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# Quarterly Earnings Forecast: Q3 2016

## Equity Market

### Financial Sector

Not counting banks, the Polish financial sector is expected to deliver a solid third quarter. Of the service providers in our coverage, Skarbiec will report good quarterly results, and PZU and Prime Car Management are set to post improvement relative to the second quarter. As for banks, the aggregate Q3 2016 net income figure will be lower than in Q2, when it was boosted by one-time gains from the sale of VISA shares, however the core total income should show an upward shift. On a case-by-case basis, we expect to see one-off profits at PKO BP, ING BSK, and Komercni Banka.

### Gas & Oil, Chemicals

The Q3 2016 downstream profits of the refiners in our coverage are expected to be solid but much lower than in the peak-margin period of Q3 2015. In upstream, Q3 is likely to be the last quarter of falling EBITDA results given the rebound observed in the prices of hydrocarbons, coupled with cost-savings initiatives. In the chemicals sector, the Q3 earnings season will be a mixed bag, with Grupa Azoty reporting another weak quarter (potentially prompting downgrades to the current consensus), Ciech expected to post flat year-over-year results, and Synthos recognizing varying results across the core operating segments.

### Utilities & Resources

In a continuation of the trends observed in the first half of the year (lower prices of electricity and green certificates, reduced WACC), power utilities are expected to report average year-on-year shrinkage of 15% in their Q3 2016 profits. However, with the sector achieving 75% of the full-year EBITDA consensus on average in the year through September (led by Enea and Energa), these declines are already priced in.

### Telecoms, Media, IT

The aggregate Q3 2016 EBITDA of the TMT companies in our coverage fell by an estimated 6% relative to the same period last year. At Asseco Poland, the drop in net profit could reach 25%. Year-on-year growth at Netia and Agora will also be slower than average.

### Industrials

According to our predictions, 75% of the industrial companies in our coverage will report year-over-year improvement in their Q3 2016 results, making for the most successful earnings season since the beginning of 2014. We think positive earnings surprises may be delivered by Boryszew, Elemental, Ergis, Famur, Forte, Mangata, Uniwheels, and Vistal, while Alumetal and Kruszwica are set to disappoint.

### Construction

Budimex is set to be the sector's earnings leader, with strong Q3 2016 profits supported by low costs of materials. We expect to see improvement on a year-on-year basis at Unibep, Trakcja (high backlog), and Ulma (positive base effects), and we anticipate contraction at Elektrobudowa, Elektrotim, Erbud, and Herkules due to negative base effects. At Torpol and ZUE the worsened Q3 outlook is underpinned by thin order books.

### Property Developers

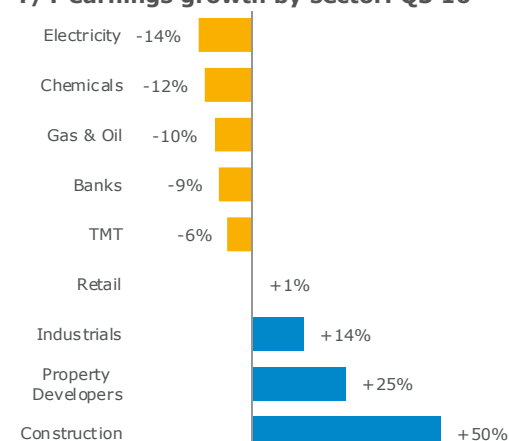
Aggregate closings by residential developers in Q3 2016 were 38% on average higher than in the same period in 2015, suggesting another successful earnings season in a row, with strong growth expected at Atal, JWC, Dom Development, Lokum, Ronson, and Marvipol. The fourth quarter is shaping up to be record-breaking in terms of closings. In commercial, a lower EUR/PLN suggests downward portfolio adjustments affecting Q3 2016 profits. FX volatility will not hurt the quarterly profits of GTC.

### Retail

Jeronimo Martins and AmRest experienced continued uptrend in profits in Q3. At LPP, results will be affected by deep price markdowns, and at CCC performance was hurt by low sales of high-margin footwear in September.

WIG ..... 47,894  
Average 2016E P/E..... 13.8  
Average 2017E P/E..... 12.7  
ADTV (3M) ..... PLN 725m

### Y/Y earnings growth by sector: Q3'16\*



\*Net earnings for banks, adjusted EBIT for developers, otherwise EBITDA

Earnings Surprise Prediction	
negative	positive
Alumetal	Elemental
Asseco Poland	Ergis
Grupa Azoty	Famur
Kruszwica	GTC
	Mangata (Zetkama)
	Prime Car Management
	Skarbiec Holding
	Uniwheels

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## Banks

## Stronger core income...

- We expect improvement in the core income of the Polish bank sector in Q3, driven by expanding NIM and fee income.

Alior Bank Michał Konarski	Buy PLN 75.93		Reporting Date 9 November		
(PLN m)	Q3'16E	Q2'16	Q/Q	Y/Y	YTD*
Net interest income	479.0	444.2	8%	23%	77%
Net fee income	76.3	76.2	0%	-14%	69%
Total income	649.6	621.8	4%	18%	76%
Operating costs	-293.0	-287.2	2%	12%	78%
Provisioning	-197.3	-173.1	14%	14%	71%
Net income	79.6	81.7	-3%	-13%	73%

BZ WBK Michał Konarski	Hold PLN 305.10		Reporting Date 26 October		
(PLN m)	Q3'16E	Q2'16	Q/Q	Y/Y	YTD*
Net interest income	1178.4	1152.5	2%	8%	74%
Net fee income	482.6	470.8	2%	0%	75%
Total income	1800.3	2114.9	-15%	7%	76%
Operating costs	-793.7	-801.7	-1%	-1%	75%
Provisioning	-247.8	-177.0	-40%	-23%	79%
Net income	441.0	723.5	-39%	-7%	79%

Getin Noble Michał Konarski	Buy PLN 0.96		Reporting Date 14 November		
(PLN m)	Q3'16E	Q2'16	Q/Q	Y/Y	YTD*
Net interest income	334.1	326.0	2%	11%	81%
Net fee income	31.3	24.4	28%	-62%	25%
Total income	373.4	372.1	0%	-2%	70%
Operating costs	-219.5	-214.5	2%	-1%	71%
Provisioning	-136.2	-132.2	3%	7%	108%
Net income	1.1	1.1	-	-	-14%

Handlowy Michał Konarski	Hold PLN 75.32		Reporting Date 14 November		
(PLN m)	Q3'16E	Q2'16	Q/Q	Y/Y	YTD*
Net interest income	261.4	252.3	4%	10%	76%
Net fee income	144.1	139.1	4%	-15%	69%
Total income	542.0	619.7	-13%	18%	77%
Operating costs	-299.7	-301.2	-1%	0%	77%
Provisioning	-20.1	-20.0	30%	-	-
Net income	161.6	222.0	-27%	15%	77%

ING BSK Michał Konarski	Sell PLN 119.38		Reporting Date 3 November		
(PLN m)	Q3'16E	Q2'16	Q/Q	Y/Y	YTD*
Net interest income	713.8	690.9	3%	11%	76%
Net fee income	259.4	258.1	0%	4%	71%
Total income	1016.0	1152.4	-12%	8%	79%
Operating costs	-519.8	-517.2	0%	-2%	75%
Provisioning	-38.5	-33.5	-15%	-20%	45%
Net income	284.0	406.9	-30%	-10%	98%

Millennium Michał Konarski	Buy PLN 7.00		Reporting Date 28 October		
(PLN m)	Q3'16E	Q2'16	Q/Q	Y/Y	YTD*
Net interest income	396.6	382.6	4%	14%	75%
Net fee income	141.2	139.8	1%	-7%	68%
Total income	599.0	859.7	2%	-4%	84%
Operating costs	-276.7	-281.0	-10%	1%	81%
Provisioning	-67.9	-61.7	-48%	12%	64%
Net income	141.2	293.8	-52%	-15%	111%

Pekao Michał Konarski	Hold PLN 127.42		Reporting Date 10 November		
(PLN m)	Q3'16E	Q2'16	Q/Q	Y/Y	YTD*
Net interest income	1104.5	1082.0	2%	5%	70%
Net fee income	497.6	505.1	-2%	-2%	74%
Total income	1757.7	2002.2	-12%	4%	77%
Operating costs	-875.2	-876.9	0%	0%	78%
Provisioning	-129.9	-131.2	-1%	0%	63%
Net income	492.8	690.5	-29%	-19%	83%

\*as a percentage of our full-year forecast

## ...but worsened loan quality

- We expect to see increased provisioning across the sector, mostly for consumer and corporate loan risk exposures.

- On PLN 1bn higher loans and a 5bp wider NIM, net interest income will show a q/q surge of 8%.
- Fee income will remain flat relative to Q2 at PLN 76m.
- Provisioning is expected to increase 14% q/q.
- A rise of 1.9% q/q in total costs.
- The quarterly asset tax will go up 7% on expanded assets.

- Anticipating 2.3% q/q growth in total income.
- Fee income set to rebound by 2.5% after two quarters of falls.
- Flat NIM at ca. 3.29%
- Cost of risk expected to increase to 74bps (on 10% higher provisioning), led mainly by the SCB unit.
- Operating costs will show a q/q decline of 1.0%.

- A strong, over-25% jump in fee income to PLN 31.3m.
- NIM likely to widen by 10bps thanks to lower financing costs.
- Trading income normalized at PLN 20.5m.
- Predicting a small, 2.3% rise in operating costs relative to Q2, but compared to Q3'15 there should be as slight decline of ca. 0.7%.
- Provisioning 3% higher than in Q2.

- NIM likely to show q/q expansion of 3.6%.
- Fee income up 3.6% q/q after three quarters of falls.
- Trading income at a respectable PLN 127m.
- Costs stabilized at PLN 300m.
- Provisioning at PLN 20m will result in cost of risk of 44bps (vs. 46bps in Q2).

- Net interest income up 3% q/q and 11% y/y.
- Fee income flat vs. Q2'16 but up 4.2% from Q3'15.
- NIM (over average assets) likely to increase by 5bps to 2.47%.
- Provisioning expected to go up 15% q/q in spite of a PLN 18m NPL sale, hence a higher cost of risk at 19bps.

- Anticipating a 3.7% jump in net interest income and a 1.0% increase in fee income relative to Q2.
- NIM (over average assets) likely to increase by 4bps to 2.36%.
- A 3.4% reduction in operating costs from Q2 (when one-time court fees added), and a 16% y/y cut in total costs.
- Cost of risk normalized at an estimated 55bps.

- Core total income is expected to register q/q growth of 0.9% owed just to a 2.1% boost to net interest income.
- NIM expected to rise by 1bp q/q.
- A 1.5% slip in fee income from the high level achieved in Q2.
- Stable operating costs and provisions.

## Banks (cont.)

PKO BP		Buy	Reporting Date		
Michał Konarski		PLN 31.62	7 November		
(PLN m)	Q3'16E	Q2'16	Q/Q	Y/Y	YTD*
Net interest income	1950.9	1909.3	2%	7%	79%
Net fee income	679.9	666.6	2%	-6%	66%
Total income	3010.1	3299.4	-9%	9%	80%
Operating costs	-1358.3	-1396.0	-3%	2%	78%
Provisioning	-408.2	-400.2	2%	13%	70%
Net income	741.5	873.5	-15%	-9%	86%

Komercni Banka		Buy	Reporting Date		
Michał Konarski		CZK 980	3 November		
(CZK m)	Q3'16E	Q2'16	Q/Q	Y/Y	YTD*
Net interest income	5071.9	5213.0	-3%	-5%	76%
Net fee income	1709.5	1708.0	0%	0%	74%
Total income	8133.1	8585.0	-5%	6%	77%
Operating costs	-3195.2	-3317.0	-4%	-7%	75%
Provisioning	-577.1	-563.0	2%	78%	78%
Net income	3473.3	3801.0	-9%	7%	79%

## Financial Services

### Skarbiec Holding delivers a strong third quarter

- The Q3 revenue of Skarbiec Holding will show marked success fee-driven improvement

PZU		Buy	Reporting Date		
Michał Konarski		PLN 42.44	10 November		
(PLN m)	Q3'16E	Q2'16	Q/Q	Y/Y	YTD*
GWP	4986.5	5061.4	-1%	15%	80%
Non-Life	3063.8	3073.0	0%	24%	87%
Life	1922.7	1992.4	-4%	-1%	71%
Claims	-3144.3	-3097.8	1%	2%	74%
Costs	-1255.5	-1271.4	-3%	72%	98%
Underwriting profit	317.0	299.3	0%	82%	39%
Investment income	822.7	473.4	74%	149%	118%
Pre-tax income	802.9	332.5	141%	22%	56%
Net income	585.0	166.2	252%	14%	52%

Kruk		Hold	Reporting Date		
Michał Konarski		PLN 211.44	1 November		
(PLN m)	Q3'16E	Q2'16	Q/Q	Y/Y	YTD*
Total revenue	184.0	180.4	2%	13%	71%
Purchased Debt	170.8	167.4	2%	13%	70%
Collection Svcs	7.8	7.7	2%	10%	76%
Dir. & indir. costs	82.1	89.2	-8%	14%	73%
Gross profit	102.0	91.2	12%	13%	69%
Operating profit	71.2	61.4	16%	9%	67%
Pre-tax income	59.4	51.5	15%	10%	69%
Net income	58.2	50.4	15%	11%	71%

PCM		Buy	Reporting Date		
Michał Konarski		PLN 46.76	16 November		
(PLN m)	Q3'16E	Q2'16	Q/Q	Y/Y	YTD*
Lease revenue	37.7	36.6	3%	5%	74%
Leasing fees	60.3	59.1	2%	19%	80%
Interest revenue	11.1	10.9	1%	19%	78%
Total revenue	144.0	144.8	-1%	14%	72%
Service costs	52.6	51.2	3%	23%	82%
Total costs	130.3	132.7	-2%	13%	72%
Remarketing	4.5	4.4	2%	-2%	56%
Net income	11.1	9.3	19%	23%	69%

Skarbiec		Buy	Reporting Date		
Michał Konarski		PLN 42.20	25 October		
(PLN m)	Q3'16E	Q2'16	Q/Q	Y/Y	YTD*
Total revenue	26.8	18.1	48%	29%	26%
Management fee	15.9	15.4	3%	-16%	19%
Success fee	9.7	1.4	-	-	88%
Total costs	-15.6	-14.3	9%	-7%	22%
Distribution costs	-7.4	-7.2	3%	-18%	19%
Payroll	-3.9	-3.1	26%	1%	24%
Pre-tax income	11.5	4.2	172%	175%	36%
Net income	9.3	3.4	176%	178%	36%

\*as a percentage of our full-year forecast

- A 2.0% q/q increase in fee income, alongside 2.2% expansion in net interest income, will result in 2.1% higher total income.
- NIM expected to widen by 3bps from Q2.
- A PLN 100m one-time boost (before tax) from Qualia asset sale.
- A marked reduction in operating costs accompanied by a 2% q/q rise in provisioning.

- Anticipating continued falls in net interest income (-2.7% q/q) and NIM (-8bps q/q).
- A one-time boost of CZK 0.7bn (before taxes) from sale of the card payment processing business.
- Total costs likely to show a 3.7% q/q reduction thanks to lower regulatory charges.
- Cost of risk at an estimated 40bps would indicate flat q/q provisioning.

### A rebound at Prime Car Management

- On a larger fleet and improved margins, the Q3 net profit of PCM will soar 19% q/q and 23% y/y.

- Anticipating a small, 1.5% rise in GWP relative to Q2 and a 15.0% surge relative to Q3'15. Net earned premiums will have risen by an estimated 1.0% q/q.
- Net claims expected to post a seasonal rise of 1.5%.
- Investment income expected to show a strong, 73.8% q/q boost in spite of further write-offs.
- We expect to see decreases in administrative costs and acquisition costs by 1.5% and 1.0% q/q respectively.

- Q3 collections estimated at PLN 257m, an increase of 25% from Q3 2015. Kruk purchased PLN 2bn-worth of debt for collection for PLN 205m (i.e. at an avg. price of 10.25%) in Q3.
- Q3 revenue from purchased debt expected to rise 2% q/q.
- A 7.9% decrease in direct and indirect costs.
- Operating costs up 3.5% q/q, led by international expansion.
- Effective tax rate at 2.0%

- Anticipating a 19.4% q/q rebound in net profit.
- Q3 growth achieved thanks to continued fleet expansion (+2.6% q/q) and stabilized margins.
- Income from leasing and special fees likely to increase 3.0% q/q, and interest revenue up 1.3%.
- Remarketing profit expected to show another quarterly increase to PLN 4.5m from PLN 4.4m in Q2.
- Predicting a 3% q/q increase in costs of repairs and service.
- Administrative costs will decrease after Q2 seasonal jump.

- Growing assets will have generated a higher management fee (+3% q/q) as well as higher distribution costs (+3%).
- The Q3 success fee is estimated at PLN 9.7m.
- Expecting a 26% q/q increase in payroll costs driven by sales bonuses.
- At an estimated PLN 9.3m, the net income for the third quarter will make a handsome addition to the 2017 dividend base.

## Gas &amp; Oil, Chemicals

## Last slow quarter in E&amp;P

- Margin tightening in downstream and petrochemicals will cause y/y contraction in Q3 2016 results, mitigated by strong retail and improved distribution margins.

Ciech Jakub Szkopek		Hold PLN 74.35		Reporting Date 14 November	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	814.8	800.7	2%	3554.7	71%
EBITDA adj.	198.4	191.3	4%	833.7	78%
EBITDA	24.4%	23.9%		23.5%	
EBIT	142.8	139.6	2%	590.1	83%
Pre-tax profit	140.9	112.1	26%	544.6	87%
Net income	113.9	116.8	-2%	441.2	86%

Grupa Azoty Jakub Szkopek		Hold PLN 65.50		Reporting Date 9 November	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	2130.1	2401.0	-11%	9260.1	73%
EBITDA	126.2	223.4	-44%	1204.9	68%
EBITDA margin	5.9%	9.3%		14.6%	
EBIT	0.4	103.9	-	709.4	62%
Pre-tax profit	-4.1	107.3	-	689.8	64%
Net profit	-3.1	73.6	-	507.6	62%

Lotos Kamil Kliszcz		Hold PLN 26.50		Reporting Date 27 October	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	5165.3	5710.4	-10%	19875	71%
LIFO EBITDA adj.	589.2	609.1	-3%	1850.4	91%
LIFO effect	7.8	-318.0	-	103.6	-
EBITDA	617.4	82.8	-	2004.0	91%
EBIT	357.3	-93.6	-	1037.4	101%
Financing activity	14.0	-171.4	-	-229.5	39%
Net income	300.7	-249.2	-	553.2	-

MOL Kamil Kliszcz		Hold HUF 16,593		Reporting Date 4 November	
(HUF bn)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	996.5	1122.4	-11%	3436.5	76%
LIFO EBITDA adj.	163.4	204.5	-20%	557.9	84%
LIFO effect	0.7	30.5	-	19.5	-16%
EBITDA	162.9	159.9	2%	577.3	82%
EBIT	92.0	79.1	16%	227.6	112%
Financing activity	-1.0	-8.5	-	-48.9	11%
Net income	74.7	91.3	-18%	116.2	-

PGNiG Kamil Kliszcz		Accumulate PLN 6.06		Reporting Date 9 November	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	5456.0	6305.0	-13%	32667	70%
EBITDA adj.	1192.8	1332.0	-10%	6174.8	78%
EBITDA	1192.8	1313.0	-9%	5669.8	76%
EBIT	519.8	627.0	-17%	3039.1	76%
Financing activity	30.7	-147.0	-	-98.8	-
Net income	372.3	291.0	28%	2157.0	76%

Polwax Kamil Kliszcz		Buy PLN 23.24		Reporting Date 14 November	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	81.7	77.9	5%	282.0	70%
EBITDA	11.1	12.5	-11%	34.9	66%
EBIT	9.9	11.3	-13%	30.6	64%
Financing activity	-0.2	-0.3	-30%	-0.4	71%
Net income	7.9	8.9	-12%	24.5	64%

Synthos Jakub Szkopek		Hold PLN 3.39		Reporting Date 9 November	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	1109.5	1014.5	9%	4199.0	77%
EBITDA	179.5	159.3	13%	591.0	83%
EBITDA margin	16.2%	15.7%		14.1%	
EBIT	130.8	119.2	10%	405.1	85%
Pre-tax profit	79.6	144.1	-45%	351.5	63%
Net profit	71.6	131.4	-45%	302.3	59%

\*as a percentage of our full-year forecast

- A y/y slowdown in upstream for the last time this year.
- In chemicals, the third-quarter earnings season will be a mixed bag, with ATT expected to post weak profits, CIE delivering flat year-on-year growth, and SNS experiencing varying performance across the core business segments.
- The Q3 2016 results of Ciech will be supported by improved performance in the Soda segment coupled with a lack of one-time losses.
- Pre-tax profit will show a double-digit jump thanks to reduced financing costs incurred on restructured debt.
- Grupa Azoty had a bleak third quarter marked by falling sales which, in case of multi-nutrient fertilizers, shrunk at double-digit rates relative to Q3 2015.
- Moreover, production margins in the fertilizer segment sank as much as 50%.
- We anticipate that the FY2016 EBITDA consensus for Azoty will be cut below PLN 1.1bn after the Q3 release.
- Lotos's Q3 E&P EBITDA is set to receive a PLN 65m y/y lift owed to Heimdal, but q/q it will show a drop of PLN 40m led by lower natgas prices and seasonally lower volumes.
- In Refining, LIFO EBITDA will have fallen by PLN 90m y/y, due mainly to lower margins which will be largely offset by a more favorable sales mix (with reduced exports and more higher product yields).
- Q3 financing activity will produce gains on FX operations and hedging.
- MOL will report 20% y/y shrinkage in Q3 EBITDA led by lower refining and petrochemical margins, underpinned by downtime on Hungarian facilities (Downstream EBITDA is expected to be HUF 36bn lower than in Q3'15).
- In Upstream, cost savings will result in y/y EBITDA improvement of an estimated HUF 4bn despite lower prices of crude oil.
- Q3 LIFO effects will be negligible.
- Financing activity will produce gains on FX adjustments.
- Core Q3 EBITDA will fall ca. 10% y/y due to a PLN 100m drop in Upstream, led by lower prices and volumes (q/q declines will be offset by seasonally lower labor costs).
- Trading EBITDA will post a seasonal drop of PLN 90m due to lower contributions from retail, but Distribution will help make up with a PLN 70m y/y jump on higher volumes.
- The recent investment in the coal miner PGG, will reduce the bottom-line profit by PLN 65m.
- Polwax's ytd EBITDA after Q3 will land farther off the full-year target than at the same time last year, but this does not mean a downward revision to our forecast is imminent.
- Q3 sales prices and margins were compressed by an oversupply of slack wax on the market.
- On the revenue side, the price pressures should be offset by deliveries to Biedronka stores ahead of schedule.
- Synthos is expected to report improvement in the Synthetic Rubber business in Q3 2016 compared to the same period last year when sales were constrained by a disrupted supply of raw materials.
- In Styrenics, however, we anticipate slight y/y contraction.
- The bottom-line profit will be affected by a loss on an FX loan adjustment due to a further depreciation in the Swiss crown vis-à-vis the euro.



## Utilities, Resources

### Utilities sure to deliver FY guidance

- Power generators are expected to achieve an average 75% of the full-year EBITDA consensus after Q3 2016, with Energa pushing ahead in delivering market expectations.

<b>CEZ</b>		<b>Accumulate</b>		<b>Reporting Date</b>	
<b>Kamil Kliszcz</b>		<b>CZK 496.80</b>		<b>8 November</b>	
(CZK m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	45250	47713	-5%	198220	73%
EBITDA adj.	11190	12847	-13%	58297	76%
EBITDA	11190	12847	-13%	58297	76%
EBIT	4098	3323	23%	29147	76%
Financing activity	-1743	-1218	-	-4939	54%
Net income	1820	1287	41%	18838	82%

<b>Enea</b>		<b>Hold</b>		<b>Reporting Date</b>	
<b>Kamil Kliszcz</b>		<b>PLN 8.81</b>		<b>10 November</b>	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	2711.2	2538.1	7%	10251	81%
EBITDA adj.	531.1	418.1	27%	2225.8	79%
EBITDA	531.1	711.1	-25%	2225.8	78%
EBIT	254.1	522.8	-51%	1094.4	79%
Financing activity	-25.0	0.6	-	-67.7	71%
Net income	174.6	420.2	-58%	781.4	79%

<b>Energa</b>		<b>Buy</b>		<b>Reporting Date</b>	
<b>Kamil Kliszcz</b>		<b>PLN 9.20</b>		<b>14 November</b>	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	2477.9	2531.8	-2%	10521	70%
EBITDA adj.	439.1	499.4	-12%	1932.1	79%
EBITDA	439.1	499.4	-12%	1932.1	79%
EBIT	319.7	272.0	18%	447.0	87%
Financing activity	-66.4	-59.2	12%	-256.0	74%
Net income	154.9	166.2	-7%	12.1	-

<b>PGE</b>		<b>Hold</b>		<b>Reporting Date</b>	
<b>Kamil Kliszcz</b>		<b>PLN 10.63</b>		<b>8 November</b>	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	7633.1	6914.0	10%	28905	74%
EBITDA adj.	1300.9	1783.0	-27%	5658.1	74%
EBITDA	1425.9	1925.0	-26%	6167.1	74%
EBIT	743.9	1312.0	-43%	2657.9	64%
Financing activity	-75.0	-49.0	-	-286.6	80%
Net income	490.8	1029.0	-52%	1783.0	58%

<b>Tauron</b>		<b>Buy</b>		<b>Reporting Date</b>	
<b>Kamil Kliszcz</b>		<b>PLN 3.03</b>		<b>9 November</b>	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	4251.4	4377.6	-3%	17542	75%
EBITDA adj.	790.0	886.0	-11%	3234.2	75%
EBITDA	790.0	932.2	-15%	3249.5	75%
EBIT	396.3	488.0	-19%	895.2	59%
Financing activity	-67.4	-28.5	-	-298.2	77%
Net income	265.8	358.1	-26%	537.8	50%

<b>KGHM</b>		<b>Reduce</b>		<b>Reporting Date</b>	
<b>Michał Marczak</b>		<b>PLN 61.50</b>		<b>9 November</b>	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	4502.0	4800.0	-6%	17622	74%
EBITDA	1014.0	1124.0	-10%	3899.5	79%
EBIT	396.0	512.0	-23%	2192.4	75%
Financing activity	-70.0	-53.0	32%	-333.2	68%
Net income	136.8	34.0	302%	688.8	63%

<b>LW Bogdanka</b>		<b>Sell</b>		<b>Reporting Date</b>	
<b>Michał Marczak</b>		<b>PLN 33.00</b>		<b>10 November</b>	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	432.8	483.4	-10%	1966.4	65%
EBITDA	170.2	166.6	2%	680.0	65%
EBIT	83.8	73.2	15%	312.3	58%
Financing activity	-6.0	-2.3	167%	-27.0	39%
Net income	61.6	56.6	9%	221.3	62%

\*as a percentage of our full-year forecast

- Tauron promises breakeven EBITDA on coal mining.
- More than current earnings, investors are looking forward to learning the 2017 coal price expectations of power generators.

- CEZ's Q3 EBITDA will register a y/y decline due to lower sales prices and downtime on nuclear facilities; the quarterly Generation EBITDA is estimated at CZK 3.8bn vs. CZK 5.5bn in Q3 2015.

- In Sales and Distribution, EBITDA is expected to be flat at the quarter-before level of ca. CZK 6bn.
- The quarterly net profit will be weighed down by FX losses incurred by Turkish units due to a weakened lira.

- Reported EBITDA will show a fall from Q3 2015, when Enea recognized PPA compensation in the amount of PLN 293m.
- On an adjusted basis, EBITDA is expected to be higher thanks to contributions from the LW Bogdanka coal miner and improved profits on trade.
- EBITDA in the generation segment will decline q/q after another downward shift in the prices of green certificates.
- Our FY2016 financial outlook for Enea remains intact.

- Energa estimates its Q3 2016 EBITDA at PLN 439m, of which PLN 390m contributed by Distribution. In the Trading segment, we expect to see stable EBITDA despite a need to purchase additional power at spot prices.
- The Q3 net profit will be supported by a charge reversal and worsened by a PLN 60m loss incurred by the PGG coal miner.

- Q3 2016 Generation EBITDA will show further y/y contraction to ca. PLN 680m, but at a slower rate than in H1 thanks to the boosted output of lignite plants.
- Distribution EBITDA will be flat q/q but lower y/y due to WACC revision. In Retail, a small improvement q/q and a decline y/y led by intense price competition.
- The bottom-line profit will be reduced by the ca. PLN 60m loss of the PGG coal miner.

- Tauron promises Q3 EBITDA in Mining will be close to breakeven thanks to increased production.
- Generation EBITDA PLN 9m lower than in Q3 2015 due to higher costs of carbon emissions, lower prices of green certificates, and zero profits on trading, offset by capacity payments and lower costs of coal and biomass.
- Distribution EBITDA down PLN 20m due to lower WACC.
- Financing gains will be lower than in Q3 2015.

- The average zloty price of copper fell 6.2% y/y in Q3 2016, but at KGHM this will be offset by a 35% rebound in the price of silver and, via the Sierra Gorda mine, the upturn in prices of gold and molybdenum.
- The closure of the copper processing facility in Głogów for upgrades will negatively impact the Q3 revenues and profits of KGHM's Polish operations.

- With production estimated at 2.25mmt, we assume LW Bogdanka sold 2.2mmt of coal in Q3 2016, making for a total year-to-date sales volume of nearly 6.6mmt.
- A Q3 average revenue per a ton of coal at PLN 188 will be slightly lower than the PLN 189 earned in the previous quarter. The quarterly per-ton operating cost is estimated at PLN 165.

## TMT

- The Polish TMT sector experienced y/y EBITDA shrinkage of an estimated 6% in Q3.
- Agora had a slow third quarter.

Netia Paweł Szpigiel	Accumulate PLN 5.30		Reporting Date 27 October		
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	378.0	400.4	-6%	1529.6	76%
EBITDA	108.8	122.9	-12%	430.6	78%
EBITDA margin	28.8%	30.7%		28.1%	
EBIT	5.2	20.2	-74%	11.5	157%
Pre-tax profit	3.2	16.3	-81%	-3.6	-
Net profit	2.6	8.3	-69%	-11.8	-

Agora Paweł Szpigiel	Buy PLN 12.60		Reporting Date 10 November		
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	270.8	259.9	4%	1203.9	71%
EBITDA	12.1	19.2	-37%	100.2	61%
EBITDA margin	4.5%	7.4%		8.3%	
EBIT	-12.2	-4.4	-	4.0	-
Pre-tax profit	-13.3	-5.7	-	-5.7	-
Net profit	-13.5	-6.6	-	-15.0	-

Cyfrowy Polsat Paweł Szpigiel	Reduce PLN 21.80		Reporting Date 9 November		
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	2393.2	2414.9	-1%	9685.8	74%
EBITDA	925.3	930.4	-1%	3550.7	76%
EBITDA margin	38.7%	38.5%		36.7%	
EBIT	484.1	529.2	-9%	1717.1	77%
Pre-tax profit	357.0	613.3	-42%	1091.1	75%
Net profit	298.1	502.5	-41%	911.1	78%

Wirtualna Polska Paweł Szpigiel	Accumulate PLN 50.00		Reporting Date 10 November		
(PLN m)	Q3'16E	Q3'15PF	Y/Y	2016E	YTD*
Revenue	102.2	92.5	10%	420.9	69%
EBITDA	33.8	24.3	39%	129.8	70%
EBITDA margin	33.0%	26.3%		30.8%	
EBIT	23.2	15.5	50%	93.2	64%
Pre-tax profit	19.6	0.2	-	84.4	56%
Net profit	15.9	-2.8	-	82.0	45%

Asseco Poland Paweł Szpigiel	Hold PLN 60.60		Reporting Date 17 November		
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	1910.6	1755.1	9%	7978.8	71%
EBITDA	260.7	270.0	-3%	1069.0	68%
EBITDA margin	13.6%	15.4%		13.4%	
EBIT	191.8	200.1	-4%	785.4	71%
Pre-tax profit	195.7	197.0	-1%	783.6	68%
Net profit	75.7	100.8	-25%	313.7	70%

Comarch Paweł Szpigiel	Buy PLN 200.00		Reporting Date 14 November		
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	241.6	223.4	8%	1165.8	65%
EBITDA	20.9	19.1	9%	157.9	56%
EBITDA margin	13.6%	15.4%		15.4%	
EBIT	4.3	4.5	-4%	93.9	42%
Pre-tax profit	3.4	2.9	16%	88.2	34%
Net profit	2.5	0.2	-	65.2	24%

CD Projekt Piotr Bogusz	Sell PLN 26.50		Reporting Date 9 November		
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	90.2	113.3	-20%	293.5	139%
EBITDA	39.8	53.3	-25%	140.3	147%
EBITDA margin	44.2%	47.1%		47.8%	
EBIT	38.1	51.2	-25%	133.7	151%
Pre-tax profit	38.5	52.2	-26%	139.8	147%
Net profit	31.0	40.4	-23%	114.6	145%

\*as a percentage of our full-year forecast

- Wirtualna Polska continued on a winning streak.
- Asseco Poland's profits will be dragged down by Polish operations.

- Anticipating a 15% slump in revenue from direct voice services, driven by an erosion of the regulated customer base (to 543 thousand lines from vs. 631 in Q3 2015).
- Gross margin will be 29.3% after falling from 31.1% a year ago.
- Flat SG&A costs.
- Reported EBITDA likely to show a y/y drop of 12%.

- EBITDA in the Press segment will be only around breakeven due to falling newspaper sales and ad revenues.
- In the Radio segment, EBITDA is expected to have fallen by PLN 2.4m.
- A y/y rebound in Film & Books (+PLN 2.2m) and in Outdoor (+PLN 2.7m) will not be enough to offset the slowdown in the two other segments.

- We anticipate a 3% y/y decline in retail revenue and 10% shrinkage in wholesale revenue, offset by a 73% surge in sales of devices.
- Costs are likely to show a slight year-on-year decline from PLN 551m to PLN 459m thanks to lower technology expenses and interoperator settlements.
- Anticipating a PLN 15m earnings boost from sales of UEFA Euro 2016 broadcast rights.

- Cash revenue set to show an 11% increase to an estimated PLN 102.2m from the Q3 2015 pro-forma result of PLN 92.5m despite advertising expenditure cutbacks, especially in the financial sector.
- Stable comparable costs ex. D&A (PLN 68.4m).
- One-time costs at PLN 0.5m (employee stock options).

- Anticipating a y/y revenue rebound from PLN 989m to a whopping PLN 1,011, driven mainly by Israel operations.
- At the same time, in Poland EBIT is likely to drop from PLN 84m to PLN 68m due to a slowdown at the parent company where EBIT is expected to have fallen from PLN 63.7m to just PLN 44.3m.
- In Eastern Europe, a dramatic fall in Q3 EBIT from PLN 15.3m in 2015 to an estimated PLN 0.3m in 2016.

- Rising revenue generated abroad (ex. DACH) will offset the falling revenue from government orders in Poland.
- A higher employee headcount will drive the gross margin down to 24% from 26% in Q3'15.
- SG&A estimated at PLN 53.0m vs. PLN 54.2m in Q3'15 and PLN 56.8m in Q2'16.
- EBITDA will show y/y growth of 9%, but due to higher D&A EBIT will post small contraction on the year.

- CD Projekt is expected to report an all-out slowdown in Q3 2016 relative to the outstanding Q3 2015, buoyed by sales of the newly-launched *The Witcher 3*.
- The ratio of SG&A expenses to sales is likely to have increased 7.8% to 35% due to higher outlays on the development of the *Gwent* card game.
- We are preparing to revisit our FY2016 earnings estimates for CD Projekt after the third-quarter release.

## Industrials

Alumetal Jakub Szkopek				Reporting Date 3 November	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	334.4	351.3	-5%	1361.4	73%
EBITDA	30.3	34.3	-12%	124.0	78%
EBITDA margin	9.0%	9.8%		9.1%	
EBIT	22.1	29.2	-24%	97.1	81%
Net profit	20.6	27.7	-26%	93.2	81%

Amica Jakub Szkopek				Reporting Date 15 November	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	616.3	532.4	16%	2503.6	71%
EBITDA	52.9	49.7	6%	209.8	70%
EBITDA margin	8.6%	9.3%		8.4%	
EBIT	46.9	43.9	7%	172.0	68%
Net profit	35.1	31.7	11%	126.5	67%

Apator Jakub Szkopek				Reporting Date 10 November	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	197.3	191.6	3%	838.4	74%
EBITDA	36.3	32.2	13%	131.2	70%
EBITDA margin	18.4%	16.8%		15.6%	
EBIT	27.7	24.3	14%	96.6	69%
Net profit	21.1	18.8	12%	71.3	68%

Boryszew Jakub Szkopek				Reporting Date 11 November	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	1461.0	1293.2	13%	6533.1	66%
EBITDA	73.1	67.9	8%	358.7	80%
EBITDA margin	5.0%	5.3%		5.0%	
EBIT	43.1	37.9	14%	232.4	85%
Net profit	15.4	1.2	12x	112.4	74%

Elemental Jakub Szkopek				Reporting Date 10 November	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	246.0	207.9	18%	928.2	75%
EBITDA	17.7	16.1	10%	70.2	79%
EBITDA margin	7.2%	7.7%		7.0%	
EBIT	15.5	13.3	17%	61.8	79%
Net profit	13.0	14.8	-12%	48.7	90%

Ergis Jakub Szkopek				Reporting Date 14 November	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	171.0	166.0	3%	689.9	76%
EBITDA	14.9	10.6	41%	60.1	81%
EBITDA margin	8.7%	6.4%		8.7%	
EBIT	8.5	4.2	104%	34.7	85%
Net profit	5.4	2.1	160%	23.7	95%

Famur Jakub Szkopek				Reporting Date 14 November	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	184.9	178.7	3%	755.0	91%
EBITDA	62.1	50.7	22%	205.3	93%
EBITDA margin	33.6%	28.4%		27.0%	
EBIT	27.9	11.7	139%	62.6	147%
Net profit	18.6	11.3	65%	49.8	138%

Forte Jakub Szkopek				Reporting Date 14 November	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	245.0	224.2	9%	1097.3	72%
EBITDA	38.3	26.8	43%	167.3	72%
EBITDA margin	15.6%	11.9%		15.2%	
EBIT	32.6	21.9	49%	144.7	72%
Net profit	25.3	23.4	8%	111.5	71%

\*as a percentage of our full-year forecast

- Alumetal is not likely to report growth in its Q3 2016 results from a high year-ago base. Negative base effects will continue to weigh in Q4 2016.
- Margins in Q3 were additionally depressed by tightened benchmarks for recycled aluminum and the start-up costs of the new facility in Hungary.

- Amica's Q3 2016 results will receive a boost from the UK subsidiary CDA acquired at the beginning of the year.
- However, the growth relative to Q3 2015 will be slower than in Q2 because of a weaker British pound.

- Apator will report higher profits on sales of gas and water meters in Q3, and its export revenue for the period is expected to show faster growth than domestic sales.
- The GIS software unit Apator Rector will post another slow quarter.

- Boryszew's Automotive business will deliver continued profit growth in Q3 thanks to the temporary price hikes approved by VW.
- The year-over-year momentum will be supported by a low Q3 2015 comparable base.

- Elemental experienced further growth in spent catalyst and PCB recycling in Q3.
- In non-ferrous metals, we anticipate stable sales and margins.
- The Q3 results should prove Elemental can achieve EBITDA of PLN 75m in 2016.

- The Q3 2016 earnings of Ergis were supported by positive base effects, including among others less severe volatility in the prices of commodities, set to last through to the end of the year.

- Famur continued to benefit from the troubles of its main local rival, Kopex in Q3 2016.
- In addition, the annual growth achieved in the period was supported by positive base effects.
- We think the FY2016 EBITDA consensus after the Q3 release may be raised as high as to PLN 250m.

- Forte released a preliminary Q3 2016 estimate which puts the quarterly EBIT at PLN 32.6m and values sales revenue at PLN 245m.



## Industrials (cont.)

Impexmetal Jakub Szkopek				Reporting Date 10 November	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	798.1	734.6	9%	3426.1	66%
EBITDA	49.6	45.0	10%	181.6	87%
EBITDA margin	6.2%	6.1%		5.0%	
EBIT	33.4	32.2	4%	125.0	92%
Net profit	24.1	21.2	14%	99.4	86%

Kruszwica Jakub Szkopek				Reporting Date 14 November	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	504.1	572.5	-12%	2167.1	73%
EBITDA	19.0	41.2	-54%	70.5	61%
EBITDA margin	3.8%	7.2%		3.3%	
EBIT	8.8	31.0	-72%	39.2	46%
Net profit	7.4	24.3	-69%	31.5	44%

Mangata (f. Zetkama) Jakub Szkopek				Reporting Date 10 November	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	129.8	90.7	43%	600.7	71%
EBITDA	23.4	13.8	69%	96.5	73%
EBITDA margin	18.0%	15.2%		16.1%	
EBIT	17.9	11.2	60%	73.9	73%
Net profit	14.7	9.8	49%	61.2	73%

Pfleiderer Group Jakub Szkopek				Reporting Date 9 November	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	246.8	244.4	1%	1000.4	71%
EBITDA	26.0	26.7	-3%	134.2	57%
EBITDA margin	10.5%	10.9%		13.0%	
EBIT	9.5	15.1	-37%	66.8	38%
Net profit	-0.3	1.1	-	23.2	29%

Tarczyński Jakub Szkopek				Reporting Date 10 November	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	161.1	144.9	11%	619.7	74%
EBITDA	17.0	16.3	4%	53.7	75%
EBITDA margin	10.6%	11.3%		9.0%	
EBIT	10.6	10.5	1%	28.2	75%
Net profit	7.1	6.9	3%	17.4	75%

UNIWHEELS Jakub Szkopek				Reporting Date 9 November	
(EUR m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	105.3	103.1	2%	451.8	73%
EBITDA	14.3	13.7	4%	67.6	75%
EBITDA margin	13.5%	13.3%		15.0%	
EBIT	10.3	10.0	2%	48.2	80%
Net profit	10.1	8.5	19%	46.5	84%

Vistal Gdynia Jakub Szkopek				Reporting Date 14 November	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	111.8	101.4	10%	456.8	69%
EBITDA	9.5	9.2	4%	49.8	70%
EBITDA margin	8.5%	9.1%		11.0%	
EBIT	5.9	5.5	8%	34.2	69%
Net profit	4.6	1.3	245%	18.7	92%

\*as a percentage of our full-year forecast

- Impexmetal will report continued growth in its aluminum business in Q3 2016.
- The solid overall third-quarter performance should validate the full-year guidance.
- Kruszwica is set for a weak third-quarter showing due to an undersupply of rapeseed material resulting in lower crushing margins achievable in the local market.
- The higher input costs are likely to have boosted working-capital needs.
- Mangata's Q3 earnings will continue on the upward trend observed in H1 2016, supported by the acquisition completed at the beginning of the year.
- The strong third-quarter profits will legitimize the full-year guidance.
- Pfleiderer warned it would recognize a retirement reserve in the amount of EUR 7.3m against the profits for Q3 2016.
- Adjusted for the one-time charge, the EBITDA generated in the nine months through September should be equivalent to 75% of our full-year forecast.
- Tarczyński increased sales by an estimated 13% y/y in Q3 2016, mitigating the higher costs of fresh meat inputs.
- The quarterly marketing expenses will approximate PLN 1m.
- The big supply contract with Biedronka supermarkets will not be reflected yet in the Q3 results.
- Uniwheels increased its sales volume by 10.4% y/y in Q3 2016, but at the same time the growth in the quarterly revenue was weighed down by lower aluminum prices.
- Supported by FX gains on the zloty's appreciation versus the euro, the Q3 bottom-line profit is expected to show double-digit expansion from Q3 2015.
- Vistal's Q3 2016 earnings were driven by a lucrative PLN 75m offshore contract.
- The net profit for the quarter will receive a one-time boost of ca. PLN 2.5m from a euro-loan adjustment.

## Construction

### A mixed bag of earnings

- Of the ten construction firms in our coverage, we expect Budimex, Unibep, Trakcja, and Ulma to deliver the strongest growth in Q3 2016. The remaining six (Elektrobudowa, Elektrotim, Erbud, Herkules, Torpol, ZUE) are set to report marked contraction in profits relative to Q3 2015.
- The aggregate sector EBITDA is expected to show a decline of 14% (not including Budimex with a projected 80% rebound) vs. a 2% rise posted in Q2.

<b>Budimex</b>		<b>Accumulate</b>		<b>Reporting Date</b>	
<b>Piotr Zybala</b>		<b>PLN 225.60</b>		<b>26 October</b>	
<b>(PLN m)</b>	<b>Q3'16E</b>	<b>Q3'15</b>	<b>Y/Y</b>	<b>2016E</b>	<b>YTD*</b>
Revenue	1659.0	1474.8	12%	5625.1	73%
Gross profit	179.5	144.8	24%	629.1	76%
EBITDA	136.5	75.6	80%	415.0	79%
EBIT	129.9	70.2	85%	391.4	79%
margin	7.8%	4.8%		7.0%	
Pre-tax income	131.4	68.7	91%	401.1	78%
Net income	105.0	54.6	92%	320.3	78%

<b>Elektrobudowa</b>		<b>Buy</b>		<b>Reporting Date</b>	
<b>Piotr Zybala</b>		<b>PLN 166.50</b>		<b>14 November</b>	
<b>(PLN m)</b>	<b>Q3'16E</b>	<b>Q3'15</b>	<b>Y/Y</b>	<b>2016E</b>	<b>YTD*</b>
Revenue	301.9	339.5	-11%	1052.3	79%
Gross profit	26.2	27.3	-4%	98.6	76%
EBITDA	23.2	22.5	3%	86.4	62%
EBIT	19.7	18.9	4%	72.8	59%
margin	6.5%	5.6%		6.9%	
Pre-tax income	19.2	19.5	-2%	70.7	67%
Net income	15.0	16.5	-9%	55.1	69%

<b>Erbud</b>		<b>Buy</b>		<b>Reporting Date</b>	
<b>Piotr Zybala</b>		<b>PLN 36.00</b>		<b>14 November</b>	
<b>(PLN m)</b>	<b>Q3'16E</b>	<b>Q3'15</b>	<b>Y/Y</b>	<b>2016E</b>	<b>YTD*</b>
Revenue	424.4	495.7	-14%	1620.5	76%
Gross profit	32.3	43.5	-26%	123.5	72%
EBITDA	13.7	19.5	-30%	66.3	83%
EBIT	11.3	17.1	-34%	55.3	85%
margin	2.7%	3.5%		3.4%	
Pre-tax income	9.8	15.6	-37%	49.4	19%
Net income	7.0	10.8	-35%	35.6	-11%

<b>Unibep</b>		<b>Hold</b>		<b>Reporting Date</b>	
<b>Piotr Zybala</b>		<b>PLN 12.10</b>		<b>10 November</b>	
<b>(PLN m)</b>	<b>Q3'16E</b>	<b>Q3'15</b>	<b>Y/Y</b>	<b>2016E</b>	<b>YTD*</b>
Revenue	398.6	308.7	29%	1398.3	64%
Gross profit	20.6	12.7	62%	81.1	66%
EBITDA	14.7	8.1	81%	51.6	67%
EBIT	12.5	6.0	108%	43.6	64%
margin	3.1%	2.0%		3.1%	
Pre-tax income	11.4	8.9	29%	43.5	68%
Net income	8.8	5.9	50%	33.3	68%

\*as a percentage of our full-year forecast

- In the railway sector, we anticipate high results at Trakcja and low profits at Torpol and ZUE due to thin backlogs.
- In building construction, Unibep will deliver a successful third quarter, supported by a strong housing market, while the performance of Erbud will be lackluster.
- In power engineering, despite unfavorable year-ago base effects and a thinner order book, Elektrobudowa is set to deliver solid Q3 results while Elektrotim will trail.
- In building equipment, Herkules is offering a more attractive valuation but Ulma is more likely to report Q3 2016 growth from a high year-ago comparable base.

- Budimex has already revealed that its net profit for Q3 2015 came in at PLN 105m.
- When it comes to the quality of the quarterly results, we expect the gross margin in construction to be a solid 10%-11%, and in the real-estate business the margin will reach 21%.
- Amid favorable market conditions, margins should remain high in Q4. We think Budimex has potential to top our FY2016 earnings estimate by 5-10%.

- Q3 revenue is expected to have contracted at the same rate as seen in H1 2016.
- After a rebound in Q2, the gross margin in Q3 will fall back to its 2015 average.
- The risks and potential rewards of the ongoing contract disputes may be carried forward to 2017.
- Assuming no negative one offs, we believe with a little effort Elektrobudowa can achieve our FY2016 earnings estimate.

- Erbud is not likely to achieve higher earnings in Q3 2016 than in the exceptionally strong third quarter of 2015.
- Revenue will be lower.
- With that said, we are confident Erbud can deliver our FY2016 forecast.

- On growing revenues, Unibep is expected to report continued improvement in Q3 2016.
- The improvement will be driven mainly by the building segment as roads and modular housing are likely to post flat y/y growth.
- The Q3 bottom line will be affected by charges related to German operations in an estimated amount of PLN 2m.
- After sustained growth in Q4, Unibep is sure to achieve our full-year earnings estimates.

## Property Developers

### A great quarter for residential developers

- Most residential developers are expected to report continued earnings growth in Q3 2016.
- Of the eleven companies in our coverage, eight will have closed more homes in the period than in Q3'15 (Atal +80%, Budimex +340%, Dom Development +5%, JWC +581%, LC Corp +38%, Lokum +102%, Marvipol +867%, Ronson +32%). The three laggards are Ponord (-29%), Robyg (-35%), and Vantage (-24%).
- Aggregate Q3 closings increased by an estimated 38% y/y.
- Nominally the highest net profits in Q3 2016 will be delivered by JWC (ca. PLN 25m), Atal (ca. PLN 20m), and Dom Development (PLN 18m). LC Corp is likely to post a

net loss due to few closings and downward adjustments to the commercial property portfolio, but this is factored into our FY estimates

- In Q4, residential developers are set for an even more stellar earnings season when they are expected to close 36% of all the homes budgeted for the year.

### A worse quarter for commercial developers

- The Q3 2016 earnings of commercial developers will be impacted by a weakened EUR/PLN exchange rate.
- With the exception of GTC, expected to deliver another solid quarter, the profits of Echo Investment, Capital Park, and BBI Development alike will be hurt by FX losses.

Capital Park Piotr Zybala		Hold PLN 6.50		Reporting Date 15 November	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	30.1	19.5	54%	124.5	68%
Gross profit margin	24.4	14.5	68%	93.4	71%
EBIT ex. val. & SOP	81.0%	74.5%		75.0%	
Valuation effects	21.3	10.8	97%	80.6	67%
EBIT	-57.2	14.6	-	-20.8	-
Pre-tax income	-35.6	26.3	-	59.8	73%
Net income	-23.8	3.1	-	28.0	-54%
	-19.3	4.1	-	14.1	-95%

Dom Dev. Piotr Zybala		Buy PLN 69.50		wyniki: 25 October	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	218.5	193.9	13%	1116.4	53%
Gross profit margin	48.8	37.4	31%	257.8	50%
EBIT	22.3%	19.3%		23.1%	
Pre-tax income	23.3	13.2	76%	155.5	35%
Net income	22.6	12.4	83%	155.5	34%
	18.3	9.5	92%	125.9	33%

Echo Inv. Piotr Zybala		Hold PLN 2.73		Reporting Date 29 November	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	88.2	135.8	-35%	778.7	47%
Gross profit margin	22.6	80.5	-72%	383.2	44%
EBIT ex. valuation	25.7%	59.3%		49.2%	
Valuation effects	-9.4	58.9	-	302.7	3%
EBIT	-17.5	54.0	-	58.2	632%
Pre-tax income	-26.8	112.9	-	360.9	105%
Net income	-16.1	60.5	-	247.5	39%
	-13.1	50.3	-	222.8	128%

GTC Piotr Zybala		Hold PLN 8.20		Reporting Date 28 November	
(EUR m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	29.9	28.0	7%	121.4	73%
Gross profit margin	22.5	19.5	16%	86.5	75%
EBIT ex. val. & SOP	75.3%	69.6%		71.3%	
Valuation effects	19.3	16.1	20%	72.8	75%
EBIT	11.2	-0.6	-	43.3	82%
Pre-tax income	30.4	15.4	97%	116.1	77%
Net income	22.8	10.8	111%	85.7	80%
	66.7	10.4	538%	77.6	131%

Robyg Piotr Zybala		Buy PLN 3.40		Reporting Date 17 November	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	87.5	194.3	-55%	541.9	53%
Gross profit margin	20.4	29.9	-32%	107.2	54%
JV income	23.4%	15.4%		19.8%	
EBIT	7.9	3.3	138%	46.9	78%
Pre-tax income	14.9	21.0	-29%	106.6	53%
Net income	11.9	18.8	-37%	98.2	49%
	11.6	43.1	-73%	84.0	58%

\*as a percentage of our full-year forecast

- We expect a year-on-year surge of ca. 68% in Q3 2016 NOI, but on a quarter-on-quarter basis the expansion will be slower because CAP did not complete any new developments during the quarter.

- A 2.6% depreciation in EUR/PLN will lower the Q3 profit by ca. PLN 25m.

- CAP will achieve 71-73% of our full-year NOI and EBIT estimates in the year through September. In case of net profit, our current annual forecast may be overstated due to higher-than-assumed financing costs.

- Despite only a small, 5% increase y/y in Q3 2016 closings (at 500 units), the net profit for the quarter is expected to be double the year-ago amount thanks to a higher average sales price per unit (PLN 437,000) and a higher sales margin (22.3%).

- With nearly half of the closings budgeted for 2016 coming in Q4, DOM will easily fulfill our full-year forecasts.

- Echo's Q3 2016 revenue and gross profit were generated almost exclusively from residential sales.

- The quarterly SG&A will be high due to the recent asset sales.

- A 2.6% depreciation in EUR/PLN will lower the Q3 profit by ca. PLN 25-30m.

- On the upside, upward value adjustments to developments in progress will provide a boost of ca. PLN 20m.

- We anticipate NOI growth by 6% q/q and 17% y/y, supported by this year's acquisitions.

- The advancing construction of the Warsaw shopping center should result in valuation gains of ca. EUR 12m.

- The bottom-line profit will receive a big, EUR 48m boost from the reversal of a deferred tax allowance.

- Ex. the Q3 one-off, as of 30 September GTC will have achieved 75% of our FY2016 core EBIT forecast and 80% of pre-tax profit, suggesting a likely positive surprise after what we expect to be a strong fourth quarter.

- Robyg will post year-on-year profit contraction in Q3 2016 due to a 35% drop in closings coupled with negative base effects.

- Margins on non-JV developments will have improved significantly in Q3.

- This, combined with the record 1,200 closings planned in Q4, should help Robyg exceed our full-year earnings forecast.

## Retail, Other

- We expect to see year-on-year contraction in the Q2 profits of Eurocash, continued improvement in like-for-like sales at Jeronimo Martins, and further growth in sales at AmRest.

<b>AmRest</b>		<b>Reduce</b>		<b>Reporting Date</b>	
<b>Piotr Bogusz</b>		<b>PLN 236.00</b>		<b>7 November</b>	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	1157.6	861.2	34%	4196.3	71%
Gross profit	208.1	156.8	33%	734.1	71%
margin	18.0%	18.2%		17.5%	
EBITDA	152.7	123.5	24%	526.6	74%
EBITDA margin	13.2%	14.3%		12.5%	
EBIT	81.3	67.9	20%	254.6	75%
Pre-tax income	69.0	56.2	23%	209.4	76%
Net income	54.7	65.2	-16%	174.8	75%

<b>CCC</b>		<b>Hold</b>		<b>Reporting Date</b>	
<b>Piotr Bogusz</b>		<b>PLN 181.00</b>		<b>10 November</b>	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	737.9	512.4	44%	3214.9	66%
Gross profit	389.4	270.7	44%	1714.2	66%
margin	52.8%	52.8%		53.3%	
EBITDA	69.2	37.2	86%	461.2	50%
EBITDA margin	9.4%	7.3%		14.3%	
EBIT	52.2	24.3	115%	387.5	48%
Pre-tax income	44.6	18.8	137%	347.5	50%
Net income	34.3	22.6	52%	265.4	55%

<b>Eurocash</b>		<b>Hold</b>		<b>Reporting Date</b>	
<b>Piotr Bogusz</b>		<b>PLN 42.70</b>		<b>10 November</b>	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	5620.2	5486.6	2%	21369	74%
Gross profit	577.5	530.8	9%	2129.4	75%
margin	10.3%	9.7%		10.0%	
EBITDA	137.9	135.1	2%	522.4	57%
EBITDA margin	2.5%	2.5%		2.4%	
EBIT	101.4	97.7	4%	371.5	48%
Pre-tax income	94.1	88.1	7%	321.1	50%
Net income	76.5	70.1	9%	254.9	51%

<b>Jeronimo Martins</b>		<b>Reduce</b>		<b>Reporting Date</b>	
<b>Piotr Bogusz</b>		<b>EUR 14.90</b>		<b>21 October</b>	
(EUR m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	3726.7	3531.0	6%	14484	74%
Gross profit	797.1	758.0	5%	3111.7	73%
margin	21.4%	21.5%		21.5%	
EBITDA	239.7	225.0	7%	875.1	72%
EBITDA margin	6.4%	6.4%		6.0%	
EBIT	162.0	149.0	9%	548.1	74%
Pre-tax income	159.3	149.0	7%	545.4	56%
Net income	112.2	103.0	9%	384.4	74%

<b>LPP</b>		<b>Buy</b>		<b>Reporting Date</b>	
<b>Piotr Bogusz</b>		<b>PLN 5,500</b>		<b>14 November</b>	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	1487.0	1261.5	18%	6006.8	69%
Gross profit	695.7	663.2	5%	2991.6	66%
margin	46.8%	52.6%		49.8%	
EBITDA	44.2	162.6	-73%	589.0	33%
EBITDA margin	3.0%	12.9%		9.8%	
EBIT	-17.1	106.8	-116%	339.8	2%
Pre-tax income	-21.8	92.5	-124%	315.7	-1%
Net income	-21.8	79.7	-127%	260.0	1%

<b>Work Service</b>		<b>Accumulate</b>		<b>Reporting Date</b>	
<b>Paweł Szpigel</b>		<b>PLN 13.70</b>		<b>14 November</b>	
(PLN m)	Q3'16E	Q3'15	Y/Y	2016E	YTD*
Revenue	637.9	548.8	16%	2381.6	77%
EBITDA	26.6	28.3	-6%	120.5	55%
EBITDA margin	4.2%	5.2%		5.1%	
EBIT	22.2	25.3	-12%	106.6	51%
Pre-tax profit	15.0	18.7	-20%	86.6	38%
Net profit	4.9	8.1	-40%	47.4	17%

\*as a percentage of our full-year forecast

- At LPP, the quarterly results were affected by intense price competition, and at CCC unseasonably warm September weather weighed on the revenues and margins.

- AmRest released a preliminary Q3 sales forecast which shows a continued uptrend in like-for-like sales.
- As for profits, we anticipate a y/y contraction by 1.1ppt to 13.2% in the quarterly EBITDA margin due to pressures experienced in Poland and Spain combined with the costs incurred on the consolidation of Starbucks Germany.
- Net profit will show a decline from a high Q3 2015 comparable base, inflated by one-time tax credits.

- Q3 2016 gross margin will be flat due to price markdowns and a slow September.
- Per-sqm SG&A are likely to rise 2.2% y/y to PLN 322. Total SG&A expenses are estimated at PLN 341m.
- We predict that the online store Eobuwie.pl added about PLN 13m to the quarterly operating profit.

- Eurocash experienced persistent pressure on the sales generated by cash & carry stores (decreasing lfl, y/y revenue growth at just 3.4%) and the Delikatesy Centrum supermarket chain (no new openings, 1% declines in sales per store).
- Regardless, we think the Q3 gross margin expanded by 0.6ppt to 10.3%.
- The SG&A/sales ratio will show a rise of 0.6ppt to 8.12%.
- Expenditures on new projects are estimated at PLN 20m.

- The Q3 2016 earnings of Jeronimo Martins will be lifted by a non-taxable one-time gain of EUR 230m from the sale of the Monterroio unit.
- On an adjusted basis, we expect to see continued improvement in sales per square meter, though the growth will be slower than in Q2 at 5.5% vs. 9.3%.
- The increasing sales effectiveness should help offset the likely contraction in sales margins and higher payroll costs.

- Based on monthly sales reports, we estimate that the Q3 2016 revenue of LPP increased 18% y/y, while the gross profit decreased by 5.8ppt to 46.8%.
- Led by higher payroll costs and investment, SG&A costs per square meter are likely to be 10.3% higher than in Q3'15 at an estimated PLN 256.
- We expect to see a PLN 26m charge in Q3 related to the discontinuation of the Tallinder stores.
- The Q3 bottom line will show a net loss.

- Sales in Poland rallied by an estimated 15% y/y in Q3 2016.
- On the other hand, the German business is expected to report further revenue contraction and a decline in the gross profit to 10.9% from 11.3% in Q3'15.
- Anticipating high SG&A expenses of PLN 44.4m, and high financing costs at ca. PLN 8.5m net.
- The Q3 2016 effective tax rate will be 35%.
- High minority interests at 50%.

## 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	47.25	+60.7%	14.3	134.2		
BZ WBK	Hold	2016-08-03	301.25	305.10	309.35	-1.4%	14.1	13.9		
GETIN NOBLE BANK	Buy	2016-02-02	0.46	0.96	1.33	-27.8%	33.9	18.5		
HANDLOWY	Hold	2016-10-05	78.08	75.32	74.50	+1.1%	15.7	16.2		
ING BSK	Sell	2016-10-05	146.90	119.38	140.50	-15.0%	19.2	17.4		
MILLENNIUM	Buy	2016-02-02	5.20	7.00	5.81	+20.5%	12.9	10.3		
PEKAO	Hold	2016-08-03	124.75	127.42	120.50	+5.7%	15.4	15.0		
PKO BP	Buy	2016-02-02	24.84	31.62	25.55	+23.8%	11.1	10.3		
KOMERCNI BANKA	Buy	2016-09-29	835	980 CZK	898	+9.2%	13.2	14.4		
ERSTE BANK	Buy	2016-02-02	26.17	32.34 EUR	28.58	+13.2%	10.7	9.6		
RBI	Buy	2016-02-02	11.32	17.14 EUR	14.71	+16.6%	15.9	5.3		
OTP BANK	Reduce	2016-10-05	7498	6487 HUF	7590	-14.5%	11.7	9.5		
<b>Insurance</b>										
PZU	Buy	2016-02-02	32.33	42.44	26.05	+62.9%	9.6	8.0		
<b>Financial services</b>										
KRUK	Hold	2016-08-03	219.10	211.44	227.35	-7.0%	16.7	14.2		
PRIME CAR MANAGEMENT	Buy	2016-02-02	35.10	46.76	36.48	+28.2%	10.1	10.2		
SKARBIEC HOLDING	Buy	2016-02-02	27.00	42.20	33.60	+25.6%	8.8	7.7		
<b>Fuels, chemicals</b>										
CIECH	Hold	2016-02-02	80.00	74.35	66.20	+12.3%	7.9	9.5	5.4	5.7
GRUPA AZOTY	Hold	2016-08-30	64.79	65.50	62.36	+5.0%	12.2	15.5	6.1	7.1
LOTOS	Hold	2016-04-19	28.09	26.50	29.95	-11.5%	10.0	9.2	5.7	5.7
MOL	Hold	2016-04-19	16420	16593 HUF	18285	-9.3%	16.5	11.7	5.1	4.3
PGNIG	Accumulate	2016-07-27	5.50	6.06	5.18	+17.0%	14.2	12.7	5.4	4.9
PKN ORLEN	Reduce	2016-04-19	71.18	59.00	70.15	-15.9%	7.9	9.1	5.0	5.6
POLWAX	Buy	2016-02-02	15.70	23.24	17.40	+33.6%	7.3	7.3	5.9	5.6
SYNTHOS	Hold	2016-07-05	3.54	3.39	4.76	-28.8%	20.8	16.8	12.0	10.6
<b>Power Utilities</b>										
CEZ	Accumulate	2016-10-04	436.00	496.8 CZK	468.10	+6.1%	13.4	15.7	6.7	7.1
ENEA	Hold	2016-10-04	8.45	8.81	9.72	-9.4%	5.5	6.2	4.4	4.5
ENERGA	Buy	2016-10-04	7.40	9.20	8.13	+13.2%	278.6	6.6	4.3	4.2
PGE	Hold	2016-10-04	10.18	10.63	10.80	-1.6%	11.3	8.9	4.3	5.0
TAURON	Buy	2016-10-04	2.55	3.03	2.65	+14.3%	8.6	4.7	4.2	4.5
<b>Telecommunications</b>										
NETIA	Accumulate	2016-06-08	5.05	5.30	4.85	+9.3%	-	-	4.5	5.1
ORANGE POLSKA	Buy	2016-02-02	6.43	8.05	5.52	+45.8%	29.1	24.8	4.1	4.2
<b>Media</b>										
AGORA	Buy	2016-10-05	10.65	12.60	10.58	+19.1%	-	-	6.7	6.4
CYFROWY POLSAT	Reduce	2016-09-13	24.25	21.80	23.55	-7.4%	16.5	14.5	7.4	7.1
WIRTUALNA POLSKA	Accumulate	2016-06-02	46.00	50.00	55.60	-10.1%	20.2	17.7	13.8	12.3
<b>IT</b>										
ASSECO POLAND	Hold	2016-09-26	57.25	60.60	52.35	+15.8%	13.8	12.8	6.8	6.5
CD PROJEKT	Sell	2016-08-03	34.00	26.50	39.77	-33.4%	33.6	52.3	23.8	37.7
COMARCH	Buy	2016-08-16	166.00	200.00	183.85	+8.8%	22.9	17.2	9.1	8.0
SYGNITY	Suspended	2013-02-05	16.80	-	5.80	-	-	-	-	-
<b>Mining &amp; Metals</b>										
KGHM	Reduce	2016-08-03	78.20	61.50	68.87	-10.7%	20.0	11.2	5.4	5.1
LW BOGDANKA	Sell	2016-08-03	52.00	33.00	69.79	-52.7%	10.7	13.3	4.1	4.5
<b>Manufacturers</b>										
ELEMENTAL	Buy	2016-06-13	3.50	4.60	3.68	+25.0%	12.9	10.6	10.5	8.3
FAMUR	Hold	2016-04-06	2.57	2.20	4.34	-49.3%	43.0	24.9	9.9	8.7
KERNEL	Hold	2016-03-07	54.90	55.00	59.74	-7.9%	5.6	5.7	4.3	4.1
KĘTY	Hold	2016-07-01	318.90	291.10	383.50	-24.1%	14.4	17.5	10.7	10.2
UNIWHEELS	Accumulate	2016-10-19	205.00	224.20	204.20	+9.8%	12.7	9.9	9.3	7.5
VISTAL	Buy	2016-02-02	8.00	15.40	9.59	+60.6%	7.3	6.3	7.2	6.8
<b>Construction</b>										
BUDIMEX	Accumulate	2016-10-05	207.00	225.60	203.00	+11.1%	16.2	14.2	6.9	6.3
ELEKTROBUDOWA	Buy	2015-12-03	141.00	166.50	99.12	+68.0%	8.5	8.3	4.8	4.4
ERBUD	Buy	2016-02-03	25.95	36.00	29.21	+23.2%	10.5	9.5	5.1	4.8
UNIBEP	Hold	2016-09-06	11.79	12.10	10.63	+13.8%	11.2	9.0	7.0	5.8
<b>Property Developers</b>										
CAPITAL PARK	Hold	2016-04-06	6.55	6.50	6.46	+0.6%	49.3	16.1	31.1	20.2
DOM DEVELOPMENT	Buy	2016-05-30	54.40	69.50	60.00	+15.8%	11.8	9.9	9.6	8.0
ECHO	Hold	2016-04-06	6.52	2.73	5.03	-45.7%	9.3	8.6	15.3	12.8
GTC	Hold	2016-10-05	8.25	8.20	8.35	-1.8%	11.5	5.1	14.0	7.6
ROBYG	Buy	2016-01-28	2.83	3.40	2.96	+14.9%	9.3	9.9	8.5	9.2
<b>Retail</b>										
AMREST	Reduce	2016-09-16	252.00	236.00	237.50	-0.6%	28.8	24.6	11.7	9.6
CCC	Hold	2016-08-03	184.00	181.00	195.00	-7.2%	28.3	20.8	18.8	14.3
EUROCASH	Hold	2016-10-05	43.00	42.70	38.55	+10.8%	21.0	18.1	11.0	9.4
JERONIMO MARTINS	Reduce	2016-10-05	16.01	14.9 EUR	16.34	-8.8%	26.7	22.6	12.1	10.4
LPP	Buy	2016-08-29	4549	5500	5606	-1.9%	39.6	20.8	18.9	11.9
<b>Other</b>										
WORK SERVICE	Accumulate	2016-02-02	11.96	13.70	11.49	+19.2%	16.3	13.5	8.9	7.7



## Ratings issued in the past month

Company	Rating	Previous Rating	Target Price	Rating Day
AGORA	Buy	Accumulate	12.60	2016-10-05
ASSECO POLAND	Hold	Accumulate	60.60	2016-09-26
BUDIMEX	Accumulate	Buy	225.60	2016-10-05
CEZ	Accumulate	Accumulate	CZK 496.80	2016-10-04
ENEA	Hold	Hold	8.81	2016-10-04
ENERGA	Buy	Suspended	9.20	2016-10-04
EUROCASH	Hold	Sell	42.70	2016-10-05
GTC	Hold	Buy	8.20	2016-10-05
HANDLOWY	Hold	Buy	75.32	2016-10-05
ING BSK	Sell	Reduce	119.38	2016-10-05
JERONIMO MARTINS	Reduce	Hold	EUR 14.90	2016-10-05
KOMERCNI BANKA	Buy	Accumulate	CZK 980.00	2016-09-29
OTP BANK	Reduce	Hold	HUF 6,487.00	2016-10-05
PGE	Hold	Buy	10.63	2016-10-04
TAURON	Buy	Buy	3.03	2016-10-04
UNIWHEELS	Accumulate	Buy	224.20	2016-10-19

## Ratings Statistics

Rating	All		For Issuers who are clients of Dom Maklerski mBanku	
	Count	Pct. of total	Count	Pct. of total
Sell	3	5.0%	1	5.0%
Reduce	6	10.0%	1	5.0%
Hold	21	35.0%	5	25.0%
Accumulate	7	11.7%	3	15.0%
Buy	23	38.3%	10	50.0%

#### 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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A recommendation is valid for a period of 6-9 months, unless a subsequent recommendation is issued within this period. Expected returns from individual recommendations are as follows:

**BUY** – we expect that the rate of return from an investment will be at least 15%  
**ACCUMULATE** – we expect that the rate of return from an investment will range from 5% to 15%  
**HOLD** – we expect that the rate of return from an investment will range from -5% to +5%  
**REDUCE** – we expect that the rate of return from an investment will range from -5% to -15%  
**SELL** – we expect that an investment will bear a loss greater than 15%  
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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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