

Tuesday, October 24, 2017 | periodical publication

Quarterly Earnings Forecast: Q3 2017

Equity Market

Financial Sector

We anticipate solid third-quarter earnings from PKO BP, Alior Bank, and Millennium in Poland, and OTP Bank and Erste Bank elsewhere in the CEE. In Poland, profits in Q3 were supported by increasing lending volumes, while regional banks benefitted from very low cost of risk. In financial services, we expect PZU to be the Q3 earnings leader thanks to high investment income.

Chemicals

Grupa Azoty is set to report the sector's fastest earnings growth in Q3 2017. The quarterly profits of Synthos will be supported by positive base effects, and at Ciech EBITDA will likely tighten at a more measured pace.

Oil & Gas

Refiners are set to post record earnings in Q3 2017, already fully factored into our full-year estimates. Past performance has little bearing on the value of PGNiG as deregulation of natgas prices for commercial consumers starts to take effect.

Power Utilities

The utilities in our coverage universe are expected to fulfill 76% of our FY EBITDA forecast after Q3, with ENA and ENG forging ahead and PGE trailing. Margins on electricity trading came under pressure in Q3 after rising all through the first half of the year.

Telecoms, Media, IT

The Q3 2017 EBITDA of Cyfrowy Polsat will show a 10% drop on the back of higher customer maintenance costs and abolished EU roaming fees. Orange Polska and Netia fared relatively better with EBITDA down only about 5% each. In IT, Asseco is set to post a 20% fall in net profit, while Comarch will report growth from the comparable year-ago base. Due to lower cinema attendance, there will be flat growth in the Q3 EBITDA of Agora.

Industrials & Metals

The Q3 2017 profits of Polish manufacturers will reflect mounting pressures from rising costs of labor and basic materials. Against this backdrop, we may see a positive surprise from KGHM, while Apator and Boryszew will probably fall short of targets.

Construction

Polish construction firms are set to report weak profits for Q3 2017 on the back of high revenues as cost pressures weighed. Railway builders in particular are expected to deliver dismal quarterly results. Most listed builders are at risk of missing the full-year market expectations this year.

Property Developers

Residential developers generated better-than-expected sales in Q3 2017, indicating potential for upward revisions to 2018 earnings expectations. At the same time, looking at upward-trending new home prices, there are likely to be positive surprises in the profit margins for Q3 and the whole 2017. The residential developers expected to deliver the highest nominal earnings figures in Q3 are LC Corp and Atal, and in commercial we anticipate a strong showing from GTC.

Retail

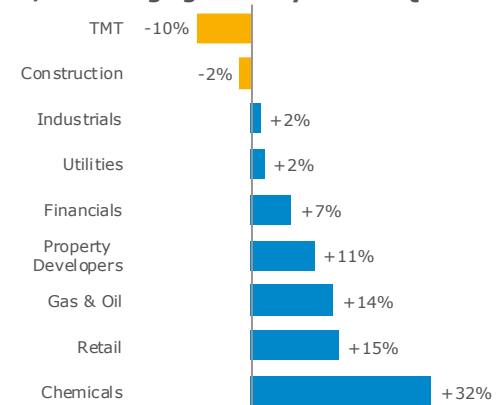
Polish retailers generated high sales in Q3 thanks to increasing consumer spending. At the same time, they experienced downward pressure on profits stemming from intense competition and higher costs of labor. The retailers most likely to deliver positive surprises include EAT, CCC, LPP, VST, and MON.

Other

PBKM is set to deliver record quarterly earnings in Q3, with EBIT soaring 30% year over year.

WIG 63,715
 Average 2017E P/E..... 13.5x
 Average 2018E P/E..... 12.2x
 ADTV (3M) PLN 865m

Y/Y earnings growth by sector: Q3'17*



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

Earnings Surprise Prediction	
negative	positive
Apator	Alior Bank
Boryszew	Atal
BZ WBK	KGHM
PCM	LC Corp
	Lotos
	MOL
	OTP Bank
	PKO BP

Research Department:

Michał Marczak
 +48 22 438 24 01
michal.marczak@mbank.pl

Kamil Kliszcz
 +48 22 438 24 02
kamil.klischcz@mbank.pl

Jakub Szkopek
 +48 22 438 24 03
jakub.szkopek@mbank.pl

Piotr Zybała
 +48 22 438 24 04
piotr.zybala@mbank.pl

Michał Konarski
 +48 22 438 24 05
michal.konarski@mbank.pl

Paweł Szpigel
 +48 22 438 24 06
pawel.szpigel@mbank.pl

Piotr Bogusz
 +48 22 438 24 08
piotr.bogusz@mbank.pl

Table of Contents

1. Banks	3
1.1. Alior Bank	3
1.2. BZ WBK	3
1.3. Getin Noble Bank	3
1.4. Handlowy	3
1.5. ING BSK	3
1.6. Millennium	3
1.7. Pekao	3
1.8. PKO BP	4
1.9. Erste Bank	4
1.10. Komercni Banka	4
1.11. OTP Bank	4
2. Financial Services	5
2.1. PZU	5
2.2. Kruk	5
2.3. Prime Car Management	5
2.4. Skarbiec Holding	5
3. Gas & Oil, Chemicals	6
3.1. Ciech	6
3.2. Grupa Azoty	6
3.3. Polwax	6
3.4. Synthos	6
3.5. Lotos	6
3.6. MOL	6
3.7. PGNiG	6
4. Utilities & Resources	7
4.1. CEZ	7
4.2. Enea	7
4.3. Energa	7
4.4. PGE	7
4.5. Tauron	7
4.6. KGHM	7
5. TMT	8
5.1. Netia	8
5.2. Orange Polska	8
5.3. Agora	8
5.4. Cyfrowy Polsat	8
5.5. Wirtualna Polska	8
5.6. Asseco Poland	8
5.7. Comarch	8
5.8. CD Projekt	8
6. Industrials	9
6.1. Alumetal	9
6.2. Amica	9
6.3. Apator	9
6.4. Boryszew	9
6.5. Elemental	9
6.6. Ergis	9
6.7. Famur	9
6.8. Forte	9
6.9. Impexmetal	10
6.10. Kernel	10
6.11. Kruszwica	10
6.12. Mangata	10
6.13. Pfeiderer Group	10
6.14. Stelmet	10
6.15. Tarczyński	10
7. Construction	11
7.1. Budimex	11
7.2. Elektrobudowa	11
7.3. Erbud	11
7.4. Unibep	11
8. Property Developers	11
8.1. Atal	11
8.2. Capital Park	12
8.3. Dom Development	12
8.4. Echo Investment	12
8.5. GTC	12
8.6. LC Corp	12
8.7. Robyg	12
9. Retail, Other	13
9.1. AmRest	13
9.2. Bytom	13
9.3. CCC	14
9.4. Eurocash	13
9.5. Gino Rossi	13
9.6. Jeronimo Martins	14
9.7. LPP	14
9.8. Monnari	14
9.9. TXM	14
9.10. Vistula	14
9.11. PBKM	14
10. Current Recommendations by Dom Maklerski mBanku	15
11. Current Calls by Dom Maklerski mBanku	16
12. Ratings Statistics	17

Banks

Predicting a positive surprise from OTP Bank...

- With provisioning likely to be lower than anticipated by the market, the earnings consensus for OTP Bank may be poised for another upward revision post Q3.

Alior Bank Michał Konarski	Buy PLN 90.00		Reporting Date 9 November		
(PLN m)	Q3'17E	Q2'17	Q/Q	Y/Y	YTD*
Net interest income	724.9	719.4	1%	48%	75%
Net fee income	118.9	118.3	0%	56%	82%
Total income	975.0	965.1	1%	47%	76%
Operating costs	-495.2	-502.8	-2%	67%	79%
Provisioning	-207.4	-256.1	-19%	4%	66%
Net profit	150.7	100.0	51%	73%	82%

BZ WBK Michał Konarski	Accumulate PLN 400.10		Reporting Date 26 October		
(PLN m)	Q3'17E	Q2'17	Q/Q	Y/Y	YTD*
Net interest income	1337.8	1302.5	3%	10%	73%
Net fee income	495.3	495.6	0%	2%	75%
Total income	1926.6	1952.9	-1%	7%	74%
Operating costs	-763.2	-811.9	-6%	-6%	76%
Provisioning	-230.8	-100.4	130%	-9%	78%
Net profit	556.1	651.1	-15%	31%	67%

Getin Noble Bank Michał Konarski	Hold PLN 1.27		Reporting Date 15 November		
(PLN m)	Q3'17E	Q2'17	Q/Q	Y/Y	YTD*
Net interest income	324.7	327.5	-1%	-1%	49%
Net fee income	40.9	40.8	0%	41%	47%
Total income	356.9	457.7	-22%	-2%	53%
Operating costs	-209.9	-211.9	-1%	1%	47%
Provisioning	-247.1	-329.4	-25%	31%	76%
Net profit	-82.1	-67.7	21%	-	-

Handlowy Michał Konarski	Accumulate PLN 85.00		Reporting Date 14 November		
(PLN m)	Q3'17E	Q2'17	Q/Q	Y/Y	YTD*
Net interest income	271.0	264.1	3%	10%	76%
Net fee income	146.1	155.4	-6%	1%	75%
Total income	515.7	524.4	-2%	1%	73%
Operating costs	-281.3	-290.0	-3%	-2%	75%
Provisioning	-16.2	-13.3	22%	-10%	-
Net profit	155.0	158.0	-2%	7%	64%

ING BSK Michał Konarski	Reduce PLN 152.39		Reporting Date 2 November		
(PLN m)	Q3'17E	Q2'17	Q/Q	Y/Y	YTD*
Net interest income	877.8	849.3	3%	12%	75%
Net fee income	292.2	291.3	0%	8%	79%
Total income	1211.0	1190.4	2%	13%	76%
Operating costs	-525.6	-510.3	3%	2%	75%
Provisioning	-105.1	-123.6	-15%	111%	1,1x
Net profit	380.7	360.4	6%	15%	71%

Millennium Michał Konarski	Sell PLN 5.81		Reporting Date 30 October		
(PLN m)	Q3'17E	Q2'17	Q/Q	Y/Y	YTD*
Net interest income	432.3	420.8	3%	13%	78%
Net fee income	163.3	162.5	0%	9%	83%
Total income	659.8	648.0	2%	12%	80%
Operating costs	-293.6	-290.7	1%	6%	77%
Provisioning	-63.6	-63.0	1%	19%	76%
Net profit	178.4	173.6	3%	29%	78%

Pekao Michał Konarski	Accumulate PLN 145.42		Reporting Date 8 November		
(PLN m)	Q3'17E	Q2'17	Q/Q	Y/Y	YTD*
Net interest income	1163.4	1136.2	2%	4%	74%
Net fee income	570.6	582.3	-2%	-4%	73%
Total income	1759.6	1748.7	1%	1%	70%
Operating costs	-838.1	-823.3	2%	-3%	76%
Provisioning	-128.6	-114.8	12%	-4%	69%
Net profit	519.8	535.1	-3%	0%	60%

*as a percentage of our full-year forecast

...and another miss by Getin Noble Bank

- Ongoing restructuring will probably cause GNB to post another quarterly loss in Q3. At the same time, the Bank may recognize a capital raise by PLN 50m.

- Predicting a 10bp fall in NIM on a PLN 1.3bn higher loan volume.
- NPL offloading will reduce risk reserves to the tune of PLN 50m.
- Little change in fee income (+0.5% q/q).
- Operating costs will show a q/q decline of 1.5%.

- Net income will log a 14.6% fall from the Q2 figure, boosted by dividends.
- From 37bps in Q2 (65bps before NPL sales), Q3 cost of risk will go up to a projected 83bps.
- Operating costs decreased by an estimated 6% q/q thanks to lower regulatory charges.
- Anticipating growth in total income at 1.9% q/q and 7.5% y/y.

- A reduced loan volume will result in an 0.9% q/q decline in net interest income.
- Fee income will show flat growth on low sales.
- A 31% y/y boost to PLN 247m in Q3 provisioning.
- Net loss may reach PLN 82m, potentially prompting further consensus revisions.

- Anticipating 2.6% q/q and 9.6% y/y growth in net interest income, driven by 5bp q/q expansion in NIM.
- Trading income at a stable quarterly level.
- Fee income may show a fall of 6.0% due to lower investment income.
- A 22% jump in provisioning will pull cost of risk up to 35bps from 29bps in Q2'17.

- Predicting further growth in net interest income at 3.4% q/q and 11.8% y/y.
- NIM expected to rise by 2bps q/q.
- Profits will receive a boost from an NPL sale.
- Operating costs may rise by 3.0% q/q and 2.0% y/y.

- Anticipating a 2.7% increase in net interest income thanks to 4bp q/q expansion in NIM.
- Cost of risk holding steady at 53bps.
- A 5.7% y/y increase in operating costs led by payroll pressures.
- Q3 earnings will be accompanied by the unveiling of an updated strategy for the future.

- On a higher loan volume and flat NIM, net interest income in Q3 will have grown by 2.4% q/q and 4.1% y/y.
- Executive reshuffling may drive operating costs 1.8% higher compared to Q2.
- Provisioning raised by 12.0% q/q, but cost of risk maintained at a reasonable 39bps.
- Trading income will show a decline from the previous quarter, when it received a one-time dividend boost.

PKO BP	Reduce		Reporting Date		
Michał Konarski	PLN 31.20		13 November		
(PLN m)	Q3'17E	Q2'17	Q/Q	Y/Y	YTD*
Net interest income	2165.4	2114.0	2%	10%	74%
Net fee income	740.3	733.0	1%	8%	78%
Total income	3218.0	3228.0	0%	3%	75%
Operating costs	-1361.3	-1375.0	-1%	-1%	76%
Provisioning	-399.8	-392.0	2%	-5%	62%
Net profit	874.0	857.0	2%	14%	77%

Erste Bank	Hold		Reporting Date		
Michał Konarski	EUR 35.98		3 November		
(EUR m)	Q3'17E	Q2'17	Q/Q	Y/Y	YTD*
Net interest income	1086.2	1091.7	-1%	1%	73%
Net fee income	453.7	453.2	0%	4%	76%
Total income	1597.4	1627.0	-2%	0%	73%
Operating costs	-1000.0	-985.2	1%	2%	74%
Provisioning	-19.3	-38.6	-50%	-48%	25%
Net profit	363.1	362.5	0%	8%	80%

Komerční Banka	Accumulate		Reporting Date		
Michał Konarski	CZK 1,111.00		3 November		
(CZK m)	Q3'17E	Q2'17	Q/Q	Y/Y	YTD*
Net interest income	5110.6	5148.0	-1%	-4%	73%
Net fee income	1594.6	1661.0	-4%	-5%	73%
Total income	7411.1	7809.0	-5%	-4%	74%
Operating costs	-3318.0	-3353.0	-1%	0%	74%
Provisioning	-200.0	19.0	-	-54%	35%
Net profit	3140.8	3616.0	-13%	-20%	76%

OTP Bank	Accumulate		Reporting Date		
Michał Konarski	HUF 10,901		10 November		
(HUF bn)	Q3'17E	Q2'17	Q/Q	Y/Y	YTD*
Net interest income	139.8	136.9	2%	7%	75%
Net fee income	53.2	53.8	-1%	17%	72%
Total income	205.6	207.4	-1%	12%	75%
Operating costs	-109.4	-107.3	2%	11%	74%
Provisioning	-9.7	-9.8	-2%	-24%	53%
Net profit	74.9	80.6	-7%	7%	83%

*as a percentage of our full-year forecast

- Predicting further growth in net interest income (2.4% q/q) and fee income (1.0% q/q).
 - Noncore revenue is set to drop 37% q/q as sales generated by subsidiary residential developer Qualia normalized.
 - Operating costs may show a q/q decline of 1.0%.
 - Cost of risk holding steady at 75bps.
 - FY2017 consensus may go up after the Q3 announcement.
-
- Predicting flat growth in quarterly net income to EUR 363.1m.
 - Core banking income will be stable.
 - A decrease to EUR 19m in risk reserves.
 - Total income will be lower than in Q2, when Erste posted a non-recurring dividend gain.
 - Erste will probably raise FY2017 guidance based on ytd actuals.
-
- Anticipating further declines in net interest income (-0.7% q/q) and fee income (-4.0% q/q).
 - NIM is likely to tighten by 5bps to 1.93%.
 - Cost of risk at 13bps after possible net charge-offs of CZK 200m.
 - Operating costs will remain at a stable level compared to Q3 2016.
-
- Losses on HUF/RUB translation will weigh, but increasing contributions from the Q2 acquisition Splitska Banka will compensate.
 - Anticipating a 2.1% q/q increase in net interest income, coupled with a 1% decline in fee income.
 - Provisioning at an uncommonly low level of HUF 9.69bn.
 - If Q3 net income reaches HUF 75bn, analysts may have to adjust upward their FY2017 estimates.

Financial Services

Anticipating higher profit at PZU

- A surge in claims after August storms will be largely offset by higher investment income.

PZU Michał Konarski		Accumulate PLN 51.83		Reporting Date 15 November	
(PLN m)	Q3'17E	Q2'17	Q/Q	Y/Y	YTD*
GWP	5392.2	5838.0	-8%	11%	80%
Non-Life	3737.0	3574.7	5%	-	82%
Life	2099.0	2021.1	4%	-	78%
Claims	-3964.6	-3503.0	13%	10%	84%
Costs	-1065.9	-1122.0	-5%	3%	68%
Income from banks	700.0	367.0	91%	495%	58%
Underwriting profit	458.7	650.0	-29%	183%	83%
Investment income	584.0	146.0	300%	-16%	78%
Pre-tax income	1596.8	939.0	70%	76%	76%
Net profit	689.6	506.0	36%	6%	79%

Kruk Michał Konarski		Buy PLN 340.17		Reporting Date 29 October	
(PLN m)	Q3'17E	Q2'17	Q/Q	Y/Y	YTD*
Total revenue	273.9	283.3	-3%	36%	74%
Purchased Debt	252.6	262.4	-4%	34%	74%
Collection Svcs	15.4	14.7	4%	103%	75%
Dir. & indir. costs	123.5	112.3	10%	61%	71%
Gross profit	150.5	171.0	-12%	21%	77%
Operating profit	105.2	129.1	-18%	16%	80%
Pre-tax income	79.1	105.5	-25%	8%	80%
Net profit	75.1	101.5	-26%	1%	83%

Prime Car Man. Michał Konarski		Buy PLN 46.43		Reporting Date 23 November	
(PLN m)	Q3'17E	Q2'17	Q/Q	Y/Y	YTD*
Lease revenue	35.6	35.3	1%	-5%	68%
Leasing fees	63.2	62.8	1%	1%	76%
Interest revenue	13.1	12.8	2%	18%	78%
Total revenue	152.6	151.3	1%	0%	77%
Service costs	53.9	53.1	2%	0%	78%
Total costs	141.0	138.9	2%	1%	77%
Remarketing	4.1	4.1	0%	31%	76%
Net profit	8.9	9.6	-7%	-4%	70%

Skarbiec Holding Michał Konarski		Buy PLN 46.28		Reporting Date 15 November	
(PLN m)	Q1'F17E	Q4'F16	Q/Q	Y/Y	YTD*
Total revenue	23.9	31.2	-23%	-12%	25%
Management fee	19.1	19.4	-2%	21%	26%
Success fee	2.8	9.8	-71%	-71%	19%
Total costs	-19.3	-17.8	8%	28%	29%
Distribution costs	-10.3	-10.0	3%	42%	30%
Payroll	-5.0	-4.2	18%	29%	37%
Pre-tax income	4.7	13.5	-65%	-60%	16%
Net profit	3.8	11.1	-65%	-60%	16%

*as a percentage of our full-year forecast

PCM will probably fall short of targets

- A net income of a projected PLN 8.9m will miss PCM's target by about 10%.

- Gross written premiums will show a seasonal q/q drop of 7.6%.
- Claims will have increased by 13.2% q/q and 9.9% y/y due to storm damage.
- Net premiums earned are expected to go up 4.1% q/q.
- Investment income ex banks at PLN 584m.
- A 5.0% q/q reduction in operating costs (ex. banks) owed to a lack of restructuring reserves.
- First full-quarter contributions from Pekao.

- Kruk achieved collections of PLN 347m in Q3, and its portfolio expenditure in the period totaled PLN 261m, indicating an average price of 10% paid on nominal debt worth PLN 2.6bn.
- We expect to see a 12.0% q/q drop in Q3 gross profit due to higher court expenses and lower valuation gains.
- A new credit facility will boost quarterly financing expenses to PLN 26m.
- The Q3 effective tax rate will not exceed 5%.

- Predicting a 1% q/q rise in revenues from operating and financial leases.
- Stable remarketing profit of PLN 4m.
- A 2% q/q increase to PLN 28.4m in D&A expenses.
- A 1.5% q/q rise in costs of maintenance and repairs.
- PCM will probably find itself behind on FY2017 targets after Q3.

- Predicting a 1.5% q/q decline in management fees due to fund outflows.
- Success fee at an estimated PLN 2.8m.
- Distribution fees up 3.0% q/q and 42% y/y thanks to strong sales of investment fund shares.
- Net profit equivalent to 16% of our FY2017 estimate at a projected PLN 3.8m.

Gas & Oil, Chemicals

Refiners delivering record-high but in-line Q3 earnings

- Oil refiners experienced a stellar third quarter of 2017, supported by strong fundamentals, but this is priced into full-year forecasts.

Ciech Jakub Szkopek		Buy PLN 79.54		Reporting Date 14 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	846.0	853.9	-1%	3569.7	74%
EBITDA	176.4	208.4	-15%	754.2	73%
EBITDA margin	20.8%	24.4%		21.1%	
EBIT	116.9	153.8	-24%	494.9	76%
Pre-tax profit	107.0	134.2	-20%	494.9	66%
Net profit	84.3	155.5	-46%	349.8	73%

Grupa Azoty Jakub Szkopek		Hold PLN 80.77		Reporting Date 9 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	2453.7	1999.5	23%	9868.9	74%
EBITDA	300.2	131.5	128%	1179.8	86%
EBITDA margin	12.2%	6.6%		12.0%	
EBIT	168.5	1.1	-	660.1	92%
Pre-tax profit	163.0	4.8	-	619.4	98%
Net profit	110.9	-1.9	-	472.7	93%

Polwax Kamil Kliszcz		Buy PLN 20.53		Reporting Date 16 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	86.8	90.8	-4%	297.0	66%
EBITDA	11.3	12.0	-6%	30.0	74%
EBIT	10.1	10.8	-6%	25.2	74%
Financing activity	-0.4	-0.4	-	-0.1	-
Net profit	7.9	8.4	-7%	20.3	71%

Synthos Jakub Szkopek		Hold PLN 4.62		Reporting Date 29 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	1402.5	1196.0	17%	6653.0	77%
EBITDA	166.1	145.0	15%	890.0	75%
EBITDA margin	11.8%	12.1%		13.4%	
EBIT	103.4	93.0	11%	635.9	76%
Pre-tax profit	75.6	96.0	-21%	633.2	78%
Net profit	64.3	81.0	-21%	530.5	74%

Lotos Kamil Kliszcz		Reduce PLN 51.61		Reporting Date 26 October	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	6236.8	5660.0	10%	22485	76%
LIFO EBITDA adj.	953.3	646.7	47%	2898.8	80%
LIFO effect					
EBITDA	940.8	669.7	40%	2719.3	78%
EBIT	729.3	431.7	69%	1700.6	87%
Financing activity	-25.0	63.4	-	11.5	-
Net profit	464.8	379.9	22%	1219.1	85%

MOL Kamil Kliszcz		Hold HUF 3,077		Reporting Date 3 November	
(HUF bn)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	1023.3	969.1	6%	4068.5	74%
LIFO EBITDA adj.	181.2	163.9	11%	704.1	78%
LIFO effect	-9.3	2.8	-	14.8	-
EBITDA	171.8	166.7	3%	719.0	75%
EBIT	100.1	92.4	8%	434.5	75%
Financing activity	-2.2	-6.3	-	-10.0	2%
Net profit	73.0	67.3	8%	318.3	80%

PGNiG Kamil Kliszcz		Accumulate PLN 7.73		Reporting Date 8 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	6427.2	5701.0	13%	34293	74%
EBITDA adj.	1084.1	1126.0	-4%	7416.0	72%
EBITDA	1084.1	1138.0	-5%	7416.0	71%
EBIT	475.6	519.0	-8%	4763.7	70%
Financing activity	-35.3	-12.0	-	0.8	-
Net profit	367.8	358.0	3%	3567.3	69%

*as a percentage of our full-year forecast

- In Chemicals, Grupa Azoty is set to report the sector's fastest growth on a year-over-year basis.

- Ciech will report further contraction of 21% and 31.4%, respectively from the year-ago comparable EBITDA figures in the Soda Segment and the Organics Segment.
- In spite of higher costs of natural gas fuel, the total core EBITDA figure should remain stable compared to the previous quarter.
- We expect net debt to have decreased below PLN 1bn during Q3 to about 1.3x 12M EBITDA.

- Grupa Azoty benefitted from favorable market conditions in plastics and melamine during Q3.
- With most of the routine plant maintenance work this year scheduled in the second quarter, while last year most units went into downtime during the third quarter, we expect to see a year-on-year increase in the Q3 2017 sales volume.

- Profits in Q3 improved as rising crude costs curbed rival supply, but EBITDA will be lower than in Q3'16.
- We expect to see better margins on graveside lanterns thanks to lower costs of basic materials.
- Polwax is set to deliver 74% of our FY EBITDA estimate in the year to date (vs. 77% ytd in 2016), but we believe earnings will pick up the pace in Q4.

- Synthos's rubber business is set to report a dramatic drop in profits in Q3 relative to Q2, but it will improve compared to the same quarter in 2016, when the Company experienced disruptions in feedstock supplies.
- The bottom line may be slightly impacted to the tune of PLN 1.8m by FX losses on foreign-currency loans.

- Predicting a strong y/y rise from PLN 0.47bn to PLN 0.69bn in Downstream EBITDA thanks to higher cracking margins (PLN 31 vs. 23/bbl).
- Upstream EBITDA will grow to ca. PLN 208m from PLN 117m last year on higher volumes (no downtime) and higher crude and natgas prices.
- Financing activity in Q3 will have produced a small loss on FX.

- Adjusted EBITDA in Upstream may fall to HUF 54.6bn from HUF 64.3bn the previous quarter on lower volumes and a lack of major one-time gains (HUF 5.6bn in Q2).
- In Downstream on a year-over-year basis, EBITDA from refining is likely to rise from HUF 48.5bn to HUF 55.8bn on higher cracking margins, and EBITDA from retail will show continued growth from HUF 31bn to HUF 36bn.
- In Petrochemicals, a higher volume will be only partly offset lower margins (HUF 33bn vs. 35bn).

- A 20% surge in the average natgas price will drive E&P EBITDA up to PLN 778m from PLN 654m a year ago even as the sales volume of crude oil dropped.
- In Trade & Storage, we expect a repeat of the Q2 EBITDA loss (PLN -275m) due to end customer discounts.
- EBITDA from distribution improve to ca. PLN 584m on higher volumes, and EBITDA from heat will post a PLN 15m rise from Q2'16.

Utilities & Resources

Sector set to deliver 76% of FY forecasts after Q3

- 76% ytd sector-wide fulfillment of our FY EBITDA estimate owed mainly to Enea and Energa as PGE trailed.

CEZ Kamil Kliszcz	Buy CZK 512.33		Reporting Date 7 November		
(CZK m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	47335	46205	2%	205112	72%
EBITDA adj.	11328	11099	2%	55585	75%
EBITDA	10228	10684	-4%	55585	77%
EBIT	2471	3600	-31%	25724	77%
Financing activity	-1209	-2436	-	-1816	-
Net profit	1022	813	26%	17758	98%

Enea Kamil Kliszcz	Hold PLN 14.59		Reporting Date 23 November		
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	2746.5	2704.5	2%	11470	72%
EBITDA adj.	628.4	609.5	3%	2674.7	77%
EBITDA	628.4	622.1	1%	2686.7	74%
EBIT	338.9	338.6	0%	1518.8	74%
Financing activity	-20.0	-28.8	-	-92.3	-
Net profit	248.9	233.1	7%	1033.3	80%

Energa Kamil Kliszcz	Accumulate PLN 14.49		Reporting Date 8 November		
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	2488.0	2436.0	2%	10575	73%
EBITDA adj.	500.0	448.0	12%	1990.7	80%
EBITDA	500.0	439.0	14%	2037.7	81%
EBIT	258.0	313.0	-18%	1058.8	86%
Financing activity	-66.0	-70.0	-	-137.3	-
Net profit	155.5	190.0	-18%	740.4	86%

PGE Kamil Kliszcz	Hold PLN 13.61		Reporting Date 7 November		
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	5667.8	6897.0	-18%	22975	71%
EBITDA adj.	1524.3	1492.0	2%	6750.3	72%
EBITDA	2747.3	1643.0	67%	8030.3	77%
EBIT	1981.3	895.0	121%	5341.9	73%
Financing activity	-64.0	-66.0	-	-250.4	-
Net profit	1553.0	656.0	137%	4116.1	74%

Tauron Kamil Kliszcz	Hold PLN 3.64		Reporting Date 8 November		
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	4295.9	4180.9	3%	17553	74%
EBITDA adj.	768.5	791.9	-3%	3673.2	74%
EBITDA	768.5	804.6	-4%	3673.2	78%
EBIT	353.9	389.3	-9%	2014.4	79%
Financing activity	-49.8	-52.4	-	-177.4	-
Net profit	246.4	270.8	-9%	1469.6	85%

KGHM Jakub Szkopek	Hold PLN 124.12		Reporting Date 11 November		
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	5035.1	4685.0	8%	19926	74%
EBITDA	1290.1	1089.0	19%	5383.2	77%
EBITDA margin	25.6%	23.2%	-	30.9%	-
EBIT	859.1	658.0	31%	3685.0	80%
Net profit	645.1	329.0	96%	1681.9	68%

*as a percentage of our full-year forecast

- Trade margins shrunk in Q3, in line with rising costs of green certificates.
- Distribution profits will be shaped by the same positive trends as in H1.
- EBITDA in Generation will increase by ca. CZK 0.6bn year-over-year to CZK 3.8bn thanks to higher nuclear output and a lack of one-time charges.
- Earnings from distribution and mining are expected to show flat y/y growth, and in Trade we anticipate a CZK 0.15bn EBITDA loss due to a CZK 1.1bn litigation allowance.
- Q/q shrinkage from PLN 225m to PLN 190m in Generation EBITDA due to scheduled downtime on a 500MW unit.
- Distribution EBITDA will show flat year-over-year growth at PLN 290m after H1 falls caused by one-time events.
- A y/y fall from PLN 67m to PLN 40m in Trade EBITDA driven by negative base effects and charges related to terminated wind energy contracts.
- Mining EBITDA down 18% q/q on a lower coal volume.
- Energa's preliminary Q3 earnings release did not contain any major one-time events.
- Generation EBITDA is set to come in at PLN 90m after rising q/q and y/y thanks to a higher power volume.
- A further 6% rise to PLN 412m in the quarterly Distribution EBITDA.
- A low (PLN 13m) operating profit on electricity trading caused by losses incurred on green certificates.
- Reported Q3 EBITDA will show a PLN 1.2bn boost from PPA compensation, but the adjusted figure at an estimated PLN 0.7bn may be lower than the year-ago figure of PLN 0.75bn due to scheduled capacity closures.
- Anticipating Distribution EBITDA of PLN 587m (+3% y/y and ytd), and Trade EBITDA of PLN 142m (+27% y/y owed to cheaper green certificates).
- Tauron has warned mining disruptions will result in a segmental EBITDA loss of ca. PLN 23m in Q3.
- In Generation, Q3 EBITDA is expected to fall to PLN 74m from PLN 93m the previous year due to a temporary plant outage and higher costs of carbon allowances.
- Distribution EBITDA should continue to rise at an annual pace of 3%, and Trade EBITDA as well will show further growth of ca. 10%.
- KGHM is set to deliver robust year-over-year earnings growth in Q3, driven by higher prices of copper, silver, and gold.
- The rebound was also partly owed to increasing sales of molybdenum from Sierra Gorda.
- KGHM is expected to recognize FX losses of PLN 37m in Q3, stemming from an appreciating dollar.

TMT

Netia		Hold		Reporting Date	
Paweł Szpigel		PLN 4.00		26 October	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	355.0	372.9	-5%	1433.0	75%
EBITDA	97.7	102.9	-5%	383.8	76%
EBITDA margin	27.5%	27.6%		26.8%	
EBIT	19.1	5.3	258%	79.2	69%
Pre-tax profit	17.1	2.8	500%	67.5	73%
Net profit	13.9	16.8	-18%	56.0	73%

Orange Polska		Buy		Reporting Date	
Paweł Szpigel		PLN 7.10		25 October	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	2803.8	2851.0	-2%	11370	74%
EBITDA	790.7	831.0	-5%	2955.3	79%
EBITDA margin	28.2%	29.1%		26.0%	
EBIT	140.7	137.0	3%	368.9	113%
Pre-tax profit	72.2	58.0	24%	94.7	219%
Net profit	58.5	37.0	58%	76.8	219%

Agora		Accumulate		Reporting Date	
Paweł Szpigel		PLN 18.80		10 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	257.3	273.3	-6%	1216.8	69%
EBITDA	14.0	14.3	-2%	119.3	61%
EBITDA margin	5.5%	5.2%		9.8%	
EBIT	-9.4	-9.5	-1%	21.8	4%
Pre-tax profit	0.5	-10.5	-	15.6	38%
Net profit	0.2	-14.4	-	1.5	-

Cyfrowy Polsat		Reduce		Reporting Date	
Paweł Szpigel		PLN 24.40		9 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	2392.0	2387.8	0%	9766.3	74%
EBITDA	865.3	957.0	-10%	3629.0	76%
EBITDA margin	36.2%	40.1%		0.0%	
EBIT	418.6	449.1	-7%	1816.6	77%
Pre-tax profit	288.6	334.9	-14%	1302.4	75%
Net profit	243.2	278.2	-13%	1055.0	77%

Wirtualna Polska		Accumulate		Reporting Date	
Paweł Szpigel		PLN 53.00		14 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	111.4	103.0	8%	468.3	70%
EBITDA	34.3	28.0	22%	134.3	67%
EBITDA margin	30.8%	27.2%		28.7%	
EBIT	21.7	17.2	26%	86.4	61%
Pre-tax profit	17.4	12.8	36%	71.5	55%
Net profit	13.4	9.7	38%	55.0	55%

Asseco Poland		Hold		Reporting Date	
Paweł Szpigel		PLN 44.00		20 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	1666.8	1902.3	-12%	3617.3	-
EBITDA	190.1	261.9	-27%	554.1	-
EBITDA margin	11.4%	13.8%		15.3%	
EBIT	136.5	204.0	-33%	382.5	-
Pre-tax profit	128.5	185.2	-31%	382.5	-
Net profit	65.0	81.7	-20%	248.5	-

Comarch		Accumulate		Reporting Date	
Paweł Szpigel		PLN 195.00		17 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	253.0	222.7	14%	1205.1	62%
EBITDA	15.6	24.1	-35%	160.5	27%
EBITDA margin	6.2%	10.8%		13.3%	
EBIT	1.2	9.2	-87%	99.7	-3%
Pre-tax profit	3.3	16.5	-80%	118.1	19%
Net profit	-0.4	7.0	-	77.1	13%

CD Projekt		Sell		Reporting Date	
Piotr Bogusz		PLN 74.34		23 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	94.4	100.8	-6%	447.7	78%
EBITDA	40.1	46.1	-13%	241.7	77%
EBITDA margin	42.5%	45.7%		54.0%	
EBIT	38.8	44.9	-14%	237.7	77%
Pre-tax profit	39.6	46.0	-14%	241.7	77%
Net profit	32.3	36.6	-12%	195.5	77%

*as a percentage of our full-year forecast

- Revenues from wholesale and other services (24% of total sales), will increase in Q3.
- Savings on network maintenance will drive a y/y cut in costs ex. D&A from PLN 277m to PLN 259m.
- On the other hand, insourcing will lift payroll costs by nearly 11% on the year.
- Y/Y contraction in EBITDA will be mild at just 5%.

- RLAH put a PLN 50m dent in Q3 revenue, weighing most heavily on mobile and costs of interoperator billing.
- Fixed-line revenue will show further stabilization in Q3.
- Selling expenses will register a y/y decline thanks to a focus shift on subscriber monetization, but KPIs in the period worsened.
- Ex. RALH, Q3 EBITDA may show a y/y rise of 1%.

- Q3 saw revenue contraction led by Press and Print.
- EBITDA is expected to be stable year over year.
- Improved EBITDA in Press thanks to lower costs of marketing and utilities, and in Radio, where ad revenues increased.
- In Film&Books, a 5% fall in cinema attendance means y/y EBITDA contraction to PLN 9.7m from PLN 12.9m.

- Cyfrowy is expected to post weak Q3 earnings due to negative effects of abolished roaming fees (ca. PLN 50m) and higher costs of marketing and customer service.
- The downward trend in EBITDA will accelerate to 9.6% in Q3 from 3.1% in Q2.

- Predicting 10% growth to PLN 104m in Q3 cash revenue.
- The topline growth driven was mainly by the lower-margin e-commerce business (Domodi + Allani).
- The quarterly costs of the TV project are estimated at PLN 3.0m.
- EBITDA after adjustments (incl. for the TV project costs) will show y/y growth of 7% at a projected PLN 36.7m.

- We assume a lack of contributions from Formula Systems after the stake sale for one month during Q3
- Assuming a full quarter of consolidation, the pro-forma revenue would show a y/y increase of 9% to PLN 2.1bn, and EBIT would post an 18% fall to PLN 168m.
- EBIT (and overall) shrinkage led mainly by the parent, where EBIT may have dropped 33% to PLN 34.0m.

- Comarch increased sales by nearly 14% y/y in Q3, led mainly by solutions for banks, retailers, manufacturers, and utilities.
- The gross margin is expected to show a 15% surge from Q3'16.
- Core EBIT will have increased by nearly PLN 5m from the year-ago comparable base.

- CD Projekt may see slight year-over-year revenue slippage in Q3 due to base effects (with Q3'16 sales boosted by the release of the GOTY edition of The Witcher 3) and less intense marketing.
- EBIT contraction on declining sales of The Witcher 3 should be offset by increasing sales of Gwent.

Industrials

Alumetal		Neutral		Reporting Date	
Jakub Szkopek				29 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	356.5	299.0	19%	1486.2	74%
EBITDA	21.1	24.1	-12%	91.4	73%
EBITDA margin	5.9%	8.1%		6.2%	
EBIT	12.2	18.3	-33%	61.7	72%
Net profit	10.3	18.6	-45%	56.4	74%

Amica		Neutral		Reporting Date	
Jakub Szkopek				29 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	692.7	649.9	7%	2605.8	72%
EBITDA	57.2	57.6	-1%	209.5	75%
EBITDA margin	8.3%	8.9%		8.0%	
EBIT	44.7	45.6	-2%	160.2	76%
Net profit	33.9	34.7	-2%	159.9	82%

Apator		Neutral		Reporting Date	
Jakub Szkopek				16 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	222.4	207.8	7%	946.8	72%
EBITDA	29.5	20.4	44%	141.2	63%
EBITDA margin	13.3%	9.8%		14.9%	
EBIT	20.7	11.7	77%	105.7	59%
Net profit	15.3	7.1	116%	78.2	63%

Boryszew		Underweight		Reporting Date	
Jakub Szkopek				14 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	1380.8	1319.4	5%	6478.9	67%
EBITDA	115.7	119.6	-3%	488.1	74%
EBITDA margin	8.4%	9.1%		7.5%	
EBIT	84.2	88.9	-5%	354.0	74%
Net profit	44.9	59.1	-24%	193.7	79%

Elemental		Neutral		Reporting Date	
Jakub Szkopek				24 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	326.4	261.2	25%	1431.9	70%
EBITDA	14.7	17.3	-15%	72.1	69%
EBITDA margin	4.5%	6.6%		7.5%	
EBIT	12.5	15.1	-17%	59.7	72%
Net profit	8.9	11.1	-20%	42.0	59%

Ergis		Overweight		Reporting Date	
Jakub Szkopek				9 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	201.2	180.4	12%	741.8	77%
EBITDA	15.1	15.5	-3%	62.1	79%
EBITDA margin	7.5%	8.6%		8.4%	
EBIT	9.1	9.4	-3%	37.8	83%
Net profit	4.7	7.0	-34%	25.4	80%

Famur		Buy		Reporting Date	
Jakub Szkopek		PLN 6.84		10 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	428.8	225.8	90%	1458.9	66%
EBITDA	78.1	47.8	63%	317.4	64%
EBITDA margin	18.2%	21.2%		27.0%	
EBIT	22.9	17.6	30%	137.0	64%
Net profit	18.1	17.7	3%	121.2	57%

Forte		Underweight		Reporting Date	
Jakub Szkopek				29 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	269.5	245.0	10%	1141.5	71%
EBITDA	28.6	38.3	1%	150.4	66%
EBITDA margin	14.3%	15.6%		13.2%	
EBIT	22.7	32.6	0%	126.2	64%
Net profit	12.3	28.3	-21%	89.3	73%

*as a percentage of our full-year forecast

- Due to a persistent squeeze on margins earned on aluminum alloys, we expect Alumetal to report an over-20% y/y drop in per-tonne EBITDA on a 15% higher sales volume.
- Compared to the previous quarter, however, margins should have improved.
- Amica is set to report fast-paced sales growth in Q3, boosted by the acquisition of the French appliance distributor Sideme and a rebound in Russia.
- At the same time, rising costs of labor and commodities (including steel) continued to put pressure on profits.
- Cost savings from the new warehouse, opened in September, will not show up yet in Q3.
- Q3 was the last quarter this year when Apator will be able to demonstrate year-over-year growth in profits thanks to positive base effects.
- Even so, with the earnings figures for the year through September likely to fall short of targets, Apator may have to revise downward its full-year guidance for 2017.
- Boryszew is expected to report flat year-over-year growth in profits in Q3 2017, but keep in mind that the comparable figures for Q3 2016 were boosted by a one-time upward adjustment of PLN 18.5m on a property sold in the period.
- Boryszew will fulfill only 67% of our FY207 EBITDA forecast in the year through September.
- Elemental probably continued to experience contraction in wholesale metals margins in Q3.
- Recovery in the profitability of the PCB and CAC segments is progressing at a slow pace.
- Year-over-year growth in Q3 will be additionally dampened by negative base effects.
- Ergis generated strong sales revenue in Q3 thanks to higher prices and volumes amid rising consumer spending.
- Profits in the period were under pressure from higher costs of crude oil products and labor.
- In addition, Ergis expects to book a PLN 0.5m one-time charge against EBITDA, and a PLN 1m deferred tax asset charge against net profit, in Q3.
- The acquisition of Kopex will boost Famur's Q3 2017 earnings.
- On the other hand, post-merger integration costs will drive the period's SG&A expenses, as well as necessitating the recognition of a one-time integration preserve of ca. PLN 17m.
- We estimate the Q3 core EBITDA at PLN 90-95m.
- Forte says it experienced a rebound in sales in Q3 2017 relative to a slow first half of the year, but as for profits, they are bound to reflect the negative effects of higher costs of labor and raw materials.
- The ratio of net debt to 12M EBITDA will have risen to 3.2x as of 30 September 2017.

Industrials

Impexmetal				Reporting Date	
Jakub Szkopek				11 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	825.8	706.4	17%	3233.9	77%
EBITDA	65.8	76.3	-14%	233.9	80%
EBITDA margin	8.0%	10.8%		7.2%	
EBIT	51.0	63.0	-19%	178.3	80%
Net profit	40.0	45.1	-11%	130.7	83%

Kernel		Accumulate		Reporting Date	
Jakub Szkopek		PLN 71.74		30 January	
(USD m)	Q1'18E	Q1'17	Y/Y	2017E	YTD
Revenue	620.0	384.1	61%	3218.5	19%
EBITDA	68.1	72.4	-6%	364.8	19%
EBITDA margin	11.0%	18.9%		15.0%	
EBIT	53.9	58.5	-8%	287.2	19%
Net profit	39.7	62.9	-37%	230.1	17%

Kruszwica		Neutral		Reporting Date	
Jakub Szkopek		14 November			
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	628.1	580.2	8%	2570.2	71%
EBITDA	32.4	30.8	5%	104.1	45%
EBITDA margin	5.2%	5.3%		4.0%	
EBIT	25.4	23.8	7%	74.9	33%
Net profit	20.5	22.3	-8%	60.0	32%

Mangata		Neutral		Reporting Date	
Jakub Szkopek		11 November			
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	140.6	138.1	2%	623.5	73%
EBITDA	20.2	19.4	4%	89.4	76%
EBITDA margin	14.4%	14.1%		14.3%	
EBIT	13.6	13.4	1%	63.3	76%
Net profit	10.9	9.7	12%	48.4	75%

Pfleiderer Group		Overweight		Reporting Date	
Jakub Szkopek		7 November			
(EUR m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	250.4	237.3	5%	973.7	78%
EBITDA	32.8	25.3	29%	155.4	66%
EBITDA margin	13.1%	10.7%		16.0%	
EBIT	14.4	7.1	102%	84.5	56%
Net profit	6.3	9.4	-33%	47.2	55%

Stelmet		Buy		Reporting Date	
Jakub Szkopek		PLN 28.94		10 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	113.1	111.1	2%	539.8	-5%
EBITDA	12.6	4.1	208%	60.8	-26%
EBITDA margin	11.1%	3.7%		11.0%	
EBIT	3.6	-1.4	-	21.4	-65%
Net profit	-0.9	21.0	-	25.7	-62%

Tarczyński		Neutral		Reporting Date	
Jakub Szkopek		10 November			
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	185.8	166.5	12%	738.1	74%
EBITDA	13.2	12.7	4%	47.3	78%
EBITDA margin	7.1%	7.6%		6.4%	
EBIT	6.1	6.2	-2%	18.9	82%
Net profit	3.5	3.3	6%	9.5	86%

*as a percentage of our full-year forecast

- Impexmetal experienced increasing sales and margins in Q3 2017 thanks to favorable market conditions.
- After factoring out a one-time property valuation gain recognized in Q3 2016, the adjusted comparable-basis profits for Q3 2017 will show improvement on the year-ago period.
- Kernel estimates that it sold about 2.3 times more bulk sunflower oil in calendar Q3 2017 than in the same period the previous year thanks to better availability of seeds.
- At the same time, the quarterly grain sales fell by an estimated 32% y/y to 804,700 tonnes because of issues at the Taman port.
- Kruszwica was able to increase sales volumes in Q3 2017 thanks to a more ample supply of rapeseed after a bumper harvest.
- The elimination of competitive pressures on the seed inputs market should be reflected in higher crushing margins, and hence in strong EBITDA.
- Mangata experienced intensifying pressure on profits during Q3 stemming from rising costs of raw materials and labor.
- Consequently, the adjusted EBITDA for the quarter is expected to show a year-on-year drop of 9%, with net profit down 13%.
- Pfeleiderer's sales revenue for Q3 2017 should reflect the positive effects of the price hikes introduced in the previous quarter.
- Annual growth will be supported by favorable base effects stemming from one-time charges of EUR 7.3m related to anti-trust proceedings, and EUR 3.8m related to downsizing, recognized in Q3 2016.
- Stelmet's performance in Q4 FY2017, ended 30 September, will be supported by positive base effects
- According to our calculations, the Company stayed within the covenants set by its financing providers as of the end of the last fiscal year.
- We are curious to learn how the 2017 hurricane season in the UK may influence near-term sales.
- On a 10% higher volume of products sold at 2.5% higher average prices, we expect Tarczyński to report flat year-over-year growth in the EBITDA and net profit figures for Q3 2017 due to higher costs of labor and fresh meat inputs.
- According to our calculations, with net debt as of 30 September 2017 at an estimated PLN 162m, this will bring the leverage ratio higher to ca. 3.7x.

Construction

A long, uphill slog to recovery

- Five of the ten builders in our coverage are set to report y/y improvement in Q3 earnings, but the aggregate EBITDA (ex. BDX) will show a slower but sustained fall of 17%.

Budimex Piotr Zybala		Buy PLN 267.00		Reporting Date 25 October	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	1982.0	1689.3	17%	6402.3	73%
Gross profit	233.6	195.1	20%	806.3	73%
EBITDA	183.4	137.0	34%	603.0	75%
EBIT	175.0	130.8	34%	569.0	75%
margin	8.8%	7.7%		8.9%	
Pre-tax income	175.4	130.6	34%	561.1	75%
Net profit	142.0	105.0	35%	452.8	74%

Elektrobudowa Piotr Zybala		Buy PLN 134.00		Reporting Date 15 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	279.8	251.7	11%	881.7	72%
Gross profit	26.9	25.5	6%	88.6	74%
EBITDA	23.7	22.9	4%	74.6	69%
EBIT	20.2	19.5	4%	60.7	67%
margin	7.2%	7.7%		6.9%	
Pre-tax income	22.1	21.6	2%	63.6	69%
Net profit	17.3	17.2	0%	49.4	70%

Erbud Piotr Zybala		Buy PLN 31.30		Reporting Date 14 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	505.3	425.4	19%	1890.2	68%
Gross profit	33.2	29.8	11%	134.2	70%
EBITDA	14.2	11.2	27%	57.8	59%
EBIT	11.7	8.8	32%	48.2	55%
margin	2.3%	2.1%		2.6%	
Pre-tax income	10.1	8.4	20%	41.4	47%
Net profit	7.8	7.1	11%	32.3	46%

Unibep Piotr Zybala		Buy PLN 15.40		Reporting Date 15 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	370.9	316.7	17%	1622.2	64%
Gross profit	19.7	21.5	-8%	109.3	53%
EBITDA	11.1	16.0	-30%	62.5	47%
EBIT	8.8	13.8	-36%	53.0	42%
margin	2.4%	4.4%		3.3%	
Pre-tax income	10.2	10.6	-4%	58.3	51%
Net profit	7.9	8.1	-2%	43.1	53%

Property Developers

A decent quarter ahead of Q4 peak

- Residential developers settled 17% more flats in Q3 2017 than in the same period a year ago. In Q4, settlements are expected to exceed off-plan sales by as much as 40% after soaring 60% y/y.

Atal Piotr Zybala		Accumulate PLN 45.00		Reporting Date 21 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	216.4	195.8	10%	911.7	70%
Gross profit	63.3	55.4	14%	265.2	72%
margin	29.2%	28.3%		29.1%	
EBIT	55.8	51.1	9%	236.3	73%
Pre-tax income	53.6	52.6	2%	227.2	73%
Net profit	42.8	42.7	0%	181.7	73%

*as a percentage of our full-year forecast

- The biggest laggards of the Q3 earnings season in our view will be Trakcja (with net profit down as much as PLN 5m) and Torpol (-PLN 2-0m).
- Elektrotim's profit will have dropped to zero, and Herkules will post a flat profit of PLN 3m.
- We have lowered our FY2017 earnings expectations for most construction firms.

- Budimex estimates its Q3 net profit at PLN 142m (+35% y/y), achieved thanks to better-than-expected profit margins on construction contracts and higher sales of residential flats.
- YTD EBITDA is equivalent to 75% of our FY forecast, which we keep intact even as we anticipate tightening margins on growing revenues in Q4.

- Assuming flat y/y growth in Q3, Elektrobudowa will have delivered 70% of our FY2017 net profit forecast in the year through September.
- The Company is capitalizing on high provisions for contract losses set aside in past years, which cushion rising cost pressures.
- The lack of any major new contracts during Q3 is cause for concern.

- Erbud will deliver y/y earnings growth across all operating segments in Q3, driven by robust revenues and stable margins.
- On a less positive note, due to likely delays on some contracts with original Q4'17 deadlines, the Company may fall short of our FY forecast this year.

- Unibep is expected to report a flat net profit figure for Q3 2017 compared to the same period in 2016.
- The segments of building construction and modular housing both delivered increasing revenues in the period.
- The road segment put downward pressure on the quarterly profit margins, and it may be the reason why Unibep will fall short of target with FY2017 earnings.

- LC Corp and Atal will deliver the highest profit in Q3.
- The standout in the commercial sector will be GTC.

- Atal sold 677 off-plan homes (+16% y/y), and settled 586 completed units (+15% y/y) in Q3.
- Based on this, we estimate that the quarterly net profit will come in at ca. PLN 50m.
- With ytd earnings fulfilling 73% of our full-year forecast, Atal could deliver a positive surprise this year barring project delays.

Capital Park Piotr Zybala		Buy PLN 8.09		Reporting Date 13 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	32.5	28.7	13%	128.6	72%
Gross profit	24.0	20.5	17%	97.7	70%
margin	73.8%	71.3%		76.0%	
EBIT ex. val.&SOP	20.4	18.0	13%	83.6	67%
Valuation effects	37.5	-44.0	-	-68.6	-
EBIT	56.4	-27.8	-	15.0	-
Pre-tax income	21.6	-8.9	-	25.1	-
Net profit	24.0	-7.4	-	15.1	0%

Dom Dev. Piotr Zybala		Buy PLN 101.10		Reporting Date 27 October	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	238.1	218.2	9%	1398.1	48%
Gross profit	59.6	49.4	21%	368.1	48%
margin	25.0%	22.6%		26.3%	
EBIT	27.5	21.0	31%	236.8	36%
Pre-tax income	27.6	20.9	32%	237.5	36%
Net profit	22.3	16.8	33%	193.3	36%

Echo Inv. Piotr Zybala		Buy PLN 6.42		Reporting Date 27 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	126.0	131.8	-4%	570.4	52%
Gross profit	42.3	40.7	4%	154.7	47%
margin	33.5%	30.8%		27.1%	
EBIT ex. valuation	12.3	33.1	-63%	26.4	-
Valuation effects	25.0	49.8	-50%	230.7	83%
EBIT	37.3	83.0	-55%	257.1	66%
Pre-tax income	47.5	46.5	2%	352.2	72%
Net profit	38.5	52.4	-27%	305.8	74%

GTC Piotr Zybala		Hold PLN 9.59		Reporting Date 14 November	
(EUR m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	36.2	31.6	14%	141.9	67%
Gross profit	24.5	22.9	7%	103.3	65%
margin	67.8%	72.5%		72.8%	
EBIT ex. val.&SOP	19.2	18.8	2%	85.3	65%
Valuation effects	40.0	14.4	179%	87.5	102%
EBIT	59.2	33.2	79%	172.9	83%
Pre-tax income	52.4	24.5	114%	140.7	86%
Net profit	45.9	71.4	-36%	122.9	86%

LC Corp Piotr Zybala		Buy PLN 3.54		Reporting Date 15 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	239.2	67.8	253%	723.2	82%
Gross profit	77.1	34.0	127%	264.9	82%
margin	32.2%	50.2%		36.6%	
EBIT ex. valuation	63.4	24.4	160%	221.3	83%
Valuation effects	30.4	-44.8	-	-72.3	74%
EBIT	93.8	-20.4	-	148.9	87%
Pre-tax income	74.6	-9.9	-	148.3	86%
Net profit	58.9	-8.9	-	120.3	85%

Robyg Piotr Zybala		Buy PLN 4.25		Reporting Date 16 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	124.2	104.2	19%	793.4	43%
Gross profit	32.6	26.6	22%	221.3	37%
margin	26.2%	25.5%		27.9%	
JV income	0.4	9.5	-96%	6.7	96%
EBIT	17.5	23.2	-25%	186.5	36%
Pre-tax income	15.5	21.4	-28%	178.0	34%
Net profit	9.6	19.9	-52%	102.1	37%

*as a percentage of our full-year forecast

- Capital Park is set to report further growth in NOI and core EBIT in Q3.
- Thanks to positive currency movements, the reported EBIT will receive a one-time boost to the tune of PLN 37m (vs. a PLN 44m loss in Q3'16) from FX adjustments.
- On the other hand, we expect to see one-time refinancing costs of PLN 5m.
- The bottom-line figure generated in Q3 may prove insufficient for CAP to fulfill our full-year forecast.

- Dom Development settled 553 completed flats (+11% y/y) in Q3 2017, and sales in the period were double the year-ago figure at 1,081 units.
- On a strong revenue and improved profit margins, we expect the Q3 net profit to show a y/y surge of 33% to a projected PLN 70m.

- A slowdown in Q3 earnings relative to the two preceding quarters does not affect our full-year forecast.
- Reasons behind the expected contraction in Q3 EBIT include lower valuation gains and negative base effects.
- We expect to see gains on financing activity conducted in Q3.

- GTC is set to deliver its best quarter this year in Q3 2017.
- The only investment property to produce a valuation gain in the period was the Galeria Północna mall in Warsaw, opened for business in September.
- Galeria Północna will boost Q4 NOI, but this may not be enough for GTC to fulfill our FY2017 EBIT estimate.
- At the same time, the net profit for the year will be within target thanks to high valuation gains.

- LC Corp is set to be the top earner of the Q3 season in the real-estate sector.
- The Developer will report robust y/y growth in profits after settling 668 flats in the period versus only 99 in Q3 2016.
- Net profit will show an increase of 63% to a projected PLN 46m, with ytd earnings up 45% on the year at an estimated PLN 134m.
- FX gains will add about PLN 13m to the Q3 bottom line.

- Robyg settled only about 400 finished flats in Q3 2017, resulting in a nominally low net profit poised for much stronger growth in future quarters, driven by quarterly off-plan sales which have averaged close to 1000 units.
- Consequently, Robyg will achieve only about 37% of our full-year earnings estimate in the year through September 2017, and with some projects likely to be delayed to 2018 it may fall short of target.

Retail, Other

Further improvement in like-for-like growth

- Most Polish retailers enjoyed robust sales in Q3 2017 thanks to increasing consumer spending.
- The quarterly margins were shaped by competitive

AmRest		Buy		Reporting Date	
Piotr Bogusz		PLN 422.00		21 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	1355.7	1157.6	17%	5408.4	44%
Gross profit	230.2	201.6	14%	914.5	39%
margin	17.0%	17.4%		16.9%	
EBITDA	185.5	160.7	15%	722.5	36%
EBITDA margin	13.7%	13.9%		13.4%	
EBIT	100.1	90.9	10%	355.9	29%
Pre-tax income	86.7	78.6	10%	306.3	24%
Net profit	62.2	62.5	0%	246.9	22%

Bytom		Neutral		Reporting Date	
Piotr Bogusz		PLN 442		6 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	40.0	35.9	11%	186.5	68%
Gross profit	20.1	18.5	8%	91.6	68%
margin	50.2%	51.7%		49.1%	
EBITDA	3.5	3.7	-6%	18.4	61%
EBITDA margin	8.7%	10.3%		9.9%	
EBIT	2.6	2.6	-3%	13.7	58%
Pre-tax income	2.3	3.0	-22%	13.7	59%
Net profit	2.1	4.3	-52%	11.4	56%

CCC		Accumulate		Reporting Date	
Piotr Bogusz		PLN 308.00		14 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	983.6	664.7	48%	4124.9	69%
Gross profit	485.9	339.3	43%	2114.6	67%
margin	49.4%	51.0%		51.3%	
EBITDA	92.5	46.7	98%	590.8	50%
EBITDA margin	9.4%	7.0%		14.3%	
EBIT	71.7	25.2	184%	506.6	47%
Pre-tax income	52.0	9.5	448%	361.9	51%
Net profit	38.0	8.2	363%	338.3	40%

Eurocash		Buy		Reporting Date	
Piotr Bogusz		PLN 44.30		10 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	6673.3	5761.2	16%	24289	46%
Gross profit	692.4	570.0	21%	2648.1	46%
margin	10.4%	9.9%		10.9%	
EBITDA	130.9	123.2	6%	368.2	12%
EBITDA margin	2.0%	2.1%		1.5%	
EBIT	86.1	81.1	6%	180.8	-26%
Pre-tax income	77.2	75.9	2%	133.7	-48%
Net profit	60.2	58.7	3%	119.1	-65%

Gino Rossi		Overweight		Reporting Date	
Piotr Bogusz		PLN 44.30		17 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	70.2	63.7	10%	277.2	79%
Gross profit	26.6	27.5	-3%	135.5	68%
margin	37.9%	43.1%		48.9%	
EBITDA	-0.9	0.3	-	23.8	33%
EBITDA margin	-1.2%	0.5%		8.6%	
EBIT	-3.1	-1.9	-	14.2	4%
Pre-tax income	-4.0	-3.4	-	10.6	-27%
Net profit	-4.1	-3.4	-	8.4	-22%

*as a percentage of our full-year forecast

pressures on the one hand, and favorable FX trends on the other hand.

- We expect strong Q3 showings from EAT, CCC, LPP, BTM, MON, and VST.

- AmRest estimates that its revenue for Q3 2017 increased 17.1% y/ to PLN 1,355.7m.
- Based on the sales data, we expect improvement in profits across all divisions in the period.
- EBITDA will be additionally reinforced by contributions from recent acquisitions.
- As a result, from a high year-ago base, Q3 EBITDA is expected to post growth at the robust pace of 15.5%.

- Based on monthly sales reports, we estimate that the Q3 total revenue of Bytom increased 11% y/y, while sales per square meter fell 7% and the gross margin decreased by 1.5ppts to 50.6%.

- Bytom was able to reduce SG&A/sqm by an estimated 9.1% y/y to PLN 442 by negotiating rent and keeping a lid on payroll costs.

- CCC increased sales per square meter by 21.1% y/y in Q3, indicating growth in the EBITDA margin by ca. 2.4ppts to 9.4%.

- The gross margin may show a y/y decline of 1.6ppts to 49.4% due to higher marketing expenses and increasing contributions from e-commerce.

- SG&A/sqm will have climbed 8.7% y/y to PLN 266 due to changes in sales bonus terms and higher marketing expenses.

- Q3 revenue growth was driven mainly by Eko Holding supermarkets, acquired earlier this year.

- Same-store sales are expected to show further positive growth.

- Year-over-year growth in comparable profits will be more subdued than in Q2 due to a lack of positive calendar effects and high costs of the "fresh" project (we anticipate an PLN 18m EBITDA loss in the segment of New Projects).

- Robust sales should drive Q3 revenue per square meter up by 11.7% y/y to PLN 1,561.

- At the same time, high marketing expenses and an increasing share of wholesale will shave 6.7ppts off the quarterly gross margin at 42.7%.

- SG&A/sqm may show a 1% y/y dip to PLN 632.

Jeronimo Martins		Hold		Reporting Date	
Piotr Bogus		PLN 17.10		25 October	
(EUR m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	4163.7	3779.0	10%	16388	66%
Gross profit	885.3	806.0	10%	3442.8	66%
margin	21.3%	21.3%		21.0%	
EBITDA	253.3	239.0	6%	913.6	69%
EBITDA margin	6.1%	6.3%		5.6%	
EBIT	165.7	147.0	13%	565.9	69%
Pre-tax income	161.7	143.0	13%	561.8	93%
Net profit	111.1	102.0	9%	409.0	122%

LPP		Hold		Reporting Date	
Piotr Bogus		PLN 8,400		21 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	1819.0	1488.4	22%	6869.0	71%
Gross profit	875.0	700.6	25%	3650.5	67%
margin	48.1%	47.1%		53.1%	
EBITDA	149.9	72.9	106%	835.3	47%
EBITDA margin	8.2%	4.9%		12.2%	
EBIT	87.0	4.8	17,1x	561.9	33%
Pre-tax income	98.1	-3.2	-	556.6	35%
Net profit	79.5	-6.5	-	446.2	30%

Monnari		Overweight		Reporting Date	
Piotr Bogus				16 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	52.9	46.5	14%	257.5	65%
Gross profit	28.1	22.4	26%	142.2	63%
margin	53.1%	48.1%		55.2%	
EBITDA	1.0	-1.5	-	27.2	32%
EBITDA margin	1.9%	-3.3%		10.6%	
EBIT	0.2	-2.5	-	23.1	23%
Pre-tax income	-0.4	-1.1	-	22.7	19%
Net profit	-0.4	-0.6	-	18.7	19%

TXM		Buy		Reporting Date	
Piotr Bogus		PLN 6.10		16 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	100.0	91.8	9%	396.9	68%
Gross profit	35.8	37.0	-3%	170.3	57%
margin	35.8%	40.3%		42.9%	
EBITDA	-6.8	1.8	-	0.0	-
EBITDA margin	-	-		0.0%	
EBIT	-8.9	1.2	-	-6.2	-
Pre-tax income	-8.6	0.8	-	-7.4	-
Net profit	-7.1	0.2	-	-6.0	-

Vistula		Overweight		Reporting Date	
Piotr Bogus				15 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	156.1	136.6	14%	683.6	68%
Gross profit	80.3	69.1	16%	311.8	77%
margin	51.4%	50.6%		16.9%	
EBITDA	13.2	10.1	31%	76.1	56%
EBITDA margin	8.4%	7.4%		13.4%	
EBIT	9.3	6.5	43%	60.4	51%
Pre-tax income	7.1	5.2	38%	51.6	47%
Net profit	5.8	4.0	43%	41.3	46%

PBKM		Accumulate		Reporting Date	
Paweł Szpigel		PLN 66.30		20 November	
(PLN m)	Q3'17E	Q3'16	Y/Y	2017E	YTD*
Revenue	39.8	31.4	27%	143.1	78%
EBITDA	11.6	7.7	52%	41.6	79%
EBITDA margin	29.3%	24.4%		29.1%	
EBIT	10.3	7.7	35%	35.5	81%
Pre-tax income	9.5	7.4	29%	34.6	78%
Net profit	7.4	6.0	23%	26.3	77%

*as a percentage of our full-year forecast

- Polish supermarkets achieved positive like-for-like growth in Q3 amid a strong economy, accelerating price inflation and a slightly weaker euro. In spite of intensifying pay pressures, the Polish EBITDA margin will hold stable at the year-ago level.
- The Portuguese business is set to report worsened profits due to high competition, slow inflation, and rising labor costs.
- Continuing expansion of the Ara business in Colombia and Hebe drugstores in Poland remained a major cost driver.
- Based on monthly sales reports, we expect LPP to register a 22% y/y increase in the sales revenue for Q3, with revenue per square meter up 14.4% and the gross margin improved by 1ppt to 48.1%.
- On increasing sales and payroll expenses, SG&A/sqm increased by an estimated 10.3% y/y to PLN 279.
- FX transactions in the period generated a projected one-time gain of PLN 13m.
- For the first time in six quarters, Monnari achieved positive growth at an annual rate of 0.5% in per-square-meter revenue in Q3 2017.
- A greater focus on maximizing margins, combined with cheaper dollar purchases of autumn/winter apparel, indicates an upward shift of 5ppts to 53.1% in gross margin.
- Monnari may have reduced SG&A/sqm by ca. 3% y/y to PLN 288 in Q3 thanks to tight cost discipline and by expanding the size of an average store.
- TXM estimates that its stores experienced y/y contraction of 8.5% to PLN 323 in Q3 2017 sales per square meter.
- Due to high price discounts, the gross margin in the period may show y/y contraction of 4.5ppts at a projected 35.8%.
- SG&A/sqm will have increased 5.5% to PLN 144 on the back of high marketing expenses and sales costs.
- We anticipate an increase in the net debt/EBITDA ratio to 5x as of 30 September.
- Vistula increased per-sqm sales by 3.9% y/y, and expanded the gross margin for the first time in four quarters by 0.9ppt to 51.4%, in Q3 2017.
- We expect that per-sqm SG&A in the period increased by 3.1% to ca. PLN 749.
- PBKM collected 5,487 cord blood units for banking in Q3 2017, up 16% on the year.
- We anticipate improvement in the quarterly revenues and profits.
- Storage costs will be stable, and SG&A expenses will be flat at the Q2 level but 29% higher than in Q3 2016.
- Core EBIT is set to come in at PLN 10.3m (+35% y/y).

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
Financial Sector						+4.5%	14.3	12.4		
Alior Bank	buy	2017-03-16	71.97	90.00	70.18	+28.2%	22.3	10.5		
BZ WBK	accumulate	2017-09-01	369.60	400.10	356.00	+12.4%	15.2	13.1		
Getin Noble Bank	hold	2017-09-01	1.28	1.27	1.53	-17.0%	-	21.1		
Handlowy	accumulate	2017-01-27	79.48	85.00	70.00	+21.4%	16.5	13.0		
ING BSK	reduce	2017-04-05	171.00	152.39	191.20	-20.3%	17.0	15.1		
Millennium	sell	2017-05-08	7.06	5.81	7.55	-23.0%	14.4	12.7		
Pekao	accumulate	2017-07-18	131.25	145.42	125.20	+16.2%	14.1	13.4		
PKO BP	reduce	2017-03-01	33.28	31.20	36.67	-14.9%	15.6	13.8		
Komercni Banka	accumulate	2017-09-01	966.50	1,111 CZK	950.50	+16.9%	12.5	12.2		
Erste Bank	hold	2017-09-01	35.50	35.98 EUR	37.75	-4.7%	13.1	11.7		
OTP Bank	accumulate	2017-10-02	9,895	10,901 HUF	10,660	+2.3%	11.4	11.7		
PZU	accumulate	2017-09-01	48.50	51.83	46.92	+10.5%	15.0	12.4		
Kruk	buy	2017-10-02	293.45	340.17	261.50	+30.1%	14.0	12.1		
Prime Car Management	buy	2017-01-27	34.91	46.43	27.00	+72.0%	7.8	7.1		
Skarbiec Holding	buy	2017-01-27	29.10	46.28	30.85	+50.0%	7.7	6.8		
Chemicals						+11.7%	10.5	11.3	6.4	6.3
Ciech	buy	2017-10-02	65.16	79.54	59.55	+33.6%	9.0	8.6	5.5	5.1
Grupa Azoty	hold	2017-10-02	79.80	80.77	72.43	+11.5%	15.2	14.0	7.3	6.6
Polwax	buy	2017-09-01	13.54	20.53	12.10	+69.7%	6.1	5.9	4.6	6.1
Synthos	hold	2017-10-02	5.14	4.62	4.86	-4.9%	12.1	14.6	9.8	9.5
Gas & Oil						-6.0%	8.7	12.6	5.0	5.9
Lotos	reduce	2017-10-02	59.75	51.61	62.00	-16.8%	9.4	14.2	5.7	6.6
MOL	hold	2017-10-02	3,000	3,077 HUF	3,195	-3.7%	7.5	11.1	4.4	5.2
PGNiG	accumulate	2017-10-02	6.79	7.73	6.75	+14.5%	10.9	9.8	4.9	4.4
PKN Orlen	sell	2017-10-02	121.70	86.55	123.70	-30.0%	8.0	17.0	5.1	8.6
Power Utilities						+8.8%	6.0	6.6	4.8	4.6
CEZ	buy	2017-10-02	441.30	512.33 CZK	457.90	+11.9%	13.9	14.5	7.4	7.1
Enea	hold	2017-10-02	14.80	14.59	13.79	+5.8%	5.9	6.1	4.9	4.4
Energa	accumulate	2017-10-02	11.65	14.49	12.71	+14.0%	7.1	6.6	4.8	4.5
PGE	hold	2017-10-02	13.30	13.61	13.15	+3.5%	6.0	7.2	4.4	4.6
Tauron	hold	2017-10-02	3.75	3.64	3.41	+6.7%	4.1	4.7	4.3	4.9
Telecoms, Media, IT						+5.1%	23.9	18.1	7.4	7.0
Netia	hold	2017-09-01	3.90	4.00	4.00	+0.0%	-	-	4.4	5.1
Orange Polska	buy	2017-06-30	5.15	7.10	4.93	+44.0%	84.2	38.6	4.4	4.4
Agora	accumulate	2017-10-02	17.10	18.80	16.03	+17.3%	503.6	48.0	6.6	6.3
Cyfrowy Polsat	reduce	2017-08-29	27.80	24.40	24.39	+0.0%	14.8	12.6	7.4	7.0
Wirtualna Polska	accumulate	2017-09-01	47.89	53.00	44.12	+20.1%	23.9	18.1	11.1	9.1
Asseco Poland	hold	2017-08-30	44.54	44.00	46.50	-5.4%	15.5	15.5		
CD Projekt	sell	2017-10-02	116.25	74.34	113.30	-34.4%	55.2	114.2	43.6	89.0
Comarch	accumulate	2017-10-02	178.50	195.00	177.00	+10.2%	18.7	16.7	8.6	7.8
Industrials, Metals						+11.4%	14.6	12.7	9.5	6.7
Famur	buy	2017-09-01	5.81	6.84	5.55	+23.2%	25.6	17.2	10.4	6.7
Kemel	accumulate	2017-09-01	60.70	71.74	49.60	+44.6%	4.8	4.8	4.2	3.8
Kęty	hold	2017-09-01	402.10	414.09	388.00	+6.7%	14.6	12.7	9.5	8.5
KGHM	hold	2017-10-02	117.40	124.12	122.00	+1.7%	14.5	8.9	5.8	5.4
Stelmet	buy	2017-09-01	22.20	28.94	20.90	+38.5%	23.9	13.0	13.0	8.0
Construction						+33.8%	9.7	10.0	4.6	5.0
Budimex	buy	2017-07-24	229.50	267.00	201.10	+32.8%	11.3	11.7	4.5	5.1
Elektrobudowa	buy	2017-09-01	109.50	134.00	94.00	+42.6%	9.0	9.5	4.8	5.0
Erbud	buy	2017-09-01	26.00	31.30	26.20	+19.5%	10.4	10.4	4.4	4.9
Unibep	buy	2017-09-01	12.20	15.40	10.51	+46.5%	8.6	7.7	6.0	5.1
Property Developers						+21.9%	9.3	7.7	10.4	8.0
Atal	accumulate	2017-09-01	40.40	45.00	43.47	+3.5%	9.3	8.9	8.0	8.0
Capital Park	buy	2017-01-25	6.30	8.09	5.87	+37.8%	41.9	7.7	118.3	13.7
Dom Development	buy	2017-09-01	82.25	101.10	79.70	+26.9%	10.3	8.5	8.2	6.8
Echo	buy	2017-10-02	5.19	6.42	4.61	+39.3%	6.2	6.3	11.3	6.7
GTC	hold	2017-08-02	9.62	9.59	9.02	+6.3%	8.0	11.7	10.4	14.6
LC Corp	buy	2017-09-26	2.69	3.54	2.68	+32.1%	10.0	6.4	13.7	8.8
Robyg	buy	2017-09-01	3.40	4.25	3.22	+32.0%	9.1	6.5	6.9	5.6
Retail						+12.1%	33.2	22.2	15.2	9.6
AmRest	buy	2017-09-01	357.00	422.00	340.00	+24.1%	38.6	24.3	13.2	9.7
CCC	accumulate	2017-10-02	276.00	308.00	271.60	+13.4%	33.0	22.8	19.5	14.6
Eurocash	buy	2017-10-02	38.62	44.30	36.36	+21.8%	42.5	18.1	15.2	9.4
Jeronimo Martins	hold	2017-09-01	16.76	17.10 EUR	15.59	+9.7%	23.9	21.6	10.5	9.6
LPP	hold	2017-10-02	8,172	8,400	7,992	+5.1%	33.2	26.0	17.3	14.5
TXM	buy	2017-09-01	2.97	6.10	2.31	+164.1%	-	7.2	-	4.0
Other						+13.7%	11.0	9.5	6.9	6.2
PBKM	accumulate	2017-10-02	63.00	66.30	58.30	+13.7%	11.0	9.5	6.9	6.2

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						12.5	11.2	7.5	6.9
Alumetal	neutral	2017-07-31	46.99	50.25	+6.9%	13.6	11.2	9.7	8.2
Amica	neutral	2016-06-16	186.00	153.60	-17.4%	7.5	9.6	6.4	6.1
Apator	neutral	2017-07-31	31.29	29.00	-7.3%	13.0	11.4	8.3	7.5
Boryszew	underweight	2017-01-27	11.20	9.97	-11.0%	12.4	11.8	8.3	7.8
Elemental	neutral	2017-08-31	2.55	2.07	-18.8%	8.4	6.8	7.5	6.0
Ergis	overweight	2016-09-28	5.75	5.17	-10.1%	7.8	6.9	5.3	4.8
Forte	underweight	2017-08-31	74.02	68.38	-7.6%	18.2	14.8	13.7	11.5
Kruszwica	neutral	2017-03-29	63.50	70.97	+11.8%	27.2	21.3	13.8	11.5
Mangata	neutral	2016-10-26	112.55	90.87	-19.3%	12.5	11.0	7.1	6.4
Pfleiderer Group	overweight	2016-02-03	23.00	42.90	+86.5%	16.3	13.1	5.6	5.0
Tarczyński	neutral	2017-05-31	11.20	9.70	-13.4%	11.6	10.7	5.7	5.5
Vistal	underweight	2017-09-11	5.10	0.87	-82.9%	-	-	-	21.9
Construction Sector						18.1	13.7	7.6	6.7
Elektrotim	underweight	2017-10-24	9.76	9.76	+0.0%	909.0	18.3	14.5	7.6
Herkules	neutral	2017-10-24	3.60	3.60	+0.0%	14.6	12.4	6.8	6.2
Torpol	neutral	2017-10-24	10.93	10.93	+0.0%	-	11.5	25.9	5.7
Trakcja	underweight	2017-10-24	10.30	10.30	+0.0%	18.8	15.1	7.6	7.2
Ulma	neutral	2016-12-12	63.50	70.00	+10.2%	17.3	11.7	4.0	3.3
ZUE	underweight	2017-09-14	9.20	8.40	-8.7%	-	22.4	-	9.7
Property Developers						8.2	8.3	10.9	6.8
Archicom	overweight	2017-01-10	15.24	14.95	-1.9%	8.5	6.5	7.6	6.2
BBI Development	neutral	2017-06-02	0.73	0.72	-1.4%	-	8.3	71.7	6.8
JWC	neutral	2016-11-09	4.50	4.52	+0.4%	6.5	5.4	6.7	5.5
Lokum Deweloper	overweight	2017-09-14	16.30	16.25	-0.3%	7.1	5.2	6.6	4.8
PA Nova	neutral	2016-09-12	25.89	22.70	-12.3%	7.9	8.8	10.9	11.7
Polnord	underweight	2017-05-16	10.00	8.11	-18.9%	12.2	11.3	42.4	23.6
Ronson	underweight	2017-03-06	1.80	1.57	-12.8%	16.8	16.4	18.7	17.5
Retail						14.3	11.3	8.5	6.9
Bytom	neutral	2017-09-13	2.67	2.51	-6.0%	15.7	12.3	10.5	8.4
Gino Rossi	overweight	2017-08-25	1.78	1.39	-21.9%	8.3	5.5	5.5	4.3
Monnari	overweight	2017-09-13	8.93	8.75	-2.0%	14.3	10.2	7.5	5.4
Vistula	overweight	2017-08-25	3.26	3.40	+4.3%	14.3	13.0	9.5	8.5

Recommendations issued in October

Company	Rating	Previous Rating	Target Price	Issued on
Agora	accumulate	buy	18.80 PLN	2017-10-02
CCC	accumulate	accumulate	308.00 PLN	2017-10-02
CD Projekt	sell	sell	74.34 PLN	2017-10-02
CEZ	buy	accumulate	512.33 CZK	2017-10-02
Ciech	buy	buy	79.54 PLN	2017-10-02
Comarch	accumulate	hold	195.00 PLN	2017-10-02
Echo	buy	buy	6.42 PLN	2017-10-02
Elektroim	underweight	neutral	-	2017-10-24
Enea	hold	hold	14.59 PLN	2017-10-02
Energa	accumulate	hold	14.49 PLN	2017-10-02
Eurocash	buy	buy	44.30 PLN	2017-10-02
Grupa Azoty	hold	hold	80.77 PLN	2017-10-02
Herkules	neutral	overweight	-	2017-10-24
KGHM	hold	hold	124.12 PLN	2017-10-02
Kruk	buy	reduce	340.17 PLN	2017-10-02
LC Corp	buy	overweight	3.54 PLN	2017-09-26
Lotos	reduce	sell	51.61 PLN	2017-10-02
LPP	hold	hold	8400.00 PLN	2017-10-02
MOL	hold	hold	3077.00 HUF	2017-10-02
OTP Bank	accumulate	hold	10901.00 HUF	2017-10-02
PBKM	accumulate	buy	66.30 PLN	2017-10-02
PGE	hold	hold	13.61 PLN	2017-10-02
PGNiG	accumulate	accumulate	7.73 PLN	2017-10-02
PKN Orlen	sell	sell	86.55 PLN	2017-10-02
Synthos	hold	hold	4.62 PLN	2017-10-02
Tauron	hold	hold	3.64 PLN	2017-10-02
Torpol	neutral	overweight	-	2017-10-24
Trakcja	underweight	neutral	-	2017-10-24

Recommendation Statistics

Recommendation	All		For Issuers Who Are Clients of Dom Maklerski mBanku	
	Count	As pct. of total	Count	As pct. of total
sell	3	3.4%	2	4.9%
reduce	4	4.5%	2	4.9%
underweight	8	9.1%	4	9.8%
hold	15	17.0%	7	17.1%
neutral	14	15.9%	3	7.3%
accumulate	15	17.0%	9	22.0%
buy	22	25.0%	13	31.7%
overweight	7	8.0%	1	2.4%

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 opinions and estimates contained herein constitute our best judgment at this date and time, and are subject to change without notice. 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.

This document does not constitute an offer or invitation to subscribe for or purchase any financial instruments and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. It is being furnished to you solely for your information and may not be reproduced or redistributed to any other person. This document nor any copy hereof is not to be distributed directly or indirectly in the United States, Australia, Canada or Japan.

Recommendations are based on essential data from the entire history of a company being the subject of a recommendation, with particular emphasis on the period since the previous recommendation.

Investing in shares is connected with a number of risks including, but not limited to, the macroeconomic situation of the country, changes in legal regulations as well as changes on commodity markets. Full elimination of these risks is virtually impossible.

mBank S.A. bears no responsibility for investment decisions taken on the basis of the present report or for any damages incurred as a result of investment decisions taken on the basis of the present report.

It is possible that mBank S.A. in its brokerage activity renders, will render or in the past has rendered services for companies and other entities mentioned in the present report.

mBank S.A. does not rule out offering brokerage services to an issuer of securities being the subject of a recommendation. Information about any conflicts of interest that may arise in connection with the issuance of recommendations (should such a conflict exist) is provided below, and it is valid as of the date of the most recent Monthly Report published by Dom Maklerski mBanku or as of the date of the most recent recommendation issued for an Issuer, as applicable.

This document was not transferred to the issuers prior to its publication.

mBank S.A. serves as underwriter for the following issuers: Asseco Business Solutions, Atal, BOŚ, Capital Park, Ergis, ES-System, IMS, Kruk, MLP Group, Neuca, PBKM, Pemug, Polimex Mostostal, Polna, Solar, Tarczyński, TXM, Vistal, Zastal, ZUE.

mBank S.A. serves as market maker for the following issuers: Asseco Business Solutions, Atal, Bakalland, BOŚ, Capital Park, Erbud, ES-System, IMS, KGHM, Kruk, LW Bogdanka, Magellan, Mieszko, MLP Group, Neuca, Oponeo, PBKM, PGE, Pekao, PKN Orlen, PKO BP, Polimex Mostostal, Polna, Polwax, PZU, Solar, Tarczyński, Vistal, ZUE.

mBank S.A. receives remuneration from issuers for services rendered to the following companies: Agora, Alchemia, Alior Bank, Ambra, Atal, Bakalland, Best, BNP Paribas, Boryszew, BPH, BZ WBK, Deutsche Bank, Echo Investments, Elemental Holding, Elzab, Enea, Energoaparatúra, Erbud, Ergis, Erste Bank, ES-System, Farmacol, Ferrum, GetBack, Getin Holding, Getin Noble Bank, Handlowy, Immobile, Impexmetal, Indata Software, ING BSK, Inter Groclin Auto, Ipopema, Koelner, Kopex, Kruk, LW Bogdanka, Magellan, Mennica, Mercor, Mieszko, Millennium, Mostostal Warszawa, Netia, Neuca, Odratrans, Oponeo, Orbis, OTP Bank, Paged, PA Nova, PBKM, Pekao, Pemug, Pfeiderer Group, PGE, PGNiG, PKO BP, Polimex-Mostostal, Polnord, PRESCO GROUP, Prochem, Projprzem, Prokom, PZU, RBI, Robyg, Seco Warwick, Skarbiac Holding, Sokołów, Solar, Stelmet, Sygnity, Tarczyński, Techmex, TXM, Unibep, Uniwheels, Vistal, Wirtualna Polska Holding, Work Service, Zastal, ZUE.

In the last 12 months mBank S.A. has been an offering agent of the issuer's shares in a public offering for the following companies: TXM.

Asseco Poland provides IT services to mBank S.A.

mBank S.A. has a cash service agreement in place with Pekao and a phone subscription agreement in place with Orange Polska S.A.

mBank S.A., its shareholders and employees may hold long or short positions in the issuers' shares or other financial instruments related to the issuers' shares. mBank, its affiliates and/or clients may conduct or may have conducted transactions for their own account or for account of another with respect to the financial instruments mentioned in this report or related investments before the recipient has received this report.

Copying or publishing the present report, in full or in part, or disseminating in any way information contained in the present report requires the prior written agreement of mBank S.A. Recommendations are addressed to all Clients of Dom Maklerski mBanku.

Recommendations are addressed to all Clients of Dom Maklerski mBanku.

The activity of mBank S.A. is subject to the supervision of the Polish Financial Supervision Commission.

Individuals who did not participate in the preparation of recommendations, but had or could have had access to recommendations prior to their publication, are employees of Dom Maklerski mBanku authorised to access the premises in which recommendations are prepared and/or individuals having to access to recommendations based on their corporate roles, other than the analysts mentioned as the authors of the present recommendations.

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.

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.

Dom Maklerski mBanku

Senatorska 18
00-082 Warszawa
<http://www.mbank.pl/>

Research Department**Kamil Kliszcz**

director
+48 22 438 24 02
kamil.klischcz@mbank.pl
energy, power generation

Jakub Szkopek

+48 22 438 24 03
jakub.szkopek@mbank.pl
industrials, chemicals, metals

Piotr Bogusz

+48 22 438 24 08
piotr.bogusz@mbank.pl
retail

Michał Marczak

+48 22 438 24 01
michal.marczak@mbank.pl
strategy

Paweł Szpigel

+48 22 438 24 06
pawel.szpigel@mbank.pl
media, IT, telco

Michał Konarski

+48 22 438 24 05
michal.konarski@mbank.pl
banks, financials

Piotr Zybala

+48 22 438 24 04
piotr.zybala@mbank.pl
construction, real-estate development

Sales and Trading**Traders****Piotr Gawron**

director
+48 22 697 48 95
piotr.gawron@mbank.pl

Anna Łagowska

+48 22 697 48 25
anna.lagowska@mbank.pl

Jędrzej Łukomski

+48 22 697 49 85
jedrzej.lukomski@mbank.pl

Andrzej Sychowski

+48 22 697 48 46
andrzej.sychowski@mbank.pl

Krzysztof Bodek

+48 22 697 48 89
krzysztof.bodek@mbank.pl

Adam Prokop

+48 22 697 47 90
adam.prokop@mbank.pl

Tomasz Galanciak

+48 22 697 49 68
tomasz.galanciak@mbank.pl

Tomasz Jakubiec

+48 22 697 47 31
tomasz.jakubiec@mbank.pl

Szymon Kubka, CFA, PRM

+48 22 697 48 54
szymon.kubka@mbank.pl

Magdalena Bernacik

+48 22 697 47 35
magdalena.bernacik@mbank.pl

Sales, Foreign Markets**Marzena Łempicka-Wilim**

deputy director
+48 22 697 48 82
marzena.lemicka@mbank.pl

Bartosz Orzechowski

+48 22 697 48 47
bartosz.orzechowski@mbank.pl

Private Broker**Kamil Szymański**

director, active sales
+48 22 697 47 06
kamil.szymanski@mbank.pl

Jarosław Banasiak

deputy director, active sales
+48 22 697 48 70
jaroslaw.banasiak@mbank.pl