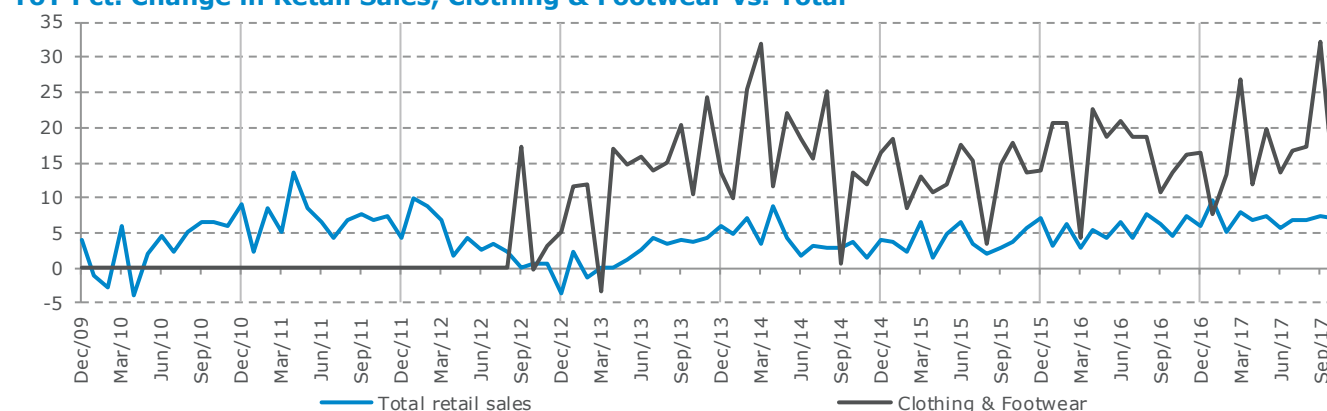


Source: Bloomberg

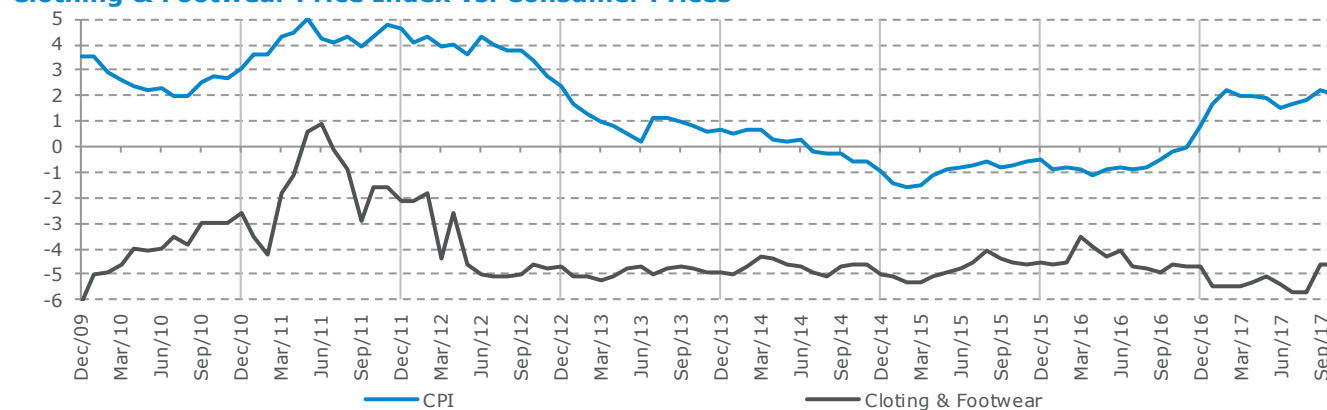
# PL Unemployment Rate vs. Average Monthly Salary In Retail



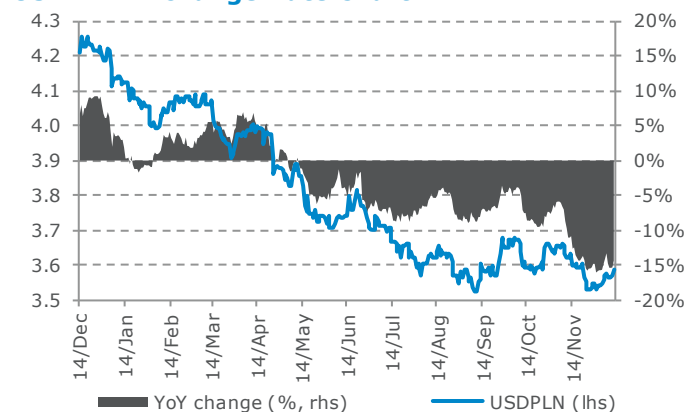
# YoY Pct. Change in Retail Sales, Clothing & Footwear vs. Total



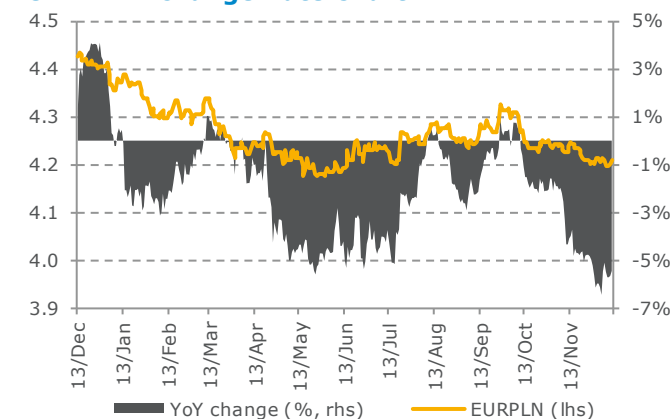
# Clothing & Footwear Price Index vs. Consumer Prices



# USDPLN Exchange Rate Chart

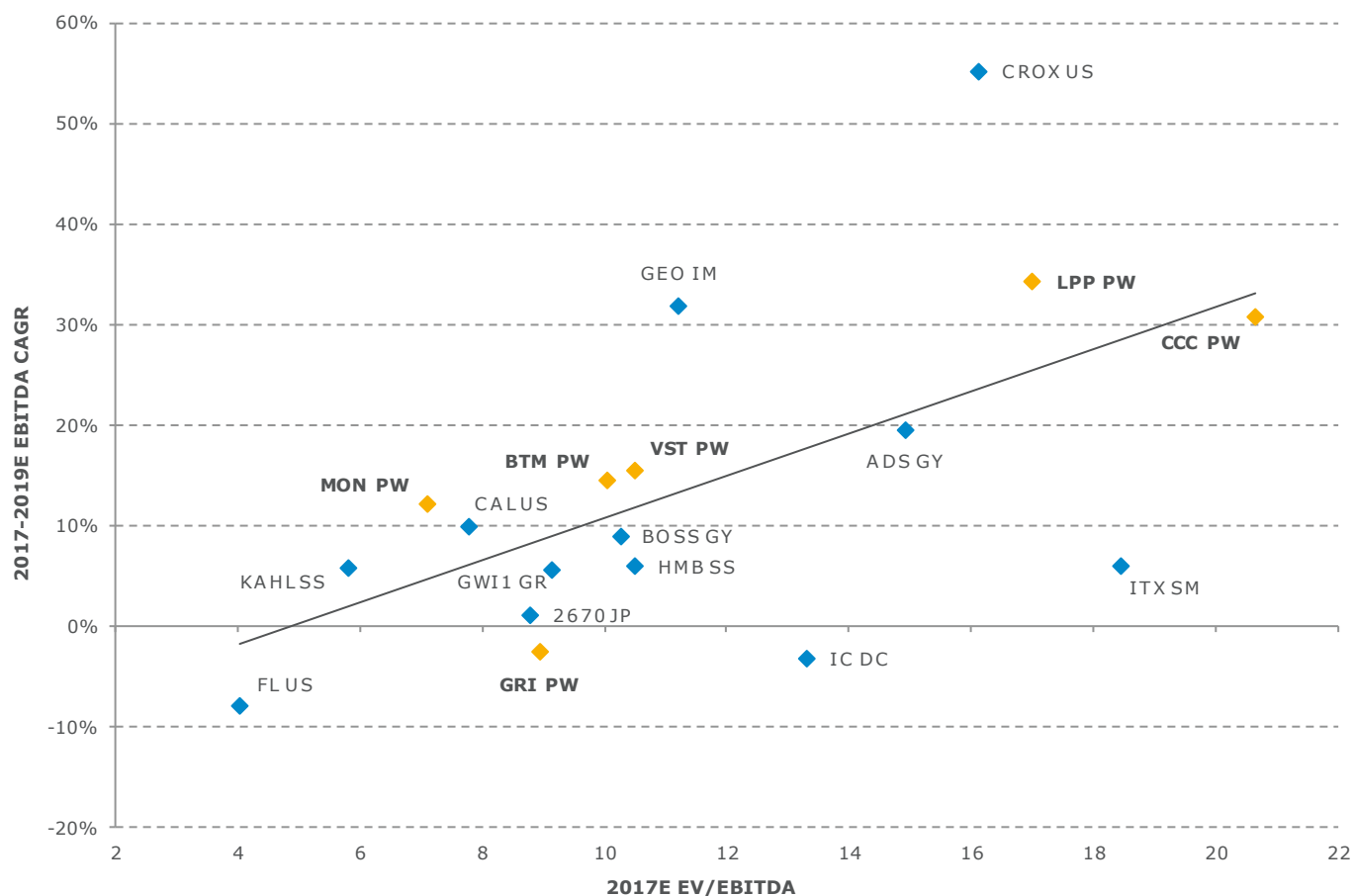


# EURPLN Exchange Rate Chart

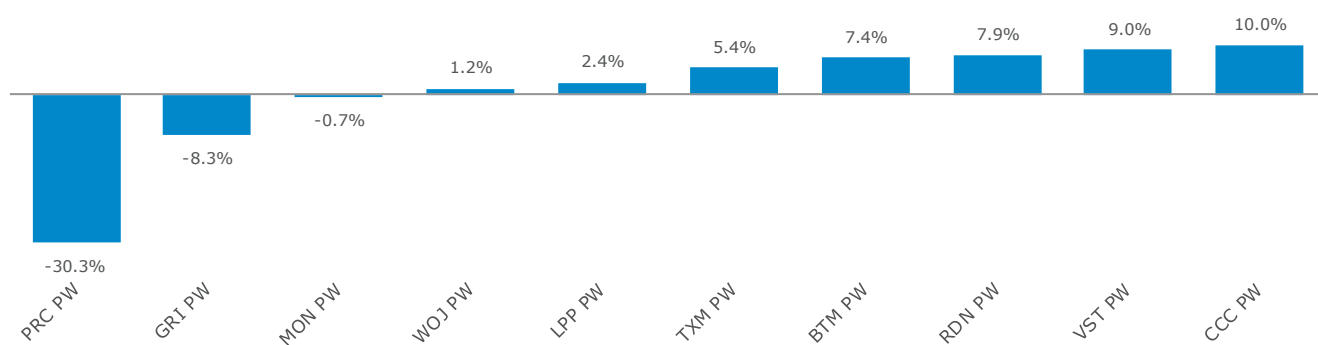


Source: GUS, Bloomberg, Dom Maklerski mBanku

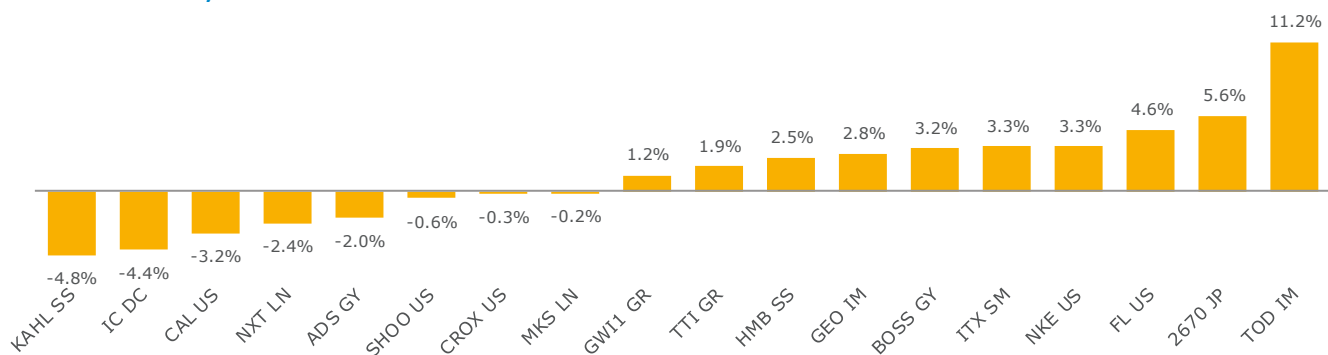
## 2017E EV/EBITDA vs. 2017-2019E EBITDA CAGR for Selected Retailers



## 1M Performance, Polish Retail Stocks

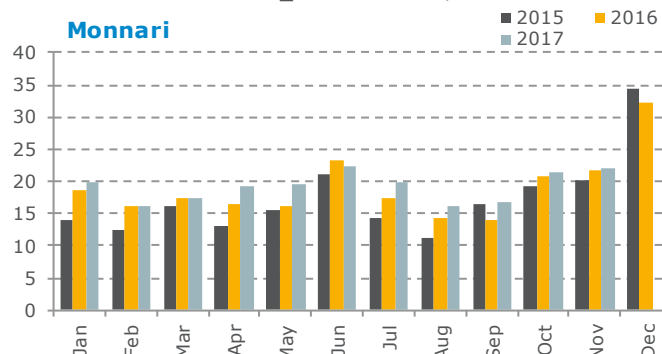
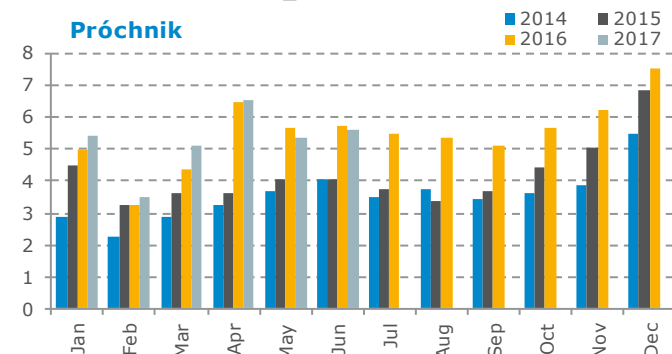
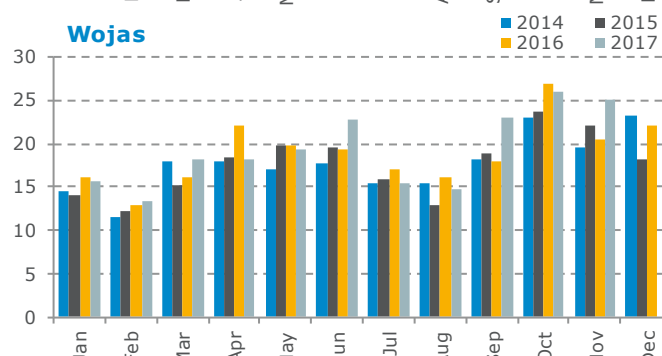
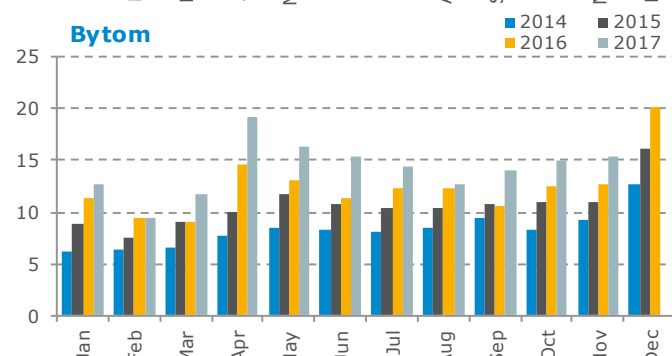
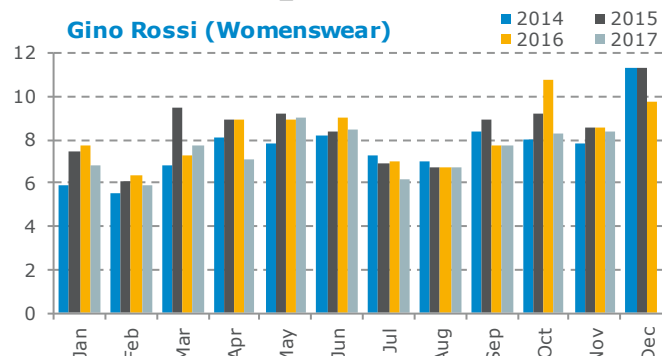
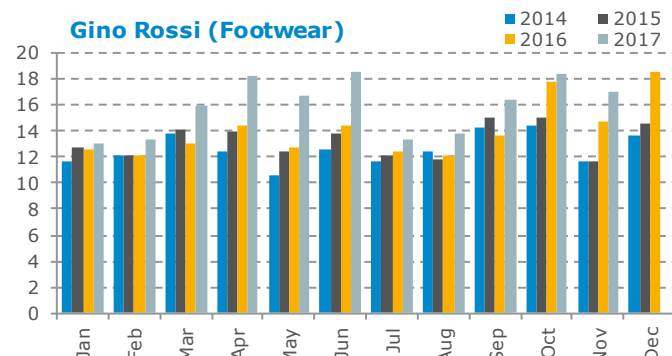
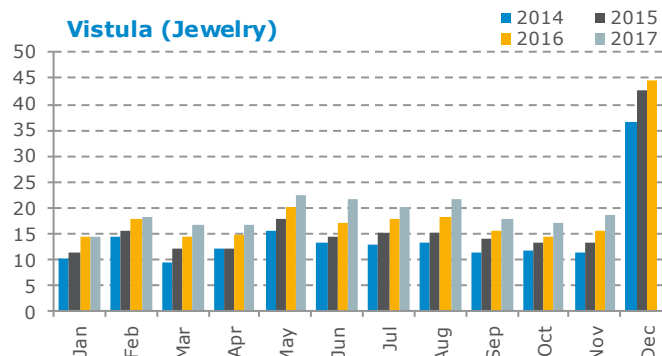
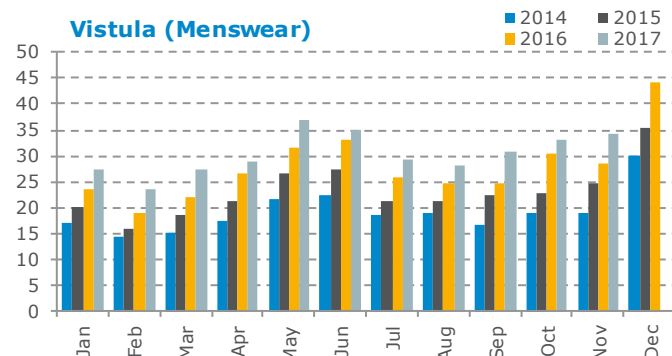
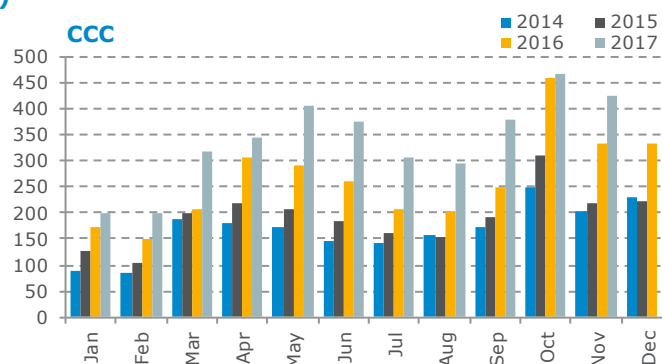
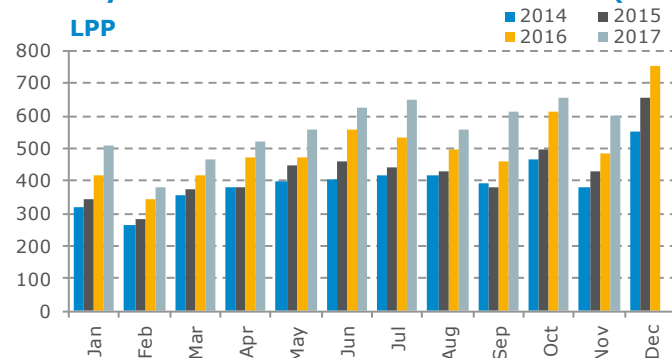


## 1M Performance, World Retail Stocks



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	24.1	
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	27.7	
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	19.0	
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	20.5	
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	1.9	
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	3.0	
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	8.5	
<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	625	
CCC	463	399	544	778	733	647	507	496	591	1065	751	735	439	439	685	727	845	776	630	596	754	901	801	
VST	1431	1403	1429	1608	1958	1885	1654	1603	1495	1666	1624	3013	1430	1469	1538	1585	2019	1936	1672	1670	1609	1718	1743	
BTM	1105	903	861	1369	1226	1057	1143	1120	967	1113	1102	1695	1044	762	940	1530	1303	1231	1157	961	1060	1124	1126	
MON	689	593	641	607	581	842	619	497	475	689	715	1070	643	523	549	599	601	692	619	503	515	653	665	
TXM	279	267	354	373	414	381	329	380	340	410	351	488	248	216	244	291	328	290	310	308	344	342	321	
GRI	1343	1222	1411	1540	1423	1541	1293	1244	1405	1869	1536	1537	1308	1262	1562	1692	1719	1795	1283	1349	1592	1747	1654	
<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%	59%	
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%	52%	
BTM	53%	47%	54%	54%	57%	54%	52%	52%	55%	55%	50%	48%	46%	46%	51%	52%	51%	50%	49%	49%	53%	55%	53%	
GRI	45%	47%	50%	55%	55%	52%	45%	45%	51%	56%	49%	59%	44%	40%	49%	49%	49%	46%	42%	39%	45%	47%	45%	
<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	-1.0	
VST													+0.2	-0.3	-1.2	-2.4	+0.1	-0.6	+1.6	-0.1	-0.9	+1.2	+0.2	
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	+3.1	
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	-6.9	
<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	132	86.9	
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	2.7	2.2	
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	0.9	
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	1.4	0.3	
<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	-2.0	50.3	
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	280	###	
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	34.2	76.6	
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	-74.0	-68.7	

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	6370.00	+5.6%	18.5	18.2	17.6	8.8	8.8	8.5	1.7	1.6	1.6	1042%	1024%	991%	2.0%	2.0%	2.1%
Adidas	174.10	-2.0%	25.8	21.9	18.5	14.9	12.9	11.2	1.7	1.6	1.4	113%	96%	81%	1.4%	1.8%	2.1%
Caleries	31.76	-3.2%	15.5	14.9	12.9	7.8	7.4	7.0	0.6	0.6	0.5	88%	85%	73%	0.9%	0.9%	0.9%
Crocs	11.08	-0.3%	-	47.8	21.9	16.1	10.3	7.6	0.8	0.8	0.8	-	-	-	-	-	-
Foot Locker	44.57	+4.6%	9.3	11.0	10.9	4.0	4.8	5.1	0.6	0.6	0.6	-	-	-	2.4%	2.6%	2.7%
Geox	2.94	+2.8%	32.3	20.0	15.9	11.2	8.3	7.3	0.9	0.9	0.8	-	-	-	1.1%	1.4%	1.9%
Gerry Weber	8.63	+1.2%	41.9	18.8	14.6	9.1	7.4	6.7	0.7	0.7	0.7	-	-	-	1.7%	2.7%	3.3%
H&M	199.70	+2.5%	18.8	17.2	16.0	10.5	9.5	8.7	1.6	1.5	1.4	533%	487%	452%	4.9%	4.9%	5.0%
Hugo Boss	71.05	+3.2%	19.9	18.8	17.2	10.3	9.9	9.2	1.9	1.8	1.8	143%	135%	123%	3.9%	4.1%	4.4%
IC Group	150.50	-4.4%	28.4	21.3	17.2	13.3	11.6	9.8	1.0	1.0	1.0	-	-	-	3.3%	3.1%	3.5%
Inditex	30.77	+3.3%	30.2	28.3	25.5	18.4	17.3	15.7	4.1	3.7	3.4	503%	470%	424%	2.2%	2.4%	2.7%
Kappahl	45.30	-4.8%	9.6	11.0	10.3	5.8	6.1	5.8	0.7	0.7	0.7	86%	98%	93%	4.4%	4.7%	5.3%
<b>Median</b>			<b>19.9</b>	<b>18.8</b>	<b>16.6</b>	<b>10.4</b>	<b>9.1</b>	<b>8.1</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>	<b>143%</b>	<b>135%</b>	<b>123%</b>	<b>2.2%</b>	<b>2.6%</b>	<b>2.7%</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	1.73	-4.8%	78.8	61.6	47.9	53.3	36.9	26.7	6.3	3.4	2.4	164%	128%	100%	-	-	-
YOOX NET	30.50	+10.6%	74.0	50.9	35.6	23.6	17.9	13.7	1.9	1.6	1.4	152%	104%	73%	-	-	-
Zalando	45.78	+7.1%	87.0	67.8	51.6	37.9	29.8	23.3	2.3	1.9	1.5	398%	310%	236%	-	-	-
<b>Median</b>			<b>78.8</b>	<b>61.6</b>	<b>47.9</b>	<b>37.9</b>	<b>29.8</b>	<b>23.3</b>	<b>2.3</b>	<b>1.9</b>	<b>1.5</b>	<b>164%</b>	<b>128%</b>	<b>100%</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

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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.

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The production of new recommendations was completed on December 13, 2017, 8:35 AM.

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#### 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	11/28/2017	9/13/2017	8/25/2017
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	Buy	Accumulate	Accumulate	Hold	Accumulate
Rating date	12/1/2017	10/2/2017	9/1/2017	3/1/2017	1/27/2017
Price on rating day	239.85	276.00	262.20	225.50	207.00
WIG on rating day	62,440.31	64,289.69	64,973.76	58,300.37	55,560.23

#### Gino Rossi

Rating	Neutral	Overweight
Rating date	11/28/2017	8/25/2017
Price on rating day	1.29	1.78
WIG on rating day	64,177.91	63,886.54

#### LPP

Rating	Hold	Hold	Hold	Accumulate	Sell	Hold
Rating date	12/1/2017	10/2/2017	9/1/2017	6/20/2017	4/5/2017	1/27/2017
Price on rating day	8173.95	8172.05	8696.65	6700.00	6635.25	5369.90
WIG on rating day	62,440.31	64,289.69	64,973.76	61,048.15	59,015.12	55,560.23

#### Monnari

Rating	Overweight	Overweight	Neutral
Rating date	11/28/2017	9/13/2017	8/25/2017
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	Buy
Rating date	12/1/2017	11/3/2017	9/1/2017	6/8/2017	3/9/2017
Price on rating day	2.02	1.99	2.97	4.00	5.50
WIG on rating day	62,440.31	64,375.83	64,973.76	60,752.25	58,559.14

#### Vistula

Rating	Neutral	Overweight	Overweight
Rating date	12/13/2017	11/28/2017	8/25/2017
Price on rating day	4.36	3.88	3.26
WIG on rating day	62532.46	64,177.91	63,886.54

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