

Friday, February 12, 2016 | periodical publication

## Quarterly Earnings Forecast: Q4 2015

### Equity Market

#### Financial Sector

The Q4 2015 earnings results of Polish banks and the insurer PZU will be negatively impacted by a string of one-off charges. For banks these included upfront contributions to cover the insured deposits of the failed SK Bank and payments into the FX mortgage relief fund. In case of PZU we will see a write-off against the investment in Alior Bank. The Q4 earnings of other CEE banks were not affected by any major one-time charges, however they will most likely reflect seasonal pressures.

#### Gas & Oil

Polish refiners continued to generate high margins in Q4 2015, but their income for the period will be weighed down by inventory write-offs. The Hungarian energy company MOL and the Polish natgas group PGNiG as well will book asset impairment losses against the quarterly profits.

#### Power Producers

The Q4 2015 results of Polish power producers were shaped by the same trends as observed in the preceding quarters, except for profits on distribution which may be dampened by operating costs carried forward from prior periods.

#### Telecoms, Media, IT

Media companies enjoyed a solid fourth quarter of 2015, at Wirtualna Polska supported by high demand for online advertising, at and Agora driven by strong box office revenue. The telecom Netia and the IT provider Asseco Poland are expected to post improved results as well, while Orange is set to report a slowdown.

#### Resources

KGHM Copper eyes its biggest quarterly loss in history in Q4 2015 due to low commodity prices and impairment losses. The quarterly net profit of the coal producer LW Bogdanka should be similar to the figure posted in Q3.

#### Industrials

Our Q4 2015 estimates for the industrial companies under coverage and 'soft' coverage indicate that 47% of them saw growth, and 35% experienced a slowdown in the period relative to Q4 2014, representing improvement from the previous quarter. We anticipate the strongest growth at Berling, Elemental Holding, Feerum, Forte, Grupa Azoty, Oponeo, Pozbud, and Uniwheels. In turn we predict Alchemia, Boryszew, Kopex, Synthos, and PKM Duda will report falling profits.

#### Construction

Six out of the ten construction companies we watch are expected to report profit contraction in Q4 2015, with year-on-year growth anticipated at Elektrotim (+169%), Herkules (+54%), and Budimex (+15%). The aggregate quarterly income is likely to show a 3% rise.

#### Property Developers

Commercial developers will deliver strong profit growth in Q4 2015 supported by positive base effects. Among residential developers, Polnord is likely to book massive impairment losses against the quarterly income.

#### Retail

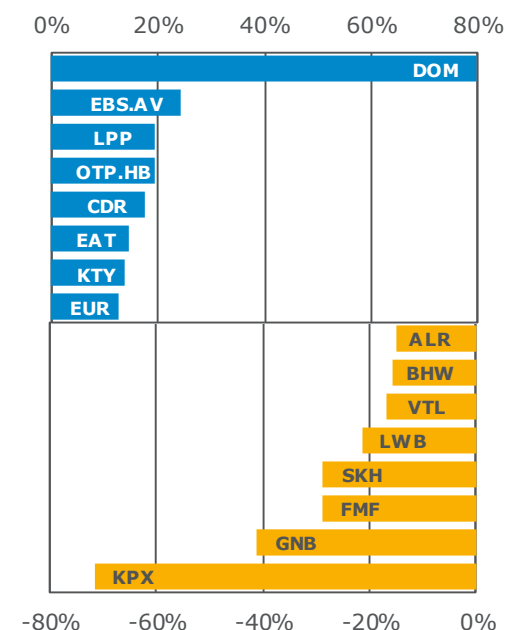
The Q4 2015 profits of food retailers were supported by a deceleration in the annual deflation rate combined with positive base effects. The restaurant operator AmRest and the fashion retailer LPP are expected to post year-on-year improvement, while the profits of the footwear retailer CCC were hurt by unfavorable weather conditions.

#### Other

Work Service is expected to report continued contraction in profits in Q4 2015 led by its German operations.

WIG ..... 43,742  
Average 2015E P/E..... 13.6  
Average 2016E P/E..... 11.4  
ADTV (3M) ..... PLN 752m

#### EPS growth at selected companies\*



\*calculated for: Q1'15-Q4'15 / Q4'14-Q3'15

#### Research Department:

Michał Marczak  
+48 22 438 24 01  
[michal.marczak@mdm.pl](mailto:michal.marczak@mdm.pl)

Kamil Kliszcz  
+48 22 438 24 02  
[kamil.klisczcz@mdm.pl](mailto:kamil.klisczcz@mdm.pl)

Jakub Szkopek  
+48 22 438 24 03  
[jakub.szkopek@mdm.pl](mailto:jakub.szkopek@mdm.pl)

Piotr Zybała  
+48 22 438 24 04  
[piotr.zybala@mdm.pl](mailto/piotr.zybala@mdm.pl)

Michał Konarski  
+48 22 438 24 05  
[michal.konarski@mdm.pl](mailto:michal.konarski@mdm.pl)

Paweł Szpigiel  
+48 22 438 24 06  
[pawel.szpigiel@mdm.pl](mailto:pawel.szpigiel@mdm.pl)

Piotr Bogusz  
+48 22 438 24 08  
[piotr.bogusz@mdm.pl](mailto/piotr.bogusz@mdm.pl)

## Table of Contents

<b>1. Banks</b>	<b>3</b>
1.1. Alior Bank	3
1.2. Getin Noble Bank	3
1.3. Handlowy	4
1.4. PKO BP	4
1.5. Erste Bank	5
1.6. OTP Bank	5
<b>2. Insurance</b>	<b>6</b>
2.1. PZU	6
<b>3. Financial Services</b>	<b>7</b>
3.1. Kruk	7
3.2. Prime Car Management	7
3.3. Skarbiec Holding	8
<b>4. Gas &amp; Oil, Chemicals</b>	<b>9</b>
4.1. Ciech	9
4.2. Grupa Azoty	9
4.3. Lotos	10
4.4. MOL	10
4.5. PGNiG	11
4.6. Polwax	11
4.7. Synthos	12
<b>5. Power Producers</b>	<b>13</b>
5.1. CEZ	13
5.2. Enea	13
5.3. Energa	14
5.4. PGE	14
5.5. Tauron	15
<b>6. Telecommunications</b>	<b>16</b>
6.1. Netia	16
6.2. Orange Polska	16
<b>7. Media</b>	<b>17</b>
7.1. Agora	17
7.2. Cyfrowy Polsat	17
7.3. Wirtualna Polska	18
<b>8. IT</b>	<b>19</b>
8.1. Asseco Poland	19
8.2. CD Projekt	19
<b>9. Resources</b>	<b>20</b>
9.1. KGHM	20
9.2. LW Bogdanka	20
<b>10. Industrials</b>	<b>21</b>
10.1. Elemental	21
10.2. Famur	21
10.3. Kernel	22
10.4. Kęty	22
10.5. Kopex	23
10.6. Uniwheels	23
10.7. Vistal	24
<b>11. Construction</b>	<b>25</b>
11.1. Budimex	25
11.2. Elektrobudowa	25
11.3. Erbud	26
11.4. Unibep	26
<b>12. Property Developers</b>	<b>27</b>
12.1. Capital Park	27
12.2. Dom Development	27
12.3. Echo Investment	28
12.4. GTC	28
12.5. Robyg	29
<b>13. Retail</b>	<b>30</b>
13.1. AmRest	30
13.2. CCC	30
13.3. Eurocash	31
13.4. Jeronimo Martins	31
13.5. LPP	32
<b>14. Other</b>	<b>33</b>
14.1. Work Service	33
<b>15. Earnings Calendar</b>	<b>34</b>
<b>16. Current Ratings by Dom Maklerski mBanku</b>	<b>35</b>
<b>17. Ratings Statistics</b>	<b>37</b>

## Banks

Banks		Buy						
Alior Bank								
Analyst: Michał Konarski	Current price	PLN 60.70		FY15E P/E	13.5	FY15E P/B	1.3	
	Target price	PLN 82.96		FY16E P/E	12.7	FY16E P/B	1.2	
(PLN m)	Q4'15E	Q3'15	Q4'14	Q/Q	Y/Y	2016E	2015E	change
Net interest income	400.4	386.8	311.0	3.5%	28.7%	1,504.1	1,215.8	23.7%
Net fee income	96.6	89.1	95.5	8.4%	1.1%	348.8	348.1	0.2%
Total income	578.9	551.2	506.5	5.0%	14.3%	2,202.2	1,892.9	16.3%
Operating expenses	-315.3	-262.4	-240.9	20.2%	30.9%	-1,098.1	-925.3	18.7%
Operating income*	258.8	288.0	258.9	-10.1%	0.0%	1,071.2	947.7	13.0%
Provisions	-202.2	-173.1	-132.9	16.8%	52.2%	-679.4	-546.6	24.3%
Pre-tax income	-10.9	-24.0	-25.1	-54.8%	-56.8%	-76.4	-79.1	-3.4%
Net income	45.1	91.0	101.0	-50.4%	-55.4%	315.1	322.7	-2.4%

\*before provisioning

## Fee income normalizes in Q4

Alior Bank is scheduled to report the earnings results for Q4 2015 on March 3rd. Our quarterly net profit estimate for the Bank is PLN 45.1m after falls of 50.4% from the previous quarter and 55.4% from Q4 2014, driven by one-time charges in a combined total amount of ca. PLN 60m, including a payment to cover the insured deposits of the failed SK Bank and a contribution into the FX mortgage relief fund. Adjusted for these charges, Alior's fourth-quarter net

profit would show an increase of about 3% from the previous quarter. Total Q4 income is expected to display improvement owed mainly to an 8.4% jump in fee income. We anticipate expansion to 4.26% in the net interest margin, with net interest income up 3.5% q/q and 29% y/y. Recurring operating costs in Q4 will be 2.3% lower than in Q3 but compared to Q4 2014 they will have increased 6.0% due to the consolidation of Meritum Bank. Finally, Alior will report an increase in risk reserves to PLN 202m in Q4 2015, resulting in a higher cost of risk (to average loans) of 254bps.

Banks		Buy						
Getin Noble Bank								
Analyst: Michał Konarski	Current price	PLN 0.44		FY15E P/E	7.8	FY15E P/B	0.2	
	Target price	PLN 0.96		FY16E P/E	11.2	FY16E P/B	0.2	
(PLN m)	Q4'15E	Q3'15	Q4'14	Q/Q	Y/Y	2016E	2015E	change
Net interest income	303.6	300.7	322.8	1.0%	-6.0%	1,160.1	1,430.5	-18.9%
Net fee income	85.7	82.1	103.1	4.3%	-16.9%	351.8	437.0	-19.5%
Total income	402.5	381.4	442.1	5.5%	-8.9%	1,673.7	1,956.3	-14.4%
Operating expenses	-467.2	-220.9	-223.6	111.5%	109.0%	-1,176.4	-923.0	27.5%
Operating income*	-64.7	160.5	218.5	n.m.	n.m.	497.3	1,033.3	-51.9%
Provisions	-58.7	-127.8	-188.6	-54.1%	-68.9%	-381.8	-733.0	-47.9%
Pre-tax income	-108.2	48.5	34.0	n.m.	n.m.	160.3	314.3	-49.0%
Net income	-89.9	41.0	14.4	n.m.	n.m.	149.7	360.0	-58.4%

\*before provisioning

## Getin eyes Q4 net loss on one-off costs

Getin Noble Bank is scheduled to report Q4 2015 earnings on March 21st. We expect the Bank to post a net loss of PLN 89.9m in the quarter after one-time charges which included a PLN 116.9m payment to cover the insured deposits of the failed SK Bank and a PLN 130m contribution into the FX mortgage relief fund. The quarterly bottom-line loss, combined with capital shortages, may make Getin

eligible for restructuring protection coordinated by the financial regulator KNF. We think Getin may recognize a one-time gain on an NPL sale in Q4. The quarterly total income is expected to display improvement led by a 1.0% q/q rise in net interest income and a 4.3% increase in fee income. The Q4 net interest margin will improve further to an estimated 1.70% (+11bps). After the NPL sale mentioned above, Getin's Q4 risk reserves are expected to be 54.1% lower than in the quarter before at approximately PLN 58.7m.

Banks		Handlowy							
Accumulate									
Analyst: Michał Konarski	Current price	PLN 73.29		FY15E P/E		15.9	FY15E P/B		1.4
	Target price	PLN 81.97		FY16E P/E		16.1	FY16E P/B		1.4
(PLN m)		Q4'15E	Q3'15	Q4'14	Q/Q	Y/Y	2016E	2015E	change
Net interest income		239.7	236.7	264.6	1.3%	-9.4%	973.2	1,163.9	-16.4%
Net fee income		172.2	168.7	150.4	2.1%	14.5%	651.0	618.9	5.2%
Total income		483.2	459.4	574.0	5.2%	-15.8%	2,031.4	2,423.8	-16.2%
Operating expenses		-368.4	-299.2	-327.3	23.1%	12.6%	-1,292.0	-1,273.9	1.4%
Operating income*		114.7	160.2	246.6	-28.4%	-53.5%	739.4	1,149.9	-35.7%
Provisions		-0.7	22.3	12.0	n.m.	n.m.	16.1	17.8	n.m.
Pre-tax income		114.0	182.6	258.4	-37.6%	-55.9%	755.6	1,167.7	-35.3%
Net income		92.6	140.9	205.0	-34.3%	-54.8%	600.7	947.3	-36.6%

\*before provisioning

### Steady improvement in total income

Bank Handlowy is scheduled to report Q4 2015 earnings on February 17th. At an estimated PLN 92.6m, the quarterly net income will be 34.3% lower than in Q3 2015 and 54.8% lower than in Q4 2014 after a one-time payment of PLN 63.6m to cover the insured deposits of the failed SK Bank. Adjusted for this one-off, the quarterly net income would show a rise of 2.3% from the previous quarter but compared to Q4 2014 it would still be 29.7% lower. Handlowy is expected to post a small rise of 4bps to 1.91%

in the Q4 2015 net interest margin, resulting in 1.3% quarter-on-quarter expansion in net interest income. Fee income is likely to have risen 2.1% from the third quarter. In line with Handlowy's "risk-off" strategy, the quarter-on-quarter growth in Q4 trading income will be small at ca. 3.5%. We anticipate a 1.9% q/q increase and a 6.9% y/y decrease in the recurring operating costs for the quarter. Finally, Handlowy's Q4 2015 risk reserves are likely to be very low at an estimated PLN 0.7m.

Banks		PKO BP							
Buy									
Analyst: Michał Konarski	Current price	PLN 23.99		FY15E P/E		12.0	FY15E P/B		1.0
	Target price	PLN 31.62		FY16E P/E		10.4	FY16E P/B		1.0
(PLN m)		Q4'15E	Q3'15	Q4'14	Q/Q	Y/Y	2016E	2015E	change
Net interest income		1,852.5	1,818.1	1,865.4	1.9%	-0.7%	7,024.7	7,522.9	-6.6%
Net fee income		723.7	720.5	717.7	0.4%	0.8%	2,880.7	2,933.5	-1.8%
Total income		2,825.8	2,764.0	2,855.8	2.2%	-1.0%	10,909.0	11,494.8	-5.1%
Operating expenses		-1,908.7	-1,335.5	-1,439.4	42.9%	32.6%	-6,021.3	-5,245.1	14.8%
Operating income*		803.1	1,362.8	1,317.4	-41.1%	-39.0%	4,563.9	5,901.4	-22.7%
Provisions		-400.7	-362.3	-452.3	10.6%	-11.4%	-1,511.7	-1,898.7	-20.4%
Pre-tax income		410.8	1,008.7	873.6	-59.3%	-53.0%	3,084.7	4,034.6	-23.5%
Net income		332.7	815.2	722.6	-59.2%	-54.0%	2,498.0	3,254.1	-23.2%

\*before provisioning

### PKO sees continued improvement in net interest income in Q4

PKO BP is scheduled to report Q4 2015 earnings on March 4th. Our quarterly net profit estimate for the Bank is PLN 332.7m, representing a 54% fall from the same period in 2014 and a 59.2% drop from the quarter before driven by substantial one-time costs, including a PLN 338m payment to cover the insured deposits of failed SK Bank and a ca. PLN 140m contribution into the FX mortgage relief fund. Even on an adjusted basis, the quarterly net income will have decreased from the third quarter due to seasonally higher

operating costs and provisioning. At the same time, we expect to see continued growth of 1.9% in Q4 2015 net interest income, accompanied by a 5bp q/q expansion in the net interest margin. Fee income will show flat growth relative to the third quarter. PKO will report a quarterly surge of an estimated 43% in the total operating costs for Q4 2015, though adjusted for the one-time charges referred to above the increase will be smaller at a projected 7.5%. Finally, we expect to see a q/q increase of 10.6% to PLN 400.7m in the Q4 2015 risk reserves, resulting in 7bp higher cost of risk at an estimated 82bps.

Banks		Buy							
Erste Bank									
Analyst: Michał Konarski	Current price	EUR 23.20		FY15E P/E		10.0	FY15E P/B		0.9
	Target price	EUR 32.34		FY16E P/E		8.7	FY16E P/B		0.8
(EUR m)		Q4'15E	Q3'15	Q4'14	Q/Q	Y/Y	2016E	2015E	change
Net interest income		1,111.5	1,112.3	1,125.6	-0.1%	-1.3%	4,435.7	4,495.2	-1.3%
Net fee income		463.8	455.2	497.1	1.9%	-6.7%	1,836.4	1,869.8	-1.8%
Total income		1,652.9	1,639.8	1,714.0	0.8%	-3.6%	6,600.3	6,697.3	-1.4%
Operating expenses		-988.9	-955.6	-1,003.6	3.5%	-1.5%	-3,841.3	-3,787.3	1.4%
Operating income*		685.9	581.8	636.5	n.m.	7.7%	2,605.7	1,356.0	92.2%
Provisions		-246.8	-144.4	-484.3	70.9%	-49.0%	-765.2	-2,159.2	-64.6%
Pre-tax income		439.1	437.4	152.2	0.4%	n.m.	1,840.5	-803.2	-329.1%
Net income		236.9	276.9	42.0	-14.5%	n.m.	1,001.0	-1,442.0	n.m.

\*before provisioning

### Erste eyes seasonal income contraction in Q4

Erste Bank is scheduled to report Q4 2015 earnings on February 26th. At a projected EUR 236.9m, the quarterly net profit figure will be nearly five times the amount posted in Q4 2015, but compared to the previous quarter it is expected to show a decrease of 14.5% driven by a seasonal increase of

70.9% in risk reserves. Total income for the period will expand slightly thanks to a 1.9% q/q rise in fee income combined with flat growth in net interest income. The Q4 2015 operating costs are expected to be 3.5% higher than in Q3 2015 and 1.5% lower than in Q4 2014.

Banks		Accumulate							
OTP Bank									
Analyst: Michał Konarski	Current price	HUF 5,750		FY15E P/E		27.0	FY15E P/B		1.2
	Target price	HUF 6,487		FY16E P/E		8.8	FY16E P/B		1.1
(HUF bn)		Q4'15E	Q3'15	Q4'14	Q/Q	Y/Y	2016E	2015E	change
Net interest income		136.2	137.7	156.7	-1.0%	-13.1%	555.9	635.3	-12.5%
Net fee income		43.0	42.6	44.5	0.9%	-3.4%	166.8	169.6	-1.7%
Total income		52.6	55.2	39.3	-4.7%	33.8%	208.6	193.3	7.9%
Operating expenses		103.2	94.9	106.5	8.8%	-3.1%	388.9	411.5	-5.5%
Operating income*		85.7	98.0	89.6	-12.6%	-4.4%	375.7	417.1	-9.9%
Provisions		60.1	58.2	77.3	3.2%	-22.3%	228.0	274.7	-17.0%
Pre-tax income		25.6	39.9	12.3	-35.8%	107.6%	147.6	142.3	3.7%
Net income		20.2	-3.7	11.0	n.m.	83.9%	57.0	-102.0	n.m.

\*before provisioning

### OTP eyes seasonal slowdown in Q4

OTP Bank is scheduled to report Q4 2015 earnings on March 4th. At an estimated HUF 20.16bn, the quarterly net income is expected to show a year-on-year surge of 84% and demonstrate improvement from the HUF 3.65bn net loss reported in Q3 2015. We anticipate continued contraction in net interest income in Q4 2015 (-1.0% q/q, -13.1% y/y),

accompanied by a small, 0.9% q/q uptick in fee income. Further, operating costs in Q4 2015 will have increased 8.8% quarter on quarter (though y/y they will be 3.1% lower), and risk reserves will show q/q expansion of 3.2% (-22.3% y/y) due to seasonal patterns. Higher provisioning will result in losses on OTP's operations in Russia and Ukraine, and Hungary and Bulgaria will report quarter-on-quarter slowdown.

## Insurance

Insurance PZU		Buy							
Analyst: Michał Konarski	Current price Target price	PLN 32.00 PLN 42.44		FY15E P/E FY16E P/E		13.3 10.5	FY15E P/B FY16E P/B		2.5 2.2
(PLN m)		Q4'15E	Q3'15	Q4'14	Q/Q	Y/Y	2016E	2015E	change
Gross premium written. incl.:		4,563.8	4,334.8	4,475.9	5.3%	2.0%	18,025.1	16,884.6	6.8%
Non-life insurance		2,470.1	2,480.2	2,545.6	-0.4%	-3.0%	10,125.6	9,110.7	11.1%
Life insurance		1,983.8	1,946.2	1,961.5	1.9%	1.1%	7,948.1	7,807.7	1.8%
Net claims incurred		-3,178.2	-3,073.3	-3,129.8	3.4%	1.5%	-12,257.8	-11,541.7	6.2%
Costs		-911.9	-979.6	-1,045.3	-6.9%	-12.8%	-3,844.3	-3,674.7	4.6%
Technical profit		138.0	320.9	111.3	-57.0%	23.9%	1,243.5	1,212.9	2.5%
Investment gains/losses		258.5	329.8	570.3	-21.6%	-54.7%	1,646.0	2,741.0	-39.9%
Pre-tax profit		308.9	660.8	471.2	-53.3%	-34.5%	2,588.6	3,691.7	-29.9%
Net profit		248.8	510.9	403.8	-51.3%	-38.4%	2,081.2	2,967.6	-29.9%

### Q4 2015 solid despite one-offs

We expect PZU's net income for Q4 2015 to come in at an estimated PLN 248.8m, marking a drop of 38.4% from the same period in 2014 and a 51.3% decrease from the previous quarter led by one-offs to the tune of PLN 200m, including a one-time loss incurred on the acquisition of shares in Alior Bank and write-offs related to coal mines. The profit contraction relative to the third quarter will be additionally underpinned by base effects (in Q3 PZU

recognized a one-time gain on the divestment of its Lithuanian business). We anticipate q/q expansion of 5.3% in the gross written premiums for Q4 2015 thanks to a 1.9% increase in the life business. Net claims are expected to be 3.4% higher than in Q3. Recurring investment income may approximate PLN 458m in Q4. PZU is expected to have reduced total costs by 6.9% in Q4 2015 compared to the previous quarter.

## Financial Services

Financial Services Kruk		Accumulate							
Analyst: Michał Konarski	Current price	PLN 167.65			FY15E P/E	15.0	FY15E P/B		3.8
	Target price	PLN 185.12			FY16E P/E	12.8	FY16E P/B		2.9
(PLN m)		Q4'15E	Q3'15	Q4'14	Q/Q	Y/Y	2016E	2015E	change
Total revenue		139.6	162.4	120.4	-14.1%	15.9%	588.8	487.9	20.7%
Purchased debt		128.0	150.9	108.7	-15.2%	17.8%	542.0	442.4	22.5%
Collection services		7.3	7.1	7.8	2.2%	-6.3%	29.4	31.7	-7.3%
Direct and indirect costs		70.5	71.9	52.3	-2.0%	34.8%	252.6	194.0	30.2%
Indirect margin		69.1	90.5	68.1	-23.7%	1.5%	336.2	293.9	14.4%
Operating profit		41.7	65.5	42.1	-36.3%	-1.0%	233.2	208.2	12.0%
Pre-tax profit		33.0	53.9	28.4	-38.8%	16.2%	192.7	152.8	26.1%
Net profit		31.4	52.6	25.7	-40.2%	22.2%	191.7	151.8	26.3%

**Kruk profits decelerate in Q4 2015**

Kruk is scheduled to report Q4 2015 earnings on March 6th. At an estimated PLN 31.4m, the quarterly net income is expected to show a year-on-year increase of 22.2% and a quarter-on-quarter drop of 40.2%. Compared to the previous quarter, when Kruk recognized a PLN 21.4m valuation gain, revenue from purchased debt portfolios is set to fall 12.2%.

Despite small reductions in direct and indirect costs, the Q4 gross margin will show 23.7% shrinkage, likely underpinned by higher marketing costs. Kruk reported that it had spent PLN 198m in Q4 2015 on delinquent debts for collection with a nominal value of PLN 2.02bn, making for an average purchase price of 9.8%. Portfolio collections in Q4 amounted to PLN 220m.

Financial Services									
Prime Car Management		Buy							
Analyst: Michał Konarski	Current price	PLN 35.70			FY15E P/E	11.0	FY15E P/B	0.9	
	Target price	PLN 46.76			FY16E P/E	9.8	FY16E P/B	0.9	
(PLN m)		Q4'15E	Q3'15	Q4'14	Q/Q	Y/Y	2016E	2015E	change
Revenue from leases		35.7	35.8	37.3	-0.5%	-4.3%	143.3	155.3	-7.7%
Revenue from commissions		51.6	50.5	49.4	2.2%	4.4%	201.3	201.5	-0.1%
Interest revenue		9.4	9.3	8.8	1.3%	6.9%	35.9	36.2	-0.9%
Total revenue		142.6	126.7	133.7	12.5%	6.6%	540.9	552.1	-2.0%
Costs of repairs and servicing		42.6	42.8	41.8	-0.4%	1.9%	167.7	164.2	2.1%
Total costs		131.9	115.0	121.3	14.7%	8.7%	491.5	476.2	3.2%
Selling costs of post-lease items		5.0	4.5	3.1	12.4%	60.4%	18.3	9.8	86.9%
Net profit		8.6	9.1	9.6	-5.5%	-11.2%	38.8	62.6	-38.1%

**PCM sees continued slowdown in Q4**

Prime Car Management is scheduled to report Q4 2015 earnings on March 14th. At an estimated PLN 8.6m, the quarterly net income is expected to show a year-on-year decrease of 11.2% and a quarter-on-quarter decline of 5.5% led by a 12.5% rise in revenues accompanied by a 14.7% increase in costs. Leasing profits in Q4 2015 remained under downward pressure which, however, will have eased

compared to the previous quarters, with revenue from lease and additional payments showing a q/q decline of 0.5% and net interest income in the period rising 1.3%. The service margin is likely to decrease from PLN 5.1m in Q3 to PLN 4.6m in Q4, but at the same time the insurance margin will expand from PLN 0.6m to an estimated PLN 1.7m. In re-marketing income, we expect to see quarter-on-quarter growth to PLN 5m from PLN 4.5m in Q3.

Financial Services Skarbiec Holding		Buy							
Analyst: Michał Konarski		Current price	PLN 26.00		FY15E P/E	11.6	FY15E P/B	2.6	
		Target price	PLN 42.20		FY16E P/E	6.8	FY16E P/B	2.5	
(PLN m)	Q4'15E	Q3'15	Q4'14	Q/Q	Y/Y	2016E	2015E	change	
Total revenue	20.4	20.8	29.2	-1.6%	-30.1%	84.5	143.8	-41.2%	
Management fee	18.6	18.9	17.9	-1.7%	3.7%	74.7	108.2	-31.0%	
Success fee	0.0	0.0	9.6	n.m.	-100.0%	2.0	24.0	-91.5%	
Total costs	-16.5	-16.7	-17.7	-0.9%	-6.7%	-65.9	-102.6	-35.8%	
Distribution costs	-8.9	-9.1	-8.9	-1.7%	-0.3%	-35.8	-53.5	-33.0%	
Payroll	-3.9	-3.9	-4.8	0.0%	-19.9%	-15.2	-26.0	-41.4%	
Pre-tax profit	4.0	4.2	11.5	-4.2%	-65.4%	18.8	40.9	-54.0%	
Net profit	3.2	3.3	9.3	-5.3%	-65.9%	15.2	32.3	-52.8%	

### Skarbiec earns zero success fees in Q2 FY2015/2016

Skarbiec is expected to report a net income of PLN 3.2m in the second quarter of fiscal 2015/2016 (fourth quarter of calendar 2015), marking a quarter-on-quarter decline of 5.3% and year-on-year shrinkage of 65.9% due to a lack of any success fees in the period compared to PLN 9.6m generated in the same period in 2014. Further, we expect to

still see restructuring costs of PLN 0.2m against the quarterly profits. The second-quarter fixed management fee is likely to show a dip to PLN 18.6m from PLN 18.9m the quarter before. We estimate that Skarbiec generated a net profit of PLN 20.4m in the twelve months ended 31 December 2015, and we expect it will distribute the whole of the calendar year net profit as dividends to shareholders.



## Gas &amp; Oil, Chemicals

Chemicals Ciech		Hold							
Analyst: Kamil Kliszczyk		Current price	PLN 75.70		FY15E P/E	13.7	FY15E EV/EBITDA	7.1	
		Target price	PLN 77.20		FY16E P/E	9.0	FY16E EV/EBITDA	6.0	
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	789.8	786.2	0%	3,248.6	3,243.9	0%	3,554.7	3,248.6	9%
EBITDA	192.8	145.3	33%	735.4	524.8	40%	833.7	735.4	13%
Margin	24.41%	18.49%	-	22.64%	16.18%	-	23.45%	22.64%	-
EBIT	139.1	91.2	53%	519.5	320.3	62%	590.1	519.5	14%
Pre-tax profit	42.2	62.8	-33%	333.1	153.0	118%	544.6	333.1	64%
Net profit	36.2	111.0	-67%	291.4	167.1	74%	441.2	291.4	51%

**Ciech delivers solid fourth quarter ex. one-offs**

We expect to see flat quarter-on-quarter EBITDA (PLN 182m) in Ciech's Soda Division in Q4 2015, with slightly higher volumes offset by downward pressure on spot prices in Africa and India. In the Organic Division, EBITDA is likely to be PLN 8m higher than in Q4 2014 at an estimated PLN 12.5m thanks to the addition of new products to the pesticide sales mix, combined with cost savings (compared to Q3 2015, the

segmental EBITDA will be lower due to seasonal factors). Quarterly profits in the remaining operating segments are expected to be steady. After high financial costs of PLN 97m driven by debt refinancing, the Q4 2015 bottom-line profit will show a considerable fall from the same period the year before when, however, Ciech recognized a deferred tax asset of PLN 49m.

Petrochemicals Grupa Azoty		Hold							
Analyst: Jakub Szkopek		Current price	PLN 95.00		FY15E P/E	17.2	FY15E EV/EBITDA	8.7	
		Target price	PLN 100.20		FY16E P/E	12.6	FY16E EV/EBITDA	7.1	
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	2,382.8	2,556.4	-6.8%	9,903.5	9,898.5	0.1%	9,920.4	9,903.5	0.2%
EBITDA	197.3	127.6	54.7%	1,198.4	822.4	45.7%	1,487.6	1,198.4	24.1%
Margin	8.3%	5.0%	-	12.1%	8.3%	-	-	12.1%	-
EBIT	85.8	7.9	985.0%	724.9	302.2	139.9%	1001.7	724.9	38.2%
Pre-tax profit	87.6	13.3	558.4%	727.7	303.5	139.7%	1009.1	727.7	38.7%
Net profit	61.0	27.6	121.5%	534.1	231.4	130.9%	746.1	534.1	39.7%

**Q4 growth supported by base effects**

Compared to the same period the year before, in Q4 2015 we expect to see sales volume contraction of 7.3% in nitrogen fertilizers, 5% in POM, 6% in caprolactam, 10% in OXO alcohols, and 5% in titanium white, partly offset by increases of 2.5% in melamine, 20% in plasticizers, and 5% in PA6. Thanks to lower costs of natural gas fuel, EBITDA in the segment of Agro Fertilizers is set to jump 45.8% y/y to a projected PLN 200.9m. At the same time, we believe Grupa Azoty managed to reduce the year-ago EBITDA losses in Q4 2015 from PLN 16.4m to PLN 11.0m in the Plastics segment

and from PLN 64.3m to PLN 43.9m in the Chemicals segment. Q4 2015 other operating activity will have generated a loss of an estimated PLN 34.4m compared to PLN -40.4m the year before. Thanks to improvement across all core operating segments in per-ton EBITDA, the fourth-quarter net profit is set to show a y/y jump of 121.5% at approximately PLN 61.0m. Our 2015 year-end net debt projection for Grupa Azoty is PLN 0.4bn (0.3x 2015E EBITDA). We do not expect Grupa Azoty to pay dividends this year.

Gas & Oil Lotos		Accumulate							
Analyst: Kamil Kliszcz		Current price Target price	PLN 24.92 PLN 29.20		FY15E P/E FY16E P/E	- 7.2	FY15E EV/EBITDA FY16E EV/EBITDA	7.0 4.6	
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	4,793.0	6,575.8	-27%	22,276.7	28,501.9	-22%	21,009.6	22,276.7	-6%
EBITDA	-6.3	-856.8	-99%	1,296.0	-584.1	-	2,149.2	1,296.0	-
Margin	-0.13%	-13.03%	-	5.82%	-2.05%	-	10.23%	5.82%	-
EBIT	-182.7	-1,074.9	-	560.1	-1,393.0	-	1,155.4	560.1	-
Pre-tax profit	-337.7	-1,502.6	-	-116.4	-2,123.7	-	931.5	-116.4	-
Net profit	-273.5	-1,276.4	-	-145.5	-1,466.3	-	639.7	-145.5	-

### Lotos achieves strong core EBITDA in Q4 2015

We estimate Lotos's Q4 2015 LIFO-based EBITDA at PLN 450m, though the reported figure may fall in the negative territory due to a downward inventory adjustment to NRV of PLN 440m, combined with PLN 27m FX losses. Of the total, PLN 74m will be contributed by Upstream after a ca. PLN 15m price-driven q/q fall, and Retail will bring in just

shy of PLN 30m. In Downstream, thanks to higher margin benchmarks and volumes, coupled with lower costs of natural gas, the adjusted LIFO-based EBITDA should come in at around PLN 360m. After high financing losses of PLN 154m incurred on FX loan adjustments and hedging, the Q4 2015 bottom line will show a substantial net loss.

Gas & Oil MOL		Buy							
Analyst: Kamil Kliszcz		Current price Target price	HUF 13,555 HUF 16,728		FY15E P/E FY16E P/E	- 9.6	FY15E EV/EBITDA FY16E EV/EBITDA	3.7 3.7	
(HUF bn)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	851.6	1,174.5	-27%	4,025.1	4,869.4	-17%	3,706.0	4,025.1	-8%
EBITDA	132.7	38.6	244%	627.9	409.0	53%	603.8	627.9	-4%
Margin	15.58%	3.29%	-	15.60%	8.40%	-	16.29%	15.60%	-
EBIT	-226.2	-129.1	-	29.6	40.9	-	257.1	29.6	770%
Pre-tax profit	-235.2	-158.1	-	-48.5	-43.9	-	222.1	-48.5	-
Net profit	-171.4	-68.6	-	-8.3	4.8	-	146.5	-8.3	-

### MOL books one-time write-offs in Q4 2015

MOL is expected to report adjusted Q4 2015 LIFO-based EBITDA of HUF 154bn compared to HUF 143bn posted in Q4 2014 and HUF 198bn generated in Q3 2015. In Upstream, despite a 4% increase in volumes, the fourth-quarter EBITDA is set to fall from HUF 65bn to HUF 41bn, led by falling prices of oil and natural gas. To boot, the segmental EBIT will be depressed by one-time asset write-offs in Kurdistan and on the North Sea in an estimated total amount of HUF 278bn (US \$1bn). In Downstream, we anticipate year-on-year

EBITDA expansion from HUF 58.8bn to HUF 66bn, driven by cost cuts, slightly higher margins, and FX gains. The EBITDA growth here would have been higher had it not been for worsened wholesale margins and flat profits in Retail. The reported Downstream EBITDA figure will be weighed down by HUF 21bn inventory losses. In Petrochemicals, we predict EBITDA shrinkage to HUF 39bn from HUF 49bn the quarter before, and in Gas Midstream we anticipate flat EBITDA of HUF 14.5bn. MOL's financing activity in Q4 2015 will produce similar effects as in the third quarter.

Gas & Oil PGNiG		Hold							
Analyst: Kamil Kliszcz		Current price	PLN 5.01	FY15E P/E		11.3	FY15E EV/EBITDA		4.8
		Target price	PLN 5.30	FY16E P/E		14.1	FY16E EV/EBITDA		5.7
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	9,770.0	11,485.0	-15%	36,465.0	34,304.0	6%	32,578.7	36,465.0	-11%
EBITDA	770.0	1,364.0	-44%	6,079.0	6,345.0	-4%	5,732.8	6,079.0	-6%
Margin	7.88%	11.88%	-	16.67%	18.50%	-	17.60%	16.67%	-
EBIT	130.0	759.0	-83%	3,366.0	6,345.0	-47%	5,732.8	3,366.0	70%
Pre-tax profit	66.6	757.0	-91%	3,097.6	3,626.0	-15%	2,674.7	3,097.6	-14%
Net profit	49.9	688.0	-93%	2,204.9	2,823.0	-22%	2,093.9	2,204.9	-5%

#### Q4 profits depressed by asset impairment

PGNiG expects to report EBITDA of PLN 0.77bn in Q4 2015 after asset impairment losses of PLN 0.51bn and inventory write-offs of PLN 0.22bn. In addition, the Company revealed it had incurred a PLN 110m loss in the period on gas price hedges. By segment, we expect a PLN 55m y/y fall to PLN 657m in Upstream EBITDA, led by lower hydrocarbon prices, partly offset by higher sales volumes. In the Trade segment, we believe EBITDA will post a drop from nearly PLN 0.5bn the year before to a meager PLN 30m in Q4 2015 due to the inventory charges referred to above coupled with

tariff cuts and price discounts offered to customers. In Distribution as well EBITDA is likely to show y/y contraction from PLN 517m to PLN 420m due to a lower volume of gas sold during a warm winter, combined with employee bonus allowances. Finally, EBITDA in the Heat segment is expected to register a ca. PLN 20m surge to over PLN 170m in Q4 2015 owed to cheap coal. PGNiG most likely incurred a financing loss in Q4 2015 on FX adjustments to the dollar debt of its Norwegian unit, and its effective tax rate for the period was probably higher than in the same period in 2014.

Petrochemicals Polwax		Buy							
Analyst: Kamil Kliszcz		Current price	PLN 16.37	FY15E P/E		7.0	FY15E EV/EBITDA		6.0
		Target price	PLN 24.30	FY16E P/E		6.9	FY16E EV/EBITDA		5.6
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	101.1	82.3	23%	280.7	258.2	9%	282.0	280.7	0%
EBITDA	10.3	7.4	39%	34.2	30.8	11%	34.9	34.2	2%
Margin	10.2%	9.0%	-	12.2%	11.9%	2%	12.4%	12.2%	-
EBIT	9.2	6.6	41%	29.9	27.7	8%	30.6	29.9	2%
Pre-tax profit	9.6	7.3	32%	29.6	27.8	7%	30.2	29.6	2%
Net profit	7.8	5.2	50%	23.8	22.4	6%	24.5	23.8	3%

#### Polwax posts strong growth in Q4 2015

Polwax's preliminary Q4 2015 earnings report showed robust growth relative to the same period in 2014 after a weaker first half of the year. The marked increase in the quarterly revenues was driven by higher sales to the leading supermarket chain Biedronka, and an overall improvement in sales of graveside lanterns. Polwax's profit margins continued to expand in Q4 thanks to reduced price pressures, higher

orders stemming from end-of-year stockpiling by customers, and increasing sales of value-added specialized industrial solutions. We expect the Company will post lower financing costs in Q4 thanks to reduced interest expenses. After a 50% surge registered in Q4, Polwax's total annual net profit for FY2015 at a projected PLN 23.8m implies earnings per share of PLN 2.3.

Chemicals		Hold							
Synthos									
Analyst: Jakub Szkopek		Current price	PLN 3.79		FY15E P/E	14.0	FY15E EV/EBITDA	9.3	
		Target price	PLN 3.79		FY16E P/E	13.8	FY16E EV/EBITDA	9.3	
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	923.2	1,043.5	-11.5%	4,059.0	4,618.8	-12.1%	4,300.4	4,059.0	5.9%
EBITDA	124.6	128.4	-3.0%	618.3	635.8	-2.8%	649.4	618.3	5.0%
Margin	13.5%	12.3%		15.2%	13.8%		15.1%	15.2%	
EBIT	76.3	87.6	-12.9%	452.1	479.6	-5.7%	478.7	452.1	5.9%
Pre-tax profit	52.4	56.2	-6.7%	462.4	427.1	8.3%	427.6	462.4	-7.5%
Net profit	44.6	66.0	-32.5%	426.2	356.9	19.4%	363.4	426.2	-14.7%

#### Q4 profits shrink from low year-ago levels

According to a preliminary release, Synthos generated revenue of PLN 4,058m, EBITDA of PLN 617m, EBIT of PLN 450m, and net profit of PLN 426m, in 2015. Net debt at 31 December 2015 stood at PLN 655m, representing an amount PLN 155m lower than forecasted, potentially adding PLN 0.12 to our per-share valuation. Based on the full-year data, we estimate that in Q4 2015 Synthos achieved revenue of PLN 922m (-11% y/y), EBITDA of PLN 125m (-1.8% y/y), and net profit of PLN 44.4m (-32.7% y/y). After a weaker third quarter, we believe the Company made an effort to boost synthetic rubber sales in the fourth quarter, resulting in a year-on-year volume expansion of an estimated 15%.

Sales of styrene products are expected to be stable (+3.4% y/y). As for EBITDA, we expect to see a year-on-year fall of 43% in Synthetic Rubbers due higher costs of third-party base materials supplies to the Czech unit after the regular supplier experienced a plant failure. At the same time, in Styrene Products, thanks to higher product margins, EBITDA is likely to register a jump of 214%. Other operating activity in Q4 2015 is expected to have produced a loss of PLN 8.8m, and after FX losses to the tune of PLN 18m recognized under financing activity, the Q4 2015 net profit of Synthos is likely to come in at PLN 44.6m (-32.5% y/y). Given the low 2015 year-end debt, we believe Synthos has the capacity to pay per-share dividends of PLN 0.25 this year.

## Power Utilities

Utilities CEZ		Buy							
Analyst: Kamil Kliszcz	Current price	PLN 61.20		FY15E P/E		7.9	FY15E EV/EBITDA		5.4
	Target price	PLN 86.30		FY16E P/E		9.6	FY16E EV/EBITDA		5.6
(CZK m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	49,807.6	53,642.0	-7%	200,415.6	200,657.0	0%	201,838.2	200,415.6	1%
EBITDA	16,683.8	15,168.0	10%	65,133.8	64,651.0	1%	62,398.8	65,133.8	-4%
Margin	33.50%	28.28%	-	32.50%	32.22%	-	30.92%	32.50%	-
EBIT	9,424.8	8,123.0	16%	34,047.8	36,946.0	-8%	33,092.2	34,047.8	-3%
Pre-tax profit	11,672.4	4,262.0	174%	32,561.4	28,656.0	14%	26,373.6	32,561.4	-19%
Net profit	9,221.2	2,590.0	256%	25,883.2	22,403.0	16%	20,868.3	25,883.2	-19%

**Tax refund gives boost to Q4 profit**

CEZ's Q4 2015 profits in Generation were negatively impacted by low electricity prices and a low utilization of nuclear power plants, but this should be partly offset by cost savings and higher profits delivered by Romanian wind farms, combined with positive base effects. All in all we anticipate that the quarterly adjusted Generation EBITDA will top CZK 8bn after a year-on-year fall of approximately CZK 1bn. In Distribution, from the year-ago figure of

CZK 6.6bn achieved thanks to a CZK 0.7bn one-time gain, the fourth-quarter EBITDA is expected to show a decline to CZK 6.2bn. In Mining, EBITDA will be steady on higher volumes. Financing activity in Q4 2015, aside from the usual interest expenses, is likely to include a CZK 3.8bn refund of free carbon emissions taxes paid in 2011-2012. All told, CEZ's Q4 2015 net profit will be higher than the figure reported in Q4 2014.

Utilities Enea		Hold							
Analyst: Kamil Kliszcz	Current price	PLN 11.26		FY15E P/E		5.0	FY15E EV/EBITDA		4.8
	Target price	PLN 12.40		FY16E P/E		7.8	FY16E EV/EBITDA		5.3
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	2,550.0	2,628.2	-3%	9,700.4	9,855.4	-2%	10,670.7	9,700.4	10%
EBITDA	469.1	396.3	18%	2,074.4	1,914.9	8%	2,148.5	2,074.4	4%
Margin	18.40%	15.08%	-	21.38%	19.43%	-	20.13%	21.38%	-
EBIT	215.1	192.1	12%	1,262.1	1,186.5	6%	992.1	1,262.1	-21%
Pre-tax profit	191.6	120.9	59%	1,237.9	1,143.1	8%	852.3	1,237.9	-31%
Net profit	155.2	70.0	122%	991.6	908.3	9%	637.5	991.6	-36%

**Coal mine acquisition adds to Q4 results**

For the first time, Enea's consolidated earnings report for Q4 2015 will include the profits of the recently acquired coal producer LW Bogdanka, expected to add about PLN 116m to the quarterly EBITDA. By segment, despite lower costs of coal, EBITDA in Generation is set to show only a small, PLN 10m decline from Q4 2014 when earnings were boosted by significant one-time gains. The negative base effects will be underpinned unseasonably warm weather which

dampened electricity sales in the period. Distribution EBITDA is expected to fall to PLN 220m from PLN 264m the year before when the quarterly EBITDA figure was supported by payroll provision reversals, with the base effects exacerbated by costs carried forward from the previous quarter. Trade EBITDA is expected to be steady at PLN 18m. Despite higher financing costs related to the LW Bogdanka acquisition, Enea's Q4 2015 net profit will be higher than the figure reported in Q4 2014.

Utilities Energa		Accumulate							
Analyst: Kamil Kliszcz		Current price	PLN 13.74		FY15E P/E	6.6	FY15E EV/EBITDA		4.4
		Target price	PLN 15.20		FY16E P/E	8.4	FY16E EV/EBITDA		5.2
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	2,672.9	2,798.3	-4%	10,629.8	10,590.6	0%	10,376.5	10,629.8	-2%
EBITDA	485.4	474.5	2%	2,200.4	2,307.0	-5%	2,026.4	2,200.4	-8%
Margin	18.16%	16.96%	-	20.70%	21.78%	-	19.53%	20.70%	-
EBIT	259.6	254.4	2%	1,296.4	1,446.2	-10%	1,106.8	1,296.4	-15%
Pre-tax profit	193.2	208.4	-7%	1,063.1	1,248.1	-15%	848.5	1,063.1	-20%
Net profit	156.5	173.7	-10%	851.7	982.1	-13%	678.3	851.7	-20%

#### Q4 sees acceleration driven by base effects

Energa is expected to report year-on-year growth in Q4 2015 EBITDA, owed primarily to the fact that the Q4 2014 comparable figure was depressed by one-time charges. On an adjusted basis, we are likely to see profit contraction relative to Q4 2014, driven by the Generation segment (where EBITDA is set to fall from PLN 170m to an estimated PLN 92m) which was hurt by lower prices of green certificates, warm weather, and extended downtime on one

of the power plants. In Distribution, we anticipate EBITDA growth from PLN 383m to PLN 376m, marking a slowdown from the previous quarters caused by operating cost carryforwards. Trade EBITDA is expected to turn from a PLN 17m operating loss in Q4 2014 to a profit of PLN 30m in Q4 2015 thanks to positive base effects. After steady quarterly financing costs, Energa's net profit for Q4 2015 will show a decline relative to the same period in 2014 when the Company paid a lower effective tax rate.

Utilities PGE		Hold							
Analyst: Kamil Kliszcz		Current price	PLN 13.75		FY15E P/E	-	FY15E EV/EBITDA		3.3
		Target price	PLN 14.60		FY16E P/E	7.8	FY16E EV/EBITDA		4.5
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	7,103.4	7,280.0	-2%	28,261.4	28,137.0	0%	29,448.8	28,261.4	4%
EBITDA	1,982.1	1,389.0	43%	8,196.1	8,120.0	1%	6,998.3	8,196.1	-15%
Margin	27.90%	19.08%	-	29.00%	28.86%	-	23.76%	29.00%	-
EBIT	1,339.1	633.0	112%	-3,522.9	5,096.0	-	4,238.7	-3,522.9	-220%
Pre-tax profit	1,290.1	590.0	119%	-3,681.9	4,613.0	-	4,058.0	-3,681.9	-210%
Net profit	1,045.0	346.0	202%	-2,981.0	3,638.0	-	3,281.3	-2,981.0	-210%

#### PGE reports flat fourth quarter

PGE has released a preliminary FY2015 guidance which puts the annual EBITDA at PLN 8.2bn, with the bottom line showing a net loss of PLN 3bn on a reported basis and a net profit of PLN 4.3bn when adjusted for asset impairment losses. Based on the full-year estimates, we expect to see EBITDA of PLN 1.1bn in Q4 2015 in the Generation segment, including PLN 100m PPA compensation partly offset by a PLN 20m downward adjustment to land reclamation provisions to account for a lower-than-assumed discount

rate. In Renewables, EBITDA is set to show an increase to over PLN 100m in Q4 from PLN 76m in Q3 driven by new wind farms. In Distribution, EBITDA will grow to PLN 600m from PLN 522m in Q4 2014 thanks to base effects. Trade EBITDA is expected to be steady at an estimated PLN 136m. After stable financing activity, the Q4 2015 net profit will top PLN 1bn. As for dividends, the basis for this year's potential payout (with the payout ratio set in the range of 40-50%) is adjusted EPS of PLN 2.3.

Utilities Tauron									
Buy									
Analyst: Kamil Kliszcz		Current price	PLN 2.68	FY15E P/E		3.7	FY15E EV/EBITDA		3.5
		Target price	PLN 3.78	FY16E P/E		5.1	FY16E EV/EBITDA		4.3
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	4,576.1	4,837.7	-5%	18,138.0	18,440.8	-2%	19,099.2	18,138.0	5%
EBITDA	772.4	711.8	9%	3,619.5	3,627.1	0%	3,336.6	3,619.5	-8%
Margin	16.88%	14.71%		19.96%	19.67%		17.47%	19.96%	
EBIT	337.5	283.2	19%	1,869.8	1,830.1	2%	1,544.3	1,869.8	-17%
Pre-tax profit	277.5	185.7	49%	1,591.2	1,498.2	6%	1,141.9	1,591.2	-28%
Net profit	209.8	132.2	59%	1,286.4	1,180.9	9%	924.9	1,286.4	-28%

#### Q4 sees acceleration driven by base effects

Tauron is expected to report year-on-year growth in the EBITDA for Q4 2015, however this will be owed mainly to base effects (the adjusted EBITDA for Q4 2014 amounted to PLN 855m), and possibly also to actuarial adjustments to the tune of PLN 40-50m (not factored into our calculations). By segment, the Q4 EBITDA in Distribution will be seasonally lower than in the previous quarter at an estimated PLN 500m, but compared to Q4 2014 it should be higher thanks to higher volumes and cost discipline (the adjusted Q4 2014 EBITDA result was PLN 440m). In Generation,

EBITDA is expected to fall from PLN 216m to PLN 144m year over year due to negative base effects and worsened wind and temperature conditions. In Mining, on lower fixed costs and higher volumes, EBITDA should register an increase to PLN 28m from PLN 15m the year before. Trade EBITDA should be maintained at the quarter-before level of ca. PLN 117m. We anticipate that Tauron's interest expenses increased slightly in Q4 2015, and we think the quarterly effective tax rate may be higher than 19%, though it will not reach the 29% paid in Q4 2014.

## Telecommunications

Telecommunications Netia		Accumulate							
Analyst: Paweł Szpigel	Current price	PLN 5.53		FY15E P/E		-	FY15E EV/EBITDA		4.7
	Target price	PLN 6.30		FY16E P/E		-	FY16E EV/EBITDA		4.8
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	408.2	404.1	1.0%	1,577.7	1,675.6	-5.8%	1,546.8	1,577.7	-2.0%
EBITDA	110.6	226.1	-51.1%	457.7	582.9	-21.5%	456.9	457.7	-0.2%
Margin	27.1%	55.9%		29.0%	34.8%		29.5%	29.0%	
EBIT	7.8	119.3	-93.4%	44.3	158.9	-72.1%	55.4	44.3	25.0%
Pre-tax profit	4.0	104.2	-96.2%	35.7	128.0	-72.1%	-13.4	35.7	-
Net profit	2.0	160.0	-98.7%	18.1	176.4	-89.7%	-22.7	18.1	-

### Netia eyes small Q4 EBITDA rise thanks to TK Telekom acquisition

The comparability of Netia's Q4 2015 results on a year-on-year basis is affected by a number of one-time items recognized in Q4 2014, including a PLN 7.4m downward value adjustment on non-financial assets, PLN 22.1m restructuring costs, and a PLN 147m settlement with Orange Polska. On an adjusted basis, the Q4 2014 EBITDA amounted to PLN 113.5m. In Q4 2015, not including the TK Telekom unit acquired in July, we estimate that the "old" Netia

generated EBITDA of PLN 101m after posting a 9% decline in revenue which will not be fully offset by reductions in SG&A and COGS (estimated at ca. PLN 266m vs. PLN 290m in Q4 2014). Including a ca. PLN 10m contribution from TK Telekom, the total Q4 2015 EBITDA is expected to come in at PLN 111m, representing an increase of nearly PLN 8m relative to the adjusted Q4 2014 figure. According to our calculations, the quarterly net profit after tax can approximate PLN 2.0m. The market should react positively to the slight Q4 2015 earnings improvement given Netia's generous dividend policy.

Telecommunications Orange Polska		Buy							
Analyst: Paweł Szpigel	Current price	PLN 6.50		FY15E P/E		34.6	FY15E EV/EBITDA		3.6
	Target price	PLN 8.30		FY16E P/E		34.3	FY16E EV/EBITDA		4.5
(PLN m)	Q4'15E	Q4'14PF	change	2015E	2014PF	change	2016E	2015E	change
Revenue	2,924	3,082	-5.1%	11,797	12,212	-3.4%	11,484	11,797	-1.8%
EBITDA	633	897	-29.4%	3,493	4,059	-13.9%	3,376	3,493	-2.9%
Margin	21.6%	29.1%		29.6%	33.2%		29.4%	29.6%	
EBIT	-83	118	-	584	986	-40.8%	665	584	8.0%
Pre-tax profit	-148	35	-	304	581	-47.6%	307	304	17.7%
Net profit	-148	30	-	247	535	-53.9%	249	247	17.7%

### Orange eyes EBITDA shrinkage in Q4 2015

Our Q4 2015 estimates for Orange Polska assume further erosion to PLN 24.6 (-6% y/y) in monthly retail ARPU combined with a 16% increase to PLN 5.2 in wholesale ARPU in the Mobile segment. Like in previous quarters, Orange is likely to report a continued increase in the number of post-paid users by an estimated 170 thousand to 8.2 million, while the same time the pre-paid subscriber base will have lost about 60 thousand lines at an estimated 7.5 million. As per our calculations the overall Q4 mobile revenue should come in at PLN 1,358m (-2.6% y/y). In Fixed Line, we expect to see quarterly revenue erosion at an annual rate of 8% at PLN 1,230m driven by falling retail voice ARPU (down by an estimated 3% to PLN 38.8) and a marked slump in wholesale revenue due to BSA pricing erosion after a cut in Neostroda broadband packages in deregulated service areas,

coupled with falling leased line numbers. Q4 2015 total revenue from fixed-line broadband as well is expected to show a slight decline to PLN 2,924m in line with ADSL subscriber erosion, however the average revenue per user here will have expanded by ca. 2% compared to Q4 2014. As for expenses, we expect to see labor costs of PLN 430m in Q4, offset by the reversal of a PLN 39m benefits allowance. The quarterly costs of services will approximate PLN 1,724m after flat year-on-year change. Finally, as per a recent announcement, Orange will recognize a PLN 131m reserve in Q4 to cover the costs of voluntary severance packages agreed with employees. After all this, we expect the quarterly adjusted EBITDA to come in a PLN 725m, and we project EBITDA at PLN 633m. The bottom line after PLN 65m net financing costs and zero tax will show a net loss of an estimated PLN 148m.



## Media

Media Agora		Buy							
Analyst: Paweł Szpigiel		Current price	PLN 10.98		FY15E P/E	39.2	FY15E EV/EBITDA		4.9
		Target price	PLN 14.10		FY16E P/E	37.9	FY16E EV/EBITDA		5.3
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	342.4	333.7	2.6%	1177.4	1102.4	6.8%	1185.5	1177.4	0.7%
EBITDA	41.1	25.9	58.4%	121.8	77.7	56.8%	119.0	121.8	-2.3%
Margin	12.0%	7.8%	-	10.3%	7.0%	-	10.0%	10.3%	-
EBIT	17.1	0.9	-	21.5	-18.3	-	25.5	21.5	18.7%
Pre-tax profit	16.2	1.9	-	20.7	-17.9	-	19.5	20.7	-5.5%
Net profit	13.1	1.5	-	14.3	-12.6	-	14.8	14.3	3.5%

**Agora sees continued improvement in Q4**

We expect Agora to report 3% y/y sales growth in Q4 2015. By operating segment, revenue in Press at an estimated PLN 81m will show continuing contraction at an annual rate of 5% (assuming daily paid circulation of the *Gazeta Wyborcza* daily at 178,000 copies). In Film & Books, EBITDA is likely to post a 10% y/y increase driven by big box-office movie hits. In the Online segment, EBITDA will register year-

on-year growth as well thanks to increasing online advertising expenditures. All in all, we estimate Agora's total Q4 2015 EBITDA at PLN 41.1m, representing an increase of 58% from the year-ago comparable figure, though note that after adjustment for the one-time write-off of PLN 15.1m recognized in Q4 2014 the year-on-year growth rate falls to a still decent but much lower 2%.

Media Cyfrowy Polsat		Hold							
Analyst: Paweł Szpigiel		Current price	PLN 21.78		FY15E P/E	11.7	FY15E EV/EBITDA		6.8
		Target price	PLN 22.10		FY16E P/E	11.4	FY16E EV/EBITDA		6.6
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	2,542.3	2,521.1	0.8%	9,755.4	7,409.9	31.7%	9,870.5	9,755.4	1.2%
EBITDA	835.3	837.3	-0.2%	3,639.3	2,738.3	32.9%	3,525.5	3,639.3	-3.1%
Margin	32.9%	33.2%	-	37.3%	37.0%	-	35.7%	37.3%	-
EBIT	431.5	393.5	9.7%	1,972.9	1,442.4	36.8%	1,936.7	1,972.9	-1.8%
Pre-tax profit	173.8	3.5	-	223.0	314.2	-29.0%	1,464.8	223.0	-
Net profit	152.9	14.0	-	201.0	292.5	-31.3%	1,223.1	201.0	-

**Cyfrowy sees stable revenues, profits in Q4 2015**

Cyfrowy is expected to report a stable quarterly top line in Q4 2015, with continued declines (to an estimated PLN 1,624m) in retail revenue more than offset by 9% higher wholesale revenue and a 20% surge in sales of devices relative to the same period in 2014. Costs should be stable as well on a year-over-year basis as an increase in the costs

to sell devices from PLN 377m to a projected PLN 404m will be canceled out by reductions in other costs. Thanks to lower D&A expenses, the Q4 2015 EBIT should show year-on-year growth of 10%. After financing costs of roughly PLN 258m and after PLN 21m tax, Cyfrowy is set to deliver a net profit close to PLN 153m in Q4 2015.

Media Wirtualna Polska <span>Buy</span>									
Analyst: Paweł Szpigiel		Current price	PLN 38.50	FY15E P/E		95.1	FY15E EV/EBITDA		14.1
		Target price	PLN 50.00	FY16E P/E		14.0	FY16E EV/EBITDA		9.9
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	91.5	75.5	21.1%	315.0	248.3	26.9%	420.9	315.0	33.6%
EBITDA	33.1	17.0	95.1%	96.1	51.0	88.4%	129.8	96.1	35.0%
Margin	36.2%	22.5%		30.5%	20.5%		30.8%	30.5%	
EBIT	25.6	10.2	150.3%	66.6	22.7	193.5%	93.2	66.6	39.9%
Pre-tax profit	6.2	4.6	34.6%	18.7	-0.3	-	84.4	18.7	350.6%
Net profit	5.0	2.6	91.4%	11.4	-2.0	-	82.0	11.4	621.7%

### WP eyes 27% growth in adjusted EBITDA

We estimate that Wirtualna Polska generated sales revenue of PLN 91.5m in Q4 2015, of which PLN 80.1m cash revenue (excluding barter) achieved thanks to increasing online advertising expenses and strong demand for performance media. At the same time, we anticipate significant reductions in the quarterly costs compared to the Q4 2014 pro-forma

figures, including in the costs of services (estimated at PLN 29.2m) and payroll (down a projected 24% to PLN 25.9m). EBITDA after adjustment for the costs of management stock options and barter profits is expected to come in at PLN 33.1m. After a PLN 15.9m valuation loss on a put option on minority interests in Domodi, the Q4 2015 net profit will reach PLN 5.0m at most.

## IT

IT Asseco Poland		Buy							
Analyst: Paweł Szpigel		Current price	PLN 56.11	FY15E P/E	13.1	FY15E EV/EBITDA	7.0		
		Target price	PLN 65.90	FY16E P/E	12.7	FY16E EV/EBITDA	6.7		
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	2,165.6	1,832.6	18.2%	7,225.8	6,231.9	15.9%	7,258.8	72,25.8	0.5%
EBITDA	248.3	245.6	1.1%	982.0	905.1	8.5%	1,066.3	982.0	8.6%
Margin	11.5%	13.4%		13.6%	14.5%		14.7%	13.6%	
EBIT	180.3	177.5	1.6%	714.0	636.7	12.1%	775.1	714.0	8.6%
Pre-tax profit	180.3	179.0	0.7%	685.5	650.0	5.5%	750.4	685.5	9.5%
Net profit	81.9	89.9	-8.9%	321.5	358.4	-10.3%	367.6	321.5	14.3%

#### Q4 net profit falls on canceled government contract

Asseco Poland is expected to report record sales in Q4 2015, supported by an increase to an estimated PLN 450m in the standalone revenue of the parent company owed to big public IT infrastructure orders. At the same time, due to a write-off of PLN 23.4m related to the canceled digital medical records contract with the Health Ministry (codename: 'P1'), the standalone EBIT will be low at PLN 32.3m, resulting in a drop from PLN 64.7m in 2014 to an estimated PLN 55m in 2015 in the fourth-quarter EBIT of the Polish business. In

other geographic markets, we anticipate small EBIT contraction at ASEE, significant improvement at Asseco Central Europe owed to two acquisitions, and strong EBIT growth in Israel led by a record result at Sapiens International and the improved profitability of Matrix IT, reinforced by a depreciation in the zloty vis-à-vis the USD and NIS. The November divestment of the German unit Matrix42 is set to have generated a profit of PLN 8m. All in all we expect Asseco to report a Q4 2015 net profit of PLN 81.9m, however after adjustment for the Matrix42 sale and the P1 loss the bottom-line figure should be closer to PLN 97m, implying year-on-year growth of ca. 8%.

IT CD Projekt		Buy							
Analyst: Piotr Bogusz		Current price	PLN 21.60	FY15E P/E	5.8	FY15E EV/EBITDA	4.0		
		Target price	PLN 26.50	FY16E P/E	18.3	FY16E EV/EBITDA	11.3		
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	179.5	30.8	482.2%	805.4	96.2	737%	293.5	805.4	-64%
EBITDA	93.9	2.0	-	438.1	9.3	-	140.3	438.1	-68%
Margin	52.3%	6.5%	45.9pp	54.4%	9.7%	44.7pp	47.8%	54.4%	-6.6pp
EBIT	92.6	1.1	-	432.4	6.2	-	133.7	432.4	-69%
Pre-tax profit	100.1	3.1	-	436.3	9.3	-	139.8	436.3	-68%
Net profit	81.1	4.9	-	357.8	5.2	-	114.6	357.8	-68%

#### Q4 profits supported by seasonality, DLC

CD Projekt's sales in Q4 2015 were supported by intensified marketing, the October release of the first add-on to *The Witcher 3*, and an appreciation in the USDPLN exchange rate. Based on this, assuming the Company sold 9 million copies of *The Witcher* in 2015, we predict that the quarterly revenue increased 4.8 times relative to Q4 2014 at an estimated PLN 179.5m. At the same time, we expect to see year-over-

year gross margin expansion from 35.2% to 74.8%. The Q4 COGS related to *The Witcher 3* are estimated at PLN 17m. After SG&A expenses of PLN 32.9m (vs. PLN 9.8m in Q4 2014), the quarterly EBIT should show an amount 80 times the year-ago figure at a projected PLN 92.6m. After financing activity to the tune of PLN 7.4m and tax at 19%, CD Projekt is set to report a net profit of PLN 81.1m in Q4 2015 vs. PLN 4.9m in the same period the year before.

## Resources

Metals KGHM		Hold							
Analyst: Michał Marczak	Current price	PLN 57.10		FY15E P/E		-	FY15E EV/EBITDA		7.0
	Target price	PLN 63.00		FY16E P/E		-	FY16E EV/EBITDA		5.1
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	4,220.0	5,776.0	-26.9%	19,080.0	20,492.0	-6.9%	18,138.0	19,080.0	-4.9%
EBITDA	1,910.7	3,794.0	-49.6%	2,813.7	5,311.0	-47.0%	3,911.4	2,813.7	39.0%
Margin	45.3%	65.7%	-	14.7%	25.9%	-	21.6%	14.7%	-
EBIT	-1,460.3	963.0	-	916.7	3,676.0	-75.1%	1,908.3	916.7	108.2%
Pre-tax profit	-1,394.8	613.0	-	445.2	3,098.0	-85.6%	1,371.4	445.2	208.1%
Net profit	-3,429.4	670.0	-	-2,201.4	2,450.0	-	28.3	-2,201.4	-

### KGHM faces record loss in Q4 2015

The average price of copper was down to \$4,880 in Q4 2015 after falling 25.7% year on year and 7.4% quarter on quarter. In zloty terms the respective decreases amounted to 14.3% and 4.2%. The average silver price in Q4 was 10.5% lower than in the same period the year before and 1.1% lower than in the previous quarter in dollar terms, with the zloty prices showing respective increases of 3.3% and 2.3%. With 143,000 tons of copper and 280 tons of silver sold in

the period, the Q4 2015 C1 cash cost will have averaged PLN 17,800. The former Quadra mines generated a net loss of an estimated PLN 220m in Q4 2015. In addition, KGHM has warned that it will recognize impairment losses in a total amount of PLN 1.93bn in Q4, as well as carrying the PLN 1.7bn loss incurred by Sierra Gorda (of which PLN 1.39bn is asset impairment). The resulting high quarterly net loss will not affect KGHM's FCF, nor will it diminish its ability to fulfill loan covenants.

Coal LW Bogdanka		Hold							
Analyst: Michał Marczak	Current price	PLN 33.88		FY15E P/E		6.2	FY15E EV/EBITDA		2.7
	Target price	PLN 33.00		FY16E P/E		7.8	FY16E EV/EBITDA		2.9
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	533.8	523.2	2.0%	1,860.8	2,013.6	-7.6%	1,893.3	1,860.8	1.7%
EBITDA	163.2	247.5	-34.1%	632.9	750.0	-15.6%	588.2	632.9	-7.1%
Margin	30.6%	47.3%	-	34.0%	37.2%	-	31.1%	34.0%	-
EBIT	69.8	135.7	-48.5%	245.3	362.3	-32.3%	194.8	245.3	-20.6%
Pre-tax profit	63.8	130.0	-50.9%	228.8	345.9	-33.8%	181.7	228.8	-20.6%
Net profit	51.7	101.6	-49.1%	184.7	272.4	-32.2%	147.2	184.7	-20.3%

### LWB stays on trend in Q4

LW Bogdanka produced 2.55mmt of coal in Q4 2015, with the sales in the period estimated at 2.45mmt, generating an average per-ton revenue of PLN 208 (-2.3% y/y, -1% q/q). At the same time, the average per-ton operating cost will likely have risen 1.7% q/q to PLN 188. We do not expect to see any major one-offs in the quarterly results.

## Industrials

Industrials		Buy							
Elemental									
Analyst: Jakub Szkopek	Current price	PLN 3.63		FY15E P/E		13.6	FY15E EV/EBITDA		11.1
	Target price	PLN 4.80		FY16E P/E		11.5	FY16E EV/EBITDA		8.8
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	215.8	219.0	-1.4%	911.0	772.3	18.0%	1,151.1	911.0	26.4%
EBITDA	15.2	8.5	78.7%	61.6	41.2	49.5%	86.3	61.6	40.0%
Margin	7.1%	3.9%		6.8%	5.3%		7.5%	6.8%	
EBIT	12.2	6.4	89.8%	50.9	34.9	45.9%	70.9	50.9	39.1%
Pre-tax profit	11.6	4.9	135.0%	46.8	32.2	45.3%	63.8	46.8	36.2%
Net profit	8.8	5.7	55.4%	45.5	31.1	46.2%	53.8	45.5	18.3%

### Elemental sees continued improvement in Q4

Elemental is expected to deliver stable revenue of PLN 215.8m on a year-on-year basis in Q4 2015, with the profits showing double-digit growth supported by the March acquisition of the Turkish unit Evciler and positive base effects. Despite overall 38% growth in the quarterly sales volumes, led by a 420% jump recorded in spent catalytic converters, a 26% increase in WEEE, and a 14% rise in printed circuit boards, the revenue for the period is likely to show flat growth from the fourth quarter of 2014 due to

falling prices of non-ferrous metals in the course of the year, combined with a lower share of metals in the overall sales mix. At the same time, Elemental will report year-on-year EBITDA growth of an estimated 78.7% in Q4 driven by a 300% surge in the spent catalysts segment, a 48% hike in the PCB segment, and a 30% increase in the non-ferrous metals segment. After all this, we anticipate that the net profit for Q4 2015 will show a robust upturn of 55.4%. Our 2015 year-end net debt estimate for Elemental is PLN 68m (1.1x 2015E EBITDA).

Machinery		Buy							
Famur									
Analyst: Jakub Szkopek	Current price	PLN 1.70		FY15E P/E		15.8	FY15E EV/EBITDA		4.4
	Target price	PLN 2.20		FY16E P/E		16.8	FY16E EV/EBITDA		3.6
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	159.8	258.4	-38.1%	775.0	708.8	9.3%	755.0	775.0	-2.6%
EBITDA	45.2	86.9	-47.9%	200.3	275.9	-27.4%	205.3	200.3	2.5%
Margin	28.3%	33.6%		25.8%	38.9%		27.2%	25.8%	
EBIT	10.0	48.4	-79.3%	50.8	121.9	-58.3%	62.6	50.8	23.3%
Pre-tax profit	9.4	37.3	-74.8%	57.3	113.3	-49.4%	61.4	57.3	7.2%
Net profit	7.6	29.6	-74.2%	54.2	100.3	-46.0%	49.8	54.2	-8.1%

### Famur maintains stable profits in Q4 2015

Famur is set to report a 38.1% y/y fall in the revenue for Q4 2015 led by a 61.4% drop in sales of longwall systems and 72.7% shrinkage in sales of transportation systems. Compared to Q3 2015, however, the slowdown will be much less severe at ca. 10%. The Famak unit, acquired at the beginning of 2015, is expected to add ca. PLN 40m to the fourth-quarter revenue. On lower sales, Famur is likely to post a 60% drop to PLN 39.3m in the gross profit for Q4 2015. After one-time charges in an estimated total of

PLN 2m, the quarterly EBITDA at a projected PLN 45.2m will be 47.9% lower than in Q4 2014 and 9% lower than in Q3 2015. Consequently we anticipate a 74.2% fall in net profit to PLN 7.6m.

According to our calculations Famur's 2015 year-end debt approximated PLN 54m (0.3x 12M EBITDA). The backlog of foreign orders at 31 December 2015 will have reached PLN 110-120m, after y/y expansion in the range of 12-23% led by new contracts acquired in the preceding months.

Agricultural Producers		Kernel							
		Accumulate							
Analyst: Jakub Szkopek		Current price	PLN 43.60		FY15E P/E	8.3	FY15E EV/EBITDA	3.1	
		Target price	PLN 49.00		FY16E P/E	5.0	FY16E EV/EBITDA	3.7	
(USD m)	Q2'16E	Q2'15	change	2016E	2015	change	2017E	2016E	change
Revenue	639.9	652.5	-1.9%	2,293.1	2329.5	-1.6%	2463.3	2,293.1	7.4%
EBITDA	112.0	142.4	-21.4%	320.0	396.6	-19.3%	338.5	320.0	5.8%
Margin	17.5%	21.8%		14.0%	17.0%		13.7%	14.8%	
EBIT	94.9	123.8	-23.4%	253.2	328.3	-22.9%	272.2	253.2	7.5%
Pre-tax profit	75.6	44.7	69.0%	193.1	101.3	90.6%	223.4	193.1	15.7%
Net profit	74.4	54.8	35.7%	179.6	106.9	67.9%	207.7	179.6	15.7%

### Kernel sees lower EBITDA, higher net profit in Q2 FY2016

Kernel sold 1,323,300 tons (-6% y/y) of grains, 297,000 tons (+7% y/y) of bulk sunflower oil, and 31,100 tons (-9% y/y) of bottled oil in the second quarter of fiscal 2016 (fourth quarter of calendar 2015). The oilseed crush volume in the period amounted to 915,000 tons (+31% y/y) as Kernel used a third-party plant to process an additional 200,000 tons of seeds. The quarterly export terminals throughput increased 18% on the year to 1,696,000 tons, driven by a 38% surge in shipments from the Russian Taman port. Kernel explained the lower grain volume sold in Q2 with reduced demand from Ukraine, partly offset by higher shipments to Russia. Based on the sales volumes, we estimate Kernel's Q2 FY2016 revenue at \$639.9m (-1.9% y/y). Further, we expect to see

a contraction in the quarterly oilseed crush margins due to a decline in Ukrainian benchmarks, and we anticipate lower margins on grain trade due to more intense global competition. As a result, we put the Q2 FY2016 EBITDA at \$112.0m (-21.4% y/y), with EBIT expected to show a 23.4% drop to \$94.9m relative to the same period the year before. After a financing loss of an estimated \$9.0m due to a weaker hryvnia (down from ca. -\$25m in Q2 FY2015), the quarterly net profit at a projected \$74.4m should show year-on-year expansion of 35.7%. Based on this, we expect Kernel to deliver 44% of our FY2016 revenue forecast, 52% of the expected EBITDA, and 58% of our annual net profit estimate, in the first half of fiscal 2016. According to our calculations Kernel's net debt as of 31 December 2015 was ca. \$470-480m (2.1x 12M EBITDA).

Metals		Kęty							
		Hold							
Analyst: Jakub Szkopek		Current price	PLN 285.00		FY15E P/E	14.1	FY15E EV/EBITDA	9.3	
		Target price	PLN 277.80		FY16E P/E	14.4	FY16E EV/EBITDA	8.6	
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	515.3	484.1	6.4%	2,017.3	1,819.6	10.9%	2,048.2	2,017.3	1.5%
EBITDA	70.6	57.1	23.5%	332.8	309.3	7.6%	346.7	332.8	4.2%
Margin	13.7%	11.8%			17.0%		16.9%	16.5%	
EBIT	46.0	33.5	37.5%	241.0	169.0	42.6%	244.1	241.0	1.3%
Pre-tax profit	42.5	26.0	63.8%	226.5	201.9	12.2%	230.6	226.5	1.8%
Net profit	48.2	23.4	106.0%	206.3	169.0	22.1%	186.8	206.3	-9.5%

### Cheap aluminum drives Q4 profits

Kęty expects to report sales revenue of PLN 515m for Q4 2015 (+8% y/y), with the quarterly EBIT estimated at PLN 45-47m (+43.4%), EBITDA at PLN 69-71m, and net profit in the range of PLN 47-49m (+105% y/y). By segment, the strongest sales growth during the quarter was recorded in Aluminum Systems (+30% y/y), Building Services (+15%), and Flexible Packaging (+10%). Sales of extrusions fell ca. 8% due to a 20% drop in aluminum prices. The Q4

2015 bottom line will be negatively impacted by a PLN 3m loss on financing activity, offset by a PLN 14m deferred tax asset.

Kęty estimates its net debt as of 31 December 2015 at PLN 260-270m. According to a preliminary 2015 financial report, Kęty generated annual sales revenue for the year of ca. PLN 2,017m, with EBITDA at an estimated PLN 33m, EBIT at PLN 241m, and net profit at PLN 206m (about 8.3% higher than own estimate).

Machinery Kopex		Hold							
Analyst: Jakub Szkopek	Current price			PLN 3.70		FY15E P/E	-	FY15E EV/EBITDA	5.2
	Target price			PLN 3.70		FY16E P/E	-	FY16E EV/EBITDA	5.7
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	224.1	357.5	-37.3%	1,093.7	1,433.9	-23.7%	953.2	1,093.7	-12.8%
EBITDA	33.2	63.2	-47.5%	140.6	287.4	-51.1%	130.1	140.6	-7.5%
Margin	14.8%	17.7%	-	12.9%	20.0%	-	13.6%	12.9%	-
EBIT	-3.9	26.0	-	4.8	135.6	-96.5%	10.0	4.8	110.9%
Pre-tax profit	-11.1	27.2	-	-4.3	130.0	-	-13.2	-4.3	-
Net profit	-10.4	21.2	-	-4.3	101.3	-	-11.9	-4.3	-

### Kopex to post net loss, possible goodwill impairment, in Q4

Kopex reported that its order backlog as of 30 September 2015 was PLN 1 billion, marking a drop of 29% from the same period in 2014 to the lowest level since the beginning of 2011. The biggest fall was reported in orders for underground mining equipment (-44% y/y to PLN 0.2bn – the lowest level since data is presented), electrical and electronic equipment (-23% y/y), and mining services (-16% y/y; PLN 0.7bn – the lowest level since the beginning of 2013). Kopex experienced backlog shrinkage on a quarterly basis during 2015. Based on this, we predict that the sales revenue in Q4 2015 will show a 37.3% year-on-year slump

to PLN 224.1m led by the segments of underground mining equipment (-46.8%), mining services (-35.6%), and electronics (-9.0%). On lower sales, the gross profit is likely to have dropped 49.3% on the year to an estimated PLN 26.3m, with EBITDA registering 47.5% shrinkage to PLN 33.2m and EBIT showing a loss of PLN 3.9m. To boot, Kopex recognizes goodwill on acquisition in its books in the amount of PLN 1.3bn which depending on the judgment of auditors it may be forced to write off in 2015 to reflect the slump in the market for mining equipment (such write-offs are not factored into our 2015 estimates for the Company). According to our calculations Kopex's net debt at year-end 2015 was ca. PLN 450m (3.2x 12M EBITDA).

Automotive Industry Uniwhheels		Buy							
Analyst: Jakub Szkopek	Current price			PLN 127.80		FY15E P/E	9.8	FY15E EV/EBITDA	6.9
	Target price			PLN 142.90		FY16E P/E	8.9	FY16E EV/EBITDA	6.7
(EUR m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	114.8	99.2	15.7%	434.9	362.6	20.0%	460.1	434.9	5.8%
EBITDA	15.7	14.8	6.3%	57.3	46.3	23.8%	60.8	57.3	6.2%
Margin	13.7%	14.9%	-	13.2%	12.8%	-	13.2%	13.2%	-
EBIT	11.9	11.2	6.1%	42.5	32.1	32.5%	42.1	42.5	-1.0%
Pre-tax profit	9.1	5.8	56.5%	37.2	21.8	70.9%	40.8	37.2	9.7%
Net profit	9.0	6.3	41.6%	36.8	22.2	66.0%	40.4	36.8	9.6%

### Uniwhheels sees continued growth in Q4

We estimate that Uniwhheels sold 2.1 million aluminum wheels in Q4 2015 at average prices of EUR 54.0 per aftermarket wheel (+0.6% y/y) and EUR 54.4 per OEM wheel (+6.7%). Compared to Q4 2014, the aftermarket volume was 2.4% lower and the OEM volume was 14.2% higher according to our calculations. Wheel prices in Q4 will have declined by 2-3% from the previous quarter led by falling prices of aluminum, with Uniwhheels earning EUR 7.5 on a wheel vs. EUR 7.79 in Q4 2014. The total quarterly EBITDA is

estimated at EUR 15.7m (+6.3% y/y). Due to the zloty's slight depreciation versus the euro, Uniwhheels will most likely recognize FX losses of ca. EUR 2.0m in Q4 2015. After all this, the quarterly net profit is expected to show year-on-year growth of 41.6% at an estimated EUR 9.0m.

According to our calculations, Uniwhheels had net debt of EUR 33.9m (0.6x 2015E EBITDA) at the end of 2015. In the 2016 earnings guidance expected to be issued together with the 2015 results, we are hoping Uniwhheels will confirm its 50% dividend payout ratio policy.

Manufacturers		Buy								
Vistal										
Analyst: Jakub Szkopek		Current price	PLN 7.90		FY15E P/E		7.1	FY15E EV/EBITDA		7.5
		Target price	PLN 15.80		FY16E P/E		6.0	FY16E EV/EBITDA		6.7
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change	
Revenue	93.5	87.4	7.0%	393.7	322.4	22.1%	456.8	393.7	16.0%	
EBITDA	9.5	10.1	-5.8%	44.6	39.6	12.8%	49.8	44.6	11.7%	
Margin	10.1%	11.5%	-	11.3%	12.3%	-	10.9%	11.3%	-	
EBIT	5.5	6.4	-13.1%	29.5	27.1	8.8%	34.2	29.5	15.9%	
Pre-tax profit	3.1	7.4	-58.2%	20.6	16.3	26.7%	21.0	20.6	1.9%	
Net profit	2.5	5.7	-56.3%	15.8	12.3	28.5%	18.7	15.8	18.4%	

### Vistal posts y/y profit slowdown, robust backlog, in Q4 2015

We estimate the Q4 2015 revenue of Vistal at PLN 93.5m after 7.0% growth from the same period the previous year, making for a 2015 total annual topline revenue close to PLN 400m, matching the target that the Company had originally expected to achieve in 2016-2017. By segment, infrastructure sales will show a 75% y/y surge on new orders while Marine&Offshore will log a temporary 59% fall. After a gain of PLN 0.1m on other operating activity (vs. PLN 1.1m in Q4 2014), the Q4 2015 EBITDA at PLN 9.5m is expected to

show a year-on-year decline of 5.8%. With FX losses on euro debt estimated at PLN 0.03m, the net profit for Q4 2015 at a projected PLN 2.5m is likely to show a 56.3% drop from a high year-ago base which was boosted by negative tax.

According to our calculations, Vistal's net debt at year-end 2015 was ca. PLN 221m (4.9x 12M EBITDA). Based on available data, we estimate that Vistal's order backlog at 31 December 2015 was PLN 290m, i.e. 17.9% higher than at the end of 2014. We predict that Vistal may pay per-share dividends of PLN 0.28 this year.



## Construction

Construction Budimex		Accumulate							
Analyst: Piotr Zybala		Current price	PLN 195.00		FY15E P/E	22.0	FY15E EV/EBITDA	10.1	
		Target price	PLN 225.10		FY16E P/E	17.3	FY16E EV/EBITDA	9.2	
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	1,342.1	1,237.2	8.5%	5,085.1	4,949.9	2.7%	5,934.9	5,085.1	16.7%
EBITDA	83.5	76.7	8.8%	299.2	270.3	10.7%	370.9	299.2	24.0%
Margin	6.2%	6.2%	-	5.9%	5.5%	-	6.2%	5.9%	-
EBIT	78.2	71.0	10.1%	277.1	247.3	12.0%	349.9	277.1	26.3%
Pre-tax profit	81.0	70.4	15.1%	284.3	242.6	17.2%	356.1	284.3	25.3%
Net profit	65.6	57.2	14.7%	226.7	192.0	18.1%	288.0	226.7	27.0%

**Real-estate business boosts Q4 profits**

We expect Budimex to report strong results for Q4 2015, bolstered by the residential development unit Budimex Nieruchomości which closed 453 homes in the period, four times the number posted in Q4 2014. Based on this, we estimate that the quarterly revenue from the residential segment will show a year-on-year increase of PLN 100m at ca. PLN 140m, with EBIT up PLN 20m at PLN 23m. Thanks to warm winter temperatures, we believe the Q4 2015 revenue of the construction business will be similar to the year-ago

revenue (PLN 1,140m), but the operating margin is likely to have contracted from a high 5.9% to a more sustainable 4.6%. All told, we expect Budimex to post 15% y/y growth to PLN 66m in the consolidated net profit for Q4 2015, adding to a 2015 full-year profit of PLN 227m (+18% y/y). Assuming strong fourth-quarter cash flow, Budimex should keep to its 100% dividend payout ratio policy this year. Based on the contracts acquired in the latter part of 2015, we think Budimex's current order backlog exceeds PLN 8.5bn (+40% y/y).

Construction Elektrobudowa		Buy							
Analyst: Piotr Zybala		Current price	PLN 112.90		FY15E P/E	10.0	FY15E EV/EBITDA	6.4	
		Target price	PLN 170.50		FY16E P/E	9.7	FY16E EV/EBITDA	5.6	
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	288.6	351.5	-17.9%	1,221.0	1,108.3	10.2%	1,052.3	1,221.0	-13.8%
EBITDA	18.3	16.9	8.5%	84.2	49.3	70.9%	86.4	84.2	2.6%
Margin	6.4%	4.8%	-	6.9%	4.4%	-	8.2%	6.9%	-
EBIT	14.9	13.5	10.4%	69.8	35.7	95.3%	72.8	69.8	4.3%
Pre-tax profit	14.1	12.7	11.2%	68.5	33.5	104.4%	70.7	68.5	3.2%
Net profit	11.0	11.0	-0.3%	54.8	27.3	100.5%	55.1	54.8	0.6%

**Elektrobudowa sees flat growth in Q4**

Despite the recent CEO change and a contract charge, we expect Elektrobudowa to report a good fourth quarter of 2015. The Company's 2015 annual net profit guidance is PLN 59.5m, and according to our calculations the actual bottom-line figure may be slightly lower at PLN 54.8m. In Q4 2015, we expect that Elektrobudowa generated a net profit of PLN 11.0m (flat y/y) on a revenue of PLN 289m (-18%).

We anticipate EBIT improvement in the segment of industrial engineering compared to a PLN 6m year-ago loss, and in power distribution engineering there will be a one-time charge of PLN 11.8m stemming from a contractual fine. We believe Elektrobudowa maintained a net cash position at the end of 2015 after PLN 21m reported in September. The 2016 per-share dividend payout should be at least PLN 4.0.

Construction Erbud									
Buy									
Analyst: Piotr Zybala		Current price	PLN 28.37	FY15E P/E		10.5	FY15E EV/EBITDA		5.5
		Target price	PLN 36.00	FY16E P/E		10.2	FY16E EV/EBITDA		5.0
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	420.7	556.5	-24.4%	1,755.5	1,693.8	3.6%	1,620.5	1,755.5	-7.7%
EBITDA	16.0	20.5	-22.1%	66.1	52.7	25.5%	66.3	66.1	0.4%
Margin	3.8%	3.7%	-	3.8%	3.1%	-	4.1%	3.8%	-
EBIT	13.5	17.6	-23.3%	56.2	43.8	28.4%	55.3	56.2	-1.7%
Pre-tax profit	11.5	15.8	-27.2%	49.7	36.5	36.3%	49.4	49.7	-0.6%
Net profit	8.3	12.1	-31.8%	34.4	27.2	26.7%	35.6	34.4	3.4%

### Base effects tone down Q4 growth

Erbud is set to report profit contraction in Q4 2015 relative to a high year-ago base when revenue reached a record PLN 556m and profits received a one-time property valuation boost of PLN 7.3m which a year later will likely have fallen to just about PLN 1m. Erbud improved its EBIT margin by close

to 1ppt to 3.2% in the first nine months of 2015, and we expect an equally high margin in Q4. Based on this and on the assumption of a 24% y/y decline in revenue, we predict a net profit of PLN 8.3m in Q4 2015 (-32% y/y), making for a 2015 annual net profit of an estimated PLN 34.4m (+27%y).

Construction Unibep									
Buy									
Analyst: Piotr Zybala		Current price	PLN 10.51	FY15E P/E		16.1	FY15E EV/EBITDA		9.1
		Target price	PLN 12.10	FY16E P/E		11.1	FY16E EV/EBITDA		6.9
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	326.8	330.9	-1.2%	1,210.3	1,079.7	12.1%	1,398.3	1,210.3	15.5%
EBITDA	11.6	10.8	6.7%	36.1	32.1	12.6%	51.6	36.1	42.7%
Margin	3.5%	3.3%	-	3.0%	3.0%	-	3.7%	3.0%	-
EBIT	9.7	9.0	6.9%	28.5	25.1	13.5%	43.6	28.5	52.7%
Pre-tax profit	9.7	9.5	2.2%	32.3	27.6	17.2%	43.5	32.3	34.7%
Net profit	7.0	7.3	-4.8%	22.9	19.8	15.5%	33.3	22.9	45.8%

### Unibep sees flat growth in Q4

The fourth quarter is seasonally the strongest for Unibep, and our forecasts for Q4 2015 are PLN 326.8m revenue (-1% y/y), PLN 9.7m EBIT (+7% y/y), and PLN 7.0m net profit (-5% y/y). The assumed flat year-on-year growth is due to base effects. We hope to see a pickup in the financial results of the building construction segment in Q4 after a

disappointing nine months, and we predict an improvement in the residential real-estate segment after about 300 closings. The modular housing segment is set for a slowdown from a high year-ago base. Unibep will have ended 2015 with a net cash position, and in 2016 it is poised for robust, 46% earnings growth which judging by the home completion schedule will be achieved mostly in the fourth quarter.

## Property Developers

Property Developers Capital Park		Accumulate							
Analyst: Piotr Zybala		Current price		PLN 5.59		FY15E P/E	-	FY15E P/B	0.67
		Target price		PLN 6.50		FY16E P/E	42.7	FY16E P/B	0.68
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	20.9	19.0	9.7%	75.4	54.8	37.5%	124.5	75.4	65.1%
Gross profit	16.0	15.7	2.0%	55.8	41.5	34.4%	93.4	55.8	67.3%
Margin	76.8%	82.6%	-	74.0%	75.7%	-	75.0%	74.0%	-
EBIT e. revaluations & SOP*	12.7	11.6	9.4%	43.2	29.7	45.3%	80.6	43.2	86.7%
Revaluations	6.1	-73.7	-	-26.8	-61.0	-	-20.8	-26.8	-
EBIT	17.8	-60.8	-	13.4	-35.2	-	59.8	13.4	347.5%
Pre-tax profit	8.2	-79.1	-	-26.5	-64.4	-	28.0	-26.5	-
Net profit	6.1	-69.0	-	-32.1	-61.5	-	14.1	-32.1	-

\*SOP - Stock Option Plan

## Property valuation effects without much bearing on Q4 results

Capital Park reviews its investment property portfolio on an annual basis, but the review conducted in Q4 2015 does not have meaningful implications for the period's profits, with possible downward adjustments to the assumed yields expected to be offset by reduced expected rental rates. After

adjustments for positive variations in the EUR/PLN exchange rate, we expect the property portfolio to produce a valuation gain of PLN 6.1m. Not including this effect, we predict that Capital Park will post an adjusted EBIT of PLN 12.7m in Q4 2015, marking a year-on-year increase of 9%, with the 2015 annual adjusted EBIT figure expected to show growth of 45% driven by new commercial developments completed in 2014 and 2015.

Property Developers Dom Development		Buy							
Analyst: Piotr Zybala		Current price		PLN 46.30		FY15E P/E	14.4	FY15E P/B	1.30
		Target price		PLN 60.80		FY16E P/E	10.6	FY16E P/B	1.26
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	462.2	262.8	75.9%	886.4	784.3	13.0%	1,025.2	886.4	15.7%
Gross profit	103.7	58.2	78.0%	197.5	152.0	29.9%	232.3	197.5	17.6%
Margin	22.4%	22.2%	-	22.3%	19.4%	-	22.7%	22.3%	-
EBIT e. revaluations	80.9	36.9	119.5%	101.6	69.0	47.3%	135.5	101.6	33.3%
Revaluations	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
EBIT	80.9	36.9	119.5%	101.6	69.0	47.3%	135.5	101.6	33.3%
Pre-tax profit	80.4	36.6	119.7%	99.3	69.4	43.0%	133.7	99.3	34.6%
Net profit	65.2	29.5	120.7%	79.9	55.7	43.5%	108.3	79.9	35.6%

## DOM clocks record profit in Q4 2015

The 1,019 home sales that Dom Development settled in Q4 2015 accounted for 49% of the total 2015 closings, and the net profit for the quarter, estimated at PLN 65.2m, if delivered will account for 82% of the full-year bottom-line figure. The homes closed in the fourth quarter were mostly characterized by high margins and prices, resulting in a total gross margin of 22.4% (vs. 22.2% in Q4 2014) and a

revenue per home at an average PLN 454,000 vs. PLN 413,000 in the same period of the year before. We expect DOM to distribute the whole of its net profit for 2015 as dividends to shareholders (DYield= 6.7%). Based on a 16% increase in pending sales recorded in 2015, DOM's future earnings potential suggests net profit growth of 36% in 2016 and 11% in 2017.

Property Developers		Echo Investment							
		Accumulate							
Analyst: Piotr Zybała		Current price	PLN 5.49		FY15E P/E	15.4	FY15E P/B	0.85	
		Target price	PLN 6.57		FY16E P/E	10.2	FY16E P/B	0.77	
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	155.9	206.8	-24.6%	565.5	577.4	-2.1%	778.7	565.5	37.7%
Gross profit	89.2	100.0	-10.8%	304.8	318.0	-4.2%	383.2	304.8	25.8%
Margin	57.2%	48.4%	-	53.9%	55.1%	-	49.2%	53.9%	-
EBIT e. revaluations	63.0	56.6	11.2%	193.8	211.8	-8.5%	302.7	193.8	56.2%
Revaluations	72.8	16.7	337.1%	86.2	450.3	-80.9%	58.2	86.2	-32.5%
EBIT	135.8	73.3	85.3%	280.0	662.2	-57.7%	360.9	280.0	28.9%
Pre-tax profit	87.5	-42.4	-	176.2	448.2	-60.7%	247.5	176.2	40.5%
Net profit	74.4	-48.1	-	147.4	405.1	-63.6%	222.8	147.4	51.2%

### Echo ends 2015 on upbeat note

After a pickup in Q3, we expect Echo to deliver the highest quarterly profit of the year in Q4 2015. In the commercial segment, we anticipate a 15% increase in rental income and a 340% surge to an estimated PLN 73m in gains on portfolio value adjustments, driven by improving occupancy rates and the increasing values of work in progress. In turn, the profit on residential developments will post a year-on-year fall due to 25% lower sales and 11% lower gross profit. On a year-on-

-year basis, the consolidated Q4 2015 EBIT after revaluation effects should have increased 11% and the reported EBIT (including revaluation effects) will have soared 85% to an estimated PLN 136m. After financing costs of a projected PLN 48m (vs. PLN 116m in Q4 2014), the quarterly profit should come in at PLN 74m, marking a dramatic improvement from the PLN 48m net loss reported in Q4 2014.

Property Developers		GTC							
		Buy							
Analyst: Piotr Zybała		Current price	PLN 6.71		FY15E P/E	20.0	FY15E P/B	1.20	
		Target price	PLN 8.20		FY16E P/E	9.0	FY16E P/B	1.07	
(EUR m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	28.0	29.8	-6.0%	116.0	124.3	-6.7%	121.4	116.0	4.7%
Gross profit	19.4	19.7	-1.3%	79.0	81.1	-2.6%	86.5	79.0	9.5%
Margin	69.4%	66.1%	-	68.2%	65.3%	-	71.3%	68.2%	-
EBIT e. revaluations & SOP*	15.6	16.3	-3.9%	66.1	67.5	-2.2%	72.8	66.1	10.3%
Revaluations	13.4	-126.1	-	11.2	-194.4	-	43.3	11.2	288.0%
EBIT	29.0	-109.7	-	76.9	-124.3	-	116.1	76.9	51.0%
Pre-tax profit	21.5	-135.7	-	43.5	-194.5	-	85.7	43.5	96.8%
Net profit	18.1	-125.1	-	34.9	-183.8	-	77.6	34.9	122.6%

\*SOP - Stock Option Plan

### GTC eyes first valuation gain in five years on Q4 2015 investment property portfolio

We expect GTC to deliver a stable fourth quarter of 2015, with NOI at an estimated EUR 19.4m up 0.7% q/q and down 4.9% y/y, and adjusted EBIT set to reach EUR 15.6m (-2.8% q/q, -3.9% y/y). Q4 2015 FFO is projected at EUR 9.1m vs. EUR 4.2m in Q4 2014E. For the first time in five years, GTC

should recognize a fair value adjustment gain on its investment property portfolio in Q4 2015 in the estimated amount of EUR 13.4m (vs. a loss of EUR 126.1m booked in Q4 2014). The whole of the value growth (ca. EUR 15m) will be provided by the Warsaw mall project started a few months ago which in total is expected to generate valuation gains for GTC of approximately EUR 170m.

Property Developers		Buy								
Robyg										
Analyst: Piotr Zybała		Current price	PLN 2.86		FY15E P/E		9.8	FY15E P/B		1.52
		Target price	PLN 3.40		FY16E P/E		9.0	FY16E P/B		1.45
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change	
Revenue	133.9	125.1	7.1%	468.8	409.3	14.5%	541.9	468.8	15.6%	
Gross profit	17.1	22.7	-24.7%	73.3	73.0	0.5%	107.2	73.3	46.1%	
Margin	12.7%	18.1%	-	15.6%	17.8%	-	19.8%	15.6%	-	
EBIT e. revaluations	20.7	20.9	-0.5%	59.6	51.2	16.3%	106.6	59.6	79.0%	
Revaluations	0.0	-1.8	-	-1.4	9.3	-	0.0	-1.4	-	
EBIT	20.7	19.1	8.8%	58.1	60.5	-3.8%	106.6	58.1	83.4%	
Pre-tax profit	18.2	17.3	5.3%	48.5	52.0	-6.9%	98.2	48.5	102.7%	
Net profit	16.0	20.6	-22.2%	77.0	42.3	82.0%	84.0	77.0	9.1%	

### Q4 profits shaped by joint ventures

Robyg settled a record 775 homes in Q4 2015 (+12% y/y, +7% q/q), however half of the homes were in joint-venture developments accounted for as "share of the profit or loss of associates accounted for under the equity method," which we estimate at PLN 16.9m (+24% y/y). Unlike some of Robyg's independent projects, with average margins not exceeding 13.7%, the joint-venture developments generate high gross margins of 30+ percent on average. Despite the less-than-

stellar overall margin, the high number of sales closed in Q4 2015 leads us to expect a quarterly pre-tax profit of PLN 18.2m (+5% y/y, -3% q/q), adding to a 2015 full-year profit before taxes of a projected PLN 49.9m (+16% y/y). Thanks to a deferred tax asset of ca. PLN 43m recognized in the first nine months of the year, the net profit for 2015 will be high at PLN 77.0m. In 2016 Robyg is poised to generate even higher earnings without the help of one-offs assuming margin improvement and increasing home settlements.

## Retail

Retail AmRest Buy									
Analyst: Piotr Bogusz		Current price Target price	PLN 171.00 PLN 217.00		FY15E P/E FY16E P/E	25.3 23.5	FY15E EV/EBITDA FY16E EV/EBITDA	11.0 9.1	
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	918.0	799.6	14.8%	3,338.8	2,952.7	13.1%	3,788.5	3,338.8	13.5%
EBITDA	107.2	67.0	60.0%	424.7	316.0	34.4%	508.8	424.7	19.8%
Margin	11.7%	8.4%	3.3pp	12.7%	10.7%	2pp	13.4%	12.7%	0.7pp
EBIT	46.7	9.1	415.7%	203.6	109.9	85.2%	242.7	203.6	19.2%
Pre-tax profit	35.1	-0.6	-	161.9	65.3	147.7%	197.1	161.9	21.8%
Net profit	25.2	7.1	253.7%	143.3	51.7	177.4%	154.4	143.3	7.7%

### AmRest sees continued improvement in Q4

AmRest is expected to deliver a strong fourth quarter of 2015 thanks to a 3% increase in sales per restaurant, cost discipline and contributions from the recently acquired Starbucks restaurants in Romania and Bulgaria. The Company estimates its quarterly revenue at PLN 918m (+14.8% y/y). Thanks to low prices of food and cost savings, we believe the gross margin in the period expanded by 2ppts to 17.9%. By division, we anticipate y/y EBITDA margin growth of 3.5ppt to 14.7% in Other CEE (after a 6.1pp increase to 15.4% in Q3 achieved thanks to the new

Starbucks locations), in New Markets we expect EBITDA of PLN 1.8m and an EBITDA margin of 2.9%, and in Poland and Spain we predict margin contraction to 12.3% and 21.1%, respectively. After asset impairment of PLN 17m, the consolidated Q4 2015 EBITDA should show year-on-year growth of 60% at an estimated PLN 107.2m, with the EBITDA margin rising by 3.3ppts to 11.7%. With a loss on financing activity of a projected PLN 11.6m, and tax at 26%, AmRest is set to report a 253.7% y/y surge to PLN 25.2m in its net profit for Q4 2015.

Retail CCC Buy									
Analyst: Piotr Bogusz		Current price Target price	PLN 125.50 PLN 149.00		FY15E P/E FY16E P/E	27.1 23.4	FY15E EV/EBITDA FY16E EV/EBITDA	18.3 14.5	
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	749.9	679.2	10.4%	2,302.2	2,009.1	14.6%	2,987.5	2,302.2	29.8%
EBITDA	116.3	122.2	-4.8%	290.0	295.9	-2.0%	369.3	290.0	27.4%
Margin	15.5%	18.0%	-2.5pp	12.6%	14.7%	-2.1pp	12.4%	12.6%	-0.2pp
EBIT	102.4	98.8	3.6%	232.6	243.2	-4.4%	286.8	232.6	23.3%
Pre-tax profit	91.2	95.1	-4.1%	221.9	325.1	-31.7%	479.4	541.5	-11.5%
Net profit	73.9	103.6	-28.7%	177.5	214.0	-17.0%	184.2	177.5	3.7%

### Weather, FX effects, weigh on Q4 profits

CCC reported sales of PLN 749.9m in Q4 2015 (+10.4% y/y), and with the retail area in the period expanded by an estimated 24.2% y/y to 37,700 square meters, this implies a decrease in per-sqm sales of 16.9% compared to Q4 2014, driven by unfavorable weather conditions and below-average unit sales generated by Austrian and German stores. Underpinned by a higher USDPLN exchange rate, this led to a 3.5ppt fall to 51.2% in the quarterly gross margin. We put

CCC's Q4 2015 SG&A expenses at PLN 277.6m vs. PLN 277.2m the year before, with SG&A per square meter showing a y/y decrease of 24.6% at a projected PLN 256.8. After losses of PLN 3.7m on other operating activity and PLN 11.2m on financing activity, and after a deferred tax asset of PLN 13.9m, the Q4 2015 reported net profit of CCC is likely to come in at PLN 87.8m vs. PLN 309.9m in Q4 2014, and on an adjusted basis the bottom-line figure will be PLN 73.9m vs. PLN 103.6m the year before.

Retail Eurocash		Reduce							
Analyst: Piotr Bogusz		Current price	PLN 58.25		FY15E P/E	38.2	FY15E EV/EBITDA	17.7	
		Target price	PLN 47.30		FY16E P/E	31.6	FY16E EV/EBITDA	15.1	
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	5,635.4	4,445.8	26.8%	20,909.4	16,963.8	23.3%	22,096.4	20,909.4	5.7%
EBITDA	180.9	157.3	15.0%	471.8	412.5	14.4%	538.4	471.8	14.1%
Margin	3.21%	3.54%	-0.3pp	2.26%	2.43%	-0.2pp	2.44%	2.26%	0.2pp
EBIT	142.8	125.0	14.2%	322.6	287.2	12.3%	386.0	322.6	19.7%
Pre-tax profit	132.2	92.8	42.5%	280.5	218.8	28.2%	346.2	280.5	23.4%
Net profit	95.9	72.3	32.6%	211.3	180.5	17.0%	255.9	211.3	21.1%

#### Q4 profits supported by base effects

Eurocash is expected to report year-on-year revenue growth of 26.8% to PLN 5,635m in Q4 2015 driven by a full-period consolidation of the Kolporter unit and improvement in like-for-like sales led by low prices of food and positive base effects. At the same time the gross margin is expected to post a 1ppt drop to 10.37% in Q4 2015. The SG&A-to-sales ratio is likely to have decreased by 0.71ppt to 7.66% on the year thanks to an expanding scale and positive lfl growth.

However due to a lower gross margin and costs incurred on the development of new businesses (ca. PLN 10m), the Q4 2015 EBIT margin will have fallen by 0.28ppt to 2.53%. EBIT in the period is estimated at PLN 142.8m (+14.2% y/y), and EBITDA will be PLN 180.9m (+15% y/y). After financing losses of PLN 9.4m and tax at 19%, the net profit will come in at PLN 95.9m. Eurocash generated operating cash flow of PLN 85.9m in Q4 2015 and PLN 916.8m in 2015 (representing 194.3% of the estimated annual EBITDA).

Retail Jeronimo Martins		Buy							
Analyst: Piotr Bogusz		Current price	EUR 12.05		FY15E P/E	22.5	FY15E EV/EBITDA	10.3	
		Target price	EUR 15.10		FY16E P/E	18.9	FY16E EV/EBITDA	8.7	
(EUR m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	3,553.0	3,347.4	6.1%	13,728.0	12,680.0	8.3%	14,624.9	13,728.0	6.5%
EBITDA	201.5	186.0	8.3%	789.5	732.0	7.9%	881.2	789.5	11.6%
Margin	5.67%	5.56%	0.12pp	5.75%	5.77%	-0.02pp	6.03%	5.75%	0.27pp
EBIT	123.6	108.2	14.2%	483.6	448.5	7.8%	574.1	483.6	18.7%
Pre-tax profit	117.1	99.7	17.4%	472.1	428.5	10.2%	571.5	472.1	21.1%
Net profit	84.6	65.3	29.5%	336.6	301.4	11.7%	401.5	336.6	19.3%

#### JMT posts good Q4

Jeronimo Martins reported sales of EUR 3,553m in Q4 2015 (+6.2% y/y), with EUR 2,369m (+5.7% y/y) provided by the Polish supermarket chain 'Biedronka,' EUR 896m (+6.3% y/y) by Pingo Doce, and EUR 201m (+4.1% R/R) by Recheio. After the addition of 80 locations, the Biedronka chain consisted of 2,667 stores at the end of 2015 (+3.1% y/y). Q4 2015 lfl sales growth amounted to 3.8% at Biedronka, 3.4% at Pingo Doce, and 1.4% at Recheio. We expect the Q4 2015 gross margin to improve by 0.19% to 21.47% thanks to the addition of more high-margin products

to the Biedronka sales mix. Thanks to higher sales volumes, the Polish business should have reduced its SG&A/sales ratio by 0.05ppt to 18.09%. Total SG&A expenses showed a 6.43% y/y increase to EUR 607m in the fourth quarter. Q4 2015 EBIT is expected to show 14.2% growth to EUR 123.6m and EBITDA will increase 8.4% to an estimated EUR 201.5m. With a loss on financing activity of a projected EUR 7.6m, and tax at 24%, JMT is set to report a 29.5% y/y increase to EUR 84.6m in its net profit for Q4 2015. Q4 operating cash flow is estimated at EUR 198.7m (98.6% CFO/EBITDA).

Retail LPP Reduce									
Analyst: Piotr Bogusz		Current price	PLN 5,057		FY15E P/E	24.0	FY15E EV/EBITDA	13.0	
		Target price	PLN 4,900		FY16E P/E	23.7	FY16E EV/EBITDA	12.9	
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	1,579.0	1,404.9	12.4%	5134.3	4769.3	7.7%	5964.0	5134.3	16.2%
EBITDA	327.1	299.9	9.1%	756.3	802.8	-5.8%	757.1	756.3	0.1%
Margin	20.7%	21.3%	-0.6pp	14.7%	16.8%	-2.1pp	12.7%	14.7%	-2pp
EBIT	271.3	248.3	9.3%	538.6	609.1	-11.6%	505.0	538.6	-6.2%
Pre-tax profit	234.8	173.7	35.2%	455.9	459.9	-0.9%	477.2	455.9	4.7%
Net profit	202.2	140.4	44.0%	381.2	374.9	1.7%	385.7	381.2	1.2%

#### Q4 profits fall on competitive pressures and strong dollar

LPP reported sales of PLN 1,579m in Q4 2015 (+12.4% y/y). With the retail area in the period expanded by an estimated 16.7% y/y to 843,400 square meters, this implies a decrease of 3.5% to PLN 644 in revenue per square meter. Due to an increased USDPLN exchange rate and intense price competition, the Q4 gross margin is set to fall by 4.4ppts y/y to 54.6%. SG&A/sqm should be maintained at a low level of

PLN 236 after a 13.7% y/y reduction thanks to low operating costs incurred in Russia, low rental rates, and low sales bonuses. Total SG&A expenses will showed a 0.6% y/y increase to PLN 579.4m. After a loss of PLN 11.5m on other operating activity, the Q4 2015 EBIT will come in at PLN 271.3m (+9.3% y/y), and EBITDA will be PLN 327.1m (-9.1% y/y). With a loss of PLN 36.5m anticipated on financing activity in the period, the adjusted quarterly net profit will amount to PLN 202.2m vs. PLN 140.4m in the same period in 2014.



## Other

Other Work Service		Accumulate							
Analyst: Paweł Szpigiel	Current price Target price	PLN 11.35 PLN 13.70		FY15E P/E FY16E P/E		23.3 16.1	FY15E EV/EBITDA FY16E EV/EBITDA		10.4 8.8
(PLN m)	Q4'15E	Q4'14	change	2015E	2014	change	2016E	2015E	change
Revenue	589.6	450.0	31.0%	2,115.5	1,739.8	21.6%	2,381.6	2,115.5	12.6%
EBITDA	36.4	38.8	-6.0%	103.2	98.7	4.6%	120.5	103.2	16.7%
Margin	6.2%	8.6%	-	4.9%	5.7%	-	5.1%	4.9%	-
EBIT	33.6	35.6	-5.8%	91.8	89.1	2.9%	106.6	91.8	16.2%
Pre-tax profit	26.9	24.6	9.4%	66.0	62.6	5.5%	86.6	66.0	31.2%
Net profit	14.7	16.3	-10.0%	32.8	52.4	-37.4%	47.4	32.8	44.4%

**Work Service posts lackluster Q4 results**

Work Service is expected to report strong, 14% revenue growth in Q4 2015, driven by strong increases achieved in Poland (+PLN 50m) and Hungary (+PLN 19m), while Russia posted revenue contraction due to a depreciated ruble and Germany experienced a slowdown due to a fall in orders from Fiege. We anticipate slight contraction to 12.5% in the Q4

2015 gross margin, and we predict an increase in the quarterly SG&A expenses to PLN 40.4m from PLN 28.3m the year before. As a result, EBIT will log a drop of 6% on a year-on-year basis. With the effective tax rate expected to be the same as in the third quarter, Work Service is likely to report a net profit of PLN 14.7m in Q4 2015 after a 10.0% fall from Q4 2014.

## Earnings Calendar

Company	Q4 2015	2015	Q1 2016	H1 2016
AGORA		2016-04-01	2016-05-13	2016-08-14
ALIOR		2016-03-03	2016-05-12	2016-08-11
AMREST		2016-03-11	2016-04-29	2016-08-12
ASSECO POLAND		2016-03-16	2016-05-12	2016-08-24
BUDIMEX		2016-02-24	2016-04-27	2016-07-27
BZ WBK		2016-02-12	2016-04-27	2016-07-27
CAPITAL PARK		2016-03-17	2016-05-13	2016-08-30
CCC	2016-02-25	2016-04-28	2016-05-12	2016-08-25
CD PROJEKT		2016-03-10	2016-05-12	2016-08-25
CEZ		2016-03-15	2016-05-10	2016-08-09
CIECH		2016-03-21	2016-05-16	2016-08-31
CYFROWY POLSAT		2016-02-29	2016-05-12	2016-08-25
DOM DEVELOPMENT		2016-02-29	2016-04-25	2016-08-25
ECHO INVESTMENT		2016-03-21	2016-05-16	2016-08-31
ELEKTROBUDOWA		2016-03-21	2016-05-16	2016-08-31
ELEMENTAL		2016-03-18	2016-05-13	2016-08-31
ENEA		2016-03-21	2016-05-12	2016-08-26
ENERGA		2016-03-15	2016-05-11	2016-08-11
ERBUD		2016-03-21	2016-05-12	2016-08-29
ERSTE BANK		2016-02-26	2016-05-04	2016-08-05
EUROCASH	2016-02-25	2016-03-18	2016-05-13	2016-08-19
FAMUR	2016-02-26	2016-04-29	2016-05-16	2016-08-26
GNB		2016-03-21	2016-05-16	2016-08-31
GRUPA AZOTY		2016-03-11	2016-05-11	2016-08-24
GTC		2016-03-17	2016-05-12	2016-08-24
HANDLOWY	2016-02-17	2016-03-14	2016-05-09	2016-08-31
ING BSK	2016-02-04	2016-02-29	2016-05-10	2016-08-03
JERONIMO MARTINS		2016-03-02	2016-04-28	2016-07-27
KERNEL	2016-02-26		2016-05-26	2016-10-24
KĘTY		2016-03-16	2016-04-20	2016-08-02
KGHM		2016-03-17	2016-05-13	2016-08-17
KOMERCNI BANKA		2016-02-11	2016-05-04	2016-08-03
KOPEX	2016-02-25	2016-04-29	2016-05-13	2016-08-26
KRUK		2016-03-06	2016-05-08	2016-08-28
LOTOS		2016-03-03	2016-04-28	2016-08-11
LPP	2016-02-19	2016-04-22	2016-05-12	2016-08-30
LW BOGDANKA		2016-03-21	2016-05-12	2016-08-26
MILLENNIUM		2016-02-26	2016-05-09	2016-07-26
MOL		2016-02-24	2016-05-06	2016-08-05
NETIA		2016-02-25	2016-05-12	2016-08-04
ORANGE POLSKA		2016-02-15	2016-04-25	2016-07-25
OTP BANK	2016-03-04	2016-04-15	2016-05-13	2016-08-12
PEKAO		2016-02-09	2016-05-10	2016-08-03
PGE		2016-02-16	2016-05-10	2016-08-09
PGNIG		2016-03-04	2016-05-09	2016-08-12
PKN ORLEN			2016-04-21	2016-07-21
PKO BP		2016-03-06	2016-05-09	2016-08-08
POLWAX		2016-03-01	2016-05-13	2016-08-30
PRIME CAR MANAGEMENT		2016-03-17	2016-05-13	2016-08-29
PZU		2016-03-15	2016-05-12	2016-08-24
RBI		2016-03-16	2016-05-12	2016-08-18
ROBYG		2016-03-17	2016-05-12	2016-08-18
SKARBIEC		2016-02-24	2016-05-11	2016-08-26
SYNTHOS		2016-03-07	2016-05-12	2016-08-30
TAURON		2016-03-09	2016-05-11	2016-08-17
UNIBEP		2016-03-16	2016-05-12	2016-08-25
UNIWHEELS		2016-03-24	2016-05-10	2016-08-10
VISTAL		2016-03-21	2016-05-16	2016-08-31
WIRTUALNA POLSKA		2016-03-18	2016-05-13	2016-08-31
WORK SERVICE		2016-03-18	2016-05-13	2016-08-31

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										
ALIOR BANK	Buy	2016-02-02	60.20	82.96	60.70	+36.7%	13.5	12.7		
BZ WBK	Buy	2016-02-02	260.20	305.10	257.55	+18.5%	10.9	11.7		
GETIN NOBLE BANK	Buy	2016-02-02	0.46	0.96	0.44	+118.2%	7.8	11.2		
HANDLOWY	Accumulate	2016-02-02	74.46	81.97	73.29	+11.8%	15.9	16.1		
ING BSK	Accumulate	2016-02-02	111.00	119.38	105.95	+12.7%	12.8	14.5		
MILLENNIUM	Buy	2016-02-02	5.20	7.00	5.52	+26.8%	12.1	12.3		
PEKAO	Reduce	2016-02-02	139.40	127.42	142.70	-10.7%	16.5	18.2		
PKO BP	Buy	2016-02-02	24.84	31.62	23.99	+31.8%	12.0	10.4		
KOMERCNI BANKA	Hold	2016-02-02	5239	5428 CZK	4804	+13.0%	13.7	14.9		
ERSTE BANK	Buy	2016-02-02	26.17	32.34 EUR	23.20	+39.4%	10.0	8.7		
RBI	Buy	2016-02-02	11.32	17.14 EUR	10.32	+66.2%	7.9	11.2		
OTP BANK	Accumulate	2016-02-02	6155	6487 HUF	5750	+12.8%	27.0	8.8		
Insurance										
PZU	Buy	2016-02-02	32.33	42.44	32.00	+32.6%	13.3	10.5		
Financial services										
KRUK	Accumulate	2016-02-02	168.70	185.12	167.65	+10.4%	15.0	12.8		
PRIME CAR MANAGEMENT	Buy	2016-02-02	35.10	46.76	35.70	+31.0%	11.0	9.8		
SKARBIEC HOLDING	Buy	2016-02-02	27.00	42.20	26.00	+62.3%	11.6	6.8		
Fuels, chemicals										
CIECH	Hold	2016-02-02	80.00	77.20	75.70	+2.0%	13.7	9.0	7.1	6.0
GRUPA AZOTY	Hold	2016-02-02	104.00	100.20	95.00	+5.5%	17.2	12.6	8.7	7.1
LOTOS	Accumulate	2016-02-02	25.63	29.20	24.92	+17.2%	169.1	7.2	7.0	4.6
MOL	Buy	2016-02-02	198.00	236.75	192.00	+23.3%	-	9.6	3.7	3.7
PGNIG	Hold	2016-02-02	5.04	5.30	5.01	+5.8%	11.3	14.1	4.8	5.7
PKN ORLEN	Hold	2016-02-02	61.43	60.40	57.90	+4.3%	8.7	6.5	5.4	4.3
POLWAX	Buy	2016-02-02	15.70	24.30	16.37	+48.4%	7.0	6.9	6.0	5.6
SYNTHOS	Hold	2016-02-02	3.96	3.79	3.79	+0.0%	14.0	13.8	9.3	9.3
Power Utilities										
CEZ	Buy	2016-02-02	65.00	86.30	61.20	+41.0%	7.9	9.6	5.4	5.6
ENEA	Hold	2016-02-02	11.50	12.40	11.26	+10.1%	5.0	7.8	4.8	5.3
ENERGA	Accumulate	2016-02-02	13.48	15.20	13.74	+10.6%	6.6	8.4	4.4	5.2
PGE	Hold	2016-02-02	13.55	14.60	13.75	+6.2%	-	7.8	3.3	4.5
TAURON	Buy	2016-02-02	2.71	3.78	2.68	+41.0%	3.7	5.1	3.5	4.3
Telecommunications										
NETIA	Accumulate	2016-02-02	5.56	6.30	5.53	+13.9%	206.3	-	4.7	4.8
ORANGE POLSKA	Buy	2016-02-02	6.43	8.30	6.50	+27.7%	34.6	34.3	3.6	4.5
Media										
AGORA	Buy	2016-02-02	11.45	14.10	10.98	+28.4%	39.2	37.9	4.9	5.3
CYFROWY POLSAT	Hold	2016-02-02	21.99	22.10	21.78	+1.5%	11.7	11.4	6.8	6.6
WIRTUALNA POLSKA	Buy	2016-01-28	36.37	50.00	38.50	+29.9%	95.1	14.0	14.1	9.9
IT										
ASSECO POLAND	Buy	2016-02-02	56.50	65.90	56.11	+17.4%	13.1	12.7	7.0	6.7
CD PROJEKT	Buy	2016-02-02	23.09	26.50	21.60	+22.7%	5.8	18.3	4.0	11.3
COMARCH	Suspended	2013-03-11	89.60	-	115.00	-	-	-	-	-
SYGNITY	Suspended	2013-02-05	16.80	-	8.42	-	-	-	-	-
Mining & Metals										
KGHM	Hold	2016-02-02	56.26	63.00	57.10	+10.3%	-	403.9	7.0	5.1
LW BOGDANKA	Hold	2016-02-02	31.33	33.00	33.88	-2.6%	6.2	7.8	2.7	2.9
Manufacturers										
ELEMENTAL	Buy	2016-01-08	4.06	4.80	3.63	+32.2%	13.6	11.5	11.1	8.8
FAMUR	Buy	2016-02-02	1.75	2.20	1.70	+29.4%	15.8	16.8	4.4	3.6
KERNEL	Accumulate	2016-01-26	42.80	49.00	43.60	+12.4%	8.3	5.0	3.1	3.7
KĘTY	Hold	2016-02-02	281.75	277.80	285.00	-2.5%	14.1	14.4	9.3	8.6
KOPEX	Hold	2016-02-02	3.53	3.70	3.70	+0.0%	-	-	5.2	5.7
UNIWHEELS	Buy	2016-01-12	121.00	142.90	127.80	+11.8%	9.8	8.9	6.9	6.7
VISTAL	Buy	2016-02-02	8.00	15.80	7.90	+100.0%	7.1	6.0	7.5	6.7
Construction										
BUDIMEX	Accumulate	2015-11-04	211.00	225.10	195.00	+15.4%	22.0	17.3	10.1	9.2
ELEKTROBUDOWA	Buy	2015-12-03	141.00	170.50	112.90	+51.0%	10.0	9.7	6.4	5.6
ERBUD	Buy	2016-02-03	25.95	36.00	28.37	+26.9%	10.5	10.2	5.5	5.0
UNIBEP	Buy	2016-02-03	9.89	12.10	10.51	+15.1%	16.1	11.1	9.1	6.9
Property Developers										
CAPITAL PARK	Accumulate	2015-10-02	5.88	6.50	5.59	+16.3%	-	42.7	118.1	29.5
DOM DEVELOPMENT	Buy	2016-01-28	49.47	60.80	46.30	+31.3%	14.4	10.6	12.0	8.7
ECHO	Accumulate	2016-02-02	5.77	6.57	5.49	+19.7%	15.4	10.2	18.8	15.8
GTC	Buy	2015-11-20	7.08	8.20	6.71	+22.2%	20.0	9.0	16.0	12.3
ROBYG	Buy	2016-01-28	2.83	3.40	2.86	+18.9%	9.8	9.0	16.0	8.3
Retail										
AMREST	Buy	2016-02-02	188.50	217.00	171.00	+26.9%	25.3	23.5	11.0	9.1
CCC	Buy	2016-02-02	124.40	149.00	125.50	+18.7%	27.1	23.4	18.3	14.5
EUROCASH	Reduce	2016-02-02	53.74	47.30	58.25	-18.8%	38.2	31.6	17.7	15.1
JERONIMO MARTINS	Buy	2016-02-02	13.08	15.1 EUR	12.05	+25.4%	22.5	18.9	10.3	8.7
LPP	Reduce	2016-02-02	5411	4900	5057	-3.1%	24.0	23.7	13.0	12.9
Other										
WORK SERVICE	Accumulate	2016-02-02	11.96	13.70	11.35	+20.7%	23.3	16.1	10.4	8.8

## Ratings issued in the past month

Company	Rating	Previous Rating	Target Price	Rating Day
AGORA	Buy	Buy	14.10	2016-02-02
ALTOR BANK	Buy	Buy	82.96	2016-02-02
AMREST	Buy	Buy	217.00	2016-02-02
ASSECO POLAND	Buy	Buy	65.90	2016-02-02
BZ WBK	Buy	Accumulate	305.10	2016-02-02
CCC	Buy	Buy	149.00	2016-02-02
CD PROJEKT	Buy	Buy	26.50	2016-02-02
CEZ	Buy	Buy	86.30	2016-02-02
CIECH	Hold	Hold	77.20	2016-02-02
CYFROWY POLSAT	Hold	Reduce	22.10	2016-02-02
DOM DEVELOPMENT	Buy	Buy	60.80	2016-01-28
ECHO	Accumulate	Accumulate	6.57	2016-02-02
ENEA	Hold	Buy	12.40	2016-02-02
ENERGA	Accumulate	Hold	15.20	2016-02-02
ERBUD	Buy	Buy	36.00	2016-02-03
ERSTE BANK	Buy	Accumulate	EUR 32.34	2016-02-02
EUROCASH	Reduce	Sell	47.30	2016-02-02
FAMUR	Buy	Buy	2.20	2016-02-02
GETIN NOBLE BANK	Buy	Buy	0.96	2016-02-02
HANDLOWY	Accumulate	Accumulate	81.97	2016-02-02
ING BSK	Accumulate	Hold	119.38	2016-02-02
JERONIMO MARTINS	Buy	Sell	EUR 15.10	2016-02-02
JSW	Suspended	Under Review	-	2016-02-02
KERNEL	Accumulate	Reduce	49.00	2016-01-26
KĘTY	Hold	Hold	277.80	2016-02-02
KGHM	Hold	Under Review	63.00	2016-02-02
KOMERCNI BANKA	Hold	Reduce	CZK 5,428	2016-02-02
KOPEX	Hold	Hold	3.70	2016-02-02
KRUK	Accumulate	Hold	185.12	2016-02-02
LOTOS	Accumulate	Buy	29.20	2016-02-02
LPP	Reduce	Sell	4,900	2016-02-02
LW BOGDANKA	Hold	Under Review	33.00	2016-02-02
MILLENNIUM	Buy	Buy	7.00	2016-02-02
MOL	Buy	Buy	HUF 16,728	2016-02-02
NETIA	Accumulate	Hold	6.30	2016-02-02
ORANGE POLSKA	Buy	Buy	8.30	2016-02-02
OTP BANK	Accumulate	Accumulate	HUF 6,487	2016-02-02
PEKAO	Reduce	Reduce	127.42	2016-02-02
PGE	Hold	Buy	14.60	2016-02-02
PGNiG	Hold	Hold	5.30	2016-02-02
PKN ORLEN	Hold	Reduce	60.40	2016-02-02
PKO BP	Buy	Buy	31.62	2016-02-02
POLWAX	Buy	Buy	24.30	2016-02-02
PRIME CAR MANAGEMENT	Buy	Buy	46.76	2016-02-02
PZU	Buy	Buy	42.44	2016-02-02
RBI	Buy	Buy	EUR 17.14	2016-02-02
ROBYG	Buy	Buy	3.40	2016-01-28
SKARBIEC HOLDING	Buy	Buy	42.20	2016-02-02
SYNTHOS	Hold	Hold	3.79	2016-02-02
TARCZYŃSKI	Suspended	Hold	-	2016-02-02
TAURON	Buy	Buy	3.78	2016-02-02
UNIBEP	Buy	Buy	12.10	2016-02-03
VISTAL	Buy	Buy	15.80	2016-02-02
WIRTUALNA POLSKA	Buy	Buy	50.00	2016-01-28
WORK SERVICE	Accumulate	Accumulate	13.70	2016-02-02

**Ratings Statistics**

Rating	All		For Issuers who are clients of Dom Maklerski mBanku	
	Count	Pct. of total	Count	Pct. of total
Sell	0	0.0%	0	0.0%
Reduce	3	5.0%	1	3.1%
Hold	13	21.7%	7	21.9%
Accumulate	12	20.0%	7	21.9%
Buy	32	53.3%	17	53.1%

## 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/B** – (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.

The present report expresses the knowledge as well as opinions of the authors on day the report was prepared. The opinions and estimates contained herein constitute our best judgment at this date and time, and are subject to change without notice. The present report was prepared with due care and attention, observing principles of methodological correctness and objectivity, on the basis of sources available to the public, which Dom Maklerski mBanku S.A. considers reliable, including information published by issuers, shares of which are subject to recommendations. However, Dom Maklerski mBanku S.A., in no case, guarantees the accuracy and completeness of the report, in particular should sources on the basis of which the report was prepared prove to be inaccurate, incomplete or not fully consistent with the facts.

This document does not constitute an offer or invitation to subscribe for or purchase any financial instruments and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. It is being furnished to you solely for your information and may not be reproduced or redistributed to any other person. This document nor any copy hereof is not to be distributed directly or indirectly in the United States, Australia, Canada or Japan. Recommendations are based on essential data from the entire history of a company being the subject of a recommendation, with particular emphasis on the period since the previous recommendation.

Investing in shares is connected with a number of risks including, but not limited to, the macroeconomic situation of the country, changes in legal regulations as well as changes on commodity markets. Full elimination of these risks is virtually impossible.

Dom Maklerski mBanku S.A. bears no responsibility for investment decisions taken on the basis of the present report or for any damages incurred as a result of investment decisions taken on the basis of the present report.

It is possible that Dom Maklerski mBanku S.A. renders, will render or in the past has rendered services for companies and other entities mentioned in the present report.

Dom Maklerski mBanku S.A. does not rule out offering brokerage services to an issuer of securities being the subject of a recommendation. Information concerning a conflict of interest arising in connection with issuing a recommendation (should such a conflict exist) is located on the final page of this report.

Dom Maklerski mBanku S.A., its shareholders and employees may hold long or short positions in the issuers' shares or other financial instruments related to the issuers' shares. Dom Maklerski mBanku S.A., its affiliates and/or clients may conduct or may have conducted transactions for their own account or for account of another with respect to the financial instruments mentioned in this report or related investments before the recipient has received this report.

Copying or publishing the present report, in full or in part, or disseminating in any way information contained in the present report requires the prior written agreement of Dom Maklerski mBanku S.A. Recommendations are addressed to all Clients of Dom Maklerski mBanku S.A.

The activity of Dom Maklerski mBanku S.A. is subject to the supervision of the Polish Financial Supervision Commission.

Dom Maklerski mBanku S.A. serves as underwriter for the following issuers: Asseco Business Solutions, Bakalland, BOŚ, Capital Park, Erbud, Es-System, 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.

Dom Maklerski mBanku S.A. receives remuneration from issuers for services rendered to the following companies: AB, Agora, Alior Bank, Alchemia, Ambra, Bakalland, BNP Paribas, Boryszew, BPH, mBank, BZ WBK, Deutsche Bank, Elemental Holding, Elzab, Enea, Energoaparatura, Erbud, Erste Bank, Es-System, Farmacol, Ferrum, Getin Holding, Grupa o2, Handlowy, Impexmetal, Indata Software, ING BSK, Inter Groclin Auto, Ipopema, Koelner, Kruk, LW Bogdanka, Magellan, Mennica, Mercor, Mieszko, Millennium, Mostostal Warszawa, Netia, Neuca, Odratrans, Oponeo, Orbis, OTP Bank, Paged, PA Nova, Pekao, Pemug, Pfeiderer Grajewo, PGE, PGNiG, PKO BP, Polimex-Mostostal, Polnord, PRESCO GROUP, Prochem, Projprzem, Prokom, PZU, RBI, Robyng, Rubikon Partners NFI, Seco Warwick, Skarbiec Holding, Sokołów, Solar, Sygnity, Tarczyński, Techmex, TXN, Unibep, Uniwheels, Vistal, Wirtualna Polska S.A., Work Service, ZUE.

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: HTL Strefa, Indata Software, Uniwheels.

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.

**Michał Marczak**  
member of the management board  
tel. +48 22 438 24 01  
[michal.marczak@mdm.pl](mailto:michal.marczak@mdm.pl)  
strategy, resources, metals

## Research Department:

**Kamil Kliszc**  
director  
tel. +48 22 438 24 02  
[kamil.kliscz@mdm.pl](mailto:kamil.kliscz@mdm.pl)  
energy, chemicals, power generation

**Michał Konarski**  
tel. +48 22 438 24 05  
[michal.konarski@mdm.pl](mailto:michal.konarski@mdm.pl)  
banks, financials

**Jakub Szkopek**  
tel. +48 22 438 24 03  
[jakub.szkopek@mdm.pl](mailto:jakub.szkopek@mdm.pl)  
industrials

**Paweł Szpigel**  
tel. +48 22 438 24 06  
[pawel.szpigel@mdm.pl](mailto:pawel.szpigel@mdm.pl)  
media, IT, telco

**Piotr Zybała**  
tel. +48 22 438 24 04  
[piotr.zybała@mdm.pl](mailto:piotr.zybała@mdm.pl)  
construction, real-estate development

**Piotr Bogusz**  
tel. +48 22 438 24 08  
[piotr.bogusz@mdm.pl](mailto:piotr.bogusz@mdm.pl)  
retail

## Sales and Trading:

**Piotr Gawron**  
director  
tel. +48 22 697 48 95  
[piotr.gawron@mdm.pl](mailto:piotr.gawron@mdm.pl)

**Marzena Łempicka-Wilim**  
deputy director  
tel. +48 22 697 48 82  
[marzena.lempicka@mdm.pl](mailto:marzena.lempicka@mdm.pl)

## "Private Broker"

**Jarosław Banasiak**  
director, active sales  
tel. +48 22 697 48 70  
[jaroslaw.banasiak@mdm.pl](mailto:jaroslaw.banasiak@mdm.pl)

**Dom Maklerski mBanku S.A.**  
Research Department  
ul. Senatorska 18  
00-082 Warszawa  
[www.mDomMaklerski.pl](http://www.mDomMaklerski.pl)

## Traders:

**Mariusz Adamski**  
tel. +48 22 697 48 47  
[mariusz.adamski@mdm.pl](mailto:mariusz.adamski@mdm.pl)

**Krzysztof Bodek**  
tel. +48 22 697 48 89  
[krzysztof.bodek@mdm.pl](mailto:krzysztof.bodek@mdm.pl)

**Michał Jakubowski**  
tel. +48 22 697 47 44  
[michal.jakubowski@mdm.pl](mailto:michal.jakubowski@mdm.pl)

**Tomasz Jakubiec**  
tel. +48 22 697 47 31  
[tomasz.jakubiec@mdm.pl](mailto:tomasz.jakubiec@mdm.pl)

**Szymon Kubka, CFA, PRM**  
tel. +48 22 697 48 16  
[szymon.kubka@mdm.pl](mailto:szymon.kubka@mdm.pl)

**Anna Łagowska**  
tel. +48 22 697 48 25  
[anna.lagowska@mdm.pl](mailto:anna.lagowska@mdm.pl)

**Jędrzej Łukomski**  
tel. +48 22 697 48 46  
[jedrzej.lukomski@mdm.pl](mailto:jedrzej.lukomski@mdm.pl)

**Paweł Majewski**  
tel. +48 22 697 49 68  
[pawel.majewski@mdm.pl](mailto:pawel.majewski@mdm.pl)

**Adam Prokop**  
tel. +48 22 697 47 90  
[adam.prokop@mdm.pl](mailto:adam.prokop@mdm.pl)

**Michał Roźmiej**  
tel. +48 22 697 49 85  
[michal.rozmiej@mdm.pl](mailto:michal.rozmiej@mdm.pl)