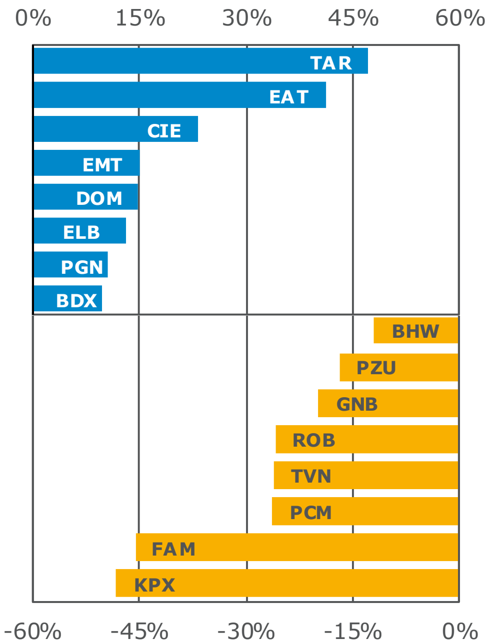
Thursday, July 23, 2015 | periodical publication

Quarterly Earnings Forecast: Q2 2015

Equity Market

WIG 51,698
Average 2015E P/E 13.9
Average 2016E P/E 12.3
ADTV (3M) .... PLN 787m

EPS growth at selected companies*



*calculated for: 3Q'14-2Q'15 / 2Q'14-1Q'15

Financial Sector
Polish banks are set to report a slowdown in Q2 2015 relative to the previous quarter led by reduced interest rates and base effects. We expect relatively good results from ING BSK and PKO BP in Poland and from Erste Bank abroad. The insurer PZU is likely to post a contraction in Q2 due to lower investment income.

Gas & Oil
The 2015 second-quarter results of European refiners should reflect the excellent macro conditions observed in the period, expected to drive profits to record levels, additionally supported by positive LIFO effects. For PGNiG natural gas we anticipate quarter-on-quarter contraction in the trade business, exposing the fragility of the drivers behind the recent share price gains.

Power Producers
The Q2 2015 results of power producers will be influenced by a variety of onetime events, however on an adjusted basis we expect the strongest performance from PGE and Enea, while Energa will lag behind.

Telecoms, Media, IT
We expect weak Q2 showings from Polish telecoms, with EBITDA at Orange Polska, Netia, and Cyfrow Polsat showing year-on-year falls of 8-9%. At Asseco the Q2 slowdown experienced by the Polish operations will be offset by record sales generated by international operations. Agora is expected to report improved EBITDA despite a slowdown in the cinema business.

Resources
At the current levels prices of commodity stocks already a reflect weak Q3 outlook. Q2 results in the sector will still be steady compared to Q2 2014.

Industrials
We expect to see year-on-year growth at 53% of the 49 industrial companies we track in Q2 2015, with only 14% reporting a slowdown. We anticipate positive surprises from ACE, BSC Drukania, Elemental Holding, Feerum, Kruszwica, Pozbud, SecoWarwick, Synthos, Tarczyński, and Uniwheels, and we expect disappointing Q2 reports from AC SA, Cognor, Famur, Kopex, Patentus, and Zamet.

Construction
Most construction firms are expected to report continued earnings expansion in Q2, with Elektrobudowa, Budimex, Elektrotim, and Torpol leading the bill.

Property Developers
Most residential developers except LC Corp reported few closings in Q2 which will result in low profits for the period. The quarterly profits of commercial developers will benefit from a strong euro.

Retail
We expect year-on-year growth from AmRest and CCC in Q2. At the same time we anticipate flat growth from Eurocash and Jeronimo Martins, and we think LPP will report a marked slowdown relative to Q2 2014.

Other
Work Service will report weak results for Q2 2015 led by German operations.

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Banks

Banks **BZ WBK**	Reduce							
Analyst: Michał Konarski	Current price Target price	PLN 286.60 PLN 310.36		FY15E P/E FY16E P/E	15.2 12.3		FY15E P/BV FY16E P/BV	1.6 1.5
(PLN m)	**Q2'15E**	**Q1'15**	**Q2'14**	**Q/Q**	**Y/Y**	**2015E**	**2014**	**change**
Net interest income	1,024.0	1,050.2	905.3	-2.5%	13.1%	3,868.8	3,996.8	-3.2%
Net fee income	473.0	459.2	451.2	3.0%	4.8%	1,931.5	1,847.8	4.5%
Total income	1,731.7	2,373.4	1,540.1	-27.0%	12.4%	6,578.2	6,579.0	0.0%
Operating expenses	-816.5	-808.4	-715.6	1.0%	14.1%	-3,065.8	-3,027.5	1.3%
Operating income*	891.6	1,544.3	807.9	-42.3%	10.4%	3,414.2	3,475.2	-1.8%
Provisions	183.1	190.7	173.9	-4.0%	5.3%	862.7	836.6	3.1%
Pre-tax income	709.2	1,354.3	634.2	-47.6%	11.8%	2,551.5	2,638.7	-3.3%
Net income	528.3	1,035.8	504.1	-49.0%	4.8%	1,871.1	1,914.7	-2.3%

*before provisioning

One-offs again boost quarterly profits

BZ WBK's 2015 Q2 earnings announcement is scheduled for July 30th. Our quarterly net profit estimate for the Bank is PLN 528m after a 49% drop from the quarter before and a 4.8% increase from the same period in 2014 driven by a one-time pre-tax gain of PLN 570m from a partial divestment of the insurance unit Aviva and sales of available-for-sale securities. In addition the trading profit is expected to have received a boost of ca. PLN 80m from a one-time dividend gain. The March interest rate cuts will put a 2.5% squeeze on net interest income relative to Q1, with NIM (over average assets) posting a decrease of 8bps. Operating costs are expected to rise 1% on higher integration expenses. Finally we expect BZ WBK to have reduced risk reserves by 4.0% q/q in Q2 2015, with cost of risk (to average loans) remaining stable at 78bps.

Banks **Getin Noble Bank**	Buy							
Analyst: Michał Konarski	Current price Target price	PLN 1.03 PLN 2.26		FY15E P/E FY16E P/E	9.7 5.6		FY15E P/BV FY16E P/BV	1.0 0.9
(PLN m)	**Q2'15E**	**Q1'15**	**Q2'14**	**Q/Q**	**Y/Y**	**2015E**	**2014**	**change**
Net interest income	281.9	271.2	364.5	3.9%	-22.7%	1,333.4	1,430.5	-6.8%
Net fee income	96.8	94.9	106.6	2.0%	-9.1%	462.0	437.0	5.7%
Total income	405.9	505.4	510.6	-19.7%	-20.5%	1,882.7	1,956.3	-3.8%
Operating expenses	-248.5	-250.6	-237.3	-0.9%	4.7%	-969.5	-923.0	5.0%
Operating income*	157.4	254.8	273.2	-38.2%	-42.4%	913.2	1,033.3	-11.6%
Provisions	79.6	128.4	163.3	-38.0%	-51.2%	654.3	733.0	-10.7%
Pre-tax income	80.0	127.6	115.0	-37.3%	-30.4%	258.9	300.2	-13.8%
Net income	64.6	128.6	135.9	-49.7%	-52.4%	281.8	360.0	-21.7%

*before provisioning

Q2 supported by NPL sales

Getin Noble Bank is scheduled to report 2015 second-quarter earnings on August 31st. At an estimated PLN 64.4m the quarterly net profit is expected to show a year-on-year drop of 52.4% and a quarter-on-quarter decrease of 49.7% Consensus estimates for Getin are not available. We anticipate a 3.9% q/q increase in Q2 net interest income thanks to lower prices of deposits, and we think the NPL sales completed in the period will result in a 38.0% reduction in risk reserves. Total income is set to increase 3.4%. On higher income the net interest margin will rise 2bps to 1.55%. The effective tax rate for Q2 is expected to be 18%.

Banks **Handlowy**	**Hold**							
Analyst: Michał Konarski	Current price Target price	PLN 87.63 PLN 95.35		FY15E P/E FY16E P/E	13.9 13.4		FY15E P/BV FY16E P/BV	1.6 1.6

(PLN m)	Q2'15E	Q1'15	Q2'14	Q/Q	Y/Y	2015E	2014	change
Net interest income	241.0	256.8	302.1	-6.1%	-20.2%	1,086.1	1,163.9	-6.7%
Net fee income	160.5	151.4	167.1	6.0%	-4.0%	612.7	618.9	-1.0%
Total income	511.5	591.1	651.3	-13.5%	-21.5%	2,349.3	2,423.8	-3.1%
Operating expenses	-314.5	-312.9	-328.3	0.5%	-4.2%	-1,241.6	-1,273.9	-2.5%
Operating income*	197.0	278.1	322.9	-29.2%	-39.0%	1,048.5	1,149.9	-8.8%
Provisions	3.9	3.5	4.4	n.m.	n.m.	31.0	-17.8	n.m.
Pre-tax income	193.2	274.6	318.9	-29.7%	-39.4%	1,017.5	1,167.7	-12.9%
Net income	156.5	217.0	266.2	-27.9%	-41.2%	824.9	947.3	-12.9%

*before provisioning

No help from securities sales in Q2

Bank Handlowy is scheduled to report second-quarter earnings on August 28th. At an estimated PLN 156.5m, the quarterly net profit is expected to show a year-on-year drop of 41.2% and a quarter-on-quarter fall of 27.9%, underpinned by a 43% plunge in trading income. Compared to the first quarter, total income will be lower as a 6.1% drop in net interest income will not be offset by a 6% increase in fee income. NIM (over average assets) is expected to have decreased by 10bps to 2.02% in Q2. We estimate Handlowy's loan-loss reserves as of 30 June at PLN 3.9m, with asset quality maintained high. Operating costs are set to remain stable in Q2 at PLN 314.5m.

Banks **ING BSK**	**Hold**							
Analyst: Michał Konarski	Current price Target price	PLN 114.95 PLN 135.20		FY15E P/E FY16E P/E	13.9 11.8		FY15E P/BV FY16E P/BV	1.6 1.5

(PLN m)	Q2'15E	Q1'15	Q2'14	Q/Q	Y/Y	2015E	2014	change
Net interest income	575.5	569.0	582.2	1.1%	-1.1%	2,413.0	2,330.2	3.6%
Net fee income	245.8	250.0	279.6	-1.7%	-12.1%	992.0	1,062.9	-6.7%
Total income	934.0	906.0	896.6	3.1%	4.2%	3,673.6	3,532.5	4.0%
Operating expenses	-502.5	-495.6	-480.5	1.4%	4.6%	-2,026.4	-1,929.7	5.0%
Operating income*	431.5	410.4	416.1	5.1%	3.7%	1,647.2	1,602.8	2.8%
Provisions	85.1	84.3	33.3	1.0%	155.7%	321.2	267.7	20.0%
Pre-tax income	346.4	326.1	383.9	6.2%	-9.8%	1,326.0	1,335.1	-0.7%
Net income	280.6	261.0	282.3	7.5%	-0.6%	1,073.7	1,040.7	3.2%

*before provisioning

ING Q2 results set to beat sector

ING Bank Śląski is scheduled to report second-quarter earnings on August 5th. At an estimated PLN 280.6m, the quarterly net profit is expected to show a year-on-year decline of 0.6% and a quarter-on-quarter increase of 7.5%. Consensus estimates for ING are not available as of this writing. ING is expected to have received a one-time dividend of ca. PLN 80m from ING PTE in Q2. At the same time we do not expect to see considerable gains from sales of AFS securities. Driven by a decrease in prices of term deposits the net interest income for Q2 2015 is set to show a q/q rise of 1.1%, offset by a 1.7% drop in fee income. Q2 operating costs and risk reserves are expected to be stable (+1.4%, +1.0% q/q respectively).

Banks

Millennium

Buy

Analyst: Michał Konarski	Current price	PLN 5.77	FY15E P/E	12.2	FY15E P/BV	1.2
	Target price	PLN 8.36	FY16E P/E	9.6	FY16E P/BV	1.1

(PLN m)	Q2'15E	Q1'15	Q2'14	Q/Q	Y/Y	2015E	2014	change
Net interest income	328.4	333.3	375.8	-1.5%	-12.6%	1,382.1	1,454.1	-5.0%
Net fee income	150.5	156.8	163.1	-4.0%	-7.7%	624.6	611.7	2.1%
Total income	538.8	558.8	594.1	-3.6%	-9.3%	2,254.5	2,308.4	-2.3%
Operating expenses	-279.4	-274.4	-279.5	1.8%	-0.1%	-1,155.6	-1,111.4	4.0%
Operating income*	242.4	271.1	288.0	-10.6%	-15.8%	995.1	1,104.2	-9.9%
Provisions	65.8	67.8	74.1	-3.0%	-11.2%	289.3	265.5	9.0%
Pre-tax income	176.9	201.8	213.9	-12.3%	-17.3%	705.8	838.7	-15.8%
Net income	143.3	162.6	163.6	-11.8%	-12.4%	571.7	650.9	-12.2%

*before provisioning

Q2 results under pressure

Millennium is scheduled to report second-quarter earnings on July 27th. At an estimated PLN 143.3m, the quarterly net profit is expected to show a year-on-year drop of 12.4% and a quarter-on-quarter decrease of 11.8% led mainly by a slowdown in total income (-2.3% q/q, -11.1% y/y). Net interest income is expected to show q/q and y/y contraction of respective 1.5% and 12.6% at an estimated PLN 328.4m, with strong consumer lending mitigating the negative impact of the March interest rate cuts. The net interest margin will have contracted by 10bps (to 2.04% over average assets) after falling 16bps in Q1 and 20bps in Q4 2014. Fee income will show drops of 4.0% q/q and 7.7% y/y. Operating costs will be steady compared to Q2 2014 but relative to Q1 2015 they will increase 1.8%. Risk reserves are expected to improve slightly (-3.0% q/q) thanks to a strengthening economic momentum.

Banks

Pekao

Reduce

Analyst: Michał Konarski	Current price	PLN 157.90	FY15E P/E	16.2	FY15E P/BV	1.8
	Target price	PLN 166.96	FY16E P/E	13.9	FY16E P/BV	1.8

(PLN m)	Q2'15E	Q1'15	Q2'14	Q/Q		2015E	2014	change
Wynik odsetkowy	976.0	1,042.9	1,139.9	-6.4%	-0.1%	4,402.2	4,461.3	-1.3%
Net interest income	478.2	480.6	526.2	-0.5%	-9.1%	2,078.9	2,043.7	1.7%
Net fee income	1,692.6	1,768.2	1,837.7	-4.3%	-7.9%	7,136.2	7,284.9	-2.0%
Total income	-880.7	-871.2	-865.1	1.1%	1.8%	-3,514.0	-3,428.8	2.5%
Operating expenses	811.9	897.0	972.6	-9.5%	-16.5%	3,622.3	3,856.1	-6.1%
Operating income*	137.4	137.1	142.7	0.2%	-3.7%	531.1	559.6	-5.1%
Provisions	965.6	1,049.7	1,130.7	-8.0%	-14.6%	3,091.2	3,296.5	-6.2%
Pre-tax income	559.1	624.4	685.1	-10.5%	-18.4%	2,562.5	2,714.7	-5.6%
Net income								

*before provisioning

Interest rates weigh on Q2 profits

Pekao is scheduled to report second-quarter earnings on August 4th. At an estimated PLN 559.1m, the Q2 net profit is expected to show a year-on-year drop of 18.4% and a quarter-on-quarter decrease of 10.5% to the lowest quarterly level in almost seven years. Total income is expected to have fallen 12.7% from Q1 2014 and 4.6% from Q2 2014 led by interest rate and interchange fee cuts. After contraction by 28bps in Q4 2014 and 3bps in Q1 2015 we anticipate that NIM in Q2 2015 fell by a further 17bps to 2.35%, resulting in a q/q decrease in net interest income of 6.4%. As a way of mitigating the impact of low interest rates and reduced interchange fees we expect Pekao to have realized gains on available-for-sale securities in Q2, resulting in a 46% q/q surge to PLN 221m in the quarterly trading income. Total costs will show increases of 1.1% q/q and 1.8% y/y. Risk reserves will remain stable quarter over quarter with cost of risk (to average loans) edging down to 43bps.

Banks **PKO BP**	**Buy**							
Analyst: Michał Konarski	Current price Target price	PLN 28.81 PLN 38.59		FY15E P/E FY16E P/E	13.3 9.6		FY15E P/BV FY16E P/BV	1.2 1.1

(PLN m)	Q2'15E	Q1'15	Q2'14	Q/Q	Y/Y	2015E	2014	change
Net interest income	1,630.9	1,670.7	1,939.0	-2.4%	-15.9%	7,053.7	7,522.9	-6.2%
Net fee income	709.7	679.2	783.6	4.5%	-9.4%	2,923.4	2,933.5	-0.3%
Total income	2,618.1	2,637.7	3,052.8	-0.7%	-14.2%	11,053.8	11,494.8	-3.8%
Operating expenses	-1,406.2	-1,404.8	-1,342.8	0.1%	4.7%	-5,373.7	-5,245.1	2.5%
Operating income*	1,135.6	1,176.0	1,607.6	-3.4%	-29.4%	5,377.8	5,901.4	-8.9%
Provisions	369.8	373.6	557.7	-1.0%	-33.7%	2,096.1	1,898.7	10.4%
Pre-tax income	774.3	810.9	1,062.9	-4.5%	-27.2%	3,281.7	4,002.8	-18.0%
Net income	638.6	647.2	855.6	-1.3%	-25.4%	2,716.3	3,254.1	-16.5%

*before provisioning

PKO eyes strong Q2 despite net profit contraction

PKO BP is scheduled to report Q2 earnings on August 10th. At an estimated PLN 638.6m the quarterly net profit will show a year-on-year drop of 25.4% and a quarter on quarter decline of 1.3% driven by reduced interest rates. We estimate the resulting contraction in net interest income at 2.4%, with NIM (over average assets) showing a 12bp drop relative to the first quarter. At the same time we expect to see 4.5% growth in fee income owed to strong loan sales and investment fund fees. Operating costs are set to remain steady in Q2, and risk reserves are likely to have decreased 1% quarter on quarter thanks to good economic momentum.

Banks **Komercni Banka**	**Reduce**							
Analyst: Michał Konarski	Current price Target price	CZK 5598 CZK 4549		FY15E P/E FY16E P/E	17.0 16.2		FY15E P/BV FY16E P/BV	2.2 2.2

(CZK m)	Q2'15E	Q1'15	Q2'14	Q/Q	Y/Y	2015E	2014	change
Net interest income	5,093.1	5,126.0	5,335.0	-0.6%	-4.5%	21,642.1	21,423.0	1.0%
Net fee income	1,695.6	1,699.0	1,711.0	-0.2%	-0.9%	6,591.8	6,751.0	-2.4%
Total income	7,416.1	7,507.0	7,588.0	-1.2%	-2.3%	30,669.5	30,676.0	0.0%
Operating expenses	-3,144.8	-3,132.0	-3,201.0	0.4%	-1.8%	-13,068.8	-13,033.0	0.3%
Operating income*	4,271.4	4,375.0	4,387.0	-2.4%	-2.6%	17,600.7	17,642.0	-0.2%
Provisions	-111.7	-109.0	-262.0	2.5%	-57.4%	-1,602.0	-1,296.0	23.6%
Pre-tax income	4,209.1	4,313.0	4,053.0	-2.4%	3.9%	15,752.3	16,031.0	-1.7%
Net income	3,393.8	3,456.0	3,305.0	-1.8%	2.7%	12,467.7	12,985.0	-4.0%

*before provisioning

Komercni eyes stable Q2 profits

Komerčni Banka is scheduled to report Q2 earnings on August 5th. Note that the quarterly financials will not be comparable to the year-ago accounts due to the deconsolidation in Q1 of the 'transformed fund' with negative effects on interest income and positive effects on fee income. We expect that the Q2 2015 net profit of Komercni Banka will come in at CZK 3,394m after a year-on-year increase of 2.6% and a quarter-on-quarter decline of 1.8%. Consensus estimates for KOMB are not available. The net interest margin (over average assets) is expected to contract by a projected 3bps to 2.17% relative to the first quarter. Costs will be stable q/q but 1.8% lower y/y. Cost of risk (to average loans) will remain low at 9bps, and risk reserves will have increased by 2.5% from the previous quarter.

Banks **Erste Bank**	Accumulate							
Analyst: Michał Konarski	Current price Target price		EUR 27.81 EUR 25.43		FY15E P/E FY16E P/E	15.1 12.3	FY15E P/BV FY16E P/BV	1.1 1.1
(EUR m)	**Q2'15E**	**Q1'15**	**Q2'14**	**Q/Q**	**Y/Y**	**2015E**	**2014**	**change**
Net interest income	1,113.8	1,098.5	1,119.7	1.4%	-0.5%	4,406.4	4,495.2	-2.0%
Net fee income	454.5	461.0	454.9	-1.4%	-0.1%	1,842.6	1,869.8	-1.5%
Total income	1,642.1	1,643.9	1,686.0	-0.1%	-2.6%	6,549.2	6,697.3	-2.2%
Operating expenses	-950.9	-948.1	-933.1	0.3%	1.9%	-3,736.2	-3,787.3	-1.3%
Operating income*	684.3	598.4	-349.1	n.m.	-296.0%	2,547.8	1,356.0	87.9%
Provisions	-260.6	-183.1	-431.9	42.3%	-39.7%	-1,206.7	-2,159.2	-44.1%
Pre-tax income	423.7	415.2	-781.0	2.0%	n.m.	1,341.1	-803.2	-267.0%
Net income	229.9	225.8	-1,033.0	1.8%	n.m.	793.8	-1,442.0	n.m.

*before provisioning

Erste set for another strong quarter in Q2

Ersta Bank is scheduled to report Q2 earnings on August 7th. At a projected EUR 229.9m the quarterly net profit is expected to be 1.8% higher than in Q1. Our 2015 H1 earnings estimate for Erste is equivalent to 57% of the market consensus for the year. The Q1 improvement was driven mainly by a reduction of the bank tax paid in Hungary and a lack of the resolution fund fee after a EUR 50m payment in Q1. Risk reserves are likely to increase 42.3% q/q (-40% y/y) in Q2 2015 due to higher charge-offs in Hungary (resulting in a quarterly net loss for Erste Hungary) and in Romania. Total income for Q2 is expected to be steady as a 1.4% q/q decrease in fee income will be offset by a 1.4% rise in net interest income. Operating costs will be flat in Q2 (+0.3% q/q), and the quarterly tax rate will be high at 28%.

Banks **OTP Bank**	Hold							
Analyst: Michał Konarski	Current price Target price		HUF 5861 HUF 4048		FY15E P/E FY16E P/E	13.4 11.0	FY15E P/BV FY16E P/BV	1.0 0.9
(HUF bn)	**Q2'15E**	**Q1'15**	**Q2'14**	**Q/Q**	**Y/Y**	**2015E**	**2014**	**change**
Net interest income	141.2	142.0	157.8	-0.6%	-10.5%	551.0	635.3	-13.3%
Net fee income	38.5	37.3	41.5	3.1%	-7.3%	162.6	169.6	-4.1%
Total income	44.8	47.1	56.1	-4.8%	-20.2%	215.1	193.3	11.3%
Operating expenses	95.5	94.1	101.8	1.5%	-6.2%	390.4	411.5	-5.1%
Operating income*	90.5	95.0	112.1	-4.8%	-19.3%	375.7	417.1	-9.9%
Provisions	49.4	64.5	63.4	-23.4%	-22.1%	215.2	274.7	-21.7%
Pre-tax income	41.1	30.6	48.7	34.5%	-15.7%	160.5	142.3	12.8%
Net income	32.6	2.2	-153.1	n.m.	n.m.	110.0	-102.0	n.m.

*before provisioning

OTP sees pickup in Q2 without help from oneoffs

OTP Bank is scheduled to report Q2 earnings on August 14th. We expect the Bank to report a net profit of HUF 32.57bn for the quarter vs. HUF 2.15bn generated in Q1, making for a 2014 first-half net profit of HUF 35m equivalent to 33.7% of the annual market consensus which we think nevertheless remains valid. Q2 total income will be impacted by 0.6% q/q contraction in net interest income and a 3.1% q/q increase in fee income. Operating costs are expected to be 1.5% higher in Q2 than in the quarter before and 6.2% lower than in Q2 2014. Risk reserves will decrease 23.4% q/q due to Russia and Ukraine which will again report quarterly losses. One-time charges related to the Ukraine business will not much affect the bottom line.

Insurance

Insurance PZU	Accumulate							
Analyst: Michał Konarski	Current price Target price	PLN 409.15 PLN 488.23		FY15E P/E FY16E P/E	13.1 12.3		FY15E P/BV FY16E P/BV	3.0 2.9
(PLN m)	**Q2'15E**	**Q1'15**	**Q2'14**	**Q/Q**	**Y/Y**	**2015E**	**2014**	**change**
Gross premium written. incl.:	4,405.9	4,680.8	4,083.9	-5.9%	7.9%	17,844.3	16,884.6	5.7%
Non-life insurance	2,335.3	2,686.7	2,132.1	-13.1%	9.5%	9,944.8	9,110.7	9.2%
Life insurance	1,993.9	1,999.9	1,952.9	-0.3%	2.1%	7,948.1	7,807.7	1.8%
Net claims incurred	-2,943.3	-3,045.9	-2,753.9	-3.4%	6.9%	-12,107.1	-11,541.7	4.9%
Costs	-981.3	-961.1	-896.9	2.1%	9.4%	-3,793.1	-3,674.7	3.2%
Technical profit	433.6	300.1	392.0	44.5%	10.6%	1,442.8	1,212.9	19.0%
Investment gains/losses	199.0	951.0	822.6	-79.1%	-75.8%	2,321.1	2,733.5	-15.1%
Pre-tax profit	529.2	1,154.2	1,196.6	-54.2%	-55.8%	3,440.5	3,913.1	-12.1%
Net profit	428.6	941.3	959.9	-54.5%	-55.3%	2,706.1	2,967.6	-8.8%

PZU sees falling investment income in Q2

We expect that PZU's net profit for Q2 2015 will come in at PLN 428.6m after falling 55.3% year-on-year and plummeting 54.5% quarter on quarter due to a 79.1% q/q drop to PLN 199.0m in investment income. At a projected PLN 4,405.9m, the gross written premium will show a 5.9% decline from Q1 2015. By segment non-life GPW will shrink 13.1% q/q but widen 9.5% y/y and life GWP will be stable (-0.3% q/q). Q2 net claims are expected to show a 3.4% decline q/q and a 6.9% increase y/y. Costs in Q2 will be 2.1% higher than in Q1 but the cost/income ratio will remain stable at 22.5%.

Financial Services

Financial Services Kruk	Hold							
Analyst: Michał Konarski	Current price Target price	PLN 167.00 PLN 143.10		FY15E P/E FY16E P/E	16.2 13.8		FY15E P/BV FY16E P/BV	3.8 3.0
(PLN m)	**Q2'15E**	**Q1'15**	**Q2'14**	**Q/Q**	**Y/Y**	**2015E**	**2014**	**change**
Total revenue	140.9	133.2	143.6	5.8%	-1.9%	553.3	487.9	13.4%
Purchased debt	128.7	121.4	132.1	6.0%	-2.6%	502.7	442.4	13.6%
Collection services	8.0	7.6	8.3	5.0%	-3.8%	35.5	31.7	11.8%
Direct and indirect costs	50.1	49.9	45.3	0.5%	10.8%	215.7	194.0	11.2%
Indirect margin	90.8	83.4	98.4	8.9%	-7.7%	337.6	293.9	14.8%
Operating profit	67.7	60.7	77.2	11.5%	-12.3%	237.0	208.2	13.8%
Pre-tax profit	54.8	49.9	60.4	9.7%	-9.4%	179.7	152.8	17.6%
Net profit	54.0	50.6	60.1	6.8%	-10.1%	174.3	151.8	14.8%

Kruk set for another strong quarter in Q2

Kruk is scheduled to report second-quarter earnings on August 31st. At a projected PLN 54.0m the quarterly net profit is expected to show year-on-year contraction of 10.1% but quarter on quarter it will show growth of 6.8% driven by an 8.7% increase in gross profit on purchased debt portfolios. Operating costs for the second quarter are expected to show a small decrease of 2.0% due to continuing international expansion and the new stock option plan. In H2 opex is set for a stronger increase. Kruk reported that it had purchased delinquent debts with a nominal value of PLN 1.8bn for a total price of PLN 176.6m in Q2 2015 (vs. PLN 657m for PLN 44.2m in Q2 2014). The makes for an average price of 9.8% in Q2 2015 vs. 6.7% in the same period last year. H1 2015 debt portfolio expenses totaled PLN 220.5m (average price of 9.6% for nominal debt of PLN 2.3bn%) vs. PLN 313.1m in H1 2014 (18.4% for PLN 1.7bn). Second-quarter collections were PLN 211.0m in Q2 2015 vs. PLN 206.6m in Q2 2014.

Financial Services Prime Car Management	Buy							
Analyst: Michał Konarski	Current price Target price	PLN 43.41 PLN 65.00		FY15E P/E FY16E P/E	10.1 9.8		FY15E P/BV FY16E P/BV	1.1 1.1
(PLN m)	**Q2'15E**	**Q1'15**	**Q2'14**	**Q/Q**	**Y/Y**	**2015E**	**2014**	**change**
Revenue from leases	35.9	36.1	40.2	-0.5%	-10.8%	149.7	155.3	-3.6%
Revenue from commissions	53.1	49.9	51.4	6.5%	3.4%	210.4	201.5	4.4%
Interest revenue	8.5	8.5	9.0	0.9%	-5.2%	36.5	36.2	0.8%
Total revenue	137.0	134.1	151.1	2.1%	-9.4%	555.9	552.1	0.7%
Costs of repairs and servicing	43.5	41.4	42.4	5.2%	2.6%	171.0	164.2	4.2%
Total costs	122.4	119.5	120.7	2.5%	1.4%	490.6	476.2	3.0%
Selling costs of post-lease items	2.7	4.0	1.2	-32.2%	121.0%	9.9	9.8	1.6%
Net profit	11.4	11.5	27.0	-1.1%	-57.8%	51.3	62.6	-18.2%

PCM eyes stable Q2 profits

PCM (Grupa Masterlease) is scheduled to report Q2 earnings on August 31st. At a projected PLN 11.4m, the quarterly net profit is expected to show quarter-on-quarter contraction of 1.1% led by a 2.1% rise in revenues accompanied by a 2.5% increase in costs. The downward pressure on leasing profits is likely to have eased in Q2, with revenue from lease and additional payments showing a q/q decline of 0.5% and net interest income in the period rising 0.9%. We anticipate a year-on-year increase from PLN 5m to PLN 6m in the quarterly service margin and growth from PLN 2m to PLN 3m in the insurance margin. Re-marketing profits are likely to have decreased to PLN 2.7m in Q2 2015 from PLN 4.0 the quarter before.

Financial Services **Skarbiec Holding**	**Buy**							
Analyst: Michał Konarski	Current price Target price	PLN 40.00 PLN 64.30		FY15E P/E FY16E P/E	8.7 6.8		FY15E P/BV FY16E P/BV	2.6 2.4
(PLN m)	**Q2'15E**	**Q1'15**	**Q2'14**	**Q/Q**	**Y/Y**	**2014/15E**	**2013**	**change**
Total revenue	22.3	29.2	23.1	-23.6%	-3.3%	142.6	101.3	40.7%
Management fee	18.8	17.9	17.7	5.0%	6.6%	107.8	68.6	57.1%
Success fee	1.5	9.6	3.2	-84.2%	-51.9%	23.6	24.6	-4.1%
Total costs	-16.3	-17.7	-17.3	-7.6%	-5.5%	-101.1	-65.8	53.7%
Distribution costs	-8.9	-8.9	-9.1	0.2%	-1.2%	-52.1	-32.4	60.7%
Payroll	-3.6	-4.8	-4.7	-26.3%	-24.0%	-25.8	-19.5	32.2%
Pre-tax profit	5.6	11.5	5.7	-51.5%	-2.3%	40.7	36.1	12.7%
Net profit	5.3	9.3	4.5	-42.7%	19.0%	33.0	28.9	14.0%

Success fee drops in Q2

At an estimated PLN 5.3m the Q2 2015 net profit of Skarbiec will show year-on-year growth of 19% but relative to Q1 2015 it will fall 42.7% due to a drop to PLN 1.5m from PLN 9.6m in the success fee generated by investment funds. At the same time in line with fund inflows the asset management fee should increase from PLN 17.9m in Q1 to PLN 18.8m in Q2 (+5% q/q, +7% y/y). The drop in the success fee will result in a 26.3% reduction in payroll expenses, but the distribution fee will not decrease given fund inflows.

Gas & Oil, Chemicals

Chemicals Ciech	Reduce								
Analyst: Kamil Kliszcz	Current price Target price		PLN 67.65 PLN 46.90		FY15E P/E FY16E P/E	21.0 15.7		FY15E EV/EBITDA FY16E EV/EBITDA	8.2 7.6
(PLN m)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	791.8	814.1	-3%	1,609.2	1,659.0	-3%	3,133.8	3,243.9	-3%
EBITDA	176.3	133.4	32%	349.4	251.3	39%	574.9	524.8	10%
Margin	22.27%	16.39%	-	21.71%	16.18%	-	18.34%	16.18%	-
EBIT	120.4	82.8	45%	237.5	150.6	58%	364.1	320.3	14%
Pre-tax profit	86.4	23.1	-	156.2	49.7	214%	210.0	153.0	37%
Net profit	70.0	20.6	-	122.2	27.0	352%	170.1	167.1	2%

Q2 profits impacted by maintenance downtime, strong euro

After a strong first quarter we expect slight EBITDA contraction in the second quarter from PLN 156m to an estimated PLN 150m driven by a slowdown in the Soda Division due to a depreciation in the EUR/PLN exchange rate and upgrades conducted in the soda plant which as of Q3 will result in higher capacity. On a positive note Ciech benefitted from falling costs of coal and transportation services in Q2. In the Organic Division we anticipate a seasonal q/q slowdown as well as a y/y contraction led by downward pressure on resin margins, resulting in an adjusted EBITDA of PLN 20m vs. PLN 22.6m in Q2 2014. The results in the Silicates Division, and the quarterly general expenses, should not bring any major surprises. After the usual interest expenses recognized in financing activity and after tax at an effective rate of 19% the quarterly net profit will approximate PLN 70m.

Gas & Oil Lotos	Accumulate								
Analyst: Kamil Kliszcz	Current price Target price		PLN 31.95 PLN 34.40		FY15E P/E FY16E P/E	10.1 7.3		FY15E EV/EBITDA FY16E EV/EBITDA	5.5 5.1
(PLN m)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	6,185.8	7,199.3	-14%	11,317.3	14,376.3	-21%	20,824.6	28,501.9	-27%
EBITDA	795.1	-242.3	-428%	1,240.7	-10.7	-	2,010.5	-584.1	-
Margin	12.85%	-3.37%	-	7.05%	8.26%	-	7.05%	-2.05%	-
EBIT	623.7	-415.0	-	891.4	-397.7	-	1,146.9	-1,393.0	-
Pre-tax profit	612.0	-506.0	-	502.0	-527.0	-	731.7	-2,123.7	-
Net profit	495.7	-122.5	-	394.4	-154.9	-	584.5	-1,466.3	-

Lotos eyes best second quarter in history

Lotos continued to win back the confidence of investors in Q2 after a disastrous second half of 2014, taking full advantage of the favorable refining fundamentals observed in the period. Accordingly we expect the quarterly LIFO-based EBITDA in Downstream to come in at ca. PLN 540m led by high margins and capacity utilization combined with FX gains (ca. PLN 30m) and another reversal of LIFO inventory impairment (estimated at PLN 40m with PLN 90m still remaining on the balance sheet) owed to higher oil prices. The reported EBITDA will show a boost of ca. PLN 113m from positive LIFO effects. In Retail EBITDA will show continued growth from PLN 17m in Q2 2014 to PLN 23m in Q2 2015. In Upstream on steady volumes EBITDA is likely to show a q/q increase from PLN 75m to PLN 86m driven by higher oil prices. In addition we expect to see upward adjustments of ca. PLN 30m stemming from the recognition of profits realized on the processing of own crude inputs taken from the inventory. After neutral effects of financing activity (with interest expenses offset by small FX gains) the net profit for Q2 2015 is set to come close to PLN 0.5bn.

Dom Maklerski

Gas & Oil **MOL**	Buy								
Analyst: Kamil Kliszcz	Current price Target price		PLN 194.00 PLN 251.60		FY15E P/E FY16E P/E	11.2 9.3		FY15E EV/EBITDA FY16E EV/EBITDA	4.6 4.1
(HUF bn)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	1,031.6	1,232.2	-16%	1,962.2	2,353.0	-17%	3,651.2	4,869.4	-25%
EBITDA	177.7	99.1	79%	316.3	212.3	49%	589.3	409.0	44%
Margin	17.23%	8.04%	-	16.12%	9.02%	-	13.98%	8.40%	-
EBIT	105.9	32.7	224%	170.5	79.1	115%	265.7	40.9	550%
Pre-tax profit	93.8	27.3	244%	105.1	58.7	79%	226.0	-43.9	-
Net profit	66.6	24.0	177%	75.7	44.9	69%	136.0	4.8	-

Record refining margins propel Q2 earnings growth

MOL is expected to report an increase in the adjusted LIFO-based EBITDA to about HUF 164bn in Q2 2015 from HUF 95bn in Q2 2014 and HUF 150bn in Q1 2015 driven by Downstream where LIFO-based EBITDA is set to total HUF 104bn (vs. HUF 74bn in Q1) thanks to record-high margins, with an estimated HUF 35bn provided by the petrochemical business. In Upstream EBITDA at an estimated HUF 56bn will show flat growth from Q1 (HUF 60bn before HUF 4bn charge reversals) due to a seasonal slowdown in volumes in Hungary and Croatia combined with lower gas prices in the region. The contribution of Kurdistan will remain limited due to low payments. In Gas Midstream core EBITDA will show no growth from last year but the reported figure will receive a boost of an estimated HUF 14bn from positive LIFO effects. General expenses will approximate HUF 10bn in Q2. After possible FX losses led by EUR/HUF variations and after minority interests the net profit for the quarter will approximate HUF 66bn.

Gas & Oil **PGNiG**	Sell								
Analyst: Kamil Kliszcz	Current price Target price		PLN 6.31 PLN 5.24		FY15E P/E FY16E P/E	13.6 14.4		FY15E EV/EBITDA FY16E EV/EBITDA	6.3 6.4
(PLN m)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	7,867.0	6,846.0	15%	20,362.0	16,381.0	24%	34,874.7	34,304.0	2%
EBITDA	1,389.5	1,286.0	8%	3,715.5	3,467.0	7%	6,323.4	6,345.0	0%
Margin	17.66%	18.78%	-	18.25%	21.16%	-	18.13%	18.50%	-
EBIT	702.5	611.0	15%	2,364.5	2,169.0	9%	3,631.1	3,843.0	-6%
Pre-tax profit	862.5	543.0	59%	2,452.5	2,063.0	19%	3,301.9	3,626.0	-9%
Net profit	646.9	338.0	91%	1,889.9	1,519.0	24%	2,734.4	2,823.0	-3%

Impairment losses, trade margin squeeze, hurt Q2 profits

PGNiG warned it would take a PLN 377m hit against the operating profit for Q2 2015 due to asset impairment, however in Q2 2014 it also recognized one-time charges of PLN 490m in the E&P segment. On an adjusted basis we expect the quarterly EBITDA to come in at PLN 1.7bn vs. PLN 1.8bn last year. The recurring EBITDA in the Exploration and Production segment will approximate PLN 0.9bn vs. PLN 1.3bn in Q2 2014 due to lower oil prices and higher costs of one-month maintenance downtime. For Trade & Storage we predict EBITDA shrinkage from PLN 619m in Q1 to PLN 218m in Q2 caused by a decrease in the average sales price (on a reduced tariff and seasonally lower retail sales) combined with seasonally lower volumes, higher imports from the east, a lack of compensation from Gazprom, and increased costs related to the Qatargas contract (due to an 8% q/q rise in market prices of LNG). In Distribution on higher volumes and a positive result on balancing EBITDA will come in at PLN 541m. In the Generation segment EBITDA is likely to show a year-on-year increase from PLN 72m to PLN 113m thanks to lower coal costs combined with higher tariff prices and heat volumes. After only a small loss on financing activity (thanks to FX gains on the dollar loan of PGNiG Norway) and tax at a rate of 25% the Q2 2015 net profit will come in at ca. PLN 647m.

Petrochemicals **Polwax**	Buy								
Analyst: Kamil Kliszcz	Current price Target price		PLN 17.85 PLN 24.20		FY15E P/E FY16E P/E	7.7 7.6	FY15E EV/EBITDA FY16E EV/EBITDA		6.8 6.4
(PLN m)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	50.7	50.2	1%	104.4	95.6	9%	257.2	258.2	0%
EBITDA	6.2	6.4	-3%	12.3	12.2	1%	32.7	30.8	6%
Margin	12.3%	12.8%	-	11.8%	12.8%	-	12.7%	11.9%	-
EBIT	5.4	5.7	-5%	10.6	10.8	-2%	29.9	27.7	8%
Pre-tax profit	5.1	5.3	-4%	10.1	10.5	-4%	29.1	27.8	5%
Net profit	4.1	4.3	-3%	8.1	8.4	-4%	23.6	21.4	10%

Polwax sees q/q growth in margins in Q2

In 2014 against seasonal patterns Polwax generated very good financial results in Q2 owed among others to high sales volumes. This year Q2 sales are not likely to be as good as many customers held off purchases in the period in hopes that the Company would go back on its price hikes. On the upside the lower revenue should be compensated by higher profitability (costs of paraffin inputs were stable in Q2). Note that the year-ago base for Q2 EBITDA comparison is elevated by PLN 8.0m charge reversals. Compared to Q2 2014 the loss of financing activity should be lower on reduced debt. We expect Polwax to report slight y/y contraction in Q2 2015 net profit.

Chemicals **Synthos**	Hold								
Analyst: Jakub Szkopek	Current price Target price		PLN 4.53 PLN 4.75		FY15E P/E FY16E P/E	16.9 12.2	FY15E EV/EBITDA FY16E EV/EBITDA		10.9 9.3
(PLN m)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	998.7	1,163.9	-14.2%	1,972.8	2,350.0	-16.0%	4,799.2	4,618.8	3.9%
EBITDA	181.2	163.0	11.1%	283.0	330.0	-14.2%	650.9	635.8	2.4%
Margin	18.1%	14.0%		14.3%	14.0%		13.6%	13.8%	
EBIT	141.7	123.9	14.3%	205.2	252.2	-18.7%	486.2	479.6	1.4%
Pre-tax profit	130.8	109.5	19.4%	231.4	232.2	-0.4%	438.4	427.1	2.7%
Net profit	105.9	96.7	9.6%	197.5	168.9	16.9%	354.5	356.9	-0.7%

Synthos sees improvement in Q2

We expect Synthos to report 7% y/y growth in synthetic rubber sales volumes in Q2 2015 driven by strong demand from the auto industry and an increase in Asian butadiene prices which improved the competitiveness of European exports. Sales of styrene derivatives will show 2.9% contraction from a high year-ago base. As for revenue we anticipate a 14.2% y/y drop in Q2 driven by a 13.7% decrease in synthetic rubbers (as Synthos passed part of the price advantage over Asia onto its customers) and a 12.6% decrease in styrene derivatives (led by 5-9% falls in product prices). Thanks to the widened spread to Asian butadiene prices we estimate that Synthos earned EBITDA of PLN 1,980 on each ton of rubber sold in Q2 2015 vs. PLN 1,940 in Q2 2014. Unit EBITDA in styrene derivatives is set to remain flat at the year-ago level of PLN 600. All in all we think Synthos's consolidated Q2 2015 EBITDA will amount to PLN 181.2m, marking an increase of 11.1% from the same period last year. After upward value adjustments on the FX loan portfolio of just PLN 4m, net profit for the period will be 9.6% higher than in Q2 2014 at a projected PLN 105.9m.We estimate that Synthos achieved 41% of our annual revenue forecast, 43% of expected EBITDA, and 56% of our annual net profit estimate in first half of 2015. We expect net debt as of 30 June 2015 to be PLN 700-750m (1.2-1.3x 12M EBITDA). The key question that we expect Synthos to answer soon is if the new SSBR plant will begin production on schedule.

Power Producers

Utilities CEZ	**Hold**								
Analyst: Kamil Kliszcz	Current price Target price		PLN 91.16 PLN 84.00		FY15E P/E FY16E P/E	13.3 16.9		FY15E EV/EBITDA FY16E EV/EBITDA	7.8 8.5
(CZK m)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	45,732.1	48,549.0	-6%	98,738.1	101,706.0	-3%	210,528.1	200,657.0	5%
EBITDA	16,331.1	16,635.0	-2%	35,552.1	37,872.0	-6%	64,250.1	64,651.0	-1%
Margin	35.71%	34.26%	-	36.01%	37.24%	-	30.52%	32.22%	-
EBIT	9,138.1	9,724.0	-6%	21,165.1	24,098.0	-12%	35,709.3	36,946.0	-3%
Pre-tax profit	8,023.3	9,092.0	-12%	17,599.3	21,497.0	-18%	30,535.5	28,656.0	7%
Net profit	6,338.4	7,360.0	-14%	13,853.4	17,272.0	-20%	24,161.5	22,403.0	8%

Q2 sees improvement from an inflated year-ago base

Compared to the Q2 2014 comparable base, when CEZ recognized write-offs of CZK 2.1bn, EBITDA in Q2 2015 will show flat growth despite lower sales prices. In Power Production (combined Central and Southern Europe) we expect EBITDA to show a decrease from CZK 9.3bn in Q2 2014 to CZK 8.8bn in Q2 2015 due to lower sales prices and an 8% decline in the nuclear power plant output (due to extended maintenance). In Distribution EBITDA is set to show a y/y increase from CZK 5.5bn to CZK 5.8bn thanks to lower costs. In Mining and the other segments we expect to see flat growth in operating profits. In financing activity FX losses incurred by Turkish operations will be offset by a strengthened koruna, and there will be the usual interest expenses. After all this the Q2 2015 net profit will be lower than in the same period in 2014.

Utilities Enea	**Accumulate**								
Analyst: Kamil Kliszcz	Current price Target price		PLN 14.47 PLN 18.00		FY15E P/E FY16E P/E	8.1 8.7		FY15E EV/EBITDA FY16E EV/EBITDA	5.1 5.9
(PLN m)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	2,262.9	2,466.5	-8%	4,709.3	4,840.2	-3%	9,917.4	9,855.4	1%
EBITDA	399.4	642.0	-38%	908.5	1,106.4	-18%	1,801.1	1,914.9	-6%
Margin	17.65%	26.03%	-	19.25%	17.54%	-	18.16%	19.43%	-
EBIT	217.7	492.2	-56%	545.0	761.8	-28%	1,090.8	1,186.5	-8%
Pre-tax profit	200.9	498.9	-60%	530.2	770.7	-31%	973.5	1,143.1	-15%
Net profit	161.9	416.1	-61%	424.7	626.6	-32%	788.6	908.3	-13%

Enea sees growth in core Q2 EBITDA

Enea is set to report a drop in unadjusted Q2 2015 EBITDA relative to an inflated year-ago base, but on a recurring basis it is expected to post year-on-year growth of an impressive 30%. The main operating profit driver in the period was the Production business where EBITDA is expected to come in at PLN 122m (vs. PLN 60m in Q2 2014) thanks to higher sales prices and trading profits combined with lower costs of coal. Distribution EBITDA is projected at PLN 268m (vs. PLN 313m in Q2 2014), with unfavorable tariff metrics more than offset by savings and higher volumes. In Trade EBITDA will remain steady at the quarter-before level of PLN 21m. After financing losses incurred on increasing net debt the Q2 2015 net profit will come close to PLN 162m.

Utilities

Energa

Hold

Analyst: Kamil Kliszcz	Current price	PLN 20.05	FY15E P/E	9.4	FY15E EV/EBITDA	5.4
	Target price	PLN 23.40	FY16E P/E	13.4	FY16E EV/EBITDA	6.4

(PLN m)	Q2'15E	Q2'14	change	H1'15E	H1'14	change	2015E	2014	change
Revenue	2,670.6	2,538.5	5%	5,583.5	5,286.5	6%	10,627.5	10,590.6	0%
EBITDA	539.1	638.1	-16%	1,230.5	1,281.3	-4%	2,315.0	2,307.0	0%
Margin	20.19%	25.14%	-	20.76%	18.90%	-	21.78%	21.78%	-
EBIT	314.7	422.6	-26%	781.6	857.7	-9%	1,405.0	1,446.2	-3%
Pre-tax profit	268.7	364.0	-26%	687.0	757.7	-9%	1,090.0	1,248.1	-13%
Net profit	217.2	283.3	-23%	568.2	595.4	-5%	882.9	982.1	-10%

Q2 hurt by green certificates

Energa's Q2 2015 results will be negatively impacted by lower prices of green certificates reflected in lower revenues from sales of renewable energy and downward adjustments to the value of stocked COOs. Consequently the quarterly EBITDA in the Renewables segment will show a y/y drop from PLN 93m to PLN 50m. In the segment of Conventional Power we anticipate even more severe contraction from PLN 105m to PLN 30m driven by base effects (in Q2 Energa recognized extra gains on delayed green certificates and reversed provisions) and lower revenue from must-run output. Distribution EBITDA at an estimated PLN 420m will be higher than the PLN 384m posted last year thanks to lower balancing costs. In Trade we anticipate EBITDA drop from PLN 76m to PLN 44m on base effects. After in-line financing activity the Q2 net profit will approximate PLN 217m.

Utilities

PGE

Hold

Analyst: Kamil Kliszcz	Current price	PLN 17.48	FY15E P/E	10.0	FY15E EV/EBITDA	5.3
	Target price	PLN 20.10	FY16E P/E	11.0	FY16E EV/EBITDA	6.1

(PLN m)	Q2'15E	Q2'14	change	H1'15E	H1'14	change	2015E	2014	change
Revenue	6,897.3	7,279.0	-5%	14,450.3	14,208.0	2%	27,975.9	28,137.0	-1%
EBITDA	2,069.5	2,947.0	-30%	4,279.5	4,661.0	-8%	7,326.0	8,184.0	-10%
Margin	30.00%	40.49%	-	29.62%	32.81%	-	26.19%	29.09%	-
EBIT	1,275.5	2,150.0	-41%	2,691.5	3,125.0	-14%	4,264.5	5,096.0	-16%
Pre-tax profit	1,241.5	2,136.0	-42%	2,603.5	3,118.0	-17%	4,030.3	4,613.0	-13%
Net profit	1,000.9	1,708.0	-41%	2,095.9	2,497.0	-16%	3,259.4	3,638.0	-10%

Q2 sees slowdown due to base effects

The Q2 2014 comparable base for PGE's Q2 2015 results is inflated by huge one-time gains, but on a recurring basis we expect the Company to report improvement. In Conventional Generation EBITDA is set to grow to a projected PLN 1.2bn (PLN 1.05bn ex. PPA compensation vs. ca. PLN 0.7bn in Q2 2014) thanks to higher power prices, lower coal costs, and fixed-cost savings. In Renewables we anticipate EBITDA shrinkage by ca. PLN 10m to PLN 90m due to a drop in the prices of green certificates. In Distribution profits should continue to rise thanks to lower costs of network losses (through a downturn in spot prices), with EBITDA expected to increase to PLN 602m from PLN 585m a year ago. Finally Trade EBITDA will soar to PLN 125m in Q2 2015 from PLN 20m in Q2 2014 thanks to a change in the sales policy and a lack of losses in retail. Financing activity will improve quarter on quarter thanks to a lack of FX losses, and in the end the Q2 2015 net profit will come close to PLN 1 billion.

Utilities **Tauron**	**Buy**								
Analyst: Kamil Kliszcz	Current price Target price		PLN 3.78 PLN 6.10		FY15E P/E FY16E P/E	6.4 6.4		FY15E EV/EBITDA FY16E EV/EBITDA	4.6 4.9

(PLN m)	Q2'15E	Q2'14	change	H1'15E	H1'14	change	2015E	2014	change
Revenue	4,366.0	4,339.1	1%	9,119.8	9,226.3	-1%	18,875.3	18,440.8	2%
EBITDA	858.1	906.4	-5%	1,879.0	1,994.6	-6%	3,575.6	3,627.0	-1%
Margin	19.65%	20.89%	-	20.60%	21.62%	-	18.94%	19.67%	-
EBIT	422.8	450.0	-6%	1,008.4	1,082.5	-7%	1,675.0	1,830.1	-8%
Pre-tax profit	330.2	368.0	-10%	904.5	925.5	-2%	1,272.5	1,498.2	-15%
Net profit	267.4	334.4	-20%	769.5	730.3	5%	1,030.7	1,180.9	-13%

Q2 depressed by Mining

Mining continued to put a damper Tauron's financial performance in Q2 2015 through low coal prices which additionally widened the losses on stockpiled coal sales, combined with an expected inventory write-off as the police investigate 100,000 tons of missing coal. The result will be a Q2 Mining EBITDA loss of PLN 85m vs. an operating profit of PLN 8.5m posted last year. For Generation we project PLN 155m EBITDA including PLN 100m from conventional power (up vs. PLN 59m last year thanks to higher sales prices, lower fuel costs, and cheap spot prices), PLN 10m from heat (down from PLN 36m in Q2 2014 due to deconsolidation of EC Nowa), and PLN 45m from renewables (vs. PLN 40m last year). In Distribution after a Q1 slowdown we anticipate EBITDA acceleration to PLN 644m vs. PLN 612m in Q2 2014. Trade EBITDA is set to be flat at PLN 142m. Q2 2015 financing operations aside from the usual interest expenses and Arcelor JV profits will include FX losses on euro debt estimated at PLN 27m due to a higher EURPLN exchange rate. Consequently the net profit for the period will show a year-on-year fall as high as 20%, not affecting our full-year earnings projections for Tauron.

Telecommunications

Telecommunications Netia	Hold								
Analyst: Paweł Szpigiel	Current price Target price		PLN 5.64 PLN 5.80		FY15E P/E FY16E P/E	98.2 62.8	FY15E EV/EBITDA FY16E EV/EBITDA		5.1 5.3
(PLN m)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	379.7	422.2	-10.1%	768.4	856.5	-10.3%	1,562.3	1,674.0	-6.7%
EBITDA	109.4	119.8	-8.7%	220.9	245.8	-10.1%	421.8	738.7	-42.9%
Margin	28.8%	28.4%	-	28.7%	28.7%	-	27.0%	44.1%	-
EBIT	3.6	14.2	-75.0%	9.6	34.9	-72.5%	41.6	157.4	-73.5%
Pre-tax profit	2.3	9.3	-75.7%	7.0	25.5	-72.4%	24.7	126.4	-80.5%
Net profit	2.3	8.3	-72.7%	3.5	19.2	-81.7%	20.0	174.8	-88.6%

Revenue erosion continues in Q2

Netia's earnings results for Q2 2015 will be affected by the same negative trends as shaped the profits for the previous quarters. Compared to Q2 2014, on-network monthly voice ARPU is expected to fall 18% to PLN 30.5 and leased-line voice ARPU will drop 8% to an estimated PLN 40.7. The subscriber base is expected to contract by 10% to 1.27 million led by nearly 26 thousand lost leased lines. Wholesale user churn (LLU, bitstream access) will also drive the continuing erosion expected in overall data revenues, and the quarterly data ARPU at an estimated PLN 54.5 will show a small decline from the previous quarter. The falling Q2 revenues are likely to be offset by savings as Netia will have reduced quarterly COGS by a projected PLN 271m (over 7% y/y) and cut SG&A by an estimated PLN 17m. We estimate the Q2 2015 EBITDA at PLN 109m (PLN 110m on an adjusted basis) with the bottom line after financing costs of ca. PLN 1.3m expected to show a net profit of PLN 2.3m.

Telecommunications Orange Polska	Hold								
Analyst: Paweł Szpigiel	Current price Target price		PLN 8.00 PLN 8.40		FY15E P/E FY16E P/E	33.7 41.5	FY15E EV/EBITDA FY16E EV/EBITDA		4.2 4.5
(PLN m)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	2,971.0	3,084.0	-3.7%	5,901.0	6,079.0	-2.9%	11,681.9	12,212.0	-4.3%
EBITDA	910.7	996.0	-8.6%	1,869.7	2,138.0	-12.5%	3,575.0	4,076.0	-12.3%
Margin	30.7%	32.3%	-	31.7%	35.2%	-	30.6%	33.4%	-
EBIT	200.7	200.0	0.4%	446.7	591.0	-24.4%	721.4	986.0	-26.8%
Pre-tax profit	140.7	82.0	71.6%	328.7	354.0	-7.1%	343.9	581.0	-40.8%
Net profit	126.7	94.0	34.7%	297.7	365.0	-18.4%	278.5	535.0	-47.9%

The first quarter without help from instalment sales

We expect Orange Polska to report 3.7% contraction to PLN 2,971m in Q2 2015 revenue. By segment we anticipate a 4% drop to PLN 1,397m in mobile revenue led by continuing price pressures in the B2B market (with B2B ARPU expected to have fallen 13%). In fixed-line we expect to see PLN 448m revenue from narrowband services (vs. PLN 506m in Q2 2014) due to dwindling POTS and ISDN subscriber numbers not offset by the lower-margin VoIP lines. Revenue from fixed-line broadband will have decreased 3% year over year to a projected PLN 402m due to competitive pressures from a rival LTE offer from Cyfrowy Polsat. Revenue from fixed-line wholesale services will show 10% y/y shrinkage driven by falling leased line numbers. We estimate that Orange generated PLN 143m in Q2 2015 from sales of mobile devices vs. PLN 110m in Q2 2014. As for costs we put the Q2 payroll expenses at PLN 461m and we expect to see an increase in costs of services due to intensified marketing and an increase in interoperator billing driven by growing traffic. Other operating activity is expected to produce a loss of PLN 90m in Q2. Consequently with EBITDA at an estimated PLN 911m, not counting onetime events, after D&A expenses of PLN 710m, financing costs of PLN 60m, and tax at an effective rate of 10%, Orange's net profit for the second quarter of 2015 is set to come in at PLN 127m, representing an increase of over 30% from Q2 2014 owed to 2014 refinancing operations.

Media

Media **Agora**	Hold								
Analyst: Paweł Szpigiel	Current price Target price		PLN 11.50 PLN 8.20		FY15E P/E FY16E P/E	- -		FY15E EV/EBITDA FY16E EV/EBITDA	5.1 5.3
(PLN m)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	280.5	270.8	3.6%	563.3	524.7	7.4%	1094.8	1,102.4	-0.7%
EBITDA	25.2	24.1	4.4%	51.1	38.3	33.3%	79.0	77.7	1.6%
Margin	9.0%	8.9%	-	9.1%	7.3%	-	7.2%	7.1%	-
EBIT	-2.7	0.0	-	-0.2	-9.6	-	-12.1	-18.3	-
Pre-tax profit	-3.8	-9.8	-	-2.4	-10.1	-	-15.8	-17.9	-
Net profit	-3.7	-9.6	-	-2.2	-10.9	-	-17.9	-11.0	-

Agora eyes slight pickup in Q2

We expect Agora to report 3.6% y/y sales growth in Q2 2015. By operating segment revenue in Press at an estimated PLN 78.6m will show continuing contraction at an annual rate of 2.3% (assuming daily paid circulation of the *Gazeta Wyborcza* daily at 178,000 copies). In the Cinema & Books segment we anticipate strong revenue growth led by high cinema attendance (with ticket sales in the period reaching ca. 1.6 million) combined with a stable average ticket price and a 3% rise in concession spend per ticket. In the Internet segment sales are likely to show improvement as well thanks to a rebound in advertising expenses and an expanded advertising space. In the Radio segment revenues will increase thanks to air time brokerage services and higher advertising expenses. Operating profit in Q2 2015 is expected to be negative at PLN 2.7m.

Media **Cyfrowy Polsat**	Reduce								
Analyst: Paweł Szpigiel	Current price Target price		PLN 23.20 PLN 21.80		FY15E P/E FY16E P/E	18.5 15.1		FY15E EV/EBITDA FY16E EV/EBITDA	7.2 6.6
(PLN m)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	2,468.5	735.9	235.4%	4,797.5	2,469.2	94.3%	9,756.5	7,409.9	31.7%
EBITDA	938.4	257.3	264.7%	1,835.0	990.9	85.2%	3,562.5	2,738.3	30.1%
Margin	38.0%	35.0%	-	38.2%	40.1%	-	36.5%	37.0%	-
EBIT	503.0	195.0	158.0%	931.7	617.1	51.0%	1,761.4	1,442.4	22.1%
Pre-tax profit	279.2	94.1	196.7%	476.0	261.4	82.1%	960.7	314.2	205.8%
Net profit	245.7	80.7	204.5%	416.5	230.3	80.9%	804.1	292.5	174.9%

Cyfrowy sees substantial EBITDA drop in Q2

Cyfrowy Polsat's financial statements for Q2 2015 will not be comparable to the financials for Q2 2014 due to the consolidation of Polkomtel started in May 2014. On a pro-forma basis the Q2 revenue is expected to post a small year-on-year rise to PLN 2,468m. By segment we anticipate an over-3% decrease to PLN 1,654m in retail revenue led by lower ARPU offset by stronger wholesale revenue and higher sales of TV and mobile devices (also driving EBITDA). Costs are likely to have increased to PLN 1,530m from a pro-forma PLN 1,412m in Q2 2014 driven among others by COGS and interoperator billing (we assume Orange used 50.7 million GB of data purchased from Midas in Q2). EBITDA is expected to fall 9% y/y to PLN 938m, and after D&A expenses of an estimated PLN 435m and financing costs of ca. PLN 224m the Q2 pre-tax profit will come in at an estimated PLN 279m, with the bottom-line profit approximating PLN 246m.

Media TVN	Sell								
Analyst: Paweł Szpigiel	Current price Target price		PLN 19.81 PLN 18.90		FY15E P/E FY16E P/E	24.0 17.0		FY15E EV/EBITDA FY16E EV/EBITDA	16.5 13.4
(PLN m)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	446.0	432.5	3.1%	808.9	784.3	3.1%	1668.6	1593.8	4.7%
EBITDA	170.2	182.5	-6.8%	229.5	278.3	-17.5%	532.1	548.8	-3.0%
Margin	38.2%	42.2%	-	28.4%	35.5%	-	31.9%	34.4%	-
EBIT	152.6	165.5	-7.8%	194.3	244.3	-20.5%	463.3	477.3	-2.9%
Pre-tax profit	50.2	124.8	-59.8%	138.7	127.1	9.1%	340.2	197.1	72.6%
Net profit	46.4	115.1	-59.7%	125.9	126.2	-0.3%	280.9	194.8	44.3%

TVN posts flat Q2 EBITDA growth despite pickup in TV adspend

According to our calculations Polish TV advertising expenditures in Q2 2015 were 4% higher than in the same period in 2014. Relative to this the quarterly advertising revenue of TVN is expected to show growth at a similar rate of 3.1% at PLN 446m. Total costs in Q2 are projected at PLN 292m including PLN 120m spent on in-house content development, PLN 17.5m incurred on the sale of shares, and PLN 41m payroll costs. After equity in income of associates of an estimated PLN 17m and PLN 102m net financing costs (including a PLN 58m loss on euro debt value adjustments), TVN's net profit for Q2 2015 should come in at PLN 46.4m. As for EBITDA we expect that adjusted for nC+ and Onet and for one-time transaction costs it will approximate PLN 171m, marking y/y growth of 2%, with the EBITA margin coming in at 38.3% - a less-than-impressive result given the PLN 20 per-share tender offer by Scripps.

IT

IT **Asseco Poland**	**Hold**								
Analyst: Paweł Szpigiel	Current price Target price		PLN 58.35 PLN 59.00		FY15E P/E FY16E P/E	14.0 13.9	FY15E EV/EBITDA FY16E EV/EBITDA		7.5 7.3

(PLN m)	Q2'15E	Q2'14	change	H1'15E	H1'14	change	2015E	2014	change
Revenue	1,631.1	1,499.1	8.8%	3,223.1	2,913.0	10.6%	6,443.6	6,231.9	3.4%
EBITDA	220.4	220.5	-0.1%	605.2	430.7	40.5%	918.3	905.1	1.5%
Margin	13.5%	14.7%	-	18.8%	14.8%	-	14.3%	14.5%	-
EBIT	155.9	150.2	3.8%	320.4	295.3	8.5%	656.2	636.7	3.1%
Pre-tax profit	154.7	142.5	8.5%	318.0	306.9	3.6%	633.5	648.1	-2.2%
Net profit	73.3	86.5	-15.3%	150.9	183.2	-17.6%	345.6	358.4	-3.6%

Q2 under pressure from lower public spending

Asseco Poland is expected to report a substantial slowdown in its standalone revenue for Q2 2015 driven by cutbacks in public sector spending on IT projects, underpinned by lower demand for healthcare software solutions. We estimate the quarterly revenue of the parent company at PLN 301.5m, and we expect the standalone EBIT to come in at PLN 49.5m (down over 20% y/y). The slowdown in Poland is set to be offset by an acceleration observed in Asseco's other markets, including in SEE, especially Serbia and Macedonia, where Asseco SEE benefitted from strong demand for payment solutions, and in Western Europe (where Asseco Spain achieved strong growth in sales of low-margin hardware). In the Czech market Asseco experienced a slowdown in public orders funded under the old EU budget, but this was compensated by improvement in Slovakia. After all this we estimate Asseco's consolidated Q2 EBIT at PLN 165m (the actual figure may be reduced by a provision for contract fines of a projected PLN 9m). After financing costs of PLN 1.2m and tax at an effective rate of 21% the quarterly net profit will amount to PLN 122.2m, of which PLN 73.3m attributable to the shareholders of the parent.

Resources

Coal JSW	Hold								
Analyst: Michał Marczak	Current price Target price		PLN 11.66 PLN 27.00		FY15E P/E FY16E P/E	- -		FY15E EV/EBITDA FY16E EV/EBITDA	6.1 2.2

(PLN m)	Q2'15E	Q2'14	change	H1'15E	H1'14	change	2015E	2014	change
Revenue	1,920.5	1,465.0	31.1%	3,730.6	3,128.7	19.2%	7,270.5	6,814.9	6.7%
EBITDA	-104.7	19.3	-	354.5	229.6	54.4%	489.5	521.2	-6.1%
Margin	-5.5%	1.3%		9.5%	7.3%		6.7%	7.6%	
EBIT	-104.7	-292.7	-	-310.1	-382.9	-	-833.8	-774.8	-
Pre-tax profit	-138.7	-313.7	-	-379.5	-428.6	-	-998.9	-882.2	-
Net profit	-113.7	-252.9	-	-310.4	-341.4	-	-776.8	-1,079.2	-

Q2 results reflect higher volumes, lower prices

JSW's financial results for the second quarter of 2015 will be shaped by higher production and sales volumes offset by lower prices. The coking coal price benchmark in Q2 fell 6% q/q to US $110, and in Poland prices of thermal coal posted a drop to an estimated PLN 220/t from PLN 229 in the previous quarter. For coke we assume prices in Q2 fell in line with coking coal (i.e. by 6% q/q). JSW was able to recoup about 1.4mmt of the capacity lost after the February worker strike in Q2, suggesting a quarterly output of 2.96mmt coking coal and 1.28mmt thermal coal. Coke production is estimated at 1mmt. Second-quarter sales volumes are expected to be similar to the production volumes. We do not expect to see any major one-offs in the quarterly results. All in all JSW is set to post a high net loss for Q2 2015 but it faces an even bigger challenge in Q3 with the coking coal price benchmark for the quarter reduced by 15.5% to $93/t. According to our calculations JSW will run out of cash this quarter and will find itself in need of additional financing.

Metals KGHM	Buy								
Analyst: Michał Marczak	Current price Target price		PLN 90.30 PLN 127.00		FY15E P/E FY16E P/E	8.4 7.3		FY15E EV/EBITDA FY16E EV/EBITDA	4.7 4.4

(PLN m)	Q2'15E	Q2'14	change	H1'15E	H1'14	change	2015E	2014	change
Revenue	4,024.2	3,927.0	2.5%	7,791.2	7,727.0	0.8%	23,220.4	20,492.0	13.3%
EBITDA	993.0	1,041.0	-4.6%	2,009.0	1,965.0	2.2%	5,300.8	5,311.0	-0.2%
Margin	24.7%	26.5%		25.8%	25.4%		22.8%	25.9%	
EBIT	789.0	828.0	-4.7%	1,579.0	1,546.0	2.1%	3,403.8	3,676.0	-7.4%
Pre-tax profit	754.0	819.0	-7.9%	1,459.0	1,531.0	-4.7%	3,085.8	3,098.0	-0.4%
Net profit	535.1	612.0	-12.6%	1,032.1	1,119.0	-7.8%	2,159.7	2,450.0	-11.9%

All is good still in Q2

The average price of copper amounted to $6,047/t in Q2 2015, marking an increase from $5,805 in the previous quarter. At the same time prices of silver at an average $537/kg posted a decline of 0.4%. After low first-quarter copper sales at 132,000 tons in Q2 volumes are expected to increase to 142,000 tons of copper and 280 tons of silver (+4% q/q). On stable prices and higher sales KGHM's standalone net profit for Q2 2015 is likely to exceed PLN 500m. For KGHM International we project a net loss of PLN 91m (with the income and costs of the Sierra Gorda project scheduled to be included in the company's financial statements starting in Q3). KGHM Int. may recognize asset impairment losses against the profits for H1 2015 which are not factored into our estimates.

Coal **LW Bogdanka**	under revision								
Analyst: Michał Marczak	Current price Target price		PLN 51.66 -		FY15E P/E FY16E P/E	- -		FY15E EV/EBITDA FY16E EV/EBITDA	- -
(PLN m)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	415.3	448.1	-7.3%	843.6	945.4	-10.8%	1,817.9	2,013.6	-9.7%
EBITDA	141.8	129.8	9.3%	286.2	303.4	-5.7%	590.7	750.0	-21.2%
Margin	34.1%	29.0%		33.9%	32.1%		32.5%	37.2%	
EBIT	48.2	40.7	18.3%	92.9	126.7	-26.6%	203.1	362.3	-44.0%
Pre-tax profit	38.8	37.6	3.2%	81.4	116.8	-30.3%	189.1	345.9	-45.3%
Net profit	31.4	28.8	9.0%	64.1	91.4	-29.9%	153.2	272.4	-43.8%

LWB eyes flat earnings growth in Q2

LW Bogdanka reported that in Q2 2015 it produced 1.9mmt (-90kt q/q) and sold 1.88mmt (-70kt) of commercial coal. Based on this we estimate the average quarterly unit revenue at PLN 208 per ton, representing a decline of just 1.4% from the first quarter which should be appreciated by investors given the challenging market conditions observed in the period. Going forward, however, next year Bogdanka is bound to experience a stronger downturn in its sales prices. Thanks to cost savings estimated at PLN 7m, despite lower sales, the Q2 2015 net profit (assuming no one-offs) is expected to be similar to the figure posted in Q1.

Industrials

Industrials **Elemental**	Accumulate								
Analyst: Jakub Szkopek	Current price Target price		PLN 4.10 PLN 4.50		FY15E P/E FY16E P/E	18.0 16.9	FY15E EV/EBITDA FY16E EV/EBITDA		12.2 9.9
(UAH m)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	224.0	162.6	37.8%	431.2	336.2	28.3%	1,151.8	772.3	69.7%
EBITDA	14.9	10.0	48.7%	29.4	21.1	39.3%	66.1	41.2	55.1%
Margin	6.6%	6.2%		6.8%	6.3%		5.7%	5.3%	
EBIT	12.0	8.6	39.8%	24.3	18.7	29.5%	54.9	34.9	57.2%
Pre-tax profit	10.2	8.2	24.9%	22.7	17.8	27.3%	54.9	32.2	60.2%
Net profit	9.4	7.7	22.4%	21.6	16.9	28.1%	36.0	31.1	25.3%

Acquisitions boost Q2 profit

According to our estimates Elemental generated sales volumes in Q2 2015 33% higher at 45,800 tons than in the same period last year, driven by a 110% surge in the printed circuit board (PCB) recycling volume and a 52% increase in the volume of recycled WEEE. In spent catalyst recycling we anticipate sales growth from 3 tons in Q2 2014 to 186 tons in Q2 2015, and in metals sales we expect to see a 23% y/y increase in volume. Elemental's Q2 results will be supported by contributions from the subsidiaries EMP Recycling, Metal Holding, Evciler, consolidated for the full quarter. Driven by prices of non-ferrous metals and steel Elemental's revenue for Q2 2015 is expected to show y/y growth of 37.8% at an estimated PLN 224.0m. Further we anticipate 48.7% y/y EBITDA growth in Q2, driven mainly by an 80% increase generated the PCB recycling segment. In the catalyst recycling segment we expect to see EBITDA of PLN 3.7m. Overall, Elemental's net profit for Q2 2015 is set to come in at ca. PLN 9.4m (+22.4% y/y). Cash flow in Q2 is likely to be negative, and net debt as of 30 June will reach approximately PLN 60m. Assuming our Q2 estimates are accurate Elemental will have achieved 35% of our annual revenue forecast, 44% of expected EBITDA, and 60% of our annual net profit estimate in the first half of 2015.

Machinery **Famur**	Hold								
Analyst: Jakub Szkopek	Current price Target price		PLN 1.60 PLN 3.00		FY15E P/E FY16E P/E	8.4 7.2	FY15E EV/EBITDA FY16E EV/EBITDA		3.0 2.4
(PLN m)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	148.9	138.3	7.7%	425.1	313.0	35.8%	816.0	708.8	15.1%
EBITDA	38.0	56.8	-33.0%	97.8	127.6	-23.4%	229.8	275.9	-16.7%
Margin	25.5%	41.1%		23.0%	40.8%		28.2%	38.9%	
EBIT	3.6	18.1	-80.2%	28.5	50.6	-43.6%	95.6	121.9	-21.6%
Pre-tax profit	1.1	16.9	-93.6%	32.3	52.7	-38.7%	101.5	113.3	-10.4%
Net profit	0.9	17.6	-95.0%	29.9	46.6	-35.9%	91.3	100.3	-8.9%

Famur experiences slowdown in Q2

We expect Famur to report 7.7% year on year and 67.5% quarter on quarter shrinkage to PLN 148.9m in Q2 2015 revenue driven by sales declines in the segments of gallery systems (-12.8% y/y), transportation systems (-25.0% y/y), and services (-6.5% y/y). On the upside the quarterly topline will be supported by contributions from the latest acquisition Famak (with revenue estimated at PLN 20m) and 7.2% improvement in the segment of longwall systems. Famak is expected to be the main driver behind the 8% growth expected in Famur's Q2 gross profit, estimated at PLN 48.5m. Gross profits in the segments of gallery systems and transportation systems will show y/y drops of 15-16%, while in longwall systems gross profit will remain stable. After an increase in SG&A expenses to PLN 14.3m from PLN 1.3m (led by the consolidation of Famak) and a loss of PLN 5m on other operating activity, Famur will report a Q2 2015 EBITDA of a projected PLN 38m, marking a drop of 33% from Q2 2014. Due to high D&A expenses the quarterly net profit will be much lower than in the same period last year at an estimated PLN 0.9m. Thanks to positive operating cash flow provided by foreign and domestic contracts Famur's net debt is expected to decrease to ca. PLN 100m at 30 June from PLN 190.4m at 31 March 2015. We estimate that Famur achieved 52% of our annual revenue forecast, 43% of expected EBITDA, and 33% of our annual net profit estimate in first half of 2015.

Agricultural Producers **Kernel**	Reduce								
Analyst: Jakub Szkopek	Current price Target price		PLN 44.50 PLN 35.00		FY15E P/E FY16E P/E	6.1 6.5		FY15E EV/EBITDA FY16E EV/EBITDA	3.1 4.3

(USD m)	Q4'14/15E	Q4'13/14	change	2014/15E	2013/14	change	2015/16E	2014/15E	change
Revenue	509.6	579.9	-12.1%	2,367.4	2,393.3	-1.1%	2,139.9	2,367.4	-9.6%
EBITDA	123.9	87.6	41.4%	463.8	223.0	108.0%	316.5	463.8	-31.8%
Margin	24.3%	15.1%		19.6%	9.3%		14.8%	19.6%	
EBIT	102.8	65.6	56.7%	375.8	128.7	192.0%	231.3	375.8	-38.4%
Pre-tax profit	80.4	-14.7	-	148.6	-90.4	-	155.1	148.6	4.4%
Net profit	79.2	-30.7	-	154.4	-98.3	-	144.3	154.4	-6.6%

Q2 marks last quarter of y/y growth

Kernel sold 300,300 tons (+1% y/y) of bulk sunflower oil and 18,100 tons (-5% y/y) of bottled oil in the fourth quarter of fiscal 2015 (second quarter of calendar 2015). Grain sales in the period increased 11% y/y to 788,300 tons, and the throughput of the grain export terminals expanded 13% to 949,600 tons. Kernel sold 32.7% less of grains in Q2 2015 than we had anticipated, and this is all the more disappointing considering that total Ukrainian grain exports in the period are estimated to have been as much as 50% higher than in the same period in 2014. Another source of disappointment was a 48.7% y/y drop in the volume of grain shipped from the Taman port in Russia, caused by farmers holding off sales in anticipation of the promised abolishment of export duties. Based on the Q2 sales data we estimate Kernel's quarterly revenue at US $509.6m (-12.1% y/y), with EBITDA expected to approximate $123.9m (+41.4% y/y), 30% of which provided by adjustments to biological asset values. After upward FX adjustments to VAT receivables (estimated at $9.3m thanks to the hryvnia's appreciation versus the dollar in the course of the quarter), Kernel's net profit for the second calendar quarter is likely to come in at $79.2m, marking improvement from a net loss of $30.7m posted in the same quarter the previous year. Kernel reported an 8% y/y decline in the quantity of sunflower seeds processed in Q4 FY2015 which may indicate lower sales in Q1 FY2016 given the low seed reserves of just 1mmt in Ukraine reported at the beginning of July.

Metals **Kęty**	Reduce								
Analyst: Jakub Szkopek	Current price Target price		PLN 292.50 PLN 261.39		FY15E P/E FY16E P/E	14.1 14.3		FY15E EV/EBITDA FY16E EV/EBITDA	8.7 8.6

(PLN m)	Q2'15E	Q2'14	change	H1'15E	H1'14	change	2015E	2014	change
Revenue	492.0	441.7	11.4%	958.0	854.5	12.1%	1,958.8	1,819.6	7.7%
EBITDA	85.0	81.3	4.5%	158.7	149.2	6.4%	335.3	309.3	8.4%
Margin	17.3%	18.4%		16.6%	17.5%		17.1%	17.0%	
EBIT	64.0	61.1	4.7%	116.3	109.5	6.2%	250.8	224.6	11.7%
Pre-tax profit	67.0	58.9	13.7%	106.0	99.2	6.9%	239.4	201.9	18.6%
Net profit	52.0	52.6	-1.2%	87.1	83.4	4.4%	193.9	169.0	14.7%

Kęty sees slowdown in H1

Kęty expects to report revenue of PLN 490-495m for Q2 2015, suggesting an increase of 11% from Q2 2014. The Company experienced favorable market conditions across major all business segments in the second quarter. By segment, sales of aluminum systems are estimated to have risen 15% on last year, sales of extrusions were up 20%, sales of flexible packaging increased 13%, and sales of building accessories were flat in Q2. Year-on-year revenue contraction in the quarter was experienced only in building accessories. Kęty anticipates Q2 EBIT in the range of PLN 63-65m (+3-5% y/y), and puts EBITDA in the range of PLN 84-86m (+3-6% y/y). After gains of ca. PLN 4m on financing activity achieved thanks to financial market stabilization (in Q2 2014 Kęty booked financing losses of PLN 2.2m) the second-quarter net profit is set to come in at PLN 51-53m (-3% to +0.7% y/y). Net debt as of 30 June 2015 is expected to approximate PLN 200-210m vs. PLN 200.6m reported at 31 March. Based on its guidance Kęty continued to experience a slowdown in profit growth to single-digit rates in the first half of 2015. The flat growth in Q2 net profit compared to the same period in 2014 may have been due to a higher effective tax rate. The level of debt maintained in Q2 indicates that Kęty continued to incur high capital expenses int he period. Our own Q2 estimates for Kęty are consistent with the guidance.

Machinery **Kopex**	Hold								
Analyst: Jakub Szkopek	Current price Target price		PLN 6.65 PLN 8.10		FY15E P/E FY16E P/E	11.2 10.1	FY15E EV/EBITDA FY16E EV/EBITDA		3.9 3.7

(PLN m)	Q2'15E	Q2'14	change	H1'15E	H1'14	change	2015E	2014	change
Revenue	318.1	373.3	-14.8%	645.5	750.6	-14.0%	1,202.0	1,433.9	-16.2%
EBITDA	50.2	78.1	-35.8%	98.9	150.3	-34.2%	220.0	287.4	-23.4%
Margin	15.8%	20.9%		15.3%	20.0%		18.3%	20.0%	
EBIT	15.5	40.5	-61.7%	29.3	75.4	-61.2%	75.1	135.6	-44.6%
Pre-tax profit	3.2	36.4	-91.3%	14.0	72.1	-80.6%	56.4	130.0	-56.6%
Net profit	2.2	32.5	-93.3%	9.6	58.4	-83.5%	44.2	101.3	-56.4%

Kopex sees Q2 revenue contraction due to base effects and shrinking backlog

Kopex's order backlog at 31 March 2015 amounted to PLN 1,255m, marking a drop of 23.6% from last year, and it showed no improvement in the quarter through 30 June. Compared to Q2 2014 the most severe order shortage was experienced in the segments of electrical and electronic equipment (-63.8%), mining equipment (-28.4%), and mining services (-17.6%). On shrunken backlogs we expect to see year-on-year drops in Q2 revenues at a rate of 13% in mining services, 18% in underground mining equipment, and 68.8% in electrical and electronic equipment. Consequently the total Q2 2015 revenue at an estimated PLN 318.1m will show a slowdown at an annual rate of 14.8% and a quarterly rate of 2.8%. In line with sales, gross profit in EEE is expected to show a y/y drop of 71.9%, with the falls in underground mining equipment and services amounting to respective 30.3% and 18.2%. Consequently the consolidated gross profit will have decreased 36.1% y/y and 3.9% q/q to a projected PLN 47.4m Further we anticipate a 35.8% y/y drop in EBITDA and a 61.7% drop in EBIT. Due to a high, PLN 5.9m loss expected on valuation of forward contracts, Q2 2015 net profit at ca. PLN 2.2m will be much lower than in Q2 2014. We expect net debt as of 30 June 2015 to be PLN 400m (1.7x EBITDA). Kopex achieved 54% of our 2015 full-year revenue forecast, 45% of expected EBITDA, and 22% of our net profit estimate, in H1 2015.

Food Producers **Tarczyński**	Hold								
Analyst: Jakub Szkopek	Current price Target price		PLN 11.90 PLN 15.00		FY15E P/E FY16E P/E	9.4 8.8	FY15E EV/EBITDA FY16E EV/EBITDA		6.0 5.7

(PLN m)	Q2'15E	Q2'14	change	H1'15E	H1'14	change	2015E	2014	change
Revenue	137.5	134.3	2.4%	262.3	243.2	7.9%	540.5	494.4	9.3%
EBITDA	11.4	7.8	47.2%	25.1	17.7	41.9%	42.4	41.8	1.4%
Margin	8.3%	5.8%		9.6%	7.3%		7.8%	8.5%	
EBIT	6.4	3.2	102.6%	15.1	8.0	89.4%	23.3	21.6	7.8%
Pre-tax profit	4.5	1.3	241.9%	11.3	4.7	140.2%	17.8	15.0	19.1%
Net profit	3.6	1.0	256.8%	9.0	3.5	159.3%	14.4	11.7	23.6%

Tarczyński sees marked margin improvement in Q2

With Easter occurring in Q1 this year Tarczyński is set to report a 3.9% decline in the sales volumes for Q2 2015. At the same time thanks to a higher share of premium deli meats in the sales mix the quarterly revenue per kilogram will have increased 10.2% to PLN 19.3 even despite an overall price downtrend observed in the meat market. As a result we anticipate 2.4% y/y growth in Q2 revenue. We think Tarczyński earned EBITDA of PLN 5.0 on each kilogram of processed meats sold in Q2, marking a y/y surge of 30.5% owed to lower costs of fresh meat inputs. Compared to PLN 2.5m in Q2 2014 the Company spent only an estimated PLN 0.5m on marketing in Q2 2015 after incurring most of the year's planned advertising costs (PLN 4.3m) in the previous quarter. Accordingly we expect 47.2% growth in Q2 2015 EBITDA and a 102.6% surge in EBIT from the same period a year ago. We estimate that Tarczyński achieved 49% of our annual revenue forecast, 59% of expected EBITDA, and 62% of our annual net profit estimate in first half of 2015. If these estimates are accurate we may raise our full-year forecasts to PLN 47-50m EBITDA and PLN 15-17m net profit. We expect net debt as of 30 June 2015 to be PLN 150m (3.0x 12M EBITDA).

Automotive Industry

Uniwheels

Buy

Analyst: Jakub Szkopek	Current price	PLN 117.00	FY15E P/E	10.7	FY15E EV/EBITDA	7.3
	Target price	PLN 136.60	FY16E P/E	10.1	FY16E EV/EBITDA	6.8

(EUR m)	Q2'15E	Q2'14	change	H1'15E	H1'14	change	2015E	2014	change
Revenue	98.1	n/a	n/a	203.0	n/a	n/a	401.6	362.6	10.8%
EBITDA	12.2	n/a	n/a	25.4	n/a	n/a	52.0	46.3	12.3%
Margin	12.4%	n/a		12.5%	n/a		12.9%	12.8%	
EBIT	8.5	n/a	n/a	18.1	n/a	n/a	36.5	32.1	13.8%
Pre-tax profit	4.7	n/a	n/a	18.3	n/a	n/a	33.6	21.8	54.5%
Net profit	4.6	n/a	n/a	18.0	n/a	n/a	33.3	22.2	49.8%

Uniwheels delivers expectations in Q2

We estimate that Uniwheels sold 1.8 million aluminum wheels in Q2 2015, achieving an average operating rate of 91%. Of the total, aftermarket sales will have amounted to 264,000 units, and OEM sales will be 1,560,000 units. Due to a 2.2% q/q drop in average wheel prices led by a 6.6% downturn in aluminum we expect the Q2 2015 revenue to amount to EUR 98.1m. The quarterly EBITDA margin per wheel is estimated at EUR 6.7 (-4.3%), and overall consolidated EBITDA is set to come in at EUR 12.2m in Q2 2015. We expect Uniwheels to book a loss of EUR 2.5m on FX operations in Q2, resulting in a quarterly net profit of EUR 4.6m. Assuming our Q2 estimates are accurate Uniwheels will have achieved 51% of our annual revenue forecast, 49% of expected EBITDA, and 54% of our annual net profit estimate in the first half of 2015. After a forgiven shareholder loan and the IPO capital raise, net debt as of 30 June is expected to be EUR 30-40m (0.6-0.8x 2015 EBITDA).

Manufacturers

Vistal

Buy

Analyst: Jakub Szkopek	Current price	PLN 12.97	FY15E P/E	10.5	FY15E EV/EBITDA	7.9
	Target price	PLN 16.40	FY16E P/E	7.8	FY16E EV/EBITDA	6.7

(PLN m)	Q2'15E	Q2'14	change	H1'15E	H1'14	change	2015E	2014	change
Revenue	88.7	78.9	12.5%	176.1	150.2	17.2%	334.2	322.4	3.7%
EBITDA	9.7	9.0	8.2%	19.8	18.2	8.4%	41.4	39.6	4.6%
Margin	10.9%	11.4%		11.2%	12.1%		12.4%	12.3%	
EBIT	6.0	5.6	8.0%	12.4	11.7	6.1%	25.7	27.1	-5.3%
Pre-tax profit	1.3	4.7	-71.3%	8.8	9.9	-11.2%	19.5	16.3	19.5%
Net profit	1.1	4.3	-74.6%	6.8	7.6	-10.3%	17.2	12.3	40.4%

On growing sales, Q2 profits give in to negative FX effects

On a backlog of PLN 251.7m reported at the end of Q1 we expect Vistal to have generated 12.5% y/y sales growth in Q2 driven by the segments of building construction (+100.6%), infrastructure (+56.2%), and other sales (+28.9%). The only area where we expect sales to have dropped 56.8% from Q2 2014 is the marine & offshore business. On higher sales Vistal's gross profit for Q2 is likely to show a y/y increase of 9.3% led by 21.8% growth in infrastructure (owed to a higher share of international contracts). As a result compared to Q2 2014 EBITDA will increase 8.2% and EBIT will be 8.0% higher. Due to the zloty's depreciation relative to the euro observed in Q2 Vistal is expected to report an increase in foreign-currency debt and incur FX losses of PLN 2.5m in Q2. Consequently the net profit for the period will show a 74.6% y/y drop to an estimated PLN 1.1m. We estimate that Vistal achieved 53% of our annual revenue forecast, 48% of expected EBITDA, and 40% of our annual net profit estimate in first half of 2015. We believe the Company can deliver our estimates this year thanks among others to the big PLN 75m contract commenced in Q2, and to a backlog which we expect to have increased 11-19% to PLN 280-300m in the course of the second quarter. Our net debt estimate for Vistal as of 30 June 2015 is PLN 200m (4.8x 12M EBITDA).

Construction

Construction **Budimex**	Hold								
Analyst: Piotr Zybała	Current price Target price		PLN 179.25 PLN 162.70		FY15E P/E FY16E P/E	24.4 16.3	FY15E EV/EBITDA FY16E EV/EBITDA		12.4 9.0
(PLN m)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	1,419.6	1,319.1	7.6%	2,266.0	2,153.1	5.2%	4,953.2	4,949.9	0.1%
EBITDA	81.4	63.1	28.9%	133.6	121.7	9.8%	245.9	270.3	-9.1%
Margin	5.7%	4.8%	-	5.9%	5.7%	-	5.0%	5.5%	-
EBIT	76.2	57.5	32.6%	122.9	110.0	11.7%	223.6	247.3	-9.6%
Pre-tax profit	76.7	55.8	37.5%	124.6	110.2	13.1%	231.3	242.6	-4.7%
Net profit	62.2	44.2	40.8%	99.5	86.9	14.5%	187.3	192.0	-2.4%

Budimex sees solid growth in Q2

We expect Budimex to report 8% y/y growth in Q2 2015 revenue to PLN 1.42bn, with EBIT soaring 33% to PLN 76m and net profit showing an increase of 41% at an estimated PLN 62m. The improvement compared to Q2 2014 was owed to an extent to base effects, however it was also driven by a larger backlog and stabilization in margins. In the construction segment we anticipate 5% revenue growth and a gross margin of 8%, and we predict that EBIT will be PLN 10m higher than in Q2 2014 at PLN 61m. In the real-estate segment EBIT will have increased by some PLN 8m to PLN 14m thanks to more home closings achieved in Q2 2015 (293 units). On these estimates Budimex will have achieved 55% of our 2015 full-year EBIT forecast and 53% of the expected net profit, suggesting potential for upward revisions.

Construction **Elektrobudowa**	Accumulate								
Analyst: Piotr Zybała	Current price Target price		PLN 135.50 PLN 149.70		FY15E P/E FY16E P/E	13.6 13.8	FY15E EV/EBITDA FY16E EV/EBITDA		8.2 8.1
(PLN m)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	303.4	257.9	17.6%	549.2	442.3	24.2%	1,170.8	1,108.3	5.6%
EBITDA	18.2	8.6	110.4%	35.8	11.3	218.3%	79.2	49.3	60.6%
Margin	6.0%	3.3%	-	6.5%	2.5%	-	6.8%	4.4%	-
EBIT	14.8	5.1	193.2%	28.9	4.5	544.5%	65.5	35.7	83.3%
Pre-tax profit	13.7	5.1	168.0%	26.4	3.4	685.1%	60.6	33.5	81.0%
Net profit	10.7	5.4	99.2%	20.5	2.1	871.5%	47.2	27.3	72.8%

Solid growth supported by base effects

After two years of persistent losses in the Industrial Engineering business Elektrobudowa finally broke the losing streak in Q1 2015, indicating that the restructuring process is coming to an end. This, combined with the progress made on two major power engineering contracts, has led us to expect a strong rebound in the Company's earnings results in Q2 2015. For the quarterly revenue we predict 18% y/y growth to PLN 303m, with EBIT soaring 193% to PLN 14.8m and net profit posting an increase of a whopping 99% at an estimated PLN 10.7m. Even with the projected net profit for H1 2015 representing only 44% of our full-year forecast, we are confident Elektrobudowa can catch up in the seasonally stronger H2 and deliver the targets.

Dom Maklerski

Construction **Erbud**	Accumulate								
Analyst: Piotr Zybała	Current price Target price		PLN 32.40 PLN 34.50		FY15E P/E FY16E P/E	14.8 12.8		FY15E EV/EBITDA FY16E EV/EBITDA	7.5 6.7
(PLN m)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	443.9	425.5	4.3%	780.1	709.1	10.0%	1,642.1	1,693.8	-3.1%
EBITDA	14.2	13.1	8.7%	24.6	20.7	19.0%	54.8	52.7	4.0%
Margin	3.2%	3.1%	-	3.2%	2.9%	-	3.3%	3.1%	-
EBIT	11.8	10.5	12.7%	20.3	16.6	22.5%	46.7	43.8	6.7%
Pre-tax profit	9.8	9.9	-1.3%	15.9	13.2	20.1%	38.2	36.5	4.6%
Net profit	7.1	6.7	6.1%	12.3	8.0	53.5%	27.9	27.2	2.6%

Erbud sees modest profit improvement in Q2

After a stellar first quarter we expect Erbud to continue growing profits in Q2 2015, though at a much more measured rate. Erbud's backlog as of 31 March 2015 was worth about the same as at the same time last year at PLN 1.54bn, but its composition had changed in favor of a higher share of short-term orders for delivery in 2015 and of road engineering contracts. As a result we expect the revenue for the second quarter increased 4% compared to Q2 2014 to PLN 444m. At the same time EBIT will show a 13% jump to PLN 11.8m and net profit will be 6% higher than last year at PLN 7.1m. One-time events in Q2 will include a gain of PLN 1.5m on the Deptak development in Poznań, making for total gains on the project in the last three quarters of over PLN 10m. Assuming our estimates are accurate Erbud will achieve 44% of our full-year earnings forecast in H1 2015, marking improvement from the ratio reached in the same period last year.

Construction **Unibep**	Hold								
Analyst: Piotr Zybała	Current price Target price		PLN 12.79 PLN 10.40		FY15E P/E FY16E P/E	18.5 14.4		FY15E EV/EBITDA FY16E EV/EBITDA	11.1 8.9
(PLN m)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	294.1	260.6	12.9%	542.8	461.9	17.5%	1,253.1	1,079.7	16.1%
EBITDA	9.3	10.3	-9.3%	18.2	14.7	23.8%	41.2	32.1	28.5%
Margin	3.2%	3.9%	-	3.4%	3.2%	-	3.3%	3.0%	-
EBIT	7.7	8.6	-10.0%	14.8	11.3	31.1%	34.6	25.1	37.6%
Pre-tax profit	7.1	6.1	16.2%	13.7	11.1	22.8%	32.0	27.6	16.1%
Net profit	5.5	4.4	24.1%	10.2	7.3	40.8%	24.3	19.8	22.8%

Q2 validates FY2015 forecasts

In Q2 2015 we expect Unibep to report revenue of PLN 294m (+13% y/y), EBIT of PLN 7.7m (-10% y/y), and net profit of PLN 5.5m (+24% y/y), making for 2015 first-half performance which should justify the recent share price gains and validate our full-year forecasts, with the net profit for the period equivalent to 42% (more than achieved in H1 2014) of our annual estimate. Going back to the second quarter we expect strong results from the prefab housing and road construction segments, but we may see a decline in German operations which are characterized by high risk (this risk is factored into our estimates through expected provisions of PLN 1.5m). If the German business defies the bleak expectations Unibep could exceed our annual net profit forecast of PLN 24.3m.

Property Developers

Property Developers Capital Park	Buy								
Analyst: Piotr Zybała	Current price Target price		PLN 4.89 PLN 6.50		FY15E P/E FY16E P/E	- 37.3		FY15E P/BV FY16E P/BV	0.59 0.59
(PLN m)	Q2'15E	Q2'14	change	H1'15E	H1'14	change	2015E	2014	change
Revenue	17.9	11.3	57.6%	35.4	21.7	63.2%	76.3	54.8	39.1%
Gross profit	12.8	8.2	55.6%	25.3	15.9	59.7%	56.4	41.5	35.9%
Margin	71.7%	72.6%	-	71.7%	73.2%	-	74.0%	75.7%	-
EBIT e. revaluations	9.4	8.3	12.8%	19.3	11.2	72.6%	44.1	29.7	48.5%
Revaluations	40.9	5.4	650.4%	-27.1	12.8	-	-70.4	-61.0	-
EBIT	49.6	12.1	311.5%	-9.3	20.5	-	-26.3	-35.2	-
Pre-tax profit	24.7	10.5	136.8%	-17.4	14.4	-	-34.4	-64.4	-
Net profit	21.4	4.1	422.3%	-32.0	8.5	-	-46.6	-61.5	-

Q2 results shaped by EUR/PLN

Capital Park incurred a loss of PLN 44m in Q1 2015 on property value adjustments following an over-4% depreciation in the euro, and by the same token in Q2 it is expected to generate an extra gain of PLN 23m following a 2.6% appreciation in the European currency relative to the zloty. Adjusted for FX effects Capital Park's net profit for H1 2015 came close to zero, but it is set to rebound in H2 after completion of two commercial developments (Royal Wilanów and EC Delta). For Q2 2015 we predict a y/y increase in rental income of 58% to PLN 17.9m, with NOI soaring 56% to PLN 12.8m. Q2 operating profit will show a modest increase from PLN 8.3m in 2014 to PLN 9.4m in 2015, but this is due to an uneven distribution of SG&A expenses in the two periods, with the adjusted EBIT for H1 2015 expected to show much stronger y/y growth of 73%. Q2 net profit after non-controlling interests will come in at ca. PLN 21.4m, making for a H1 2015 net loss of PLN 32m.

Property Developers Dom Development	Accumulate								
Analyst: Piotr Zybała	Current price Target price		PLN 52.00 PLN 57.90		FY15E P/E FY16E P/E	17.2 13.5		FY15E P/BV FY16E P/BV	1.47 1.43
(PLN m)	Q2'15E	Q2'14	change	H1'15E	H1'14	change	2015E	2014	change
Revenue	151.8	163.0	-6.9%	224.3	361.6	-38.0%	823.8	784.3	5.0%
Gross profit	33.4	21.1	58.6%	51.7	53.7	-3.6%	187.6	152.0	23.4%
Margin	22.0%	12.9%	-	23.1%	14.8%	-	22.8%	19.4%	-
EBIT e. revaluations	10.0	3.0	236.3%	4.3	11.8	-63.3%	95.3	69.0	38.1%
Revaluations	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
EBIT	10.0	3.0	236.3%	4.3	11.8	-63.3%	95.3	69.0	38.1%
Pre-tax profit	9.6	2.6	271.3%	3.1	14.3	-78.1%	92.7	69.4	33.6%
Net profit	7.7	1.6	375.1%	2.3	10.9	-78.6%	75.1	55.7	34.8%

Profits catch up after slow Q1

Dom Development sold a record 598 homes in Q2 2015 but closings in the period were lower at 375, representing a drop of 18% from Q2 2014. On the upside the homes closed in Q2 2015 carry much higher margins and prices per square meter, and this is expected to result in better quarterly margins. Compared to 2014 we expect to see a 7% decline to PLN 152m in DOM's Q2 revenue combined with a 59% increase to PLN 33m in gross profit and a 9ppt expansion from 13% to 22% in the gross margin, supported by base effects (in Q2 2014 margin was affected by issues with a few general contractors). We estimate the quarterly EBIT at PLN 10m and net profit at PLN 8m. Dom Development is poised for a much more spectacular rebound in earnings in Q4 2015 when closings are set to peak. Despite the slower H1 we are confident the Company can deliver our full-year forecasts in 2015.

Property Developers **Echo Investment**	Accumulate								
Analyst: Piotr Zybała	Current price Target price		PLN 6.64 PLN 8.00		FY15E P/E FY16E P/E	20.2 12.3		FY15E P/BV FY16E P/BV	0.81 0.76
(PLN m)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	124.5	111.5	11.6%	267.2	223.4	19.6%	610.9	577.4	5.8%
Gross profit	75.7	66.3	14.1%	152.7	132.3	15.5%	325.5	318.0	2.4%
Margin	60.8%	59.5%	-	57.2%	59.2%	-	53.3%	55.1%	-
EBIT e. revaluations	54.7	49.6	10.2%	109.5	94.9	15.5%	247.5	211.8	16.8%
Revaluations	103.8	-12.7	-	-20.9	432.2	-	-37.7	450.3	-
EBIT	158.5	36.9	329.2%	88.7	527.1	-83.2%	209.9	662.2	-68.3%
Pre-tax profit	50.6	12.3	311.9%	56.2	456.8	-87.7%	150.9	448.2	-66.3%
Net profit	50.8	16.4	210.3%	57.9	424.7	-86.4%	135.8	405.1	-66.5%

Echo posts Q2 improvement supported by strong euro

We expect good Q2 2015 results from Echo, supported by a gain estimated at PLN 35m owed to an appreciation in the EUR/PLN exchange rate. Compared to Q2 2014 core financials as well will show growth at projected rates of 12% in revenue (at PLN 124m), 14% in gross profit (PLN 76m), and 10% in adjusted EBIT (PLN 55m). Echo saw improvement across all segments in Q2, owed to completion of new projects in the commercial segment and an increase in the number of closings and home margins in the residential segment. Through EURPLN effects alone we think Echo will recognize an upward adjustment in the value of its investment properties to the tune of PLN 104m, set to go up if the Company decides to remeasure one of the projects in progress. Our Q2 net profit estimate is PLN 51m, making for a H1 2015 result of PLN 58m representing 43% of our full-year forecast.

Property Developers **GTC**	Hold								
Analyst: Piotr Zybała	Current price Target price		PLN 5.84 PLN 6.60		FY15E P/E FY16E P/E	19.8 9.4		FY15E P/BV FY16E P/BV	0.97 0.88
(EUR m)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	28.3	32.8	-13.6%	57.9	63.7	-9.2%	115.4	124.3	-7.2%
Gross profit	19.6	21.1	-6.9%	39.6	40.9	-3.2%	80.2	81.1	-1.1%
Margin	69.3%	64.3%	-	68.4%	64.2%	-	69.5%	65.3%	-
EBIT e. revaluations	16.3	17.7	-7.8%	33.9	33.3	1.7%	65.9	67.5	-2.4%
Revaluations	0.0	-65.4	-	-0.4	-67.4	-	7.8	-194.4	-
EBIT	16.1	-47.8	-	33.2	-32.9	-	73.7	-124.3	-
Pre-tax profit	6.0	-70.9	-	9.8	-67.8	-	26.1	-194.5	-
Net profit	5.2	-62.7	-	13.4	-63.8	-	25.2	-183.8	-

Warsaw malls not yet adding to Q2 results

GTC is expected to report relatively steady results in Q2, with revenue showing y/y contraction of 14% at EUR 28.3m and adjusted EBIT falling 8% to EUR 16.3m, led by lower residential sales and margins, property disposals, and reduction in the rental rates charged in certain developments. The Q2 slowdown is priced into our forecasts for the whole year. In H1 2015 GTC will have achieved 51.5% of our full-year EBIT forecast. We do not expect to see major property value adjustments in Q2 except for downward rent revisions in office buildings in Poland and Hungary offset by a possible increase in the valuation of the FortyOne office building in Belgrade upon completion. Valuation effects are set to increase in H2 thanks to the commencement in July of the Galeria Północna mall project in Warsaw.

Property Developers Robyg	Buy								
Analyst: Piotr Zybała	Current price Target price		PLN 2.32 PLN 2.95		FY15E P/E FY16E P/E	13.5 9.0		FY15E P/BV FY16E P/BV	1.34 1.25
(PLN m)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	60.1	102.9	-41.6%	135.8	240.6	-43.5%	410.1	409.3	0.2%
Gross profit	10.5	17.7	-40.4%	24.0	41.5	-42.3%	73.7	73.0	1.0%
Margin	17.5%	17.2%	-	17.6%	17.3%	-	18.0%	17.8%	-
EBIT e. revaluations	3.2	17.3	-81.7%	16.2	35.9	-54.9%	65.7	51.2	28.3%
Revaluations	-2.5	0.0	-	-2.5	0.0	-	0.0	9.3	-100.0%
EBIT	0.7	17.3	-96.2%	13.7	35.9	-61.9%	65.7	60.5	8.6%
Pre-tax profit	-1.8	14.7	-	8.3	30.5	-73.0%	57.2	52.0	9.9%
Net profit	-1.5	11.7	-	15.2	19.8	-23.3%	45.2	42.3	6.8%

Q2 marks weakest quarter in 2015

Robyg sold and closed a little over 200 homes in Q2 2015, 45% of which were flats in joint-venture projects accounted for under the equity method. At this level the quarterly closings were 40% lower than in the previous quarter and 55% lower than in Q2 2014, indicating weak Q2 2015 profits. We expect the quarterly revenue to come in at PLN 60m (-42% y/y) and we estimate the gross profit at PLN 10.5m (with gross margin at 17.5% vs. 17.2% in Q2 2014). Robyg's JV stakes will produce a profit of an estimated PLN 2.7m vs. PLN 8.2m in Q2 2014. We expect to see a loss of PLN 2.5m in Q2 incurred on an office building in Warsaw which has failed to achieve the target occupancy rate. EBIT is set to come in at PLN 0.7m in Q2 2015 vs. PLN 17.3m in Q2 2015, and the bottom line will turn from a net profit of PLN 11.7m to a net loss of PLN 1.5m. Regardless we stand by our full-year net profit forecast of PLN 45m in anticipation of a rebound in H2 closings to double the number achieved in H1, supported by the expected recognition of a deferred tax asset in an estimated full-year amount of over PLN 30m.

Retail

Retail **AmRest**	Buy								
Analyst: Piotr Bogusz	Current price Target price		PLN 171.00 PLN 180.00		FY15E P/E FY16E P/E	27.6 23.6	FY15E EV/EBITDA FY16E EV/EBITDA		10.7 8.9
(PLN m)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	809.3	713.6	13.4%	1,559.6	1,387.8	12%	3,278.2	2,952.7	11%
EBITDA	105.1	76.5	37.3%	200.6	148.7	35%	428.6	356.4	20%
Margin	13.0%	10.7%	2.3p.p.	12.9%	10.7%	2.1p.p.	13.1%	12.1%	1p.p.
EBIT	54.0	27.4	97.1%	97.7	50.6	93%	207.8	109.9	89%
Pre-tax profit	41.5	14.2	192.1%	75.9	26.0	192%	160.5	65.3	146%
Net profit	33.3	4.5	648.3%	60.4	13.0	367%	131.5	51.7	155%

AmRest sees continued growth in Q2

We expect based on preliminary sales data that AmRest will report 13.4% y/y revenue growth to PLN 809.3m in Q2 2015. AmRest revealed that its restaurant network expanded by 10.3% in the period to 827 locations, and with average restaurant sales on the rise Q2 effectiveness improved 3.4%. By division we anticipate EBITDA margin expansion by 0.5ppt to 15.5% in the Czech Republic and by 4ppt to 11.7% in Other CEE. In Poland and Spain operating margins will remain stable at respective 14.9% and 20.5%. In Russia the EBITDA margin is expected to a show 1ppt y/y decline to an estimated 13.7%. We expect to see an EBITDA loss of PLN 0.9m in the New Markets division in Q2 (marking improvement from the Q1 loss of PLN 3.4m). After PLN 5m asset impairment losses AmRest's overall Q2 EBITDA is set to come in at PLN 105.1m, marking an increase of 37.3% from the same period in 2014. Further we anticipate a 9.9% increase to PLN 667.7m in operating costs, however SG&A will likely show a decrease of 0.28ppt to 10.20% or PLN 82.5m thanks to improved restaurant sales. As a result Q2 EBIT will show a y/y surge of a projected 97.1% at PLN 54m. After financing costs of PLN 12.5m, PLN 8.7m tax (21% effective tax rate), and PLN -0.5m minority interests the net profit for Q2 2015 is expected to amount to PLN 33.3m vs. PLN 4.5m in Q1 2014.

Retail **CCC**	Sell								
Analyst: Piotr Bogusz	Current price Target price		PLN 188.95 PLN 158.00		FY15E P/E FY16E P/E	21.6 17.8	FY15E EV/EBITDA FY16E EV/EBITDA		20.7 16.7
(PLN m)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	609.0	496.2	22.7%	1,040.9	855.9	21.6%	2,537.2	2,010.6	26.2%
EBITDA	123.1	97.7	26.0%	147.2	113.5	29.6%	375.5	317.6	18.2%
Margin	20.2%	19.7%	0.5p.p.	14.1%	13.3%	0.9p.p.	14.8%	15.8%	-1p.p.
EBIT	108.6	87.2	24.6%	119.0	92.2	29.1%	326.2	278.3	17.2%
Pre-tax profit	98.5	82.5	19.4%	99.4	84.7	17.4%	291.4	256.0	13.8%
Net profit	93.7	69.8	34.3%	100.1	70.2	42.6%	336.2	328.6	2.3%

CCC sees improvement in Q2

Based on monthly sales figures we estimate CCC's revenue for Q2 2015 at PLN 609m after y/y growth of 22.7% driven primarily by stores in Poland, the Czech Republic, and Slovakia. CCC's store area expanded 23.4% y/y in Q2. Due to higher dollar costs of merchandise the gross margin in Q2 2015 is likely to show y/y shrinkage of ca. 1.6ppt to 56.1%. We anticipate a 2.1% increase to PLN 277.2 in per-square-meter SG&A resulting in total Q2 SG&A of PLN 230m. After a loss of some PLN 3m on other operating activity (mainly an inventory shortage) EBIT at an estimated PLN 108.6m will show year-on-year boost of 24.6%. With financing costs at PLN 10.1m, after low tax of just PLN 4.8m stemming from the recognition of a deferred tax asset in the amount of PLN 13.9m, CCC's net profit for Q2 2015 is expected to show 34.3% y/y growth at PLN 93.7m.

Retail **Eurocash**	Accumulate								
Analyst: Piotr Bogusz	Current price Target price		PLN 41.26 PLN 40.80		FY15E P/E FY16E P/E	25.9 20.6		FY15E EV/EBITDA FY16E EV/EBITDA	13.2 11.3
(PLN m)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	5,081.6	4,288.7	18.5%	9,687.3	8,010.1	20.9%	20,352.8	16,963.8	20.0%
EBITDA	108.8	100.8	7.9%	150.6	142.4	5.8%	490.8	412.5	19.0%
Margin	2.14%	2.35%	-0.2p.p.	1.55%	1.78%	-0.2p.p.	2.41%	2.43%	0p.p.
EBIT	70.6	69.6	1.5%	77.4	81.6	-5.2%	341.4	287.2	18.9%
Pre-tax profit	57.8	58.9	-1.8%	52.4	59.2	-11.5%	287.9	218.8	31.6%
Net profit	48.2	49.3	-2.4%	44.8	50.7	-11.6%	221.1	180.5	22.5%

Gross profit margin under pressure

Eurocash is expected to report 18.5% revenue growth to PLN 5,081.6m in Q2 2015 driven mainly by the consolidation of acquisitions. We predict that the Cash&Carry wholesale unit and the Delikatesy Centrum supermarket chain experienced like-for-like sales contraction in the period due to price deflation and the Easter effect. Eurocash's Q2 gross margin is likely to show a decrease of 0.73ppt to 9.95% led by the consolidation of the newsagents' chain Kolporter. SG&A are estimated at PLN 425m after an 11.8% y/y increase. After a PLN 10m loss on other operating activity EBIT is expected to come in at PLN 70.6m (+1.5% y/y). The EBIT margin will show y/y contraction by an estimated 0.23ppt to 1.39%. With financing costs projected at PLN 12.8m, after PLN 8.7m tax (15% effective tax rate) and PLN 1 minority interests, Eurocash's net profit for Q2 2015 is set to show 2.4% y/y contraction to an estimated PLN 48.2m.

Retail **Jeronimo Martins**	Sell								
Analyst: Piotr Bogusz	Current price Target price		EUR 12.03 EUR 10.70		FY15E P/E FY16E P/E	23.0 19.8		FY15E EV/EBITDA FY16E EV/EBITDA	10.4 9.4
(EUR m)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	3,416.2	3,139.3	8.8%	6,603.2	6,051.7	9.1%	13,745.9	12,680.0	8.4%
EBITDA	184.4	183.0	0.8%	350.4	341.0	2.8%	774.3	732.0	5.8%
Margin	5.40%	5.83%	-0.4p.p.	5.31%	5.63%	-0.3p.p.	5.63%	5.77%	-0.1p.p.
EBIT	113.5	115.0	-1.3%	236.5	206.1	14.7%	479.4	448.5	6.9%
Pre-tax profit	110.8	110.8	-0.1%	228.5	196.3	16.4%	469.5	428.5	9.6%
Net profit	79.1	82.5	-4.1%	179.0	144.9	23.5%	328.6	301.4	9.0%

Polish operations see continued margin contraction in Q2

We expect JMT to report Q2 2015 revenue of EUR 3,416m (+8.8% y/y). In Poland the Biedronka supermarket chain will have generated like-for-like sales growth despite persistent price deflation and a lack of a positive Easter effect, however its EBITDA margin is expected to have declined by 0.3ppt to 7.1%. Similarly JMT's Portuguese business is set to report EBITDA margin shrinkage of 0.2ppt to 4.5%. We estimate the reduction in the quarterly EBITDA caused by the expansion of the Ara business in Colombia and the Hebe drugstore chain in Poland at EUR 16m. After all this the overall Q2 2015 EBITDA is set to come in at EUR 184.4m (+0.8% y/y). After D&A expenses of EUR 70.9m second-quarter EBIT will come in at a projected EUR 113.5m (-1.3% Y/Y). We expect distribution and administrative expenses reached EUR 599.6m in Q2 (+9.3% y/y). After a loss of ca. EUR 2.7m on net financing activity (including EUR 3m FX gains) and after tax at an effective rate of 25% and minority interests of EUR 3.9m, JMT is expected to report a Q2 2015 net profit of EUR 79.1m (-4.1% y/y).

Retail **LPP**	Sell								
Analyst: Piotr Bogusz	Current price Target price		PLN 7185 PLN 6400		FY15E P/E FY16E P/E	32.4 24.7	FY15E EV/EBITDA FY16E EV/EBITDA		17.9 14.3
(PLN m)	**Q2'15E**	**Q2'14**	**change**	**H1'15E**	**H1'14**	**change**	**2015E**	**2014**	**change**
Revenue	1,291.0	1,185.1	8.9%	2,293.6	2,130.1	7.7%	5,448.6	4,758.1	14.5%
EBITDA	177.0	226.5	-21.9%	251.0	317.9	-21.0%	752.0	773.4	-2.8%
Margin	13.7%	19.1%	-5.4p.p.	10.9%	14.9%	-4p.p.	13.8%	16.3%	-2.5p.p.
EBIT	124.6	178.1	-30.0%	148.3	226.5	-34.5%	531.1	583.3	-8.9%
Pre-tax profit	137.6	203.5	-32.4%	107.9	191.1	-43.6%	497.3	478.4	4.0%
Net profit	114.8	167.7	-31.5%	77.5	152.7	-49.3%	401.0	389.6	2.9%

Clearance sales put dent in Q2 profits

We estimate the Q2 revenue of LPP at PLN 1,291m (+8.9% y/y). The gross margin in the quarter was still under pressure from steep price markdowns and high dollar costs of merchandise, falling 8.5ppts y/y to 52.8% estimated based on the Company's monthly reports. Thanks to good cost discipline SG&A per square meter will be 14% lower in Q2 2015 than in the same period in 2014. After PLN 8.7m other operating losses LPP is set to report 30% y/y EBIT shrinkage to PLN 124.6m in Q2. After financing gains of PLN 13m including FX gains of PLN 20m owed to an appreciated UAH and RUB and a weaker dollar, and after 19% tax, the net profit for Q2 2015 is set to come in at PLN 114.8m (-31.5% y/y).

Other

Other Work Service	Accumulate								
Analyst: Paweł Szpigiel	Current price Target price		PLN 18.00 PLN 21.90		FY15E P/E FY16E P/E	25.0 16.3		FY15E EV/EBITDA FY16E EV/EBITDA	11.6 8.9
(PLN m)	Q2'15E	Q2'14	change	H1'15E	H1'14	change	2015E	2014	change
Revenue	478.5	390.0	22.7%	953.0	735.9	29.5%	2357.4	1739.8	35.5%
EBITDA	19.7	18.3	7.4%	38.7	32.4	19.4%	124.9	98.7	26.6%
Margin	4.1%	4.7%	-	4.1%	4.4%	-	5.3%	5.7%	-
EBIT	17.0	16.2	4.9%	33.3	32.4	2.8%	112.4	89.1	26.1%
Pre-tax profit	10.5	7.6	38.5%	25.4	23.4	8.5%	94.4	62.6	50.9%
Net profit	7.6	3.2	138.9%	17.5	14.6	19.6%	48.5	52.4	-7.4%

Q2 profits affected by falling margins, high SG&A

Work Service is set to report y/y revenue growth by over 23% to PLN 478m in Q2 2015 thanks to the consolidation of the German subsidiary. At the same time the gross margin is set for 0.6ppt contraction to 9.8%, with the gross profit at PLN 46.8m showing an uptick of just 5% from PLN 44.4m in Q2 2014. SG&A are expected to be flat at PLN 34.8m relative to Q1. After a gain of ca. PLN 5m on other operating activity owed to favorable settlement of the payment for Prohuman Q2 EBIT will come in at an estimated PLN 17.0m or PLN 15m after adjustment for one-offs. Assuming financing costs of PLN 6.5m, after 19% tax, the Q2 2015 net profit of Work Service is set to approximate PLN 8.9m, of which PLN 7.6m attributable to the shareholders of the parent.

Earnings Calendar

Company	2Q 2015	3Q 2015
Agora	2015-08-14	2015-11-09
AmRest	2015-08-13	
Asseco Poland	2015-08-19	2015-11-13
Budimex	2015-08-28	2015-10-28
BZ WBK	2015-07-30	2015-10-29
Capital Park	2015-08-28	2015-11-13
CCC	2015-08-31	2015-11-13
CEZ	2015-08-11	2015-11-10
Ciech	2015-08-31	2015-11-16
Cyfrowy Polsat	2015-08-26	2015-11-12
Dom Development	2015-08-26	2015-10-23
Echo Investment	2015-08-31	2015-11-16
Elektrobudowa	2015-08-31	2015-11-16
Elemental	2015-08-31	2015-11-13
Enea	2015-08-28	2015-11-12
Energa	2015-08-12	2015-11-09
Erbud	2015-08-27	2015-11-16
Erste Bank	2015-08-07	2015-11-06
Eurocash	2015-08-21	2015-11-10
Famur	2015-08-28	2015-11-13
Getin Noble Bank	2015-08-31	2015-11-16
GTC	2015-08-20	2015-11-12
Handlowy	2015-08-28	2015-11-04
ING	2015-08-05	2015-11-04
Jeronimo Martins	2015-07-29	
JSW	2015-08-27	2015-11-12
Kernel	2015-10-30	
Kęty	2015-08-13	2015-10-22
KGHM	2015-08-13	2015-11-12
Komercni Banka	2015-08-05	2015-11-05
Kopex	2015-08-26	2015-11-12
Kruk	2015-08-31	2015-11-16
Lotos	2015-08-11	2015-10-29
LPP	2015-08-20	2015-11-10
LW Bogdanka	2015-08-20	2015-10-29
Millennium	2015-07-27	2015-10-27
MOL	2015-08-05	2015-11-06
Netia	2015-08-06	2015-11-05
Orange Polska	2015-07-28	2015-10-21
OTP Bank	2015-08-14	2015-11-13
Pekao	2015-08-05	2015-11-10
PGE	2015-08-11	2015-11-09
PGNiG	2015-08-14	2015-11-06
PKN Orlen	2015-07-23	2015-10-22
PKO BP	2015-08-10	2015-11-09
Polwax	2015-08-31	2015-11-16
Prime Car Management	2015-08-31	2015-11-16
PZU	2015-08-26	2015-11-10
RBI	2015-08-19	2015-11-12
Robyg	2015-08-20	2015-11-12
Skarbiec Holding	2015-08-31	2015-11-16
Synthos	2015-08-28	2015-11-13
Tarczyński	2015-08-28	2015-11-06
Tauron	2015-08-20	2015-11-10
TVN	2015-08-27	2015-11-10
Unibep	2015-08-31	2015-11-13
Vistal	2015-08-31	2015-11-13
Wirtualna Polska	2015-08-28	2015-11-16
Work Service	2015-08-31	2015-11-13

Source: Companies

Current recommendations by Dom Maklerski mBanku

Company	Recommendation	Date issued	Price on report date	Target price	Current price	Upside / Downside	P/E		EV/EBITDA	
							2015	2016	2015	2016
Banks										
BZ WBK	Reduce	2015-01-26	343.15	310.36	286.60	+8.3%	15.2	12.3		
GETIN NOBLE BANK	Buy	2015-01-26	1.80	2.26	1.03	+119.4%	9.7	5.6		
HANDLOWY	Hold	2015-07-03	92.97	95.35	87.63	+8.8%	13.9	13.4		
ING BSK	Hold	2015-01-26	136.50	135.20	114.95	+17.6%	13.9	11.8		
MILLENNIUM	Buy	2015-04-02	6.64	8.36	5.77	+44.9%	12.2	9.6		
PEKAO	Reduce	2015-01-26	179.00	166.96	157.90	+5.7%	16.2	13.9		
PKO BP	Buy	2015-07-03	30.25	38.59	28.81	+33.9%	13.3	9.6		
KOMERCNI BANKA	Reduce	2014-12-11	4920	4549 CZK	5598	-18.7%	17.0	16.2		
ERSTE BANK	Accumulate	2015-03-06	23.29	25.43 EUR	27.81	-8.5%	15.1	12.3		
RBI	Buy	2015-01-26	10.21	18.27 EUR	13.87	+31.8%	11.6	6.2		
OTP BANK	Hold	2015-03-06	4179	4048 HUF	5861	-30.9%	13.4	11.0		
Insurance										
PZU	Accumulate	2015-07-22	433.90	488.23	409.15	+19.3%	13.1	12.3		
Financial services										
KRUK	Hold	2015-05-06	154.00	143.10	167.00	-14.3%	16.2	13.8		
PRIME CAR MANAGEMENT	Buy	2015-03-26	51.98	65.00	43.41	+49.7%	10.1	9.8		
SKARBIEC HOLDING	Buy	2015-05-14	47.83	64.30	40.00	+60.8%	8.7	6.8		
Fuels, chemicals										
CIECH	Reduce	2015-03-06	54.00	46.90	67.65	-30.7%	21.0	15.7	8.2	7.6
LOTOS	Accumulate	2015-04-28	30.69	34.40	31.95	+7.7%	10.1	7.3	5.5	5.1
MOL	Buy	2015-04-28	199.55	251.60	194.00	+29.7%	11.2	9.3	4.6	4.1
PGNiG	Sell	2015-05-06	6.49	5.24	6.31	-17.0%	13.6	14.4	6.3	6.4
PKN ORLEN	Hold	2015-04-28	69.30	70.80	78.60	-9.9%	9.4	9.6	6.2	6.2
POLWAX	Buy	2014-11-06	15.05	24.20	17.85	+35.6%	7.7	7.6	6.8	6.4
SYNTHOS	Hold	2015-05-05	4.76	4.75	4.53	+4.9%	16.9	12.2	10.9	9.3
Power Utilities										
CEZ	Hold	2015-07-03	86.00	84.00	91.16	-7.9%	13.3	16.9	7.8	8.5
ENEA	Accumulate	2015-01-26	16.96	18.00	14.47	+24.4%	8.1	8.7	5.1	5.9
ENERGA	Hold	2015-01-26	23.30	23.40	20.05	+16.7%	9.4	13.4	5.4	6.4
PGE	Hold	2014-12-05	20.02	20.10	17.48	+15.0%	10.0	11.0	5.3	6.1
TAURON	Buy	2015-01-26	5.01	6.10	3.78	+61.4%	6.4	6.4	4.6	4.9
Telecommunications										
NETIA	Hold	2015-01-26	5.70	5.80	5.64	+2.8%	98.2	62.8	5.1	5.3
ORANGE POLSKA	Hold	2015-01-26	8.20	8.40	8.00	+5.0%	37.7	41.5	4.2	4.5
Media										
AGORA	Hold	2015-01-26	8.35	8.20	11.50	-28.7%	-	-	8.4	8.4
CYFROWY POLSAT	Reduce	2015-01-26	22.90	21.80	23.20	-6.0%	18.5	15.1	7.2	6.6
GLOBAL CITY HOLDINGS	Under Review	2014-05-13	34.30	-	39.10	-	-	-	-	-
TVN	Sell	2015-07-07	19.78	18.90	19.81	-4.6%	24.0	17.0	16.5	13.4
WIRTUALNA POLSKA	Buy	2015-07-01	33.67	44.70	36.90	+21.1%	23.2	13.7	13.5	10.6
IT										
ASSECO POLAND	Hold	2015-04-02	58.68	59.00	58.35	+1.1%	14.0	13.9	7.5	7.3
COMARCH	Suspended	2013-03-11	89.60	-	129.75	-	-	-	-	-
SYGNITY	Suspended	2013-02-05	16.80	-	8.16	-	-	-	-	-
Mining & Metals										
JSW	Hold	2015-01-26	20.40	27.00	11.66	+131.6%	-	-	6.1	2.2
KGHM	Buy	2015-01-26	108.25	127.00	90.30	+40.6%	8.4	7.3	4.7	4.4
LW BOGDANKA	Under Review	2015-06-12	66.00	-	51.66	-	-	-	-	-
Manufacturers										
ELEMENTAL	Accumulate	2015-06-17	4.07	4.50	4.10	+9.8%	18.0	16.9	12.2	9.9
FAMUR	Hold	2015-06-03	2.96	3.00	1.60	+87.5%	8.4	7.2	3.0	2.4
KERNEL	Reduce	2015-07-17	40.35	35.00	44.50	-21.3%	6.1	6.5	3.1	4.3
KĘTY	Reduce	2015-03-06	319.00	261.39	292.50	-10.6%	14.1	14.3	8.7	8.6
KOPEX	Hold	2015-06-03	8.08	8.10	6.65	+21.8%	11.2	10.1	3.9	3.7
TARCZYŃSKI	Hold	2015-03-06	14.65	15.00	11.90	+26.1%	9.4	8.8	6.0	5.7
UNIWHEELS	Buy	2015-06-11	115.05	136.60	117.00	+16.8%	10.7	10.1	7.3	6.8
VISTAL	Buy	2015-01-26	9.59	16.40	12.97	+26.4%	10.5	7.8	7.9	6.7
Construction										
BUDIMEX	Hold	2015-03-06	167.95	162.70	179.25	-9.2%	24.4	16.3	12.4	9.0
ELEKTROBUDOWA	Accumulate	2015-06-02	134.00	149.70	135.50	+10.5%	13.6	13.8	8.2	8.1
ERBUD	Accumulate	2015-07-03	32.00	34.50	32.40	+6.5%	14.8	12.8	7.5	6.7
UNIBEP	Hold	2015-03-06	10.25	10.40	12.79	-18.7%	18.5	14.4	11.1	8.9
Property Developers										
CAPITAL PARK	Buy	2015-07-20	4.89	6.50	4.89	+32.9%	-	37.3	-	28.3
DOM DEVELOPMENT	Accumulate	2015-05-06	51.99	57.90	52.00	+11.3%	17.2	13.5	13.8	10.9
ECHO	Accumulate	2015-06-03	7.17	8.00	6.64	+20.5%	20.2	12.3	26.8	17.1
GTC	Hold	2015-05-06	6.25	6.60	5.84	+13.0%	19.8	9.4	16.5	13.1
ROBYG	Buy	2015-01-26	2.16	2.95	2.32	+27.2%	13.5	9.0	11.6	7.9
Retail										
AMREST	Buy	2015-07-10	148.00	180.00	171.00	+5.3%	27.6	23.6	10.7	8.9
CCC	Sell	2015-03-06	185.55	158.00	188.95	-16.4%	21.6	17.8	20.7	16.7
EUROCASH	Accumulate	2015-04-24	36.80	40.80	41.26	-1.1%	25.9	20.6	13.2	11.3
JERONIMO MARTINS	Sell	2015-05-06	13.10	10.7 EUR	12.03	-11.0%	23.0	19.8	10.4	9.4
LPP	Sell	2015-01-26	7716	6400	7185	-10.9%	32.4	24.7	17.9	14.3
Other										
WORK SERVICE	Accumulate	2015-03-06	21.50	21.90	18.00	+21.7%	25.0	16.3	11.6	8.9

Ratings issued in the past month

Company	Rating	Previous Rating	Target Price	Rating Day
AMREST	Buy	(new)	180.00	2015-07-10
CEZ	Hold	Reduce	84.00	2015-07-03
ERBUD	Accumulate	Hold	34.50	2015-07-03
HANDLOWY	Hold	Reduce	95.35	2015-07-03
KERNEL	Reduce	Hold	35.00	2015-07-17
PKO BP	Buy	Accumulate	38.59	2015-07-03
PZU	Accumulate	Hold	488.23	2015-07-22
TVN	Sell	Hold	18.90	2015-07-07
CAPITAL PARK	Buy	Buy	6.50	2015-07-20
WIRTUALNA POLSKA	Buy	(new)	44.70	2015-07-01

Ratings Statistics

Rating	All		For Issuers who are clients of Dom Maklerski mBanku	
	Count	Ac pct. of total	Count	As pct. of total
Sell	5	8.5%	1	3.1%
Reduce	7	11.9%	3	9.4%
Hold	20	33.9%	12	37.5%
Accumulate	11	18.6%	6	18.8%
Buy	16	27.1%	10	31.3%

List of abbreviations and ratios contained in the report.
EV – net debt + market value (EV – economic value)
EBIT – Earnings Before Interest and Taxes
EBITDA – EBIT + Depreciation and Amortisation
PBA – Profit on Banking Activity
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

Recommendations of Dom Maklerski mBanku S.A.:
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.

Dom Maklerski mBanku S.A. serves as underwriter for the following issuers: Asseco Business Solutions, Bakalland, BOŚ, Capital Park, Energa, Erbud, Es-System, Indata Software, Kruk, Magellan, Mieszko, Neuca, Oponeo, Pemug, Polimex Mostostal, Polna, Solar, Tarczyński, Vistal, ZUE.

Dom Maklerski mBanku S.A. serves as market maker for the following issuers: Asseco Business Solutions, Bakalland, BOŚ, Capital Park, Erbud, Es-System, KGHM, Kruk, LW Bogdanka, Magellan, Mieszko, Neuca, Oponeo, PGE, Pekao, PKN Orlen, PKO BP, Polimex Mostostal, Polna, Polwax, PZU, Solar, Tarczyński, Vistal, ZUE.

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In the last 12 months Dom Maklerski mBanku S.A. has been an offering agent of the issuer's shares in a public offering for the following companies: Indata Software, Polwax.
Asseco Poland provides IT services to Dom Maklerski mBanku S.A.

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

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

Strong and weak points of valuation methods used in recommendations:
DCF – acknowledged as the most methodologically correct method of valuation; it consists in discounting financial flows generated by a company; its weak point is the significant susceptibility to a change of forecast assumptions in the model.
Relative – based on a comparison of valuation multipliers of companies from a given sector; simple in construction, reflects the current state of the market better than DCF; weak points include substantial variability (fluctuations together with market indices) as well as difficulty in the selection of the group of comparable companies.

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