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Quarterly Earnings Forecast: Q1 2017

Equity Market

Financial Sector

The 2017 first-quarter earnings of banks across the EU will be weighed down by contributions into resolution funds for failing credit institutions. When it comes to core business, Polish banks are expected to report flat growth in net interest income, and recognize seasonal reductions in risk reserves. The institutions most likely to stand out this earnings season include Komercni Banka (where one-time gains will boost future dividends), PZU (improving premiums and investment income), and Skarbiec Holding (set to report a high quarterly success fee).

Gas & Oil, Chemicals

Refiners will deliver year-over-year improvement in Q1 earnings thanks to higher crack spreads and volumes, reinforced by the petrochemicals business where margins on aromatic compounds reached record levels during the quarter. MOL and PGNiG are expected to report reduced costs in Q1. At PGNiG, Q1 earnings may be followed by upward forecast revisions led by strong performance in Trade. Synthos chemicals will report solid first-quarter earnings, but it is experiencing worsening market conditions in the second quarter. There will be year-over-year contraction in the Q1 earnings of Grupa Azoty and Ciech.

Power Utilities

Utilities are expected to deliver an average 31% of our full-year EBITDA forecasts in Q1, with CEZ and Tauron likely to deliver the biggest positive surprises relative to market expectations. Energa's Q1 performance may prompt downward revisions to the full-year outlook for Distribution.

Telecoms, Media, IT

The aggregate Q1 2017 EBITDA of the TMT companies in our coverage is expected to narrow by more than 3% relative to the same period last year. We anticipate the weakest showing from Asseco Poland, but Asseco South Eastern Europe and Asseco Business Solutions should deliver strong quarterly results. The Q1 profits of Wirtualna Polska will probably be affected by expenses on the TV project.

Industrials & Metals

We expect 52% of the companies in our coverage to report year-over-year growth in Q1 2017, with only 24% reporting a slowdown. We peg Apator, Boryszew, Elemental Holding, Impexmetal, Orzeł Biały, Pfeleiderer Group, and Uniwheels as the top earners. In turn, Amica, Forte, Kernel, and Vistal may disappoint. KGHM copper will benefit from an upturn in commodity prices.

Construction

We expect to see year-over-year improvement in the Q1 earnings of Elektrobudowa, Elektrotim, Herkules, and Ulma, thanks to positive base effects. The profits of railway builders may have reached bottom in Q1 before a rebound in the latter part of the year. Growth at Unibep and Erbud will be limited by negative base effects.

Property Developers

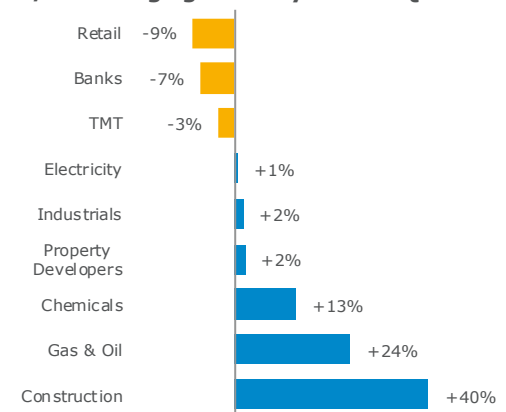
Nearly all listed developers are expected to deliver low Q1 2017 earnings figures due to few closings completed in the period, with Dom, Robyng, Lokum, JWC, and Polnord likely to be the laggards. Ronson, Atal, LC Corp, and Vantage will report high profits in Q1 net of the significant losses they may incur on FX adjustments.

Retail

The first quarter has a seasonally small share in the annual earnings of retailers. CCC footwear may post small year-over-year improvement thanks to reduced competition. At AmRest, recently acquired restaurants should drive profits relative to Q1 2016. Eurocash, LPP, and TXM will all report shrinking profits in Q1.

WIG	61,183
Average 2017E P/E.....	14.2
Average 2018E P/E.....	12.8
ADTV (3M)	PLN 1,027m

Y/Y earnings growth by sector: Q1'17*



*Net income for banks, adjusted EBIT for developers, otherwise EBITDA

Earnings Surprise Prediction	
negative	positive
Amica	Apator
AmRest	Atal
Asseco Poland	Komercni Banka
Ciech	Orzeł Biały
Getin Noble Bank	PGNiG
LPP	PZU
Wirtualna Polska	Skarbiec Holding

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Banks

No surprises from Polish banks

- Flat net interest income and reduced reserves in the Polish banking sector in Q1.
- Net income weighed down by resolution fund payments.

Alior Bank Michał Konarski	Buy PLN 90.00		Reporting Date 11 May		
(PLN m)	Q1'17E	Q4'16	Q/Q	Y/Y	YTD*
Net interest income	639.6	598.9	7%	55%	23%
Net fee income	109.9	91.6	20%	26%	25%
Total income	865.7	1373.7	-37%	48%	23%
Operating costs	-483.6	-705.6	-31%	75%	26%
Provisioning	-209.2	-252.0	-17%	19%	21%
Net income	75.5	369.5	-80%	-6%	19%

Getin Noble Michał Konarski	Hold PLN 2.14		Reporting Date 15 May		
(PLN m)	Q1'17E	Q4'16	Q/Q	Y/Y	YTD*
Net interest income	327.5	338.8	-3%	1%	24%
Net fee income	38.2	36.7	4%	5%	23%
Total income	354.2	396.3	-11%	-13%	23%
Operating costs	-252.3	-212.3	19%	12%	29%
Provisioning	-200.1	-181.9	10%	27%	41%
Net income	-83.7	1.3	n.m.	n.m.	-44%

Handlowy Michał Konarski	Accumulate PLN 85.00		Reporting Date 28 April		
(PLN m)	Q1'17E	Q4'16	Q/Q	Y/Y	YTD*
Net interest income	253.7	244.5	4%	3%	25%
Net fee income	140.7	139.3	1%	-1%	24%
Total income	457.7	478.1	-1%	6%	24%
Operating costs	-344.8	-293.7	17%	10%	29%
Provisioning	-16.3	-17.1	-5%	-17%	28%
Net income	60.2	114.6	-47%	-42%	11%

ING BSK Michał Konarski	Reduce PLN 152.39		Reporting Date 10 May		
(PLN m)	Q1'17E	Q4'16	Q/Q	Y/Y	YTD*
Net interest income	817.9	809.5	1%	22%	24%
Net fee income	280.7	283.5	-1%	11%	26%
Total income	1117.9	1122.0	0%	15%	24%
Operating costs	-580.7	-557.7	-4%	-14%	27%
Provisioning	-76.2	-138.5	45%	3%	27%
Net income	284.0	254.9	11%	10%	19%

Pekao Michał Konarski	Accumulate PLN 146.10		Reporting Date 10 May		
(PLN m)	Q1'17E	Q4'16	Q/Q	Y/Y	YTD*
Net interest income	1095.0	1112.8	-2%	2%	23%
Net fee income	480.5	500.5	-4%	4%	24%
Total income	1707.2	1748.0	-2%	-6%	23%
Operating costs	-1002.1	-876.7	14%	14%	29%
Provisioning	-132.7	-106.2	25%	3%	25%
Net income	310.2	494.7	-37%	-46%	14%

PKO BP Michał Konarski	Reduce PLN 31.20		Reporting Date 22 May		
(PLN m)	Q1'17E	Q4'16	Q/Q	Y/Y	YTD*
Net interest income	2042.9	2020.8	1%	10%	24%
Net fee income	708.6	705.1	0%	12%	25%
Total income	2997.9	2937.2	2%	9%	24%
Operating costs	-1572.8	-1456.0	8%	16%	28%
Provisioning	-425.4	-421.2	1%	11%	22%
Net income	541.6	593.3	-9%	-15%	18%

Erste Bank Michał Konarski	Buy EUR 35.98		Reporting Date 5 May		
(EUR m)	Q1'17E	Q4'16	Q/Q	Y/Y	YTD*
Net interest income	1093.8	1107.0	-1%	0%	25%
Net fee income	435.4	463.2	-6%	-2%	24%
Total income	1610.8	1663.0	-3%	2%	25%
Operating costs	-1011.9	-1065.1	-5%	0%	25%
Provisioning	-85.0	-132.5	n.m.	51%	17%
Net income	271.8	85.6	218%	-1%	22%

*as a percentage of our full-year forecast

Positive surprise from Komerční Banka

- Komerční Banka is expected to recognize a one-time gain of CZK 1.3bn in Q1, not priced into analysts' expectations.

- Q1 was the first full of consolidation after Bank BPH acquisition.
- Even with the merger costs, we expect Q1 operating costs to be just PLN 484m, less than expected by the market.
- Fee income rising to PLN 110m.
- 17% q/q reduction to PLN 209m in risk reserves.

- Getin is expected to report a net loss of PLN 84m in Q1 2017.
- NII down 3.3% on downsized assets.
- Contribution into resolution fund at ca. PLN 40m.
- A 10% q/q increase in risk reserves.
- Weak trading income at just about PLN 13m.

- Handlowy expects its Q1 net income to approximate PLN 60m.
- Trading income per our estimates will show a q/q fall of 22% to PLN 71m.
- Contribution into resolution fund at ca. PLN 61m.
- A 5% q/q reduction to PLN 16m in risk reserves.

- Net interest income rising further at an estimated rate of 1.0% q/q and 22.4% y/y.
- 1.0% contraction in fee income from the high level achieved in the previous quarter.
- Contribution into resolution fund at ca. PLN 70m.
- A 45% q/q reduction in risk reserves alongside improvement in cost of risk to 35bps.
- Effective tax rate at 22%.

- A 1.6% q/q decline in NII accompanied by shrinking NIM.
- Fee income retreating 4.0% from the higher level achieved the quarter before.
- Contribution into resolution fund at ca. PLN 177m.
- Normalization of provisioning and cost of risk (41bps).

- A 1.1% q/q rise in NII accompanied by tightened NIM.
- Stable quarterly fee income.
- Strong sales of retail loans, mainly payday loans.
- Contribution into resolution fund at ca. PLN 209m.
- Stable provisioning at PLN 425m.

- Net income at EUR 271.8m.
- Bottom line weighed down by EUR 43.9m asset tax and resolution fund payment.
- A seasonal reduction of 5% in operating costs.
- A 36% decrease to EUR 85m in risk reserves.
- Falling net interest income (-1.2% q/q) and fee income (-6.0% q/q).
- No change to FY2017 guidance.

Banks

Komercni Banki	Accumulate		Reporting Date		
Michał Konarski	CZK 1,011.37		4 May		
(CZK m)	Q1'17E	Q4'16	Q/Q	Y/Y	YTD*
Net interest income	5274.0	5299.0	0%	1%	24%
Net fee income	1567.0	1599.0	-2%	-8%	23%
Total income	7707.2	7770.0	-1%	0%	24%
Operating costs	-2838.2	-3510.0	-19%	-27%	20%
Provisioning	-225.0	-593.0	-62%	0%	12%
Net income	3817.0	3048.0	25%	32%	30%

OTP Bank	Accumulate		Reporting Date		
Michał Konarski	HUF 9,031		12 May		
(HUF bn)	Q1'17E	Q4'16	O/O	Y/Y	YTD*
Net interest income	130.6	133.2	-2%	1%	24%
Net fee income	42.9	48.2	-11%	10%	24%
Total income	183.9	193.7	-5%	4%	24%
Operating costs	-102.1	-108.6	-6%	10%	25%
Provisioning	-15.2	-47.6	-68%	-27%	16%
Net income	45.3	26.5	71%	32%	21%

Financial Services

A stellar quarter at Skarbiec Holding

- Aside from a high success fee of an estimated PLN 10m, in Q1 Skarbiec is likely to report 10% growth in the management fee led by expanding AUM.

PZU	Buy		Reporting Date		
Michał Konarski	PLN 44.63		17 May		
(PLN m)	Q1'17E	Q4'16	Q/Q	Y/Y	YTD*
GWP	6238.5	5512.7	13%	30%	30%
Non-Life	4146.7	2799.1	16%	40%	32%
Life	2091.9	2000.1	3%	8%	26%
Claims	-3510.8	-2960.7	19%	14%	26%
Costs	-1077.4	-1212.3	-27%	13%	26%
Income from banks	75.5	356.3	-79%	n.m.	4%
Underwriting profit	475.0	667.7	-3%	45%	35%
Investment income	765.6	218.3	251%	73%	43%
Pre-tax income	1186.0	1073.1	11%	72%	28%
Net income	907.8	638.5	42%	87%	39%

Kruk	Reduce		Reporting Date		
Michał Konarski	PLN 219.64		27 April		
(PLN m)	Q1'17E	Q4'16	Q/Q	Y/Y	YTD*
Total revenue	247.0	241.1	2%	54%	26%
Purchased Debt	225.9	221.5	2%	53%	25%
Collection Svcs	15.7	9.0	75%	97%	50%
Dir. & indir. costs	82.9	76.7	8%	29%	20%
Gross profit	164.1	164.5	0%	70%	31%
Operating profit	120.8	126.5	-5%	72%	32%
Pre-tax income	78.8	101.8	-23%	31%	26%
Net income	78.1	62.9	24%	28%	28%

PCM	Buy		Reporting Date		
Michał Konarski	PLN 46.43		25 May		
(PLN m)	Q1'17E	Q4'16	Q/Q	Y/Y	YTD*
Lease revenue	36.7	36.5	0%	4%	23%
Leasing fees	60.2	60.8	-1%	15%	24%
Interest revenue	12.3	11.8	5%	23%	25%
Total revenue	150.9	150.4	0%	20%	25%
Service costs	51.1	51.6	-1%	18%	24%
Total costs	139.4	140.1	0%	22%	25%
Remarketing	3.1	2.3	2%	-15%	19%
Net income	9.3	8.3	12%	1%	24%

Skarbiec	Buy		Reporting Date		
Michał Konarski	PLN 46.28		15 May		
(PLN m)	FQ3'16E	FQ2'16	Q/Q	Y/Y	YTD*
Total revenue	30.0	19.9	51%	73%	89%
Management fee	18.5	16.9	10%	22%	76%
Success fee	9.9	0.6	n.m.	n.m.	146%
Total costs	-19.7	-16.2	21%	39%	87%
Distribution costs	-9.1	-8.2	10%	14%	82%
Payroll	-5.2	-2.6	100%	124%	88%
Pre-tax income	10.4	4.0	158%	187%	92%
Net income	8.2	3.3	148%	174%	91%

*as a percentage of our full-year forecast

- We expect to see a CZK 1.3bn gain on a property sale.
- Continued falls in net interest income (-0.5% q/q) and flat NIM (2.25%).
- A 2.0% drop in fee income.
- Provisioning reduced by 62.1% q/q.
- Contribution into resolution fund at ca. CZK 868m.

- A 1.9% q/q decrease in fee income accompanied by a seasonal 11% drop in fee income.
- Operating costs will show a seasonal q/q reduction of 6.0%.
- Provisioning reduced by HUF 15bn or 68% q/q.
- Bank tax at ca. HUF 15.6bn.
- Downward pressure on income from a stronger ruble.

A strong quarter at PZU

- PZU is expected to recognize high investment income and 16% q/q growth in gross written premiums in Non Life.

- Gross written premiums set to show 13.2% growth from Q4'16 and a 7.5% increase relative to Q1 2016.
- The GWP expansion led by Non-Life, where premiums are expected to grow 16% q/q.
- Investment income up 251% q/q and 73% y/y at PLN 765.6m.
- A 14.5% y/y jump in claims.
- Administrative costs 27.5% lower than in the quarter prior, while acquisition costs flat.
- Net income for Q1 expected to fulfill 39% of our full-year forecast.

- Kruk collected PLN 309m on debt portfolios in Q1. Expenditures on PLN 3.8bn-worth of debt amounted to PLN 214m in the period (with the average price at 8.07%).
- Contributions from Spanish operations will add to Q1 profits.
- Gross profit flat q/q but up 28.8% y/y.
- High financing costs of ca. PLN 42m due to unfavorable FX effects.
- Q1 effective tax rate at -1.0%

- 11.9% q/q expansion in net income.
- Only 375 vehicles added to the fleet.
- Income from leasing and special fees likely to increase 0.5% q/q, with interest revenue up by a further 5.0%.
- Remarketing profit due to show another quarterly increase to PLN 3.14m from PLN 2.3m in Q4'16.
- Anticipating a 10% q/q reduction in administrative expenses.
- Servicing costs may show a q/q decline of 1%.

- Third quarter of fiscal 2016/2017 set to bring 16.1% q/q growth in high-margin AUM.
- Management fee expected to show a q/q increase of 10%.
- Success fee at an estimated PLN 9.9m.
- A 21% q/q increase in costs due to higher distribution fees and bonuses.
- Net income showing q/q growth of 148% at an estimated PLN 8.2m.

Gas & Oil, Chemicals

Upward momentum in E&P profits

- Wide crack spreads supported the first-quarter earnings of refiners, in case of MOL and PKN additionally boosted by higher volumes.

Ciech		Hold		Reporting Date	
Jakub Szkopek		PLN 82.00		16 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	866.4	826.5	5%	3658.0	24%
EBITDA	185.5	203.6	-9%	763.3	24%
EBITDA margin	21.4%	24.6%		20.9%	
EBIT	127.3	150.5	-15%	504.0	25%
Pre-tax profit	117.4	132.1	-11%	456.1	26%
Net income	92.5	102.1	-9%	357.1	26%

Grupa Azoty		Hold		Reporting Date	
Jakub Szkopek		PLN 73.90		11 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	2613.3	2475.6	6%	9555.5	27%
EBITDA	434.7	516.7	-16%	1148.6	38%
EBITDA margin	16.6%	20.9%		14.6%	
EBIT	306.5	389.2	-21%	622.4	49%
Pre-tax profit	301.6	380.4	-21%	580.8	52%
Net profit	230.8	272.4	-15%	427.4	54%

MOL		Reduce		Reporting Date	
Kamil Kliszcz		HUF 18,970		5 May	
(HUF bn)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	1146.3	703.9	63%	4375.6	26%
LIFO EBITDA adj.	167.6	143.4	17%	549.7	30%
LIFO effect	25.5	-15.7	-	29.5	86%
EBITDA	193.1	127.7	51%	579.2	33%
EBIT	118.9	56.5	110%	275.3	43%
Financing activity	-6.7	-14.1	-	-22.7	29%
Net income	87.6	73.6	19%	171.4	51%

PGNiG		Buy		Reporting Date	
Kamil Kliszcz		PLN 7.25		25 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	11750.3	10980.0	7%	35906	33%
EBITDA adj.	2773.9	2228.0	25%	7131.8	39%
EBITDA	2773.9	2393.0	16%	7131.8	39%
EBIT	2101.8	1721.0	22%	4477.8	47%
Financing activity	58.0	48.0	-	-183.4	-
Net income	1612.4	1386.0	16%	3080.7	52%

Polwax		Buy		Reporting Date	
Kamil Kliszcz		PLN 25.95		12 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	60.2	54.0	12%	310.8	19%
EBITDA	6.0	5.6	7%	35.7	17%
EBIT	4.9	4.5	9%	31.0	16%
Financing activity	0.0	-0.2	-	-0.8	0%
Net income	3.9	3.4	15%	24.5	16%

Synthos		Sell		Reporting Date	
Jakub Szkopek		PLN 3.72		30 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	1932.3	1018.0	90%	6797.3	28%
EBITDA	326.7	120.0	172%	930.9	35%
EBITDA margin	16.9%	11.8%		13.7%	
EBIT	258.1	71.0	264%	656.6	39%
Pre-tax profit	238.1	57.0	318%	571.5	42%
Net profit	209.5	50.0	319%	480.5	44%

*as a percentage of our full-year forecast

- MOL and PGNiG are set for another strong quarter in E&P, bolstered by reduced fixed costs.

- Rising energy prices will have finally caught up with Ciech in Q1 2017, weighing down the quarterly profits.
- On slightly higher volumes (+0.9% y/y to 575,000 tons), the quarterly EBITDA in the Soda Division is expected to post a y/y fall of 10.6%.
- This will be accompanied by higher profits in the Organic Division and a slowdown in Glass & Silicates.

- The Fertilizer segment is set to report weaker Q1 earnings due to higher costs of natural gas, with the y/y fall in EBITDA projected at 36%.

- In Plastics, we expect significant improvement in Q1 EBITDA from a PLN 2.8m operating loss in 2016 to a profit of PLN 70.8m in 2017, driven by rising prices of polyamide.

- On slightly lower volumes, Q1 clean Upstream EBITDA will increase to cs. HUF 62.5bn from HUF 55.4bn in Q4'16, led by higher prices of crude and natgas.

- In Downstream, y/y growth in CCS EBITDA from HUF 34bn to HUF 50bn due to 20% higher throughput (Q1'16 saw planned downtime) and wider cracking margins.

- Retail EBITDA will continue to grow at an annual pace of 15%, and in Petrochemicals there will be 30% earnings shrinkage led by tighter margins.

- Predicting a y/y surge of 43% to PLN 885m in Q1 E&P EBITDA thanks to higher prices of crude.

- In Trade, despite negative base effects, EBITDA will post a 15% jump to PLN 760m due to strong volumes and favorable pricing of Yamal gas.

- Distribution EBITDA will be stable year over year as strong volumes offset rising costs.

- In Heat, a small earnings boost following an acquisition.

- Polwax is expected to post q/q gross margin growth in Q1, led by recovering prices of paraffin waxes, but compared to Q1 2016 the sales margin will still be lower.

- We assume the sales volume increased in Q1 on stronger price-led demand.

- The ratio of 2017 YTD EBITDA to our FY forecast as of 31 March should be about the same as this time last year.

- A wide butadiene-naphtha spread is expected to drive the first-quarter EBITDA in Synthetic Rubbers up by a whopping 309.1% y/y to an estimated PLN 224.9m.

- In Styrenics, we anticipate EBITDA growth at an only slightly less impressive annual rate of 80.4%, with the quarterly figure reaching PLN 68.5m.

Utilities & Resources

Delivering 31% of FY forecasts in Q1

- We expect power utilities to achieve 31% of our full-year EBITDA forecast in Q1. The ratio for net earnings could be even higher thanks to one-time gains.

CEZ	Accumulate		Reporting Date		
Kamil Kliszcz	CZK 496.80		11 May		
(CZK m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	51715	51883	0%	199994	26%
EBITDA adj.	18278	20011	-9%	55429	33%
EBITDA	18278	20036	-9%	55429	33%
EBIT	11087	12967	-15%	25572	43%
Financing activity	-1214	-776	-	-4992	24%
Net income	7997	9876	-19%	16015	50%

Enea	Sell		Reporting Date		
Kamil Kliszcz	PLN 8.81		25 May		
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	3030.4	2936.8	3%	10175	30%
EBITDA adj.	674.7	668.6	1%	2178.4	31%
EBITDA	674.7	668.3	1%	2178.4	31%
EBIT	390.9	388.6	1%	1039.7	38%
Financing activity	24.2	-21.7	-	-128.7	-
Net income	336.2	272.9	23%	688.2	49%

Energa	Hold		Reporting Date		
Kamil Kliszcz	PLN 9.20		10 May		
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	2649.9	2621.0	1%	10629	25%
EBITDA adj.	601.0	644.6	-7%	1924.1	31%
EBITDA	601.0	644.6	-7%	1924.1	31%
EBIT	356.3	106.0	-	1004.6	35%
Financing activity	-17.0	-62.0	-	-366.6	5%
Net income	274.8	8.0	-	507.8	54%

PGE	Hold		Reporting Date		
Kamil Kliszcz	PLN 10.63		9 May		
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	7539.8	7133.0	6%	28822	26%
EBITDA adj.	1880.0	1563.0	20%	5949.7	32%
EBITDA	1873.0	1822.0	3%	5949.7	31%
EBIT	1140.0	1123.0	2%	3236.6	35%
Financing activity	-11.0	-48.0	-	-429.0	3%
Net income	882.1	870.0	1%	2270.8	39%

Tauron	Hold		Reporting Date		
Kamil Kliszcz	PLN 3.03		10 May		
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	4753.6	4647.0	2%	17757	27%
EBITDA adj.	916.6	863.2	6%	3405.6	27%
EBITDA	916.6	872.9	5%	3405.6	27%
EBIT	501.7	456.0	10%	1619.7	31%
Financing activity	-73.3	-44.4	-	-410.0	18%
Net income	347.0	323.2	7%	987.9	35%

KGHM	Accumulate		Reporting Date		
Jakub Szkopek	PLN 132.22		5 May		
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	5625	3912	44%	21558	26%
EBITDA	1451.6	578	151%	6399	23%
EBITDA margin	25.8%	14.8%	-	29.7%	-
EBIT	1001.6	181	453%	4632.3	22%
Net profit	692.8	161	330%	3340.3	21%

*as a percentage of our full-year forecast

- Relative to consensus forecasts, we expect to see the biggest positive surprises at CEZ and TPE. ENG may face small downward revisions after Q1.

- CEZ is expected to post 15% EBITDA shrinkage in Generation due to lower prices and a lack of major trading gains (vs. CZK 1.1bn one-offs posted in Q1'16).
- We anticipate flat year-over-year EBITDA growth in Trade and Distribution.
- No unusual financing gains as proceeds from MOL shares will not materialize until Q2.

- Predicting a small, PLN 5m y/y decrease in Q1 Generation EBITDA due to lower prices and as renewables weigh.
- In Distribution, on higher costs EBITDA is expected to decrease to PLN 280m from PLN 305m in Q1'16. In Trade, EBITDA will increase from PLN 17m to an estimated PLN 25m thanks to a lack of one-time charges.
- Net profit will receive a one-time boost of PLN 35m provided by investment in PXM.

- Energa has already released preliminary Q1 estimates.
- EBITDA in Distribution showed 6% y/y growth as a planned increase in OPEX did not yet weigh.
- EBITDA in Trade is a loss of PLN 9m in the wake of massive losses incurred on long-term green power contracts.
- In Generation, 22% EBITDA shrinkage led by renewables.
- The bottom-line profit will receive a one-time boost of PLN 35m provided by investment in PXM.

- PGE has already released preliminary Q1 estimates.
- 8% y/y EBITDA contraction in Generation was due to a lack of PPA compensation and lower prices, only partly offset by higher sales of brown coal.
- In Renewables, EBITDA fell to PLN 91m from PLN 114m in Q1 2016, in line with falling prices of green certificates.
- Distribution EBITDA increased 11% y/y on higher volumes, and Trade EBITDA soared 75% due to improved margins.

- The Mining business is expected to improve Q1 EBITDA to PLN 5m from PLN -65m in 2016 thanks to higher volumes.
- In Generation, EBITDA may show a y/y decrease of 10% due to lower prices and capacity payments, offset by higher volumes.
- In Distribution, we anticipate 6% EBITDA growth on higher volumes and appreciating RAB.
- In Trade, we foresee a 9% y/y drop on tighter margins.

- The Q1 2017 earnings of KGHM will be supported by year-over-year appreciation in commodity prices, with copper (in zloty terms) gaining 28%, silver up 20%, gold rising 5.9%, and molybdenum up 31%.
- We estimate the first-quarter sales volumes at 174.0kt copper (+4.6% y/y), 312.0kt silver (+4.6%), 56.7kt gold (+1.7%), and 3.6kt molybdenum (-25.7%).

TMT

Netia		Accumulate		Reporting Date	
Paweł Szpigiel		PLN 4.90		26 April	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	366.3	390.5	-6%	1444.7	25%
EBITDA	93.9	107.1	-12%	390.4	24%
EBITDA margin	25.6%	27.4%		27.0%	
EBIT	2.3	0.2	-	12.3	19%
Pre-tax profit	0.2	-2.4	-	1.9	9%
Net profit	0.1	-10.2	-	1.5	9%

Orange Polska		Buy		Reporting Date	
Paweł Szpigiel		PLN 6.90		26 April	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	2823.0	2803.0	1%	11263	25%
EBITDA	739.0	868.0	-15%	2894.1	26%
EBITDA margin	26.2%	31.0%		25.7%	
EBIT	63.0	215.0	-71%	307.7	20%
Pre-tax profit	-25.0	119.0	-	12.5	-
Net profit	-25.0	98.0	-	10.1	-

Agora		Accumulate		Reporting Date	
Paweł Szpigiel		PLN 13.90		12 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	293.2	288.5	2%	1233.6	24%
EBITDA	28.0	27.2	3%	114.2	24%
EBITDA margin	9.5%	9.4%		9.3%	
EBIT	4.4	3.1	44%	-0.5	-
Pre-tax profit	1.4	-2.6	-	-0.9	-
Net profit	0.1	-7.2	-	-4.3	-

Cyfrowy Polsat		Reduce		Reporting Date	
Paweł Szpigiel		PLN 22.30		11 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	2389.6	2364.0	1%	9649.7	25%
EBITDA	903.4	846.5	7%	3484.8	26%
EBITDA margin	37.8%	35.8%		36.1%	
EBIT	391.0	422.8	-8%	1634.9	24%
Pre-tax profit	241.0	205.7	17%	1153.8	21%
Net profit	203.3	175.5	16%	934.6	22%

Wirtualna Polska		Accumulate		Reporting Date	
Paweł Szpigiel		PLN 61.00		14 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	100.5	88.4	14%	471.4	21%
EBITDA	23.2	24.4	-5%	148.8	16%
EBITDA margin	23.1%	27.6%		31.6%	
EBIT	11.6	14.6	-20%	102.2	11%
Pre-tax profit	7.1	10.6	-33%	96.0	7%
Net profit	5.7	7.9	-27%	77.7	7%

Asseco Poland		Reduce		Reporting Date	
Paweł Szpigiel		PLN 53.00		25 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	2042.6	1844.4	11%	8123.4	25%
EBITDA	241.0	227.9	6%	1111.7	22%
EBITDA margin	11.8%	12.4%		13.7%	
EBIT	171.0	186.0	-8%	828.0	21%
Pre-tax profit	161.0	162.9	-1%	828.0	19%
Net profit	55.3	65.6	-16%	315.3	18%

Comarch		Accumulate		Reporting Date	
Paweł Szpigiel		PLN 205.00		22 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	253.3	243.2	4%	1257.3	20%
EBITDA	28.6	28.3	1%	181.3	16%
EBITDA margin	11.3%	11.6%		14.4%	
EBIT	12.5	12.3	2%	117.1	11%
Pre-tax profit	10.9	10.7	1%	118.5	9%
Net profit	8.1	7.5	9%	80.6	10%

CD Projekt		Sell		Reporting Date	
Piotr Bogusz		PLN 43.40		25 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	89.1	87.0	2%	377.5	24%
EBITDA	37.9	40.5	-6%	176.8	21%
EBITDA margin	42.5%	46.5%		46.8%	
EBIT	35.9	38.6	-7%	169.5	21%
Pre-tax profit	37.0	40.2	-8%	177.7	21%
Net profit	30.1	32.6	-8%	144.8	21%

*as a percentage of our full-year forecast

- Anticipating a 15% slump in revenue from direct voice services, driven by erosion of the regulated customer base (to 489 thousand lines at 31 March 2017 from v 575,000 in March 2016).
 - Gross margin at 28.3%.
 - SG&A reduced by 10.0% y/y to PLN 103.3m.
- Revenue stable at the year-ago level thanks to an increase from PLN 191m to PLN 330m in revenues from devices.
 - EBITDA expected to show a substantial drop from a high year-ago base boosted by one-offs.
 - Core EBITDA shrinkage of 4.5%.
 - No cost restructuring supporting Q1 profits.
 - A pre-tax loss of an estimated PLN 88m.
- A PLN 1.3m EBITDA loss in Press due to further falls in newspaper circulation (-15% y/y) and ad revenue per copy (-3%).
 - In Film & Books, EBITDA will show y/y growth of nearly 20% thanks to a 12% jump in cinema admissions.
- Stronger sales of mobile devices (at ca. PLN 260m vs. PLN 173m in Q1'16) will push revenue slightly higher.
 - With flat costs, EBITDA will show an increase of 4.4% from the comparable year-ago figure of PLN 865m.
- A 14% y/y increase to PLN 91m in Q1 2017 cash revenue.
 - With the topline growth led primarily by the low-margin e-commerce business (Domodi + Allani), after PLN 3.5m expenses on the TV project, EBITDA will post a decline relative to Q1 2016.
 - On an adjusted basis, EBITDA may show y/y growth close to 16%.
- Continued slump in the Polish business resulting in a drop in Q1 EBIT from PLN 41.4m in 2016 to PLN 20.7m in 2017.
 - The slump at home was caused by a lack of major EU-funded government orders and curtailed maintenance orders from the state agency ZUS.
 - Solid results from Asseco SEE and Business Solutions.
 - Russian operations will book a net loss.
- Slow revenue growth led by foreign operations except DACH.
 - Stable gross margin of 25.1% due to less favorable FX trends.
 - An increase in SG&A to PLN 51m from PLN 47m in Q1'16.
- Strong revenue from video games thanks to the GOTY version of The Witcher.
 - A 40% y/y jump to PLN 28.1m in the Q1 sales of GOG.com, supported by the Gwent game.
 - Profits are expected to show small y/y contraction due to sales bonuses and marketing costs.

Industrials

Alumetal		Neutral		Reporting Date	
Jakub Szkopek				15 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	439.9	337.9	30%	1738.3	25%
EBITDA	35.8	35.8	0%	135.9	26%
EBITDA margin	8.1%	10.6%		7.8%	
EBIT	27.4	30.5	-10%	103.3	27%
Net profit	25.6	28.7	-11%	95.9	27%

Amica		Neutral		Reporting Date	
Jakub Szkopek				30 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	597.1	573.5	4%	2637.3	23%
EBITDA	47.3	51.2	-8%	204.3	23%
EBITDA margin	7.9%	8.9%		7.7%	
EBIT	35.9	40.2	-11%	156.2	23%
Net profit	27.1	28.7	-6%	117.9	23%

Aparator		Neutral		Reporting Date	
Jakub Szkopek				15 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	204.7	197.8	3%	902.9	23%
EBITDA	32.7	27.5	19%	138.2	24%
EBITDA margin	16.0%	13.9%		15.3%	
EBIT	23.9	18.7	28%	103.2	23%
Net profit	17.3	13.7	26%	75.8	23%

Boryszew		Underweight		Reporting Date	
Jakub Szkopek				15 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	1604.1	1463.6	10%	6478.9	25%
EBITDA	121.3	98.4	23%	488.1	25%
EBITDA margin	7.6%	6.7%		7.5%	
EBIT	86.3	66.3	30%	354.0	24%
Net profit	48.8	36.0	36%	193.7	25%

Elemental		Overweight		Reporting Date	
Jakub Szkopek				26 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	308.1	207.9	48%	1431.9	22%
EBITDA	19.3	16.1	20%	89.6	22%
EBITDA margin	6.3%	7.7%		7.5%	
EBIT	16.8	13.3	27%	77.3	22%
Net profit	13.1	14.8	-11%	56.0	23%

Ergis		Overweight		Reporting Date	
Jakub Szkopek				18 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	176.0	172.6	2%	721.3	24%
EBITDA	16.5	16.6	0%	63.2	26%
EBITDA margin	9.4%	9.6%		8.8%	
EBIT	10.2	10.3	-1%	37.8	27%
Net profit	6.8	6.9	-1%	24.9	28%

Forte		Neutral		Reporting Date	
Jakub Szkopek				30 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	294.1	300.1	-2%	1160.9	25%
EBITDA	46.6	48.8	-5%	172.1	27%
EBITDA margin	15.8%	16.3%		14.8%	
EBIT	40.8	43.3	-6%	148.5	28%
Net profit	29.9	34.2	-12%	106.0	28%

Impexmetal		Neutral		Reporting Date	
Jakub Szkopek				12 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	849.2	725.8	17%	3233.9	26%
EBITDA	57.2	47.0	22%	233.9	25%
EBITDA margin	6.7%	6.5%		7.2%	
EBIT	43.6	34.1	28%	178.3	25%
Net profit	32.7	25.4	28%	130.7	25%

*as a percentage of our full-year forecast

- Alumetal grew sales volumes by about 24.7% y/y to ca. 52.9kt in Q1 2017, and this was accompanied by a 21.2% increase in the sales prices of aluminum.
- At the same time, profit margins in the period tightened.
- Q1 2017 earnings may show a slowdown relative to the high comparable year-ago figures.
- Amica is expected to report flat first-quarter sales in Western Europe and Poland, offset by double-digit growth in southern and northern markets.
- Profits will be weighed down by increasing costs of steel and labor.
- Aparator's Q1 2017 earnings will no longer be depressed by losses incurred by the Rector unit.
- We anticipate an acceleration in profits in Q1 and Q2 based looking at the high backlog.
- We assume exports in Q1 continued to increase at a faster rate than domestic sales.
- Boryszew's revenues in Q1 2017 were driven by higher sales prices of non-ferrous metals alongside a projected 15% y/y increase in the sales volume of automotive parts.
- Accordingly, we expect to see the strongest EBITDA growth at Impexmetal and the Automotive segment.
- Elemental's Q1 results will be strengthened by rising prices of non-ferrous metals, also driving the period's sales volumes.
- The core profits may receive an additional boost from charge reversals.
- Ergis is expected to report flat y/y growth in Q1 2017 revenues and earnings relative to a high year-ago base, when a near-5% expansion in sales volumes was accompanied by lower prices of base materials.
- Forte's Q1 2017 guidance foresees 2.2% contraction in revenue and a 6.9% drop in operating profit, resulting in the first year-over-year earnings slowdown in several quarters.
- Adding to the deceleration were slightly higher costs of wood-based panels.
- The Q1 2017 revenue of Impexmetal will reflect the positive impact of an upward trend in prices of non-ferrous metals, and the zloty's weakness against the dollar.
- We expect to see 4.2% year-over-year EBITDA growth in the Aluminum Segment, and we anticipate rising earnings in the Zinc & Lead segment (with the battery recycler Baterpol reporting a y/y surge of 103.5%).

Industrials

Kernel		Hold		Reporting Date	
Jakub Szkopek		PLN 73.90		30 May	
(USD m)	Q3'17E	Q3'16	Y/Y	2017E	YTD
Revenue	632.8	607.5	4%	2404.4	70%
EBITDA	86.5	98.9	-13%	373.9	77%
EBITDA margin	13.7%	16.3%		15.5%	
EBIT	72.7	84.5	-14%	308.1	80%
Net profit	60.0	92.3	-35%	260.3	84%

Kruszwica		Neutral		Reporting Date	
Jakub Szkopek				15 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	563.3	551.0	2%	2510.1	22%
EBITDA	28.7	18.3	57%	141.8	20%
EBITDA margin	5.1%	3.3%		5.6%	
EBIT	21.3	10.9	95%	112.6	19%
Net profit	17.2	8.7	97%	91.4	19%

Mangata		Neutral		Reporting Date	
Jakub Szkopek				15 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	145.8	147.5	-1%	632.6	23%
EBITDA	24.2	25.8	-6%	97.9	25%
EBITDA margin	16.6%	17.5%		15.5%	
EBIT	18.2	19.8	-8%	73.6	25%
Net profit	14.0	17.0	-18%	57.5	24%

Orzeł Biały				Reporting Date	
Jakub Szkopek				17 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	125.9	114.9	10%	516.9	24%
EBITDA	8.0	6.2	29%	36.9	22%
EBITDA margin	6.4%	5.4%		13.7%	
EBIT	5.8	4.0	44%	28.1	21%
Net profit	4.5	2.6	76%	22.0	21%

Pfleiderer		Overweight		Reporting Date	
Jakub Szkopek				11 May	
(EUR m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	253.7	246.3	3%	1032.1	25%
EBITDA	29.1	20.6	41%	144.9	20%
EBITDA margin	11.5%	9.0%		14.0%	
EBIT	12.3	11.5	7%	75.9	16%
Net profit	3.6	8.6	-58%	38.6	9%

Tarczyński		Overweight		Reporting Date	
Jakub Szkopek				12 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	166.7	144.5	15%	727.9	23%
EBITDA	11.5	11.7	-1%	50.0	23%
EBITDA margin	6.9%	8.1%		6.9%	
EBIT	4.9	5.5	-10%	23.6	21%
Net profit	2.5	3.2	-21%	13.3	19%

Uniwheels		Accumulate		Reporting Date	
Jakub Szkopek		PLN 258.00		10 May	
(EUR m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	127.0	109.1	16%	536.4	24%
EBITDA	17.6	14.1	25%	89.1	20%
EBITDA margin	13.9%	12.9%		16.6%	
EBIT	11.6	10.2	14%	68.8	17%
Net profit	11.5	10.5	10%	67.0	17%

Vistal		Neutral		Reporting Date	
Jakub Szkopek				30 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	104.5	80.7	29%	487.4	21%
EBITDA	6.8	11.0	-38%	40.0	17%
EBITDA margin	6.5%	13.6%		8.2%	
EBIT	2.9	7.1	-60%	24.2	12%
Net profit	3.9	5.4	-27%	11.9	33%

*as a percentage of our full-year forecast

- By operating segment, we expect to see y/y EBITDA growth of 20.4% in Bottled Oil, 13.3% Grain Storage, and 10% in Transshipment. On the other hand, EBITDA in Bulk Oil may show a 20.5% drop on lower margins, and in the Crops segment we anticipate 23.6% earnings shrinkage.
- On 5% lower sales volumes (at an estimated 213kt), Kruszwica is expected to book a 2% y/y increase in revenue, led by higher prices of rapeseed oil.
- The average EBITDA per ton in Q1 2017 at a projected PLN 149 may show annual growth of 73%.
- Mangata's Q1 2017 earnings will show a slowdown relative to a high year-ago base, with revenue from sales of industrial valves down 5%, and sales of automotive valves registering a small uptick of 2.5%.
- The Q1 2017 earnings of Orzeł Biały should reflect the global uptrend in lead prices observed in the period, resulting in higher margins on battery recycling.
- The quarterly bottom-line profit may be slightly depressed by a PLN 3m loss on hedging operations.
- Pfleiderer is expected to report small improvement in the revenues and recurring EBITDA for Q1 2017 relative to Q1 2016, when profits were negatively impacted by one-time charges totaling EUR 9m.
- Debt restructuring may temporarily hike financing costs in Q1.
- Tarczyński generated sales of an estimated 8.63kt in Q1, representing an increase of an estimated 13.1% from Q1 2016, supported by deliveries to Biedronka supermarkets under a January 2017 contract.
- Profits in the period may show slight contraction year on year due to profit margins tightened by competitive pressures, coupled with higher D&A expenses.
- The new facility in Stalowa Wola will boost Q1 2017 sales volumes by an estimated 12% year over year, as well as fueling EBITDA growth thorough better cost efficiency.
- All in all, we anticipate a solid first quarter at Uniwheels.
- Vistal's Q1 2017 revenue breakdown may show a shift in favor of infrastructure and buildings as sales of marine and offshore structures slow. With a higher share of the lower-margin infrastructure business, profits in the period are likely to shrink.
- The zloty's appreciation versus the euro will provide a lift to the Q1 bottom line, as well as helping to reduce debt by an estimated PLN 4.4m.

Construction

A mixed bag of earnings

- The Q1 2017 earnings season in construction will be a mixed bag.
- Budimex is sure to deliver another stellar quarter beyond market expectations.
- The power engineers Elektrobudowa and Elektrotim (which is reporting results for Q4 2016) may deliver year-over-year growth, owed mainly to favorable base effects. Base effects will also support the quarterly showings of Ulma and Herkules.

Budimex	Accumulate		Reporting Date		
Piotr Zybala	PLN 238.40		27 April		
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	1098.9	987.7	11%	6391.8	17%
Gross profit	158.7	115.0	38%	722.7	22%
EBITDA	110.1	69.0	59%	511.3	22%
EBIT	103.6	62.9	65%	482.7	21%
margin	9.4%	6.4%		7.6%	
Pre-tax income	106.8	66.1	61%	495.3	22%
Net income	85.3	51.5	66%	400.7	21%

Elektrobudowa	Hold		Reporting Date		
Piotr Zybala	PLN 146.00		15 May		
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	183.8	214.8	-14%	970.7	19%
Gross profit	13.9	11.9	16%	85.9	16%
EBITDA	11.1	5.9	89%	73.7	15%
EBIT	7.6	2.5	202%	59.1	13%
margin	4.2%	1.2%		6.1%	
Pre-tax income	7.3	2.0	263%	62.7	12%
Net income	5.7	1.6	250%	48.9	12%

Erbud	Hold		Reporting Date		
Piotr Zybala	PLN 33.50		16 May		
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	397.8	368.0	8%	1902.7	21%
Gross profit	29.8	28.6	4%	128.6	23%
EBITDA	11.0	15.2	-27%	60.6	18%
EBIT	8.2	12.4	-34%	48.5	17%
margin	2.1%	3.4%		2.6%	
Pre-tax income	7.2	11.0	-34%	43.5	17%
Net income	5.4	7.2	-26%	31.8	17%

Unibep	Accumulate		Reporting Date		
Piotr Zybala	PLN 12.80		16 May		
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	259.3	221.4	17%	1496.8	17%
Gross profit	16.8	14.4	17%	101.2	17%
EBITDA	7.8	10.0	-22%	63.2	12%
EBIT	5.5	7.9	-30%	54.6	10%
margin	2.1%	3.6%		3.7%	
Pre-tax income	5.3	7.4	-28%	54.6	10%
Net income	4.0	5.1	-23%	41.7	9%

*as a percentage of our full-year forecast

- ZUE reported weak preliminary first-quarter figures, setting the tone for the earnings season in the railway infrastructure sector. After possible losses in Q1, Trakcja and Torpol should gradually improve profits in later periods with their high backlogs.
- At Unibep and Erbud, we predict y/y improvement in profits from building construction, but overall the quarterly earnings will be lower than in Q1 2016.
- Budimex estimates its Q1 2017 net profit at PLN 85.3m, representing an increase of 66% from the same period last year, driven by the construction business, where the gross margin is expected to be 14.0% vs. 10.2% in Q1'16.
- Construction revenue is set to show y/y growth of 10% thanks to new road contracts.
- On an 11% lower backlog, Elektrobudowa's revenue for Q1 is set to be proportionately lower.
- At the same time, we expect to see expansion in gross margin thanks to a lack of one-time charges.
- The 2017 pipeline is solid, but the backlog for 2018 is not as full yet as it should be to fulfill our revenue forecast.
- Erbud's backlog at the beginning of 2017 was 33% higher than the year before.
- Profits in Q1 2017 will be compared to a high year-ago base, inflated by one-time gains exceeding PLN 5m.
- On an adjusted basis, we expect to see a 20% y/y increase in EBIT and a 100% surge in net profit.
- Higher Q1 revenues and profits from construction will be accompanied by much lower profits from residential real estate due to fewer closings.
- A high backlog guarantees improvement in future quarters.
- Residential profits are set to peak in Q4.

Property Developers

A temporary slowdown due to fewer residential closings

- Residential developers had a very successful first quarter of 2017 in terms of sales, which increased by an average 25% relative to Q1 2016. However, the number of closings that drove the period's profits was much lower than the year before.
- The developers that settled the fewest flats during Q1 included Dom Development, Lokum, Robyng, JWC, and Polnord, likely to post small to zero profits in the quarter. On the other hand, Atal, LC Corp, Ronson, and Vantage are all expected to report y/y growth thanks to higher closings.

Atal	Buy			Reporting Date	
Piotr Zybala	PLN 44.10			23 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	192.5	118.0	63%	913.3	21%
Gross profit margin	53.9	32.5	66%	257.5	21%
EBIT	28.0%	27.6%		28.2%	
Pre-tax income	45.9	27.8	65%	229.9	20%
Net income	43.4	26.8	62%	220.8	20%
	34.7	21.9	58%	180.1	19%

Capital Park	Buy			Reporting Date	
Piotr Zybala	PLN 8.09			12 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	28.3	24.8	14%	128.6	22%
Gross profit margin	21.5	18.5	16%	97.7	22%
EBIT ex. val. & SOP	76.0%	74.9%		76.0%	
Valuation effects	16.1	15.3	5%	83.6	19%
EBIT	-96.2	4.2	-	-68.6	-
Pre-tax income	-82.1	19.2	-	15.0	-
Net income	-46.1	6.1	-	25.1	-
	-44.6	5.0	-	15.1	-

Echo Inv.	Buy			Reporting Date	
Piotr Zybala	PLN 6.64			29 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	44.3	143.2	-69%	411.1	11%
Gross profit margin	14.5	74.8	-81%	117.8	12%
EBIT ex. valuation	32.8%	52.2%		28.7%	
Valuation effects	-14.5	53.0	-	6.6	-
EBIT	38.4	114.1	-66%	270.7	14%
Pre-tax income	23.9	167.0	-86%	277.3	9%
Net income	15.7	121.0	-87%	273.3	6%
	12.7	187.7	-93%	224.5	6%

GTC	Accumulate			Reporting Date	
Piotr Zybala	PLN 9.59			15 May	
(EUR m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	30.4	30.8	-1%	141.9	21%
Gross profit margin	22.5	21.4	5%	103.3	22%
EBIT ex. val. & SOP	74.1%	69.5%		72.8%	
Valuation effects	18.5	17.7	5%	85.3	22%
EBIT	15.0	7.4	103%	87.5	17%
Pre-tax income	33.5	25.1	34%	172.9	19%
Net income	26.1	18.6	40%	140.7	19%
	22.8	16.4	38%	122.9	19%

Robyng	Buy			Reporting Date	
Piotr Zybala	PLN 3.95			18 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	63.8	122.6	-48%	440.1	14%
Gross profit margin	11.8	23.2	-49%	98.8	12%
JV income	18.6%	18.9%		22.5%	
EBIT	3.2	7.4	-57%	54.1	6%
Pre-tax income	0.5	19.8	-97%	98.5	1%
Net income	-1.5	16.9	-	87.2	-
	0.4	14.8	-97%	80.9	1%

*as a percentage of our full-year forecast

- LC Corp, Vantage, and Archicom, who own commercial properties, will recognize one-time FX losses in Q1.
- In the commercial sector, only GTC will report nominally high profits in our view.

- Atal settled approximately 500 homes in Q1 (+39% y/y, with off-plan sales at 676 units) for an average price of PLN 385,000 (+3% y/y).
- We expect the gross margin to be flat at ca. 28%.
- The net profit figure should be nominally the highest of all residential developers.

- Capital Park is expected to book a loss of PLN 51m on FX adjustments in Q1 (with EUR 4.6% higher vs. PLN).
- NOI will increase by an estimated 16% y/y, and core EBIT will be 5% higher.
- After debt restructuring, we anticipate flat y/y interest expenses despite 17% higher leverage.

- Echo's Q1 profits will be affected by a lower EUR/PLN exchange rate and fewer completions.
- Only 90 flats were settled in Q1 vs. 259 units sold off plan.
- Echo has more commercial projects scheduled for completion in the second half of the year, suggesting higher valuation gains.
- Y/Y growth in Q1 and Q2 will be curtailed by a high year-ago base, boosted by one-time gains.

- GTC is expected to deliver another strong quarter in Q1, with adjusted EBIT showing a small y/y rise and revaluation gains doubled relative to Q1 2016.
- The first-quarter net profit will account for only about 19% of our full-year forecast, but GTC is set for a sharp rebound in earnings in Q3, after the completion of its Warsaw mall.

- Robyng settled only 320 homes in Q1 2017, a drop of 44% from Q1 2016, and what is more most of these flats were in low-margin developments.
- Net profit will be marginal in the first quarter, but this does not affect our full-year outlook.

Retail, Other

A seasonal slowdown

- Polish retailers are benefitting from increasing consumer spending.
- On the other hand, they are feeling upward pressure on

AmRest		Accumulate		Reporting Date	
Piotr Bogusz		PLN 367.00		18 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	1118.7	858.2	30%	5408.4	21%
Gross profit	163.6	144.6	13%	914.5	18%
margin	14.6%	16.8%		16.9%	
EBITDA	126.1	116.6	8%	722.5	17%
EBITDA margin	11.3%	13.6%		13.4%	
EBIT	49.6	55.2	-10%	355.9	14%
Pre-tax income	39.3	45.4	-14%	306.3	13%
Net income	34.6	39.8	-13%	246.9	14%

CCC		Hold		Reporting Date	
Piotr Bogusz		PLN 219.00		15 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	718.0	534.6	34%	4045.2	18%
Gross profit	356.0	269.4	32%	2173.4	16%
margin	49.6%	50.4%			
EBITDA	15.1	11.4	32%	599.2	3%
EBITDA margin	2.1%	2.1%			
EBIT	-2.8	-4.8	-	525.1	-1%
Pre-tax income	-13.4	-14.7	-	483.3	-3%
Net income	-17.1	-19.5	-	388.6	-4%

Eurocash		Buy		Reporting Date	
Piotr Bogusz		PLN 46.20		12 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	5015.7	4764.0	5%	23093	22%
Gross profit	491.8	462.4	6%	2452.9	20%
margin	9.8%	9.7%			
EBITDA	36.9	47.3	-22%	528.3	7%
EBITDA margin	0.7%	1.0%			
EBIT	-4.3	6.6	-	357.1	-
Pre-tax income	-11.5	3.4	-	321.0	-
Net income	-9.8	1.2	-	253.5	-

LPP		Sell		Reporting Date	
Piotr Bogusz		PLN 5,300		17 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	1356.0	1174.8	15%	7061.6	19%
Gross profit	625.5	541.8	15%	3720.9	17%
margin	46.1%	46.1%		52.7%	
EBITDA	-12.4	-1.0	-	878.3	-
EBITDA margin	-0.9%	-0.1%		12.4%	
EBIT	-73.9	-63.9	-	601.4	-
Pre-tax income	-78.5	-68.9	-	572.2	-
Net income	-74.6	-65.6	-	463.5	-

TXM		Buy		Reporting Date	
Piotr Bogusz		PLN 6.95		18 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	72.0	71.2	1%	452.4	16%
Gross profit	30.5	29.1	5%	197.2	15%
margin	42.3%	40.9%		43.6%	
EBITDA	-7.0	-0.7	-	27.9	-
EBITDA margin	-	-		6.2%	
EBIT	-9.0	-1.9	-	22.2	-
Pre-tax income	-9.1	-2.0	-	21.0	-
Net income	-9.1	-1.7	-	17.0	-

PBKM		Accumulate		Reporting Date	
Paweł Szpigel		PLN 70.00		18 May	
(PLN m)	Q1'17E	Q1'16	Y/Y	2017E	YTD*
Revenue	32.7	30.3	8%	140.1	23%
EBITDA	11.7	8.8	32%	42.2	28%
EBITDA margin	35.8%	29.2%			
EBIT	10.5	7.7	37%	36.1	29%
Pre-tax income	10.2	7.6	34%	35.8	28%
Net income	8.3	6.0	37%	29.0	28%

*as a percentage of our full-year forecast

employee compensation.

- Compared to Q1 2016, we expect better EBITDA results at CCC and AmRest, alongside contraction at Eurocash, LPP, and TXM.

- AmRest's preliminary Q1 report shows y/y sales growth of 30%, implying improvement in like-for-like sales in CEE, Russia, and Spain.
- The German business is set to report a quarterly loss of PLN 6.7m.
- The improving lfl sales will be offset by increasing labor costs.
- As a result, the EBITDA margin may show a y/y decrease by 2.3ppts to 11.3%.

- An increasing share of e-commerce in total sales entails year-over-year contraction in Q1 sales margin.
- The EBITDA margin should be stable as increasing lfl sales will be offset by higher marketing expenses and labor costs.
- The seasonally slow first quarter is not indicative of the full-year earnings potential.

- Eurocash is expected to report revenue growth in Q1, driven by acquisitions.
- The gross margin should have increased by 0.1ppt y/y to an estimated 9.81% thanks to higher contributions from the retail channel.
- At the same time, the EBITDA margin will have contracted by 0.25ppt to 0.74% due to higher SG&A expenses and PLN 20m additional expenses on new projects.
- Profits in the seasonally slow first quarter were additionally affected by unfavorable calendar effects.

- Based on monthly sales reports, we estimate LPP's Q1 revenue at PLN 1,356m (+15% y/y), with the gross profit at ca. PLN 625.5m (+15% y/y), and a flat gross margin.
- SG&A per square meter will have increased 6.2% y/y, led by labor costs and sales bonuses.
- Our Q1 estimates do not account for possible FX effects.
- With increased payables, operating cash flow may surprise on the upside.

- TXM increased sales by just 1% y/y in Q1 2017 while its sales area grew 28.9%, due to stocking issues which have since been resolved.
- Despite the temporary first-quarter glitch, we remain confident TXM can achieve our FY2017 forecasts.

- PBKM collected 4,841 cord blood units for banking in Q1 2017, more than the 4,583 collections reported in Q1 2016.
- We anticipate improvement in the quarterly revenues and profits.
- EBIT is set to come in at PLN 8.5m, with an additional boost of PLN 2m provided by a VAT refund registered by the Hungarian unit.

Current Recommendations by Dom Maklerski mBanku

Company	Recommendation	Date issued	Price on report date	Target price	Current price	Upside / Downside	P/E		EV/EBITDA	
							2017	2018	2017	2018
Banks										
ALIOR BANK	Buy	2017-03-16	71.97	90.00	74.20	+21.3%	23.6	11.1		
BZ WBK	Reduce	2017-01-27	355.00	332.34	377.30	-11.9%	16.9	14.0		
GETIN NOBLE BANK	Hold	2017-03-01	2.02	2.14	1.93	+10.9%	10.2	5.3		
HANDLOWY	Accumulate	2017-01-27	79.48	85.00	75.95	+11.9%	17.9	14.1		
ING BSK	Reduce	2017-04-05	171.00	152.39	179.50	-15.1%	16.0	14.2		
MILLENNIUM	Reduce	2017-04-05	6.67	5.81	6.95	-16.4%	13.3	11.7		
PEKAO	Accumulate	2017-04-05	134.60	146.10	138.45	+5.5%	16.1	15.4		
PKO BP	Reduce	2017-03-01	33.28	31.20	34.17	-8.7%	14.5	12.9		
KOMERCNI BANKA	Accumulate	2017-01-27	892.60	1,011.37 CZK	946.00	+6.9%	14.0	12.6		
ERSTE BANK	Buy	2017-01-27	28.60	35.98 EUR	32.20	+11.7%	11.2	10.0		
OTP BANK	Accumulate	2017-03-01	8,450	9,031.25 HUF	8,380	+7.8%	10.5	9.6		
Insurance										
PZU	Buy	2017-01-27	35.50	44.63	40.10	+11.3%	14.8	10.4		
Financial services										
KRUK	Reduce	2017-01-27	249.15	219.64	281.35	-21.9%	18.6	16.4		
PRIME CAR MANAGEMENT	Buy	2017-01-27	34.91	46.43	29.89	+55.3%	8.7	7.8		
SKARBIEC HOLDING	Buy	2017-01-27	29.10	46.28	30.57	+51.4%	7.7	6.7		
Fuels, chemicals										
CIECH	Hold	2017-03-24	81.00	82.00	78.50	+4.5%	11.6	14.9	7.0	7.9
GRUPA AZOTY	Hold	2017-01-26	70.41	73.90	70.11	+5.4%	16.3	15.6	7.6	7.1
LOTOS	Sell	2017-03-01	48.63	36.27	56.27	-35.5%	17.6	13.8	8.5	6.3
MOL	Reduce	2016-12-20	20,620	18,970 HUF	21,525	-11.9%	12.9	10.9	5.4	4.9
PGNIG	Buy	2017-02-27	6.12	7.25	6.57	+10.4%	12.3	10.0	5.2	4.4
PKN ORLEN	Sell	2016-12-20	87.17	66.13	120.00	-44.9%	14.8	18.9	8.8	9.6
POLWAX	Buy	2017-01-13	16.60	25.95	15.20	+70.7%	6.4	6.5	5.5	6.4
SYNTHOS	Sell	2017-01-17	5.30	3.72	5.30	-29.8%	14.6	19.2	9.2	11.0
Power Utilities										
CEZ	Accumulate	2017-03-01	450.50	496.80 CZK	432.60	+14.8%	14.5	14.1	6.7	6.5
ENEA	Sell	2017-03-01	10.67	8.81	11.69	-24.6%	7.5	6.4	4.9	4.0
ENERGA	Hold	2017-01-27	10.20	9.20	10.20	-9.8%	8.3	7.7	4.6	4.6
PGE	Hold	2016-10-04	10.18	10.63	11.74	-9.5%	9.7	9.2	5.3	5.3
TAURON	Hold	2017-04-05	3.35	3.03	3.18	-4.7%	5.6	5.4	4.8	5.0
Telecommunications										
NETIA	Accumulate	2017-01-27	4.58	4.90	4.57	+7.2%	-	-	4.7	5.1
ORANGE POLSKA	Buy	2017-03-09	4.67	6.90	4.46	+54.7%	579.9	50.1	4.5	4.3
Media										
AGORA	Accumulate	2017-01-27	12.90	13.90	15.00	-7.3%	-	-	6.8	6.8
CYFROWY POLSAT	Reduce	2017-01-27	24.65	22.30	23.85	-6.5%	16.3	13.7	7.2	6.9
WIRTUALNA POLSKA	Accumulate	2017-01-27	56.60	61.00	53.78	+13.4%	20.6	16.8	11.6	9.8
IT										
ASSECO POLAND	Reduce	2017-02-24	55.81	53.00	54.70	-3.1%	14.4	14.0	6.6	6.2
CD PROJEKT	Sell	2017-01-26	59.63	43.40	65.80	-34.0%	43.3	43.0	31.3	30.8
COMARCH	Accumulate	2017-03-01	204.80	205.00	234.50	-12.6%	23.7	20.0	10.1	9.2
Manufacturers & Metals										
FAMUR	Suspended	2016-11-30	4.22	-	5.72	-	-	-	-	-
KERNEL	Hold	2017-01-27	76.75	73.90	69.50	+6.3%	5.5	5.9	4.2	4.0
KĘTY	Hold	2017-01-27	416.80	387.90	422.50	-8.2%	15.9	16.2	11.0	10.3
KGHM	Accumulate	2017-04-05	120.10	132.22	124.00	+6.6%	7.4	8.2	4.8	4.8
STELMET	Accumulate	2017-01-27	32.30	33.80	28.00	+20.7%	14.4	11.2	9.6	7.6
UNIWHEELS	Accumulate	2017-01-27	236.00	258.00	236.00	+9.3%	10.4	10.3	8.3	8.3
Construction										
BUDIMEX	Accumulate	2017-01-27	217.00	238.40	273.00	-12.7%	17.4	19.5	9.4	11.1
ELEKTROBUDOWA	Hold	2017-04-05	139.90	146.00	127.40	+14.6%	12.4	13.1	6.6	6.7
ERBUD	Hold	2017-04-05	32.98	33.50	32.80	+2.1%	13.2	12.9	5.6	5.4
UNIBEP	Accumulate	2017-03-01	12.59	12.80	13.90	-7.9%	11.7	12.2	7.9	8.1
Property Developers										
ATAL	Buy	2017-04-10	34.89	44.10	37.10	+18.9%	8.0	7.9	7.2	7.1
CAPITAL PARK	Buy	2017-01-25	6.30	8.09	6.29	+28.6%	44.9	8.2	121.3	14.0
DOM DEVELOPMENT	Accumulate	2017-01-27	64.94	72.50	70.65	+2.6%	10.6	10.4	8.2	8.0
ECHO	Buy	2017-01-25	5.69	6.64	5.83	+13.9%	10.7	8.6	12.5	10.6
GTC	Accumulate	2017-01-25	8.65	9.59	9.39	+2.1%	8.3	12.2	10.6	14.9
ROBYG	Buy	2017-01-27	3.00	3.95	3.38	+16.9%	11.0	6.8	11.9	6.8
Retail										
AMREST	Accumulate	2017-01-27	347.00	367.00	361.90	+1.4%	31.1	23.0	12.2	9.6
CCC	Hold	2017-03-01	225.50	219.00	229.60	-4.6%	23.1	18.8	16.2	13.4
EUROCASH	Buy	2017-01-27	39.90	46.20	33.38	+38.4%	18.3	13.9	8.7	6.9
JERONIMO MARTINS	Accumulate	2017-01-27	15.66	16.90 EUR	16.67	+1.4%	22.8	20.6	11.6	10.7
LPP	Sell	2017-04-05	6,635	5,300	6,789	-21.9%	26.9	20.3	14.9	11.9
TXM	Buy	2017-03-09	5.50	6.95	5.00	+39.0%	9.9	8.0	6.8	5.7
Other										
PBKM	Accumulate	2017-04-05	60.50	70.00	59.10	+18.4%	10.1	8.4	6.9	5.9
WORK SERVICE	Suspended	2016-12-06	10.17	-	9.88	-	-	-	-	-



Ratings issued in the past month

Company	Rating	Previous Rating	Target Price	Rating Day
Atal	Buy	Overweight	44.10	2017-04-10
Elektrobudowa	Hold	Buy	146.00	2017-04-05
Erbud	Hold	Accumulate	33.50	2017-04-05
ING BSK	Reduce	Sell	152.39	2017-04-05
KGHM	Accumulate	Hold	132.22	2017-04-05
LPP	Sell	Hold	5,300.00	2017-04-05
Millennium	Reduce	Sell	5.81	2017-04-05
PBKM	Accumulate	Buy	70.00	2017-04-05
Pekao	Accumulate	Hold	146.10	2017-04-05
Tauron	Hold	Accumulate	3.03	2017-04-05

Ratings Statistics

Rating	All		For Issuers who are clients of Dom Maklerski mBanku	
	Count	Pct. of total	Count	Pct. of total
Sell	6	10.3%	2	6.1%
Reduce	8	13.8%	6	18.2%
Hold	11	19.0%	4	12.1%
Accumulate	19	32.8%	10	30.3%
Buy	14	24.1%	11	33.3%

List of abbreviations and ratios contained in the report:

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

OVERWEIGHT (OW) – a rating which indicates that we expect a stock to outperform the broad market
NEUTRAL (N) – a rating which indicates that we expect the stock to perform in line with the broad market
UNDERWEIGHT (UW) – a rating which indicates that we expect the stock to underperform the broad market

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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%
Recommendations are updated at least once every nine months.

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

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

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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