

Wednesday, May 23, 2018 | periodic publication

# Monthly Retail Insight: May 2018

## Retail, Poland

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### Clothing & Footwear Retailers

- Polish **sales** of clothing and footwear in **April** on the one hand were positively influenced by favorable weather conditions and positive base effects, but on the other hand the Sunday trading ban weighed. Against this backdrop, **CCC** delivered a strong **rebound** in sales in April from the year-ago level, coupled with improved like-for-like growth. Similarly, **Vistula** registered **higher like-for-like growth and a better sales margin** for the month, and **TXM** reported continuing **acceleration** in sales per square meter. On the other hand, **Bytom** reported **negative lfl growth** for April, Monnari achieved only **flat sales** compared to the year-ago period, and **Gino Rossi** experienced **sales contraction** in both core operating segments.
- When it comes to **first-quarter earnings**, **LPP** and **CCC** both reported **high EBITDA losses** for the quarter, attributed to unfavorable weather. On weak sales, **Monnari** posted a **y/y drop in EBITDA**, and **TXM** only slightly reduced the **EBITDA loss** relative to Q1 2017. On the other hand, **Vistula** achieved an **increase in Q1 EBITDA** despite a tighter sales margin, and we expect better earnings from **Bytom** alongside improved lfl.
- Fashion retailers should see **continuing improvement** in sales in **May** thanks to unseasonably warm weather. Our outlook for the month ahead assumes continuing lfl and margin growth at LPP, Vistula, TXM, and Bytom, a likely slowdown at CCC from a high year-ago base, recovering sales at Monnari, and a further sales slump at Gino Rossi.
- Monnari** has right of first refusal to **acquire Simple CP** until the end of May. Its tentative first offer range was PLN 46-50.5m, but we expect the actual price to be lower. In our view the deal will benefit both Monnari and Gino Rossi in the medium term.
- We are **discontinuing quarterly earnings forecasts for Gino Rossi** due to increased uncertainty while the Company implements turnaround measures (including the planned sale of Simple CP and a possible capital raise).
- If the **merger of Bytom and Vistula** were to take place on 22 May 2018, at 0.60x the BTM-VST share swap ratio is 16.2% below the mid point (0.72) of the target range. Vistula expects to obtain antitrust permission for the acquisition by mid-June, and the announcement will give a boost to both stocks.
- We have **revised slightly upward** our 2018 EBITDA, EBIT, and net profit **estimates for Vistula** (now trading at 13.7x 2018E P/E), which we **upgrade from neutral to overweight** on expected merger synergies.
- At the same time, we have made **downward adjustments** to our financial outlook for **Bytom and Monnari**.
- The **12-month forward P/E ratio** for retail stocks has risen to two standard deviations from its three-year average since April.
- TOP PICKS – OVERWEIGHT:** CCC, LPP, VST, BTM, MON, TXM

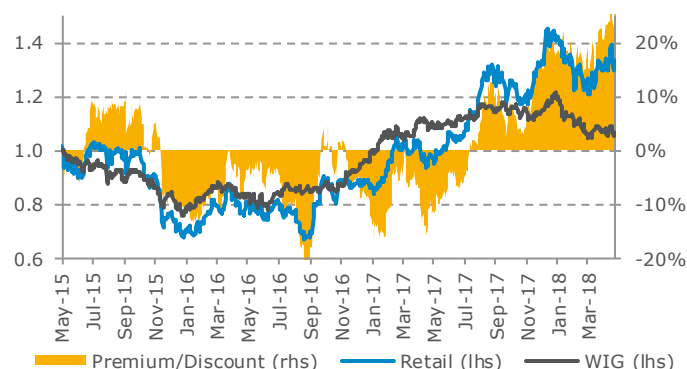
### Performance

Poland	1M*	YTD
LPP	+4.3%	+5%
Vistula	+0.0%	+9%
CCC	-0.4%	-5%
Wojas	-1.4%	+13%
Bytom	-3.0%	+11%
Redan	-4.6%	-5%
TextilMarket	-15.2%	-19%
Monnari	-16.9%	-13%
Gino Rossi	-35.1%	-43%
Próchnik	-56.3%	-74%
WIG-clothing	+2.0%	+1%
WIG	-2.1%	-7%
World	1M*	YTD
Boohoo.com	+35.5%	+11%
Next	+15.0%	+29%
H&M	+13.7%	-11%
Inditex	+12.1%	-5%
KappAhl	+11.6%	-32%
IC Group	+10.9%	+9%
Zalando	+6.7%	+4%
Nike	+6.3%	+14%
Hugo Boss	+6.1%	+14%
Marks & Spen	+5.6%	-7%
ABC Mart	+5.1%	+11%
Crocs	+4.2%	+32%
Caleres	+3.8%	+6%
Gerry Weber	+3.7%	-15%
FootLocker	+2.9%	-5%
YOOX	+0.4%	+30%
Adidas	-6.1%	+19%
Geox	-10.8%	-11%
EU Textiles**	+6.0%	+19%
World Txt.**	+4.8%	+15%
World Ind	1M*	YTD
EMEA Text.	-1.9%	-4%
World Text.	-2.7%	-9%
MSCI EM	-1.8%	-1%
EU Equity	+0.2%	+0%

\*Apr. 16 - May 22

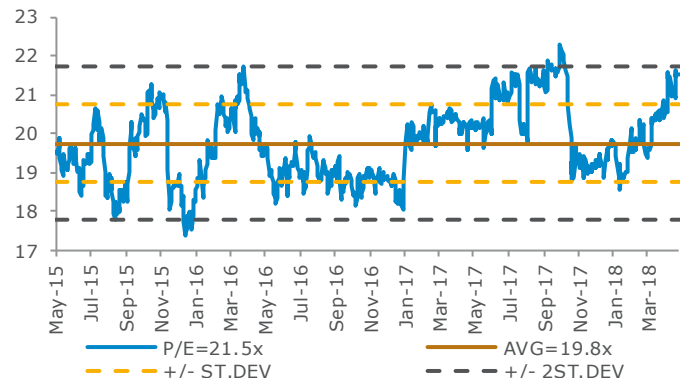
\*\*MSCI EU/World Textiles

### Retail Stocks vs. WIG Index



Source: Bloomberg, Dom Maklerski mBanku

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



## 2018-2020E Financials (PLN m) and Recommended Portfolio Positioning of Polish Retailers

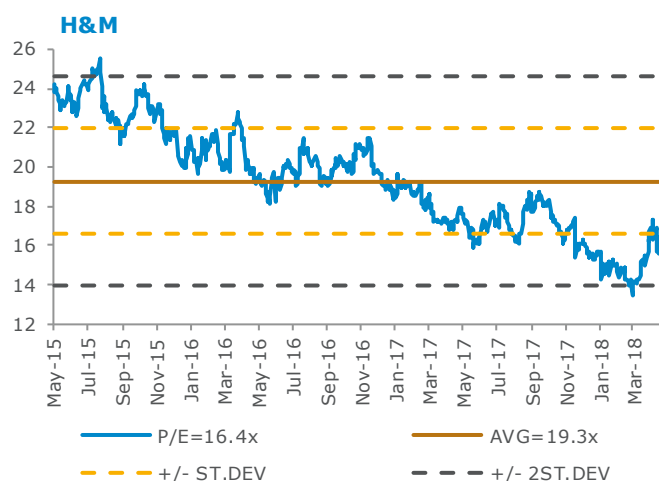
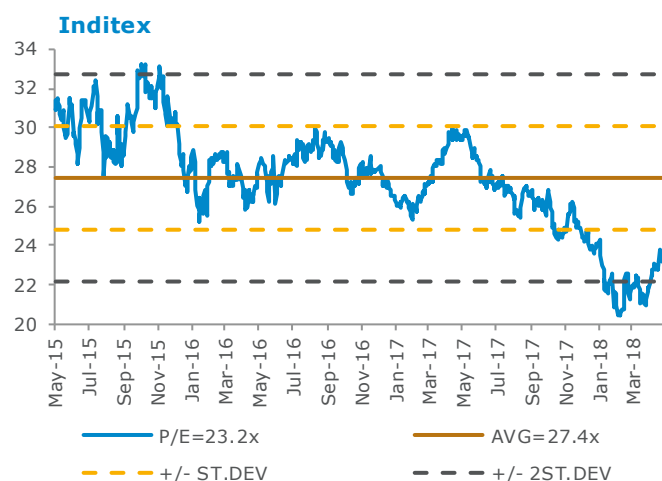
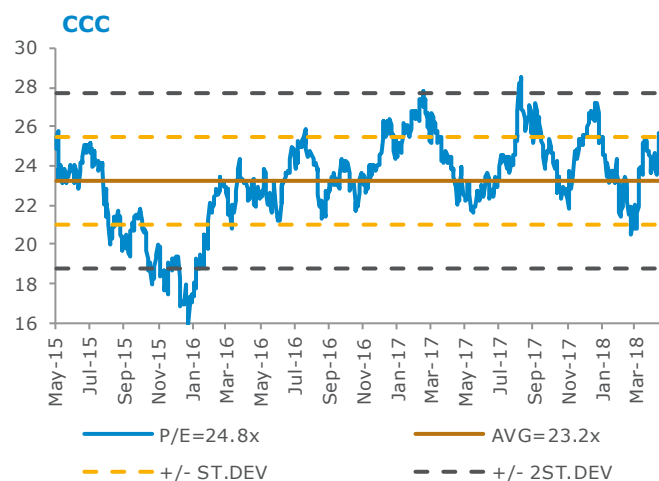
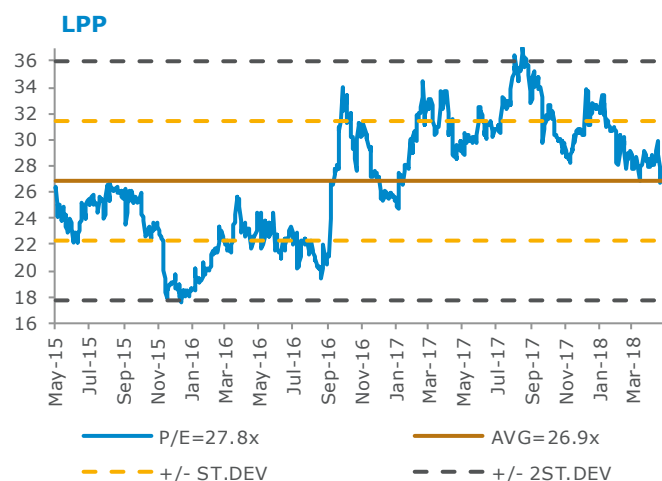
Company	MCap	EV	Net Debt	D/E*	Revenue			EBITDA			EBIT			Net Profit		
					2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
LPP	17,320	17,099	-221	-0.3	8,328	9,752	11,074	1,120	1,282	1,432	793	925	1,045	645	758	862
CCC	11,137	11,970	833	1.6	5,223	6,755	8,319	588	845	1,072	480	725	943	315	532	715
Vistula	833	959	126	1.6	799	899	989	99	117	129	83	99	110	61	75	84
Monnari	220	176	-44	-1.7	259	278	297	33	35	38	28	30	33	23	25	27
Bytom	208	226	18	0.9	214	244	261	25	27	30	20	22	23	16	17	19
TextilMarket	65	111	46	-	446	493	523	15	27	33	8	20	25	6	15	20

Company	Rating		Target Price	Current Price	1M Chng	P/E			EV/EBITDA			EV/Sales			PEG Ratio		
	Current	Change				2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
LPP	N	▼	9500.00	9350.00	+4.3%	26.8	22.8	20.1	14.9	12.6	10.9	5.8	4.9	4.2	1.1	0.9	0.8
CCC	OW	-	295.00	270.80	-0.4%	35.4	20.9	15.6	19.8	13.8	10.7	8.2	6.1	4.5	1.0	0.6	0.4
Vistula	OW	▲	-	4.79	+0.0%	13.7	11.2	9.9	9.2	7.5	6.4	1.4	1.2	1.1	0.6	0.5	0.4
Monnari	OW	►	-	7.19	-16.9%	9.4	8.8	8.0	4.3	3.8	2.9	1.0	0.9	0.8	1.2	1.1	1.0
Bytom	OW	►	-	2.92	-3.0%	13.0	11.9	11.0	8.4	7.4	6.4	2.6	2.1	1.8	0.7	0.6	0.6
TextilMarket	OW	-	5.44	1.95	-15.2%	11.0	4.3	3.3	7.3	4.0	3.0	1.2	1.0	0.9	-	-	-
<b>Median</b>						<b>13.4</b>	<b>11.5</b>	<b>10.5</b>	<b>8.8</b>	<b>7.5</b>	<b>6.4</b>	<b>2.0</b>	<b>1.7</b>	<b>1.4</b>	<b>1.0</b>	<b>0.6</b>	<b>0.6</b>

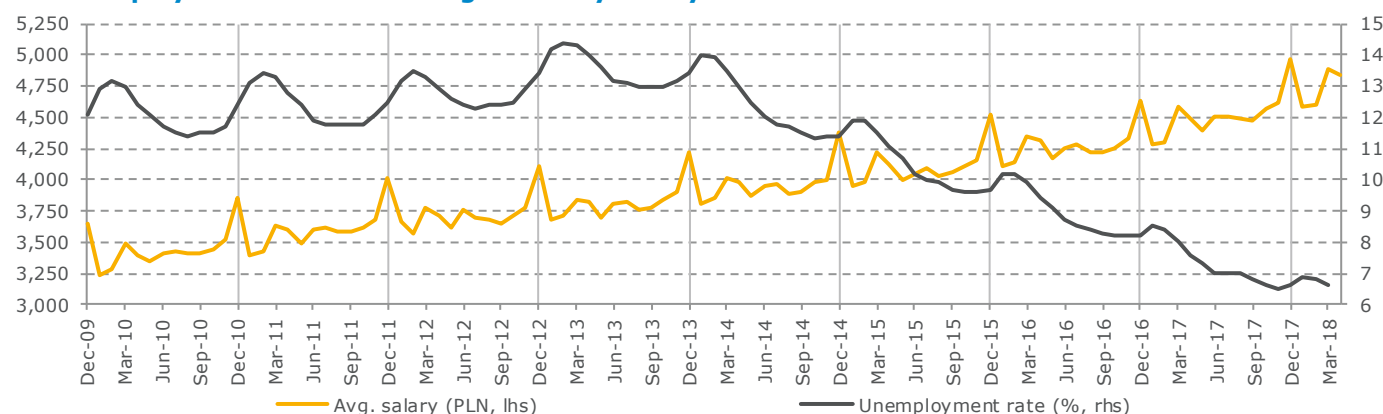
Source: Dom Maklerski mBanku; OW – overweight, N – neutral, UW – underweight; \*Net debt/Equity

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

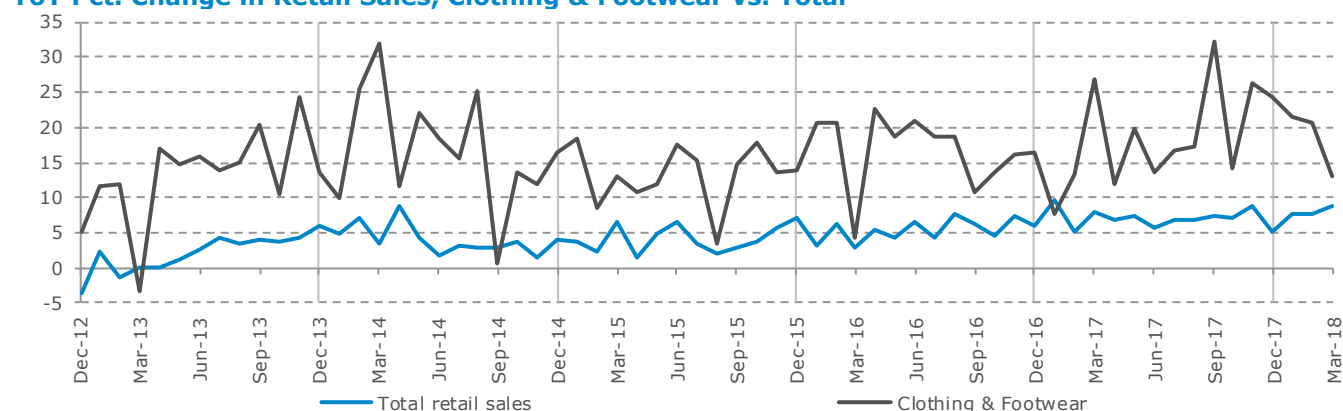


Source: Bloomberg

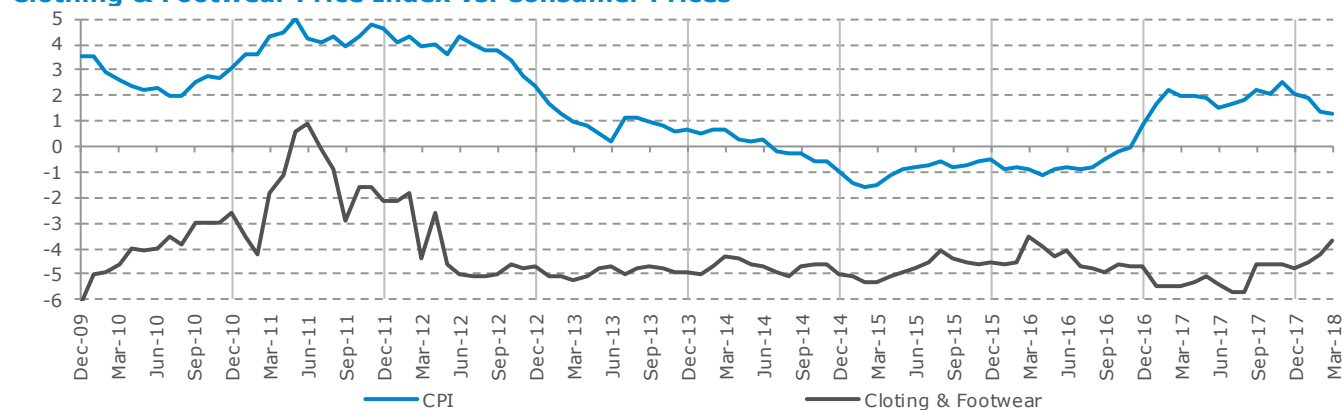
# PL Unemployment Rate vs. Average Monthly Salary In Retail



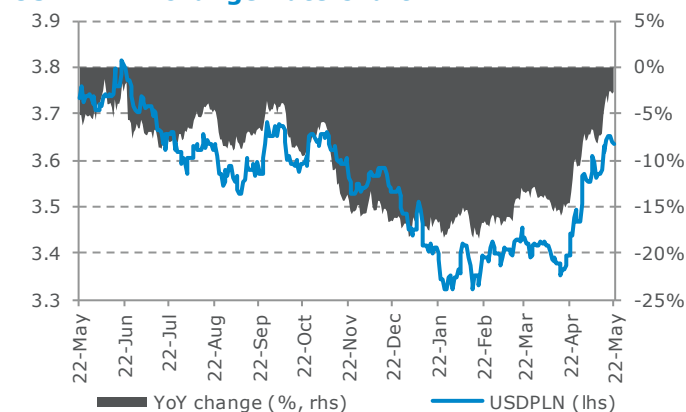
# YoY Pct. Change in Retail Sales, Clothing & Footwear vs. Total



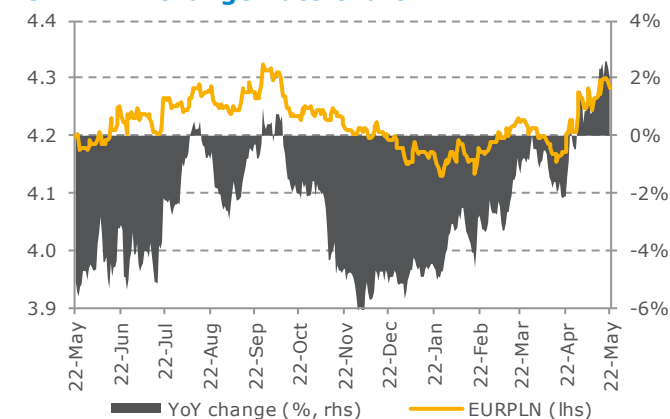
# Clothing & Footwear Price Index vs. Consumer Prices



# USDPLN Exchange Rate Chart

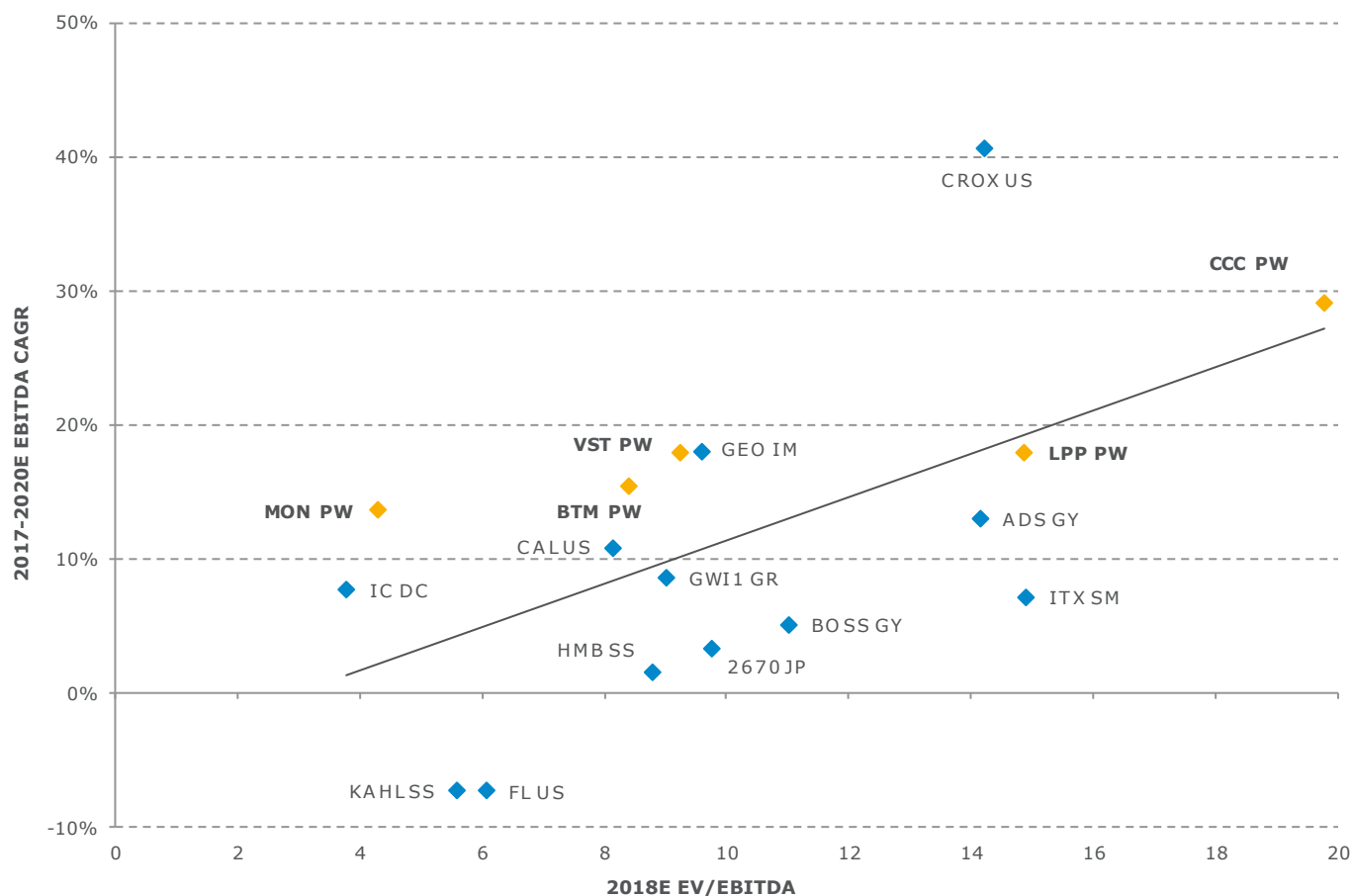


# EURPLN Exchange Rate Chart

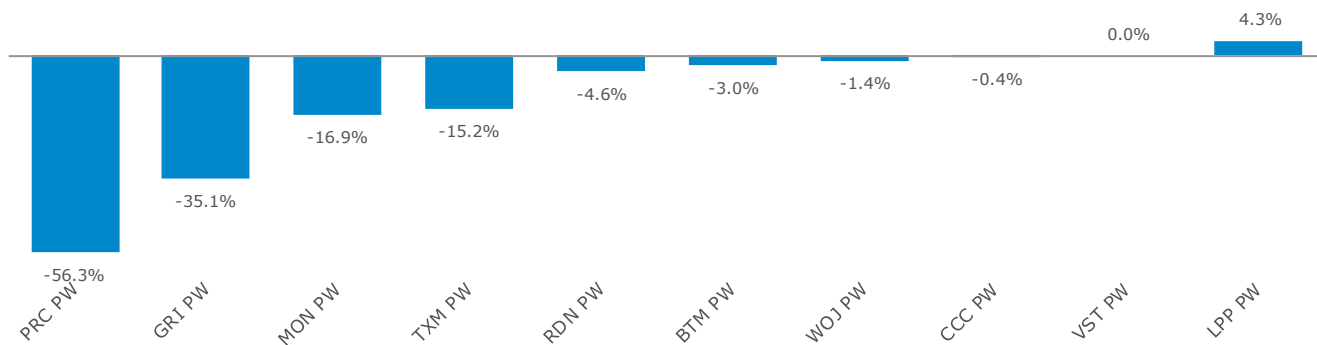


Source: GUS, Bloomberg, Dom Maklerski mBanku

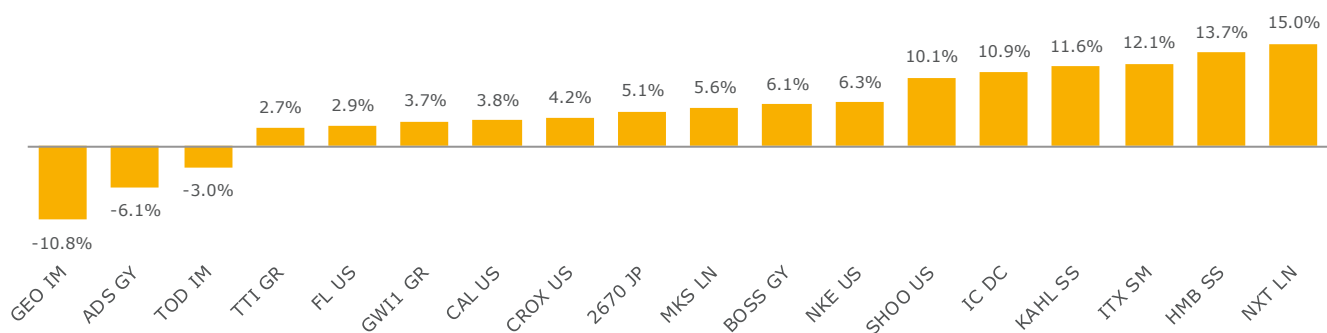
## 2018E EV/EBITDA vs. 2018-2020E EBITDA CAGR for Selected Retailers



## 1M Performance, Polish Retail Stocks

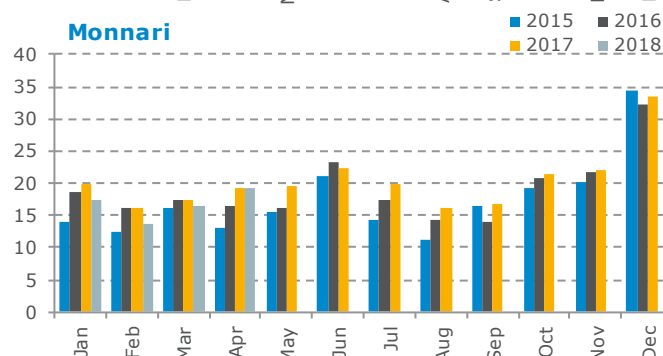
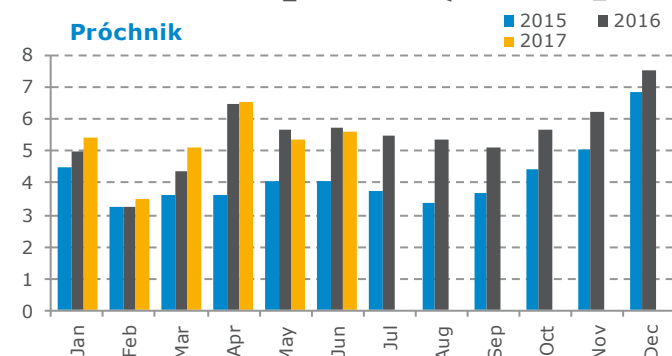
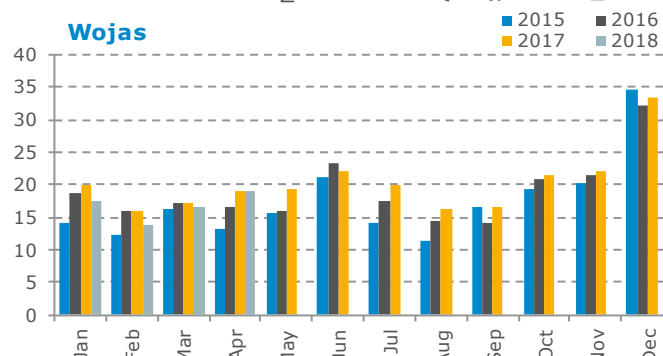
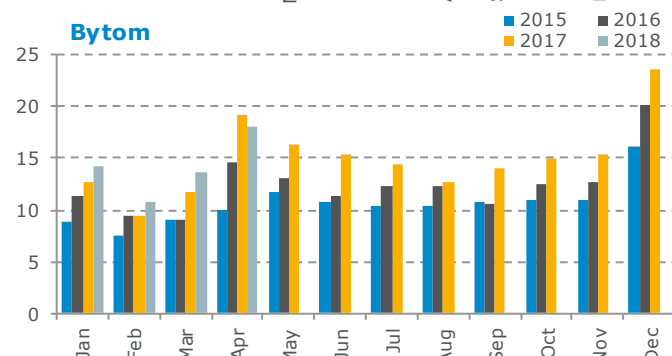
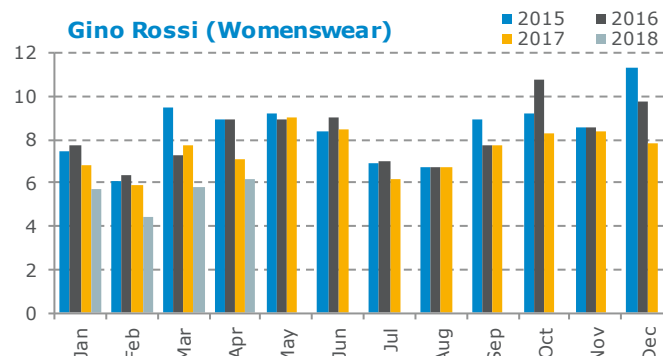
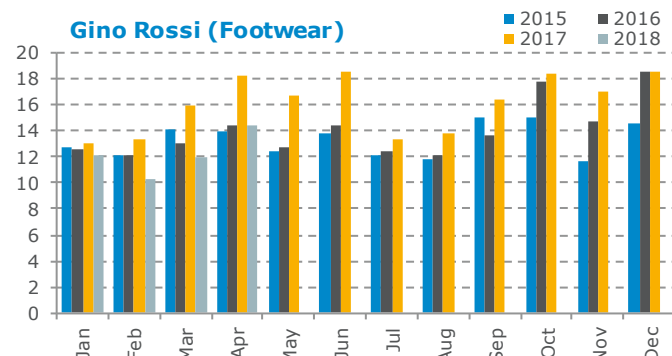
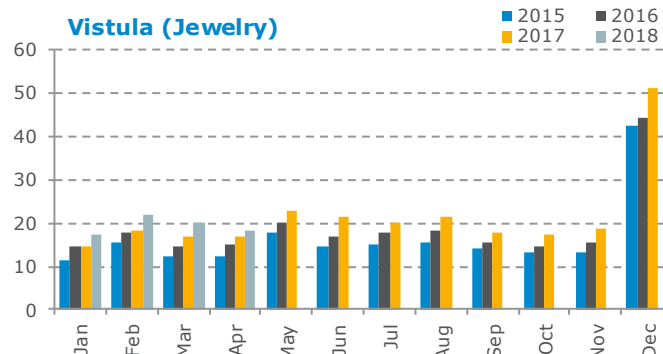
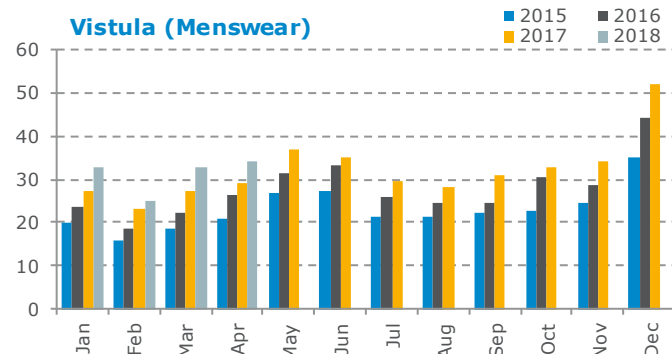
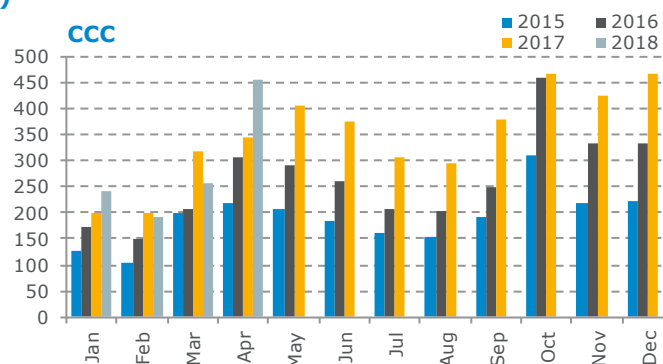
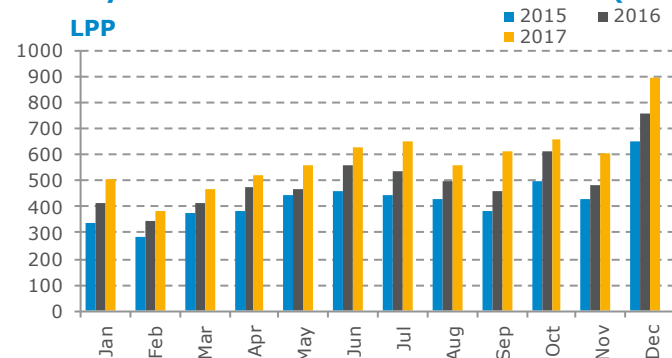


## 1M Performance, World Retail Stocks



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												2018						
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
<b>Sales Revenue (YoY pct. change)</b>																								
LPP	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	18.1				
CCC	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	39.6	21.0	-3.3	-19.6	32.0
VST	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	17.0	21.8	11.8	22.2	16.3
BTM	12.0	6.1	18.1	16.9	-1.4	13.2	16.3	24.9	11.1	-0.5	28.7	31.4	24.1	35.1	16.8	3.9	32.0	20.0	20.5	17.0	11.2	15.0	16.6	-5.6
MON	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	3.4	-12.1	-14.9	-4.6	0.0
TXM	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	-2.1	-4.0	-4.5	12.0	5.6
GRI	0.0	5.9	2.6	1.6	-10.5	17.7	15.8	9.3	-2.0	3.8	10.8	9.0	19.4	15.8	-0.5	8.5	13.1	-6.6	8.5	-6.7	-10.1	-23.4	-24.6	-18.9
<b>Revenue Per Square Meter (PLN)</b>																								
LPP	548	641	614	566	518	685	534	825	555	420	512	573	603	674	700	600	654	693	625	907				
CCC	733	647	507	496	591	1065	751	735	439	439	685	727	845	776	630	596	760	913	809	866	446	355	466	818
VST	1958	1885	1654	1603	1495	1666	1624	3013	1430	1469	1538	1585	2019	1936	1672	1670	1609	1718	1743	3248	1599	1514	1731	1691
BTM	1226	1057	1143	1121	967	1114	1102	1695	1045	763	941	1512	1263	1174	1096	961	1060	1124	1126	1695	1005	763	953	1252
MON	581	842	619	497	475	689	704	1070	643	523	549	599	601	692	619	503	515	653	665	997	558	436	525	575
TXM	414	381	329	380	340	410	351	488	248	216	244	291	328	290	310	308	344	342	321	442	226	199	265	302
GRI	1423	1541	1293	1244	1405	1876	1536	1859	1308	1262	1562	1692	1719	1795	1283	1349	1592	1747	1654	1719	1165	957	0	0
<b>Gross Profit Margin</b>																								
LPP	53%	47%	38%	45%	59%	60%	60%	36%	35%	44%	60%	59%	59%	52%	36%	47%	62%	61%	59%	56%				
VST	53%	51%	49%	50%	55%	54%	52%	51%	50%	50%	52%	54%	53%	51%	50%	50%	55%	55%	52%	52%	49%	48%	50%	55%
BTM	57%	54%	52%	52%	55%	55%	50%	48%	46%	46%	51%	52%	51%	50%	49%	49%	53%	55%	53%	50%	49%	48%	53%	54%
GRI	54%	51%	44%	44%	49%	57%	52%	53%	45%	41%	50%	48%	48%	45%	40%	39%	45%	47%	45%	38%				
<b>YoY Change In Gross Profit Margin (ppts)</b>																								
LPP	+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	+20.0				
VST									+0.2	-0.3	-1.2	-2.4	+0.1	-0.6	+1.6	-0.1	-0.9	+1.2	+0.2	+1.2	-0.6	-1.1	-2.6	+0.1
BTM	-1.1	-1.8	-0.5	+0.5	-0.6	-2.6	-5.4	-3.1	-7.0	-1.3	-3.1	-2.3	-6.2	-3.5	-2.7	-2.6	-1.6	-0.8	+3.1	+2.3	+3.5	+2.3	+2.2	+1.9
GRI	+3.8	+3.8	+2.8	+1.8	-0.2	+3.7	+0.8	+2.6	+0.4	-5.0	+0.2	-6.7	-6.7	-6.0	-3.9	-5.3	-4.5	-11.0	-6.9	-15.3				
<b>Estimated Sales Revenue (PLN m) (green=profit, red=loss)</b>																								
LPP	32.4	44.1	-17.4	2.0	48.9	135.2	57.8	39.0	-61.9	-71.7	39.9	61.2	80.1	78.1	-24.0	3.5	120.5	113.5	67.9	212.8				
VST	7.7	5.8	2.2	2.0	2.9	0.7	0.1	21.8	-0.5	-0.1	2.3	3.3	10.2	7.5	3.0	2.7	4.4	1.3	0.8	26.8	1.0	-0.9	3.4	4.6
BTM	2.2	0.8	1.1	1.0	0.5	1.1	0.5	3.9	-0.2	-1.7	-0.1	3.6	1.9	1.4	0.9	0.0	1.3	1.4	1.3	5.0	0.0	-1.7	0.4	2.4
GRI	1.5	1.7	-1.1	-1.3	0.9	5.4	1.0	4.0	-0.8	-1.8	2.2	1.5	1.6	1.4	-2.6	-2.4	0.4	1.9	0.8	-0.6				
<b>YoY Pct. Change In Sales Profit</b>																								
LPP	-44	-27	n/a	-96	24	50	71	-70	n/a	n/a	25	161	147	77	n/a	72	146	-16	17	446				
VST	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	51	-13	32	29	37	33	50	82	455	23	n/a	n/a	44	38
BTM	-10	-49	15	23	-64	-30	-57	12	n/a	n/a	n/a	39	-11	72	-18	-97	145	22	145	30	n/a	n/a	n/a	-34
GRI	-10	45	n/a	n/a	-69	175	n/a	102	n/a	n/a	65	-43	2	-17	n/a	n/a	-50	-66	-24	n/a				

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

## Key Quarterly Financials

	1Q'15	2Q'15	3Q'15	4Q'15	1Q'16	2Q'16	3Q'16	4Q'16	1Q'17	2Q'17	3Q'17	4Q'17	1Q'18
<b>YoY Pct. Growth In Sales Revenue</b>													
LPP	6.1	9.0	2.2	12.1	17.2	16.4	18.0	17.7	16.0	13.5	21.8	15.9	16.0
CCC	20.1	22.5	8.1	11.1	23.8	41.4	29.7	49.2	34.8	30.8	48.5	20.8	
Vistula	17.2	16.2	18.0	13.5	15.6	16.4	15.0	17.9	14.1	11.4	15.2	18.5	
Bytom	24.5	33.9	20.9	24.9	17.2	20.1	11.1	18.8	14.5	30.4	17.9	20.8	
Monnari	24.9	24.2	16.2	22.3	20.2	11.0	8.2	0.0	2.5	7.2	16.5	3.3	
TXM	15.9	16.7	9.9	14.9	16.7	21.6	20.1	21.5	1.6	-0.8	9.6		
Gino Rossi	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	587	572	556	552	553	558	566	576	584	593	613	623	632
CCC	616	617	596	582	575	604	606	648	653	674	703	712	
Vistula	1,483	1,534	1,574	1,605	1,636	1,675	1,697	1,736	1,755	1,762	1,779	1,822	
Bytom	1,141	1,187	1,198	1,207	1,187	1,188	1,167	1,163	1,154	1,189	1,186	1,186	
Monnari	763	773	767	767	763	739	718	677	659	650	653	639	
TXM	362	368	368	368	367	370	369	365	346	329	324		
Gino Rossi	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	58.0%	55.7%	54.6%	53.5%	51.7%	51.1%	49.7%	48.7%	48.5%	50.4%	50.7%	52.9%	52.4%
CCC	55.3%	54.6%	54.1%	54.9%	54.0%	53.9%	53.4%	52.7%	52.2%	51.7%	51.6%	51.2%	
Vistula	53.6%	53.4%	53.4%	53.0%	52.8%	52.9%	52.3%	52.1%	51.8%	51.6%	51.8%	52.2%	
Bytom	51.9%	52.5%	52.9%	53.0%	53.0%	52.6%	52.5%	51.3%	50.3%	49.6%	49.1%	49.3%	
Monnari	59.2%	57.9%	56.0%	54.8%	54.3%	54.5%	54.0%	54.3%	53.5%	53.3%	54.1%	55.4%	
TXM	41.1%	40.8%	40.6%	40.8%	41.1%	41.6%	41.6%	42.0%	41.9%	42.3%	40.9%		
Gino Rossi	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	258	248	237	232	233	239	245	247	254	259	265	273	275
CCC	258	258	256	249	251	258	259	264	269	269	280	288	
Vistula	668	676	690	705	718	738	744	753	757	751	754	770	
Bytom	489	491	493	483	478	478	477	480	485	482	479	477	
Monnari	322	313	311	309	301	301	299	300	299	299	296	294	
TXM	122	124	125	124	127	129	132	133	134	137	140		
Gino Rossi	728	707	686	677	666	670	670	667	670	681	691		
<b>LTM EBIT Margin</b>													
LPP	12.1%	11.0%	10.4%	9.8%	7.8%	6.6%	4.6%	3.8%	2.9%	4.7%	6.0%	8.2%	7.8%
CCC	11.9%	11.7%	10.3%	11.1%	10.0%	10.6%	10.0%	11.7%	10.7%	11.2%	11.0%	9.7%	
Vistula	8.3%	8.8%	9.1%	8.4%	8.3%	8.0%	7.7%	8.5%	8.2%	8.4%	8.6%	9.1%	
Bytom	6.9%	9.7%	10.3%	11.0%	10.7%	10.1%	9.4%	8.6%	6.8%	7.3%	6.9%	7.7%	
Monnari	16.2%	17.8%	15.5%	14.6%	14.5%	12.5%	11.0%	9.2%	6.8%	6.3%	7.5%	8.6%	
TXM	7.2%	7.0%	6.4%	6.7%	5.9%	6.1%	5.0%	4.4%	1.8%	-0.9%	-3.9%		
Gino Rossi	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	1,542	1,537	1,704	1,618	1,630	1,686	1,648	1,293	1,381	1,609	1,755	1,484	1,350
CCC	2,609	2,333	2,093	1,910	2,337	2,114	2,359	2,314	2,770	2,838	3,045	2,728	
Vistula	7,288	7,251	8,320	8,775	8,717	8,725	9,237	9,566	9,362	9,472	10,263	9,671	
Bytom	5,562	5,514	5,958	5,007	5,204	5,110	5,945	5,399	5,740	5,115	5,483	5,221	
Monnari	1,553	1,372	2,130	2,007	1,747	1,665	2,147	1,924	1,628	1,388	1,616	1,350	
TXM				820	958	894	1,007	877	969	n/a	n/a		
Gino Rossi	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	9.9%	1.9%	11.2%	15.9%	5.7%	9.7%	-3.3%	-20.1%	-15.3%	-4.6%	6.5%	14.8%	-2.3%
CCC	13.9%	-11.4%	-23.2%	-26.0%	-10.4%	-9.4%	12.7%	21.1%	18.5%	34.3%	29.1%	17.9%	
Vistula	7.2%	7.7%	10.0%	15.9%	19.6%	20.3%	11.0%	9.0%	7.4%	8.6%	11.1%	1.1%	
Bytom	45.0%	37.8%	17.9%	-4.8%	-6.4%	-7.3%	-0.2%	7.8%	10.3%	0.1%	-7.8%	-3.3%	
Monnari	33.3%	23.1%	24.3%	43.9%	12.5%	21.4%	0.8%	-4.1%	-6.8%	-16.7%	-24.7%	-29.8%	
TXM								7.0%	1.2%	14.5%	1.4%		
Gino Rossi	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		
			2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
ABC Mart	7150.00	+5.1%	19.9	19.2	18.5	9.8	9.5	9.1	1.9	1.8	1.7	4.9	4.7	4.6	1.8%	1.9%	2.0%
Adidas	195.50	-6.1%	23.9	20.4	17.7	14.1	12.4	10.9	1.8	1.6	1.5	0.9	0.8	0.7	1.6%	1.9%	2.2%
Caleries	35.34	+3.8%	17.4	14.4	13.0	8.1	7.8	7.3	0.6	0.6	0.6	0.8	0.7	0.6	0.8%	0.8%	0.8%
Crocs	16.72	+4.2%	50.4	23.7	21.2	14.2	9.7	8.8	1.2	1.2	1.1	-	-	-	0.0%	0.0%	0.0%
Foot Locker	44.27	+2.9%	19.9	9.8	9.2	6.1	5.0	4.9	0.6	0.6	0.6	-	-	-	2.8%	3.0%	3.2%
Geox	2.52	-10.8%	22.9	17.4	14.6	9.6	8.3	7.6	0.9	0.9	0.8	-	-	-	2.2%	2.6%	2.5%
Gerry Weber	7.91	+3.7%	46.0	22.8	19.4	9.0	7.7	7.4	0.7	0.6	0.6	-	-	-	1.0%	1.7%	1.8%
H&M	145.86	+13.7%	16.6	16.2	15.6	8.8	8.4	8.0	1.2	1.1	1.1	-	-	-	6.2%	6.2%	6.1%
Hugo Boss	77.90	+6.1%	21.5	19.4	17.7	11.0	10.2	9.5	2.0	1.9	1.8	2.2	2.0	1.8	3.5%	3.9%	4.1%
IC Group	158.60	+10.9%	23.7	24.8	19.9	3.8	12.9	10.9	1.1	1.2	1.2	1.6	1.7	1.4	3.0%	3.8%	2.8%
Inditex	27.30	+12.1%	25.2	24.0	21.6	14.9	13.9	12.6	3.1	2.9	2.7	3.3	3.1	2.8	2.7%	2.9%	3.2%
Kappahl	26.30	+11.6%	7.9	8.1	8.1	5.6	5.6	5.6	0.5	0.5	0.5	-	-	-	6.8%	6.6%	6.6%
<b>Median</b>			<b>22.2</b>	<b>19.3</b>	<b>17.7</b>	<b>9.3</b>	<b>9.0</b>	<b>8.4</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.9</b>	<b>1.9</b>	<b>1.6</b>	<b>2.5%</b>	<b>2.8%</b>	<b>2.6%</b>

## e-commerce Stock Valuations

Company	Current Price	1M Change	P/E			EV/EBITDA			EV/Sales			PEG Ratio			DYield		
			2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
boohoo.com	2.09	+35.5%	75.1	54.9	43.5	42.4	30.3	22.7	3.9	2.8	2.1	2.5	1.8	1.5	0.0%	0.0%	0.0%
YOOX NET	37.94	+0.4%	78.2	50.5	34.6	25.0	18.7	14.9	2.1	1.8	1.5	0.8	0.5	0.4	0.0%	0.0%	-
Zalando	46.05	+6.7%	78.3	59.0	45.5	31.8	25.4	20.3	1.9	1.6	1.3	2.3	1.7	1.3	0.0%	0.0%	0.0%
<b>Median</b>			<b>78.2</b>	<b>54.9</b>	<b>43.5</b>	<b>31.8</b>	<b>25.4</b>	<b>20.3</b>	<b>2.1</b>	<b>1.8</b>	<b>1.5</b>	<b>2.3</b>	<b>1.7</b>	<b>1.3</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</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

**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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**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%  
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Recommendations are updated at least once every nine months.

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The production of new recommendations was completed on May 23, 2018, 8:54 AM.  
New recommendations were first disseminated on May 23, 2018, 8:54 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	overweight	neutral	overweight
Rating date	2018-05-23	2017-11-28	2017-09-13	2017-08-25
Target price (PLN)	-	-	-	-
Price on rating day	2.92	2.50	2.67	2.37

#### CCC

Rating	accumulate	buy	buy	hold	hold	buy	accumulate	accumulate
Rating date	2018-05-09	2018-04-06	2018-03-05	2018-02-02	2018-01-05	2017-12-01	2017-10-02	2017-09-01
Target price (PLN)	295.00	295.00	286.00	295.00	292.00	292.00	308.00	294.00
Price on rating day	255.60	257.40	243.00	281.00	293.00	239.85	276.00	262.20

#### Gino Rossi

Rating	suspended	neutral	overweight
Rating date	2018-05-23	2017-11-28	2017-08-25
Target price (PLN)	-	-	-
Price on rating day	0.63	1.29	1.78

#### LPP

Rating	hold	accumulate	accumulate	hold	hold	hold	hold	hold	accumulate
Rating date	2018-05-09	2018-04-06	2018-03-05	2018-02-02	2018-01-05	2017-12-01	2017-10-02	2017-09-01	2017-06-20
Target price (PLN)	9500.00	9500.00	9500.00	9400.00	9900.00	8200.00	8400.00	8800.00	7400.00
Price on rating day	9,260.00	8,900.00	8,620.00	9,790.00	9,990.00	8,173.95	8,172.05	8,696.65	6,700.00

#### Monnari

Rating	overweight	overweight	overweight	neutral
Rating date	2018-05-23	2017-11-28	2017-09-13	2017-08-25
Target price (PLN)	-	-	-	-
Price on rating day	7.19	8.21	8.93	7.89

#### TXM

Rating	buy	buy	buy	buy	buy	buy
Rating date	2018-05-09	2018-02-02	2017-12-01	2017-11-03	2017-09-01	2017-06-08
Target price (PLN)	5.44	5.41	5.74	5.77	6.10	6.25
Price on rating day	2.10	2.36	2.02	1.99	2.97	4.00

#### Vistula

Rating	overweight	neutral	overweight	neutral	overweight	overweight
Rating date	2018-05-23	2018-02-02	2018-01-19	2017-12-13	2017-11-28	2017-08-25
Target price (PLN)	-	-	-	-	-	-
Price on rating day	4.79	5.16	4.34	4.36	3.88	3.26

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