

Wednesday, July 26, 2017 | periodical publication

# Quarterly Earnings Forecast: Q2 2017

## Equity Market

### Financial Sector

The second-quarter profits of Polish banks were supported by accelerated retail lending, expect to drive higher the period's net interest margins as well as costs of risk. Elsewhere in the CEE, banks are set to report low cost of risk and increasing loan volumes. The top Q2 earners per our best guess will be OTP Bank, PKO BP (potentially triggering upward revisions to full-year expectations), and Skarbiec Holding (delivering a high success fee for the second quarter in a row).

### Chemicals

The 2017 first-half earnings figures of Ciech Soda and Grupa Azoty should confirm both companies are on track to meeting the full-year market expectations. The synthetic rubber producer Synthos is expected to post a sharp drop in Q2 earnings relative to the previous quarter.

### Gas & Oil

We expect to have to raise our FY2017 earnings estimates for oil refiners after a strong second quarter, however our future outlook on the downstream market remains bearish. The H1 results of the natgas group PGNiG should legitimize the PLN 7+ billion EBITDA forecasts for the full year.

### Power Utilities

The Polish power sector is expected to deliver 53% of the full-year EBITDA expectations in H1 2017 after an acceleration driven by lower costs of renewable energy. The Czech generator CEZ is set to post continued profit contraction in Q2 led by low prices of electricity.

### Telecoms, Media, IT

The aggregate Q2 2017 EBITDA of the TMT companies in our coverage is expected to narrow by nearly 5% relative to the same period last year. Asseco Poland will be the big laggard of the earnings season in IT, but this not including its listed subsidiaries, ASEE and ABS, doing much better than the parent. The media group Agora and the telecom Orange Polska are both expected to deliver solid Q2 results.

### Industrials & Metals

Of the manufacturing companies tracked by us, we expect 36% to report year-over-year growth in the earnings results for Q2 2017, with only 17% reporting a slowdown and 47% experiencing flat profits. The companies set to increase profits in Q2 include Apator, Boryszew, Grupa Kęty, KGHM, Kernel, Kruszwica, and Pfleiderer Group. On the other hand, we anticipate profit shrinkage from Alumetal, Stelmet, and Vistal.

### Construction

The construction sector will trail full-year earnings expectations after the first half of the year, with railway builders posting H1 losses following a slow second quarter. However, based on growing backlogs, it is reasonable to expect a sector-wide rebound in the second half of the year.

### Property Developers

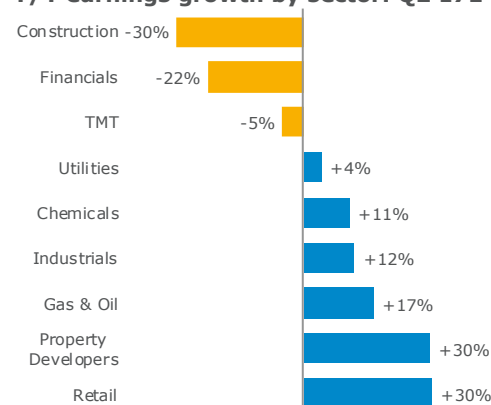
Residential developers are set to post less-than-impressive Q2 2017 profits given a 13% drop in the average number of homes settled in the period. Dom Development and Atal will be the positive outliers. An acceleration is imminent in the second half of the year, however, with peak closings scheduled for the fourth quarter. In commercial real estate, we expect strong showings from both GTC and Echo Investment.

### Retail

CCC footwear and LPP fashion will deliver strong Q2 2017 results after three months of rising sales. The profits of AmRest restaurants will be boosted by continuing growth in lfi sales, and at Eurocash there will be a recovery after five quarters of falling profits.

WIG ..... 61,975  
Average 2017E P/E..... 13.1  
Average 2018E P/E..... 12.1  
ADTV (3M) ..... PLN 891m

### Y/Y earnings growth by sector: Q2'17E\*



\*Net earnings for banks, adj. EBIT for developers, otherwise EBITDA

Earnings Surprise Prediction	
negative	positive
<b>Amica</b>	<b>Agora</b>
<b>Asseco Poland</b>	<b>Atal</b>
<b>Bank Pekao</b>	<b>CCC</b>
<b>Erbud</b>	<b>Ciech</b>
<b>Synthos</b>	<b>Eurocash</b>
	<b>Grupa Azoty</b>
	<b>Kernel</b>
	<b>LPP</b>
	<b>Orange Polska</b>
	<b>OTP Bank</b>
	<b>PKO BP</b>
	<b>Skarbiec Holding</b>

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## Banks

## PKO BP leads the earnings race in Poland...

- Strong profits from PKO BP thanks to accelerated lending may prompt upward revisions to FY2017 consensus.

Alior Bank Michał Konarski	Buy PLN 90.00		Reporting Date 2017-08-10		
(PLN m)	Q2'17E	Q1'17	Q/Q	Y/Y	YTD*
Net interest income	663.6	640.4	4%	49%	46%
Net fee income	141.4	137.3	3%	86%	64%
Total income	908.0	883.3	3%	46%	48%
Operating costs	-495.2	-489.3	1%	72%	52%
Provisioning	-220.1	-211.6	4%	27%	42%
Net income	93.4	82.4	13%	14%	43%

Getin Noble Bank Michał Konarski	Hold PLN 2.14		Reporting Date 2017-08-31		
(PLN m)	Q2'17E	Q1'17	Q/Q	Y/Y	YTD*
Net interest income	329.6	328.8	0%	1%	48%
Net fee income	41.8	39.0	7%	71%	50%
Total income	444.0	355.8	25%	19%	51%
Operating costs	-216.4	-253.8	-15%	1%	55%
Provisioning	-201.6	-203.6	-1%	53%	84%
Net income	21.5	-96.5	n.m.	n.m.	-39%

Handlowy Michał Konarski	Accumulate PLN 85.00		Reporting Date 2017-08-23		
(PLN m)	Q2'17E	Q1'17	Q/Q	Y/Y	YTD*
Net interest income	260.0	254.3	2%	3%	50%
Net fee income	139.7	134.3	4%	0%	47%
Total income	519.8	467.1	11%	-16%	48%
Operating costs	-291.5	-343.0	-15%	-3%	52%
Provisioning	-18.8	-29.4	-36%	-13%	82%
Net income	147.3	42.7	245%	-34%	34%

PKO BP Michał Konarski	Reduce PLN 31.20		Reporting Date 2017-08-28		
(PLN m)	Q2'17E	Q1'17	Q/Q	Y/Y	YTD*
Net interest income	2177.9	2046.0	6%	14%	52%
Net fee income	731.3	710.0	3%	10%	52%
Total income	3197.9	3010.0	6%	-3%	51%
Operating costs	-1414.9	-1563.0	-9%	1%	52%
Provisioning	-406.6	-391.0	4%	2%	43%
Net income	834.1	525.0	59%	-5%	51%

Erste Bank Michał Konarski	Accumulate EUR 35.98		Reporting Date 2017-08-04		
(EUR m)	Q2'17E	Q1'17	Q/Q	Y/Y	YTD*
Net interest income	1094.1	1051.3	4%	-1%	48%
Net fee income	453.1	457.7	-1%	3%	51%
Total income	1611.5	1567.5	3%	-2%	48%
Operating costs	-998.0	-1018.3	-2%	3%	50%
Provisioning	-78.9	-65.8	20%	n.m.	30%
Net income	377.1	262.2	44%	-33%	52%

Komerční Banka Michał Konarski	Accumulate CZK 1,011.37		Reporting Date 2017-08-02		
(CZK m)	Q2'17E	Q1'17	Q/Q	Y/Y	YTD*
Net interest income	5332.3	5165.0	3%	2%	47%
Net fee income	1595.3	1564.0	2%	-7%	46%
Total income	7691.1	7821.0	-2%	-10%	49%
Operating costs	-3220.5	-3160.0	2%	-3%	46%
Provisioning	-320.0	84.0	-	-43%	12%
Net income	3344.8	4081.0	-18%	-12%	58%

OTP BANK Michał Konarski	Accumulate HUF 9,031		Reporting Date 2017-08-11		
(HUF bn)	Q2'17E	Q1'17	Q/Q	Y/Y	YTD*
Net interest income	137.5	132.2	4%	7%	50%
Net fee income	50.5	44.5	13%	16%	53%
Total income	198.1	188.7	5%	8%	51%
Operating costs	-108.0	-100.0	8%	7%	51%
Provisioning	-14.1	-12.5	13%	17%	27%
Net income	69.4	52.8	31%	-3%	58%

\*as a percentage of our full-year forecast

## OTP Bank excels in CEE ranks

- OTP is set to report increasing NII, low reserves, and negative goodwill not factored into our estimates.

- NIM expansion by 8bps q/q.
- A small, 1.2% q/q rise in operating costs, driven by restructuring and regulatory charges.
- Fee income growth by a further 3.0%.
- A 4% q/q expansion in risk reserves leaving cost of risk stable at 168bps.

- A one-time boost of ca. PLN 100m derived from investment fund merger.
- Flat NII generated on slow lending.
- A 52% q/q surge in one-time losses.
- Stable provisioning at PLN 202m.
- Weak trading income at just about PLN 11m.

- Solid 4.0% q/q growth in volumes and NIM expansion by 4bps.
- Normalized trading income supported by dividends (+50%).
- Operating costs reduced to PLN 291.5m.
- A drop to PLN 18.8m in provisioning thanks to improved corporate loan quality.

- A robust, 6.4% q/q rise in NII coupled with a 3.0% upswing in fee income.
- Accelerated sales of retail loans.
- A 4.5% increase in core operating costs.
- 4.0% q/q growth in risk reserves resulting in a 3bp increase in cost of risk.
- FY2017 consensus may go up after the Q2 announcement.

- Net income at EUR 377.1m
- Increased NII led by accelerated lending.
- A 2% q/q reduction in operating costs.
- A 20% decrease to EUR 78.9m in risk reserves.
- Banking tax cut by 50% y/y.
- Q2 results consistent with the FY2017 guidance.

- A 3.2% q/q gain in quarterly NII accompanied by a 2% increase in fee income.
- NIM tightened by 5bps to 2.06%.
- Cost of risk at 21bps after CZK 320m reversals.
- A 2% rise in operating costs from a low Q1 base.

- A 4.0% q/q jump in net interest income accompanied by a 13.3% surge in fee income.
- Profits reinforced by the first full-quarter contribution from Croatian acquisition Splitska Banka.
- A HUF 3bn dividend boost from MOL.
- Provisioning normalized at HUF 14bn after a 13% rise from Q1.
- Anticipating a one-time negative goodwill boost of ca. HUF 10bn on the Splitska acquisition.

## Financial Services

### Skarbiec Holding delivers a strong second quarter

- A high success fee of PLN 9m will boost Skarbiec's Q2 profit and the 2018 dividend base.

<b>PZU</b>		<b>Buy</b>		<b>Reporting Date</b>	
<b>Michał Konarski</b>		<b>PLN 51.83</b>		<b>2017-08-31</b>	
<b>(PLN m)</b>	<b>Q2'17E</b>	<b>Q1'17</b>	<b>Q/Q</b>	<b>Y/Y</b>	<b>YTD*</b>
GWP	5854.7	5768.0	2%	16%	55%
Non-Life	3650.0	2799.1	2%	21%	48%
Life	2122.0	2000.1	1%	8%	51%
Claims	-3561.5	-3711.0	-4%	15%	55%
Costs	-1126.7	-1088.0	6%	21%	46%
Income from banks	292.3	118.0	148%	n.m.	20%
Underwriting profit	499.1	273.0	4%	47%	47%
Investment income	245.8	983.0	-75%	-	56%
Pre-tax income	937.1	1259.0	-26%	160%	44%
Net income	450.4	940.0	-52%	138%	51%

<b>Kruk</b>		<b>Sell</b>		<b>Reporting Date</b>	
<b>Michał Konarski</b>		<b>PLN 219.64</b>		<b>2017-09-06</b>	
<b>(PLN m)</b>	<b>Q2'17E</b>	<b>Q1'17</b>	<b>Q/Q</b>	<b>Y/Y</b>	<b>YTD*</b>
Total revenue	265.1	254.2	4%	47%	55%
Purchased Debt	243.7	232.7	5%	46%	53%
Collection Svcs	16.0	15.8	1%	109%	102%
Dir. & indir. costs	112.4	97.5	15%	26%	50%
Gross profit	152.6	156.8	-3%	67%	58%
Operating profit	117.8	121.3	-3%	92%	64%
Pre-tax income	97.1	81.6	19%	89%	59%
Net income	95.4	80.1	19%	89%	63%

<b>Prime Car Man.</b>		<b>Buy</b>		<b>Reporting Date</b>	
<b>Michał Konarski</b>		<b>PLN 46.43</b>		<b>2017-09-07</b>	
<b>(PLN m)</b>	<b>Q2'17E</b>	<b>Q1'17</b>	<b>Q/Q</b>	<b>Y/Y</b>	<b>YTD*</b>
Lease revenue	36.2	35.9	1%	-1%	46%
Leasing fees	65.9	65.1	1%	11%	52%
Interest revenue	12.9	12.4	4%	18%	50%
Total revenue	150.1	148.4	1%	4%	50%
Service costs	54.8	54.2	1%	7%	52%
Total costs	137.0	132.9	3%	3%	49%
Remarketing	3.2	3.5	-1%	-3%	42%
Net income	10.6	12.2	-13%	14%	55%

<b>Skarbiec Holding</b>		<b>Buy</b>		<b>Reporting Date</b>	
<b>Michał Konarski</b>		<b>PLN 46.28</b>		<b>2017-08-31</b>	
<b>(PLN m)</b>	<b>FQ4'16E</b>	<b>FQ3'16</b>	<b>Q/Q</b>	<b>Y/Y</b>	<b>YTD*</b>
Total revenue	31.0	31.1	-1%	71%	126%
Management fee	19.5	17.5	12%	26%	103%
Success fee	9.1	11.4	-20%	553%	223%
Total costs	-19.7	-20.1	-2%	38%	122%
Distribution costs	-10.1	-9.0	12%	40%	116%
Payroll	-5.0	-5.6	-10%	63%	129%
Pre-tax income	11.3	10.7	6%	168%	133%
Net income	9.0	8.5	7%	170%	131%

\*as a percentage of our full-year forecast

### A slowdown at PZU

- Weak investment income will drag the Q2 bottom line, but otherwise PZU will report solid growth across all other key P&L lines.

- 1.5% q/q and 15.7% y/y expansion in gross written premiums.
- The GWP expansion led most notably by Non-Life, where premiums are expected to grow 21.2% y/y and 2% q/q.
- Net earned premiums lifted by 2.3% q/q and 11.1% y/y.
- A 4.0% q/q fall in claims owed primarily to Life.
- Investment income (ex. banks) bolstered to PLN 245.8m.
- A 3.6% increase in ex-banks operating costs.
- Consolidated profits boosted by two months'-worth of Bank Pekao earnings post acquisition.

- Kruk reported Q2 collections of PLN 337.7m and portfolio expenditures on PLN 3.5bn-worth of debt of PLN 292m (with the average price at 8.3%).
- Gross profit in Q2 will show small 2.6% contraction from Q1 as court fees weighed.
- Financing costs reduced to PLN 21m from PLN 40m the quarter before thanks to more favorable FX trends.
- Effective tax rate in the quarter at 1.7%.

- PCM added 327 vehicles to its lease fleet in Q2, a slowdown from 375 in Q1.
- The slower pace of car acquisition will result in improved margins on finance and operating leases.
- Q2 remarketing profit stabilized at PLN 3.25m vs. PLN 3.55m in Q1.
- A 10% q/q surge to PLN 27.8m leaving the quarterly D&A expenses safely below the PLN 29m long-term average.
- YTD earnings will meet the targets triggering management incentives.

- Fourth quarter of fiscal 2016/2017 set to bring 8.1% q/q growth in high-margin AUM.
- The management fee is expected to show a q/q surge of 11.8%
- Success fee at an estimated PLN 9.1m
- Total costs likely to show a 1.6% q/q reduction thanks to lower regulatory charges.
- Net income soaring 6.8% q/q and 170% y/y at an estimated PLN 9.0m.

## Gas & Oil, Chemicals

### Another strong quarter in Downstream

- Q2 refinery profits were supported by high margins on oil products and petrochemicals. At LTS the positive trends were offset by maintenance costs. PGN posting y/y growth due to oil price trends and a higher distribution volume.

Ciech		Buy		Reporting Date	
Jakub Szkopek		PLN 82.00		24 August	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	885.5	867.1	2%	3658.0	49%
EBITDA	191.4	250.2	-24%	763.3	50%
EBITDA margin	21.6%	28.9%		20.9%	
EBIT	132.4	194.0	-32%	504.0	51%
Pre-tax profit	122.5	202.2	-39%	504.0	49%
Net income	96.6	161.9	-40%	357.1	54%

Grupa Azoty		Buy		Reporting Date	
Jakub Szkopek		PLN 74.30		2017-08-24	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	2316.4	2158.2	7%	9693.7	52%
EBITDA	277.1	177.9	56%	1203.7	60%
EBITDA margin	12.0%	8.2%		12.4%	
EBIT	148.5	48.7	205%	684.1	68%
Pre-tax profit	143.7	62.6	130%	643.6	72%
Net profit	109.9	44.4	148%	494.7	68%

Polwax		Buy		Reporting Date	
Kamil Kliszcz		PLN 25.95		2017-09-06	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	68.5	62.9	9%	310.8	41%
EBITDA	6.1	6.4	-5%	35.7	33%
EBIT	4.9	5.2	-6%	31.0	31%
Financing activity	0.0	0.1	-	-0.8	53%
Net income	4.0	4.3	-7%	24.5	30%

Synthos		Sell		Reporting Date	
Jakub Szkopek		PLN 3.72		2017-08-29	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	1508.1	1105.0	36%	6797.3	50%
EBITDA	218.4	191.0	14%	930.9	67%
EBITDA margin	14.5%	17.3%		13.7%	
EBIT	149.9	142.0	6%	656.6	76%
Pre-tax profit	113.0	84.0	34%	571.5	99%
Net profit	96.0	58.0	66%	480.5	96%

Lotos		Sell		Reporting Date	
Kamil Kliszcz		PLN 36.27		2017-08-17	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	5246.9	4969.0	6%	25999	41%
LIFO EBITDA adj.	648.2	546.4	19%	1897.4	70%
LIFO effect					
EBITDA	448.9	810.2	-45%	1893.7	66%
EBIT	199.2	550.6	-64%	890.9	87%
Financing activity	98.9	-150.6	-	-218.8	-
Net income	232.5	225.8	3%	589.9	109%

MOL		Reduce		Reporting Date	
Kamil Kliszcz		HUF 18,970		2017-08-04	
(HUF bn)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	968.8	915.1	6%	4375.6	44%
LIFO EBITDA adj.	178.8	158.5	13%	549.7	65%
LIFO effect	-12.0	21.4	-	29.5	4%
EBITDA	166.7	179.9	-7%	579.2	62%
EBIT	95.6	101.1	-5%	275.3	78%
Financing activity	-0.3	0.0	-	-22.7	44%
Net income	71.9	79.1	-9%	171.4	97%

PGNiG		Buy		Reporting Date	
Kamil Kliszcz		PLN 7.25		2017-08-18	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	7843.9	6369.0	23%	35906	54%
EBITDA adj.	1639.6	1410.0	16%	7131.8	62%
EBITDA	1609.6	738.0	118%	7131.8	61%
EBIT	951.7	73.0	-	4477.8	68%
Financing activity	27.7	-109.0	-	-183.4	-
Net income	756.4	-115.0	-	3080.7	76%

\*as a percentage of our full-year forecast

### A mixed season in Chemicals

- Ciech Soda and Grupa Azoty on track to meeting the full-year market expectations after H1. Synthos expected to post a sharp drop in Q2 earnings relative to the previous quarter.
- Ciech is expected to post a small reduction in soda ash feedstock costs in Q2. A temporary plant shutdown may have depressed the quarterly soda sales by about 10kt.
- After a projected 14% y/y drop in clean Q2 EBITDA, Ciech will have fulfilled about 50% of our full-year forecast in H1.
- By operating segment, we expect to see a rebound in EBITDA in Plastics to an estimated PLN 89.7m from a PLN 12.7m year-ago loss, accompanied by a flat operating profit in Chemicals and a 31.3% slump in Fertilizers.
- Overall, Grupa Azoty will deliver its first year-over-year earnings growth in five quarters
- We hope the Company will address the possible impact on 2018 of the rising prices of wheat during the Q2 earnings call.
- Cheap crude drives the supply of slack wax, putting pressure on paraffin prices and hence on Polwax's sales margins in the candle segment.
- In Q2 the pressure should be offset by higher margins on industrial products.
- With ytd EBITDA at just 33% of our FY forecast (39% in H116), we may have to adjust expectations post Q2.
- Synthos is set to register a 46% quarter-on-quarter fall in EBITDA in Q2 2017 due to worsened fundamentals in synthetic rubber and tighter margins on styrenics.
- We think the market will revise its quarterly EBITDA expectations to about PLN 200m after the Q2 results.
- We anticipate a 22% y/y fall in Q2 Upstream EBITDA in line with downward-trending crude prices.
- LIFO EBITDA in Downstream is set to be flat at the quarter-before level of PLN 418m (lower margins offset by higher volumes), but the reported figure will be depressed by a PLN 114m downward inventory adjustments and PLN 130m maintenance costs.
- The bottom-line profit will receive a PLN 140m boost from FX gains and hedging.
- Anticipating a small decline in Q2 Upstream EBITDA to ca. HUF 61bn from HUF 63.5bn in Q1 due to lower crude prices, mitigated by hiked prices of regulated gas sales.
- Downstream CCS EBITDA will likely be flat q/q at less than HUF 58bn with positive seasonal effects offset by maintenance downtime. Retail EBITDA will show a y/y increase of 15%, and in Petrochemicals we anticipate improvement from Q1 thanks to higher margins.
- Q2 inventory adjustments producing a HUF 12bn charge.
- EBITDA at PLN 0.79bn will show a drop from PLN 1.4bn in Q1 led by seasonality, tighter volumes, and lower prices of crude and natgas, but it will top the year-ago figure by PLN 80m thanks to higher prices.
- Trade EBITDA will post y/y growth to PLN 3m from PLN -42m thanks to higher volumes.
- Greater distribution volumes will drive the segmental EBITDA to ca. PLN 0.7bn.



## Utilities & Resources

### Delivering 53% of FY forecasts

- The utilities sector will fulfill 53% of our FY2017 EBITDA forecast in H1 after 12% y/y growth in Poland owed mainly to higher trading margins.

CEZ Kamil Kliszcz	Accumulate CZK 453.01		Reporting Date 2017-08-08		
(CZK m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	47194	47020	0%	205143	49%
EBITDA adj.	12189	13094	-7%	56448	54%
EBITDA	12189	13094	-7%	56448	56%
EBIT	4692	5031	-7%	26587	61%
Financing activity	3229	-125	-	-1795	-
Net income	6416	3753	71%	18415	81%

Enea Kamil Kliszcz	Hold PLN 12.60		Reporting Date 2017-09-07		
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	2757.2	2662.7	4%	11444	48%
EBITDA adj.	644.1	559.2	15%	2611.5	52%
EBITDA	644.1	538.2	20%	2611.5	50%
EBIT	345.6	221.9	56%	1416.0	51%
Financing activity	-31.0	-1.1	-	-113.4	9%
Net income	242.1	169.8	43%	934.0	58%

Energa Kamil Kliszcz	Accumulate PLN 13.20		Reporting Date 2017-08-09		
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	2467.2	2316.0	7%	10569	49%
EBITDA adj.	488.0	448.0	9%	2019.1	53%
EBITDA	535.0	445.4	20%	2019.1	56%
EBIT	290.0	-35.0	-	1040.1	62%
Financing activity	-54.0	-103.0	-	-137.6	20%
Net income	191.1	-127.0	-	725.0	69%

PGE Kamil Kliszcz	Buy PLN 14.46		Reporting Date 2017-08-08		
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	5398.6	6533.0	-17%	22391	50%
EBITDA adj.	1439.1	1318.0	9%	6824.0	49%
EBITDA	1439.1	1321.0	9%	6824.0	50%
EBIT	692.1	-171.0	-	4135.6	46%
Financing activity	-55.0	-107.0	-	-277.5	43%
Net income	523.3	-324.0	-	3119.9	48%

Tauron Kamil Kliszcz	Hold PLN 3.67		Reporting Date 2017-08-17		
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	4147.7	4295.8	-3%	17533	50%
EBITDA adj.	898.8	774.9	16%	3745.8	51%
EBITDA	898.8	780.5	15%	3745.8	56%
EBIT	488.6	-322.3	-	2087.0	60%
Financing activity	-28.9	-56.6	-	-176.5	-
Net income	372.4	-319.8	-	1528.4	66%

KGHM Jakub Szkopek	Buy PLN 132.22		Reporting Date 2017-08-17		
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	4842.1	4544.0	7%	21558	45%
EBITDA	1168.6	1075.0	9%	6398.7	43%
EBITDA margin	24.1%	23.7%	-	29.7%	-
EBIT	738.6	662.0	12%	4632.3	42%
Net profit	-18.2	135.0	-	3340.3	11%

\*as a percentage of our full-year forecast

### A strong quarter at KGHM

- Thanks to positive EBITDA from Sierra Gorda and higher molybdenum production, KGHM will post single-digit EBITDA growth in Q2.
- Anticipating a y/y drop by ca. CZK 1bn to CZK 3.8bn in the quarterly EBITDA due to lower effective sales prices.
- EBITDA in Renewables will increase by CZK 0.2bn to CZK 1.1bn after recovery in Romania and acquisitions.
- Distribution EBITDA will be flat at CZK 4.7bn, and Trade EBITDA will post y/y shrinkage of CZK 0.2bn to CZK 1.1bn under downward pressure on margins. We expect to see a one-time gain on the MOL investment.
- Q2 Generation EBITDA will register a y/y boost of PLN 70m thanks to a PLN 60m contribution from the March acquisition Engie Polska, coupled with higher earnings on heat.
- EBITDA results in Distribution and Mining will be comparable to the respective year-ago levels at ca. PLN 260m and PLN 133m.
- Trade EBITDA is set to soar from PLN 33m to PLN 58m thanks to reduced costs of green certificates.
- Energa's preliminary Q2 EBITDA guidance showed a PLN 47m one-time boost from the investment in PXM.
- Distribution EBITDA is set to be lower than last year due to higher costs and scheduled maintenance.
- Trade EBITDA should recover from Q1 but will be below market averages due to high costs of renewable energy.
- Generation EBITDA will be double the year-ago figure thanks to a lack of maintenance downtime.
- Predicting a PLN 55m y/y increase in adjusted Generation EBITDA thanks to higher volumes.
- Trade EBITDA will show further acceleration at an estimated PLN 162m (vs. PLN 69m in Q2'16) owe to lower costs of green certificates.
- Distribution EBITDA will expand by some PLN 20m on a growing RAB.
- We expect a q/q rebound in Mining EBITDA to PLN 30m on improved volumes and margins.
- Generation EBITDA will decrease to PLN 112m in line with seasonal trends underpinned by higher emission costs.
- Distribution EBITDA lower than the year-ago figure at an estimated PLN 602m due to an increase in OPEX.
- Trade EBITDA will show further acceleration to ca. PLN 146m (vs. PLN 113m in Q2'16) driven by reduces costs of renewables.
- Q2 profits supported by a y/y upturn in the zloty prices of copper and the dollar prices of molybdenum. Sierra Gorda produced roughly 145% more molybdenum than in Q2'16.
- Our Q2 EBITDA estimate is net of one-time FX effects and includes contributions from Sierra Gorda.
- Net profit will be depressed by FX loan adjustments reflecting the zloty's appreciation vs. the dollar, producing a charge against net profit to the tune of PLN 553m.

## TMT

Netia	Accumulate			Reporting Date	
Paweł Szpigel	PLN 4.90			2017-08-02	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	362.3	386.9	-6%	1444.7	50%
EBITDA	96.5	114.8	-16%	390.4	49%
EBITDA margin	26.6%	29.7%		27.0%	
EBIT	18.3	12.7	44%	12.3	272%
Pre-tax profit	14.6	11.7	25%	1.9	-
Net profit	11.8	23.7	-50%	1.5	-

Orange Polska	Buy			Reporting Date	
Paweł Szpigel	PLN 7.10			2017-07-26	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	2841.4	2903.0	-2%	11370	50%
EBITDA	807.1	824.0	-2%	2955.3	
EBITDA margin	28.4%	28.4%		26.0%	-
EBIT	168.1	142.0	18%	368.9	75%
Pre-tax profit	97.5	46.0	112%	94.7	143%
Net profit	80.0	17.0	370%	76.8	144%

Agora	Buy			Reporting Date	
Paweł Szpigel	PLN 18.80			2017-08-11	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	283.1	296.2	-4%	1216.8	48%
EBITDA	24.9	22.9	9%	119.3	44%
EBITDA margin	8.8%	7.7%		9.8%	
EBIT	0.6	-1.3	-	21.8	19%
Pre-tax profit	-0.7	-1.3	-	15.6	2%
Net profit	0.0	-5.5	-	1.5	-

Cyfrowy Polsat	Reduce			Reporting Date	
Paweł Szpigel	PLN 22.30			2017-08-24	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	2454.4	2442.9	0%	9649.7	50%
EBITDA	947.5	935.0	1%	3484.8	54%
EBITDA margin	38.6%	38.3%		36.1%	
EBIT	475.2	407.5	17%	1634.9	57%
Pre-tax profit	353.2	252.1	40%	1153.8	57%
Net profit	308.2	237.7	30%	934.6	63%

Wirtualna Polska	Accumulate			Reporting Date	
Paweł Szpigel	PLN 61.00			2017-08-29	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	111.8	100.8	11%	471.4	46%
EBITDA	34.5	32.4	6%	148.8	37%
EBITDA margin	30.8%	32.1%		31.6%	
EBIT	22.4	22.3	0%	102.2	30%
Pre-tax profit	17.9	16.9	6%	96.0	23%
Net profit	12.9	13.4	-4%	77.7	18%

Asseco Poland	Reduce			Reporting Date	
Paweł Szpigel	PLN 44.80			2017-08-23	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	1963.0	1926.2	2%	8576.9	47%
EBITDA	226.5	239.9	-6%	1041.0	45%
EBITDA margin	11.5%	12.5%		12.1%	
EBIT	145.4	176.4	-18%	741.4	42%
Pre-tax profit	125.4	174.9	-28%	741.4	34%
Net profit	51.2	77.3	-34%	272.6	41%

Comarch	Hold			Reporting Date	
Paweł Szpigel	PLN 205.00			2017-08-31	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	263.3	273.3	-4%	1257.3	40%
EBITDA	30.6	39.5	-23%	181.3	19%
EBITDA margin	11.6%	14.5%		14.4%	
EBIT	13.8	15.9	-13%	117.1	19%
Pre-tax profit	13.8	15.9	-13%	118.5	19%
Net profit	11.8	5.6	112%	80.6	21%

CD Projekt	Sell			Reporting Date	
Piotr Bogusz	PLN 43.40			2017-09-06	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	103.5	232.0	-55%	377.5	54%
EBITDA	50.4	125.4	-60%	176.8	60%
EBITDA margin	48.7%	54.0%		46.8%	
EBIT	48.8	124.5	-61%	169.5	61%
Pre-tax profit	49.1	127.3	-61%	177.7	60%
Net profit	40.1	102.1	-61%	144.8	59%

\*as a percentage of our full-year forecast

- Anticipating a 13% slump in revenue from direct voice services, driven by an erosion of the regulated customer base (to 464 thousand lines at 30 June 2017 from 554,000 in June 2016).
  - Gross margin at 34.7%.
  - SG&A at a stable level vs. Q2'16.
  - EBITDA expected to show a y/y slump of nearly 16%.
- Fixed line will drive Q2 revenue slightly lower than a year ago.
  - A less aggressive pricing and customer acquisition strategy will result in worsened mobile KPIs coupled with a y/y decrease in selling costs and a slowdown in EBITDA contraction to an annual rate of 2.1% from 13.8% in Q1.
- Anticipating a y/y boost of PLN 2.1m in the segment of Movies & Books driven by 30% higher cinema attendance,
  - Press EBITDA will grow by an estimated PLN 1m to PLN 3.5m in spite of a 20%-slump in average daily newspaper sales.
- Q2 revenue will be stable y/y thanks to higher sales of mobile devices (at ca. PLN 244m vs. PLN 191m in Q2'16).
  - Costs (ex. D&A) will be kept stable at PLN 1,507m vs. PLN 1,515m last year in spite of higher interoperator charges.
  - Profits will be strengthened by accounting effects.
- Predicting a 13% y/y increase to PLN 104m in Q2 2017 cash revenue.
  - The topline growth was driven mainly by the lower-margin e-commerce business (Domodi + Allani).
  - The TV project cost an estimated PLN 3.0m in Q2.
  - EBITDA after adjustments (incl. for the TV costs) will show y/y growth of just 6% at a projected PLN 37.7m.
- Continued slump in the Polish business means a 50% drop in Q2 EBIT from PLN 47m in 2016 to PLN 22m in 2017.
  - The slowdown at home is 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.
  - Further contraction in the profits of Sapiens.
- Q2 revenue will show 4% contraction due to a sustained deadlock in public IT investment and negative base effects on sales of telecom solutions.
  - The gross margin is expected to fall to 24% on higher labor costs.
  - SG&A will be stable year over year. There will be a PLN 9m one-time gain on a footballer transfer.
- Q2 profits will show a sharp downturn from a high year-ago base boosted by the release of a *The Witcher* add-on.
  - Revenues will be maintained at a relatively high level thanks to high sales of the GOTY edition of *The Witcher*.

## Industrials

Alumetal	Overweight			Reporting Date	
Jakub Szkopek				2017-08-21	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	425.5	318.1	34%	1608.0	50%
EBITDA	20.5	30.8	-34%	96.0	48%
EBITDA margin	4.8%	9.7%		6.0%	
EBIT	12.2	25.7	-52%	64.9	48%
Net profit	13.8	26.6	-48%	61.1	50%

Amica	Neutral			Reporting Date	
Jakub Szkopek				2017-09-29	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	608.9	581.5	5%	2598.3	46%
EBITDA	41.2	41.1	0%	206.0	45%
EBITDA margin	6.8%	7.1%		7.9%	
EBIT	28.9	30.1	-4%	156.0	43%
Net profit	21.4	21.3	1%	113.8	41%

Apator	Overweight			Reporting Date	
Jakub Szkopek				2017-08-31	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	244.8	222.5	10%	946.8	49%
EBITDA	36.7	29.1	26%	143.7	49%
EBITDA margin	15.0%	13.1%		15.2%	
EBIT	28.1	20.5	37%	108.2	48%
Net profit	21.0	13.8	52%	80.2	47%

Borszew	Underweight			Reporting Date	
Jakub Szkopek				2017-08-30	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	1648.9	1388.1	19%	6478.9	50%
EBITDA	141.3	115.6	22%	488.1	55%
EBITDA margin	8.6%	8.3%		7.5%	
EBIT	106.8	88.6	21%	354.0	57%
Net profit	62.1	31.4	98%	193.7	66%

Elemental	Overweight			Reporting Date	
Jakub Szkopek				2017-09-29	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	292.0	255.4	14%	1431.9	45%
EBITDA	17.8	21.1	-16%	89.6	44%
EBITDA margin	6.1%	8.3%		7.5%	
EBIT	15.5	19.0	-19%	77.3	45%
Net profit	11.2	18.2	-39%	56.0	41%

Ergis	Overweight			Reporting Date	
Jakub Szkopek				2017-09-07	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	190.0	177.8	7%	736.8	51%
EBITDA	16.9	16.9	0%	62.8	54%
EBITDA margin	8.9%	9.5%		8.5%	
EBIT	11.2	10.5	7%	38.7	58%
Net profit	8.0	8.5	-5%	26.7	62%

Famur	Buy			Reporting Date	
Jakub Szkopek	PLN 6.95			2017-08-31	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	256.5	285.5	-10%	1458.9	33%
EBITDA	63.6	63.4	0%	317.4	43%
EBITDA margin	24.8%	22.2%		27.0%	
EBIT	33.6	31.4	7%	137.0	55%
Net profit	24.5	22.3	10%	121.2	51%

Forte	Neutral			Reporting Date	
Jakub Szkopek				2017-09-14	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	262.0	240.3	9%	1160.4	48%
EBITDA	37.4	33.3	12%	172.0	49%
EBITDA margin	14.3%	13.9%		14.8%	
EBIT	31.5	27.7	14%	148.1	49%
Net profit	22.3	19.8	13%	107.4	50%

\*as a percentage of our full-year forecast

- Anticipating a 26% surge to 50.6kt in Q2 sales volumes, offset by a 47% slump in the average per-tonne EBITDA.
- Sentiment post Q2 will be shaped by the Management's response to increasing competition.

- Amica is expected to post slow, 5% y/y revenue growth in Q2, driven by Russia (+10%), offset by a slowdown in UK revenues due to a weakened pound.
- The outlook beyond Q2 will be shaped by rising costs of commodities and labor.

- We expect significant improvement in Q2 owed to the completion of a major delivery to Ethiopia and a lack of losses from Apator Rector. Nevertheless, the quarterly results are not likely to affect our PLN 80m full-year net profit estimate. Apator may be due for impairment tests on investments in Apator Rector and Elkomtech.

- Borszew is expected to report a strong, 0% y/y increase in Q2 2017 revenue thanks to higher prices of non-ferrous metals and an acceleration in sales of automotive parts.
- The market's focus will be on the profitability of automotive and ytd fulfillment of the PLN 540m EBITDA guidance.

- Elemental will post double-digit revenue growth in Q2 driven by higher sales volumes of recycled metals, catalysts, and WEEE.
- EBITDA will increase relative to the previous quarter, but it will show contraction from a high year-ago base.

- Ergis released preliminary 2017 first-half results consistent with our expectations.
- Based on the H1 estimates, the Company fulfilled 50% of our full-year earnings forecasts through 30 June.

- Famur's revenue in Q2 2017 increased by an estimated 13% from the previous quarter. Based on known contract deadlines, the Company will see accelerated growth in the second half of the year.
- Q2 EBITDA is expected to be stable compared to the same period last year, but profit margins will be higher thanks to less intense competition.

- Forte will report a rebound in revenue in Q2 from a slow Q1.
- The Company's leverage is increasing as it builds a new production plant.



## Industrials

Impexmetal				Reporting Date	
Jakub Szkopek				2017-08-25	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	845.3	734.2	15%	3233.9	52%
EBITDA	63.0	61.1	3%	233.9	50%
EBITDA margin	7.5%	8.3%		7.2%	
EBIT	48.8	47.9	2%	178.3	50%
Net profit	38.1	36.0	6%	130.7	51%

Kernel	Accumulate			Reporting Date	
Jakub Szkopek	PLN 73.90			2017-10-23	
(USD m)	Q4'17E	Q4'16	Y/Y	2017E	YTD
Revenue	541.4	382.3	42%	2199.7	-4%
EBITDA	65.1	48.1	35%	348.1	-2%
EBITDA margin	12.0%	12.6%			
EBIT	51.2	33.3	54%	293.2	0%
Net profit	43.2	-7.5	-	235.7	10%

Kęty	Hold			Reporting Date	
Jakub Szkopek	PLN 387.90			2017-08-03	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	675.0	564.2	20%	2462.2	52%
EBITDA	112.0	101.1	11%	410.5	52%
EBITDA margin	16.6%	17.9%		17.0%	
EBIT	82.0	75.4	9%	290.1	52%
Net profit	66.0	89.4	-26%	250.5	48%

Kruszwica		Neutral		Reporting Date	
Jakub Szkopek				2017-09-15	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	535.0	530.8	1%	2539.4	46%
EBITDA	23.2	5.6	313%	127.2	34%
EBITDA margin	4.3%	1.1%		5.0%	
EBIT	15.7	-1.9	-	97.0	28%
Net profit	12.6	-2.3	-	77.9	27%

Mangata		Neutral		Reporting Date	
Jakub Szkopek				2017-10-02	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	156.2	150.9	4%	643.2	49%
EBITDA	23.2	21.5	8%	97.9	48%
EBITDA margin	14.9%	14.2%		15.2%	
EBIT	17.0	16.0	6%	72.9	47%
Net profit	13.1	13.0	0%	55.2	45%

Pfleiderer Group	Overweight			Reporting Date	
Jakub Szkopek	2017-08-23				
(EUR m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	252.7	242.9	4%	973.7	52%
EBITDA	38.7	31.5	23%	155.4	45%
EBITDA margin	15.3%	13.0%		16.0%	
EBIT	20.6	13.5	53%	84.5	39%
Net profit	9.3	2.8	230%	47.2	42%

Stelmet	Buy			Reporting Date	
Jakub Szkopek	PLN 30.50			2017-08-28	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	196.7	217.2	-9%	558.1	76%
EBITDA	28.6	49.7	-42%	80.1	65%
EBITDA margin	14.5%	22.9%		14.0%	
EBIT	19.6	44.4	-56%	40.8	64%
Net profit	17.8	32.5	-45%	38.8	73%

Tarczyński		Neutral		Reporting Date	
Jakub Szkopek				2017-08-11	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	179.5	153.9	17%	733.4	48%
EBITDA	12.1	11.5	6%	49.6	48%
EBITDA margin	6.8%	7.4%		6.8%	
EBIT	5.5	5.0	11%	22.8	45%
Net profit	3.0	2.9	3%	12.7	42%

\*as a percentage of our full-year forecast

- On 1% higher volumes, Impexmetal is expected to generate 15% y/y revenue growth in Q2 led by higher prices of non-ferrous metals.
- The aluminum and battery recycling segments will post higher EBITDA figures, but the overall earnings growth will be dampened by negative base effects.

- We expect to see adjustments to biological assets in the crops segment in Q2 which will bring the quarterly EBITDA to \$25m. FX gains of an estimated \$4.3m owed to the hryvnia's appreciation vs. the dollar will provide another boost to profits.

- Kęty released preliminary Q2 2017 earnings estimates consistent with our expectations.
- After a strong first half of the year, there may be expectations for a FY2017 guidance upgrade.

- Sales volumes in Q2 fell by an estimated 5% y/y due to a lower supply of rapeseed material.
- Base effects will support growth in the quarterly results.
- Going forward the market will focus on whether this year's rapeseed harvest can ease the supply pressures.

- Mangata increased sales of industrial valves by an estimated 2% in Q2, with sales of automotive solutions up by ca. 5% year over year.
- The annual rate of profit growth will be stemmed by negative base effects.

- Pfeiderer is expected to report increasing sales volumes in Q2 2017, coupled with positive base effects.
- Future prospects depend on whether the Company has been able to raise sales prices.

- Stelmet increased sales of garden structures by an estimated 3% in Q2, thanks mainly to higher volumes sold in France and Germany.
- Profits will be affected by the zloty's appreciation vs. the British pound. We expect one-time FX gains of PLN 2.3m.

- Revenues will show further y/y acceleration to 15%.
- Profits will be negatively impacted by higher prices of fresh meat, but this will be mitigated by positive base effects.
- Net debt as of 30 June 2017 is expected to approximate PLN 170m (3.7x 12M EBITDA).

## Industrials

<b>Vistal</b> <b>Jakub Szkopek</b>	<b>Neutral</b>			<b>Reporting Date</b> <b>2017-09-15</b>	
<b>(PLN m)</b>	<b>Q2'17E</b>	<b>Q2'16</b>	<b>Y/Y</b>	<b>2017E</b>	<b>YTD*</b>
Revenue	124.5	122.1	2%	487.4	51%
EBITDA	8.6	14.2	-39%	40.0	43%
EBITDA margin	6.9%	11.6%		8.2%	
EBIT	4.5	10.4	-57%	24.2	37%
Net profit	2.9	7.7	-63%	11.9	48%

- Vistal will grow revenue in Q2 thanks to a higher backlog. At the same time, the Company will generate lower profits due to a higher share of low-margin infrastructure and building contracts.
- Reactions to the Q2 announcement may be negative if Vistal's debt increased during the second quarter.

## Construction

### A lackluster quarter ahead of H2 acceleration

- Polish builders are expected to report lackluster second-quarter results ahead of a rebound in the following quarters driven by growing backlogs.

<b>Elektrobudowa</b> <b>Piotr Zybala</b>	<b>Buy</b> <b>PLN 146.00</b>			<b>Reporting Date</b> <b>2017-08-31</b>	
<b>(PLN m)</b>	<b>Q2'17E</b>	<b>Q2'16</b>	<b>Y/Y</b>	<b>2017E</b>	<b>YTD*</b>
Revenue	280.7	313.4	-10%	970.7	44%
Gross profit	24.3	36.5	-33%	85.9	39%
EBITDA	21.3	24.2	-12%	73.7	34%
EBIT	17.8	20.9	-15%	59.1	31%
margin	6.3%	6.7%		6.1%	
Pre-tax income	18.8	26.2	-28%	62.7	29%
Net income	14.6	21.3	-31%	48.9	27%

- The H1 results of railway construction firms (Trakcja, Torpol, ZUE) may show net losses.

<b>Erbud</b> <b>Piotr Zybala</b>	<b>Accumulate</b> <b>PLN 33.50</b>			<b>Reporting Date</b> <b>2017-09-05</b>	
<b>(PLN m)</b>	<b>Q2'17E</b>	<b>Q2'16</b>	<b>Y/Y</b>	<b>2017E</b>	<b>YTD*</b>
Revenue	460.9	446.3	3%	1902.7	42%
Gross profit	30.4	28.4	7%	128.6	43%
EBITDA	10.4	26.6	-61%	60.6	27%
EBIT	7.9	23.4	-66%	48.5	24%
margin	1.7%	5.2%		2.6%	
Pre-tax income	6.9	-11.6	-	43.5	17%
Net income	5.4	-18.2	-	31.8	18%

- Q2 profits will show a pickup from a slow Q1 thanks to completion of delayed contracts.
- Nevertheless, EBITDA and net profit will log respective y/y falls of 12% and 31%.
- Regardless, we are keeping our FY net profit estimate firmly at PLN 49m.

<b>Unibep</b> <b>Piotr Zybala</b>	<b>Accumulate</b> <b>PLN 12.80</b>			<b>Reporting Date</b> <b>2017-08-28</b>	
<b>(PLN m)</b>	<b>Q2'17E</b>	<b>Q2'16</b>	<b>Y/Y</b>	<b>2017E</b>	<b>YTD*</b>
Revenue	383.0	280.1	37%	1496.8	43%
Gross profit	19.5	18.1	8%	101.2	37%
EBITDA	10.9	9.7	12%	63.2	29%
EBIT	8.5	7.6	13%	54.6	25%
margin	2.2%	2.7%		3.7%	
Pre-tax income	11.5	10.7	8%	54.6	30%
Net income	9.1	8.8	4%	41.7	35%

- After a slow second quarter, Erbud's net profit for H1 2017 will fulfill less than 20% of our full-year forecast. However, looking at the H2 contract schedule, we believe the Company can still meet our expectations this year.
- Gross profit in the second quarter will likely show flat growth from the same period in 2016, and EBIT and net profit will show decreases from an inflated year-ago base.

- We anticipate a 4% rise in Q2 revenue, led by the segments of building construction and modular housing.
- Revenue from road construction was affected by delayed contract deadlines.
- In the real estate segment, flat growth in Q2 precedes peak earnings in Q4.

\*as a percentage of our full-year forecast

## Property Developers

### No disappointment from sector leaders

- Residential developers settled 13% fewer homes on average in Q2 2017 than in the same period a year ago, with implications for profits. An acceleration is imminent in the second half of the year.

Atal Piotr Zybała		Accumulate PLN 44.10		Reporting Date 2017-09-05	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	220.0	136.7	61%	913.3	46%
Gross profit	61.6	36.0	71%	257.5	46%
margin	28.0%	26.4%		28.2%	
EBIT	53.8	27.8	94%	229.9	46%
Pre-tax income	51.3	26.2	96%	220.8	46%
Net income	41.1	21.9	87%	180.1	45%

Capital Park Piotr Zybała		Buy PLN 8.09		Reporting Date 2017-09-15	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	32.0	29.2	9%	128.6	48%
Gross profit	23.6	23.7	0%	97.7	46%
margin	73.7%	81.0%		76.0%	
EBIT ex. val. & SOP	18.5	20.9	-12%	83.6	43%
Valuation effects	-0.8	43.0	-	-68.6	147%
EBIT	17.2	59.9	-71%	15.0	-451%
Pre-tax income	5.6	2.4	132%	25.1	-157%
Net income	3.4	0.9	271%	15.1	-281%

Dom Dev. Piotr Zybała		Accumulate PLN 81.70		Reporting Date 2017-08-24	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	308.7	228.7	35%	1312.4	32%
Gross profit	77.8	48.1	62%	338.5	31%
margin	25.2%	21.1%		25.8%	
EBIT	50.1	23.2	116%	221.9	22%
Pre-tax income	49.8	23.2	115%	222.8	22%
Net income	40.4	18.4	119%	180.2	22%

Echo Inv. Piotr Zybała		Accumulate PLN 6.64		Reporting Date 2017-09-27	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	48.8	137.3	-64%	411.1	28%
Gross profit	14.1	70.5	-80%	117.8	20%
margin	29.0%	51.4%		28.7%	
EBIT ex. valuation	20.2	-34.2	-	6.6	139%
Valuation effects	50.0	271.1	-82%	270.7	55%
EBIT	70.2	236.9	-70%	277.3	57%
Pre-tax income	63.0	-8.3	-	273.3	51%
Net income	51.1	111.3	-54%	224.5	50%

GTC Piotr Zybała		Accumulate PLN 9.59		Reporting Date 2017-08-21	
(EUR m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	29.2	28.0	4%	141.9	42%
Gross profit	21.6	21.2	2%	103.3	42%
margin	74.0%	75.7%		72.8%	
EBIT ex. val. & SOP	18.0	17.5	3%	85.3	43%
Valuation effects	20.0	16.8	19%	87.5	51%
EBIT	38.0	34.3	11%	172.9	47%
Pre-tax income	31.1	27.4	13%	140.7	46%
Net income	27.1	18.8	44%	122.9	48%

Robyg Piotr Zybała		Buy PLN 4.35		Reporting Date 2017-08-24	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	141.8	74.9	89%	818.7	26%
Gross profit	34.7	14.8	135%	226.7	21%
margin	24.5%	19.7%		27.7%	
JV income	0.4	21.3	-98%	6.2	81%
EBIT	20.1	22.3	-10%	167.4	14%
Pre-tax income	18.1	19.0	-5%	160.1	13%
Net income	7.0	22.1	-68%	90.3	11%

\*as a percentage of our full-year forecast

- DOM and Atal will be the top Q2 earners after y/y spikes in closings.
- The commercial developers GTC and Echo should fulfill 50% of the full-year earnings expectations after a strong second quarter.

- Atal closed a whopping 48% more homes in Q2 than in Q1 at a record 579 units.
- At raised prices, these homes should bring the quarterly margin up by 1.6ppts to 28.0%.
- With Q2 pre-sales at 688 units, the closings momentum in future quarters should increase further.

- Q2 NOI will show flat growth from a high year-ago base, but relative to Q1 it will increase 8% thanks to improving tenancy rates.
- FX adjustments will have a negligible effect on Q2 profits.
- With growing NOI, CAP should achieve our FY2017 EBIT forecast, but it will miss the net profit target unless the zloty weakens vis-a-vis the euro.

- DOM closed 13% more homes in Q2 than in Q1 at 635 units.
- We expect sharp improvement in gross margin to 25.2%.
- With pre-sales in Q2 topping closings by 34% at 850 units, DOM is set for an acceleration in H2.

- Echo is expected to post valuation gains of PLN 50m on ongoing office developments in Q2.
- In addition, it will book a PLN 30m one-time gain on property sales.
- Gross profit will be low after few residential closings, but it will recover in H2 2017.

- We expect a small, 2% rise in Q2 NOI after the sale of income-generating properties in Bulgaria. NOI will rebound in Q4 with the completion of a Warsaw mall.
- Without a replacement for the Bulgarian assets, however, the full-year NOI may miss our forecast.
- Our 2017 FFO estimate of EUR 48m remains intact after factoring in reduced financing costs.

- Robyg closed 29% fewer homes in Q2 than in the same period in 2016, and this will be reflected in the quarterly profits.
- With the net profit for the first half of the year expected to fulfill just 11% of our full-year forecast, the risk of a negative surprise becomes higher.
- On the upside, Robyg's sales margins are rising in line with the general market trend.

## Retail, Other

- CCC and LPP are expected to report improvement in Q2 driven by strong sales.
- AmRest may fall short of the 16% y/y EBITDA growth guidance due to restructuring costs.

<b>AmRest</b>		<b>Accumulate</b>		<b>Reporting Date</b>	
<b>Piotr Bogusz</b>		<b>PLN 367.00</b>		<b>2017-09-14</b>	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	1243.1	977.1	27%	5408.4	44%
Gross profit	194.2	170.1	14%	914.5	38%
margin	15.6%	17.4%		16.9%	
EBITDA	138.9	119.7	16%	722.5	35%
EBITDA margin	11.2%	12.2%		13.4%	
EBIT	61.3	54.8	12%	355.9	28%
Pre-tax income	48.4	44.0	10%	306.3	25%
Net income	35.8	36.3	-1%	246.9	23%

<b>CCC</b>		<b>Hold</b>		<b>Reporting Date</b>	
<b>Piotr Bogusz</b>		<b>PLN 219.00</b>		<b>2017-08-31</b>	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	1127.0	860.0	31%	4045.2	46%
Gross profit	589.4	464.4	27%	2173.4	43%
margin	52.3%	54.0%			
EBITDA	192.8	148.6	30%	599.2	33%
EBITDA margin	17.1%	17.3%			
EBIT	172.7	135.6	27%	525.1	30%
Pre-tax income	154.4	140.0	10%	483.3	25%
Net income	122.3	131.6	-7%	388.6	18%

<b>Eurocash</b>		<b>Buy</b>		<b>Reporting Date</b>	
<b>Piotr Bogusz</b>		<b>PLN 45.47</b>		<b>2017-08-25</b>	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	5862.7	5340.8	10%	23093	48%
Gross profit	618.8	558.3	11%	2452.9	48%
margin	10.6%	10.5%			
EBITDA	115.2	110.3	4%	528.3	29%
EBITDA margin	2.0%	2.1%			
EBIT	72.9	70.0	4%	357.1	18%
Pre-tax income	67.6	63.1	7%	321.0	16%
Net income	56.2	52.5	7%	253.5	16%

<b>LPP</b>		<b>Accumulate</b>		<b>Reporting Date</b>	
<b>Piotr Bogusz</b>		<b>PLN 7,400</b>		<b>2017-08-30</b>	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	1707.0	1502.4	14%	7061.6	43%
Gross profit	963.2	749.7	28%	3720.9	43%
margin	56.4%	49.9%		52.7%	
EBITDA	255.4	152.7	67%	878.3	25%
EBITDA margin	15.0%	10.2%		12.4%	
EBIT	192.1	86.5	122%	601.4	14%
Pre-tax income	189.3	88.9	113%	572.2	14%
Net income	159.0	89.8	77%	463.5	9%

<b>TXM</b>		<b>Buy</b>		<b>Reporting Date</b>	
<b>Piotr Bogusz</b>		<b>PLN 6.25</b>		<b>2017-08-29</b>	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	94.6	97.1	-3%	429.2	39%
Gross profit	41.0	42.1	-3%	186.3	23%
margin	43.4%	43.4%		43.4%	
EBITDA	0.5	8.6	-94%	11.7	-
EBITDA margin	-	-	-	2.7%	
EBIT	-1.7	7.3	-	5.0	-
Pre-tax income	-2.1	7.2	-	3.8	-
Net income	-1.8	5.8	-	3.1	-

<b>PBKM</b>		<b>Accumulate</b>		<b>Reporting Date</b>	
<b>Paweł Szpigel</b>		<b>PLN 70.00</b>		<b>2017-08-31</b>	
(PLN m)	Q2'17E	Q2'16	Y/Y	2017E	YTD*
Revenue	36.0	34.6	4%	140.1	50%
EBITDA	11.9	8.8	36%	42.2	51%
EBITDA margin	33.0%	25.3%		30.1%	
EBIT	10.8	7.6	41%	36.1	53%
Pre-tax income	10.5	7.5	40%	35.8	52%
Net income	7.7	5.8	32%	29.0	47%

\*as a percentage of our full-year forecast

- We expect recovery in Q2 profits at Eurocash after five quarters of falls.

- Anticipating strong Q2 revenue growth driven by acquisitions and positive lfl sales in core markets.
- A decline in EBITDA margin by a projected 1ppt due to increased restructuring costs and growing upward pressure on salaries in Poland.
- Total EBITDA is set to show a 16% y/y boost after zero growth in Q1, but it will miss the 20% target. We expect an acceleration in H2.

- CCC increased sales in Q2 despite negative base effects.
- The gross margin is expected to be 1.7ppts lower than in Q2'16 at 52.3% due to intense marketing (resulting in positive lfl growth) and increasing lower-margin online sales.
- Net profit will show a decrease from the same period last year after an effective tax rate hike from 6% to 18%.

- A strong, double digit rebound in Q2 revenue will be accompanied by slower growth in EBITDA at an estimated annual rate of 4% due to additional costs allocated to new projects.

- LPP increased sales per square meter by an estimated 4.4% y/y in Q2, and it is expected to post gross margin expansion by 6.5% to 56.4%.
- The Company will have slowed the y/y pace of per-sqm SG&A appreciation to ca. 7.5%.
- On improved lfl sales and margins, y/y growth in the Q2 EBIT and EBITDA figures may reach a staggering 67% and 122%, respectively.

- IT issues continued to weigh on Q2 revenue, expected to post a 3% decline from the same period last year.
- At the same time, we anticipate a stable gross margin as clearance pricing will be offset by direct purchases without the involvement of middlemen.
- The leverage ratio after a weak second quarter could come close to 3x.

- PBKM collected 5,159 cord blood units for banking in Q2 2017, up 11% on the year.
- We anticipate improvement in the quarterly revenues and profits.
- EBIT is set to come in at PLN 8.8m, with an additional boost of PLN 2m provided by a VAT refund registered by the Hungarian unit.
- The adjusted EBIT figure may show y/y growth of 15%.

## Current Recommendations by Dom Maklerski mBanku

Company	Recommendation	Issued On	Price At Reco.	Target Price	Current Price	Upside/Downside	P/E		EV/EBITDA	
							2017	2018	2017	2018
<b>Financial Sector</b>						<b>+2.7%</b>	<b>14.7</b>	<b>12.9</b>		
ALIOR BANK	Buy	2017-03-16	71.97	90.00	61.16	+47.2%	19.5	9.2		
BZ WBK	Hold	2017-05-08	351.25	332.34	359.90	-7.7%	16.1	13.3		
GETIN NOBLE BANK	Hold	2017-03-01	2.02	2.14	1.39	+54.0%	7.4	3.8		
HANDLOWY	Accumulate	2017-01-27	79.48	85.00	69.95	+21.5%	16.5	13.0		
ING BSK	Reduce	2017-04-05	171.00	152.39	190.00	-19.8%	16.9	15.0		
MILLENNIUM	Sell	2017-05-08	7.06	5.81	7.70	-24.5%	14.7	12.9		
PEKAO	Accumulate	2017-07-18	131.25	145.42	127.30	+14.2%	16.6	13.6		
PKO BP	Reduce	2017-03-01	33.28	31.20	36.10	-13.6%	15.4	13.6		
KOMERCNI BANKA	Accumulate	2017-01-27	892.60	1,011.37 CZK	969.00	+4.4%	14.3	13.0		
ERSTE BANK	Accumulate	2017-06-02	32.67	35.98 EUR	35.13	+2.4%	12.2	10.9		
OTP BANK	Accumulate	2017-03-01	8,450	9,031.25 HUF	9,320	-3.1%	11.7	10.7		
PZU	Buy	2017-07-18	44.19	51.83	44.43	+16.7%	14.4	11.7		
KRUK	Sell	2017-05-08	293.85	219.64	332.40	-33.9%	21.9	19.3		
PRIME CAR MANAGEMENT	Buy	2017-01-27	34.91	46.43	32.56	+42.6%	9.4	8.5		
SKARBIEC HOLDING	Buy	2017-01-27	29.10	46.28	29.90	+54.8%	7.5	6.5		
<b>Chemicals</b>						<b>+7.9%</b>	<b>11.0</b>	<b>13.1</b>	<b>6.2</b>	<b>6.4</b>
CIECH	Buy	2017-06-02	69.69	82.00	60.11	+36.4%	8.9	11.4	5.5	6.2
GRUPA AZOTY	Buy	2017-07-03	63.30	74.30	68.74	+8.1%	13.8	14.8	6.8	6.7
POLWAX	Buy	2017-01-13	16.60	25.95	13.85	+87.4%	5.8	5.9	5.1	6.1
SYNTHOS	Sell	2017-01-17	5.30	3.72	4.76	-21.8%	13.1	17.2	9.2	11.0
<b>Gas &amp; Oil</b>						<b>-10.1%</b>	<b>12.9</b>	<b>11.4</b>	<b>6.6</b>	<b>5.3</b>
LOTOS	Sell	2017-03-01	48.63	36.27	49.02	-26.0%	15.4	12.0	7.8	5.8
MOL	Reduce	2016-12-20	20,620	18,970 HUF	21,430	-11.5%	12.8	10.9	5.4	4.9
PGNIG	Buy	2017-02-27	6.12	7.25	6.47	+12.1%	12.1	9.9	5.1	4.3
PKN ORLEN	Sell	2016-12-20	87.17	66.13	106.05	-37.6%	13.1	16.7	7.9	8.7
<b>Power Utilities</b>						<b>+9.8%</b>	<b>7.7</b>	<b>6.6</b>	<b>5.3</b>	<b>4.9</b>
CEZ	Accumulate	2017-06-27	399.00	453.01 CZK	399.00	+13.5%	11.7	13.3	6.7	6.6
ENEA	Hold	2017-06-27	13.14	12.60	14.95	-15.7%	7.1	6.6	5.3	4.6
ENERGA	Accumulate	2017-07-21	11.65	13.20	12.22	+8.0%	8.0	8.0	5.1	4.9
PGE	Buy	2017-06-27	12.29	14.46	12.80	+13.0%	7.7	6.4	5.3	4.4
TAURON	Hold	2017-06-27	3.65	3.67	3.77	-2.7%	4.3	4.9	4.4	4.9
<b>Telecoms, Media, IT</b>						<b>+1.5%</b>	<b>20.6</b>	<b>17.1</b>	<b>7.3</b>	<b>7.0</b>
NETIA	Accumulate	2017-01-27	4.58	4.90	3.89	+26.0%	-	-	4.1	4.4
ORANGE POLSKA	Buy	2017-06-30	5.15	7.10	5.14	+38.1%	87.8	40.2	4.5	4.5
AGORA	Buy	2017-07-25	15.28	18.80	15.24	+23.4%	-	-	6.9	6.9
CYFROWY POLSAT	Reduce	2017-01-27	24.65	22.30	25.41	-12.2%	17.4	14.5	7.5	7.1
WIRTUALNA POLSKA	Accumulate	2017-01-27	56.60	61.00	52.88	+15.4%	20.3	16.5	11.5	9.7
ASSECO POLAND	Reduce	2017-07-20	47.23	44.80	45.70	-2.0%	13.9	13.4	7.0	6.4
CD PROJEKT	Sell	2017-01-26	59.63	43.40	87.20	-50.2%	57.3	56.9	42.8	42.3
COMARCH	Hold	2017-06-02	223.00	205.00	208.00	-1.4%	21.0	17.8	8.9	8.1
<b>Industrials, Metals</b>						<b>+9.9%</b>	<b>15.8</b>	<b>13.9</b>	<b>10.9</b>	<b>7.1</b>
FAMUR	Buy	2017-07-20	5.84	6.95	5.82	+19.4%	26.9	18.0	10.9	7.1
KERNEL	Accumulate	2017-06-02	68.33	73.90	62.35	+18.5%	5.2	5.6	4.0	3.8
KĘTY	Hold	2017-01-27	416.80	387.90	419.50	-7.5%	15.8	16.1	10.9	10.2
KGHM	Buy	2017-07-03	110.65	132.22	121.95	+8.4%	7.3	8.0	4.7	4.8
STELMET	Buy	2017-07-17	22.51	30.50	24.44	+24.8%	18.5	13.9	11.1	8.5
<b>Construction</b>						<b>+15.1%</b>	<b>11.7</b>	<b>11.8</b>	<b>6.5</b>	<b>6.9</b>
BUDIMEX	Buy	2017-07-24	229.50	267.00	232.00	+15.1%	14.8	16.6	7.4	8.8
ELEKTROBUDOWA	Buy	2017-05-08	120.55	146.00	112.40	+29.9%	10.9	11.6	5.6	5.7
ERBUD	Accumulate	2017-06-02	31.50	33.50	29.00	+15.5%	11.7	11.4	4.8	4.6
UNIBEP	Accumulate	2017-03-01	12.59	12.80	13.85	-7.6%	11.7	12.1	7.9	8.0
<b>Property Developers</b>						<b>+12.7%</b>	<b>9.9</b>	<b>8.3</b>	<b>9.5</b>	<b>8.9</b>
ATAL	Accumulate	2017-06-02	40.00	44.10	38.55	+14.4%	8.3	8.2	7.4	7.3
CAPITAL PARK	Buy	2017-01-25	6.30	8.09	6.10	+32.6%	43.5	8.0	120.0	13.9
DOM DEVELOPMENT	Accumulate	2017-06-02	76.10	81.70	74.50	+9.7%	10.3	8.9	8.3	7.1
ECHO	Accumulate	2017-07-03	6.26	6.64	5.63	+17.9%	10.4	8.3	12.2	10.4
GTC	Accumulate	2017-01-25	8.65	9.59	9.46	+1.4%	8.3	12.1	10.6	14.9
ROBYG	Buy	2017-05-12	3.21	4.35	3.30	+31.8%	9.6	5.9	7.4	4.9
<b>Retail</b>						<b>+2.1%</b>	<b>27.2</b>	<b>19.6</b>	<b>12.3</b>	<b>10.5</b>
AMREST	Accumulate	2017-01-27	347.00	367.00	374.00	-1.9%	32.1	23.8	12.5	9.9
CCC	Hold	2017-03-01	225.50	219.00	230.00	-4.8%	23.2	18.8	16.3	13.4
EUROCASH	Buy	2017-01-27	39.90	45.47	33.14	+37.2%	18.2	13.8	8.6	6.8
JERONIMO MARTINS	Hold	2017-05-08	17.09	16.90 EUR	17.34	-2.5%	23.7	21.4	12.0	11.1
LPP	Accumulate	2017-06-20	6,700	7,400	6,950	+6.5%	30.6	20.3	14.9	11.2
TXM	Buy	2017-06-08	4.00	6.25	3.50	+78.6%	38.1	7.4	10.0	4.2
<b>Other</b>										
PBKM	Accumulate	2017-04-05	60.50	70.00	55.98	+25.0%	9.6	8.0	6.5	5.5
WORK SERVICE	Suspended	2016-12-06	10.17	-	8.35	-	-	-	-	-



## Current Calls by Dom Maklerski mBanku

Company	Relative Positioning	Rated On	Price At Rating	Current Price	Change	P/E		EV/EBITDA	
						2017	2018	2017	2018
Industrials						12.4	11.0	8.3	7.0
ALUMETAL	Overweight	2017-04-28	64.00	46.63	-27.1%	11.6	8.6	8.4	6.4
AMICA	Neutral	2016-06-16	186.00	167.85	-9.8%	11.5	10.0	7.0	6.3
APATOR	Overweight	2017-04-28	35.05	32.00	-8.7%	14.0	12.6	8.9	8.2
BORYSZEW	Underweight	2017-01-27	11.20	10.64	-5.0%	13.2	12.6	8.7	8.2
ELEMENTAL	Overweight	2017-01-27	3.81	3.19	-16.3%	9.7	8.6	8.0	6.8
ERGIS	Overweight	2016-09-28	5.75	6.10	+6.1%	8.8	8.8	5.9	5.5
FORTE	Neutral	2016-07-20	64.97	77.50	+19.3%	17.1	15.5	13.1	11.9
KRUSZWICA	Neutral	2017-03-29	63.50	66.85	+5.3%	19.7	14.6	10.5	8.2
MANGATA	Neutral	2016-10-26	112.55	116.00	+3.1%	14.0	11.9	8.2	7.2
PFLEIDERER GROUP	Overweight	2016-02-03	23.00	45.00	+95.7%	61.7	49.4	20.1	19.0
TARCZYŃSKI	Neutral	2017-05-31	11.20	10.65	-4.9%	9.5	9.1	5.3	5.1
VISTAL	Neutral	2017-01-27	9.00	6.22	-30.9%	7.4	4.9	7.7	6.4
Construction Sector						16.1	10.4	7.6	5.3
ELEKTROTIM	Underweight	2017-03-06	15.07	13.19	-12.5%	13.9	17.1	8.2	9.8
HERKULES	Overweight	2017-06-02	4.17	4.04	-3.1%	11.8	10.2	6.3	5.8
TORPOL	Overweight	2016-09-12	10.68	12.34	+15.5%	30.7	10.5	8.7	5.0
TRAKCJA	Overweight	2016-09-12	11.80	13.91	+17.9%	12.2	8.4	6.9	5.2
ULMA	Neutral	2016-12-12	63.50	74.00	+16.5%	18.3	12.4	4.2	3.5
ZUE	Overweight	2017-04-12	12.35	9.43	-23.6%	67.8	10.3	14.1	5.4
Property Developers						8.7	6.8	11.5	7.3
ARCHICOM	Overweight	2017-01-10	15.24	15.74	+3.3%	8.9	6.8	8.0	6.4
BBI DEVELOPMENT	Neutral	2017-06-02	0.73	0.80	+9.6%	-	9.3	74.4	7.3
JWC	Neutral	2016-11-09	4.50	4.77	+6.0%	6.9	5.7	7.0	5.7
LC CORP	Overweight	2014-03-06	1.67	1.92	+15.0%	6.6	3.9	12.4	6.3
LOKUM DEWELOPER	Overweight	2016-10-28	13.32	16.89	+26.8%	7.6	6.2	7.1	5.5
PA NOVA	Neutral	2016-09-12	25.89	24.84	-4.1%	8.7	9.7	11.3	12.2
POLNORD	Underweight	2017-05-16	10.00	10.60	+6.0%	15.9	14.7	48.2	27.2
RONSON	Underweight	2017-03-06	1.80	1.78	-1.1%	19.1	18.6	20.1	18.8
VANTAGE DEVELOPMENT	Neutral	2017-01-10	3.30	3.69	+11.8%	8.7	6.7	11.5	9.3

## Ratings issued in the past month

Company	Rating	Previous Rating	Target Price	Rating Day
Agora	Buy	Accumulate	18.80	2017-07-25
Asseco Poland	Reduce	Reduce	44.80	2017-07-20
Budimex	Buy	Hold	267.00	2017-07-24
CEZ	Accumulate	Accumulate	CZK 453.01	2017-06-27
Echo	Accumulate	Buy	6.64	2017-07-03
Enea	Hold	Sell	12.60	2017-06-27
Energa	Accumulate	Hold	13.20	2017-07-21
Famur	Buy	Suspended	6.95	2017-07-20
Grupa Azoty	Buy	Accumulate	74.30	2017-07-03
KGHM	Buy	Accumulate	132.22	2017-07-03
Orange Polska	Buy	Buy	7.10	2017-06-30
Pekao	Accumulate	Accumulate	145.42	2017-07-18
PGE	Buy	Hold	14.46	2017-06-27
PZU	Buy	Buy	51.83	2017-07-18
Stelmet	Buy	Accumulate	30.50	2017-07-17
Tauron	Hold	Hold	3.67	2017-06-27

## Ratings Statistics

Rating	All		For Issuers who are clients of Dom Maklerski mBanku	
	Count	Pct. of total	Count	Pct. of total
Sell	6	7.1%	3	7.7%
Reduce	5	5.9%	3	7.7%
Underweight	4	4.7%	2	5.1%
Hold	8	9.4%	3	7.7%
Neutral	11	12.9%	3	7.7%
Accumulate	19	22.4%	10	25.6%
Buy	20	23.5%	12	30.8%
Overweight	12	14.1%	3	7.7%

**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

**Recommendations of Dom Maklerski mBanku :**

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.

mBank S.A. with its registered office in Warsaw at Senatorska 18 renders brokerage services in the form of derived organisational unit – Brokerage Office which uses name Dom Maklerski mBanku.

The present report expresses the knowledge as well as opinions of the authors on day the report was prepared. The present report was prepared with due care and attention, observing principles of methodological correctness and objectivity, on the basis of sources available to the public, which Dom Maklerski mBanku considers reliable, including information published by issuers, shares of which are subject to recommendations. However, Dom Maklerski mBanku, in no case, guarantees the accuracy and completeness of the report, in particular should sources on the basis of which the report was prepared prove to be inaccurate, incomplete or not fully consistent with the facts.

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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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