

Friday, April 22, 2016 | periodical publication

Quarterly Earnings Forecast: Q1 2016

Equity Market

Banks

Polish banks are expected to deliver slightly higher pre-tax income in Q1 2016 as weaker total income will be offset by reduced provisioning and operating costs. We anticipate strong earnings releases from BZ WBK and Pekao (via high one-offs) in Poland, and from OTP Bank abroad.

Financial Services

We expect improved Q1 earnings results from PCM and Kruk. On the other hand, at PZU higher insurance claims will weigh, and at Skarbiec there will be a slowdown due to a lack of success fees.

Gas & Oil, Chemicals

Refiners are set to deliver solid Q1 results despite narrower benchmark margins, owing to higher local volumes, a wider Urals/Brent differential, and positive USD/PLN trends. The gas utility PGNiG is likely to deliver an upside surprise as well (strong trade margin, high distribution volume), and Grupa Azoty may post a Q1 beat supported by lower costs of natural gas fuel.

Power Utilities

Falling electricity prices will bear on the Q1 profits of PGE (additionally affected by lower volumes) and CEZ (where, however, the main valuation driver at the moment is the upcoming dividend proposal). We expect the power sector to achieve 30% of the projected annual EBITDA in Q1 2016.

Coal, Metals

The copper miner KGHM and the coal miner LWB will both deliver q/q improvement in core Q1 earnings, though the growth will be suppressed by the general price downturn in commodity markets, underpinned by lower sales volumes.

Telecoms, Media, IT

The TMT sector is expected to register continued downtrend at an annual rate of 4.7% in Q1 2016 EBITDA. At Asseco Poland we anticipate bottom-line shrinkage by as much as 12%. At Wirtualna Polska there will be a noticeable slowdown in organic growth.

Industrials

We expect 39% of the industrial companies in our soft coverage to deliver year-over-year earnings growth in Q1 2016, with 27% posting declines. Our top picks for the Q1 growth leaders are Alumetal, Amica, Impexmetal, Forte, Pfeleiderer Grajewo, Ursus, and Zetkama. The likely laggards reporting y/y profit shrinkage are Alchemia, Famur, Fasing, Feerum, Kruszwica, and PKM Duda.

Construction

Most Polish builders improved their earnings results in Q1 2016 even despite negative base effects. We expect a stellar Q1 showing from Budimex and relatively weak results from Erbud.

Property Developers

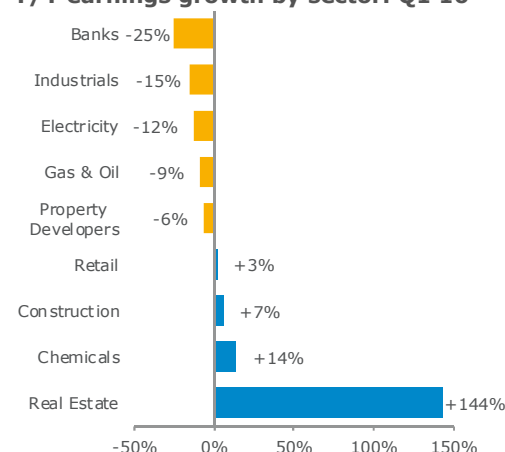
Real-estate developers are set to deliver a strong first quarter, with the profits of commercial developers supported by a strong euro, valuation gains on work in progress, and increasing rental income. In the residential sector, in spite of the y/y improvement the nominal earnings figures will be low.

Retail, Other

The March timing of the Easter Holidays provided a boost to the Q1 earnings of EUR and JMT while weighing on the March sales of CCC and LPP. Food retailers will report improved y/y results in Q1 thanks to decelerating price deflation. On the other hand, fashion retailers will post narrower margins under pressure from intense competition and a strong dollar. Work Service failed to achieve growth in Q1 as German operations and SG&A weighed.

WIG 48,514
Average 2016E P/E..... 12.9
Average 2017E P/E..... 11.2
ADTV (3M) PLN 705m

Y/Y earnings growth by sector: Q1'16*



*Net earnings for banks and developers, otherwise EBITDA

Earnings Surprise Prediction	
negative	positive
Alchemia	Alumetal
Asseco Poland	Amica
Famur	Budimex
Fasing	Forte
Feerum	Grupa Azoty
Getin Noble Bank	GTC
Kruszwica	Kruk
LPP	Lotos
PGE	OTP Bank
PKM Duda	PGNiG
Synthos	Ursus
	Zetkama

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Banks

Pressures weigh on Polish bank sector income

- Polish banks are expected to report flat net interest income and continued falls in fee income in Q1 2016

Alior Bank Michał Konarski		Buy PLN 94.25		Reporting Date 12 May	
(PLN m)	Q1'16E	Q4'15	Q/Q	Y/Y	YTD*
Net interest income	410.9	395.1	4%	19%	24%
Net fee income	85.8	79.5	8%	-8%	25%
Total income	588.3	573.0	3%	12%	24%
Operating costs	-282.8	-325.1	-13%	10%	26%
Provisioning	-179.3	-194.9	-8%	24%	23%
Net income	77.8	39.6	96%	-15%	23%

BZ WBK Michał Konarski		Hold PLN 305.10		Reporting Date 27 April	
(PLN m)	Q1'16E	Q4'15	Q/Q	Y/Y	YTD*
Net interest income	1133.6	1136.3	0%	8%	24%
Net fee income	474.5	494.2	-4%	3%	23%
Total income	1774.6	1742.7	2%	-25%	24%
Operating costs	-811.0	-1048.2	-23%	0%	25%
Provisioning	-153.8	-256.4	40%	19%	22%
Net income	542.3	277.1	96%	-48%	25%

Getin Noble Michał Konarski		Buy PLN 0.96		Reporting Date 16 May	
(PLN m)	Q1'16E	Q4'15	Q/Q	Y/Y	YTD*
Net interest income	327.1	339.2	-4%	21%	27%
Net fee income	54.7	60.8	-10%	-42%	15%
Total income	421.4	390.8	8%	-17%	26%
Operating costs	-229.2	-483.7	-53%	-9%	25%
Provisioning	-147.5	-106.9	38%	15%	37%
Net income	1.9	-195.4	n.m.	-98%	2%

Handlowy Michał Konarski		Reduce PLN 81.97		Reporting Date 9 May	
(PLN m)	Q1'16E	Q4'15	Q/Q	Y/Y	YTD*
Net interest income	246.7	243.1	1%	-4%	25%
Net fee income	153.3	152.6	0%	1%	23%
Total income	453.5	503.5	-10%	-23%	22%
Operating costs	-291.8	-354.7	-18%	-7%	24%
Provisioning	-0.5	0.4	n.m.	-85%	4%
Net income	113.3	118.3	-4%	-48%	19%

ING BSK Michał Konarski		Hold PLN 119.38		Reporting Date 10 May	
(PLN m)	Q1'16E	Q4'15	Q/Q	Y/Y	YTD*
Net interest income	661.1	659.4	0%	16%	24%
Net fee income	252.3	254.8	-1%	1%	24%
Total income	948.9	953.6	0%	5%	24%
Operating costs	-515.7	-648.0	20%	-4%	25%
Provisioning	-51.7	-51.5	0%	39%	16%
Net income	256.2	205.7	25%	-2%	27%

Millennium Michał Konarski		Buy PLN 7.00		Reporting Date 9 May	
(PLN m)	Q1'16E	Q4'15	Q/Q	Y/Y	YTD*
Net interest income	350.1	349.5	0%	5%	24%
Net fee income	140.9	140.4	0%	-10%	23%
Total income	-267.1	-275.4	3%	3%	25%
Operating costs	-63.3	-45.2	-40%	7%	22%
Provisioning	199.1	66.7	199%	-1%	22%
Net income	129.2	53.0	144%	-21%	24%

Pekao Michał Konarski		Sell PLN 127.42		Reporting Date 10 May	
(PLN m)	Q1'16E	Q4'15	Q/Q	Y/Y	YTD*
Net interest income	1041.8	1060.5	-2%	0%	23%
Net fee income	476.2	503.9	-6%	-1%	23%
Total income	1774.8	1770.9	0%	0%	24%
Operating costs	-876.5	-1128.6	-22%	1%	25%
Provisioning	-133.5	-120.3	11%	-3%	21%
Net income	550.3	438.4	26%	-12%	27%

*as a percentage of our full-year forecast

OTP Bank shines, Getin lags

- OTP Bank is set to deliver a positive earnings surprise in Q1, thanks mainly to low cost of risk
- On the other hand Getin Noble Bank is set to disappoint

- Alior will post q/q NIM contraction by 5bps but thanks to higher assets its Q1 2016 net interest income will be 4% higher
- Fee income is set for an 8.0% q/q rebound
- Cost of risk will decrease to 213bps from 244bps
- The new asset tax will approximate PLN 20.6m

- Q1 bottom line will receive a boost from ca. PLN 70m dividends from Aviva, moved forward from the usual Q2 payout, and a PLN 40m NPL sale by the SCB unit
- Fee income will decrease 4.0% q/q due to seasonal pressures
- NIM will post q/q contraction by 7bps
- The new asset tax will approximate PLN 92m

- As assets decreased while deposits increased, driven by intense customer acquisition efforts, Getin is likely to have experienced a 5bp fall in NIM and a 4% drop in net interest income in Q1 2016
- First-quarter income will receive a PLN 40m one-time boost from the sale of Getin Leasing
- Cost of risk set to normalize to 116bps
- The new asset tax will approximate PLN 38m

- A 2bp rise in NIM will result in a 1.5% q/q pickup in net interest income
- Operating costs will have fallen 6.8% y/y in Q1 2016
- Trading income as per BHW's warning will be low at PLN 54m
- The new asset tax will approximate PLN 17.3m

- An NPL sale for PLN 17m will add to the Q1 income
- Fee income will decline 1%, and net interest income will be flat vs. the previous quarter
- NIM will remain stable at 2.4%
- Cost of risk steady at 27bps
- The new asset tax will approximate PLN 52.9m

- Net interest income and fee income will show flat growth in Q1 2016
- NIM expected to post a 3bp drop to 2.1%
- Costs to fall 3% q/q after a seasonal upturn in Q4 2015
- Cost of risk will normalize to 53bps from 38bps the previous quarter
- The new asset tax will approximate PLN 32m

- Q1 2016 pre-tax income will be boosted by a ca. PLN 100m NPL sale
- Due to slow lending and volatility in financial markets, there will be 1.8% contraction in net interest income and a 5.5% slump in fee income compared to the previous quarter
- Operating costs will be stable, and risk reserves are expected normalize after an 11% q/q increase
- The new asset tax will approximate PLN 92m

Banks

PKO BP		Buy		Reporting Date	
Michał Konarski		PLN 31.62		9 May	
(PLN m)	Q1'16E	Q4'15	Q/Q	Y/Y	YTD*
Net interest income	1858.2	1856.4	0%	11%	23%
Net fee income	665.8	693.5	-4%	-2%	23%
Total income	2749.6	2878.7	-4%	4%	23%
Operating costs	-1364.4	-1923.7	-29%	-3%	25%
Provisioning	-368.6	-365.0	1%	-1%	22%
Net income	635.7	444.3	43%	-2%	22%

Erste Bank		Buy		Reporting Date	
Michał Konarski		EUR 32.34		4 May	
(EUR m)	Q1'16E	Q4'15	Q/Q	Y/Y	YTD*
Net interest income	1108.1	1120.4	-1%	1%	25%
Net fee income	451.5	489.2	-8%	-2%	24%
Total income	1600.5	1636.5	-2%	-3%	24%
Operating costs	-1006.3	-1016.5	-1%	6%	26%
Provisioning	-147.5	-210.7	-30%	-19%	17%
Net income	193.5	204.0	-5%	-14%	17%

Komerční Banka		Accumulate		Reporting Date	
Michał Konarski		CZK 5,428		4 May	
(CZK m)	Q1'16E	Q4'15	Q/Q	Y/Y	YTD*
Net interest income	5258.3	5354.0	-2%	-2%	25%
Net fee income	1738.5	1765.0	-2%	2%	25%
Total income	7637.8	7926.0	-4%	-1%	25%
Operating costs	-4097.0	-3723.0	10%	22%	30%
Provisioning	-597.0	-633.0	-6%	448%	36%
Net income	2328.1	2874.0	-19%	-33%	19%

OTP Bank		Hold		Reporting Date	
Michał Konarski		HUF 6,487		13 May	
(HUF bn)	Q1'16E	Q4'15	Q/Q	Y/Y	YTD*
Net interest income	128.6	133.3	-4%	-9%	24%
Net fee income	38.2	43.4	-12%	3%	22%
Total income	176.8	183.3	-4%	-7%	23%
Operating costs	-95.3	-106.6	11%	-1%	24%
Provisioning	-21.1	-52.7	60%	67%	14%
Net income	35.1	26.8	31%	15x	20%

*as a percentage of our full-year forecast

- A slowdown in lending will result in only a small uptick of 0.1% in Q1 2016 net interest income, and a fall of 4% in fee income compared to the previous quarter
- NIM will post a q/q decrease of 4bps (with yearly NIM expected to expand relative to 2015)
- Cost of risk to be maintained at 0.7%
- The new asset tax will approximate PLN 148.5m
- Q1 net income will be weighed down by one-time costs (EUR 70m deposit guarantee scheme, EUR 65m resolution fund)
- Net interest income will show a continued downward trend (-1% q/q), and fee income will post a seasonal drop of 8%
- Provisioning will decrease by 30% as asset quality improves
- The Hungarian bank tax will be about EUR 30m lower
- We anticipate continued falls in net interest income (-1.8% q/q) and NIM (-4bps q/q).
- Fee income as well will contract slightly due to a reduction in the interchange fee
- The resolution fund contribution requirement will drive up operating costs by 10% q/q and 22% y/y
- Cost of risk will normalize to 43bps from 47bps the previous quarter
- Net interest income will slip 3.5% q/q under pressure from weakened RUB and UAH
- Fee income will show a seasonal quarter-on-quarter fall of 12%, but compared to Q1 2015 it will be 2.5% higher
- Q1 costs increased year on year in the wake of new regulatory charges (resolution fund)
- Total provisioning will decrease thanks to reductions in Russia, Ukraine, and Bulgaria
- The Q1 bank tax is estimated at HUF 13.2bn

Financial Services

Financial service providers set for a strong Q1

- We expect another strong quarter from Kruk, driven by a high debt collection rate, and at PCM we anticipate a rebound in net income

PZU Michał Konarski		Buy PLN 42.44	Reporting Date 12 May		
(PLN m)	Q1'16E	Q4'15	Q/Q	Y/Y	YTD*
GWP	4790.0	4897.8	-2%	2%	26%
Non-Life	2752.0	3057.8	-10%	2%	26%
Life	2001.9	1958.7	2%	0%	24%
Claims	-3024.2	-2777.4	9%	-1%	24%
Costs	-976.5	-1101.7	-22%	3%	26%
Underwriting profit	287.8	388.0	-13%	2%	18%
Investment income	469.6	351.7	34%	-51%	24%
Pre-tax income	609.8	664.0	-8%	-47%	19%
Net income	445.1	509.8	-13%	-53%	19%

Kruk Michał Konarski		Hold PLN 185.12	Reporting Date 8 May		
(PLN m)	Q1'16E	Q4'15	Q/Q	Y/Y	YTD*
Total revenue	161.2	162.0	-1%	21%	22%
Purchased Debt	148.9	149.6	-1%	23%	22%
Collection Svcs	7.6	7.7	-1%	0%	26%
Dir. & indir. costs	65.1	71.2	-8%	31%	21%
Gross profit	96.0	90.8	6%	15%	23%
Operating profit	70.3	59.8	17%	16%	24%
Pre-tax income	59.9	50.0	20%	20%	24%
Net income	56.9	44.0	29%	12%	25%

PCM Michał Konarski		Buy PLN 46.76	Reporting Date 13 May		
(PLN m)	Q1'16E	Q4'15	Q/Q	Y/Y	YTD*
Lease revenue	35.3	35.4	-1%	-2%	24%
Leasing fees	54.6	53.5	2%	10%	25%
Interest revenue	10.3	9.8	5%	22%	25%
Total revenue	126.8	124.2	2%	-6%	22%
Service costs	46.0	44.3	4%	11%	26%
Total costs	115.5	114.0	1%	-3%	22%
Remarketing	4.0	2.9	5%	4%	17%
Net income	9.1	8.5	7%	-21%	21%

Skarbiec Michał Konarski		Buy PLN 42.20	Reporting Date 11 May		
(PLN m)	Q3'16E	Q2'16	Q/Q	Y/Y	YTD*
Total revenue	18.0	19.2	-6%	-39%	69%
Management fee	16.3	17.5	-7%	-9%	71%
Success fee	0.3	0.3	1%	-97%	28%
Total costs	-14.1	-15.0	-6%	-21%	69%
Distribution costs	-7.5	-8.1	-8%	-16%	69%
Payroll	-2.5	-2.5	0%	-49%	58%
Pre-tax income	3.9	4.2	-7%	-66%	65%
Net income	3.1	3.3	-6%	-66%	64%

*as a percentage of our full-year forecast

PZU reports first quarter with Alior

- The recently-acquired Alior Bank is expected to add only PLN 16m to begin with to the Q1 net income of PZU

- PZU is likely to post flat q/q net written premiums and a 2.2% contraction in the gross written premiums in Q1
- The claims ratio went up by an estimated 8.9% q/q (but fell 1% y/y), led by higher claims in non-life
- Investment income will show a decline from the year-ago comparable base
- PZU cut administrative expenses by an estimated 10% q/q in Q1
- Net income will include a PLN 23m contribution from Alior
- Our Q1 asset tax estimate is PLN 48.8m

- Kruk increased the quarterly gross profit from purchased debt by an estimated PLN 20m in Q1
- Q1 results will be supported by lower debt enforcement costs and court fees
- Marketing costs will be lower than in the previous quarter
- We estimate the Q1 asset tax at ca. PLN 3m

- Masterlease is expected to report a 7% q/q rebound in net income in Q1
- Income from leases and special fees will show continued contraction (-2% q/q), while interest income will increase 5% on higher sales
- After a drop to PLN 2.9m in Q4 2015, remarketing income will bounce back to PLN 4m in Q1 2016
- An expanding vehicle fleet will drive the costs of repairs and service up by 4% q/q and 11% y/y

- On reduced AUM, Skarbiec is expected to post a 7% q/q drop in the management fee in Q1, offset by an 8% reduction in distribution costs
- High-margin AUM fell by an estimated 7.2% q/q, but low-margin AUMs will have grown 0.9%
- The Q1 success fee is estimated at PLN 0.3m
- Skarbiec may book a PLN 0.4m regulatory charge in Q1 which is not factored into our estimates.

Gas & Oil, Chemicals

Strong downstream, likely positive surprise at PGNiG

- Refiners will deliver a strong Q1 2016 despite narrowed benchmark margins and thanks to FX gains, strong local demand, and a high Urals/Brent differential

Ciech Kamil Kliszcz		Hold PLN 77.20		Reporting Date 16 May	
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	831.8	817.4	2%	3554.7	23%
EBITDA adj.	211.8	191.6	11%	833.7	25%
EBITDA	211.8	173.1	22%	833.7	25%
EBIT	156.3	117.1	33%	590.1	26%
Financing activity	-11.0	-47.4	-77%	-45.5	24%
Net income	117.7	52.2	125%	441.2	27%

Grupa Azoty Jakub Szkopek		Hold PLN 100.20		Reporting Date 11 May	
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	2550.4	2838.9	-10%	9920.4	26%
EBITDA	564.1	492.0	15%	1487.6	38%
EBITDA margin	22.1%	17.3%		15.0%	
EBIT	441.7	362.9	22%	1001.7	44%
Pre-tax profit	437.8	357.1	23%	1007.1	44%
Net profit	312.5	276.1	13%	746.1	42%

Lotos Kamil Kliszcz		Hold PLN 26.50		Reporting Date 28 April	
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	4048.2	5131.5	-21%	19875	20%
LIFO EBITDA adj.	434.5	408.9	6%	1850.4	23%
LIFO effect	-159.6	-15.0	-	103.6	-
EBITDA	314.0	445.6	-30%	2004.0	16%
EBIT	105.0	267.7	-61%	1037.4	10%
Financing activity	108.9	-377.0	-	-229.5	-
Net income	173.2	-101.4	-	553.2	31%

MOL Kamil Kliszcz		Hold HUF 17,160		Reporting Date 6 May	
(HUF bn)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	714.4	921.9	-23%	3436.5	21%
LIFO EBITDA adj.	141.7	161.5	-12%	557.9	25%
LIFO effect	-21.9	-17.4	-	19.5	-
EBITDA	119.8	144.7	-17%	577.3	21%
EBIT	33.5	70.7	-53%	227.6	15%
Financing activity	-7.5	-53.3	-	-48.9	15%
Net income	19.5	9.1	115%	116.2	17%

PGNiG Kamil Kliszcz		Accumulate PLN 5.73		Reporting Date 9 May	
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	1177.6	1249.5	-6%	3342.7	35%
EBITDA adj.	2187.0	2462.0	-11%	5367.8	41%
EBITDA	2187.0	2326.0	-6%	5367.8	41%
EBIT	1450.0	1662.0	-13%	2738.2	53%
Financing activity	20.0	-72.0	-	-296.2	-
Net income	1073.1	1243.0	-14%	1839.4	58%

Polwax Kamil Kliszcz		Buy PLN 24.30		Reporting Date 13 May	
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	48.4	53.8	-10%	282.0	17%
EBITDA	6.0	6.1	-1%	34.9	17%
EBIT	5.2	5.2	-1%	30.6	17%
Financing activity	-0.3	-0.2	-	0.3	-
Net income	3.9	4.0	-1%	24.5	16%

Synthos Jakub Szkopek		Reduce PLN 3.39		Reporting Date 12 May	
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	977.1	974.1	0%	4199.0	23%
EBITDA	122.7	101.8	20%	591.0	21%
EBITDA margin	12.6%	10.5%		14.1%	
EBIT	78.2	63.5	23%	405.1	19%
Pre-tax profit	52.9	100.6	-47%	351.5	15%
Net profit	46.0	91.6	-50%	302.3	15%

*as a percentage of our full-year forecast

- PGNiG may deliver a positive surprise in Q1
- In chemicals, Grupa Azoty is set for a strong Q1 supported by low costs of nags fuel. On the other hand, Synthos will report further slump from a low year-ago base

- EBITDA in the Soda Division up from PLN 156m to PLN 185m y/y on higher volumes from increased capacity, combined with FX gains and cheaper natgas in Germany
- In the Organic Division, EBITDA is set to decrease by PLN 4m from the quarter-before spike on lower pesticide sales coupled with lower margins on resins
- Q1 financial costs will be lower than in 2015 thanks to debt refinancing

- We expect to see falling sales volumes of nitrogen and compound fertilizers, as well as plastics, in Q1
- At the same time, lower y/y natgas costs will drive EBITDA up by 9.1% in Fertilizers and by a staggering 122.4% in Chemicals. In Plastics we anticipate an EBITDA loss of PLN 18.5m.

- Q1 LIFO EBITDA to grow y/y thanks to contributions from the Sleipner gas field bought in December 2015 (Upstream EBITDA estimated at PLN 150m vs. PLN 75m in Q1 2015)
- Core LIFO EBITDA in Downstream is set to contract to PLN 260m from PLN 312m a year ago due to worsened margins. The reported EBITDA will be depressed by negative LIFO effects, mitigated by PLN 39m FX gains
- Retail EBITDA will grow 10% on higher volumes
- Net profit will be bolstered by financing gains (hedging, USD/PLN)

- Larger volumes and savings will partly offset lower prices of crude oil and natural gas, with Upstream EBITDA at HUF 40bn vs. HUF 44bn in Q4 2015
- In Downstream CCS EBITDA will pull back only slightly from HUF 52.6bn to HUF 49.8bn as lower benchmark refining margins will be offset by strong regional demand and higher profits on retail
- In Petrochemicals, EBITDA will be strong at HUF 42.8bn in spite of mounting competitive pressures

- Expecting 11% shrinkage in core EBITDA led by oil and gas slump, affecting E&P (where EBITDA will fall from PLN 878m to PLN 707m y/y), coupled with a weaker profit on gas trade (PLN 475m). Weaker retail volumes and no payout from Gazprom compensated by still-high margins on regulated sales
- Distribution EBITDA up PLN 155m y/y with no payroll charges on 7% higher volumes
- One-off gains on NOK/USD movements

- In Q1 2015 Polwax was hurt by falling paraffin prices and high inventory costs
- In Q1 2016, despite lower sales volumes, higher margins should make for a comparable year-on-year EBITDA figure.

- We expect Synthos to report a 21.4% y/y rebound in synthetic rubber sales in Q1 owed to the launch of the new SSBR facility. Sales of styrene products will rise 0.5%.
- EBITDA in the Rubbers segment will fall 24.8% due to disrupted butadiene feedstock supplies, while EBITDA in Styrenes will register a jump of 457.0%.
- The Q1 2016 bottom line will be weighed down by FX losses of ca. PLN 11m vs. gains posted in Q1 2015.

Electricity, Coal, Metals

Q1 with no major surprises in Utilities

- The utility sector is expected to achieve about 30% of the full-year EBITDA forecast in Q1
- Polish power producers will have counterbalanced slashed

CEZ		Buy		Reporting Date	
Kamil Kliszcz		CZK 539.10		10 May	
(CZK m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	50363	53006	-5%	201838	25%
EBITDA adj.	16682	19221	-13%	62399	27%
EBITDA	16682	19221	-13%	62399	27%
EBIT	9069	12027	-25%	33092	27%
Financing activity	-1497	-2451	-39%	-6719	22%
Net income	5982	7515	-20%	20868	29%

Enea		Hold		Reporting Date	
Kamil Kliszcz		PLN 12.40		12 May	
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	2705.8	2446.4	11%	10671	25%
EBITDA adj.	651.0	534.1	22%	2148.5	30%
EBITDA	651.0	509.1	28%	2148.5	30%
EBIT	387.5	327.3	18%	992.1	39%
Financing activity	-39.5	1.9	-	-139.8	28%
Net income	281.9	262.7	7%	637.5	44%

Energa		Suspended		Reporting Date	
Kamil Kliszcz				11 May	
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	2806.9	2913.0	-4%	10376	27%
EBITDA adj.	610.3	677.3	-10%	2026.4	30%
EBITDA	610.3	691.3	-12%	2026.4	30%
EBIT	67.7	466.9	-85%	1106.8	6%
Financing activity	-66.4	-48.5	-	-258.2	26%
Net income	1.1	351.0	-	678.3	-

PGE		Hold		Reporting Date	
Kamil Kliszcz		PLN 14.60		10 May	
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	7323.8	7553.0	-3%	29449	25%
EBITDA adj.	1627.2	2048.0	-21%	6498.3	25%
EBITDA	1925.2	2210.0	-13%	6998.3	28%
EBIT	1194.2	1416.0	-16%	4238.7	28%
Financing activity	-57.0	-54.0	-	-180.7	32%
Net income	921.1	1095.0	-16%	3281.3	28%

Tauron		Buy		Reporting Date	
Kamil Kliszcz		PLN 3.78		11 May	
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	4583.9	4753.8	-4%	19099	24%
EBITDA adj.	895.7	997.3	-10%	3336.6	27%
EBITDA	895.7	1020.9	-12%	3336.6	27%
EBIT	468.8	585.6	-20%	1544.3	30%
Financing activity	-65.0	-11.2	-	-402.4	16%
Net income	327.1	502.0	-35%	924.9	35%

KGHM		Hold		Reporting Date	
Michał Marczak		PLN 63.00		13 May	
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	4370.0	4731.0	-8%	18138	24%
EBITDA	1095.0	1277.0	-14%	3808.3	29%
EBIT	521.0	713.0	-27%	1762.1	30%
Financing activity	-62.5	-136.0	-54%	-218.8	29%
Net income	81.8	398.0	-79%	53.1	-

LW Bogdanka		Hold		Reporting Date	
Michał Marczak		PLN 33.00		12 May	
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	497.6	428.3	16%	1946.9	26%
EBITDA	167.7	144.4	16%	625.7	27%
EBIT	65.5	48.2	36%	227.7	29%
Financing activity	-6.0	-5.5	8%	-24.0	25%
Net income	48.2	32.7	48%	178.4	27%

*as a percentage of our full-year forecast

WACC with higher volumes and cost discipline

- The electricity price slippage will most affect PGE and CEZ, while in case of TPE and Enea it will be mitigated by other means
- Generation EBITDA will fall from CZK 10.7bn to CZK 8.6bn on lower electricity prices and higher carbon prices
- In Distribution EBITDA will show a y/y decline of CZK 0.3bn due to a reduced correction factor and tighter margins on trade
- Generation EBITDA is set to show flat y/y growth at PLN 170m as lower power prices will be offset by reduced costs of coal and higher volumes
- Distribution EBITDA will post a small decline from the previous year thanks to a lack of one-time charges (PLN -15m in Q1 2015)
- Trade felt margin pressure in Q1 (with est. EBITDA at PLN 35m). LWB will add ca. PLN 167m to the Q1 EBITDA
- Energa will book asset impairment of PLN 304m in Q1.
- Generation EBITDA will decrease by PLN 47m y/y due to a lack of green certificates for hydropower plants and lower volumes
- Distribution EBITDA will show a small PLN 15m y/y fall as lower WACC will be offset by higher volumes and savings
- Trade EBITDA will be PLN 30m vs. PLN 43m adjusted in Q1 2015 due to market pressures
- Predicting core Generation EBITDA shrinkage by as much as PLN 350m, driven by lower volumes and prices coupled with expensive carbon. Reported EBITDA will come close to PLN 1.07bn thanks to a PLN 173m claim won from the energy regulator
- Distribution EBITDA will approximate PLN 580m after declines led by WACC and higher costs of network losses
- Trade EBITDA down PLN 20m y/y, Renewables EBITDA reduced by PLN 25m on lack of subsidies
- Generation EBITDA set to fall from PLN 284m to PLN 230m due to zero trade profits, lack of hydropower subsidies, and more expensive carbon (offset by OR payments)
- In Distribution, a cut WACC cut will be offset by savings, resulting in only a small EBITDA contraction by PLN 10m
- Trade EBITDA down PLN 49m on lower margins, volumes
- In Mining EBITDA will be a PLN 30m loss generated by the recently acquired coal mine with low CUR
- The average price of copper fell 4.4%, while silver rebounded 0.8%, in Q1 2016. In zlotys the respective changes were -3% and +2.2%
- KGHM standalone Q1 sales approximated 135kt of copper and 280t of silver. At KGHM Int. production and sales were roughly 26kt copper and 275k troz precious metals. Output from SierraGorda will have edged up slightly to 28kt of copper and 5kt of molybdenum.
- Coal output in Q1 decreased to ca. 2.3mmt from 2.55mmt the previous quarter, but compared to Q1 2015 it is expected to be 18% higher. We assume sales in the period were equal to the output
- Q1 average revenue per ton is estimated at PLN 208 (-1% q/q, -0.4% y/y)
- COGS per ton will have fallen 4.8% y/y to PLN 187

TMT

Across-the-board slowdown in TMT; ACP EBIT slumps

- Anticipating 4.7% y/y shrinkage in Q1 sector EBITDA
- At Wirtualna Polska a deceleration in organic growth

Netia Paweł Szpigel	Accumulate PLN 6.30		Reporting Date 12 May		
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	392.8	388.7	1%	1546.8	25%
EBITDA	104.4	111.5	-6%	456.9	23%
EBITDA margin	26.6%	28.7%		29.5%	
EBIT	-5.6	6.0	-	55.4	-
Pre-tax profit	-8.5	4.7	-	-13.4	-
Net profit	-8.5	1.3	-	-22.7	-

Orange Polska Paweł Szpigel	Buy PLN 8.30		Reporting Date 25 April		
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	2815.0	2930.0	-4%	11484	25%
EBITDA	852.0	959.0	-11%	3376.4	25%
EBITDA margin	30.3%	32.7%		29.4%	
EBIT	172.0	246.0	-30%	664.6	26%
Pre-tax profit	82.0	188.0	-56%	306.9	27%
Net profit	67.0	191.0	-65%	248.6	27%

Agora Paweł Szpigel	Buy PLN 14.10		Reporting Date 13 May		
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	287.3	282.8	2%	1185.5	24%
EBITDA	20.9	25.9	-19%	119.0	18%
EBITDA margin	7.3%	9.2%		10.0%	
EBIT	-1.7	2.5	-	25.5	-
Pre-tax profit	-7.3	1.4	-	19.5	-
Net profit	-7.3	-0.2	-	14.8	-

Cyfrowy Polsat Paweł Szpigel	Hold PLN 22.10		Reporting Date 12 May		
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	2373.2	2329.0	2%	9870.5	24%
EBITDA	852.9	896.6	-5%	3528.9	24%
EBITDA margin	35.9%	38.5%		430.4%	
EBIT	417.0	428.7	-3%	1913.4	22%
Pre-tax profit	-133.0	196.8	-	1441.5	-
Net profit	-133.0	170.8	-	1203.7	-

Wirtualna Polska Paweł Szpigel	Buy PLN 50.00		Reporting Date 13 May		
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	88.9	67.5	32%	420.9	21%
EBITDA	25.3	17.8	42%	129.8	20%
EBITDA margin	28.5%	26.3%		30.8%	
EBIT	15.2	10.7	42%	93.2	16%
Pre-tax profit	10.9	0.0	-	84.4	13%
Net profit	8.8	-0.5	-	82.0	11%

Asseco Poland Paweł Szpigel	Buy PLN 65.90		Reporting Date 12 May		
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	1855.0	1592.0	17%	7258.8	26%
EBITDA	239.6	229.0	5%	1066.3	22%
EBITDA margin	12.9%	14.4%		14.7%	
EBIT	165.6	164.5	1%	775.1	21%
Pre-tax profit	166.6	163.3	2%	750.4	22%
Net profit	68.1	77.6	-12%	367.6	19%

CD Projekt Piotr Bogusz	Hold PLN 26.50		Reporting Date 12 May		
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	78.1	25.6	205%	293.5	27%
EBITDA	37.7	-1.5	-	140.3	27%
EBITDA margin	48.2%	-5.9%		47.8%	
EBIT	36.4	-2.7	-	133.7	27%
Pre-tax profit	37.2	-4.6	-	139.8	27%
Net profit	29.0	-5.2	-	114.6	25%

*as a percentage of our full-year forecast

- Asseco Poland expected to post a 24% y/y slump in Q1 standalone EBIT
- The Q1 revenue of CDR will be bolstered by charge reversals

- Netia ex. TK Telekom (acquired in Jul. 2015) is expected to post 8% revenue contraction in Q1, led by a 17% fall to ca. PLN 119m in direct voice due to falling on-network APRU (-13%) and WLR and LLU line losses
- TK Telekom's Q1 contributions are estimated at PLN 35m revenue and PLN 10m EBITDA

- Orange Mobile felt continued ARPU erosion in Q1 to a projected PLN 23.8 despite higher wholesale ARPU. On the upside, the post-paid subscriber base added 210,000 lines during Q1, implying total revenue of PLN 1,349m (flat y/y)
- In Fixed Line, we expect to see quarterly revenue erosion at an annual rate of 8%
- Q1 earnings will receive a one-time boost o PLN 81m thanks to January pay deal with unions

- Agora is set to post-double digit ad revenue growth in Outdoor, Internet, and Radio, driven by a rebound in Polish adspend
- In Film and Books, revenue will be stable year over year as a 10% surge in cinema ticket sales will offset a lack of profits from film productions
- We expect to see a one-time downward value adjustment of PLN 5.5m on the investment in Goldenline

- We assume Cyfrowy immediately started to consolidate its bandwidth provider Midas after the 1 March acquisition
- We anticipate a 3% y/y decline in retail revenue offset by a 6% increase in wholesale and a 40% surge in device sales
- Distribution and marketing up 11% y/y plus higher technology spend and interoperator payments
- Q1 financing costs will total PLN 550m (of which PLN 260m bond call premium).

- Cash revenue projected at PLN 80.2m (+35% y/y) after a slowdown to 14% in the annual organic growth rate from a 2015 average of 33%, offset by the consolidation of Enovatis
- Q1 results will probably not reflect yet the costs of the new DTTV channel WP1 (except for programming license amortization) which WPL puts at PLN 3.0m

- The Israeli unit Formula Systems is set to report y/y EBIT growth by PLN 7.9m or 11% in Q1. Western European operations will generate higher profits as well, supported by the acquisition of Exictos
- In Poland there will be a y/y fall in Q1 EBIT by PLN 10.2m or 15% driven by the parent company where EBIT at an estimated PLN 38.4m will show a slump of 24% due to lower profits generated on Finance and Banking solutions

- Q1 revenue in the Video Games segment is estimated at PLN 55.4m, of which PLN 20m provided by reserve reversals by distributors
- Quarterly SG&A and other operating expenses amounted to ca. PLN 22m, driven by new projects and payroll reserves
- Margin in Q1 will be high now that CDR has expensed all the costs involved in the development of *The Witcher 3*

Industrials

Strong Q1 in Industrials

- We expect 39% of the industrial companies in our soft coverage to deliver y/y earnings growth in Q1 2016, with 27% posting declines and 35% reporting flat growth from Q1 2015
- Companies exporting to the EU benefitted from the zloty's depreciation vis-à-vis the euro in Q1 2016. Good first-quarter results will also be delivered by automotive suppliers and producers of consumer goods and furniture
- The manufacturing sector capitalized on low costs of electricity and natural gas fuel in Q1. On the other hand, we expect to see upward pressure on labor costs

Amica Jakub Szkopek		Reporting Date 13 May				
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*	
Revenue	541.6	475.3	14%	2416.7	22%	
EBITDA	43.4	43.2	0%	203.2	21%	
EBITDA margin	8.0%	9.1%		1.0%		
EBIT	34.3	34.3	0%	165.2	21%	
Pre-tax profit	31.0	27.1	14%	152.3	20%	
Net profit	25.1	21.9	15%	123.3	20%	

Apator Jakub Szkopek		Reporting Date 10 May				
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*	
Revenue	193.5	180.9	7%	807.7	24%	
EBITDA	29.3	27.8	5%	130.5	22%	
EBITDA margin	15.1%	15.3%		16.2%		
EBIT	23.3	20.7	13%	104.9	22%	
Pre-tax profit	21.3	20.7	3%	98.2	22%	
Net profit	17.0	16.4	4%	78.7	22%	

Boryszew Jakub Szkopek		Reporting Date 16 May				
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*	
Revenue	1400.8	1492.4	-6%	6533.1	21%	
EBITDA	86.1	78.3	10%	325.9	26%	
EBITDA margin	6.1%	5.2%		5.0%		
EBIT	53.1	49.9	6%	199.7	27%	
Pre-tax profit	42.1	45.4	-7%	155.5	27%	
Net profit	23.7	26.5	-10%	98.5	24%	

Elemental Jakub Szkopek		Buy PLN 4.80		Reporting Date 13 May		
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*	
Revenue	219.1	207.1	6%	1151.1	19%	
EBITDA	16.3	14.5	12%	86.3	19%	
EBITDA margin	7.4%	7.0%		7.0%		
EBIT	14.3	12.3	16%	70.9	20%	
Pre-tax profit	12.5	12.5	0%	63.8	20%	
Net profit	11.2	12.2	-9%	53.8	21%	

Famur Jakub Szkopek		Hold PLN 2.20		Reporting Date 16 May		
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*	
Revenue	189.6	276.1	-31%	755.0	25%	
EBITDA	49.3	59.7	-18%	205.3	24%	
EBITDA margin	26.0%	21.6%		27.0%		
EBIT	14.1	24.9	-44%	62.6	23%	
Pre-tax profit	12.9	31.2	-59%	61.4	21%	
Net profit	10.4	29.0	-64%	49.8	21%	

Forte Jakub Szkopek		Reporting Date 12 May				
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*	
Revenue	263.4	255.8	3%	1035.7	25%	
EBITDA	39.5	37.1	7%	135.7	29%	
EBITDA margin	15.0%	14.5%		13.1%		
EBIT	34.1	32.5	5%	113.6	30%	
Pre-tax profit	33.1	31.6	5%	110.0	30%	
Net profit	26.8	25.1	7%	89.1	30%	

*as a percentage of our full-year forecast

- Our top picks for the Q1 growth leaders are Alumetal, Amica, Impexmetal, Forte, Pfeleiderer Grajewo, Ursus, and Zetkama. The projected laggards reporting y/y profit shrinkage are Alchemia, Famur, Fasing, Feerum, Kruszwica, and PKM Duda
- After a better-than-expected first quarter, we see potential for upward FY2016 guidance revisions by Kęty, Impexmetal, and Forte
- Vistal is expected to report having built a high order backlog in Q1

- Amica is expected to report single-digit growth in domestic sales and double-digit growth in EU exports in Q1 2016. On the downside, sales to Russia will have fallen 10% year over year. The first-quarter sales will receive a boost of an estimated PLN 50m from the recent acquisition, CDA UK
- Gross margin will shrink from 33.8% in Q1 2015 to 31.8% in Q1 2016 due to base effects and lower margins generated by CDA

- Apator achieved estimated sales growth of 7% in Q1 2016.
- Profit margins in the period are expected to improve thanks to the restructuring being conducted at the subsidiary Apator Rector.
- A strong dollar will bear on the size of the first-quarter profits, however its depreciation toward the end of the quarter may indicate better margins in Q2

- Boryszew experienced revenue contraction in Q1 2016 due to lower prices of non-ferrous metals and a slowdown in the automotive business after a fire damaged the production capacity of the German plant
- On the upside, thanks to new orders for automotive parts acquired by Maflow, combined with growth achieved by the subsidiary Impexmetal, the Q1 2016 EBITDA is expected to show year-on-year growth of 10%

- Elemental is expected to report y/y double-digit sales volume growth in the segment of CAC, and increases in the single digits in WEEE and PCB. In the metals segment, the volume of sales will be lower than in Q1 2015
- EBITDA growth in the first quarter was driven mainly by CAC. FX gains will not add as much to the net profit for Q1 2016 as they did in the same period in 2015.

- Famur's revenue for Q1 2016 will be provided mostly by a PLN 80m contract from a Russian customer and a PLN 60.3m contract for the Polish coal miner JSW
- Thanks to high capacity utilization, Q1 EBITDA is likely to post quarter-on-quarter growth of 30%, with net profit soaring as much as 60%
- The Russian contract may drive the net debt/12M EBITDA ratio temporarily up to 0.5x

- Sales revenue growth expected to be in the single digits
- As for profits, they will be supported by the zloty's weakness against the euro, combined with stable prices of wood-based panels. The reopened high-bay warehouse after extensions should provide costs savings in Q1 2016

Industrials

Grajewo				Reporting Date	
Jakub Szkopek				11 May	
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	249.9	bd.	bd.	1000.4	25%
EBITDA	32.0	bd.	bd.	134.2	24%
EBITDA margin	12.8%			13.0%	
EBIT	16.1	bd.	bd.	66.8	24%
Pre-tax profit	6.1	bd.	bd.	27.7	22%
Net profit	4.9	bd.	bd.	23.2	21%

Impexmetal				Reporting Date	
Jakub Szkopek				13 May	
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	759.3	871.4	-13%	3426.1	22%
EBITDA	41.2	40.0	3%	157.9	26%
EBITDA margin	5.4%	4.6%		5.0%	
EBIT	28.3	26.9	5%	101.3	28%
Pre-tax profit	24.7	22.0	12%	87.0	28%
Net profit	20.7	18.3	13%	72.1	29%

Kernel		Hold		Reporting Date	
Jakub Szkopek		PLN 55.00		30 May	
(USD m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	619.5	607.0	2%	2291.1	71%
EBITDA	78.3	115.2	-32%	354.7	79%
EBITDA margin	12.6%	19.0%		15.0%	
EBIT	62.8	99.5	-37%	291.8	80%
Pre-tax profit	35.9	-3.6	-	231.3	78%
Net profit	34.1	7.4	362%	215.1	81%

Tarczyński				Reporting Date	
Jakub Szkopek				6 May	
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	129.7	124.8	4%	550.7	24%
EBITDA	10.1	13.7	-26%	51.1	20%
EBITDA margin	7.8%	10.9%		9.0%	
EBIT	5.0	8.7	-42%	30.5	16%
Pre-tax profit	3.2	6.8	-53%	23.3	14%
Net profit	2.6	5.4	-52%	18.7	14%

UNIWHEELS		Accumulate		Reporting Date	
Jakub Szkopek		PLN 161.30		10 May	
(EUR m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	109.1	104.8	4%	435.8	25%
EBITDA	14.6	13.2	11%	64.6	23%
EBITDA margin	13.4%	12.6%		15.0%	
EBIT	10.6	9.6	10%	47.9	22%
Pre-tax profit	10.5	13.7	-23%	46.8	22%
Net profit	10.3	13.4	-23%	46.3	22%

Vistal Gdynia		Buy		Reporting Date	
Jakub Szkopek		PLN 15.80		16 May	
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	113.0	87.4	29%	456.8	25%
EBITDA	10.9	10.1	8%	49.8	22%
EBITDA margin	9.6%	9.6%		11.0%	
EBIT	7.0	6.4	9%	34.2	20%
Pre-tax profit	4.7	7.4	-37%	21.0	22%
Net profit	3.8	5.7	-34%	18.7	20%

Zetkama				Reporting Date	
Jakub Szkopek				11 May	
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	143.3	83.7	71%	582.2	25%
EBITDA	21.4	12.3	73%	91.7	23%
EBITDA margin	14.9%	14.7%		15.8%	
EBIT	15.1	9.5	59%	66.6	23%
Pre-tax profit	15.0	8.5	76%	67.7	22%
Net profit	12.1	7.3	66%	54.8	22%

*as a percentage of our full-year forecast

- Grajewo is expected to post revenue contraction in Q1 2016, due mainly to the zloty's depreciation against the euro. The average capacity utilization rate in the period was high at over 95%
- Q1 operating profit will benefit from falling costs of urea and utilities, combined with stable prices of wood feedstock and reduced costs of wood drying thanks to a short and mild winter
- Impexmetal is expected to have increased the volume of sales by 3.4% y/y in Q1, with the revenue for the period additionally supported by lower prices of non-ferrous metals
- By segment, we anticipate higher EBITDA in Aluminum and Bearings, with y/y declines experienced in Copper, Zinc, and Lead
- Kernel achieved double-digit growth in sales volumes in the third quarter of fiscal 2016
- On the other hand, the EBITDA for the period is expected to fall year over year due to lower margins achieved on bulk vegetable oil
- Net profit will be impacted by UAH depreciation vs. USD, but the FX losses at estimated at \$13.9m will be much less than in the same period last year
- Tarczyński achieved estimated sales volume growth of 5% in Q1 2016, achieved partly thanks to a positive Easter effect. At the same time, the average sales price in the period will have declined by an estimated 1% year over year due to lower costs of fresh meat inputs
- The Q1 earnings momentum will be hindered by high year-ago comparable results
- Uniwheels is expected to report a 3% y/y increase in Q1 sales volume, accompanied by rise in average CUR from 94% to 97%. The Q1 average sales price will be lower than in the previous quarter due to lower costs of aluminum
- At the same time, the average EBITDA margin per wheel at an estimated EUR 7.5 will show y/y expansion of 7.1%
- Q1 bottom-line-profit will receive a small boost of EUR 0.2m from FX gains (vs. EUR 4.8m in Q1 2015)
- Judging by its high backlog, Vistal will post a strong increase in revenues from Marine & Offshore and from Building Construction in Q1 2016
- A big order for marine structures will drive improvement in the first-quarter margins, with the gross profit up 13% on the year
- The Q1 2016 bottom-line-profit will receive a small boost of PLN 0.1m from FX gains (vs. PLN 3.2m in Q1 2015)
- Contributions from the H2 2015 acquisition Kuźnia Polska are expected to drive Q1 2016 sales growth to over 70% for Zetkama
- The quarterly revenue and profit margins will be supported by strong demand from the automotive market, coupled with a weak zloty relative to the euro. In addition, Zetkama benefitted from low costs of steel inputs and utilities in Q1 2016

Construction

Builders see positive earnings momentum in Q1

- The construction sector is set to deliver continued positive earnings momentum in Q1 2016 despite y/y backlog contraction observed toward the end of 2015. 2016 is shaping up to be the third straight year of growth in the sector since the 2013 lows
- With Q1 backlogs still relatively high, the temporary drop-off in public infrastructure spending before the new EU funding framework kicks in will not greatly affect the Q1 profits of builders. The order lull will start having a noticeable impact on companies with less success in contraction acquisition (Torpol, ZUE), in H2

Budimex Piotr Zybala		Accumulate PLN 225.10		Reporting Date 27 April	
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	972.6	846.4	15%	5934.9	16%
Gross profit	101.9	80.8	26%	564.4	18%
EBITDA	58.2	52.3	11%	370.9	16%
EBIT	52.6	46.7	13%	349.9	15%
margin	5.4%	5.5%		5.9%	
Pre-tax income	54.6	47.8	14%	356.1	15%
Net income	43.7	37.3	17%	288.0	15%

Elektrobudowa Piotr Zybala		Buy PLN 170.50		Reporting Date 16 May	
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	224.9	245.8	-9%	1052.3	21%
Gross profit	19.9	20.8	-4%	98.6	20%
EBITDA	17.6	17.7	-1%	86.4	20%
EBIT	14.0	14.1	-1%	72.8	19%
margin	6.2%	5.7%		6.9%	
Pre-tax income	13.4	12.8	5%	70.7	19%
Net income	10.5	9.9	6%	55.1	19%

Erbud Piotr Zybala		Buy PLN 36.00		Reporting Date 12 May	
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	304.3	336.2	-9%	1620.5	19%
Gross profit	20.4	22.4	-9%	123.5	17%
EBITDA	9.9	10.4	-5%	66.3	15%
EBIT	7.4	8.5	-14%	55.3	13%
margin	2.4%	2.5%		3.4%	
Pre-tax income	5.9	6.1	-3%	49.4	12%
Net income	4.2	5.2	-19%	35.6	12%

Unibep Piotr Zybala		Buy PLN 12.10		Reporting Date 12 May	
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	264.1	248.7	6%	1398.3	19%
Gross profit	15.6	12.6	24%	81.1	19%
EBITDA	9.4	8.9	6%	51.6	18%
EBIT	7.6	7.1	7%	43.6	18%
margin	2.9%	2.9%		3.1%	
Pre-tax income	7.1	6.6	9%	43.5	16%
Net income	5.4	4.8	13%	33.3	16%

*as a percentage of our full-year forecast

- Low commodity prices will continue to support builder profits throughout 2016, offsetting the lower orders
- Budimex is set to deliver strong growth in Q1 and in the remaining quarters of 2016
- Unibep, which boasts the strongest backlog growth in the sector, is expected to post modest profit improvement in Q1, followed by a marked rebound in the following periods. By contrast Erbud will likely deliver a relatively lackluster first quarter underpinned by negative base effects
- For railway builders, we anticipate a stellar first quarter followed by a slowdown in the second half of the year

- Budimex is expected to post ca. 40% y/y growth in Q1 EBIT from PLN 28m to an estimated PLN 39m in the construction business (mainly roads), combined with margin expansion, thanks to cheap commodities. Construction revenues and margins will remain strong in the following quarters
- In the real-estate segment, core EBIT is expected to increase to PLN 11m from PLN 3m a year ago thanks to a 122% surge to 242 in the number of homes settled in Q1

- On 9% lower revenue, Elektrobudowa is expected to post stable profits in Q1, with a projected two-thirds of the quarterly EBIT provided by the power engineering segment
- In the segment of Power Distribution Systems Engineering, the EBIT margin will rebound to an estimated 9% (ca. 2ppts less than in 9M'15) from a low quarter-before level depressed by one-time charges

- Erbud's 12-month backlog at December 2015 was 12% lower than the year before, suggesting revenue contraction in Q1 2016
- First-quarter margins are expected to be stable
- The residential real-estate unit will post a y/y profit decline on fewer settlements
- There will be a PLN 3m one-time boost from property divestment (Q1 2015 one-offs were PLN 1.5m)
- The effective tax rate will increase from 9% to 23%

- Unibep's 2016 full-year earnings outlook is strong thanks to a 57% y/y backlog surge, however Q1 growth will be inhibited by negative base effects
- By segment, we anticipate higher profits in building construction and real estate, with road construction and modular housing delivering flat y/y growth

Property Developers

Property developers set for Q1 profit jump

- The real-estate sector is set to deliver strong growth in Q1, in residential fueled by a higher number of home closings and in commercial supported by a stronger euro driving up the values of investment properties
- Six of the eight developers reporting Q1 statistics (Robyg, Dom Development, Polnord, Budimex Nieruchomości, Vantage Development, Lokum Deweloper) settled more homes in the period than in Q1 2015, resulting in higher quarterly profits. The remaining two, LC Corp and Ronson, will post a slowdown on fewer closings

Capital Park Piotr Zybala		Hold PLN 6.50		Reporting Date 13 May	
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	22.7	17.5	30%	124.5	18%
Gross profit	17.5	12.5	39%	93.4	19%
margin	77.0%	71.7%		75.0%	
EBIT ex. val. & SOP	13.5	9.9	37%	80.6	17%
Valuation effects	2.0	-68.7	-	-20.8	-
EBIT	15.5	-58.9	-	59.8	26%
Pre-tax income	2.2	-42.2	-	28.0	8%
Net income	0.8	-53.4	-	14.1	6%

Dom Dev. Piotr Zybala		Buy PLN 60.80		wyniki: 25 April	
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	121.0	72.5	67%	1025.2	12%
Gross profit	28.2	18.3	54%	232.3	12%
margin	23.3%	25.2%		22.7%	
EBIT	3.7	-5.7	-	135.5	3%
Pre-tax income	3.2	-6.5	-	133.7	2%
Net income	2.6	-5.4	-	108.3	2%

Echo Inv. Piotr Zybala		Hold PLN 6.57		Reporting Date 16 May	
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	138.2	142.7	-3%	778.7	18%
Gross profit	74.1	77.1	-4%	383.2	19%
margin	53.6%	54.0%		49.2%	
EBIT ex. valuation	49.5	54.9	-10%	302.7	16%
Valuation effects	40.0	-124.7	-	58.2	69%
EBIT	89.5	-69.8	-	360.9	25%
Pre-tax income	54.3	5.7	858%	247.5	22%
Net income	46.2	7.1	550%	222.8	21%

GTC Piotr Zybala		Buy PLN 8.20		Reporting Date 12 May	
(EUR m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	30.0	29.6	1%	121.4	25%
Gross profit	20.6	20.0	3%	86.5	24%
margin	68.7%	67.6%		71.3%	
EBIT ex. val. & SOP	16.9	17.6	-4%	72.8	23%
Valuation effects	15.0	-0.5	-	43.3	35%
EBIT	31.9	17.1	86%	116.1	27%
Pre-tax income	23.1	3.8	508%	85.7	27%
Net income	20.1	8.3	144%	77.6	26%

Robyg Piotr Zybala		Buy PLN 3.40		Reporting Date 12 May	
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	117.1	75.7	55%	541.9	22%
Gross profit	20.0	13.4	49%	107.2	19%
margin	17.1%	17.7%		19.8%	
JV income	6.1	9.0	-33%	47.6	13%
EBIT	15.5	13.0	19%	106.6	15%
Pre-tax income	13.0	10.1	29%	98.2	13%
Net income	11.7	16.7	-30%	84.0	14%

*as a percentage of our full-year forecast

- The ratio of Q1 closings to our expected yearly total for our 8-company residential sector sample was only 17%, indicating nominally low profits despite y/y improvement. This excludes Polnord in whose case the 301 first-quarter closings were equivalent to 29% of our annual forecast
- Among commercial developers, GTC and Echo are set to recognize upward value adjustments, mainly on work in progress, in Q1 thanks to a stronger euro. Not counting revaluation effects, y/y improvement in operating profits should be delivered by Capital Park, P.A. Nova, and Echo, while GTC is expected to report flat growth

- CAP is expected to post NOI growth of 39% and a 37% surge in core EBIT in Q1, driven by the Royal Wilanów office building completed in Q3 2015 and rising occupancy in the Eurocentrum office complex. NOI is set for sustained expansion through 2016
- Valuation gains owed to an appreciated euro will be modest in Q1
- Q1 interest expenses are expected to be maintained at the quarter-before level of PLN 12.5m. FFO will be stable y/y at ca. PLN 2.5m

- DOM closed 256 homes in Q1 (+35% y/y), equivalent to only 42% of the number of flats sold in the period
- Compared to last year, the average price of a DOM home settled in Q1 was about 24% higher, but the quarterly gross margin will be 2ppts lower
- SG&A will be stable y/y at PLN 24m. The bottom line will not be affected by major one-offs

- The March windfall from a property portfolio sale will not be reflected yet in Echo's Q1 profits
- We expect to see y/y falls of 37% and 55%, respectively, in the Q1 revenue and profit of the residential segment
- In the commercial segment we anticipate a 5% increase in rental income thanks to the three office developments completed in 2015
- Echo will book revaluation gains of ca. PLN 40m in Q1 thanks to two completed office projects. We do not expect value adjustments for a stronger euro

- GTC is expected to deliver flat growth in Q1, followed by a rebound in NOI and core EBIT in subsequent quarters led by base effects combined with new projects
- Q1 upward value adjustments are estimated at EUR 15m, provided mostly by work in progress, specifically the Galeria Północna shopping center in Warsaw started in H2 2015

- Robyg settled 570 homes in Q1 (+63% y/y), of which one-third were in joint-venture projects. The units closed were equivalent to 78% of the units sold in the period
- Q1 gross margin after dipping to ca. 19% on independent projects and 32% on JVs will rebound in later quarters
- The Q1 2016 bottom-line figure will show a decline from Q1 2015 when it received a one-time boost of PLN 8m. The adjusted net profit is expected to show a y/y surge of 43%.

Retail, Other

No change in retail trends

- Slower food price deflation improved the Q1 2016 sales effectiveness of EUR and JMT
- Due to high competition and a strong dollar, CCC and LPP

AmRest Piotr Bogusz	Accumulate PLN 217.00		Reporting Date 29 April		
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	858.2	750.4	14%	3788.5	20%
Gross profit	154.1	119.6	29%	668.0	18%
margin	18.0%	15.9%		17.6%	
EBITDA	117.3	95.5	23%	508.8	19%
EBITDA margin	13.7%	12.7%		13.4%	
EBIT	62.1	43.7	42%	242.7	18%
Pre-tax income	51.5	34.4	50%	197.1	17%
Net income	41.8	27.1	54%	154.4	18%

CCC Piotr Bogusz	Hold PLN 149.00		Reporting Date 12 May		
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	530.2	431.9	23%	3212.5	17%
Gross profit	247.3	223.0	11%	1647.7	15%
margin	46.7%	51.6%		51.3%	
EBITDA	4.1	24.1	-83%	397.9	1%
EBITDA margin	0.8%	5.6%		12.4%	
EBIT	-14.4	10.4	-	315.5	-
Pre-tax income	-23.8	0.9	-	249.4	-
Net income	-11.9	6.4	-	261.7	-

Eurocash Piotr Bogusz	Sell PLN 42.70		Reporting Date 13 May		
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	4819.9	4605.8	5%	21369	23%
Gross profit	439.8	419.3	5%	2129.4	21%
margin	9.1%	9.1%		10.0%	
EBITDA	48.9	41.8	17%	522.4	9%
EBITDA margin	1.0%	0.9%		2.4%	
EBIT	12.7	6.8	87%	371.5	3%
Pre-tax income	0.4	-5.5	-	321.1	0%
Net income	0.0	-3.4	-	254.9	0%

Jeronimo Martins Piotr Bogusz	Hold EUR 14.90		Reporting Date 28 April		
(EUR m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	3359.1	3187.0	5%	14484	23%
Gross profit	716.2	676.0	6%	3111.7	23%
margin	21.3%	21.2%		21.5%	
EBITDA	180.5	166.0	9%	875.1	21%
EBITDA margin	5.4%	5.2%		6.0%	
EBIT	105.4	93.0	13%	548.1	19%
Pre-tax income	103.4	91.0	14%	545.4	19%
Net income	73.5	65.0	13%	384.4	19%

LPP Piotr Bogusz	Reduce PLN 4,900		Reporting Date 12 May		
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	1174.0	1002.6	17%	5964.0	20%
Gross profit	551.7	543.4	2%	3082.6	18%
margin	47.0%	54.2%		51.7%	
EBITDA	28.7	74.1	-61%	757.1	4%
EBITDA margin	2.4%	7.4%		12.7%	
EBIT	-31.0	23.7	-	505.0	-
Pre-tax income	-38.3	-29.7	-	477.2	-
Net income	-31.3	-37.3	-	385.7	-

Work Service Paweł Szpigel	Accumulate PLN 13.70		Reporting Date 13 May		
(PLN m)	Q1'16E	Q1'15	Y/Y	2016E	YTD*
Revenue	563.6	474.5	19%	2381.6	24%
EBITDA	18.5	19.0	-3%	120.5	15%
EBITDA margin	3.3%	4.0%		5.1%	
EBIT	15.0	16.3	-8%	106.6	14%
Pre-tax profit	8.3	14.9	-45%	86.6	10%
Net profit	5.6	11.8	-53%	47.4	12%

*as a percentage of our full-year forecast

will report falling gross margins

- On the whole, first-quarter retail sales are likely to rise led by increasing household income in Poland
- WSE with zero growth as Germany and SG&A weigh

- AmRest's preliminary Q1 sales data confirmed strong restaurant performance in CEE and Spain
- We expect to see y/y growth in sales per restaurant in Poland (+1.1%), Czech Rep. (+4%), and Spain (+2.6%)
- Czech, Other CEE, and New Markets restaurants will also post increasing EBITDA in Q1

- Based on weak March sales figures, compounded by the consolidation of the lower margins of eobuwie.pl, we expect to see gross margin contraction by 4.97ppts y/y to 46.7% in Q1
- Quarterly SG&A are estimated at PLN 270.9m, with SG&A per square meter down 4.3% y/y
- The Q1 EBITDA of eobuwie.pl will come in at ca. PLN 8.2m (with margin at 17.2%)
- We expect CCC to recognize a PLN 8m deferred tax asset in Q1

- Q1 y/y revenue growth is likely to show deceleration to 4.6% without contributions from new acquisitions
- Thanks to better sales effectiveness and operating cost reductions, the SG&A/sales ratio will decrease by 0.09ppt to 8.61%
- Eurocash incurred a loss of an estimated PLN 12m on other operating activity in Q1

- JMT's Polish supermarkets 'Biedronka' grew sales per square meter by an estimated 5% y/y in PLN and 1.4% in EUR in Q1 2016
- An improved sales mix will bolster the quarterly gross margin by 0.11ppts to 21.32%
- Thanks to cost discipline and improving sales effectiveness, the SG&A/sales ratio will decrease by 0.11ppt to 18.18%
- We expect to see EBITDA margin expansion by 0.16ppt to 5.37%

- LPP reported a 17% y/y rise in sales in Q1 2016 which, because it was driven mainly by price markdowns, caused the gross margin for the period to shrink by 7.2ppts to 47%
- The rate of reduction in SG&A per square meter is expected to decelerate to 2.5% in Q1 2016 from 13.2% in Q1 2015
- Consequently, Q1 2016 EBIT is expected to show an operating loss for the first time since Q1 2009

- Q1 gross margin will show small y/y contraction from 10.4% in 2015 to 10.0% in 2016 driven by losses incurred by German operations (problematic Fiege contracts plus seasonality)
- Q1 selling expenses projected at ca. PLN 41.5m (vs. PLN 31.9m last year) after a rise led by an expanding business
- The Q1 2016 effective tax rate and minority interests are expected to be the same as in Q1 2015

Current Recommendations by Dom Maklerski mBanku

Company	Recommendation	Date issued	Price on report date	Target price	Current price	Upside / Downside	P/E		EV/EBITDA	
							2016	2017	2016	2017
Banks										
ALIOR BANK	Buy	2016-04-15	70.40	94.25	71.48	+31.9%	18.9	163.6		
BZ WBK	Hold	2016-04-06	295.55	305.10	289.75	+5.3%	13.2	13.0		
GETIN NOBLE BANK	Buy	2016-02-02	0.46	0.96	0.49	+95.9%	12.5	6.8		
HANDLOWY	Reduce	2016-04-06	85.85	81.97	80.98	+1.2%	17.8	15.9		
ING BSK	Hold	2016-03-04	121.45	119.38	123.55	-3.4%	16.9	15.3		
MILLENNIUM	Buy	2016-02-02	5.20	7.00	5.26	+33.1%	11.7	9.3		
PEKAO	Sell	2016-03-04	156.70	127.42	159.05	-19.9%	20.3	19.8		
PKO BP	Buy	2016-02-02	24.84	31.62	25.30	+25.0%	11.0	10.2		
KOMERCNI BANKA	Accumulate	2016-03-04	4942	5428 CZK	5032	+7.9%	15.6	13.1		
ERSTE BANK	Buy	2016-02-02	26.17	32.34 EUR	25.23	+28.2%	9.4	8.5		
RBI	Buy	2016-02-02	11.32	17.14 EUR	14.09	+21.7%	15.3	5.1		
OTP BANK	Hold	2016-04-06	6900	6487 HUF	7250	-10.5%	11.1	9.1		
Insurance										
PZU	Buy	2016-02-02	32.33	42.44	35.25	+20.4%	12.9	10.8		
Financial services										
KRUK	Hold	2016-03-04	187.50	185.12	187.45	-1.2%	14.4	12.4		
PRIME CAR MANAGEMENT	Buy	2016-02-02	35.10	46.76	37.52	+24.6%	10.3	10.5		
SKARBIEC HOLDING	Buy	2016-02-02	27.00	42.20	32.00	+31.9%	8.4	7.3		
Fuels, chemicals										
CIECH	Hold	2016-02-02	80.00	77.20	73.35	+5.2%	8.8	10.5	5.9	6.2
GRUPA AZOTY	Hold	2016-02-02	104.00	100.20	91.20	+9.9%	12.1	11.2	6.9	6.1
LOTOS	Hold	2016-04-19	28.09	26.50	28.30	-6.4%	9.5	8.7	5.5	5.5
MOL	Hold	2016-04-19	225.50	238.00	232.95	+2.2%	15.0	10.7	4.8	4.1
PGNiG	Accumulate	2016-04-19	5.10	5.73	5.14	+11.5%	16.5	14.1	5.9	5.6
PKN ORLEN	Reduce	2016-04-19	71.18	61.00	71.87	-15.1%	8.1	9.3	5.1	5.7
POLWAX	Buy	2016-02-02	15.70	24.30	17.02	+42.8%	7.2	7.1	5.8	5.5
SYNTHOS	Reduce	2016-03-15	3.66	3.39	4.14	-18.1%	18.1	14.6	10.7	9.3
Power Utilities										
CEZ	Buy	2016-02-02	65.00	86.30	70.10	+23.1%	11.3	12.8	6.1	6.3
ENEA	Hold	2016-02-02	11.50	12.40	11.44	+8.4%	7.9	7.5	5.3	5.3
ENERGA	Suspended	2016-03-16	13.30	-	12.71	-	-	-	-	-
PGE	Hold	2016-02-02	13.55	14.60	13.30	+9.8%	7.6	9.4	4.3	5.3
TAURON	Buy	2016-02-02	2.71	3.78	2.89	+30.8%	5.5	6.0	4.5	4.8
Telecommunications										
NETIA	Accumulate	2016-02-02	5.56	6.30	5.20	+21.2%	-	-	4.6	4.8
ORANGE POLSKA	Buy	2016-02-02	6.43	8.30	6.40	+29.7%	33.8	28.7	4.4	4.6
Media										
AGORA	Buy	2016-02-02	11.45	14.10	12.70	+11.0%	43.8	23.5	6.0	5.5
CYFROWY POLSAT	Hold	2016-02-02	21.99	22.10	24.45	-9.6%	13.0	12.5	7.1	6.8
WIRTUALNA POLSKA	Buy	2016-01-28	36.37	50.00	43.98	+13.7%	16.0	14.0	11.1	9.9
IT										
ASSECO POLAND	Buy	2016-02-02	56.50	65.90	60.80	+8.4%	13.7	13.3	7.0	6.7
CD PROJEKT	Hold	2016-04-06	25.85	26.50	25.79	+2.8%	21.8	33.9	14.2	22.4
COMARCH	Suspended	2013-03-11	89.60	-	143.25	-	-	-	-	-
SYGNITY	Suspended	2013-02-05	16.80	-	8.20	-	-	-	-	-
Mining & Metals										
KGHM	Hold	2016-02-02	56.26	63.00	75.50	-16.6%	284.6	30.5	5.2	4.7
LW BOGDANKA	Hold	2016-02-02	31.33	33.00	45.27	-27.1%	8.8	8.6	3.0	2.9
Manufacturers										
ELEMENTAL	Buy	2016-01-08	4.06	4.80	3.86	+24.4%	12.2	10.2	9.8	7.2
FAMUR	Hold	2016-04-06	2.57	2.20	2.62	-16.0%	26.0	15.0	5.8	5.0
KERNEL	Hold	2016-03-07	54.90	55.00	51.67	+6.4%	5.0	5.1	3.9	3.7
KĘTY	Hold	2016-02-02	281.75	277.80	337.50	-17.7%	17.1	15.6	10.0	9.2
UNIWHEELS	Accumulate	2016-04-13	147.95	161.30	148.60	+8.5%	9.3	9.2	7.3	6.7
VISTAL	Buy	2016-02-02	8.00	15.80	10.26	+54.0%	7.8	6.7	7.4	7.0
Construction										
BUDIMEX	Accumulate	2015-11-04	211.00	225.10	197.45	+14.0%	17.5	14.0	9.4	7.6
ELEKTROBUDOWA	Buy	2015-12-03	141.00	170.50	106.60	+59.9%	9.2	8.9	5.2	4.8
ERBUD	Buy	2016-02-03	25.95	36.00	28.95	+24.4%	10.4	9.4	5.1	4.7
UNIBEP	Buy	2016-02-03	9.89	12.10	11.10	+9.0%	11.7	9.4	7.3	6.0
Property Developers										
CAPITAL PARK	Hold	2016-04-06	6.55	6.50	6.49	+0.2%	49.6	16.2	31.1	20.3
DOM DEVELOPMENT	Buy	2016-01-28	49.47	60.80	52.55	+15.7%	12.0	10.8	9.8	8.7
ECHO	Hold	2016-04-06	6.52	6.57	6.59	-0.3%	12.2	11.3	17.1	14.2
GTC	Buy	2015-11-20	7.08	8.20	7.16	+14.5%	9.8	4.4	12.9	7.1
ROBYG	Buy	2016-01-28	2.83	3.40	3.20	+6.3%	10.0	10.7	9.1	9.9
Retail										
AMREST	Accumulate	2016-04-06	208.50	217.00	227.25	-4.5%	31.2	25.1	11.5	9.8
CCC	Hold	2016-03-04	147.30	149.00	171.05	-12.9%	25.1	18.6	18.9	14.5
EUROCASH	Sell	2016-04-18	55.77	42.70	55.01	-22.4%	30.0	25.9	15.4	13.3
JERONIMO MARTINS	Hold	2016-04-18	14.76	14.9 EUR	14.75	+1.1%	24.1	20.4	10.9	9.4
LPP	Reduce	2016-02-02	5411	4900	6194	-20.9%	29.1	21.8	15.6	12.5
Other										
WORK SERVICE	Accumulate	2016-02-02	11.96	13.70	11.01	+24.4%	15.6	12.9	8.6	7.5

Ratings issued in the past month

Company	Rating	Previous Rating	Target Price	Rating Day
ALIOR BANK	Buy	Buy	94.25	2016-04-15
AMREST	Accumulate	Buy	217.00	2016-04-06
BZ WBK	Hold	Accumulate	305.10	2016-04-06
CAPITAL PARK	Hold	Accumulate	6.50	2016-04-06
CD PROJEKT	Hold	Buy	26.50	2016-04-06
ECHO	Hold	Accumulate	6.57	2016-04-06
EUROCASH	Sell	Reduce	42.70	2016-04-18
FAMUR	Hold	Buy	2.20	2016-04-06
HANDLOWY	Reduce	Hold	81.97	2016-04-06
JERONIMO MARTINS	Hold	Buy	14.90	2016-04-18
LOTOS	Hold	Accumulate	26.50	2016-04-19
MOL	Hold	Accumulate	238.00	2016-04-19
OTP BANK	Hold	Accumulate	6487.00	2016-04-06
PGNiG	Accumulate	Hold	5.73	2016-04-19
PKN ORLEN	Reduce	Reduce	61.00	2016-04-19
UNIWHEELS	Accumulate	Buy	161.30	2016-04-13

Ratings Statistics

Rating	All		For Issuers who are clients of Dom Maklerski mBanku	
	Count	Pct. of total	Count	Pct. of total
Sell	2	3.4%	1	3.1%
Reduce	4	6.9%	2	6.3%
Hold	21	36.2%	10	31.3%
Accumulate	7	12.1%	3	9.4%
Buy	24	41.4%	16	50.0%

Definitions, abbreviations and ratios contained in the report.

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

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BUY – we expect that the rate of return from an investment will be at least 15%
ACCUMULATE – we expect that the rate of return from an investment will range from 5% to 15%
HOLD – we expect that the rate of return from an investment will range from -5% to +5%
REDUCE – we expect that the rate of return from an investment will range from -5% to -15%
SELL – we expect that an investment will bear a loss greater than 15%
Recommendations are updated at least once every nine months.

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DCF – acknowledged as the most methodologically correct method of valuation; it consists in discounting financial flows generated by a company; its weak point is the significant susceptibility to a change of forecast assumptions in the model.

Relative – based on a comparison of valuation multipliers of companies from a given sector; simple in construction, reflects the current state of the market better than DCF; weak points include substantial variability (fluctuations together with market indices) as well as difficulty in the selection of the group of comparable companies.

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