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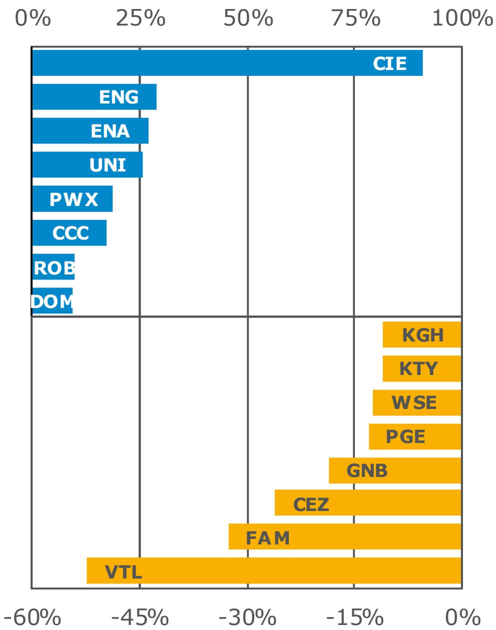
Quarterly Earnings Forecast: Q4 2014

Equity Market

WIG	52,140
Average 2014E P/E	16.1
Average 2015E P/E	13.6
ADTV (3M)	PLN 806m

EPS growth at selected companies*



*calculated for: Q1'14-Q4'14 / Q4'13-Q3'14

Financial Sector

The 2014 fourth-quarter earnings results of Polish banks will be affected by the October interest rate cuts combined with reduced interchange fees. At Erste Bank and OTP Bank, we anticipate continuing quarterly losses stemming from their respective operations in Romania and Ukraine. The insurer PZU is likely to post earnings contraction in Q4 due to lower investment income. We expect a solid fourth-quarter showing from the debt collector Kruk.

Gas & Oil

Polish refiners are expected to report low profits for Q4 2014 due to downward inventory adjustments and FX losses, however the adjusted profits should reflect the favorable market environment observed in the period. For the gas company PGNiG, we project weak results in upstream combined with a low profit on trade depressed by unfavorable USDPLN trends.

Power Producers

The Q4 2014 results of power utilities will be affected by actuarial adjustments for a reduced discount rate, and the recurring profits are expected to show flat growth from the previous quarters.

Telecoms, Media, IT

Asseco Poland is expected to report strong EBITDA growth in Q4 which, however, may be mitigated by increased provisions for late fees. Agora is set to post stable year-on-year results thanks to strong cinema ticket sales.

Resources

Coal Miners are set to report improved financial results in Q4 however the outlook for 2015 is what investors are mort interested about. A weak zloty supports mining operations, however KGHM's American mines are affected by falling prices of metals.

Industrials

We expect to see year-on-year growth in the Q4 2014 results of 42% of the industrial companies in our tracking portfolio, marking a steady ratio relative to Q3 (43%), with 27% of the companies reporting declines. The companies most likely to deliver upside surprises are Cognor, Elemental Holding, Impexmetal, Kernel, Synthos, Ursus, and Zetkama.

Construction

We expect that eight out of the ten construction firms tracked by us will report year-on-year earnings growth in the seasonally robust fourth quarter. Torpol and Unibep are the most likely the leaders of the Q4 2014 earnings season.

Property Developers

We expect to see marked y/y profit growth at Robyg, Dom Development, LC Corp, and J.W. Construction, flat results at Polnord, and a weak showing from Ronson, in Q4 2014. The quarterly profits of most commercial developers (except Echo Investment, expected to report y/y growth) will be affected by downward adjustments to investment property values.

Retail

We expect a strong Q4 announcement from CCC showing solid y/y growth in revenues as well as profits. In turn the quarterly results of LPP are likely to reflect the revenue slowdown observed in Russia and Ukraine.

Other

Work Service is set to report 105% y/y growth in Q4 net profit driven by acquisitions.

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Banks

Banks **Getin Noble Bank**	Buy							
Analyst: Michał Konarski	Current price Target price		PLN 1.84 PLN 2.26		FY14E P/E FY15E P/E	11.9 17.3	FY14E P/BV FY15E P/BV	0.9 0.9

(PLN m)	Q4'14E	Q3'14	Q4'13	Q/Q	Y/Y	2014E	2013	change
Net interest income	329.1	379.6	346.9	-13.3%	-5.1%	1,436.8	1,297.8	10.7%
Net fee income	106.5	105.7	116.0	0.8%	-8.2%	431.6	421.2	2.5%
Total income	455.4	503.9	487.7	-9.6%	-6.6%	1,969.7	1,882.4	4.6%
Operating expenses	-233.3	-227.5	-233.9	2.6%	-0.3%	-932.8	-880.1	6.0%
Operating income*	222.1	276.4	253.8	-19.6%	-12.5%	1,036.9	1,002.4	3.4%
Provisions	176.0	224.0	152.1	-21.4%	15.7%	720.4	624.4	15.4%
Pre-tax income	46.2	52.5	101.7	-12.0%	-54.6%	316.6	377.9	-16.2%
Net income	65.7	79.7	160.2	-17.6%	-59.0%	411.3	394.8	4.2%

*before provisioning

Fee income, reserves improve in Q4

Getin Noble Bank is scheduled to report Q4 earnings on March 23rd. Our quarterly net profit estimate for the Bank is PLN 65.7m after a projected year-on-year drop of 59.0% and a quarter-on-quarter decline of 17.6%. Like in the quarter before, Q4 profits will receive a boost of ca. PLN 27m from tax benefits earned on leasing operations. The downward pressure on margins experienced in the period across the whole banking sector will result in a 29bp decrease in the quarterly NIM and a 13% drop in net interest income. At the same time, despite cut interchange fees, fee income will post a quarter-on-quarter rise of 0.8%. Operating costs will remain under control in Q4, rising 2.6% from Q3 but showing zero growth from Q4 2013. After a surge in Q3 following an asset quality review, risk reserves in Q4 are expected to decrease by 21.4% thanks to an NPL sale completed in the period.

Banks **PKO BP**	Buy							
Analyst: Michał Konarski	Current price Target price		PLN 32.53 PLN 38.59		FY14E P/E FY15E P/E	12.6 15.0	FY14E P/BV FY15E P/BV	1.5 1.4

(PLN m)	4Q'14E	3Q'14	4Q'13	Q/Q	Y/Y	2014E	2013	change
Net interest income	1,809.6	1,978.7	1,714.5	-8.5%	5.5%	7,467.2	6,722.0	11.1%
Net fee income	721.3	726.8	814.8	-0.7%	-11.5%	2,937.1	3,005.8	-2.3%
Total income	2,868.7	2,964.5	3,314.7	-3.2%	-13.5%	11,507.7	11,178.1	2.9%
Operating expenses	-1,376.8	-1,337.2	-1,281.4	3.0%	7.4%	-5,182.5	-4,622.5	12.1%
Operating income*	1,416.0	1,554.0	1,894.7	-8.9%	-25.3%	6,000.0	6,084.3	-1.4%
Provisions	563.7	475.2	683.2	18.6%	-17.5%	2,010.0	2,037.9	-1.4%
Pre-tax income	852.3	1,078.8	1,211.5	-21.0%	-29.6%	3,990.0	4,046.4	-1.4%
Net income	683.8	873.4	938.3	-21.7%	-27.1%	3,215.3	3,229.8	-0.4%

*before provisioning

PKO sees considerable profit shrinkage in Q4

PKO BP is scheduled to report Q4 earnings on March 16th. At an estimated PLN 683.8m, the quarterly net profit is expected to show a year-on-year drop of 27.1% and a quarter-on-quarter decrease of 21.7% driven by reduced market interest rates. We estimate the q/q contraction in net interest income at 8.5%m with NIM (over average assets) falling by 29bps. Further, in the wake of interchange fee cuts the quarterly fee income will have decreased by 0.7% from Q3. Operating costs are expected to show a q/q increase of 3.0% in Q4 led by post-merger integration costs which from PLN 28m incurred in the first nine months will swell to ca. PLN 57m in the fourth quarter. As a result, the cost/income ratio after extra gains from sales of AFS securities will increase to 50.6% from 47.6% in Q3. Risk reserves in Q4 are likely to show seasonal q/q growth of 18.6%, with cost of risk up to 121bps from 102bps in Q3.

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Banks **Erste Bank**	**Buy**						
Analyst: Michał Konarski	Current price Target price	EUR 22.80 EUR 25.43		FY14E P/E FY15E P/E	- 12.3	FY14E P/BV FY15E P/BV	1.0 0.9

(EUR m)	Q4'14E	Q3'14	Q4'13	Q/Q	Y/Y	2014E	2013	change
Net interest income	1,126.5	1,126.0	1,169.2	0.0%	-3.7%	4,496.1	4,673.5	-3.8%
Net fee income	459.3	465.8	462.8	-1.4%	-0.8%	1,832.1	1,810.0	1.2%
Total income	1,655.2	1,653.3	1,690.2	0.1%	-2.1%	6,638.6	6,812.0	-2.5%
Operating expenses	-946.5	-887.3	-971.7	6.7%	-2.6%	-3,730.2	-3,896.1	-4.3%
Operating income*	638.0	464.8	309.8	n.m.	106.0%	1,357.5	2,148.7	-36.8%
Provisions	-519.3	-878.8	-529.4	-40.9%	-1.9%	-2,194.2	-1,774.4	23.7%
Pre-tax income	118.7	-414.0	-219.6	-	-	-836.8	374.3	-
Net income	-31.1	-554.2	-370.3	-	-	-1,515.1	330.5	-

*before provisioning

Erste books net loss again in Q4

Erste Bank is scheduled to report Q4 earnings on February 27th, and we expect the Bank to book another quarterly net loss of EUR 31m. Risk reserves are likely to remain elevated at a projected EUR 519m in Q4 even after a considerable, 41% drop from Q3, due to further charge-offs related to NPL sales recognized in Romania. On a stable net interest income and a small, 1% q/q decline in fee income, the adjusted total income should be flat. We expect to see a 54% decrease in banking taxes in Q4, and we anticipate a seasonal 6.7% q/q increase in operating costs.

Banks **OTP Bank**	**Accumulate**						
Analyst: Michał Konarski	Current price Target price	HUF 4411 HUF 4048		FY14E P/E FY15E P/E	- 10.1	FY14E P/BV FY15E P/BV	0.8 0.7

(HUF bn)	Q4'14E	Q3'14	Q4'13	Q/Q	Y/Y	2014E	2013	change
Net interest income	141.5	158.6	158.9	-10.8%	-11.0%	620.1	653.8	-5.2%
Net fee income	40.2	41.6	44.8	-3.2%	-10.2%	165.3	166.9	-1.0%
Total income	63.0	50.0	54.6	25.9%	15.4%	216.9	220.7	-1.7%
Operating expenses	103.7	101.2	107.5	2.4%	-3.5%	408.7	417.2	-2.0%
Operating income*	100.8	107.4	106.0	-6.2%	-4.9%	428.3	457.4	-6.4%
Provisions	89.3	65.2	91.6	37.1%	-2.6%	286.8	272.5	5.2%
Pre-tax income	11.5	42.3	14.4	-72.7%	-19.9%	141.5	184.9	-23.5%
Net income	-3.6	34.2	1.7	-	-	-116.5	64.2	-

*before provisioning

Ukraine losses weigh on Q4 profit

OTP Bank is scheduled to report Q4 earnings on March 6th. We expect the Bank to report a net loss of HUF 3.6bn for the quarter after a net profit of HUF 34bn generated in Q3 due to increased impairment losses of an estimated HUF 21bn on Ukrainian operations whose total annual net loss for 2014 is expected to come in at HUF 80bn. Note that OTP's actual quarterly loss may be even higher than we assume due to a possible goodwill write-off in Russia (HUF 58.5bn). Further, a 37% surge in net provisioning will drive the Q4 2014 pre-tax profit down by 72.7% relative to Q3. Finally the depreciation of the ruble and the hryvnia in the course of Q4 against the forint will result in an 11% drop in net interest income.

Insurance

Insurance PZU	Hold							
Analyst: Michał Konarski	Current price Target price	PLN 502.80 PLN 425.00		FY14E P/E FY15E P/E	15.8 15.7		FY14E P/BV FY15E P/BV	3.4 3.4

(PLN m)	Q4'14E	Q3'14	Q4'13	Q/Q	Y/Y	2014E	2013	change
Gross premium written. incl.:	4,077.5	3,970.9	4,077.5	2.7%	0.0%	16,486.2	16,480.0	0.0%
Non-life insurance	2,115.7	2,014.9	2,141.5	5.0%	-1.2%	8 621.8	8,656.6	-0.4%
Life insurance	1,961.8	1,956.0	1,936.0	0.3%	1.3%	7 864.4	7,823.4	0.5%
Net claims incurred	-3,040.2	-2,993.8	-2,950.9	1.5%	3.0%	-11,452.1	-11,161.2	2.6%
Costs	-922.9	-890.8	-990.1	3.6%	-6.8%	-3,552.4	-3,422.4	3.8%
Technical profit	142.5	225.7	67.5	-36.9%	111.3%	1,244.2	1,665.1	-25.3%
Investment gains/losses	407.7	805.4	627.2	-49.4%	-35.0%	2,570.9	2,488.1	3.3%
Pre-tax profit	455.0	1,044.3	664.5	-56.4%	-31.5%	3,675.5	4,120.7	-10.8%
Net profit	368.6	843.5	528.2	-56.3%	-30.2%	2,932.4	3,293.7	-11.0%

PZU sees falling investment income in Q4

We expect that PZU's net profit for Q4 2014 will come in at PLN 368.6m after falling 30.2% year on year and plummeting 56.3% quarter on quarter. The contraction relative to Q3 2014 despite a full consolidation for the first time of the foreign subsidiary RSA and the Polish subsidiary Link4 will be driven by a 49.4% drop in investment income. Gross written premiums will be 2.7% higher than in Q3 at an estimated PLN 4,077.5m, with GWP in non-life rising 5% thanks to acquisitions and GWP in the life business remaining at a stable level. Net claims in Q4 are likely to show growth of 3% y/y and 2% q/q. Post-merger consolidation will drive the quarterly costs up by 3.6%.

Financial Services

Financial Services **Kruk**	Buy							
Analyst: Michał Konarski	Current price Target price	PLN 122.00 PLN 143.10		FY14E P/E FY15E P/E	13.3 11.9		FY14E P/BV FY15E P/BV	3.6 2.8

(PLN m)	Q4'14E	Q3'14	Q4'13	Q/Q	Y/Y	2014E	2013	change
Total revenue	128.5	103.8	103.4	24%	24%	496.1	405.6	22%
Purchased debt	116.1	92.5	92.3	26%	26%	449.8	355.7	26%
Collection services	8.7	7.6	7.9	14%	11%	32.7	39.9	-18%
Direct and indirect costs	53.6	45.8	50.1	17%	7%	195.3	182.8	7%
Indirect margin	74.9	58.1	53.3	29%	41%	300.8	222.9	35%
Operating profit	44.2	37.5	34.8	18%	27%	210.3	152.9	38%
Pre-tax profit	30.8	25.0	19.0	23%	62%	155.2	98.5	58%
Net profit	29.1	26.0	17.6	12%	65%	155.2	97.8	59%

Net profit edges higher in Q4

Kruk is scheduled to report Q4 earnings on March 23rd. At a projected PLN 29.1m, the quarterly net profit is expected to show year-on-year expansion of 65.3% and quarter-on-quarter growth of 12% driven by base effects (Q3 profit was affected by a PLN 13m one-time revaluation loss) combined with higher debt collection revenue and a low effective tax rate (5%). Operating expenses are likely to show strong 58% q/q growth in Q4 related to international expansion. Kruk reported having spent PLN 215.4m on domestic and foreign debt portfolios with a total nominal value of PLN 1.58bn in Q4 2014.

Gas & Oil, Chemicals

Chemicals **Ciech**	Hold								
Analyst: Kamil Kliszcz	Current price Target price		PLN 49.14 PLN 46.90		FY14E P/E FY15E P/E	28.3 15.2	FY14E EV/EBITDA FY15E EV/EBITDA		7.6 6.5
(PLN m)	**Q4'14E**	**Q4'13**	**differ.**	**2014E**	**2013**	**change**	**2015E**	**2014E**	**change**
Revenue	756.8	795.1	-5%	3,214.6	3,501.0	-8%	3,133.8	3,214.6	-3%
EBITDA	124.5	22.0	466%	503.9	356.3	-	574.9	503.9	14%
Margin	16.45%	2.77%	-	15.68%	10.18%	-	0.00%	15.68%	-
EBIT	74.8	-36.1	-	303.9	139.7	118%	364.1	303.9	20%
Pre-tax profit	47.4	-66.6	-	137.6	-6.2	-	210.0	137.6	53%
Net profit	38.4	-18.7	-	94.5	49.4	91%	170.1	94.5	80%

Q4 profits dip in seasonal slowdown

We do not expect to see major changes, other than seasonal, in Ciech's profits for Q4 2014. In the Organic segment, lower sales of plant protection agents will combine with downward pressure in resins to produce EBITDA contraction to PLN 8.6m from PLN 19.8m (adjusted) the quarter before. In the Soda segment, we expect to see a quarter-on-quarter slowdown in volumes (due to minor technical issues) and a temporary increase in the costs of German gas, resulting in a q/q decline in the segmental EBITDA from PLN 126m to an estimated PLN 118m. In Silicates EBITDA as well will be affected by seasonally lower sales of glass lanterns, coming in at a projected PLN 7m vs. PLN 10.8m the quarter before. After net interest expenses of PLN 27m recognized under financing activity, and after taxes, the quarterly net profit should come in at ca. PLN 38m.

Gas & Oil **Lotos**	Hold								
Analyst: Kamil Kliszcz	Current price Target price		PLN 24.49 PLN 26.80		FY14E P/E FY15E P/E	- 13.7	FY14E EV/EBITDA FY15E EV/EBITDA		38.2 7.2
(PLN m)	**Q4'14E**	**Q4'13**	**differ.**	**2014E**	**2013**	**change**	**2015E**	**2014E**	**change**
Revenue	6,498.1	7,504.9	-13%	28,424.2	28,597.3	-1%	20,129.2	28,424.2	-29%
EBITDA	-559.5	101.8	-	-286.8	802.6	-	1,419.3	-286.8	-
Margin	-8.61%	1.36%	-	-1.01%	2.81%	-	7.05%	-1.01%	-
EBIT	-779.3	-67.9	-	-1,097.4	146.5	-	610.5	-1,097.4	-
Pre-tax profit	-1,164.2	-57.0	-	-1,785.3	-62.0	-	416.8	-1,785.3	-
Net profit	-943.0	-24.4	-	-1,132.9	39.4	-	331.6	-1,132.9	-

Inventory adjustments affect Q4 profit

Lotos warned in January that its Q4 2014 results would be depressed by high LIFO effects and negative inventory adjustments in a total amount of PLN 800m. Adjusted for the one-time charges, in the Downstream segment the core LIFO -based EBITDA may miss the mark due to expected FX losses of PLN 40m and the depreciation of the zloty observed toward the end of December (similarly as in 3Q), coming in at a projected PLN 200m (PLN 100m after the one-time charges) vs. PLN 219m in the quarter before. The adjusted Q4 Upstream EBITDA is expected to be steady at the quarter -before level of PLN 106m as the lower oil price will be offset by higher production on the Norwegian shelf where the output consists mostly of natural gas and is therefore less sensitive to Brent price trends. That said, we cannot rule out one-time charges in the segment. Retail EBITDA in Q4 is expected to show continued growth to PLN 25m. As warned, in addition to the inventory adjustments, Lotos will recognize an FX loss of ca. PLN 270m on dollar loans in Q4, and this combined with interest expenses (PLN 52m) and hedging losses (PLN 67m) will drive the quarterly net loss up to PLN 943m.

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Gas & Oil MOL	Accumulate								
Analyst: Kamil Kliszcz	Current price Target price		HUF 11,900 HUF 12,850		FY14E P/E FY15E P/E	18.4 13.6		FY14E EV/EBITDA FY15E EV/EBITDA	5.2 4.8
(HUF bn)	**Q4'14E**	**Q4'13**	**differ.**	**2014E**	**2013**	**change**	**2015E**	**2014E**	**change**
Revenue	892.3	1,358.9	-34%	4,587.2	5,401.1	-15%	3,457.1	4,587.2	-25%
EBITDA	63.7	127.4	-50%	434.1	520.4	-17%	483.5	434.1	11%
Margin	7.13%	9.38%	-	9.46%	9.63%	-	13.98%	9.46%	-
EBIT	-2.6	-41.8	-	167.3	-18.7	-	194.4	167.3	-
Pre-tax profit	-12.6	-50.2	-	101.6	-55.8	-	165.9	101.6	-
Net profit	-10.2	4.9	-	63.2	21.6	-	91.1	63.2	-

Refineries, volumes make up for oil crash

MOL is expected to report adjusted Q4 2014 LIFO-based EBITDA of HUF 104bn, marking declines from HUF 122bn posted in Q4 2013 and HUF 164bn generated in Q3 2014 driven by the Upstream segment where falling oil prices will have pushed the quarterly EBITDA down to HUF 53.3bn from HUF 89.7bn in Q4 2013. Note that the negative impact of cheap oil should be partly offset a reversal of the negative trends in volumes. In Downstream, LIFO-based EBITDA is likely to post year-on-year growth from HUF 22bn to HUF 46bn thanks to higher crack spreads and a lack of losses from the closed refinery in Italy. The reported EBITDA, however, will be negatively affected by inventory adjustments and FX losses in a combined estimated amount of HUF 40bn. In Petrochemicals EBITDA will expand further from HUF 11.8bn in Q3 to HUF 13bn in Q4 thanks to higher benchmark margins. In Gas Midstream we expect y/y EBITDA growth to HUF 9bn owing to Croatian operations. After SG&A and consolidation adjustments totaling HUF -15bn, and after losses on financing activity stemming from interest expenses and FX losses on payables, MOL is set to report a Q4 2014 net loss of HUF 10bn.

Gas & Oil PGNiG	Reduce								
Analyst: Kamil Kliszcz	Current price Target price		PLN 4.48 PLN 4.03		FY14E P/E FY15E P/E	11.1 12.0		FY14E EV/EBITDA FY15E EV/EBITDA	5.0 5.6
(PLN m)	**Q4'14E**	**Q4'13**	**differ.**	**2014E**	**2013**	**change**	**2015E**	**2014E**	**change**
Revenue	10,963.5	9,117.0	20%	33,782.5	32,120.0	5%	28,652.1	33,782.5	-15%
EBITDA	471.3	804.0	-41%	5,457.3	5,612.0	-3%	5,449.2	5,457.3	0%
Margin	4.30%	8.82%	-	16.15%	17.47%	-	19.02%	16.15%	-
EBIT	-155.7	94.0	-	2,928.3	3,149.0	-7%	2,884.4	2,928.3	-1%
Pre-tax profit	-322.9	0.0	-	2,546.1	2,709.0	-6%	2,659.7	2,546.1	4%
Net profit	-258.3	-161.0	-	1,876.7	1,918.0	-2%	2,211.4	1,876.7	18%

Strong dollar, cheap oil, and asset impairment weigh on Q4 profits

PGNiG announced it would recognize one-time charges of PLN 627m against the profits for Q4 2014, including PLN 559m impairment losses on upstream assets and investment and PLN 68m adjustments to the gas inventory of the trade business. As a result the reported EBIT of the E&P segment is expected to be an operating loss of PLN 206m, with the drop from Q3 (PLN -364m ex. impairment) led by seasonally higher costs, lower volumes, and low prices of crude oil. In Trade EBIT is likely to be an operating loss of PLN 242m due to the zloty's depreciation versus the dollar and costs related to pipeline capacity bookings, combined with impairment losses. In Distribution, the reported 16% increase in volumes achieved in the period should offset the system balancing losses incurred in the previous quarters, with EBIT coming in at an estimated PLN 249m. After high financing losses (PLN 167m) incurred as a result of dollar loan adjustments by the Norwegian unit, the Q4 bottom line will show a net loss.

Petrochemicals **Polwax**	Buy								
Analyst: Kamil Kliszcz	Current price Target price		PLN 17.80 PLN 24.20		FY14E P/E FY15E P/E	8.3 7.7	FY14E EV/EBITDA FY15E EV/EBITDA		7.6 6.8
(PLN m)	**Q4'14E**	**Q4'13**	**differ.**	**2014E**	**2013**	**change**	**2015E**	**2014E**	**change**
Revenue	91.7	87.4	5%	267.6	241.1	11%	257.2	267.6	-4%
EBITDA	9.6	10.0	-5%	32.9	27.5	-	32.7	32.9	-1%
Margin	10.4%	11.5%	-	12.3%	11.4%	-	12.7%	12.3%	-
EBIT	8.7	9.5	-8%	29.8	24.9	20%	29.9	29.8	0%
Pre-tax profit	9.2	10.0	-8%	29.7	24.3	-	29.1	29.7	-2%
Net profit	7.5	8.5	-12%	23.7	20.0	19%	23.6	23.7	0%

2014 profit may top expectations

Polwax's profits for Q4 2014 are not likely show year-on-year growth at the same robust rate as in the quarter before, among others due to postponed settlement of candle payments by the retail chain Biedronka, the effects of which, however, should be mitigated by continuously strong sales of industrial paraffin waxes (though keep in mind that these sales are subject to strong quarterly fluctuations, as evidenced by the fact that in Q4 2013 they amounted to PLN 12m, just slightly less than the PLN 14m generated in Q3 2014). Note that in Q4 2013 Polwax recognized inventory charges of ca. PLN 1.1m and we expect similar bookings against other operating income in Q4 2014. After gains generated from financing activity, however, the 2014 annual net profit may exceed our expectations by reaching an estimated PLN 23.7m, thus raising the amount of funds available for this year's dividend payout.

Chemicals **Synthos**	Buy								
Analyst: Jakub Szkopek	Current price Target price		PLN 4.33 PLN 5.20		FY14E P/E FY15E P/E	15.9 12.9	FY14E EV/EBITDA FY15E EV/EBITDA		9.3 8.9
(PLN m)	**Q4'14E**	**Q4'13**	**differ.**	**2014E**	**2013**	**change**	**2015E**	**2014E**	**change**
Revenue	1,240.8	1,364.8	-9.1%	4,816.1	5,359.3	-10.1%	4,768.8	4,816.1	-1.0%
EBITDA	192.2	151.1	27.2%	699.5	605.3	15.6%	753.3	699.5	7.7%
Margin	15.5%	11.1%		14.5%	11.3%		15.8%	14.5%	
EBIT	155.7	117.0	33.1%	547.6	453.0	20.9%	593.9	547.6	8.4%
Pre-tax profit	79.0	125.1	-36.9%	449.8	467.1	-3.7%	547.6	449.8	21.7%
Net profit	61.2	59.6	2.8%	359.5	416.9	-13.8%	443.2	359.5	23.3%

Q4 sees improvement in Rubbers & Latex

After a 25.5% y/y drop to 80,000 tons in the volume of synthetic rubber sales, we expect to see 23.7% shrinkage in the Q4 2014 revenue of Synthos's Rubber & Latex segment. In the segment of Styrene Derivatives, a 3.6% rise to 69,300 in the quarterly sales volume at slightly lower prices will result in 1.8% y/y contraction in revenue. Due to the falling prices of oil observed in Q4 the butadiene-naphtha price spread increased to 1.59x from 1.29x in the same period the year before (1.45x in Q3 2014, 1.47x in Q2, 1.44x in Q1). As a result, we anticipate an increase in the per-ton EBITDA of the Rubber & Latex segment to PLN 1400 from PLN 330 in Q3 2014 (with EBITDA rising 2.2 times to PLN 112m). In turn, EBITDA per ton of styrene derivatives is expected to post a y/y drop to PLN 370 from PLN 930 in Q4 2013 caused by increased styrene substitutions by customers in H2 2014 as prices rose. Consequently the Q4 EBITDA in Styrene Derivatives is likely to be 59% lower than the year before. Synthos incurred financing costs of PLN 25m on a EUR 350m bond issue conducted in Q4, moreover it incurred a loss of PLN 42.2m in the period on the sale of shares in Rovese below book value (the cash generated on the divestment is added to our 2014 cash flow projection). Aside from the factors discussed above, Synthos's Q4 2014 earnings momentum will be supported by favorable base effects.

Power Utilities

Utilities **CEZ**	Reduce								
Analyst: Kamil Kliszcz	Current price Target price		PLN 89.17 PLN 84.00		FY14E P/E FY15E P/E	10.7 13.2	FY14E EV/EBITDA FY15E EV/EBITDA		7.0 7.7
(CZK m)	**Q4'14E**	**Q4'13**	**differ.**	**2014E**	**2013**	**change**	**2015E**	**2014E**	**change**
Revenue	51,635.8	55,462.0	-7%	198,650.8	217,273.0	-9%	210,528.1	198,650.8	6%
EBITDA	17,606.7	14,714.0	20%	67,089.7	73,699.0	-9%	64,250.1	67,089.7	-4%
Margin	34.10%	26.53%	-	33.77%	33.92%	-	30.52%	33.77%	-
EBIT	10,739.7	7,253.0	48%	39,562.7	45,755.0	-14%	35,709.3	39,562.7	-10%
Pre-tax profit	8,349.7	5,720.0	46%	32,743.7	44,440.0	-26%	30,535.5	32,743.7	-7%
Net profit	6,763.2	3,475.0	95%	26,576.2	35,885.0	-26%	24,161.5	26,576.2	-9%

Annual profit boosted by settlement with Albania

We expect CEZ to deliver its annual CZK 72bn EBITDA guidance in 2014 (the target includes CZK 5.3bn one-time charges recognized in the first nine months of 2014 which we did not add to D&A in our calculations, hence our EBITDA forecast of CZK 67bn). In the segment of Power Production, adjusted EBITDA in Q4 2014 is expected to post a small decline to CZK 9.2bn from CZK 10.4bn the year before due to a lower nuclear plant output (we do not expect the negative effects of carbon derivatives to reflect on the quarterly profits). In Distribution, continued positive trends coupled with seasonally higher volumes will result in slight q/q EBITDA expansion to CZK 5.5bn. In addition, CEZ will recognize an extra gain of CZK 2.5bn on the settlement reached last summer with the Albanian government. Mining EBITDA is expected to remain stable at the quarter-before level of CZK 1.2bn. Financing losses may be boosted by losses incurred by Turkish operations on a strengthened dollar. All told, we estimate the 2014 annual net profit at CZK 26.5bn.

Utilities **Enea**	Accumulate								
Analyst: Kamil Kliszcz	Current price Target price		PLN 16.75 PLN 18.00		FY14E P/E FY15E P/E	8.1 9.4	FY14E EV/EBITDA FY15E EV/EBITDA		4.7 5.7
(PLN m)	**Q4'14E**	**Q4'13**	**differ.**	**2014E**	**2013**	**change**	**2015E**	**2014E**	**change**
Revenue	2,453.3	2,363.3	4%	9,680.5	9,150.5	6%	9,917.4	9,680.5	2%
EBITDA	253.8	282.6	-10%	1,769.5	1,658.8	7%	1,840.6	1,769.5	4%
Margin	10.35%	11.96%	-	18.28%	18.13%	-	18.56%	18.28%	-
EBIT	91.5	95.3	-4%	1,083.1	897.0	21%	1,130.2	1,083.1	4%
Pre-tax profit	86.5	106.8	-19%	1,105.8	945.2	17%	1,013.7	1,105.8	-8%
Net profit	72.7	68.2	7%	908.7	715.4	27%	821.1	908.7	-10%

Q4 affected by one-time charges

Enea's financial results for Q4 2014 will be weighed down by a number of one-time charges. By segment, we anticipate EBIT of just PLN 10m in Generation (down from PLN 80m in Q4 2013) due to a slower heating season and lower sales prices combined with adjustments to capital investment incurred on a biogas plant (estimated at PLN 30m). Distribution EBIT should increase to PLN 71m from PLN 3m in Q4 2013 when the operating profit was depressed by one-time losses. In addition profits in both Generation and Distribution will be affected by an adjusted discount rate used in actuarial assumptions and by post-employment benefits. In Trade Q4 profits will show a small improvement relative to the third quarter (seasonally higher volumes, lower costs of green certificates), but compared to Q4 2013 EBIT is expected to be flat at an estimated PLN 14.5m (though note that the year-ago base was depressed by ca. PLN 40m balancing charges). We expect Enea to recognize a small loss on financing activity in Q4 due to increased net debt and adjustments made to the bond program. All told, we anticipate a small y/y increase in the Q4 net profit, adding to a 2014 full-year net profit of PLN 0.9+ billion.

Utilities **Energa**	Hold								
Analyst: Kamil Kliszcz	Current price Target price		PLN 21.15 PLN 24.40		FY14E P/E FY15E P/E	8.9 9.9		FY14E EV/EBITDA FY15E EV/EBITDA	5.3 5.6
(PLN m)	**Q4'14E**	**Q4'13**	**differ.**	**2014E**	**2013**	**change**	**2015E**	**2014E**	**change**
Revenue	2,443.8	2,891.8	-15%	10,236.1	11,429.2	-10%	10,627.5	10,236.1	4%
EBITDA	476.4	464.1	3%	2,308.9	1,965.5	17%	2,315.0	2,308.9	0%
Margin	19.50%	16.05%	-	22.56%	17.20%	-	21.78%	22.56%	-
EBIT	269.4	261.7	3%	1,461.2	1,194.8	22%	1,405.0	1,461.2	-4%
Pre-tax profit	205.0	206.9	-1%	1,244.7	1,022.4	22%	1,090.0	1,244.7	-12%
Net profit	174.3	153.0	14%	982.7	764.0	29%	882.9	982.7	-10%

No surprises in Q4 profits

Despite messages to the contrary designed to cool expectations, we believe Energa can achieve annual EBITDA of PLN 2.3 billion in 2014. Higher actuarial reserves reflecting a reduced discount rate will weigh on the profits, however the negative impact will not exceed PLN 30m, to be shouldered mainly by the Distribution segment where as a result and due to base effects EBIT is expected to show year-on-year contraction to PLN 164m from PLN 264m. In Generation, we expect flat profits from utility power stations, a slight decline at heating plants, and below-average volumes of renewable energy, with the quarterly EBIT in the segment projected at PLN 102m vs. PLN 119m the quarter before. Despite a seasonal improvement in margins, EBIT in the Trade segment is not likely to exceed PLN 20m. As usual, part of the trade margin (we expect PLN 5m) will be recognized as unattributed income. After steady q/q financing costs, Energa's net profit for Q4 2014 is expected to come in at PLN 174m.

Utilities **PGE**	Hold								
Analyst: Kamil Kliszcz	Current price Target price		PLN 19.57 PLN 20.10		FY14E P/E FY15E P/E	10.4 11.2		FY14E EV/EBITDA FY15E EV/EBITDA	4.7 5.8
(PLN m)	**Q4'14E**	**Q4'13**	**differ.**	**2014E**	**2013**	**change**	**2015E**	**2014E**	**change**
Revenue	6,830.8	7,563.3	-10%	27,687.8	30,144.9	-8%	27,975.9	27,687.8	1%
EBITDA	1,688.8	1,289.0	31%	8,075.8	8,017.8	1%	7,326.0	8,075.8	-9%
Margin	24.72%	17.04%	-	29.17%	26.60%	-	26.19%	29.17%	-
EBIT	892.8	561.3	59%	4,947.8	5,060.4	-2%	4,264.5	4,947.8	-14%
Pre-tax profit	883.8	578.9	53%	4,498.8	5,059.2	-11%	4,030.3	4,498.8	-10%
Net profit	715.8	496.3	44%	3,599.8	4,118.5	-13%	3,259.4	3,599.8	-9%

PGE sees y/y growth driven by base effects

PGE estimates its 2014 annual EBITDA at PLN 8.1bn, and expects net profit to come in at PLN 3.6bn. As for a segmental profit breakdown we expect to see in the fourth quarter, we anticipate strong results in Conventional Energy, with EBIT estimated at PLN 573m, thanks to high spot prices and despite a high land reclamation reserve (ca. PLN 200m) and provisions for employee benefits (PLN 236m at the whole Group). Distribution as well will see y/y EBIT expansion to PLN 237m from PLN 216m due to cost savings. In Retail EBIT is likely to show an operating loss of PLN 60m resulting from negative margins generated on new customers, and in Wholesale and Renewable Energy operating profits are expected to remain close to the levels recorded in Q3. After small financing costs stemming from FX losses incurred on foreign-currency payables, the net profit for Q4 2014 should come in upwards of PLN 0.7bn.

Dom Maklerski

Utilities **Tauron**	Buy								
Analyst: Kamil Kliszcz	Current price Target price		PLN 5.02 PLN 6.10		FY14E P/E FY15E P/E	7.4 8.5		FY14E EV/EBITDA FY15E EV/EBITDA	4.3 5.2

(PLN m)	Q4'14E	Q4'13	differ.	2014E	2013	change	2015E	2014E	change
Revenue	4,592.5	4,886.1	-6%	18,195.6	19,131.1	-5%	18,875.3	18,195.6	4%
EBITDA	717.1	662.3	8%	3,632.4	3,661.5	-1%	3,575.6	3,632.4	-2%
Margin	15.62%	13.56%	-	19.96%	19.14%	-	18.94%	19.96%	-
EBIT	261.8	222.3	18%	1,808.8	1,934.1	-6%	1,675.0	1,808.8	-7%
Pre-tax profit	181.8	139.9	30%	1,494.3	1,683.6	-11%	1,272.5	1,494.3	-15%
Net profit	147.3	93.3	58%	1,196.0	1,308.3	-9%	1,030.7	1,196.0	-14%

Q4 profit affected by actuarial reserves

Tauron is likely to have raised the actuarial valuation of the provision for employee benefits in Q4 2014 to reflect a reduced discount rate. In Q4 2012, a discount rate cut from 5.75% to 4.0% reduced the quarterly EBIT by PLN 122m, and this time we estimate the negative effect at ca. PLN 100m, divided between the different operating segments depending on their respective employee numbers. The brunt of the impact will probably be borne by Distribution where after an actuarial loss in the ballpark of PLN 40m EBIT may post a q/q drop from PLN 275m to PLN 222m. In Generation the charge should be offset by high spot prices of electric power combined with seasonally higher volumes, and as a result EBIT will remain stable at the level posted in the previous quarter (PLN -45m). In Mining Q4 2014 EBIT will be an operating loss as well after annual employee bonuses, however the loss will be only slightly higher than in Q4 2013 (at PLN -34m vs. PLN -23m) as lower coal prices will be offset by higher volumes. Further, we expect stable q/q EBIT in Trade (PLN 99m) and in Renewables (PLN 43m), and we predict quarter-on-quarter expansion to PLN 82m in the EBIT of the Heat segment. After steady financing costs, the net profit for Q4 2014 should show growth relative to Q4 2013 when, however, the quarterly result was depressed by a carbon allowance.

Telecommunications

Telecommunications **Netia**	Hold								
Analyst: Paweł Szpigiel	Current price Target price		PLN 5.89 PLN 5.80		FY14E P/E FY15E P/E	- -	FY14E EV/EBITDA FY15E EV/EBITDA		4.9 5.3
(PLN m)	**Q4'14E**	**Q4'13**	**differ.**	**2014E**	**2013**	**change**	**2015E**	**2014E**	**change**
Revenue	403.2	450.6	-10.5%	1673.1	1876.0	-10.8%	1562.3	1673.1	-6.6%
EBITDA	256.0	115.1	122.4%	611.3	532.8	14.7%	421.8	611.3	-31.0%
Margin	63.5%	25.5%	-	36.5%	28.4%	-	27.0%	36.5%	-
EBIT	152.1	6.1	-	190.1	92.8	-	41.6	190.1	-
Pre-tax profit	149.5	0.9	-	171.6	64.4	-	24.7	171.6	-
Net profit	149.5	10.4	-	164.3	46.3	-	20.0	164.3	-

EBITDA shrinkage stemmed to 2% thanks to cost savings

Netia's earnings results in Q4 2014 will be affected by the same negative trends as shaped the profits for the previous quarters. Compared to Q4 2013, on-network monthly voice ARPU is expected to fall 14% to PLN 33.9 while leased-line voice ARPU will be flat at PLN 44.0. The subscriber base is expected to contract by 10.3% to 1.33 million led by nearly 32 thousand lost leased lines. Despite the new broadband+pay-TV service called 'Gigakablówka' (GigaCable) launched in August, provided via the HFC network acquired from the cable provider Aster, broadband revenue in Q4 is expected to show continued shrinkage compared to last year driven by considerable churn in wholesale customers. The quarterly data ARPU is estimated at PLN 56.4 after a small rise from the previous quarter. The falling Q4 revenues are likely to be offset by savings as Netia will have reduced quarterly COGS by PLN 34m (over 10% y/y) and cut SG&A by an estimated PLN 16m. We estimate the Q4 2014 EBITDA at PLN 256.0m (PLN 121.4m on an adjusted basis) including one-time events such as restructuring costs and a PLN 145m settlement received from Orange Polska. Net financing costs are likely to be reduced in Q4 thanks to an improved balance -sheet situation, and all told the quarterly net profit will amount to PLN 149.5m.

Media

Media Agora	Hold								
Analyst: Paweł Szpigiel	Current price Target price		PLN 9.10 PLN 8.20		FY14E P/E FY15E P/E	- -		FY14E EV/EBITDA FY15E EV/EBITDA	5.7 6.8
(PLN m)	**Q4'14E**	**Q4'13**	**differ.**	**2014E**	**2013**	**change**	**2015E**	**2014E**	**change**
Revenue	308.7	300.3	2.8%	1077.5	1073.9	0.3%	1094.8	1077.5	1.6%
EBITDA	38.1	38.6	-1.2%	89.9	103.4	-13.0%	79.0	89.9	-12.2%
Margin	12.4%	12.9%	-	8.3%	9.6%	-	7.2%	8.3%	-
EBIT	14.3	15.1	-5.2%	-5.0	7.3	-	-12.1	-5.0	-
Pre-tax profit	14.0	15.2	-8.0%	-5.0	4.8	-	-15.8	-5.0	-
Net profit	11.3	10.2	11.6%	-9.3	0.6	-	-17.9	-9.3	-

Cinemas stabilize EBITDA

We expect Agora to report 2.8% y/y sales growth in Q4 2014 as a shrinking advertising revenue will be offset by strong ticket sales generated by the cinema chain Helios. Combined, Polish cinemas sold 40.2 million tickets last year, 11% more than in 2013, owing to blockbusters such as the Polish films *Gods* (2.15 million viewers) and *City 44* (1.74 million viewers), in Q4 additionally boosted by the next installment of *The Hobbit* (1.29 million viewers). We estimate the Q4 2014 attendance at Helios cinemas at 2.7 million after a y/y increase of 17% which after small price hikes should result in a revenue of PLN 45.7m, supported by improving sales of food at concession stands. In the Outdoor segment we anticipate steady revenues despite an overall rebound in OOH advertising expenses, and in the Internet segment we expect 14% revenue growth. As for costs, they will have increased to an estimated PLN 294m in Q4 2014 from PLN 285m the year before due to higher payroll expenses, online advertising, and Helios. Our Q4 2014 EBITDA estimate is PLN 38.1m, flat y/y.

IT

IT Asseco Poland	Accumulate								
Analyst: Paweł Szpigiel	Current price Target price		PLN 53.66 PLN 59.00		FY14E P/E FY15E P/E	12.4 12.9	FY14E EV/EBITDA FY15E EV/EBITDA		7.2 7.0
(PLN m)	**Q4'14E**	**Q4'13**	**differ.**	**2014E**	**2013**	**change**	**2015E**	**2014E**	**change**
Revenue	1788.1	1709.7	4.6%	6182.2	5898.1	4.8%	6443.6	6182.2	4.2%
EBITDA	254.2	194.5	30.7%	915.3	875.0	4.6%	918.3	915.3	0.3%
Margin	14.2%	11.4%	-	14.8%	14.8%	-	14.3%	14.8%	-
EBIT	189.3	128.0	47.9%	650.1	610.5	6.5%	656.2	650.1	0.9%
Pre-tax profit	185.3	296.8	-37.6%	658.9	754.1	-12.6%	633.5	658.9	-3.9%
Net profit	97.4	131.5	-25.9%	358.2	393.9	-9.1%	345.6	358.2	-3.5%

Asseco set for strong Q4 profits despite possible fines

Driven by the same positive trends as in the previous quarter, we expect the Q4 2014 revenue of Asseco Poland to show year-on-year growth of 4.6% driven by strong sales generated by Sapiens International and Magic Software (overall we expect the Israeli unit Formula Systems to generate close to PLN 800m in sales vs. PLN 660m in Q4 2013). With profit margins relatively stable, the quarterly EBIT should come in at PLN 64m. On a standalone basis the Polish operations are expected to report a y/y sales drop from PLN 559m to PLN 494m, however thanks to a smaller share of hardware the quarterly EBIT is likely to have increased from PLN 53m to PLN 87m (in Q4 2013 Asseco's standalone Polish profits were depressed by a PLN 28m warranty repair reserve). After all this, the Q4 2014 EBITDA should come in at PLN 254m, showing a year-on-year increase of 31%. Note that Asseco announced in December that it was expecting to be fined with another possible late fee under the contract for a metro card system for the Upper Silesian metropolitan area, and if issued the fine may be charged against the Q4 profits.

Resources

Coal JSW	Hold								
Analyst: Michał Marczak	Current price Target price		PLN 21.20 PLN 27.00		FY14E P/E FY15E P/E	- -		FY14E EV/EBITDA FY15E EV/EBITDA	5.8 3.0
(PLN m)	**Q4'14E**	**Q4'13**	**differ.**	**2014E**	**2013**	**change**	**2015E**	**2014E**	**change**
Revenue	1,941.9	1,901.3	2.1%	6,723.2	7,632.2	-11.9%	8,473.6	6,723.2	26.0%
EBITDA	57.8	242.5	-76.2%	564.2	1,382.1	-59.2%	1,160.4	564.2	105.7%
Margin	3.0%	12.8%		8.4%	18.1%		13.7%	8.4%	
EBIT	-292.2	-36.5	-	-731.8	201.9	-	-157.6	-731.8	-
Pre-tax profit	-314.2	-50.9	-	-834.9	109.7	-	-316.7	-834.9	-
Net profit	-257.6	-42.1	-	-638.6	77.3	-	-246.3	-638.6	-

Q4 improvement overshadowed by strike

Looking at the zloty prices of coking coal and coke observed in Q4 2014 JSW is likely to report better revenues and profits for the period than in the two previous quarters. With the Australian benchmark at $119/t the zloty price of JSW coal must have approximated PLN 400/t, which would have been 1.3% more than in Q3. In addition, the Q4 coal output is also expected to be higher at an estimated 4.2mmt (owing to the consolidation for the full quarter of the Knurów mine combined with a lack the geological obstacles which affected production in the quarters before), with coke production at a projected 1mmt. The inclusion in the sales network of the Knurów mine will also boost Q4 sales, resulting in gradual reduction in the coal stockpiles. In the coke segment, we anticipate a sales volume of 1mmt in the seasonally strong Q4. JSW warned that its profit for Q4 would be weighed down by an impairment loss of PLN 224m incurred on the Krupiński mine. Given investors' concerns about a need for a n emergency float one of the main questions when it comes to JSW's 2014 performance is the level of year-end cash (we expect PLN 690m). With all that being said, the ongoing worker strike will eclipse the Q4 announcement.

Metals KGHM	Buy								
Analyst: Michał Marczak	Current price Target price		PLN 113.40 PLN 127.00		FY14E P/E FY15E P/E	9.2 10.9		FY14E EV/EBITDA FY15E EV/EBITDA	4.7 5.1
(PLN m)	**Q4'14E**	**Q4'13**	**differ.**	**2014E**	**2013**	**change**	**2015E**	**2014E**	**change**
Revenue	4,183.4	4,905.0	-14.7%	21,874.1	24,110.0	-9.3%	22,991.0	21,874.1	5.1%
EBITDA	964.3	1,292.0	-25.4%	5,506.7	5,952.0	-7.5%	5,192.2	5,506.7	-5.7%
Margin	23.0%	26.3%		25.2%	24.7%		22.6%	25.2%	
EBIT	759.5	1,087.0	-30.1%	3,599.5	4,372.0	-17.7%	3,140.3	3,599.5	-12.8%
Pre-tax profit	750.5	1,115.0	-32.7%	3,421.2	4,235.0	-19.2%	2,948.7	3,421.2	-13.8%
Net profit	532.3	813.0	-34.5%	2,462.8	3,033.0	-18.8%	2,074.2	2,462.8	-15.8%

Polish business benefits from FX trends, Int. business lags in Q4

The average copper price in Q4 was 2.8% lower than in the quarter before at $6574/t, however this was more than offset by the 7.1% q/q appreciation in the USD/PLN exchange rate. The dollar price of silver in the period fell 19.3% to just $536/kg, driving the zloty price down by 13.6%. We expect KGHM to report Q4 sales volumes of 143,000 tons of copper and 285 tons of silver. The C1 unit cash cost for the period is likely to have averaged PLN 18,500. As a result, KGHM's Polish operations are set to report a standalone quarterly EBITDA of PLN 964m, marking a decrease of 17% from the third quarter. We expect marginal hedging gains in Q4. As for KGHM International, it did not benefit from the same FX trends in Q4 as KGHM Poland, and except for the Robinson mine we expect the other mines incurred losses in the period. Consequently, we project that the Q4 EBITDA of KGHM International will have dropped to $18m from $39m in Q3 2014. In addition, we expect to see impairment losses in excess of PLN 200m on KGHM's North American assets.

Coal

LW Bogdanka

Buy

Analyst: Michał Marczak	Current price	PLN 97.00	FY14E P/E	11.8	FY14E EV/EBITDA	5.3
	Target price	PLN 121.50	FY15E P/E	10.8	FY15E EV/EBITDA	5.0

(PLN m)	Q4'14E	Q4'13	differ.	2014E	2013	change	2015E	2014E	change
Revenue	563.0	481.5	16.9%	2,053.3	1,899.8	8.1%	2,224.9	2,053.3	8.4%
EBITDA	214.7	206.6	3.9%	731.8	754.9	-3.1%	781.4	731.8	6.8%
Margin	38.1%	42.9%		35.6%	39.7%		35.1%	35.6%	
EBIT	122.7	117.2	4.6%	358.8	424.8	-15.5%	393.7	358.8	9.7%
Pre-tax profit	114.5	112.8	1.5%	343.8	413.7	-16.9%	378.7	343.8	10.1%
Net profit	91.6	105.0	-12.8%	278.5	329.7	-15.5%	306.7	278.5	10.1%

After a good Q4, 2015 outlook raises worries

LW Bogdanka produced 2.56mmt of commercial coal in Q4 2014, 7.7% more than in Q3 and 21.5% more than in the same period in 2013. We estimate the average quarterly revenue at PLN 210 per ton (-5.2% y/y, +0.6% q/q). Thanks to the launch of the new coal handling plant, we anticipate that the calorific value of LWB coal improved by about 3%, and amid falling prices of coal energy in GJ this should have stemmed the downturn in per-ton revenues. The unit cost of coal production in Q4 is projected at PLN 171/t, marking a decline of 0.8% form Q4 2013. With that being said, however, more than the good quarterly results, what investors will be most looking forward to hearing during the earnings call is LWB's outlook on 2015 sales (i.e. whether the Miner will find a market for the 1mmt extra output planned for the year) and prices (we anticipate a further downturn of 3.5% this year in prices per GJ of coal energy) in light of the struggle going in the Silesian coal basin. Another important issue are LWB's dividend plans and the medium-term policy for shareholder distributions. Looking at the strained situation in the Silesian basin and the fact that LWB is set to complete its capital investment program in the first half of the year, we think the likelihood of a dividend payout is high.

Industrials

Industrials **Elemental**	Buy								
Analyst: Jakub Szkopek	Current price Target price		PLN 3.40 PLN 4.00		FY14E P/E FY15E P/E	17.7 13.9	FY14E EV/EBITDA FY15E EV/EBITDA		14.1 9.1
(PLN m)	**Q4'14E**	**Q4'13**	**differ.**	**2014E**	**2013**	**change**	**2015E**	**2014E**	**change**
Revenue	260.9	240.2	8.6%	814.3	859.6	-5.3%	1,310.9	814.3	61.0%
EBITDA	7.7	7.7	0.8%	40.4	28.6	41.2%	63.9	40.4	58.1%
Margin	3.0%	3.2%		5.0%	3.3%		4.9%	5.0%	
EBIT	6.5	6.7	-3.2%	35.0	25.7	35.9%	54.9	35.0	56.8%
Pre-tax profit	5.8	4.8	19.6%	33.1	25.0	32.1%	51.6	33.1	56.2%
Net profit	5.1	4.7	8.5%	30.6	24.4	25.1%	39.0	30.6	27.7%

Elemental set for strong profit growth in Q4

Elemental's sales revenue for Q4 2014 will be supported by higher zloty prices of non-ferrous metals (with aluminum up 22% y/y, lead rising 3%, zinc gaining 27%, and copper up by 0.7%), but on the other hand it will be weighed down by the discontinuation of the low-margin scrap trading business in favor of recycling of non-ferrous metal scrap (prices of metals recovered from scrap are lower than prices of primary metals because of their lower quality). Despite higher sales, we anticipate a steady operating profit in Q4 2014, however the bottom-line profit is likely to show growth relative to Q4 2013 after the reclassification of hedging from financing to operating activity. Of Elemental's recent acquisitions for now only the Lithuanian EMP Recycling will make a contribution to the Q4 results.

Machinery **Famur**	Buy								
Analyst: Jakub Szkopek	Current price Target price		PLN 3.35 PLN 4.00		FY14E P/E FY15E P/E	18.8 10.8	FY14E EV/EBITDA FY15E EV/EBITDA		6.3 4.9
(PLN m)	**Q4'14E**	**Q4'13**	**differ.**	**2014E**	**2013**	**change**	**2015E**	**2014E**	**change**
Revenue	163.2	243.9	-33.1%	613.6	1,176.4	-47.8%	938.0	613.6	52.9%
EBITDA	65.2	74.8	-12.8%	254.2	384.7	-33.9%	313.2	254.2	23.2%
Margin	40.0%	30.7%		41.4%	32.7%		33.4%	41.4%	
EBIT	26.7	38.6	-30.8%	100.3	224.6	-55.4%	184.6	100.3	84.1%
Pre-tax profit	23.9	56.0	-57.3%	99.8	240.8	-58.5%	185.2	99.8	85.5%
Net profit	19.3	62.5	-69.0%	90.0	207.6	-56.7%	149.8	90.0	66.5%

Q4 ends downward trend in profits

We expect a 32% drop in Q4 sales of longwall systems relative to the same quarter in 2013, however compared to the quarter before sales will show 44% growth owed to a PLN 84m contract with a Russian customer (we believe Famur will recognize half of the revenue from the contract in Q4). Sales of gallery systems and transportation systems will be steady relative to the third quarter (-2.4% q/q and +4.4% q/q, respectively). On higher sales, we expect to see an 11.6% y/y and 28.9% q/q increase in the gross profit for Q4 2014. EBIT will be affected by seasonal one-time charges in an estimated amount of PLN 5m. We expect Famur to recognize a loss of PLN 2.5m on adjustments to foreign-exchange hedges reflecting the appreciation in the period in the dollar and the euro against the zloty. The first quarter of 2015 marks the beginning of a year of favorable base effects for Famur's quarterly results, but more importantly earnings this year are set to grow thanks to the contracts for equipment deliveries abroad acquired toward the end of last year.

Agricultural Producers **Kernel**	Hold								
Analyst: Jakub Szkopek	Current price Target price		PLN 31.75 PLN 31.00		FY14E P/E FY15E P/E	- 7.6		FY14E EV/EBITDA FY15E EV/EBITDA	6.1 4.8
(USD m)	**Q2'FY15E**	**Q2'FY14**	**differ.**	**FY2015E**	**FY2014**	**change**	**FY2016E**	**FY2015E**	**change**
Revenue	743.9	725.5	2.5%	1,880.5	2,393.3	-21.4%	1,987.5	1,880.5	5.7%
EBITDA	91.6	58.4	57.0%	266.8	223.0	19.6%	284.5	266.8	6.6%
Margin	12.3%	8.0%		14.2%	9.3%		14.3%	14.2%	
EBIT	70.5	31.2	125.9%	173.6	128.7	34.9%	194.2	173.6	11.9%
Pre-tax profit	27.3	-15.2	-	96.8	-90.4	-	122.1	96.8	26.1%
Net profit	26.6	-9.1	-	91.0	-98.3	-	113.5	91.0	24.8%

Q4 growth supported by base effects

Kernel reported that in the second quarter of fiscal 2015 (fourth quarter of calendar 2014) it sold 278,100 tons of bulk sunflower oil and 34,200 tons of bottled oil, marking respective y/y increases of 6.2% and 12.6% driven by high production in the previous quarter. Kernel also achieved year -on-year growth in the sales of grains (+5.1% at 1,402.9kt) and exports (+13.3% at 1,437.5kt) in the period. In the second half of calendar 2014 Kernel silos received a combined 2,477.9 thousand tons of grains (+1.3% y/y). Based on the volume data, we estimate the Q2 FY2015 revenue at US $693.0m (+2.2% y/y). Compared to the same quarter the year before, we anticipate 22.5% growth in revenue from grain trade and transportation services, combined with a 13% drop in sales of bulk sunflower oil led by lower dollar prices. As a result the quarterly EBITDA is expected to show a 57% surge to an estimated US $91.6m. By segment, EBITDA should show the greatest improvement in the farming segment, rising to US $3.5m from a US $42m loss posted in Q2 FY2014 due to losses on value adjustments to biological assets; this season, yields per hectare were much better. In bulk oil, EBITDA is set to show 11% y/y contraction due to lower crushing margins, while EBITDA from grain trade is expected to be 141% higher than last year at US $9.1m thanks to higher margins. As a result, the fourth-quarter EBIT is set to increase by a whopping 125.9% over the prior year to US $70.5m. After losses on financing activity caused by the UAH's depreciation versus the USD and revaluation of VAT receivables totaling $24m, Kernel's net profit for the Q2 FY2015 is likely to come in at $26.6m, marking improvement from a net loss of $9.1m posted in the same quarter the previous year.

Metals **Kęty**	Hold								
Analyst: Jakub Szkopek	Current price Target price		PLN 299.80 PLN 275.80		FY14E P/E FY15E P/E	16.1 14.5		FY14E EV/EBITDA FY15E EV/EBITDA	9.6 8.9
(PLN m)	**Q4'14E**	**Q4'13**	**differ.**	**2014E**	**2013**	**change**	**2015E**	**2014E**	**change**
Revenue	459.8	422.2	8.9%	1,799.6	1,593.8	12.9%	1,958.8	1,799.6	8.8%
EBITDA	61.9	50.3	23.1%	315.0	225.9	39.5%	335.3	315.0	6.4%
Margin	13.5%	11.9%		17.5%	14.2%		17.1%	17.5%	
EBIT	39.5	29.3	35.0%	232.1	144.9	60.1%	250.8	232.1	8.1%
Pre-tax profit	34.8	26.3	31.9%	212.7	134.1	58.7%	239.4	212.7	12.6%
Net profit	27.8	49.6	-44.0%	175.2	153.5	14.1%	193.9	175.2	10.7%

Earnings momentum decelerates in Q4

Kęty's preliminary Q4 2014 guidance shows quarterly sales at PLN 455m, up 6% y/y. By segment, compared to Q4 2013, sales grew 13% in Extrusions and 8% in Aluminum Systems, with Flexible Packaging generating flat revenue in Q4 and Building Accessories and Building Services posting y/y topline contraction at respective 5% and 15%. The EBIT for the quarter is set to come in at PLN 41m after a 40% y/y surge, and EBITDA shows 25% growth at PLN 63m. Financing activities generated a loss of PLN 5.5m in Q4 2014 (vs. PLN -3m in Q3 2013). As a result, from a high year-ago base boosted by tax credits, the net profit for Q4 2014 will show year-on-year contraction of an estimated 40.5% at PLN 29.5m. Kęty's cumulative revenue for the 12 months of 2014 amounted to PLN 1,794.5 million (vs. PLN 1,780m guidance), with EBITDA at PLN 315m (vs. PLN 305m guidance) and net profit at PLN 175.2m (vs. PLN 170m). Kęty estimates its net debt as of 31 December 2014 at PLN 210m.

Machinery **Kopex**	**Hold**								
Analyst: Jakub Szkopek	Current price Target price		PLN 10.82 PLN 11.40		FY14E P/E FY15E P/E	7.9 14.8	FY14E EV/EBITDA FY15E EV/EBITDA		4.4 4.9

(PLN m)	Q4'14E	Q4'13	differ.	2014E	2013	change	2015E	2014E	change
Revenue	295.5	420.5	-29.7%	1,368.4	1,395.1	-1.9%	1,255.1	1,368.4	-8.3%
EBITDA	65.2	72.8	-10.4%	292.4	241.4	21.2%	231.5	292.4	-20.8%
Margin	22.1%	17.3%		21.4%	17.3%		18.4%	21.4%	
EBIT	27.6	30.4	-9.0%	141.6	91.2	55.2%	90.9	141.6	-35.8%
Pre-tax profit	21.4	27.1	-20.8%	128.7	80.5	59.8%	68.8	128.7	-46.6%
Net profit	17.0	26.2	-35.2%	101.6	67.6	50.3%	54.2	101.6	-46.7%

Q4 profits fall on base effects

Our financial estimates for Q4 2014 assume growing sales of mining services (+5.5% y/y) and electrical and electronic equipment (24.2% growth from a low year-ago base) combined with falling sales of underground mining equipment (a 36.1% drop from a high year-ago base combined with a shrinking order backlog) and surface mining equipment (a 14.2% decrease led by scaled-down operations). Due to lower sales we estimate that the Q4 gross profit will show a 17.3% y/y fall to PLN 63m, resulting in 10.4% lower EBITDA (at an estimated PLN 65.2m) and 9% lower EBIT (PLN 27.6m). Relative to a high Q4 2013 comparable base achieved thank to a low effective tax rate of just 2.7%, we believe Kopex's net profit for Q4 2014 will post a 35.2% drop to PLN 17.0m. Kopex reported that it had received overdue contract compensation from an Argentinian customer in Q4 2014.

Food Producers **Tarczyński**	**Buy**								
Analyst: Jakub Szkopek	Current price Target price		PLN 13.80 PLN 15.00		FY14E P/E FY15E P/E	16.4 10.8	FY14E EV/EBITDA FY15E EV/EBITDA		7.7 6.5

(PLN m)	Q4'14E	Q4'13	differ.	2014E	2013	change	2015E	2014E	change
Revenue	114.5	118.3	-3.2%	484.8	448.3	8.2%	540.5	484.8	11.5%
EBITDA	9.2	9.6	-4.2%	39.2	32.9	19.1%	42.4	39.2	8.1%
Margin	8.1%	8.2%		8.1%	7.3%		7.8%	8.1%	
EBIT	4.0	4.3	-5.6%	19.1	17.3	10.3%	23.3	19.1	22.0%
Pre-tax profit	2.3	3.0	-23.1%	12.2	11.9	2.8%	17.8	12.2	45.7%
Net profit	1.9	2.1	-12.7%	7.4	9.3	-20.4%	14.4	7.4	94.7%

Q4 profits affected by new factory integration costs

We expect Tarczyński to post a 3.2% y/y decline in the revenue for Q4 2014 led by 6.1% lower sales prices (falling in line with prices of raw pork) not offset by 4.0% expansion in volumes. We believe the quarterly revenues and profits will be additionally impacted by the costs of integration of the new factory built in Ujeździec Mały. Despite a reduction by PLN 2m in marketing expenses relative to Q4 2013, we anticipate a 4.2% y/y contraction in the Q4 2014 EBITDA margin. The production margin should be supported by a 17.8% drop in German prices of raw pig meat. We estimate the Q4 2014 net profit at approximately PLN 2m. Net debt as of 31 December 2014 is expected to be about PLN 147m (3.7x EBITDA). The downturn in raw pork prices observed in 2014 is likely to continue supporting Tarczyński's operating profits in 2015 as we believe the Company has been stocking up on the cheaper meat as way of bypassing a seasonal price upturn in the summer.

Manufacturers **Vistal**	Buy								
Analyst: Jakub Szkopek	Current price Target price		PLN 9.98 PLN 16.40		FY14E P/E FY15E P/E	9.9 8.1	FY14E EV/EBITDA FY15E EV/EBITDA		7.9 6.9

(PLN m)	Q4'14E	Q4'13	differ.	2014E	2013	change	2015E	2014E	change
Revenue	71.4	77.0	-7.2%	298.0	283.4	5.2%	334.2	298.0	12.1%
EBITDA	9.4	5.5	69.6%	37.4	34.2	9.3%	41.4	37.4	10.5%
Margin	13.2%	7.2%		12.6%	12.1%		12.4%	12.6%	
EBIT	5.0	3.1	61.7%	23.4	23.5	-0.3%	25.7	23.4	9.5%
Pre-tax profit	0.1	1.6	-	14.5	15.5	-6.4%	19.5	14.5	34.5%
Net profit	0.1	10.6	-	9.6	20.4	-53.1%	17.2	9.6	80.5%

Q4 profit affected by one-off

We expect Vistal to report 34.4% y/y growth in revenue from the infrastructure segment in Q4 2014 combined with 52.5% shrinkage in revenue from the marine&offshore segment, with the total quarterly topline down 6.5% q/q and 7.2% y/y. Infrastructure profits in the period will be supported by high-margin foreign orders, with the gross margin in the segment rising to an estimated 20% from 18.6% in Q3. In turn the gross margin in marine&offshore is expected to fall to 25% in Q4 from 35.1% in Q3 2014. As a result the total quarterly gross profit is likely to come in at PLN 13.4m after an 8.4% q/q decline and an 18.8% y/y increase, with EBITDA amounting to a projected PLN 9.4m after soaring 69.9% from Q4 2013. We expect Vistal to recognize a charge of PLN 3m against the Q4 financing income related to a settlement reached with the former customer JP Avax (the original court claim was for PLN 10m, of which PLN 6m was paid by JP Avax in Q4 as part of the out-of-court deal).

Construction

Construction Elektrobudowa	Buy								
Analyst: Piotr Zybała	Current price Target price		PLN 100.50 PLN 112.90		FY14E P/E FY15E P/E	17.7 12.8	FY14E EV/EBITDA FY15E EV/EBITDA		10.3 8.1
(PLN m)	**Q4'14E**	**Q4'13**	**differ.**	**2014E**	**2013**	**change**	**2015E**	**2014E**	**change**
Revenue	366.2	270.9	35.2%	1,123.0	905.6	24.0%	1,351.7	1,123.0	20.4%
EBITDA	18.6	19.1	-2.7%	51.0	38.7	31.8%	68.4	51.0	34.1%
Margin	5.1%	7.1%	-	4.5%	4.3%	-	5.1%	4.5%	-
EBIT	15.3	16.2	-5.6%	37.5	24.6	52.6%	55.1	37.5	46.7%
Pre-tax profit	13.9	17.2	-19.3%	34.7	25.9	34.0%	47.7	34.7	37.3%
Net profit	10.7	11.7	-8.5%	27.0	17.2	57.0%	37.2	27.0	37.6%

Q4 profit tops guidance

Elektrobudowa's 2014 annual guidance pegs revenue at PLN 1.23bn and net profit at PLN 23.0m. Our own revenue estimate for the year is 9% lower than the guidance at PLN 1.12bn despite the strong, 35% sales growth to PLN 366m projected in Q4 thanks to the completion of two major power-engineering contracts for PSE and Tauron. Even if the actual topline figure misses the Company's target, we believe Elektrobudowa will exceed its net profit target in 2014 thanks to an overall improvement in profitability observed in the course of the year combined with a seasonal acceleration in sales and margins in Q4 (in 2012 and 2013, Elektrobudowa generated 70% on average of the annual net profit). At the same time, we expect to see slower margin growth in Q4 2014 relative to the same period in 2013 and the quarter before due to base effects. Our quarterly operating margin estimate is 4.2%, in line with our long-term margin projections. By operating segment, we project zero profits from operations in Russia and from industrial construction, and higher profits from services provided to the power industry. All told, we anticipate that the quarterly net profit will come in at PLN 10.7m (-8% y/y), adding to a 2014 full-year profit of PLN 27m (+57% y/y).

Construction Erbud	Buy								
Analyst: Piotr Zybała	Current price Target price		PLN 27.53 PLN 34.50		FY14E P/E FY15E P/E	14.9 12.6	FY14E EV/EBITDA FY15E EV/EBITDA		7.5 6.4
(PLN m)	**Q4'14E**	**Q4'13**	**differ.**	**2014E**	**2013**	**change**	**2015E**	**2014E**	**change**
Revenue	446.1	400.5	11.4%	1,583.4	1,225.1	29.2%	1,642.1	1,583.4	3.7%
EBITDA	16.4	14.0	16.7%	48.5	40.1	21.0%	54.8	48.5	12.9%
Margin	3.7%	3.5%	-	3.1%	3.3%	-	3.3%	3.1%	-
EBIT	14.4	11.8	22.5%	40.6	32.4	25.2%	46.7	40.6	15.1%
Pre-tax profit	11.7	8.6	36.3%	32.5	23.8	36.2%	38.2	32.5	17.6%
Net profit	8.6	7.4	15.1%	23.6	17.5	35.2%	27.9	23.6	18.0%

Erbud improves, revenues, margins in Q4 2014

At the end of September 2014 Erbud reported that its order pipeline for the next three months was worth PLN 430m, and in October the builder acquired several more major contracts. This, combined with favorable weather, leads us to expect an 11% y/y increase to PLN 446m in the revenue for Q4 2014, with the operating margin rising to 3.2% from 2.9% and the operating profit showing year-on-year growth of 22% at an estimated PLN 14.4m. By segment, we expect to see considerable improvement relative to Q4 2013 in the profitability of building construction, while in engineering, energy, and real estate, which between them generated 80% of the fourth-quarter EBIT in 2013, the year-on-year growth will not be as pronounced. Assuming no major one-offs, we expect the Q4 2014 net profit will approximate PLN 8.6m marking the best quarterly result of 2014 and representing growth of 15% from Q4 2013. Our 2014 annual earnings estimate for Erbud assumes a 35% increase to PLN 23.6m.

Construction Unibep	Buy								
Analyst: Piotr Zybała	Current price Target price		PLN 8.80 PLN 10.40		FY14E P/E FY15E P/E	16.3 12.7	FY14E EV/EBITDA FY15E EV/EBITDA		9.2 7.8
(PLN m)	**Q4’14E**	**Q4’13**	**differ.**	**2014E**	**2013**	**change**	**2015E**	**2014E**	**change**
Revenue	335.4	228.8	46.6%	1,084.3	920.5	17.8%	1,253.1	1,084.3	15.6%
EBITDA	10.6	9.7	8.6%	31.8	34.0	-6.5%	41.2	31.8	29.6%
Margin	3.1%	4.3%	-	2.9%	3.7%	-	3.3%	2.9%	-
EBIT	8.9	8.2	9.0%	25.0	28.1	-11.0%	34.6	25.0	38.5%
Pre-tax profit	9.4	6.3	49.9%	27.4	23.1	18.8%	32.0	27.4	16.6%
Net profit	6.4	2.5	153.4%	18.9	13.6	38.5%	24.3	18.9	28.4%

Strong rebound thanks to base effects

Like most other construction companies, Unibep had a good fourth quarter of 2014 owed to a strong order backlog and favorable weather, with revenue expected to show year-on-year growth of 47% to PLN 335m, driven primarily by the segments of building construction and real estate. Despite a tightening in the EBIT margin led by foreign contracts, the Q4 operating profit is likely to post a 9% y/y increase to PLN 8.9m. At the same time, we anticipate marked y/y increases in pre-tax profit (+50% to PLN 9.4m) and net profit (PLN 6.4m, +153% r/r) led among others by (1) a depreciation in the NOK/PLN exchange rate which had a negative impact on the profits of the modular housing segment but at the same time boosted hedging gains recognized under financing activity, (2) a lower tax rate which in Q4 2013 stood at 29%, (3) lower minority interests, and (4) an improved cash position combined with reduced loan interest rates which drove down financing costs. Our 2014 estimate for Unibep's annual net profit after minority interests assumes 38% growth from 2013 to PLN 18.9m.

Property Developers

Property Developers **Capital Park**	Buy								
Analyst: Piotr Zybała	Current price Target price		PLN 3.97 PLN 6.70		FY14E P/E FY15E P/E	44.5 25.4		FY14E P/BV FY15E P/BV	0.4 0.4
(PLN m)	**Q4'14E**	**Q4'13**	**differ.**	**2014E**	**2013**	**change**	**2015E**	**2014E**	**change**
Revenue	15.8	9.4	68.5%	51.6	38.8	32.9%	73.6	51.6	42.6%
Gross profit	11.0	6.5	69.9%	36.8	29.3	25.6%	54.5	36.8	48.3%
Margin	69.3%	68.7%	-	71.2%	75.4%	-	74.0%	71.2%	-
EBIT ex. revaluations	4.6	6.0	-24.1%	17.5	16.1	8.2%	39.1	17.5	123.9%
Revaluations	-78.2	-15.4	-	-65.5	24.3	-	-4.4	-65.5	-
EBIT	-73.7	-9.4	-	-48.1	40.4	-	34.8	-48.1	-
Pre-tax profit	-85.5	-8.3	-	-70.7	28.1	-	29.1	-70.7	-
Net profit	-84.7	-2.9	-	-77.2	25.6	-	16.5	-77.2	-

CAP set for Q4 loss due to asset impairment

Capital Park is expected to recognize a loss of PLN 78m (PLN 0.74/share) against the profit for Q4 2014 following adjustments to the value of its property portfolio. The Developer recognized the book value of its investment properties as of 30 September 2014 as PLN 1.59 billion, with most of the properties appraised using the income approach. In the fourth quarter the Company revised the assumptions used in the appraisal (rent, vacancy rate projections) to reflect deteriorated market conditions, with negative effects on the book value. At the same time, we expect the Q4 2014 NOI to show year-on-year growth of 70% at PLN 11m owed to the completion in June of the Eurocentrum office building. The building still has some vacancies, which means the room for NOI expansion in the coming quarters is still substantial. Core EBIT after valuation effects is expected to have increased 7% from Q4 2013, less than projected for NOI due to an increase in administrative costs to an estimated PLN 5.1m from 0.8m in Q4 2013 (SG&A at Capital Park display considerable quarter-to-quarter fluctuations). We expect the reported Q4 net loss to be PLN 85m, with 2014 year-end equity at PLN 897m (NAVPS=PLN 8.56). After the expected impairment losses, CAP is currently trading at 0.46x P/B and it remains one of the cheapest developers on the WSE.

Property Developers **Dom Development**	Buy								
Analyst: Piotr Zybała	Current price Target price		PLN 46.86 PLN 57.90		FY14E P/E FY15E P/E	20.4 15.5		FY14E P/BV FY15E P/BV	1.4 1.3
(PLN m)	**Q4'14E**	**Q4'13**	**differ.**	**2014E**	**2013**	**change**	**2015E**	**2014E**	**change**
Revenue	253.0	212.6	19.0%	774.5	676.4	14.5%	823.8	774.5	6.4%
Gross profit	60.2	54.4	10.7%	154.1	157.1	-1.9%	187.6	154.1	21.8%
Margin	23.8%	25.6%	-	19.9%	23.2%	-	22.8%	19.9%	-
EBIT ex. revaluations	39.2	35.7	9.9%	71.3	73.3	-2.7%	95.3	71.3	33.6%
Revaluations	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
EBIT	39.2	35.7	9.9%	71.3	73.3	-2.7%	95.3	71.3	33.6%
Pre-tax profit	38.0	33.7	12.8%	70.8	69.7	1.6%	92.8	70.8	31.0%
Net profit	30.8	25.9	18.8%	56.9	54.4	4.6%	75.1	56.9	31.9%

A strong finish to 2014

Dom Development sold 531 homes in Q4 2014, representing increases of 14% from Q4 2013 and 7% from the quarter before and marking one of the best (if not the best) results in the Company's history. DOM finished three projects with a combined 560 flats in the fourth quarter, and it settled most of these flats in the period's profits. If we add to this the nearly 100 closings in the high-margin Saska development, the total settlements made in Q4 amounted to 618 units (+25% y/y), generating a quarterly revenue of an estimated PLN 253m and a gross margin just under 24%. Assuming a lack of major one-offs, after SG&A expenses of an estimated PLN 21m, neutral effects of other operating activity, and small financing charges, we expect the net profit or Q4 2014 to come in at PLN 30.8m (+19% y/y), adding to a 2014 full-year profit of PLN 56.9m (+5% y/y). Thanks to a strong year-end cash position (CFO over PLN 100m, net debt/equity ~5%-10%), we believe Dom Development will distribute the whole of the 2014 annual profit as dividends to shareholders.

Property Developers **Echo Investment**	Buy								
Analyst: Piotr Zybała	Current price Target price		PLN 6.54 PLN 8.00		P/E 2014 FY15E P/E	5.3 19.9		FY14E P/BV FY15E P/BV	0.8 0.8
(PLN m)	**Q4'14E**	**Q4'13**	**differ.**	**2014E**	**2013**	**change**	**2015E**	**2014E**	**change**
Revenue	183.0	122.2	49.8%	555.5	528.7	5.1%	610.9	555.5	10.0%
Gross profit	89.0	62.4	42.6%	311.1	294.1	5.8%	325.5	311.1	4.6%
Margin	48.7%	51.1%	-	56.0%	55.6%	-	53.3%	56.0%	-
EBIT ex. revaluations	53.3	42.1	26.6%	213.1	222.6	-4.3%	247.5	213.1	16.1%
Revaluations	73.0	-32.0	-	510.2	271.2	88.1%	-37.7	510.2	-
EBIT	126.3	10.0	1159.1%	723.3	493.8	46.5%	209.9	723.3	-71.0%
Pre-tax profit	28.3	-0.6	-	519.8	312.3	66.5%	150.9	519.8	-71.0%
Net profit	23.7	1.7	1317.8%	478.6	309.1	54.8%	135.8	478.6	-71.6%

Echo posts middling fourth quarter

We do not expect any wow moments in Echo's Q4 announcement though the report may contain a number of unusual items. We anticipate considerable improvement in the revenues and profits of the commercial segment as well as the residential segment after settlements made in a high-margin development in Warsaw. Our 2014 annual revenue projection for Echo is PLN 555m (+5% y/y), with gross profit expected to some in at PLN 311m (+6% y/y). We anticipate moderate downward adjustments to the values of completed properties due to changes in FX rates combined with reduced rent expectations, but at the same time we expect upward adjustments to certain commercial projects in progress where the Developer managed to achieve higher tenancy rates (e.g. West Gate in Wrocław). The value adjustments should have a neutral effect on the Q4 earnings results, and their net amount, estimated at PLN 73m, will mostly reflect the EUR/PLN appreciation in the course of the quarter. The FX trends will also generate losses on foreign-currency loans and on hedging in a total amount of roughly PLN 48m. Other one-offs likely to affect the Q4 2014 results may include a PLN 15m charge on land surrendered for public roads, costs of closed-out hedging positions, and loan fees totaling PLN 30m. All told the quarterly net profit could approximate PLN 24m, adding to a record annual net profit for 2014 of PLN 479m, by no means owed solely to valuation gains recognized the property portfolio; the annual gross profit as well is expected to be the highest in history.

Property Developers **GTC**	Buy								
Analyst: Piotr Zybała	Current price Target price		PLN 4.66 PLN 6.60		FY14E P/E FY15E P/E	- 12.9		FY14E P/BV FY15E P/BV	0.8 0.8
(EUR m)	**Q4'14E**	**Q4'13**	**differ.**	**2014E**	**2013**	**change**	**2015E**	**2014E**	**change**
Revenue	31.2	32.9	-5.0%	125.7	131.1	-4.1%	129.8	125.7	3.2%
Gross profit	20.4	19.7	3.8%	81.9	84.0	-2.5%	84.0	81.9	2.6%
Margin	65.3%	59.8%	-	65.1%	64.1%	-	64.7%	65.1%	-
EBIT ex. revaluations	15.1	15.7	-3.7%	68.8	68.3	0.7%	70.5	68.8	2.5%
Revaluations	-121.5	-110.0	-	-189.8	-189.7	-	18.3	-189.8	-
EBIT	-106.4	-94.3	-	-121.1	-121.4	-	88.8	-121.1	-
Pre-tax profit	-128.2	-106.0	-	-187.0	-172.6	-	35.1	-187.0	-
Net profit	-104.6	-80.8	-	-163.4	-146.8	-	30.5	-163.4	-

Impaired properties priced in

GTC warned investors in mid-January that its Q4 2014 profits would be weighed down by an impairment loss of EUR 132m on the investment property portfolio, the biggest since Q3 2011 (for details refer to our 19 January Special Comment or 26 January 2015 Investment Strategy). With the time passed since the warning, we believe the impairment is already priced in and we do not expect the Q4 announcement will be a source of shock to the market. Our price target for GTC also reflects the downward value adjustments expected in 2015 which we estimate at some EUR 40m. These charges may be offset by upward adjustments of ca. EUR 50m to the values of the two malls the Company is planning in Warsaw provided construction commences before the end of the year. Notwithstanding impairment charges, GTC's financial performance in the fourth quarter will be shaped by the same trends as in the previous quarters. We estimate the adjusted Q4 EBIT at EUR 15.1m (-4% y/y), adding to a 2014 annual EBIT of EUR 68.8m (+1% y/y). As for the bottom line, we anticipate a net loss of EUR 104.6m in Q4 2014 vs. EUR 80.8m in Q4 2013. Our quarterly operating cash flow projection is EUR 20m (ca. EUR 15m before changes in working capital).

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Property Developers **Robyg**	Buy								
Analyst: Piotr Zybała	Current price Target price		PLN 2.23 PLN 2.95		FY14E P/E FY15E P/E	17.5 12.9		FY14E P/BV FY15E P/BV	1.3 1.3
(PLN m)	**Q4'14E**	**Q4'13**	**differ.**	**2014E**	**2013**	**change**	**2015E**	**2014E**	**change**
Revenue	121.8	117.0	4.2%	406.1	485.9	-16.4%	410.1	406.1	1.0%
Gross profit	20.6	24.8	-17.1%	70.9	90.8	-21.9%	73.7	70.9	4.0%
Margin	16.9%	21.2%	-	17.5%	18.7%	-	18.0%	17.5%	-
EBIT ex. revaluations	18.7	12.1	54.7%	49.0	52.6	-6.8%	65.7	49.0	34.0%
Revaluations	0.0	0.0	-	11.1	4.0	176.8%	0.0	11.1	-100.0%
EBIT	18.7	12.1	54.7%	60.1	56.6	6.1%	65.7	60.1	9.4%
Pre-tax profit	15.7	9.5	64.3%	50.4	44.3	13.7%	57.2	50.4	13.5%
Net profit	11.6	8.6	35.9%	33.3	26.1	27.8%	45.2	33.3	35.5%

Robyg settles record closings in Q4

Robyg settled 690 homes in Q4 2014 compared to 269 in the same period the year before, representing the highest quarterly number of closings in history. As for earnings, compared to Q4 2013, we expect to see 4% growth to PLN 121.8m in the Q4 2014 revenue, 55% EBIT expansion to PLN 18.7m, and at PLN 11.6m showing a 36% increase year over year. Looking at the number of homes settled in the Q4 results one might expect even more robust growth in profits, however, note that over the past year there has been a considerable change in the characteristics of Robyg's developments. Firstly, about 45% of the homes closed in Q4 were in 50-50 joint-venture projects while in Q4 2013 all of the homes settled were 100% owned by Robyg. Secondly, the average price of the wholly-owned flats settled in Q4 2014 was about 25% lower than in the same period in 2013 due to a higher share in the sales mix of residential developments located in Gdańsk. While we are not exactly big fans of Robyg's joint-venture strategy we do admit that it has its advantages. For one, in the last two years Robyg reduced debt by close to 40% while nearly doubling sales volumes. The profits reported in 2014 did not yet reflect fully the earning potential of ongoing developments, but in the next two years' time we believe Robyg's profits will double relative to 2014.

Retail

Retail CCC	Accumulate								
Analyst: Piotr Bogusz	Current price Target price		PLN 155.45 PLN 158.00		FY14E P/E FY15E P/E	28.6 24.7	FY14E EV/EBITDA FY15E EV/EBITDA		21.1 17.3
(PLN m)	Q4'14E	Q4'13	differ.	2014E	2013	change	2015E	2014E	change
Revenue	680.7	583.4	17%	2,010.6	1,643.1	22%	2,537.2	2,010.6	26%
EBITDA	137.8	101.8	35%	311.6	203.4	53%	375.5	311.6	21%
Margin	20.2%	17.5%	-	15.5%	12.4%	-	1.1%	15.5%	-
EBIT	127.9	92.1	39%	272.3	167.5	63%	326.2	272.3	20%
Pre-tax profit	120.0	86.4	39%	250.0	151.3	65%	291.4	250.0	17%
Net profit	98.5	67.6	46%	209.0	125.2	67%	241.9	209.0	16%

CCC sees strong growth in Q4 despite unfavorable weather

We expect CCC to post an adjusted net profit of PLN 99m in Q4 2014 (vs. PLN 70m in Q4 2013). The Footwear Retailer faced downward pressure in the fourth quarter due to unseasonably warm weather (especially in October and November), with sales at PLN 642m showing y/y growth of 10%. At the same time, by selling most of the merchandise at the original prices and through a policy of selective markdowns we believe CCC expanded its gross margin by 0.5ppt to 53.2%. Further, thanks to a lack of sales bonuses after a weak third quarter combined with reduced costs of logistics, we expect to see an 11% y/y decrease to PLN 256 in the quarterly SG&A expenses incurred per square meter of retail area. The total Q4 2014 SG&A are estimated at PLN 228m (including a PLN 6m one-time brand awareness consultancy fee). As a result, the adjusted EBIT is likely to come in at PLN 128m vs. PLN 92m in Q4 2013. We expect CCC to recognize a deferred tax asset of PLN 172m in Q4 2014, and a PLN 27m one-time tax payment in Q4 (PLN 143m will be credited to the quarterly tax). Accordingly, we anticipate a reported Q4 net profit figure of PLN 247m, falling to PLN 99m on an adjusted basis. Our annual 2014 revenue estimate for CCC is PLN 2,011m, with the Company's net profit guidance at PLN 209m.

Retail LPP	Sell								
Analyst: Piotr Bogusz	Current price Target price		PLN 7510 PLN 6400		FY14E P/E FY15E P/E	34.9 33.9	FY14E EV/EBITDA FY15E EV/EBITDA		18.2 18.7
(PLN m)	Q4'14E	Q4'13	differ.	2014E	2013	change	2015E	2014E	change
Revenue	1,393.8	1,267.0	10%	4,758.1	4,116.3	16%	5,448.6	4,758.1	15%
EBITDA	270.5	302.9	-11%	773.4	764.1	1%	751.9	773.4	-3%
Margin	19.4%	23.9%	-	16.3%	18.6%	-	13.8%	16.3%	-
EBIT	222.5	261.4	-15%	583.3	615.9	-5%	531.1	583.3	-9%
Pre-tax profit	192.1	220.8	-13%	478.4	524.2	-9%	497.3	478.4	4%
Net profit	155.1	181.5	-15%	389.6	430.9	-10%	401.0	389.6	3%

Q4 profits fall under pressure from Russia and Ukraine

We expect LPP to report a 15% y/y drop to PLN 223m in the Q4 2014 EBIT, with net profit down 14.5% to PLN 155m. Sales in the fourth quarter were still under strong downward pressure stemming from currency devaluation in Russia and Ukraine, falling sales efficiency in Poland, and unfavorable weather, and we estimate based on monthly data that they amounted to PLN 1,394m (+10% y/y). With the retail area in the period expanded by 22% y/y, Q4 sales per square meter are estimated to have fallen 13.5% to PLN 661. Further, the gross margin in Q4 is likely to show a contraction of 1.7ppt at a projected 56.8% due to increased COGS (led by a strengthened dollar), lower margins in Russia depressed by the rapid fall of the ruble (which could not be offset by equally rapid price hikes), and an early launch of big price discounts. The falling margins may be offset by a reduction by an estimated 8.2% y/y to PLN 254 in per-square-meter SG&A thanks to rent negotiations and lower costs in local currencies incurred in Russia and Ukraine. The total Q4 SG&A expenses are estimated at PLN 589m, representing 42% of the projected sales. Like in the previous quarters, LPP's financing activity in Q4 will be affected by losses incurred on the weakened RUB and UAH, with RUBPLN down by an average 24% (vs. 11% in Q3 2014) and UAHPLN plummeting 38% (vs. 36% in Q3) relative to Q4 2013. We project that the net FX losses will amount to PLN 25m, resulting in a quarterly financing loss of PLN 30m. All told, we expect LPP to report a 14.5% year-on-year drop to PLN 155m in the net profit for Q4 2014.

Other

Other **Work Service**	Buy								
Analyst: Paweł Szpigiel	Current price Target price		PLN 19.79 PLN 21.90		FY14E P/E FY15E P/E	43.6 27.5	FY14E EV/EBITDA FY15E EV/EBITDA		16.4 12.6
(PLN m)	**Q4'14E**	**Q4'13**	**differ.**	**2014E**	**2013**	**change**	**2015E**	**2014E**	**change**
Revenue	553.0	269.4	105.2%	1,777.0	918.4	93.5%	2,357.4	1,777.0	32.7%
EBITDA	32.8	20.5	60.4%	92.7	52.8	75.6%	124.9	92.7	34.8%
Margin	5.9%	7.6%	-	5.2%	5.7%	-	5.3%	5.2%	-
EBIT	29.8	19.2	55.5%	83.3	48.0	73.5%	112.4	83.3	35.0%
Pre-tax profit	24.1	15.9	52.0%	62.1	32.9	88.9%	94.4	62.1	51.9%
Net profit	11.2	13.8	-18.6%	31.2	26.5	17.7%	48.5	31.2	55.8%

Q4 profit affected by high tax, minority interests

We expect Work Service to report over-105% revenue growth to PLN 553m in Q4 2014 relative to the same period in 2013 driven by the new acquisitions: Antal International, Work Express, Prohuman, and Fiege. The quarterly gross margin is likely have risen 1ppt from Q3 to an estimated 12.0%. SG&A expenses are expected to increase further to PLN 36.8m in Q4 2014 from PLN 32.4m in Q3 and PLN 24.5m in Q4 2013. EBIT is estimated at PLN 29.8m, and after PLN 5.6m financing costs and tax at an effective rate of 19% the Q4 2014 net profit is expected to come in at PLN 19.6m. With over 40% of the quarterly earnings attributable to minority shareholders, net profit after minority interests will amount to an estimated PLN 11.2m, marking a y/y drop of 18%.

Earnings Calendar

Company	4Q 2014	2014	1Q 2015
AGORA	2015-02-20	2015-04-01	2015-05-11
ASSECO POLAND	-	2015-03-13	2015-05-13
CAPITAL PARK	-	2015-03-19	2015-05-14
CCC	2015-02-24	2015-04-30	2015-05-15
CEZ	2015-03-03	2015-04-30	2015-05-12
CIECH	2015-03-23	2015-03-23	2015-05-15
COMARCH	2015-03-02	2015-04-30	2015-05-15
CYFROWY POLSAT	-	2015-03-04	2015-05-14
DOM DEVELOPMENT	-	2015-02-26	2015-04-24
ECHO	2015-03-02	2015-04-22	2015-05-14
ELEKTROBUDOWA	-	2015-03-20	2015-05-15
ELEMENTAL	-	2015-03-20	2015-05-15
ENEA	2015-03-20	2015-03-20	2015-05-15
ENERGA	2015-03-13	2015-03-13	2015-05-12
ERBUD	2015-03-02	2015-04-30	2015-05-14
ERSTE BANK	-	2015-02-27	2015-05-07
FAMUR	2015-03-02	2015-04-30	2015-05-15
GETIN NOBLE BANK	-	2015-03-23	2015-05-15
GLOBAL CITY HOLDINGS	-	2015-03-27	-
GTC	-	2015-03-23	2015-05-14
JSW		2015-03-19	2015-05-15
KERNEL	2015-02-27	-	2015-05-28
KĘTY	-	2015-03-20	2015-04-22
KGHM	-	2015-03-19	2015-05-14
KOPEX	2015-02-25	2015-03-30	2015-05-28
KRUK	-	2015-03-23	2015-05-15
LOTOS	2015-03-06	2015-03-06	2015-04-29
LPP	2015-02-19	2015-04-16	2015-05-12
LW BOGDANKA	-	2015-03-12	2015-04-30
MOL	2015-02-24	2015-02-24	2015-05-08
NETIA	2015-02-19	2015-02-19	2015-05-14
OTP BANK	-	2015-03-06	2015-05-15
PGE	2015-02-17	2015-02-17	2015-05-06
PGNiG	2015-03-05	2015-03-05	2015-05-08
PKN ORLEN	2015-01-23	2015-03-26	2015-04-23
PKO BP	-	2015-03-12	2015-05-11
POLWAX	2015-03-18	2015-03-18	2015-05-14
PZU	-	2015-03-18	2015-05-13
ROBYG	-	2015-03-19	2015-05-14
SYNTHOS	-	2015-03-23	2015-05-15
TARCZYŃSKI	-	2015-03-20	2015-05-15
TAURON	2015-03-12	2015-03-12	2015-05-14
UNIBEP	-	2015-03-20	2015-05-15
VISTAL	-	2015-03-20	2015-05-15
WORK SERVICE	-	2015-03-20	2015-05-15

Source: Companies

Current Ratings by Dom Maklerski mBanku

Company	Recommendation	Date issued	Price on report date	Target price	Current price	Upside / Downside	P/E 2014	P/E 2015	EV/EBITDA 2014	EV/EBITDA 2015
Banks										
BZ WBK	Reduce	2015-01-26	343.15	310.36	328.00	-5.4%	16.2	17.3		
GETIN NOBLE BANK	Buy	2015-01-26	1.80	2.26	1.84	+22.8%	11.9	17.3		
HANDLOWY	Reduce	2015-01-26	108.80	95.35	109.00	-12.5%	14.8	17.3		
ING BSK	Hold	2015-01-26	136.50	135.20	141.35	-4.4%	17.9	17.1		
MILLENNIUM	Accumulate	2015-01-26	7.50	8.36	7.23	+15.6%	13.5	15.3		
PEKAO	Reduce	2015-01-26	179.00	166.96	187.05	-10.7%	18.3	19.2		
PKO BP	Buy	2015-01-26	33.00	38.59	32.53	+18.6%	12.6	15.0		
KOMERCNI BANKA	Reduce	2014-12-11	4920	4549 CZK	5399	-15.7%	16.1	16.4		
ERSTE BANK	Buy	2015-01-26	19.98	25.43 EUR	22.80	+11.6%	-	12.3		
RBI	Buy	2015-01-26	10.21	18.27 EUR	13.86	+31.8%	-	11.6		
OTP BANK	Accumulate	2015-01-26	3779	4048 HUF	4411	-8.2%	-	10.1		
Insurance										
PZU	Hold	2013-11-06	468.00	425.00	502.80	-15.5%	15.8	15.7		
Financial services										
KRUK	Buy	2015-01-26	113.00	143.10	122.00	+17.3%	13.3	11.9		
Fuels, chemicals										
CIECH	Hold	2015-01-26	48.40	46.90	49.14	-4.6%	28.3	15.2	7.6	6.5
LOTOS	Hold	2015-01-08	26.56	26.80	24.49	+9.4%	-	13.7	38.2	7.2
MOL	Accumulate	2015-01-08	153.60	174.00	161.90	+7.5%	18.4	13.6	5.2	4.8
PGNiG	Reduce	2015-01-08	4.38	4.03	4.48	-10.0%	11.1	12.0	5.0	5.6
PKN ORLEN	Accumulate	2015-01-08	49.94	55.50	55.94	-0.8%	-	9.1	-	6.0
POLWAX	Buy	2014-11-06	15.05	24.20	17.80	+36.0%	8.3	7.7	7.6	6.8
SYNTHOS	Buy	2015-01-26	4.07	5.20	4.33	+20.1%	15.9	12.9	9.3	8.9
Power Utilities										
CEZ	Reduce	2015-01-26	88.30	84.00	89.17	-5.8%	10.7	13.2	7.0	7.7
ENEA	Accumulate	2015-01-26	16.96	18.00	16.75	+7.5%	8.1	9.4	4.7	5.7
ENERGA	Hold	2015-01-26	23.30	23.40	21.15	+10.6%	8.9	9.9	5.3	5.6
PGE	Hold	2014-12-05	20.02	20.10	19.57	+2.7%	10.4	11.2	4.7	5.8
TAURON	Buy	2015-01-26	5.01	6.10	5.02	+21.5%	7.4	8.5	4.3	5.2
Telecommunications										
NETIA	Hold	2015-01-26	5.70	5.80	5.89	-1.5%	171.9	102.5	4.9	5.3
ORANGE POLSKA	Hold	2015-01-26	8.20	8.40	8.49	-1.1%	21.7	40.0	3.8	4.4
Media										
AGORA	Hold	2015-01-26	8.35	8.20	9.10	-9.9%	-	-	5.7	6.8
CYFROWY POLSAT	Reduce	2015-01-26	22.90	21.80	22.79	-4.3%	36.7	18.1	9.9	7.1
GLOBAL CITY HOLDINGS	Under Review	2014-05-13	34.30	-	40.30	-	-	-	-	-
TVN	Accumulate	2015-01-26	17.60	19.00	16.87	+12.6%	25.3	14.6	13.2	12.6
IT										
ASSECO POLAND	Accumulate	2015-01-26	53.80	59.00	53.66	+10.0%	12.4	12.9	7.2	7.0
COMARCH	Suspended	2013-03-11	89.60	-	117.80	-	-	-	-	-
SYGNITY	Suspended	2013-02-05	16.80	-	12.96	-	-	-	-	-
Mining & Metals										
JSW	Hold	2015-01-26	20.40	27.00	21.20	+27.4%	-	-	5.8	3.0
KGHM	Buy	2015-01-26	108.25	127.00	113.40	+12.0%	9.2	10.9	4.7	5.1
LW BOGDANKA	Buy	2015-01-26	99.00	121.50	97.00	+25.3%	11.8	10.8	5.3	5.0
Manufacturers										
ELEMENTAL	Buy	2015-01-08	3.28	4.00	3.40	+17.6%	17.7	13.9	14.1	9.1
FAMUR	Buy	2015-01-26	3.28	4.00	3.35	+19.4%	18.8	10.8	6.3	4.9
KERNEL	Hold	2015-01-26	32.48	31.00	31.75	-2.4%	-	7.6	6.1	4.8
KĘTY	Hold	2015-01-26	280.00	275.80	299.80	-8.0%	16.1	14.5	9.6	8.9
KOPEX	Hold	2015-01-26	10.82	11.40	10.82	+5.4%	7.9	14.8	4.4	4.9
TARCZYŃSKI	Buy	2015-01-26	12.75	15.00	13.80	+8.7%	16.4	10.8	7.7	6.5
VISTAL	Buy	2015-01-26	9.59	16.40	9.98	+64.3%	9.9	8.1	7.9	6.9
Construction										
BUDIMEX	Accumulate	2015-01-26	153.25	162.70	157.35	+3.4%	22.2	21.4	9.5	10.1
ELEKTROBUDOWA	Buy	2015-01-26	81.22	112.90	100.50	+12.3%	17.7	12.8	10.3	8.1
ERBUD	Buy	2015-01-22	25.20	34.50	27.53	+25.3%	14.9	12.6	7.5	6.4
UNIBEP	Buy	2015-01-22	8.59	10.40	8.80	+18.2%	16.3	12.7	9.2	7.8
Property Developers										
CAPITAL PARK	Buy	2014-10-22	4.59	6.70	3.97	+68.8%	44.5	25.4	36.4	41.1
DOM DEVELOPMENT	Buy	2015-01-26	46.70	57.90	46.86	+23.6%	20.4	15.5	16.1	12.5
ECHO	Buy	2014-10-22	6.25	8.00	6.54	+22.3%	5.3	19.9	7.8	26.6
GTC	Buy	2015-01-26	4.91	6.60	4.66	+41.6%	-	12.9	-	13.3
ROBYG	Buy	2015-01-26	2.16	2.95	2.23	+32.3%	17.5	12.9	13.0	11.3
Retail										
CCC	Accumulate	2014-12-19	140.00	158.00	155.45	+1.6%	18.2	17.8	20.7	17.3
LPP	Sell	2015-01-26	7716	6400	7510	-14.8%	34.9	33.9	18.2	18.7
Other										
WORK SERVICE	Buy	2015-01-26	18.11	21.90	19.79	+10.7%	43.6	27.5	16.4	12.6

Ratings issued in the past month

Company	Rating	Previous Rating	Target Price	Rating Day
Agora	Hold	Reduce	8.20	2015-01-26
Asseco Poland	Accumulate	Accumulate	59.00	2015-01-26
Astarta	Suspended	Hold	-	2015-01-26
Boryszew	Suspended	Reduce	-	2015-01-26
Budimex	Accumulate	Buy	162.70	2015-01-26
BZ WBK	Reduce	Sell	310.36	2015-01-26
CEZ	Reduce	Reduce	84.00	2015-01-26
Ciech	Hold	Hold	46.90	2015-01-26
Cyfrowy Polsat	Reduce	Reduce	21.80	2015-01-26
Dom Development	Buy	Buy	57.90	2015-01-26
Elektrobudowa	Buy	Buy	112.90	2015-01-26
Enea	Accumulate	Hold	18.00	2015-01-26
Energa	Hold	Hold	23.40	2015-01-26
Erbud	Buy	Buy	34.50	2015-01-22
Erste Bank	Buy	Hold	EUR 25.43	2015-01-26
Famur	Buy	Buy	4.00	2015-01-26
Getin Noble Bank	Buy	Accumulate	2.26	2015-01-26
GTC	Buy	Buy	6.60	2015-01-26
Handlowy	Reduce	Sell	95.35	2015-01-26
Impexmetal	Suspended	Buy	-	2015-01-26
ING BSK	Hold	Hold	135.20	2015-01-26
JSW	Hold	Hold	27.00	2015-01-26
Kernel	Hold	Hold	31.00	2015-01-26
Kęty	Hold	Hold	275.80	2015-01-26
KGHM	Buy	Hold	127.00	2015-01-26
Kopex	Hold	Buy	11.40	2015-01-26
Kruk	Buy	Buy	143.10	2015-01-26
LPP	Sell	Reduce	6,400	2015-01-26
LW Bogdanka	Buy	Hold	121.50	2015-01-26
Millennium	Accumulate	Hold	8.36	2015-01-26
Netia	Hold	Hold	5.80	2015-01-26
Orange Polska	Hold	Reduce	8.40	2015-01-26
OTP Bank	Accumulate	Hold	HUF 4,048	2015-01-26
Pekao	Reduce	Reduce	166.96	2015-01-26
PKO BP	Buy	Buy	38.59	2015-01-26
RBI	Buy	Buy	EUR 18.27	2015-01-26
Robyg	Buy	Buy	2.95	2015-01-26
Rovese	Suspended	Sell	-	2015-01-26
Synthos	Buy	Buy	5.20	2015-01-26
Tarczyński	Buy	Buy	15.00	2015-01-26
Tauron	Buy	Accumulate	6.10	2015-01-26
TVN	Accumulate	Buy	19.00	2015-01-26
Unibep	Buy	Buy	10.40	2015-01-22
Vistal	Buy	Buy	16.40	2015-01-26
Work Service	Buy	Buy	21.90	2015-01-26

Ratings Statistics

Rating	All		For Issuers who are clients of Dom Maklerski mBanku	
	Count	Pct. of total	Count	Pct. of total
Sell	1	2.0%	0	0.0%
Reduce	7	14.0%	4	13.8%
Hold	13	26.0%	7	24.1%
Accumulate	9	18.0%	5	17.2%
Buy	23	46.0%	14	48.3%

List of abbreviations and ratios contained in the report:
EV – net debt + market value
EBIT – Earnings Before Interest and Taxes
EBITDA – EBIT + Depreciation and Amortisation
P/CE – price to earnings with amortisation
MC/S – market capitalisation to sales
EBIT/EV – operating profit to economic value
P/E – (Price/Earnings) – price divided by annual net profit per share
ROE – (Return on Equity) – annual net profit divided by average equity
P/BV – (Price/Book Value) – price divided by book value per share
Net debt – credits + debt papers + interest bearing loans – cash and cash equivalents
EBITDA margin – EBITDA/Sales

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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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Comparative – 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.

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