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# Quarterly Earnings Forecast: Q2 2016

## Equity Market

### Banks

We expect strong Q2 2016 showings from CEE banks (OTP Bank, Erste Bank), and in Poland PKO BP is set to deliver solid quarterly numbers. Banks experienced improvement in net interest margins, and booked low charge-offs in Q2. At the same time, however, their fee income showed a continued downtrend. In most cases, the Q2 bottom-line profits of banks will receive a one-time boost from Visa share sales.

### Financial Services

We expect weak Q2 results from PZU, affected by low investment income, and we are looking forward to stellar results from Kruk. The Q2 reports of Skarbiec and PCM are not likely to contain any surprises.

### Gas & Oil

The Q2 profit margins of refiners tightened in line with benchmarks, but upward inventory adjustments will help to offset the bottom-line impact. There is potential for upside surprises from E&P operations thanks to cost savings and recovered oil prices.

### Utilities & Resources

Polish utilities are expected to achieve more than 50% of our full-year core EBITDA forecast in H1 2016, with PGE lagging behind. At CEZ, we anticipate an upward guidance revision after the Q2 release.

### Telecoms, Media, IT

The TMT sector in our coverage is expected to register continued 8.3% y/y contraction in Q2 2016 EBITDA. We anticipate a slowdown at Orange Polska and Agora, while Wirtualna Polska is set to report solid growth relative to Q2 2015.

### Industrials & Chemicals

Of the industrial companies tracked by us, we expect 53% to report year-on-year growth in their earnings results for Q2 2016, with only 18% reporting a slowdown. We would rank Boryszew, Ciech, Elemental, Forte, Kernel, Uniwheels, and Zetkama among the top earners this earnings season. On the other hand, Apator, Kruszewica, and Synthos may deliver negative surprises.

### Construction

Most Polish builders are poised to report a Q2 2016 slowdown relative to a high year-ago base. The three exceptions set to overcome the negative base effects are Budimex, Unibep, and Torpol.

### Property Developers

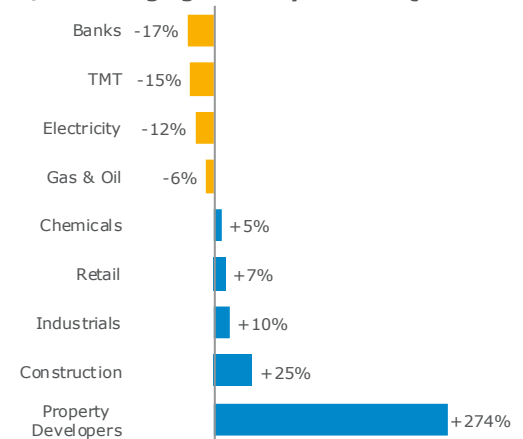
Polish developers experienced another quarter of strong growth in Q2 2016, and we expect nominally high earnings figures from LC Corp and JWC, driven by high residential sales, and from Echo and Capital Park, whose rental property portfolios gained considerably in value in Q2 thanks to an appreciated euro.

### Retail, Other

The Q2 2016 earnings of retailers will be supported by rising consumer spending, driven by the 500+ family benefits, coupled with a firming job market. The zloty's depreciation versus the euro and the dollar compared to Q2 2015 will negatively affect the quarterly profits. We expect strong year-on-year growth from CCC and AmRest.

WIG .....	46,639
Average 2016E P/E.....	11.9
Average 2017E P/E.....	11.2
ADTV (3M) .....	PLN 693m

### Y/Y earnings growth by sector: Q2'16\*



\*Net earnings for banks and developers, otherwise EBITDA

Earnings Surprise Prediction	
negative	positive
<b>Agora</b>	<b>Vistal</b>
<b>LPP</b>	<b>Amica</b>
<b>PGE</b>	<b>Grajewo</b>
<b>PZU</b>	<b>Tarczyński</b>
<b>GNB</b>	<b>Elemental</b>
	<b>Wirtualna Polska</b>
	<b>CCC</b>
	<b>AmRest</b>
	<b>CD Projekt</b>
	<b>Ciech</b>
	<b>PKO BP</b>
	<b>OTP Bank</b>

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## Banks

### A strong second quarter at CEE banks

- Austria's Erste Bank and Hungary's OTP Bank are both expected to deliver Q2 growth, underpinned by low provisioning and the Visa deal proceeds.

Alior Bank		Buy		Reporting Date	
Michał Konarski		PLN 75.93		11 August	
(PLN m)	Q2'16E	Q1'16	Q/Q	Y/Y	YTD*
Net interest income	427.1	412.5	4%	14%	49%
Net fee income	86.8	87.3	-1%	23%	50%
Total income	600.7	583.9	3%	10%	48%
Operating costs	-292.7	-276.6	6%	11%	52%
Provisioning	-167.8	-175.7	-4%	5%	45%
Net income	78.6	80.2	-2%	-11%	48%

BZ WBK		Buy		Reporting Date	
Michał Konarski		PLN 305.10		27 July	
(PLN m)	Q2'16E	Q1'16	Q/Q	Y/Y	YTD*
Net interest income	1153.3	1124.7	3%	12%	49%
Net fee income	486.9	472.7	3%	-3%	47%
Total income	2063.7	1828.0	13%	18%	53%
Operating costs	-797.1	-805.1	-1%	-2%	50%
Provisioning	-187.8	-134.1	-40%	-16%	46%
Net income	635.5	556.5	14%	17%	55%

Getin Noble		Buy		Reporting Date	
Michał Konarski		PLN 0.96		31 August	
(PLN m)	Q2'16E	Q1'16	Q/Q	Y/Y	YTD*
Net interest income	330.1	323.0	2%	16%	54%
Net fee income	22.9	36.3	-37%	-74%	16%
Total income	366.5	405.0	-9%	-5%	47%
Operating costs	-218.2	-224.4	-3%	-8%	48%
Provisioning	-152.4	-157.1	-3%	128%	78%
Net income	-2.0	-18.6	n.m.	n.m.	-18%

Handlowy		Buy		Reporting Date	
Michał Konarski		PLN 80.00		31 August	
(PLN m)	Q2'16E	Q1'16	Q/Q	Y/Y	YTD*
Net interest income	255.1	247.4	3%	6%	51%
Net fee income	144.4	142.6	1%	-9%	47%
Total income	589.5	449.1	31%	18%	50%
Operating costs	-303.7	-313.1	-3%	-2%	51%
Provisioning	-3.3	5.5	n.m.	67%	-50%
Net income	209.2	104.4	100%	39%	51%

ING BSK		Hold		Reporting Date	
Michał Konarski		PLN 119.38		3 August	
(PLN m)	Q2'16E	Q1'16	Q/Q	Y/Y	YTD*
Net interest income	681.2	668.1	2%	15%	49%
Net fee income	246.3	253.9	-3%	-7%	47%
Total income	1156.4	975.6	19%	18%	54%
Operating costs	-516.4	-508.8	-1%	-3%	49%
Provisioning	-67.1	-78.9	15%	-4%	44%
Net income	383.7	259.2	48%	11%	67%

Millennium		Buy		Reporting Date	
Michał Konarski		PLN 7.00		26 July	
(PLN m)	Q2'16E	Q1'16	Q/Q	Y/Y	YTD*
Net interest income	358.8	351.1	2%	8%	47%
Net fee income	134.5	134.4	0%	-9%	44%
Total income	839.3	557.8	1%	1%	58%
Operating costs	-269.1	-271.8	-47%	-10%	53%
Provisioning	-65.2	-44.3	115%	125%	40%
Net income	344.9	137.2	151%	109%	92%

Pekao		Reduce		Reporting Date	
Michał Konarski		PLN 127.42		3 August	
(PLN m)	Q2'16E	Q1'16	Q/Q	Y/Y	YTD*
Net interest income	1073.6	1069.7	0%	6%	47%
Net fee income	470.3	463.3	2%	-8%	47%
Total income	1912.7	1808.4	6%	9%	52%
Operating costs	-885.4	-879.7	1%	1%	52%
Provisioning	-130.0	-129.4	0%	0%	42%
Net income	609.6	573.4	6%	-2%	58%

\*as a percentage of our full-year forecast

### No rebound in fee income in Poland

- The Q2 2016 fee income of Polish banks is not likely to have recovered from the weak first quarter.
- On the plus side, the quarterly NIMs will be wider.

- Anticipating NIM shrinkage by 7bps q/q, coupled with a 4.4% increase in net interest income.
- Q/Q net loan growth at PLN 1.3bn.
- Stable fee income (-0.5% q/q).
- A 5.0% q/q increase in costs driven by marketing.
- Quarterly cost of risk likely to be reduced further from 208 to 189bps.

- One-off bottom-line boost from subsidiary dividend (ca. PLN 10m) and Visa share sale proceeds (ca. PLN 310m).
- Fee income will post a seasonal q/q rebound of 3.0%.
- Anticipating NIM contraction by 5bps q/q and loan volume expansion of 3%.
- Cost of risk normalized at 72bps after a 40% q/q provisioning boost.
- Q2 effective tax rate expected to rise to 22.0%.

- Predicting contraction in assets and net loans.
- NIM expansion by +5bps q/q.
- A PLN 15m one-time gain on the Visa sale will be partly offset by a PLN 3m fine.
- Fee income expected to fall further, led by worsened investment returns and loans.
- Cost of risk expected to edge down 1.19% in Q2 from 1.23% in Q1.

- NIM expansion by 4bps q/q.
- Fee income up 3.1% q/q.
- Small, 1.2% uptick in fee income due to weak financial markets.
- Visa share sale proceeds estimated at PLN 89m.
- A 3% q/q reduction in operating expenses owed partly to payroll.
- Anticipating provisioning in the amount of PLN 3m.

- The Visa sale one-off estimated at PLN 200m.
- A 3% q/q contraction in fee income accompanied by a 2% expansion in net interest income.
- Flat q/q NIM.
- Cost of risk expected to edge down to 34bps in Q2 from 41bps in Q1.
- Operating costs likely to post a small q/q rise of 1.5%.

- Net interest income up 2.2% q/q, fee income flat at the Q1 level.
- NIM up by 5bps.
- Visa share sale proceeds estimated at PLN 288m.
- A 1.3% q/q rise in operating costs led by a 35% surge in "other" costs.
- Cost of risk expected to normalize at an estimated 55bps vs. 37bps in Q1.

- Predicting small improvement in net income from core operations at 0.7% q/q and 1.0% y/y.
- NIM expected to rise by 4bps q/q.
- Fee income will post a seasonal q/q rebound of 1.5%.
- One-time Visa share sale proceeds estimated at PLN 243m.
- Stable operating costs and risk reserves.



## Banks (cont.)

PKO BP		Buy		Reporting Date	
Michał Konarski		PLN 31.62		29 August	
(PLN m)	Q2'16E	Q1'16	Q/Q	Y/Y	YTD*
Net interest income	1881.5	1853.2	2%	12%	47%
Net fee income	651.3	635.4	2%	-14%	44%
Total income	3153.0	2748.9	15%	18%	50%
Operating costs	-1380.9	-1360.5	1%	1%	51%
Provisioning	-424.2	-382.2	11%	13%	49%
Net income	822.4	638.6	29%	17%	51%

Erste Bank		Buy		Reporting Date	
Michał Konarski		EUR 32.34		5 August	
(EUR m)	Q2'16E	Q1'16	Q/Q	Y/Y	YTD*
Net interest income	1114.1	1092.2	2%	0%	49%
Net fee income	444.0	443.1	0%	-3%	48%
Total income	1752.9	1583.4	11%	5%	50%
Operating costs	-938.2	-1008.8	-7%	-1%	51%
Provisioning	30.0	-56.4	n.m.	n.m.	3%
Net income	559.6	274.7	104%	114%	73%

Komercni Banka		Accumulate		Reporting Date	
Michał Konarski		CZK 1,086		3 August	
(CZK m)	Q2'16E	Q1'16	Q/Q	Y/Y	YTD*
Net interest income	5183.5	5234.0	-1%	-3%	50%
Net fee income	1679.8	1700.0	-1%	-6%	49%
Total income	8362.8	7694.0	9%	8%	51%
Operating costs	-3237.6	-3879.0	-17%	-16%	52%
Provisioning	-596.3	-225.0	-	-	50%
Net income	3610.7	2894.0	25%	13%	51%

OTP Bank		Hold		Reporting Date	
Michał Konarski		HUF 6,487		12 August	
(HUF bn)	Q2'16E	Q1'16	Q/Q	Y/Y	YTD*
Net interest income	128.0	129.0	-1%	-9%	47%
Net fee income	43.7	38.8	13%	0%	48%
Total income	181.0	177.7	2%	-7%	47%
Operating costs	-99.1	-92.9	7%	2%	49%
Provisioning	-17.5	-20.8	-16%	-61%	26%
Net income	63.4	34.2	85%	66%	56%

\*as a percentage of our full-year forecast

- On increasing loan sales, Q2 net interest income is set to show q/q growth of 1.5%, with fee income rising 2.5%.
  - NIM expected to rise by 4bps q/q.
  - The one-time Visa deal proceeds before taxes estimated at PLN 394m.
  - Provisioning expected to be 11% higher than in Q1, led mainly by corporate.
- Erste reported Q2 net income guidance of EUR 560m.
  - The Bank reversed EUR 30m risk reserves in the period.
  - The Visa share sale provided a one-time gain of EUR 139m.
  - We expect to see a 2% rise in net interest income and stable fee income in Q2.
  - Operating costs will decrease by an estimated 7% q/q thanks to a reduction in regulatory charges by ca. EUR 70m.
- Anticipating continued downward pressure on net interest income (-1.0% q/q) and NIM (-7bps q/q).
  - Fee income expected to show q/q contraction of 1.2%.
  - The Visa one-off estimated at CZK 0.8bn.
  - Predicting a marked, 16.5% q/q decrease in costs thanks to lower regulatory charges.
  - Cost of risk likely to increase to 43bps in Q2 from 16bps in Q1.
- A likely 0.8% dip in net interest income will be accompanied by a 12.7% q/q surge in fee income.
  - The net Visa deal gain will come in at HUF 10bn.
  - Further decrease in provisioning, driven by Hungary and Bulgaria.
  - Operating costs up 6.7% q/q and 2.5% q/q.

## Financial Services

### A slow quarter at PZU

- The Q2 2016 earnings of PZU were weighed down by low investment income. Nevertheless the underwriting income should show improvement compared to Q1.

PZU Michał Konarski (PLN m)	Buy PLN 42.44		Reporting Date 24 August		
	Q2'16E	Q1'16	Q/Q	Y/Y	YTD*
GWP	4920.6	4800.6	2%	11%	52%
Non-Life	2982.7	2953.1	1%	20%	57%
Life	1937.9	1935.4	0%	-4%	47%
Claims	-3109.7	-3066.6	1%	5%	49%
Costs	-1246.2	-1236.8	2%	60%	65%
Underwriting profit	51.8	13.5	5%	64%	4%
Investment income	340.3	1031.3	-67%	219%	70%
Pre-tax income	306.1	687.8	-55%	-34%	31%
Net income	248.0	536.5	-54%	-33%	33%

Kruk Michał Konarski (PLN m)	Accumulate PLN 211.44		Reporting Date 28 August		
	Q2'16E	Q1'16	Q/Q	Y/Y	YTD*
Total revenue	168.2	160.7	5%	10%	44%
Purchased Debt	155.4	148.0	5%	10%	44%
Collection Srvcs	8.0	8.0	0%	9%	52%
Dir. & indir. costs	73.1	64.4	14%	21%	43%
Gross profit	95.1	96.3	-1%	2%	45%
Operating profit	67.9	70.2	-3%	4%	45%
Pre-tax income	57.8	60.1	-4%	3%	48%
Net income	55.5	60.9	-9%	-3%	49%

PCM Michał Konarski (PLN m)	Buy PLN 46.76		Reporting Date 30 August		
	Q2'16E	Q1'16	Q/Q	Y/Y	YTD*
Lease revenue	35.3	35.4	0%	-1%	47%
Leasing fees	53.3	52.5	1%	8%	49%
Interest revenue	10.5	10.0	5%	21%	50%
Total revenue	128.4	126.0	2%	-7%	44%
Service costs	44.5	43.4	2%	9%	49%
Total costs	116.2	114.3	2%	-7%	44%
Remarketing	4.2	4.0	0%	3%	34%
Net income	9.9	9.3	7%	3%	44%

Skarbiec Michał Konarski (PLN m)	Buy PLN 42.20		Reporting Date		
	Q3'16E	Q2'16	Q/Q	Y/Y	YTD*
Total revenue	18.1	17.4	4%	-23%	89%
Management fee	15.7	15.2	3%	-19%	90%
Success fee	0.9	0.1	n.m.	-51%	64%
Total costs	-14.2	-14.1	1%	-21%	91%
Distribution costs	-7.8	-7.9	-2%	-24%	92%
Payroll	-2.4	-2.3	4%	-35%	73%
Pre-tax income	4.0	3.6	9%	-31%	85%
Net income	3.2	3.0	8%	-31%	84%

\*as a percentage of our full-year forecast

### A strong quarter at Kruk

- Kruk's strong Q2 2016 earnings results will be driven by high collections and big portfolio purchases.
- We do not expect major surprises from Skarbiec or PCM.

- Anticipating growth in net premiums earned, with gross earned premiums rising 2.5%, driven by the non-life business (+1.0% q/q).
- Investment income will post a sharp, 57% drop from the previous quarter.
- A 4.5% q/q increase in administrative expenses driven by Alior Bank.
- A 3.0% q/q decrease in acquisition costs despite an expanding business.

- Predicting 2% y/y growth in the quarterly gross profit from purchased debt, supported by valuation gains of about PLN 20m.
- Q2 results boosted by 1.5 months-worth of PRESCO earnings.
- Direct and indirect costs likely to post a q/q rise of 13.5%.
- A 5% q/q increase in operating costs led by international expansion.
- The Q2 effective tax rate will be 4.0%.

- Anticipating a 6.9% q/q rebound in net profit.
- Income from leases and special fees will show continued contraction (-1% q/q), while interest income will increase 4.8% on higher sales.
- Remarketing profit expected to show another quarterly increase to PLN 4.2m.
- An expanding vehicle fleet will drive the costs of repairs and service up by 3% q/q.
- SG&A expenses set for a seasonal rise.

- High-margin AUM shrunk by an estimated 5.1% q/q in Q2 2016, and low-margin AUM contracted 1.3%.
- Anticipating a 3.5% q/q increase in the management fee.
- The Q2 success fee is estimated at PLN 0.9m.
- Other management-related revenue expected to normalize at PLN 1.3m.
- Total costs will edge up 0.7% q/q, due partly to rising regulatory charges (other costs +2.5% q/q, 1.7% y/y).

## Gas & Oil, Chemicals

- The Q2 earnings season in the chemical sector is poised to be a mixed bag, with Ciech and Grupa Azoty expected to surprise on the upside and Synthos set to disappoint.
- The recurring earnings of refiners will tighten on lower

<b>Ciech</b>		<b>Hold</b>		<b>Reporting Date</b>	
<b>Jakub Szkopek</b>		<b>PLN 74.35</b>		<b>31 August</b>	
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	897.8	840.8	7%	3554.7	49%
EBITDA adj.	212.9	178.2	20%	833.7	51%
EBITDA	23.7%	21.2%		23.5%	
EBIT	157.5	123.7	27%	590.1	53%
Pre-tax profit	145.7	108.9	34%	544.6	51%
Net income	117.8	86.2	37%	441.2	50%

<b>Grupa Azoty</b>		<b>Buy</b>		<b>Reporting Date</b>	
<b>Jakub Szkopek</b>		<b>PLN 86.10</b>		<b>24 August</b>	
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	2159.8	2280.7	-5%	9776.4	47%
EBITDA	301.6	285.6	6%	1432.2	57%
EBITDA margin	14.0%	12.5%		14.6%	
EBIT	179.0	172.3	4%	915.0	62%
Pre-tax profit	170.9	175.6	-3%	868.7	64%
Net profit	127.8	126.6	1%	649.7	62%

<b>Lotos</b>		<b>Hold</b>		<b>Reporting Date</b>	
<b>Kamil Kliszcz</b>		<b>PLN 26.50</b>		<b>11 August</b>	
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	5228.4	6641.8	-21%	19875	46%
LIFO EBITDA adj.	598.9	599.6	0%	1850.4	62%
LIFO effect	188.9	60.6	212%	103.6	-3%
EBITDA	852.1	755.2	13%	2004.0	62%
EBIT	589.6	568.7	4%	1037.4	70%
Financing activity	-192.9	27.8	-	-229.5	64%
Net income	321.3	478.6	-33%	553.2	77%

<b>MOL</b>		<b>Hold</b>		<b>Reporting Date</b>	
<b>Kamil Kliszcz</b>		<b>HUF 16,593</b>		<b>5 August</b>	
(HUF bn)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	863.8	1129.2	-24%	3436.5	45%
LIFO EBITDA adj.	159.7	178.9	-11%	557.9	55%
LIFO effect	21.6	14.5	-	19.5	12%
EBITDA	181.3	194.4	-7%	577.3	54%
EBIT	110.6	110.8	0%	227.6	74%
Financing activity	-11.5	-10.3	-	-48.9	25%
Net income	78.8	62.7	26%	116.2	134%

<b>PGNiG</b>		<b>Accumulate</b>		<b>Reporting Date</b>	
<b>Kamil Kliszcz</b>		<b>PLN 5.55</b>		<b>12 August</b>	
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	6756	7895	-14%	33427	53%
EBITDA adj.	1567.7	1697.0	-8%	5367.8	71%
EBITDA	957.7	1670.0	-43%	5367.8	62%
EBIT	312.7	947.0	-67%	2738.2	74%
Financing activity	-25.0	-38.0	-	-296.2	-
Net income	215.8	621.0	-65%	1839.4	87%

<b>Polwax</b>		<b>Buy</b>		<b>Reporting Date</b>	
<b>Kamil Kliszcz</b>		<b>PLN 23.24</b>		<b>30 August</b>	
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	55.3	47.9	15%	282.0	39%
EBITDA	6.1	5.3	15%	34.9	34%
EBIT	4.9	4.2	19%	30.6	31%
Financing activity	0.0	0.1	-	-0.3	53%
Net income	4.0	3.2	26%	24.5	30%

<b>Synthos</b>		<b>Hold</b>		<b>Reporting Date</b>	
<b>Jakub Szkopek</b>		<b>PLN 3.39</b>		<b>30 August</b>	
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	1151.1	1147.2	0%	4199.0	52%
EBITDA	215.9	232.6	-7%	591.0	57%
EBITDA margin	18.8%	20.3%		14.1%	
EBIT	169.9	193.1	-12%	405.1	60%
Pre-tax profit	136.2	165.3	-18%	351.5	55%
Net profit	117.2	154.8	-24%	302.3	55%

\*as a percentage of our full-year forecast

benchmark margins.

- On the upside, earnings from E&P operations may exceed expectations thanks to the oil price rebound and earlier cost savings.

- Average zloty prices of soda ash were 7.8% higher in Q2 2016 than in the same period in 2015. We estimate that Ciech sold 595kt of soda ash in Q2 (+9.2% y/y), and we expect it to post a 15.7% surge in the quarterly EBITDA.

- At the same time, Ciech faces dampened sentiment due to falling soda ash prices in China where, to boot, the major local player Shandong Haihua Group is planning to resume full production after several months of downtime.

- Grupa Azoty is expected to post stable Q2 2016 EBITDA in Fertilizers, considerable y/y improvement in Chemicals, and a slowdown in Plastics.

- We believe that after Q2 the Company will reduce its 2016 CAPEX budget from PLN 1.7bn below PLN 1.5bn.

- With worsened fundamentals partly offset by lower gas costs and improved local market conditions, the core Q2 LIFO EBITDA in Downstream is expected to show a y/y fall of PLN 80m; the reported EBITDA will be higher thanks to inventory valuation gains and an NRV adjustment of ca. PLN 0.1bn to reflect the rebound in oil prices.

- Upstream EBITDA set to show y/y growth of an estimated PLN 164m owed to the Nov. 2015 acquisition, Sleipner.

- The bottom line will be depressed by FX and hedging losses

- On lower output, we anticipate q/q growth in E&P EBITDA from HUF 42bn to 46.7bn, driven by the oil price rebound.

- Retail EBITDA is set to show y/y growth of 20%, but CCS EBITDA in Downstream will fall by ca. HUF 16bn due to worsened fundamentals (the reported figure will be boosted by positive LIFO effects).

- Petrochemicals EBITDA will be flat at the quarter-before level as lower margins will be offset by higher volumes (less downtime).

- As warned, the reported Q2 EBITDA result will be affected by PLN 0.6bn asset impairment.

- On an adjusted basis, EBITDA will show y/y contraction due to lower oil sales and hydrocarbon prices in E&P, coupled with unfavorable base effects in Distribution.

- In Trade, EBITDA will log a seasonal q/q contraction but compared to Q2 2015 it will be higher thanks to a favorable retail tariff.

- Thanks to further hikes in sales prices, on stable volumes, Polwax is set to report double-digit earnings growth in Q2 2016.

- The gross margin will rebound after a Q1 decline, led by volatility in commodity markets.

- Like the year before, H1 EBITDA expected to be 34% of our full-year forecast.

- Compared to Q2 2015, we expect stable profits on synthetic Rubbers in Q2 2016, while in Polystyrenes results will be weaker due to negative base effects.

- The bottom line will be weighed down by a ca. PLN 20.3m loss on FX loan adjustments.

- A possible extension of repairs at the facility supplying inputs to Synthos's Czech unit casts a shadow on the Q3 2016 outlook.

## Utilities, Resources

### No chance for upside surprises in Q2

- The power sector is expected to have achieved more than 50% of the full-year core EBITDA forecast in H1 2016.
- PGE is expected to be the laggard of the earnings season

CEZ Kamil Kliszcz	Buy CZK 499.50			Reporting Date 9 August	
(CZK m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	48159	49889	-3%	201838	50%
EBITDA adj.	14564	15282	-5%	62399	55%
EBITDA	14564	16382	-11%	62399	55%
EBIT	7495	9273	-19%	33092	62%
Financing activity	-854	325	-	-6719	24%
Net income	5379	7860	-32%	20868	73%

Enea Kamil Kliszcz	Hold PLN 12.40			Reporting Date 26 August	
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	2580.1	2165.8	19%	10671	52%
EBITDA adj.	500.2	395.1	27%	2148.5	54%
EBITDA	500.2	385.1	30%	2148.5	54%
EBIT	218.3	196.9	11%	992.1	61%
Financing activity	-21.7	-3.3	-	-139.8	31%
Net income	147.1	153.5	-4%	637.5	66%

Energa Kamil Kliszcz	Suspended			Reporting Date 11 August	
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	2348.6	2512.1	-7%	10377	48%
EBITDA adj.	459.8	518.3	-11%	2026.4	54%
EBITDA	459.8	524.3	-12%	2026.4	54%
EBIT	-25.0	298.0	-108%	1106.8	7%
Financing activity	-66.4	-59.2	-	-258.1	50%
Net income	-74.0	178.0	-	678.3	-

PGE Kamil Kliszcz	Buy PLN 14.60			Reporting Date 9 August	
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	6374.2	6691.0	-5%	29449	46%
EBITDA adj.	1255.3	1695.0	-26%	6498.3	43%
EBITDA	1380.3	2079.0	-34%	6998.3	46%
EBIT	-118.7	-7590.0	-	4238.7	24%
Financing activity	-48.0	-7.0	-	-180.7	53%
Net income	-135.0	-6150.0	-	3281.3	22%

Tauron Kamil Kliszcz	Buy PLN 3.78			Reporting Date 17 August	
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	4341.0	4430.5	-2%	19099	47%
EBITDA adj.	747.8	968.0	-23%	3336.6	48%
EBITDA	747.8	894.0	-16%	3336.6	49%
EBIT	334.7	458.7	-27%	1544.3	51%
Financing activity	-80.0	-174.3	-	-401.5	31%
Net income	206.3	216.5	-5%	924.9	57%

KGHM Michał Marczak	Hold PLN 61.50			Reporting Date 17 August	
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	4176.0	5329.0	-22%	17622	46%
EBITDA	1023.0	1456.0	-30%	3529.5	57%
EBIT	429.0	1152.0	-63%	1822.4	56%
Financing activity	-70.0	-35.0	-	-336.7	85%
Net income	258.5	796.0	-68%	688.8	61%

LW Bogdanka Michał Marczak	Hold PLN 33.00			Reporting Date 26 August	
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	447.0	415.3	8%	1759.4	49%
EBITDA	175.9	147.4	19%	680.0	51%
EBIT	83.9	54.0	55%	312.3	52%
Financing activity	-6.0	-2.6	-	-24.1	50%
Net income	60.0	43.7	37%	220.3	52%

\*as a percentage of our full-year forecast

due to lower volumes and sales prices, combined with reduced capitalized costs.

- At CEZ, we anticipate a 2016 guidance upgrade after a successful H1.

- Generation EBITDA expected to shrink by CZK 0.9bn y/y due to lower sales prices and higher carbon costs (partly offset by improved Romanian wind farm results).
- In Sales & Distribution, a y/y EBITDA decrease by approx. CZK 1bn will be due solely to negative base effects resulting from one-offs.
- Anticipating an upward revision to the 2016 earnings guidance.

- In Generation, we expect that a tighter revenue from renewable energy will be offset by a higher volumes of conventional power and lower costs of coal.
- Anticipating a slowdown in Distribution after a strong Q1 (with EBITDA down PLN 21m y/y), caused by maintenance expenses and the full effects of the WACC cut.
- In Trade, EBITDA contraction by ca. PLN 10m y/y on falling margins, and in E&P a q/q drop of PLN 20m.

- A drop from PLN 74m to ca. PLN 50m in Q2 Generation EBITDA due to canceled hydropower subsidies and reduced prices of green certificates (lower profitability of wind, possible inventory write-off). EBIT depressed by PLN 247m impairment of renewable energy assets.
- Reduced WACC resulting in a PLN 30m drop in Distribution EBITDA.
- Profits may be dragged down by the consolidation of PGG.

- The reported Q2 figures will be weighed down by PLN 0.8bn impairment in Renewables.
- Recurring EBITDA will be lower than in Q2 2015, led by an PLN 0.4bn decrease in Generation due to lower sales prices, volumes, and capitalized costs.
- Distribution EBITDA is expected to fall by PLN 30m y/y (WACC), and Trade EBITDA will be down an estimated PLN 40m (focus on sales volumes).

- Q2 2016 Distribution EBITDA is expected to show a marked, PLN 120m drop from a record year-ago base, underpinned by lower WACC, but compared to the previous quarter it is likely to be higher.
- Generation EBITDA will fall by PLN 88m y/y, in line with lower margins on renewables and weaker trade profits.
- In E&P, the EBITDA loss will be similar to the loss logged in Q1.

- Copper prices averaged \$4.728/t in Q2, up 1.3% q/q, and the price of silver was up 12.9% at \$546/kg. In zlotys, copper slipped 0.8% and silver climbed 10.7%. Prices of molybdenum in the period soared 26% to \$14,500/t.
- At KGHM, Q2 sales volumes were ca. 130kt copper and 240t silver, with KGHM Intl. adding another 23kt of Cu and Sierra Gorda contributing 14.3kt.

- Bogdanka increased quarterly coal production to 2.25mmt in Q2 2016 from 1.9mmt in the same period last year. After a boost in sales from 1.88mmt to 2.3mmt, the Q2 ending inventory will be reduced to 330kt.
- After per-ton operating costs of an estimated PLN 157, we predict that the average revenue per ton in Q2 2016 amounted to PLN 186.



TMT

- The Polish TMT sector experienced y/y EBITDA shrinkage of an estimated 8.3% in Q2.
- At Orange Polska and Agora, Q2 2016 results will be essentially flat.

Netia Paweł Szpigiel	Accumulate PLN 5.30			Reporting Date 4 August	
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	383.6	380.3	1%	1529.6	51%
EBITDA	106.8	112.6	-5%	430.6	50%
EBITDA margin	27.8%	29.6%		28.1%	
EBIT	5.9	10.2	-42%	11.5	53%
Pre-tax profit	1.5	10.7	-86%	-3.6	24%
Net profit	1.3	6.6	-81%	-11.8	76%

Orange Polska Paweł Szpigiel	Buy PLN 8.05			Reporting Date 25 July	
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	2851.0	3013.0	-5%	11484	49%
EBITDA	828.7	965.0	-14%	3376.4	50%
EBITDA margin	29.1%	32.0%		29.4%	
EBIT	130.7	232.0	-44%	664.6	52%
Pre-tax profit	34.7	156.0	-78%	306.9	50%
Net profit	28.1	126.0	-78%	248.6	51%

Agora Paweł Szpigiel	Accumulate PLN 13.35			Reporting Date 12 August	
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	282.8	292.7	-3%	1185.5	48%
EBITDA	22.9	33.7	-32%	119.0	43%
EBITDA margin	8.1%	11.5%		10.0%	
EBIT	-1.2	3.6	-	25.5	7%
Pre-tax profit	-3.2	4.5	-	19.5	-30%
Net profit	-3.2	3.6	-	14.8	-70%

Cyfrowy Polsat Paweł Szpigiel	Hold PLN 22.10			Reporting Date 24 August	
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	2407.2	2469.2	-3%	9870.5	48%
EBITDA	920.0	977.0	-6%	3528.9	50%
EBITDA margin	38.2%	39.6%		35.8%	
EBIT	509.3	583.5	-13%	1913.4	49%
Pre-tax profit	388.2	350.4	11%	1441.5	41%
Net profit	324.1	304.5	6%	1203.7	42%

Wirtualna Polska Paweł Szpigiel	Accumulate PLN 50.00			Reporting Date 31 August	
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	100.2	77.8	29%	420.9	45%
EBITDA	33.3	23.8	40%	129.8	44%
EBITDA margin	33.2%	30.6%		30.8%	
EBIT	22.7	16.3	39%	93.2	40%
Pre-tax profit	18.4	13.4	37%	84.4	34%
Net profit	14.4	9.9	45%	82.0	27%

Assec Poland Paweł Szpigiel	Accumulate PLN 62.89			Reporting Date 24 August	
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	2000.2	1713.1	17%	7258.8	53%
EBITDA	239.9	234.5	2%	1066.3	24%
EBITDA margin	0.0%	13.7%		14.7%	
EBIT	168.9	169.1	0%	775.1	46%
Pre-tax profit	140.9	144.9	-3%	750.4	40%
Net profit	60.9	60.4	1%	367.6	34%

CD Projekt Piotr Bogusz	Hold PLN 26.50			Reporting Date 25 August	
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	203.7	487.0	-58%	293.5	99%
EBITDA	92.3	292.3	-68%	140.3	95%
EBITDA margin	45.3%	60.0%		47.8%	
EBIT	90.3	291.2	-69%	133.7	96%
Pre-tax profit	91.1	288.6	-68%	139.8	94%
Net profit	71.6	241.5	-70%	114.6	91%

\*as a percentage of our full-year forecast

- Wirtualna Polska is set to deliver strong growth, supported by the e-travel unit Enovatis acquired in late 2015.

- At Netia a 13% slump in revenue from direct voice services, driven by an erosion of the regulated customer base (to 563 thousand lines from vs. 651k in Q2 2015), will be offset by the merger with TK Telekom.
- Flat costs at a projected PLN 380m thanks to SG&A savings.
- Reported EBITDA likely to show y/y contraction of 5.2%.

- Continued Mobile ARPU erosion to a projected PLN 23.4 despite higher wholesale ARPU. On the upside, the 184.000 lines added to the post-paid subscriber base imply total Q2 mobile revenue of PLN 1.348m (-2% y/y).
- In Fixed Line, we expect to see quarterly revenue shrinkage at an annual rate of 10%.
- Anticipating a small, 1.5% y/y reduction in costs ex. D&A expenses.

- Predicting a 57% y/y drop in Press EBITDA driven by falling ad revenues due to a 7% decrease in the daily circulation of the flagship daily newspaper *Gazeta Wyborcza* coupled with fewer ads per copy.
- EBITDA in Books & Movies will have fallen 61%, led by higher euro costs of cinema space rental, rising payroll, and a lack of 'special projects' like *The Witcher 3* video game which boosted distribution revenue in Q2 2015

- We anticipate a 3% y/y decline in retail revenue and 8% contraction in wholesale revenue, offset by a 37% surge in device sales.
- Costs are likely to show a slight year-on-year decline from PLN 552m to PLN 476m thanks to lower technology expenses and interoperator settlements.
- Profits set to receive a PLN 15m boost from the UEFA Euro 2016 live broadcasts.

- Refinancing likely to support Q2 2016 profits vs. Q2 2015.
- Cash revenue set to show a 12% surge to an estimated PLN 100.2m from the Q2 2015 pro-forma result of PLN 90.1m despite cutbacks in advertiser budgets, especially in the financial sector.
- Costs ex. D&A expected to show a 2% rise to PLN 66.9m, driven by payroll.

- Robust Q2 revenue driven by Israel (with revenue up from PLN 894m to PLN 1,067m y/y) and Poland (where revenue rose from PLN 406m to an estimated PLN 460m).
- At the same time, Poland EBIT is likely to drop from PLN 64m to PLN 53m led by the parent where EBIT is expected to have fallen from PLN 56.5m to PLN 39.8m.
- On a positive note, in Israel and Western Europe EBIT will post respective y/y increases by PLN 6.8m and PLN 7.7m.

- The successful release of the *Blood & Wine* add-on to *The Witcher 3* boosted overall sales in Q2.
- With digital downloads accounting for the bulk of the quarterly sales, margins are likely to be strong.
- The Q2 2016 development costs of *The Witcher* DLC are estimated at PLN 30m.
- SG&A expenses, including marketing and upgrades to the GOG.com Website, will approximate PLN 33.1m.



## Industrials

<b>Alumetal</b>		<b>Reporting Date</b>			
<b>Jakub Szkopek</b>		<b>30 August</b>			
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	316.3	367.0	-14%	1430.7	46%
EBITDA	25.9	28.2	-8%	119.1	52%
EBITDA margin	8.2%	7.7%		8.3%	
EBIT	20.8	23.1	-10%	92.2	56%
Net profit	19.7	21.6	-9%	86.3	56%

<b>Amica</b>		<b>Reporting Date</b>			
<b>Jakub Szkopek</b>		<b>31 August</b>			
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	526.6	451.1	17%	2448.7	45%
EBITDA	42.2	39.0	8%	210.9	44%
EBITDA margin	8.0%	8.6%		1.0%	
EBIT	29.2	26.3	11%	171.2	44%
Net profit	21.0	17.6	19%	126.3	39%

<b>Aparator</b>		<b>Reporting Date</b>			
<b>Jakub Szkopek</b>		<b>29 August</b>			
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	198.1	183.6	8%	814.0	49%
EBITDA	25.3	24.2	5%	130.1	40%
EBITDA margin	12.8%	13.2%		16.0%	
EBIT	18.5	15.8	17%	94.7	39%
Net profit	13.1	12.4	6%	70.7	38%

<b>Boryszew</b>		<b>Reporting Date</b>			
<b>Jakub Szkopek</b>		<b>31 August</b>			
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	1452.0	1564.0	-7%	6533.1	45%
EBITDA	91.4	48.5	88%	335.0	57%
EBITDA margin	6.3%	3.1%		5.0%	
EBIT	59.4	19.3	208%	208.8	60%
Net profit	30.0	6.5	359%	105.9	62%

<b>Elemental</b>		<b>Buy</b>		<b>Reporting Date</b>	
<b>Jakub Szkopek</b>		<b>4.60 PLN</b>		<b>31 August</b>	
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	246.0	280.1	-12%	928.2	47%
EBITDA	17.7	15.8	12%	70.2	49%
EBITDA margin	7.2%	5.6%		7.0%	
EBIT	15.3	13.3	15%	61.8	47%
Net profit	11.8	9.6	23%	48.7	50%

<b>Famur</b>		<b>Hold</b>		<b>Reporting Date</b>	
<b>Jakub Szkopek</b>		<b>2.20 PLN</b>		<b>26 August</b>	
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	158.0	160.4	-1%	755.0	49%
EBITDA	48.3	34.2	41%	205.3	55%
EBITDA margin	30.5%	21.3%		27.0%	
EBIT	13.5	2.4	474%	62.6	74%
Net profit	7.2	4.5	60%	49.8	70%

<b>Forte</b>		<b>Reporting Date</b>			
<b>Jakub Szkopek</b>		<b>30 August</b>			
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	219.6	190.9	15%	1072.4	49%
EBITDA	24.1	18.3	32%	145.2	50%
EBITDA margin	11.0%	9.6%		13.5%	
EBIT	18.5	13.6	36%	122.8	50%
Net profit	14.2	12.0	18%	97.0	50%

<b>Grajewo</b>		<b>Reporting Date</b>			
<b>Jakub Szkopek</b>		<b>11 August</b>			
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	241.8	245.5	-2%	1000.4	46%
EBITDA	32.6	31.9	2%	134.2	39%
EBITDA margin	13.5%	13.0%		13.0%	
EBIT	16.7	20.3	-18%	66.8	29%
Net profit	5.5	8.2	-33%	23.2	42%

\*as a percentage of our full-year forecast

- Alumetal's sales volume decreased by an estimated 5% y/y in Q2 2016 due to reduced sales of low-margin aluminum alloy castings.
- Despite 3.3% contraction in per-ton EBITDA and lower benchmarks, we expect a strong second-quarter showing.
- The Q2 2016 results of Amica will receive a boost from the UK appliance supplier CDA Group acquired in late 2015.
- The weakened pound is not likely to have affected second-quarter profits yet.
- Due to the uncertainty surrounding its UK business, Amica is expected to issue a conservative guidance for the coming quarters.
- We anticipate improvement in Aparator's Q2 2016 profit margins compared to the previous quarter.
- On the downside, profits in the period were weighed down by the weak performance of the IT unit Rector and a spending slowdown in the power industry.
- If the Q2 2016 results fall short of our expectations, Aparator may not deliver its full-year guidance.
- We anticipate a sharp y/y rebound in Q2 2016 profits thanks to price hikes in the automotive segment, expected to add EUR 10-12m to the annual earnings
- In addition, the listed Impexmetal unit benefitted from strong demand for rolled aluminum products in Q2.
- On stable volumes, Elemental is expected to report y/y revenue contraction in Q2 2016 led by lower metal prices.
- Sales of metals recovered from WEEE, SAC, and PCB are likely to be higher.
- Thanks to reduced competition, the segments of WEEE and PCB recycling should report higher margins than in the same period last year.
- Famur is set to report a q/q drop-off in revenue in Q2 2016 following the completion of a major contract in Russia.
- Compared to the low year-ago base, however, profits are expected to show a significant increase.
- Financing costs in Q2 were higher after Famur drew down on its credit lines.
- Forte's Q2 2016 profits benefitted from the zloty's depreciation versus the euro, and a weakened ruble which reduced the costs of chipboard imports from Russia.
- With the ruble now stronger, chipboard costs are set to rise in subsequent quarters.
- Q2 2016 y/y earnings growth will be supported by favorable base effects.
- Grajewo's earnings results for Q2 2016 were driven by high capacity utilization, combined with stable prices of timber and falling prices of urea.
- In Q3 2016, the Company is benefitting from a strengthening ruble which curbs chipboard imports from Russia.
- We expect Grajewo to reaffirm its strong 2016 growth outlook after Q2.

**Industrials (cont.)**

<b>Impexmetal</b>				<b>Reporting Date</b>	
<b>Jakub Szkopek</b>				<b>12 August</b>	
<b>(PLN m)</b>	<b>Q2'16E</b>	<b>Q2'15</b>	<b>Y/Y</b>	<b>2016E</b>	<b>YTD*</b>
Revenue	780.9	885.7	-12%	3426.1	23%
EBITDA	44.8	41.0	9%	157.9	28%
EBITDA margin	5.7%	4.6%		5.0%	
EBIT	31.9	28.1	13%	101.3	32%
Net profit	23.8	25.1	-5%	72.1	33%

<b>Kernel</b>				<b>Reporting Date</b>	
<b>Jakub Szkopek</b>				<b>55.00 PLN</b>	
<b>(USD m)</b>	<b>Q4'16E</b>	<b>Q4'15</b>	<b>Y/Y</b>	<b>2016E</b>	<b>YTD*</b>
Revenue	414.3	490.8	-16%	2291.1	88%
EBITDA	50.4	57.2	-12%	354.7	99%
EBITDA margin	12.2%	11.7%		15.5%	
EBIT	35.7	44.6	-20%	291.8	99%
Net profit	31.5	21.5	47%	215.1	123%

<b>Kruszwica</b>				<b>Reporting Date</b>	
<b>Jakub Szkopek</b>				<b>31 August</b>	
<b>(PLN m)</b>	<b>Q2'16E</b>	<b>Q2'15</b>	<b>Y/Y</b>	<b>2016E</b>	<b>YTD*</b>
Revenue	506.0	545.3	-7%	2179.0	49%
EBITDA	16.9	7.3	130%	86.6	37%
EBITDA margin	3.3%	1.3%		4.0%	
EBIT	5.6	-2.7	-	54.5	30%
Net profit	4.9	-1.4	-	44.7	30%

<b>Kęty</b>				<b>Reporting Date</b>	
<b>Jakub Szkopek</b>				<b>291.10 PLN</b>	
<b>(PLN m)</b>	<b>Q2'16E</b>	<b>Q2'15</b>	<b>Y/Y</b>	<b>2016E</b>	<b>YTD*</b>
Revenue	550.3	503.4	9%	2171.1	49%
EBITDA	95.2	84.2	13%	375.6	50%
EBITDA margin	17.3%	16.7%		17.0%	
EBIT	70.6	62.2	14%	264.9	52%
Net profit	77.3	57.6	34%	251.0	52%

<b>Tarczyński</b>				<b>Reporting Date</b>	
<b>Jakub Szkopek</b>				<b>12 August</b>	
<b>(PLN m)</b>	<b>Q2'16E</b>	<b>Q2'15</b>	<b>Y/Y</b>	<b>2016E</b>	<b>YTD*</b>
Revenue	141.2	129.1	9%	591.9	48%
EBITDA	12.9	12.4	4%	54.7	45%
EBITDA margin	9.0%	11.0%		9.0%	
EBIT	6.8	6.8	0%	30.2	41%
Net profit	4.0	3.9	2%	18.6	39%

<b>UNIWHEELS</b>				<b>Reporting Date</b>	
<b>Jakub Szkopek</b>				<b>172.10 PLN</b>	
<b>(EUR m)</b>	<b>Q2'16E</b>	<b>Q2'15</b>	<b>Y/Y</b>	<b>2016E</b>	<b>YTD*</b>
Revenue	110.6	112.2	-1%	446.0	49%
EBITDA	14.7	14.7	0%	65.1	44%
EBITDA margin	13.3%	13.1%		14.8%	
EBIT	10.8	10.9	-1%	45.6	46%
Net profit	8.3	5.9	40%	44.0	43%

<b>Vistal Gdynia</b>				<b>Reporting Date</b>	
<b>Jakub Szkopek</b>				<b>15.80 PLN</b>	
<b>(PLN m)</b>	<b>Q2'16E</b>	<b>Q2'15</b>	<b>Y/Y</b>	<b>2016E</b>	<b>YTD*</b>
Revenue	99.6	112.8	-12%	456.8	40%
EBITDA	13.8	15.9	-13%	49.8	50%
EBITDA margin	13.8%	14.1%		11.0%	
EBIT	9.9	12.1	-18%	34.2	50%
Net profit	4.8	6.2	-22%	18.7	52%

<b>Zetkama</b>				<b>Reporting Date</b>	
<b>Jakub Szkopek</b>				<b>31 August</b>	
<b>(PLN m)</b>	<b>Q2'16E</b>	<b>Q2'15</b>	<b>Y/Y</b>	<b>2016E</b>	<b>YTD*</b>
Revenue	136.5	83.1	64%	586.3	48%
EBITDA	20.1	10.8	86%	95.4	48%
EBITDA margin	14.8%	13.0%		16.3%	
EBIT	14.1	8.0	77%	71.3	48%
Net profit	11.3	6.9	65%	59.7	48%

- Impexmetal is expected to report strong profits in the aluminum segment in Q2.
- Sales volumes are likely to have increased for another consecutive quarter.
- The zloty's weakness versus the euro will support Q2 profits.

- Kernel reported a 30% slump in sales of bulk sunflower oil and an 11% decrease in sales of bottled oil in Q2 2016, but it expects a rebound in Q3.
- The quarterly grain sales amounted to 744,300 tons after 6% y/y contraction attributed to a depleted end-of-season inventory

- Kruszwica is expected to report weak Q2 2016 growth despite a low year-ago base.
- Margins in the period were affected by a rapeseed shortage.
- The net cash position as of 30 June is likely to be high.

- Kęty's aluminum systems business is expected to deliver marked y/y growth in Q2 thanks to higher prices of aluminum.
- Net debt will have increased from PLN 215.7m at 31 March to an estimated PLN 300m at 30 June 2016.
- Kęty is not likely to raise its current FY2016 guidance after Q2.

- On 7.2% higher volumes, Tarczyński is expected to register a 2% increase in revenue per ton in Q2 2016 compared to Q2 2015.
- Marketing expenses are likely to be higher at PLN 2m vs. PLN 1.9m in Q2 2015.
- Sales in Q2 probably benefitted from the 500+ benefits scheme launched in April.

- Uniwheels sold an estimated 2.1 million wheels in Q2 2016 (+6.8% y/y).
- Factors weighing on the quarterly profits included the new capacity startup costs (EUR 2.0m), realized FX losses (EUR 0.8m), and unrealized financing losses (EUR 2.0m).
- We expect Uniwheels to raise its 2016 sales guidance after Q2.

- Vistal is expected to report 17.6% y/y growth in core Q2 2016 EBITDA.
- The backlog at 30 June was an estimated PLN 348m (+7% y/y).
- A euro-loan value adjustment will result in a Q2 FX loss of a projected PLN 1.1m .

- Zetkama's export margins in Q2 2016 were supported by the zloty's depreciation versus the euro.
- An additional boost was provided by the steel forger Kuźnia Polska acquired in late 2015.

## Construction

### High year-ago base makes for subdued Q2 growth

- Of the ten companies in our coverage, we expect Budimex, Unibep, and Torpol to deliver the strongest growth in Q2 2016.
- The remaining seven (Elektrobudowa, Elektrotim, Erbud, Herkules, Ulma, Trakcja, ZUE) are likely to post slight contraction from a high year-ago base, with the aggregate EBITDA expected to show a decline of 5% (at Budimex, we anticipate a 40% rebound) vs. a drop of 25% posted in Q1.
- Among railway builders, Trakcja and Torpol will deliver nominally high results, while ZUE's figures will be relatively low.

<b>Budimex</b>		<b>Buy</b>		<b>Reporting Date</b>	
<b>Piotr Zybala</b>		<b>PLN 225.10</b>		<b>27 July</b>	
<b>(PLN m)</b>	<b>Q2'16E</b>	<b>Q2'15</b>	<b>Y/Y</b>	<b>2016E</b>	<b>YTD*</b>
Revenue	1504.7	1421.8	6%	5934.9	42%
Gross profit	168.7	133.3	27%	564.4	50%
EBITDA	123.5	87.8	41%	370.9	52%
EBIT	117.7	82.1	43%	349.9	52%
margin	7.8%	5.8%		5.9%	
Pre-tax income	118.7	86.8	37%	356.1	52%
Net income	94.8	69.3	37%	288.0	51%

<b>Elektrobudowa</b>		<b>Buy</b>		<b>Reporting Date</b>	
<b>Piotr Zybala</b>		<b>PLN 166.50</b>		<b>31 August</b>	
<b>(PLN m)</b>	<b>Q2'16E</b>	<b>Q2'15</b>	<b>Y/Y</b>	<b>2016E</b>	<b>YTD*</b>
Revenue	295.8	347.1	-15%	1052.3	49%
Gross profit	25.5	32.7	-22%	98.6	38%
EBITDA	23.8	25.8	-8%	86.4	34%
EBIT	20.3	21.9	-7%	72.8	31%
margin	6.9%	6.3%		6.9%	
Pre-tax income	19.7	22.1	-11%	70.7	31%
Net income	15.3	17.5	-12%	55.1	31%

<b>Erbud</b>		<b>Buy</b>		<b>Reporting Date</b>	
<b>Piotr Zybala</b>		<b>PLN 36.00</b>		<b>29 August</b>	
<b>(PLN m)</b>	<b>Q2'16E</b>	<b>Q2'15</b>	<b>Y/Y</b>	<b>2016E</b>	<b>YTD*</b>
Revenue	411.1	502.8	-18%	1620.5	48%
Gross profit	30.8	39.2	-22%	123.5	48%
EBITDA	16.9	20.2	-17%	66.3	48%
EBIT	13.8	17.1	-20%	55.3	47%
margin	3.3%	3.4%		3.4%	
Pre-tax income	-17.2	16.6	-	49.4	-13%
Net income	-15.1	10.1	-	35.6	-22%

<b>Unibep</b>		<b>Buy</b>		<b>Reporting Date</b>	
<b>Piotr Zybala</b>		<b>PLN 12.10</b>		<b>25 August</b>	
<b>(PLN m)</b>	<b>Q2'16E</b>	<b>Q2'15</b>	<b>Y/Y</b>	<b>2016E</b>	<b>YTD*</b>
Revenue	292.8	326.1	-10%	1398.3	37%
Gross profit	19.0	13.8	38%	81.1	41%
EBITDA	11.9	7.6	56%	51.6	42%
EBIT	9.8	5.7	71%	43.6	41%
margin	3.3%	1.8%		3.1%	
Pre-tax income	9.9	7.1	38%	43.5	40%
Net income	7.6	5.2	45%	33.3	38%

\*as a percentage of our full-year forecast

- In the buildings sector, we expect continued strong growth at Unibep and a slowdown at Erbud from a high year-ago base.
- Base effects will also make for subdued growth in power engineering (Elektrobudowa, Elektrotim).
- The building equipment supplier Ulma was affected by a 13% fall in Poland's building activity in H1, while rival Herkules did well in Q2.
- At Budimex, we anticipate double-digit earnings growth which will continue in Q36.

- Budimex reported that it had achieved a net profit of PLN 95m in Q2 2016, an increase of 37% from Q2 2015 driven by high construction margins supported by cheap prices of subcontractors and materials.
- We see potential for an upward revision to our FY2016 forecast for Budimex after the Q2 announcement.

- From a high year-ago base, the Q2 2016 net profit is set to show a 12% drop to a still-impressive PLN 15.3m.
- The quarterly results will be boosted by a PLN 2-3m gain on a subsidiary sale. but they will not yet reflect the recently completed big power plant contract, expected to be settled in Q3.
- Due to a weak Q1, ELB will deliver only about 31% of our FY earnings estimate in H1, suggesting risk of downward revision.

- On 18% lower revenue, Erbud is expected to report flat profit growth in Q2 2016, due mainly to the engineering business, hurt by reduced investment by the wind energy industry.
- The sale of the Budlex unit at a loss will weigh down the Q2 profit by PLN 24.5m, while at the same time adding PLN 47.5m to the period's cash flow.

- Unibep's Q2 2016 revenue is expected to show contraction from the same period a year ago due to contract delays, but margins are likely to remain as high as in Q1.
- As a result, we anticipate a 50% y/y boost in the quarterly net profit followed by an equally strong momentum in the following quarters.

## Property Developers

### Developers enjoy robust second quarter

- Residential as well as commercial developers are poised to report strong earnings growth in Q2 2016, driven respectively by high sales and FX gains in the wake of the euro's appreciation vs. the zloty.
- Eight residential developers reported having closed more homes in Q2 2016 than in Q2 2015, with the aggregate annual growth reaching 79%.
- H1 2016 closings are equivalent to 40% of the projected annual total, but in H2 there will be seasonal acceleration.

<b>Capital Park</b>		<b>Hold</b>		<b>Reporting Date</b>	
<b>Piotr Zybala</b>		<b>PLN 6.50</b>		<b>30 August</b>	
<b>(PLN m)</b>	<b>Q2'16E</b>	<b>Q2'15</b>	<b>Y/Y</b>	<b>2016E</b>	<b>YTD*</b>
Revenue	27.3	17.5	56%	124.5	42%
Gross profit margin	20.5	12.7	62%	93.4	42%
	75.0%	72.4%		75.0%	
EBIT ex. val. & SOP	17.1	9.8	74%	80.6	41%
Valuation effects	67.4	19.2	252%	-20.8	-
EBIT	85.5	30.1	184%	59.8	175%
Pre-tax income	48.5	6.3	665%	28.0	195%
Net income	37.2	11.1	235%	14.1	300%

<b>Dom Dev.</b>		<b>Buy</b>		<b>wyniki:</b>	
<b>Piotr Zybala</b>		<b>PLN 69.50</b>		<b>25 August</b>	
<b>(PLN m)</b>	<b>Q2'16E</b>	<b>Q2'15</b>	<b>Y/Y</b>	<b>2016E</b>	<b>YTD*</b>
Revenue	229.7	157.8	46%	1116.4	33%
Gross profit margin	46.8	38.2	23%	257.8	30%
	20.4%	24.2%		23.1%	
EBIT	22.0	13.2	67%	155.5	19%
Pre-tax income	21.3	13.0	64%	155.5	18%
Net income	17.3	10.6	63%	125.9	18%

<b>Echo Inv.</b>		<b>Hold</b>		<b>Reporting Date</b>	
<b>Piotr Zybala</b>		<b>PLN 2.73</b>		<b>31 August</b>	
<b>(PLN m)</b>	<b>Q2'16E</b>	<b>Q2'15</b>	<b>Y/Y</b>	<b>2016E</b>	<b>YTD*</b>
Revenue	128.4	131.1	-2%	778.7	35%
Gross profit margin	56.5	58.0	-3%	383.2	34%
	44.0%	44.3%		49.2%	
EBIT ex. valuation	30.5	17.0	80%	302.7	28%
Valuation effects	143.8	84.1	71%	58.2	443%
EBIT	174.4	101.1	73%	360.9	95%
Pre-tax income	81.9	22.5	264%	247.5	82%
Net income	73.8	15.6	372%	222.8	117%

<b>GTC</b>		<b>Buy</b>		<b>Reporting Date</b>	
<b>Piotr Zybala</b>		<b>PLN 8.20</b>		<b>24 August</b>	
<b>(EUR m)</b>	<b>Q2'16E</b>	<b>Q2'15</b>	<b>Y/Y</b>	<b>2016E</b>	<b>YTD*</b>
Revenue	29.7	30.4	-2%	121.4	50%
Gross profit margin	21.1	20.1	5%	86.5	49%
	71.1%	66.2%		71.3%	
EBIT ex. val. & SOP	17.3	16.8	3%	72.8	48%
Valuation effects	12.0	-1.5	-	43.3	45%
EBIT	29.3	15.3	92%	116.1	47%
Pre-tax income	21.4	7.4	188%	85.7	47%
Net income	17.7	-1.9	-	77.6	44%

<b>Robyg</b>		<b>Buy</b>		<b>Reporting Date</b>	
<b>Piotr Zybala</b>		<b>PLN 3.40</b>		<b>18 August</b>	
<b>(PLN m)</b>	<b>Q2'16E</b>	<b>Q2'15</b>	<b>Y/Y</b>	<b>2016E</b>	<b>YTD*</b>
Revenue	67.8	64.9	5%	541.9	35%
Gross profit margin	12.2	12.9	-5%	107.2	33%
	18.0%	19.9%		19.8%	
JV income	18.5	3.1	502%	46.9	55%
EBIT	18.2	3.3	450%	106.6	36%
Pre-tax income	15.2	1.3	-	98.2	33%
Net income	15.8	1.2	-	84.0	36%

\*as a percentage of our full-year forecast

- We expect to see nominally the highest profits at LC Corp (ca. PLN 40m) and JWC (PLN 30-35m), driven by record closings. At the other end will be Vantage Development and Marvipol where Q2 closings were equivalent to just 20%-30% of total sales.
- The Q2 earnings of Echo Investment and Capital Park will be bolstered by FX gains, with both companies exceeding our full-year forecasts after just six months.

- Q2 2016 NOI is expected to be 11% higher than in the previous quarter thanks to increased tenancy rates, the completion of the Eurocentrum Delta building in February, and another commercial project finished in Krakow.
- Relative to Q2 2015, NOI is set to show a surge of 60%, with core EBIT up over 70%.
- The Q2 2016 upward EUR/PLN value adjustments are estimated at PLN 67m, with the net gains set to approximate PLN 32m.

- DOM closed 564 homes in Q2, an increase of 50%.
- At the same time, since most of these homes were in low-margin developments, the quarterly gross margin is likely to have fallen to ca. 20.4% vs. 24.2% in Q2 2015.
- After a stable third quarter, DOM is expected to experience a sharp acceleration in Q4.
- Looking at H1 2016 off-plan sales (1,316 units, +24%), we are confident DOM can deliver our FY earnings forecast.

- Echo is set to report robust y/y growth in Q2 2016, owed mainly to upward value adjustments to its investment property portfolio to reflect the 3.7% EUR/PLN appreciation.
- The windfall from the June portfolio sale was recognized in previous periods.
- Assuming the euro stays strong throughout 2016, Echo is likely to exceed our full-year earnings forecast.

- GTC has expanded its rental property portfolio by over 20% since October 2015 by adding about 120,000sqm of completed or purchased rental space.
- This means NOI is set for sustained expansion beyond 2016.
- In Q2, GTC is expected to recognize valuation gains to the tune of EUR 12m provided by the ongoing construction of a mall in Warsaw and an office building completed in June.

- Robyg closed 565 homes in Q2 2016 vs. 199 in Q2 2015, with positive effects on the quarterly earnings.
- Note that of the total, only 140 of the homes were in wholly-owned, non-JV developments consolidated under the full method.
- The profits generated in H1 were seasonally low, but the acceleration expected in H2 should bring the annual earnings figures in line with our full-year forecast.

## Retail, Other

- Polish retail sales in Q2 2016 rose on increasing consumer spending, driven by a firming job market coupled with 500+ family benefits scheme.
- The profits of selected retailers will be affected by an

AmRest		Hold		Reporting Date	
Piotr Bogusz		PLN 217.00		12 August	
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	974.9	809.3	20%	3788.5	48%
Gross profit margin	179.4	144.6	24%	668.0	49%
EBITDA	18.4%	17.9%		17.6%	
EBITDA margin	120.6	98.4	23%	508.8	47%
EBIT	12.4%	12.2%		13.4%	
EBIT margin	59.0	45.3	30%	242.7	47%
Pre-tax income	48.8	36.2	35%	197.1	48%
Net income	40.7	25.9	57%	154.4	52%

CCC		Accumulate		Reporting Date	
Piotr Bogusz		PLN 181.00		25 August	
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	859.0	608.0	41%	3214.9	43%
Gross profit margin	448.0	332.0	35%	1714.2	42%
EBITDA	52.2%	54.6%		53.3%	
EBITDA margin	122.6	74.9	64%	461.2	29%
EBIT	14.3%	12.3%		14.3%	
EBIT margin	104.6	58.1	80%	387.5	26%
Pre-tax income	95.2	54.6	75%	347.5	23%
Net income	68.9	56.5	22%	265.4	19%

Eurocash		Sell		Reporting Date	
Piotr Bogusz		PLN 42.70		19 August	
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	5257.4	5181.7	1%	21369	47%
Gross profit margin	552.7	513.7	8%	2129.4	48%
EBITDA	10.5%	9.9%		10.0%	
EBITDA margin	118.3	114.0	4%	522.4	32%
EBIT	2.3%	2.2%		2.4%	
EBIT margin	80.7	75.3	7%	371.5	24%
Pre-tax income	72.7	65.6	11%	321.1	24%
Net income	54.1	48.6	11%	254.9	22%

Jerónimo Martins		Hold		Reporting Date	
Piotr Bogusz		EUR 14.90		27 July	
(EUR m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	3609.2	3457.0	4%	14484	48%
Gross profit margin	764.8	735.0	4%	3111.7	47%
EBITDA	21.2%	21.3%		21.5%	
EBITDA margin	210.7	197.0	7%	875.1	45%
EBIT	5.8%	5.7%		6.0%	
EBIT margin	129.8	118.0	10%	548.1	44%
Pre-tax income	125.8	115.0	9%	545.4	33%
Net income	92.2	84.0	10%	384.4	44%

LPP		Reduce		Reporting Date	
Piotr Bogusz		PLN 4,900		30 August	
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	1499.0	1291.3	16%	5964.0	45%
Gross profit margin	751.7	673.4	12%	3082.6	42%
EBITDA	50.1%	52.1%		51.7%	
EBITDA margin	158.7	192.5	-18%	757.1	21%
EBIT	10.6%	14.9%		12.7%	
EBIT margin	98.1	136.8	-28%	505.0	7%
Pre-tax income	92.3	158.3	-42%	477.2	5%
Net income	79.2	136.6	-42%	385.7	4%

Work Service		Accumulate		Reporting Date	
Paweł Szpiigel		PLN 13.70		31 July	
(PLN m)	Q2'16E	Q2'15	Y/Y	2016E	YTD*
Revenue	618.9	502.6	23%	2381.6	51%
EBITDA	19.6	19.5	1%	120.5	33%
EBITDA margin	3.2%	3.9%			
EBIT	15.9	16.6	-4%	106.6	31%
Pre-tax profit	4.4	5.5	-20%	86.6	16%
Net profit	2.9	0.0	-	47.4	10%

\*as a percentage of our full-year forecast

appreciation in the dollar (through higher merchandise costs) and the euro (through higher rental costs).

- Anticipating year-on-year rebound at CCC and AmRest and a slowdown at LPP.

- Anticipating continued improvement in sales per restaurant thanks to favorable fundamentals and sales efforts.
- The EBITDA margin is set to show y/y expansion fueled by Other CEE and the Czech business.
- We expect to see asset value adjustments to the tune of PLN 5m in Q2.
- Our Q2 2016 forecast factors in one-month's worth of revenues (PLN 50m) and EBITDA (PLN 2.2m) of Starbucks Germany.

- CCC experienced a year-on-year sales jump of 41% in Q2 2016 driven by store area expansion and improvement in like-for-like sales.
- The brick-and-mortar gross margin will have contracted by 1.3ppts to 53.3%, and the gross margin of the online store Eobuwie.pl is projected at 38.7%.
- Q2 other operating expenses will include costs of employee stock options, estimated at PLN 10m.
- For Eobuwie.pl, we predict PLN 67.2m revenue and PLN 11.4m EBIT.

- Predicting 2% y/y revenue contraction in the Cash & Carry segment (negative lfl) and a 1.3% decline in Service FMCG.
- At the same time, we expect to see topline growth at DC supermarkets (+9% y/y), Food Service (+8%), and Tradis Distribution (+2%).
- An improvement in gross margin will be offset by higher SG&A expenses incurred on new C&C locations.
- We anticipate net one-time operating losses of PLN 16m (mainly losses on new business operations).

- The 3.7% y/y appreciation in the EURPLN exchange rate in Q2 affected the sales momentum at Biedronka (with quarterly revenue up an estimated 0.1%) despite improved lfl sales.
- Outside of Poland, we anticipate continued sales growth in Portugal at annual rates of 3.1% Pingo Doce and 3.5% Recheio.
- On improved sales effectiveness, the Q2 2016 EBITDA margin is set to be better than in the same period last year.

- The Q2 2016 sales and gross profit figures are expected to be consistent with the monthly statistics reported during the quarter.
- Anticipating a 7.2% y/y increase to PLN 246 in SG&A/sqm (driven by higher payroll coupled with higher euro space rental costs), with total SG&A at a projected PLN 649.2m.
- Consequently, the EBITDA margin is expected to have fallen by 4.3ppts to 10.6%
- FX transactions are not expected to affect Q2 financing activity.

- Q2 Polish sales rallied by an estimated 19% y/y in Q2.
- In Germany, a persistent slump will result in a flat gross margin (10.4% vs. 9.9%).
- Anticipating high SG&A expenses of PLN 48.2m, up from PLN 38.3m a year ago.
- Financing costs will also be high at ca. PLN 8.5m net.
- The Q2 2016 effective tax rate is projected at 40%.
- High minority interests at 35%.



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
<b>Banks</b>										
ALIOR BANK	Buy	2016-05-24	55.40	75.93	54.58	+39.1%	16.5	155.1		
BZ WBK	Buy	2016-07-05	262.30	305.10	286.20	+6.6%	13.0	12.8		
GETIN NOBLE BANK	Buy	2016-02-02	0.46	0.96	0.43	+123.3%	11.0	6.0		
HANDLOWY	Buy	2016-07-05	68.38	80.00	69.20	+15.6%	14.6	15.1		
ING BSK	Hold	2016-03-04	121.45	119.38	127.00	-6.0%	17.3	15.8		
MILLENNIUM	Buy	2016-02-02	5.20	7.00	4.50	+55.6%	10.0	8.0		
PEKAO	Reduce	2016-07-05	129.65	127.42	128.85	-1.1%	16.4	16.0		
PKO BP	Buy	2016-02-02	24.84	31.62	24.45	+29.3%	10.6	9.9		
KOMERCNI BANKA	Accumulate	2016-06-02	948	1085.6 CZK	971	+11.8%	15.1	12.7		
ERSTE BANK	Buy	2016-02-02	26.17	32.34 EUR	23.90	+35.3%	8.9	8.0		
RBI	Buy	2016-02-02	11.32	17.14 EUR	11.95	+43.5%	12.9	4.3		
OTP BANK	Hold	2016-04-06	6900	6487 HUF	6849	-5.3%	10.5	8.6		
<b>Insurance</b>										
PZU	Buy	2016-02-02	32.33	42.44	29.70	+42.9%	10.9	9.1		
<b>Financial services</b>										
KRUK	Accumulate	2016-06-16	189.95	211.44	206.30	+2.5%	15.1	12.9		
PRIME CAR MANAGEMENT	Buy	2016-02-02	35.10	46.76	34.90	+34.0%	9.6	9.7		
SKARBIEC HOLDING	Buy	2016-02-02	27.00	42.20	27.93	+51.1%	7.3	6.4		
<b>Fuels, chemicals</b>										
CIECH	Hold	2016-02-02	80.00	74.35	58.80	+26.4%	7.0	8.4	5.0	5.1
GRUPA AZOTY	Buy	2016-06-07	72.00	86.10	76.60	+12.4%	11.7	14.2	6.3	6.9
LOTOS	Hold	2016-04-19	28.09	26.50	30.12	-12.0%	10.1	9.2	5.7	5.7
MOL	Hold	2016-04-19	225.50	224.20	242.70	-7.6%	15.7	11.2	4.9	4.2
PGNIG	Accumulate	2016-06-02	5.13	5.55	5.62	-1.2%	18.0	15.4	6.4	6.1
PKN ORLEN	Reduce	2016-04-19	71.18	59.00	64.80	-9.0%	7.3	8.4	4.7	5.3
POLWAX	Buy	2016-02-02	15.70	23.24	15.75	+47.6%	6.6	6.6	5.4	5.1
SYNTHOS	Hold	2016-07-05	3.54	3.39	4.03	-15.9%	17.6	14.2	10.4	9.1
<b>Power Utilities</b>										
CEZ	Buy	2016-02-02	65.00	79.87	74.38	+7.4%	11.9	13.5	6.3	6.5
ENEA	Hold	2016-02-02	11.50	12.40	10.81	+14.7%	7.5	7.1	5.2	5.1
ENERGA	Suspended	2016-03-16	13.30	-	10.06	-	6.1	5.7	4.5	4.6
PGE	Buy	2016-06-02	12.35	14.60	12.69	+15.1%	7.2	9.0	4.2	5.1
TAURON	Buy	2016-02-02	2.71	3.78	3.02	+25.2%	5.7	6.3	4.5	4.9
<b>Telecommunications</b>										
NETIA	Accumulate	2016-06-08	5.05	5.30	4.45	+19.1%	-	-	4.2	4.8
ORANGE POLSKA	Buy	2016-02-02	6.43	8.05	5.24	+53.6%	27.7	23.5	4.0	4.1
<b>Media</b>										
AGORA	Accumulate	2016-05-06	12.94	13.35	11.71	+14.0%	40.4	21.6	5.6	5.2
CYFROWY POLSAT	Hold	2016-02-02	21.99	22.10	23.34	-5.3%	12.4	11.9	6.9	6.6
WIRTUALNA POLSKA	Accumulate	2016-06-02	46.00	50.00	45.80	+9.2%	16.6	14.6	11.5	10.2
<b>IT</b>										
ASSECO POLAND	Accumulate	2016-05-06	57.69	62.89	56.78	+10.8%	12.8	12.4	6.7	6.4
CD PROJEKT	Hold	2016-06-02	26.30	26.50	33.00	-19.7%	27.9	43.4	19.2	30.3
COMARCH	Suspended	2013-03-11	89.60	-	147.75	-	-	-	-	-
SYGNITY	Suspended	2013-02-05	16.80	-	6.10	-	-	-	-	-
<b>Mining &amp; Metals</b>										
KGHM	Hold	2016-02-02	56.26	61.50	76.75	-19.9%	22.3	12.5	6.5	5.5
LW BOGDANKA	Hold	2016-02-02	31.33	33.00	51.49	-35.9%	7.9	9.8	3.2	3.5
<b>Manufacturers</b>										
ELEMENTAL	Buy	2016-06-13	3.50	4.60	3.72	+23.7%	13.0	10.7	10.7	8.3
FAMUR	Hold	2016-04-06	2.57	2.20	2.81	-21.7%	27.8	16.1	6.2	5.4
KERNEL	Hold	2016-03-07	54.90	55.00	61.00	-9.8%	5.7	5.8	4.4	4.2
KĘTY	Hold	2016-07-01	318.90	291.10	312.55	-6.9%	11.8	14.2	8.9	8.5
UNIWHEELS	Buy	2016-07-21	149.60	172.10	156.00	+10.3%	10.2	8.9	7.5	6.4
VISTAL	Buy	2016-02-02	8.00	15.80	9.79	+61.4%	7.4	6.4	7.2	6.9
<b>Construction</b>										
BUDIMEX	Buy	2016-07-05	174.00	225.10	181.00	+24.4%	16.0	12.8	8.3	6.7
ELEKTROBUDOWA	Buy	2015-12-03	141.00	166.50	102.15	+63.0%	8.8	8.5	5.0	4.5
ERBUD	Buy	2016-02-03	25.95	36.00	27.00	+33.3%	9.7	8.8	4.7	4.4
UNIBEP	Buy	2016-02-03	9.89	12.10	10.66	+13.5%	11.2	9.0	7.0	5.8
<b>Property Developers</b>										
CAPITAL PARK	Hold	2016-04-06	6.55	6.50	6.40	+1.6%	48.9	16.0	31.0	20.2
DOM DEVELOPMENT	Buy	2016-05-30	54.40	69.50	53.10	+30.9%	10.5	8.8	8.5	7.1
ECHO	Hold	2016-04-06	6.52	2.73	4.62	-40.9%	8.6	7.9	14.8	12.4
GTC	Buy	2015-11-20	7.08	8.20	6.67	+22.9%	9.1	4.1	12.4	6.8
ROBYG	Buy	2016-01-28	2.83	3.40	2.93	+16.0%	9.2	9.8	8.4	9.2
<b>Retail</b>										
AMREST	Hold	2016-05-06	220.00	217.00	236.95	-8.4%	32.6	26.1	11.9	10.1
CCC	Accumulate	2016-07-01	159.65	181.00	180.60	+0.2%	26.2	19.3	17.6	13.4
EUROCASH	Sell	2016-04-18	55.77	42.70	52.25	-18.3%	28.5	24.6	14.6	12.6
JERONIMO MARTINS	Hold	2016-04-18	14.76	14.9 EUR	13.95	+6.8%	22.8	19.3	10.3	8.9
LPP	Reduce	2016-02-02	5411	4900	5139	-4.7%	24.1	18.1	13.1	10.5
<b>Other</b>										
WORK SERVICE	Accumulate	2016-02-02	11.96	13.70	10.00	+37.0%	14.2	11.7	8.0	7.0

## Ratings issued in the past month

Company	Rating	Previous Rating	Target Price	Rating Day
BUDIMEX	Buy	Accumulate	225.10	2016-07-05
BZ WBK	Buy	Accumulate	305.10	2016-07-05
HANDLOWY	Buy	Hold	80.00	2016-07-05
KĘTY	Hold	Hold	291.10	2016-07-01
CCC	Accumulate	Reduce	181.00	2016-07-01
PEKAO	Reduce	Sell	127.42	2016-07-05
SYNTHOS	Hold	Reduce	3.39	2016-07-05
UNIWHEELS	Buy	Accumulate	172.10	2016-07-21

## Ratings Statistics

Rating	All		For Issuers who are clients of Dom Maklerski mBanku	
	Count	Pct. of total	Count	Pct. of total
Sell	1	1.7%	0	0.0%
Reduce	3	5.2%	2	6.3%
Hold	18	31.0%	7	21.9%
Accumulate	9	15.5%	6	18.8%
Buy	27	46.6%	17	53.1%

**List of abbreviations and ratios contained in the publication:**

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

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**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%  
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**Strong and weak points of valuation methods used in recommendations:**

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

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

**Economic profits** – discounting of future economic profits; the weak point is high sensitivity to changes in the assumptions made in the valuation model.

**Discounted Dividends (DDM)** – discounting of future dividends; the weak point is high sensitivity to changes in the assumptions as to future dividends made in the valuation model.

**NAV** – valuation based on equity value, one of the most frequently used method in case of developing companies; the weak point of the method is that it does not factor in future changes in revenue/profits of a company.



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