

Thursday, February 15, 2018 | periodic publication

Monthly Retail Insight: February 2018

Retail, Poland

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• Clothing & Footwear Retailers

- Monthly sales update:** The months of January and February make up a marginal portion of the full-year profits of retailers due to winter clearance sales. With that said, **Vistula and Bytom both improved** like-for-like growth and sales margins in January 2018 compared to the same month in 2017, while **CCC and Monnari posted falls** in like-for-like sales despite positive base effects, **Gino Rossi** registered revenue contraction in both core operating segments, and **TXM** failed to turn sales around for another month in a row. LPP has stopped releasing monthly sales statistics as of this year, and Gino Rossi no longer shares sales margin updates.
- When it comes to our expectations for the sector in terms of the **2017 fourth-quarter earnings** season, CCC is set to deliver a subpar, 3% y/y uptick in EBITDA after slow October sales, LPP will register EBITDA expansion at a slower rate of 25% y/y due to higher SG&A expenses, at TXM we anticipate slow sales coupled with higher SG&A, and at Gino Rossi we predict falling sales and sales margins. On the other hand, we expect strong showings from Vistula (EBITDA +26% y/y, continued lfl and sales margin growth), Bytom (EBITDA +56% y/y; rebound in lfl and improved sales margin), and Monnari (EBITDA +32% y/y; negative lfl offset by a strong rebound in sales margins).
- Our **outlook for the months ahead** assumes continuing lfl and margin growth at LPP, VST, and BTM. At CCC, lfl growth may be dampened by negative base effects. At TXM sales are set to recover gradually, supported by positive base effects. Sales at GRI and MON will continue to rise at a slow pace, with margins propped up by the zloty's appreciation vs. the dollar.
- The **Sunday trading ban** which enters into force in March may cause a temporary dip in weekend sales as foot traffic shifts to other days, or to the Internet, boosting the online sales of fashion stores. At the same time, adjustment of work schedules should have a positive effect on costs.
- If the **merger of Bytom and Vistula** were to take place on 14 February 2018, at 0.55x the BTM-VST share swap ratio is 33% below the mid point (0.82) of the target range - a result of further share price gains logged by VST. The companies decided to revisit the swap ratio after the release of 2017 earnings results, but a reduction to 0.55x is unlikely as this would no doubt be rejected by Bytom's shareholders.
- We downgraded VST from overweight to neutral in January to reflect the strong increase in share price up to that point.
- The **12-month forward P/E ratio** for retail stocks has decreased to -1 standard deviation from its three-year average after share price declines in ITX, KAHL, HMB, CAL, CCC, coupled with upward revisions to the earnings expectations for CROX.

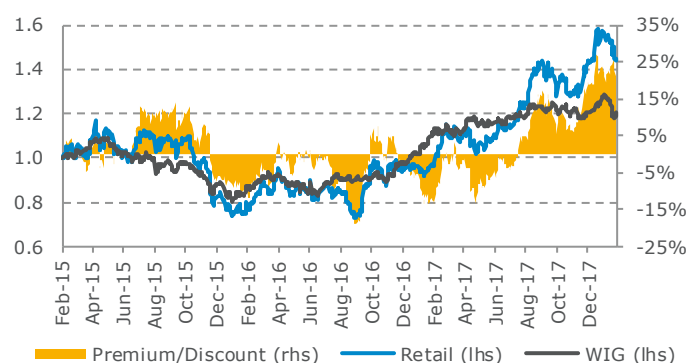
Performance

Poland	1M*	YTD
Vistula	+21.7%	+21%
Próchnik	+12.7%	+17%
Monnari	+11.7%	+12%
Bytom	+5.5%	+9%
TextilMarket	+1.7%	-3%
Wojas	+0.0%	+4%
LPP	-3.9%	+7%
Gino Rossi	-4.5%	-4%
Redan	-6.1%	+13%
CCC	-11.5%	-5%
WIG-clothing	-6.0%	+2%
WIG	-4.8%	-0%
World	1M*	YTD
YOOX	+28.0%	+30%
Nike	+6.0%	+9%
Adidas	+3.5%	+6%
ABC Mart	+1.0%	+4%
FootLocker	-0.0%	+4%
Zalando	-0.5%	+6%
Crocs	-2.2%	+5%
Boohoo.com	-3.1%	-7%
Gerry Weber	-3.3%	-7%
Next	-3.4%	+7%
IC Group	-3.4%	-2%
Hugo Boss	-3.4%	+3%
Geox	-4.7%	-6%
Marks & Spen	-5.0%	-8%
Inditex	-7.3%	-10%
Caleres	-8.2%	-12%
KappAhl	-9.2%	-15%
H&M	-14.1%	-20%
EU Textiles**	-1.1%	-2%
World Txt.**	+1.2%	+2%
World Ind	1M*	YTD
EMEA Text.	-2.1%	-4%
World Text.	-6.7%	-6%
MSCI EM	-3.4%	+2%
EU Equity	-4.9%	-1%

*Jan. 18 - Feb. 14

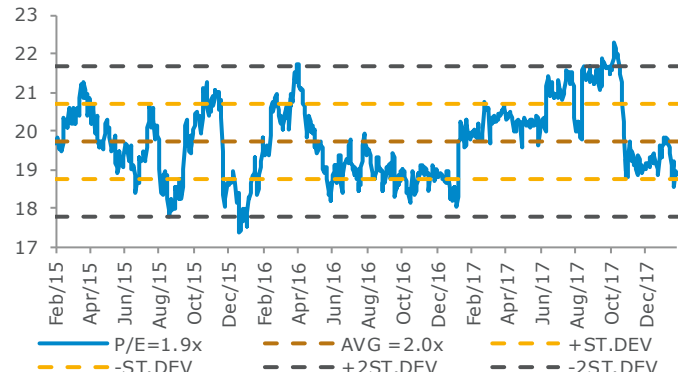
**MSCI EU/World Textiles

Retail Stocks vs. WIG Index



Source: Bloomberg, Dom Maklerski mBanku

Median 12M Forward P/E for Retail Stocks

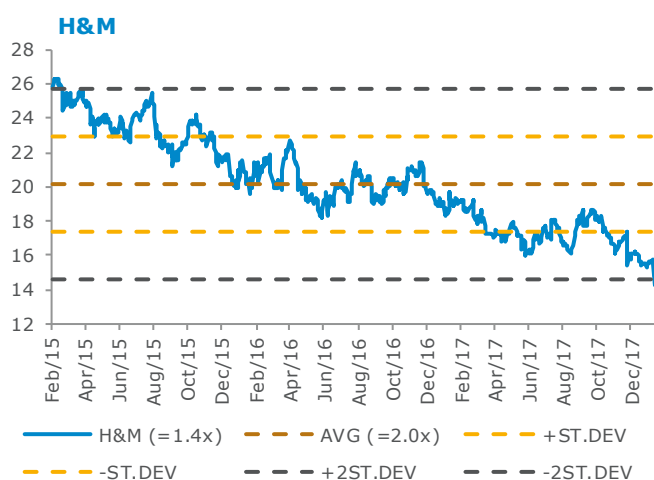
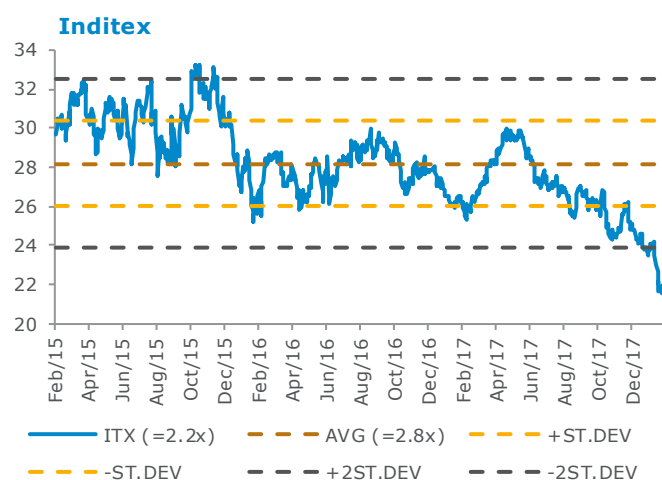
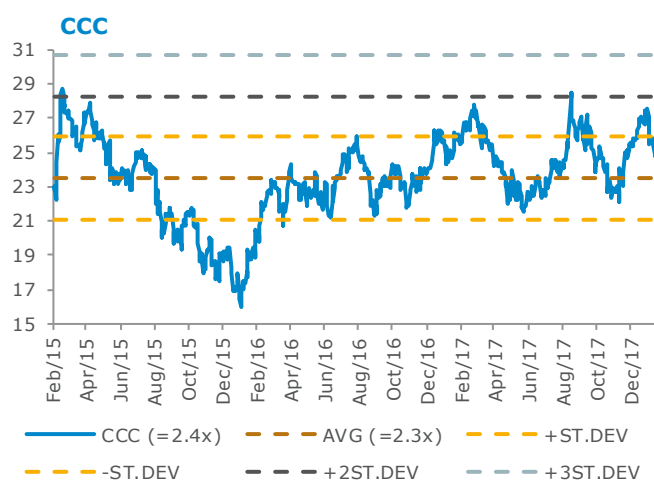
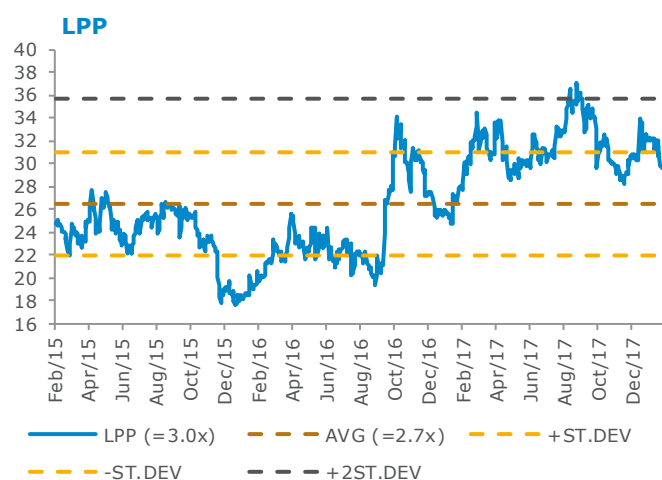


2017-2019 Financial Projections (PLN m) and Recommendations for Polish Retailers

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	17,598	17,587	-11	0.0	7,035	8,360	9,621	887	1,125	1,301	594	832	987	432	680	810	
CCC	11,096	12,001	905	1.9	4,193	5,570	7,225	529	736	971	432	621	843	305	465	667	
Vistula	918	1,045	127	1.9	685	785	866	79	98	110	64	81	92	44	59	68	
Monnari	283	221	-62	-3.2	247	279	299	26	33	36	22	29	32	18	24	27	
Bytom	206	216	10	0.6	185	221	244	20	26	28	15	20	21	12	16	17	
TextilMarket	78	101	23	5.2	387	463	500	-17	16	28	-23	9	21	-19	6	16	
Gino Rossi	53	138	85	4.3	280	289	294	13	16	18	2	6	8	0	2	4	
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	-	9400.00	9500.00	-3.9%	40.7	25.9	21.7	19.2	14.8	12.4	7.1	5.8	4.8	1.0	0.6	0.5
CCC	N	-	295.00	269.80	-11.5%	36.4	23.9	16.6	21.5	15.4	11.6	6.8	5.4	4.2	1.2	0.8	0.6
Vistula	N	-	-	5.28	+21.7%	21.0	15.5	13.5	12.8	10.0	8.6	1.7	1.5	1.4	0.9	0.6	0.5
Monnari	OW	-	-	9.26	+11.7%	15.9	11.7	10.6	8.4	6.3	5.0	1.4	1.3	1.1	0.6	0.5	0.4
Bytom	OW	-	-	2.89	+5.5%	17.6	13.1	11.9	11.1	8.2	7.2	3.2	2.5	2.1	1.6	1.2	1.1
TextilMarket	OW	-	5.41	2.34	+1.7%	-	13.1	4.9	-	6.8	3.6	1.2	1.1	1.0	-	-	0.7
Gino Rossi	N	-	-	1.06	-4.5%	-	28.2	14.7	10.7	8.1	7.1	0.6	0.6	0.6	-9.7	-1.9	-1.0
Median						21.0	15.5	13.5	11.9	8.2	7.2	1.7	1.5	1.4	0.9	0.6	0.5

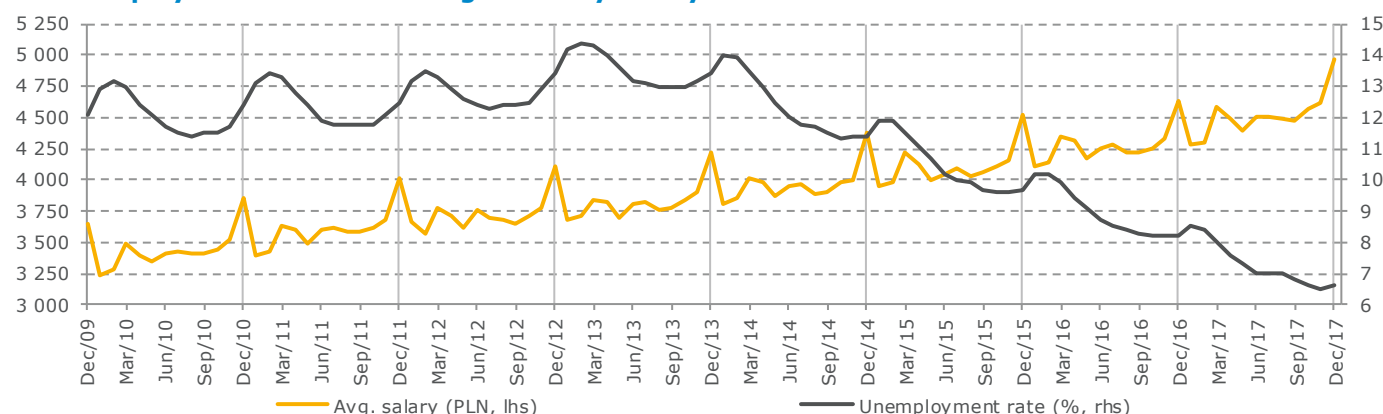
Source: Dom Maklerski mBanku; OW – overweight, N – neutral, UW – underweight; *Net debt/Equity

12M fwd P/E Ratios For Select Retail Stocks

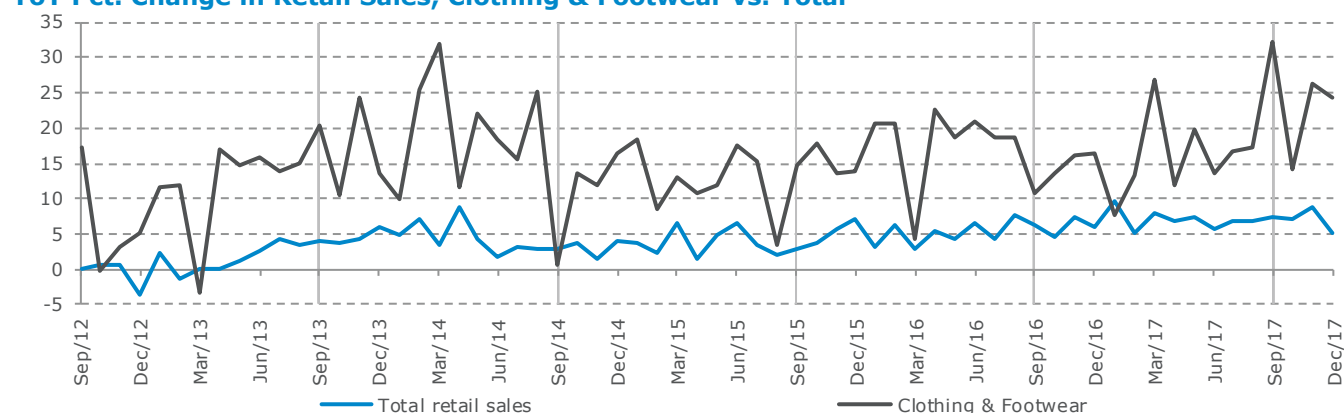


Source: Bloomberg

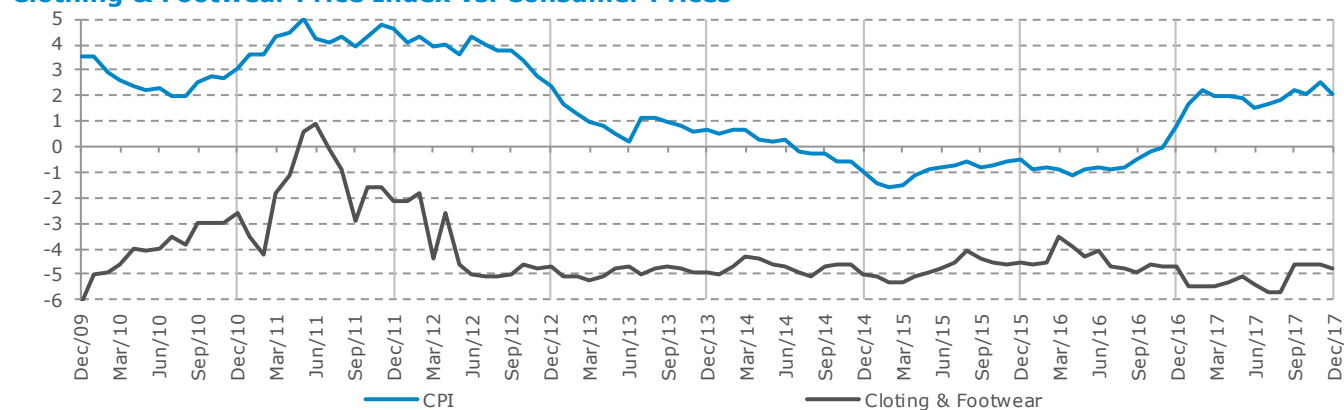
PL Unemployment Rate vs. Average Monthly Salary In Retail



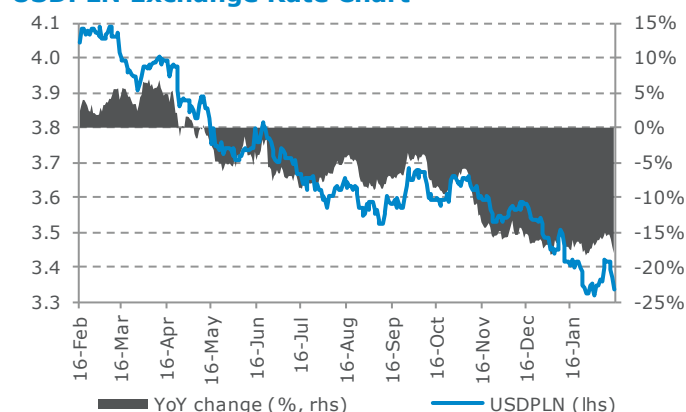
YoY Pct. Change in Retail Sales, Clothing & Footwear vs. Total



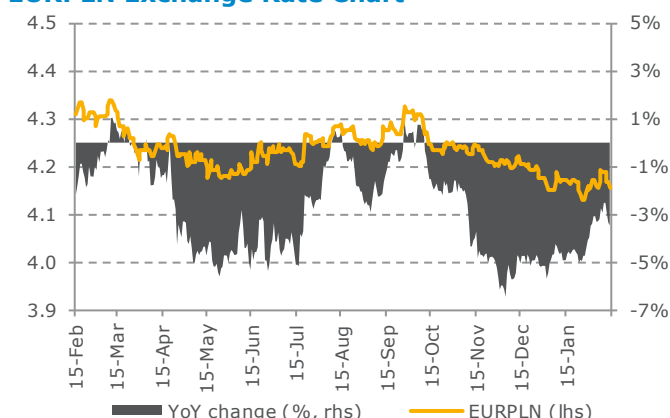
Clothing & Footwear Price Index vs. Consumer Prices



USDPLN Exchange Rate Chart

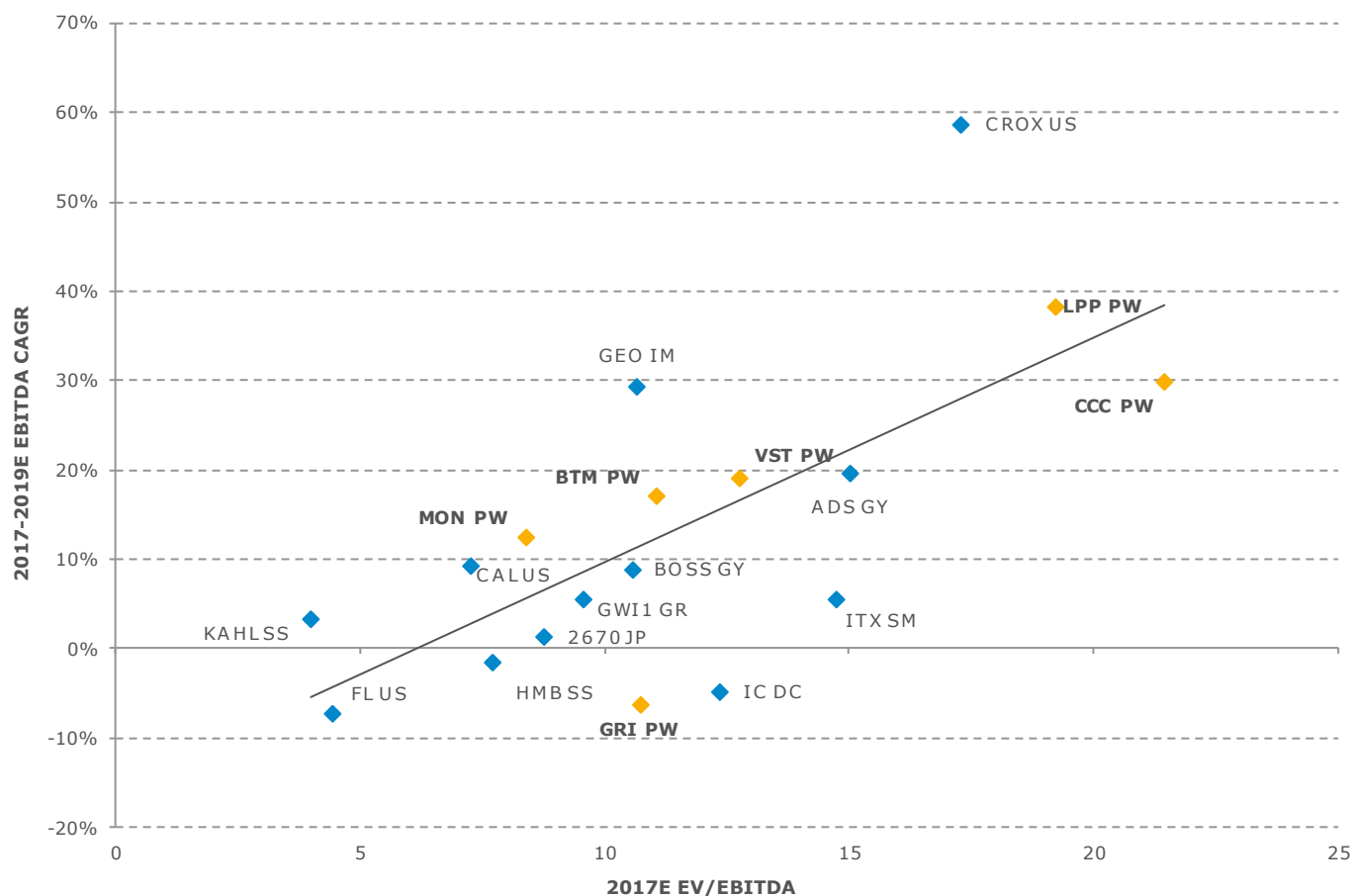


EURPLN Exchange Rate Chart

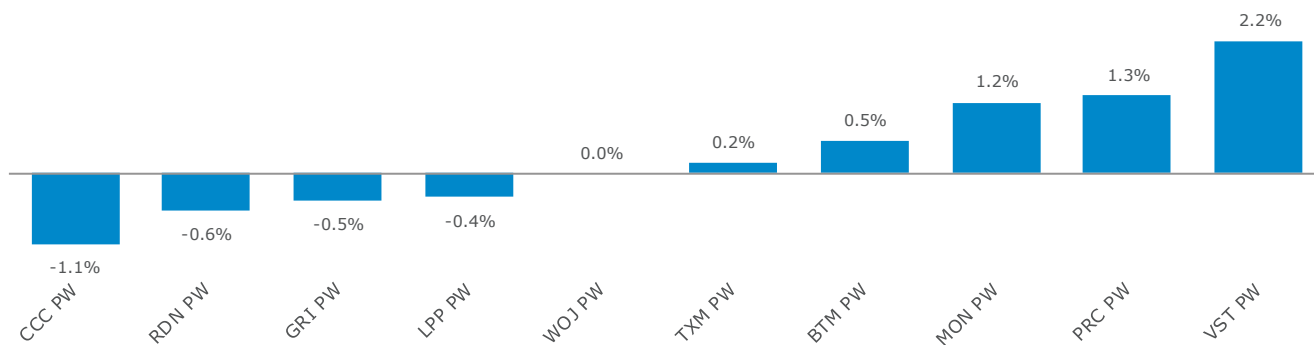


Source: GUS, Bloomberg, Dom Maklerski mBanku

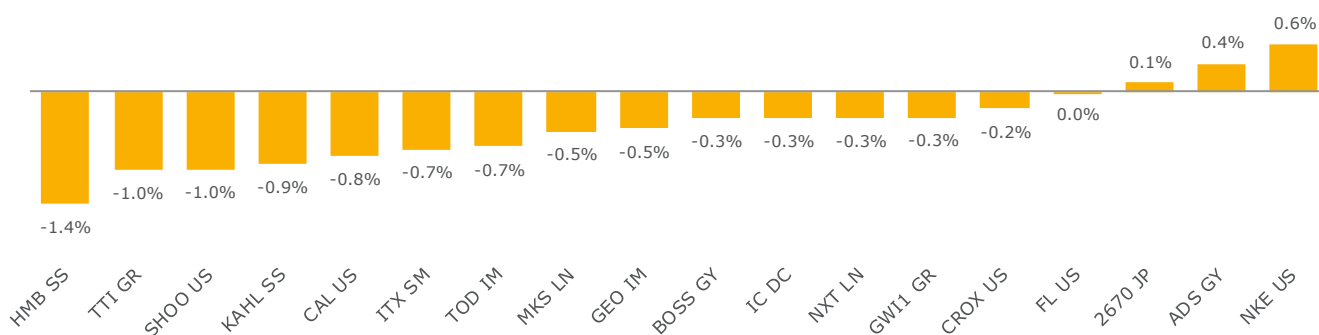
2017E EV/EBITDA vs. 2017-2019E EBITDA CAGR for Selected Retailers



1M Performance, Polish Retail Stocks

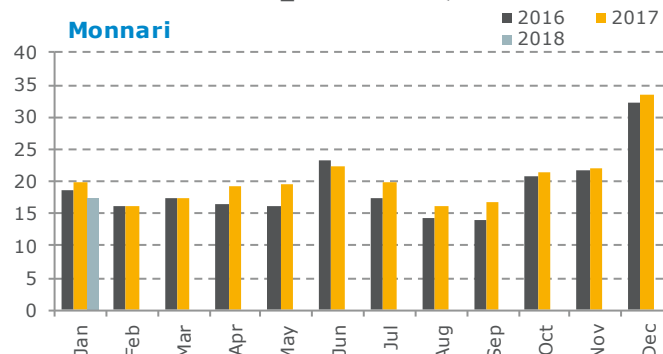
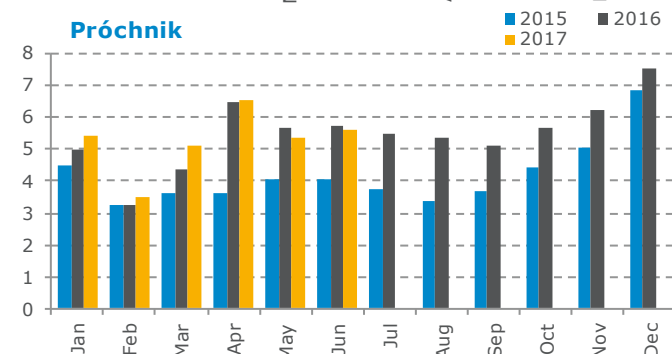
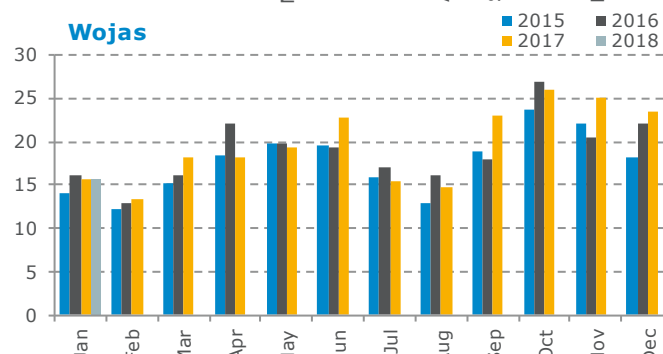
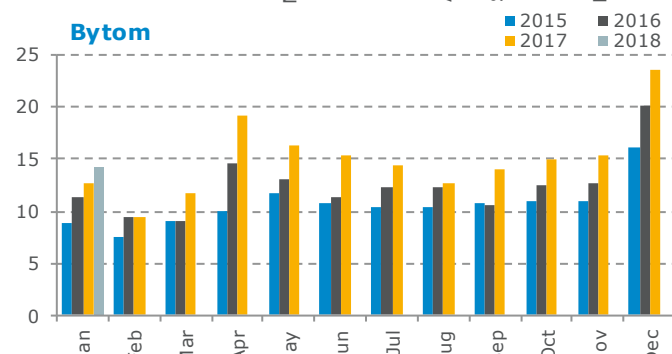
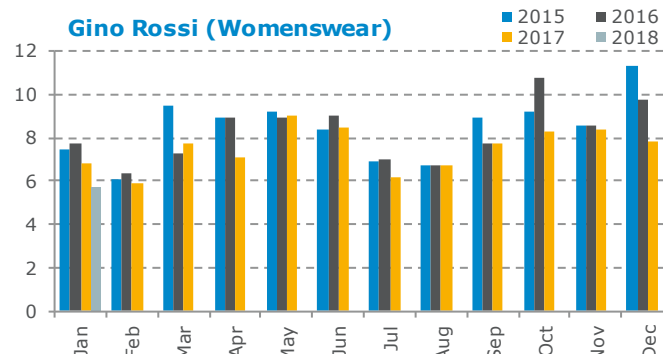
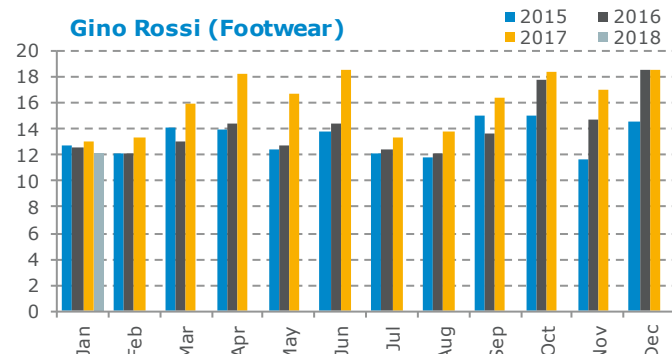
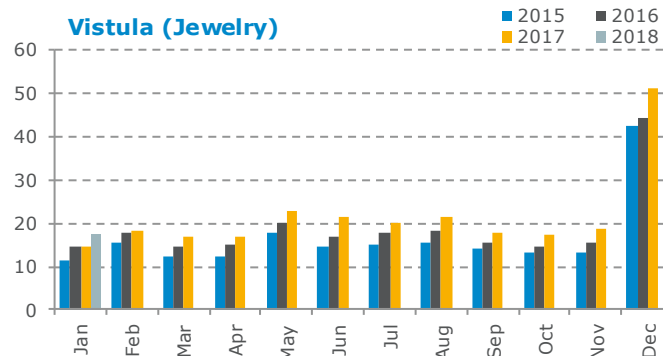
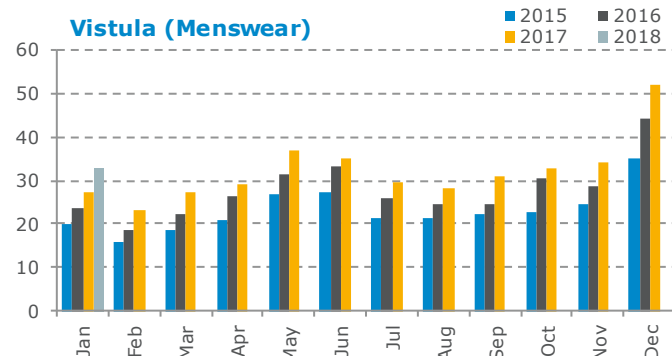
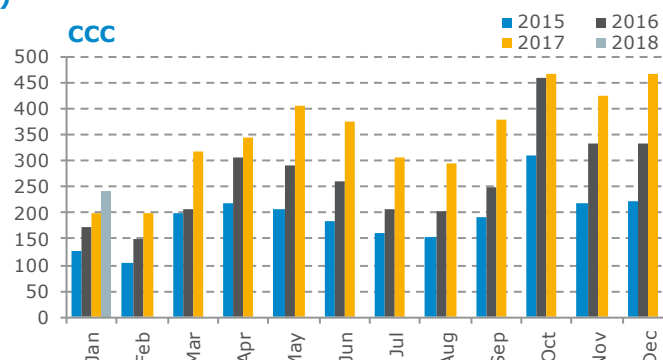
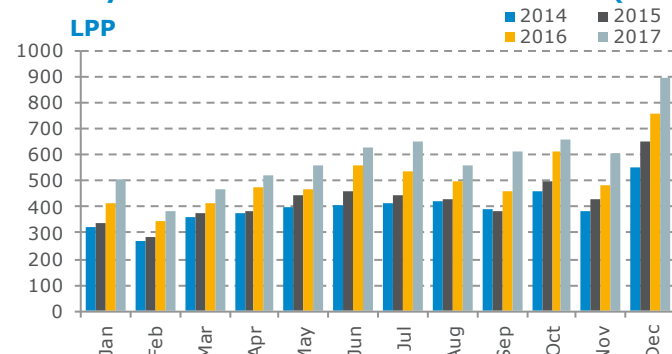


1M Performance, World Retail Stocks



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
Sales Revenue (YoY pct. change)																								
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	33.7	7.0	24.1	18.1	
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	52.9	1.3	27.7	39.6	21.0
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	18.9	16.1	19.0	17.0	21.8
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	32.0	20.0	20.5	17.0	11.2
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	19.3	3.4	1.9	3.4	-12.1
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	20.0	-2.7	3.0	-2.1	-4.0
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	13.1	-6.6	8.5	-6.7	-10.1
Revenue Per Square Meter (PLN)																								
LPP	495	407	490	552	548	641	614	566	518	685	534	825	555	420	512	573	603	674	700	654	693	625	907	
CCC	463	399	544	778	733	647	507	496	591	1065	751	735	439	439	685	727	845	776	630	760	913	809	866	446
VST	1431	1403	1429	1608	1958	1885	1654	1603	1495	1666	1624	3013	1430	1469	1538	1585	2019	1936	1672	1609	1718	1743	3248	1599
BTM	1105	903	861	1369	1226	1057	1143	1120	967	1113	1102	1695	1044	762	940	1530	1303	1231	1157	1060	1124	1126	1695	1005
MON	689	593	641	607	581	842	619	497	475	689	715	1070	643	523	549	599	601	692	619	515	653	665	997	558
TXM	279	267	354	373	414	381	329	380	340	410	351	488	248	216	244	291	328	290	310	344	342	321	442	226
GRI	1343	1222	1411	1540	1423	1541	1293	1244	1405	1869	1536	1537	1308	1262	1562	1692	1719	1795	1283	1592	1747	1654	1719	1165
Gross Profit Margin																								
LPP	42%	47%	52%	51%	53%	47%	38%	45%	59%	60%	60%	36%	35%	44%	60%	59%	59%	52%	36%	62%	61%	59%	56%	
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%	55%	55%	52%	52%	49%
BTM	53%	47%	54%	54%	57%	54%	52%	52%	55%	55%	50%	48%	46%	46%	51%	52%	51%	50%	49%	53%	55%	53%	50%	49%
GRI	45%	47%	50%	55%	55%	52%	45%	45%	51%	56%	49%	59%	44%	40%	49%	49%	49%	46%	42%	45%	47%	45%	38%	
YoY Change In Gross Profit Margin (ppts)																								
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	+3.0	+1.0	-1.0	+20.0	
VST													+0.2	-0.3	-1.2	-2.4	+0.1	-0.6	+1.6	-0.9	+1.2	+0.2	+1.2	-0.6
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	-1.6	-0.8	+3.1	+2.3	+3.5
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	-4.5	-11.0	-6.9	-15.3	
Estimated Sales Revenue (PLN m) (green=profit, red=loss)																								
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	120.5	132	87	231.8	
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	9.3	2.9	2.4	28.4	0.7
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	1.3	1.4	1.3	5.1	-0.1
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	0.4	1.0	0.0	-1.4	
YoY Pct. Change In Sales Profit																								
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	146.4	-2	50.3	494.8	
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	219	304	1538	30.4	n/a
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	145.4	28	156.1	31.9	n/a
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	-49.5	-80.7	b.d.	n/a	

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
YoY Pct. Growth In Sales Revenue													
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
LTM Revenue Per Square Meter (PLN)													
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
LTM Gross Profit Margin (B&M Sales)													
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%
LTM SG&A Per Square Meter (PLN)													
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
LTM EBIT Margin													
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%
Inventory Per Square Meter (PLN)													
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
YoY Pct. Change In Per-Sqm Inventory (figures in green and red indicate significant changes in excess of 10%)													
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	6740.00	+1.0%	19.6	19.2	18.6	8.8	8.8	8.5	1.7	1.6	1.6	11.1	10.9	10.5	1.9%	1.9%	1.9%
Adidas	177.00	+3.5%	26.7	22.4	18.9	15.0	13.1	11.4	1.7	1.6	1.5	1.2	1.0	0.8	1.4%	1.7%	2.1%
Caleries	29.35	-8.2%	14.3	13.8	11.8	7.3	7.0	6.6	0.6	0.5	0.5	0.8	0.8	0.7	1.0%	1.0%	1.0%
Crocs	13.29	-2.2%	-	41.1	20.8	17.3	11.6	8.5	0.9	1.1	0.9	-	-	-	0.0%	0.0%	0.0%
Foot Locker	48.58	-0.0%	10.2	11.9	10.3	4.4	5.3	5.5	0.7	0.7	0.7	-	-	-	2.2%	2.4%	2.5%
Geox	2.72	-4.7%	36.3	21.1	16.5	10.7	8.2	7.2	0.8	0.8	0.8	-	-	-	1.1%	1.7%	2.1%
Gerry Weber	8.89	-3.3%	51.7	19.9	15.2	9.6	7.6	6.8	0.7	0.7	0.7	-	-	-	1.6%	2.6%	3.2%
H&M	135.00	-14.1%	13.8	14.5	14.1	7.7	7.8	7.5	1.1	1.1	1.1	-	-	-	7.2%	6.9%	6.9%
Hugo Boss	72.80	-3.4%	20.6	19.4	17.6	10.6	10.2	9.4	1.9	1.9	1.8	1.5	1.4	1.3	3.8%	4.0%	4.3%
IC Group	142.20	-3.4%	26.8	21.1	17.3	12.4	10.9	9.6	0.9	0.9	0.9	-	-	-	3.5%	3.3%	3.8%
Inditex	26.27	-7.3%	25.8	24.1	21.8	14.8	14.0	12.7	3.3	3.0	2.7	4.4	4.1	3.7	2.6%	2.8%	3.1%
Kappahl	32.98	-9.2%	7.0	8.7	8.5	4.0	4.4	4.3	0.5	0.5	0.5	1.0	1.3	1.3	6.1%	5.7%	6.5%
Median			20.6	19.7	16.9	10.1	8.5	8.0	0.9	1.0	0.9	1.3	1.3	1.3	2.1%	2.5%	2.8%

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	1.76	-3.1%	80.3	60.7	48.9	54.4	36.4	26.8	6.5	3.4	2.4	1.7	1.3	1.0	0.0%	0.0%	0.0%
YOOX NET	37.81	+28.0%	96.2	68.7	47.3	30.9	23.6	17.8	2.4	2.1	1.8	2.1	1.5	1.0	0.0%	0.0%	0.0%
Zalando	46.55	-0.5%	88.5	71.1	53.8	39.2	31.2	24.2	2.3	1.9	1.6	4.2	3.4	2.6	0.0%	0.0%	0.0%
Median			88.5	68.7	48.9	39.2	31.2	24.2	2.4	2.1	1.8	2.1	1.5	1.0	0.0%	0.0%	0.0%

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

ATX – Austrian Traded Index of all companies listed in Austria
DAX – German Stock Index of 30 selected blue chip stocks traded on the Frankfurt Stock Exchange
EPRA Index – FTSE EPRA Global Real Estate Index
FDA06 Index (EU Equity) – FTSE Developed Europe Index
GDBR10 Index – German Generic Government Bonds 10 Year Yield

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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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%
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The production of new recommendations was completed on February 15, 2018, 8:42 AM.
New recommendations were first disseminated on February 15, 2018, 8:42 AM.

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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
Target price (PLN)	-	-	-
Price on rating day	2.50	2.67	2.37

CCC

Rating	hold	hold	buy	accumulate	accumulate	hold
Rating date	2/2/2018	1/5/2018	12/1/2017	10/2/2017	9/1/2017	3/1/2017
Target price (PLN)	295.00	292.00	292.00	308.00	294.00	219.00
Price on rating day	281.00	293.00	239.85	276.00	262.20	225.50

Gino Rossi

Rating	neutral	overweight
Rating date	11/28/2017	8/25/2017
Target price (PLN)	-	-
Price on rating day	1.29	1.78

LPP

Rating	hold	hold	hold	hold	hold	accumulate	sell
Rating date	2/2/2018	1/5/2018	12/1/2017	10/2/2017	9/1/2017	6/20/2017	4/5/2017
Target price (PLN)	9400.00	9900.00	8200.00	8400.00	8800.00	7400.00	5300.00
Price on rating day	9,790.00	9,990.00	8,173.95	8,172.05	8,696.65	6,700.00	6,635.25

Monnari

Rating	overweight	overweight	neutral
Rating date	11/28/2017	9/13/2017	8/25/2017
Target price (PLN)	-	-	-
Price on rating day	8.21	8.93	7.89

TXM

Rating	buy	buy	buy	buy	buy	buy
Rating date	2/2/2018	12/1/2017	11/3/2017	9/1/2017	6/8/2017	3/9/2017
Target price (PLN)	5.41	5.74	5.77	6.10	6.25	6.95
Price on rating day	2.36	2.02	1.99	2.97	4.00	5.50

Vistula

Rating	neutral	overweight	neutral	overweight	overweight
Rating date	2/2/2018	1/19/2018	12/13/2017	11/28/2017	8/25/2017
Target price (PLN)	-	-	-	-	-
Price on rating day	5.16	4.34	4.36	3.88	3.26

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