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# Quarterly Earnings Forecast: Q4 2017

## Equity Market

### Financials

Seasonality, including higher operating expenses and provisioning, will weigh on the Q4 2017 results of Polish banks. Pekao is set to report the highest net income in the quarter, achieved with help of one-time gains. Getin Noble Bank will post a net loss again. Outside of Poland, OTP Bank will make a solid showing supported by a one-time bargain purchase gain. In other financials, PZU may post a slowdown while Skarbiec Holding will deliver thanks to strong success fees.

### Chemicals

Ciech is expected to beat market expectations with Q4 results, and for Grupą Azoty Q4 2017 was the last quarter of growth before a 2018 slump.

### Oil & Gas

The Q4 profits of refiners will reflect worsened market conditions, offset by one-time inventory adjustments. Between PKN Orlen and Lotos, the latter will report the better quarterly results. The gas utility PGNiG may exceed expectations thanks to a strong profit on trade.

### Power Utilities

The core quarterly profits of power generators will be consistent with the consensus expectations, but the reported figures might be depressed by one-offs. There is potential for positive surprises from PGE and CEZ.

### Telecoms, Media, IT

In the telecoms sector, the highest growth in core EBITDA should be reported by Orange Polska (+3% y/y). In IT, we expect relatively solid results from Asseco Poland (flat y/y growth), while Comarch will fall short after a 24% EBITDA drop. Among smaller IT firms there is a good chance Atende will post an 84% y/y surge in EBITDA.

### Industrials & Mining

47% of the industrial companies tracked by us are expected to report year-over-year improvement in profits in Q4, with the same percentage posting a slowdown. Look out for positive surprises from Alumetal, Elemental, and Selmet, and negative surprises from Apator and Forte. In mining, the copper producer KGHM experienced a slump in Q4 while the coal producer JSW enjoyed robust performance.

### Construction

Among the construction firms expected to report year-over-year growth in Q4 profits are Erbud, Trakcja, Elektrotim, and Ulma. Budimex and Elektrobudowa will probably post contraction from the year-ago comparable base, but figures will be solid. Across the sector, the aggregate EBITDA will show a 22% drop from Q4 2016 (or 4% not including Budimex).

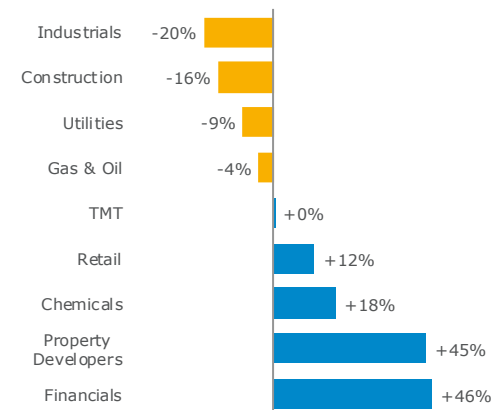
### Property Developers

Q4 was the best quarter of last year for residential developers, but this is already priced in. On increased closing numbers, the aggregate net profit of the ten developers in our coverage will be 40% higher than in Q4 2016. The standouts will be Atal, Dom Development, Lokum Developer, and i2 Development. The quarterly profits of commercial developers (Capital Park, LC Corp) will be negatively impacted by FX losses.

### Retail

The 2017 fourth-quarter earnings of retailers on the one hand benefitted from a continued rise in consumer spending, and on the other hand they were further squeezed by cost pressures. There is a likelihood of negative surprises from CCC, Eurocash, Gino Rossi, and LPP. On the other hand, Dino and Vistula will probably beat expectations.

### YoY earnings growth by sector: Q4'17\*



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

Earnings Surprise Prediction	
negative	positive
<b>Apator</b>	<b>Alumetal</b>
<b>CCC</b>	<b>Atende</b>
<b>Comarch</b>	<b>Budimex</b>
<b>Eurocash</b>	<b>Dino</b>
<b>Forte</b>	<b>Elemental</b>
<b>Getin Noble Bank</b>	<b>GTC</b>
<b>Gino Rossi</b>	<b>Pekao</b>
<b>KGHM</b>	<b>PGNiG</b>
<b>LPP</b>	<b>Skarbiec Holding</b>
	<b>Stelmet</b>

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## Banks

**No lift to dividends from one-time standalone boost at Pekao**

- Pekao will book a one-time net gain of PLN 400m on an upward adjustment to its investment in the fund manager

Alior Bank		Buy		Reporting Date	
Michał Konarski		PLN 109.00		2018-03-09	
(PLN m)	Q4'17E	Q3'17	Q/Q	Y/Y	17E Y/Y
Net interest income	740.7	723.8	2%	24%	46%
Net fee income	109.2	103.2	6%	19%	35%
Total income	976.3	952.7	2%	-29%	17%
Operating costs	-454.4	-404.1	12%	-36%	18%
Provisioning	-251.8	-212.0	19%	0%	16%
Net profit	143.9	189.9	-24%	-61%	-17%

Getin Noble Bank		Sell		Reporting Date	
Michał Konarski		PLN 1.50		2018-03-15	
(PLN m)	Q4'17E	Q3'17	Q/Q	Y/Y	17E Y/Y
Net interest income	325.9	325.7	0%	-4%	-1%
Net fee income	41.4	40.4	2%	13%	28%
Total income	357.3	361.4	-1%	-10%	0%
Operating costs	-211.8	-207.0	2%	0%	3%
Provisioning	-228.8	-243.0	-6%	26%	52%
Net profit	-62.0	-75.1	-17%	-	612%

Handlowy		Accumulate		Reporting Date	
Michał Konarski		PLN 94.00		2018-02-14	
(PLN m)	Q4'17E	Q3'17	Q/Q	Y/Y	17E Y/Y
Net interest income	280.1	273.5	2%	9%	7%
Net fee income	152.4	146.2	4%	13%	5%
Total income	555.3	541.0	3%	11%	0%
Operating costs	-290.7	-278.8	4%	-3%	0%
Provisioning	-16.8	-22.0	-24%	-13%	78%
Net profit	176.6	171.6	3%	36%	-9%

Pekao		Buy		Reporting Date	
Michał Konarski		PLN 157.00		2018-02-09	
(PLN m)	Q4'17E	Q3'17	Q/Q	Y/Y	17E Y/Y
Net interest income	1173.5	1152.1	2%	5%	4%
Net fee income	577.0	580.1	-1%	-6%	18%
Total income	2189.0	1798.5	22%	25%	2%
Operating costs	-879.4	-838.3	5%	0%	1%
Provisioning	-107.9	-138.6	-22%	2%	-5%
Net profit	916.6	536.2	71%	85%	2%

PKO BP		Sell		Reporting Date	
Michał Konarski		PLN 38.00		2018-03-12	
(PLN m)	Q4'17E	Q3'17	Q/Q	Y/Y	17E Y/Y
Net interest income	2256.4	2197.0	3%	12%	11%
Net fee income	781.5	766.0	2%	11%	11%
Total income	3282.2	3226.0	2%	12%	5%
Operating costs	-1458.8	-1372.0	6%	0%	3%
Provisioning	-402.1	-389.0	3%	-5%	-3%
Net profit	869.9	902.0	-4%	47%	10%

Erste Bank		Hold		Reporting Date	
Michał Konarski		EUR 40.00		2018-02-28	
(EUR m)	Q4'17E	Q3'17	Q/Q	Y/Y	17E Y/Y
Net interest income	1105.1	1086.3	2%	0%	-1%
Net fee income	471.9	451.0	5%	2%	3%
Total income	1627.5	1595.8	2%	-2%	-1%
Operating costs	-1059.5	-1010.1	5%	-1%	1%
Provisioning	-95.9	32.9	-	-28%	-14%
Net profit	229.4	363.0	-37%	168%	-4%

Komercni Banka		Buy		Reporting Date	
Michał Konarski		CZK 1,111.00		2018-02-08	
(CZK m)	Q4'17E	Q3'17	Q/Q	Y/Y	17E Y/Y
Net interest income	5577.7	5172.0	8%	5%	0%
Net fee income	1777.3	1558.0	14%	11%	-2%
Total income	7982.9	7496.0	6%	3%	-2%
Operating costs	-3457.7	-3328.0	4%	-1%	-5%
Provisioning	-502.0	125.0	-	-15%	-85%
Net profit	3095.0	3528.0	-12%	2%	5%

Pekao TFI, coupled with a one-off profit just south of PLN 100m on an NPL sale.

- Since the remeasurement is carried through the standalone P&L, it will not add to this year's dividends.

- Further rise in net interest income by 2% q/q and 24% y/y
- Effective tax rate reduced to 21% from 24% the previous quarter.
- A 5.8% q/q jump in fee income.
- A 12.5% seasonal increase in operating costs.

- NII flat on lower loan volumes.
- Fee income set to recover by a further 2.5% q/q.
- Cost of risk maintained at 2bps.
- Net loss at PLN 62m minimum depending on the extent of end-of-year balance-sheet adjustments.

- Net interest income up 2.4% q/q and 9.2% y/y.
- Trading income at a stable quarterly level.
- A 4.2% seasonal increase in operating costs.
- A 13% y/y reduction in risk reserves alongside improvement in cost of risk to 36bps .

- Bottom line boosted by one-time gains approximating PLN 500m.
- High operating costs after a seasonal rise.
- NII higher but fee income lower than in Q3.

- Continuing growth in NII (+3% q/q) and fee income (+2.0% q/q).
- A seasonal increase of 6.3% in operating costs.
- Provisioning 3.4% higher than in Q3.
- Net income set for 3.6% contraction.

- Net income at EUR 229.4m after a decline led by seasonality (higher provisioning and a 4.9% q/q jump in operating costs).
- A 1.7% q/q uptick in NII coupled with 4.6% growth in fee income.
- Q4 results will be consistent with FY2017 guidance.

- A 12.3% q/q fall in net income led by increased provisioning and a seasonal upturn in operating costs.
- 2018 dividend expected to be declared at CZK 42.0/share.
- NIM will show the first positive effects of raised interest rates.

<b>OTP Bank</b>	<b>Accumulate</b>		<b>Reporting Date</b>		
<b>Michał Konarski</b>	<b>HUF 12,090</b>		<b>2018-03-02</b>		
<b>(HUF bn)</b>	<b>Q4'17E</b>	<b>Q3'17</b>	<b>Q/Q</b>	<b>Y/Y</b>	<b>17E Y/Y</b>
Net interest income	142.5	137.0	4%	7%	5%
Net fee income	57.2	53.0	8%	19%	19%
Total income	213.1	203.8	5%	10%	10%
Operating costs	-124.5	-110.7	12%	15%	11%
Provisioning	-27.7	-4.3	552%	-42%	-42%
Net profit	47.6	79.3	-40%	80%	29%

## Financial Services

### Skarbiec Holding delivers a strong fourth quarter

- Strong Q4 showing at Skarbiec Holding thanks to success fees.

<b>PZU</b>	<b>Accumulate</b>		<b>Reporting Date</b>		
<b>Michał Konarski</b>	<b>PLN 50.58</b>		<b>2018-03-15</b>		
<b>(PLN m)</b>	<b>Q3'17E</b>	<b>Q2'17</b>	<b>Q/Q</b>	<b>Y/Y</b>	<b>17E Y/Y</b>
GWP	5665.4	5327.0	6%	3%	12%
Non-Life	3589.6	3211.0	12%	0%	0%
Life	2186.8	2120.0	3%	8%	0%
Claims	-3514.1	-4038.0	-13%	19%	16%
Costs	-1218.2	-1106.0	23%	-3%	10%
Income from banks	763.8	955.0	-20%	n.m.	219%
Underwriting profit	477.1	358.0	5%	23%	40%
Investment income	279.9	551.0	-49%	28%	51%
Pre-tax income	1320.8	1707.0	-23%	23%	72%
Net profit	535.5	700.0	-24%	-16%	37%

<b>GetBack</b>	<b>Buy</b>		<b>Reporting Date</b>		
<b>Michał Konarski</b>	<b>PLN 33.38</b>		<b>2018-02-10</b>		
<b>(PLN m)</b>	<b>Q3'17E</b>	<b>Q2'17</b>	<b>Q/Q</b>	<b>Y/Y</b>	<b>17E Y/Y</b>
Total revenue	229.0	200.0	15%	46%	85%
Int-Managed Fnds	192.1	156.0	23%	33%	94%
Ext-Managed Fnds	12.4	44.4	-72%	-44%	-1%
Total costs	-96.4	-89.7	7%	44%	107%
EBITDA	132.7	110.3	20%	48%	69%
EBITDA	125.3	102.9	22%	42%	64%
Pre-tax income	69.2	59.0	17%	-5%	14%
Net profit	79.9	69.6	15%	6%	31%

<b>Kruk</b>	<b>Buy</b>		<b>Reporting Date</b>		
<b>Michał Konarski</b>	<b>PLN 300.94</b>		<b>2018-03-04</b>		
<b>(PLN m)</b>	<b>Q3'17E</b>	<b>Q2'17</b>	<b>Q/Q</b>	<b>Y/Y</b>	<b>17E Y/Y</b>
Total revenue	237.2	259.5	-9%	-2%	33%
Purchased Debt	215.8	238.5	-10%	-3%	32%
Collection Srvcs	14.6	14.4	2%	63%	85%
Dir. & indir. costs	114.9	109.6	5%	50%	42%
Gross profit	122.4	149.9	-18%	-26%	28%
Operating profit	73.2	107.8	-32%	-42%	26%
Pre-tax income	51.8	77.8	-33%	-49%	23%
Net profit	15.0	74.3	-80%	-76%	23%

<b>PCM</b>	<b>Buy</b>		<b>Reporting Date</b>		
<b>Michał Konarski</b>	<b>PLN 35.30</b>		<b>2018-03-27</b>		
<b>(PLN m)</b>	<b>Q3'17E</b>	<b>Q2'17</b>	<b>Q/Q</b>	<b>Y/Y</b>	<b>17E Y/Y</b>
Lease revenue	36.0	35.8	0%	-2%	8%
Leasing fees	69.0	66.6	4%	14%	6%
Interest revenue	14.0	13.5	4%	19%	14%
Total revenue	161.1	146.2	10%	7%	5%
Service costs	59.2	56.8	4%	15%	5%
Total costs	151.0	135.5	11%	8%	4%
Remarketing	3.9	4.4	-9%	4%	2%
Net profit	8.2	8.3	-1%	-2%	13%

<b>Skarbiec Holding</b>	<b>Buy</b>		<b>Reporting Date</b>		
<b>Michał Konarski</b>	<b>PLN 56.30</b>		<b>2018-02-15</b>		
<b>(PLN m)</b>	<b>Q2'F17E</b>	<b>Q1'F17</b>	<b>Q/Q</b>	<b>Y/Y</b>	<b>YTD*</b>
Total revenue	24.1	23.1	4%	21%	47%
Management fee	19.9	18.9	5%	18%	47%
Success fee	2.9	3.0	-3%	395%	46%
Total costs	-18.7	-17.3	8%	15%	50%
Distribution costs	-9.6	-9.3	4%	17%	48%
Payroll	-4.2	-4.2	1%	61%	55%
Pre-tax income	5.6	6.3	-12%	38%	41%
Net profit	4.5	5.1	-12%	37%	41%

\*as a percentage of our full-year forecast

- Profits weighed down by seasonality (a 12.5% q/q jump in operating costs, a 5-fold increase in provisioning).
- December marked by first-ever contributions from Serbian bank acquisition.
- Acquisition to result in HUF 10bn bargain purchase gain.
- An 8% q/q jump in fee income coupled with 4% growth in net interest income.

### A slow quarter at PZU

- Weak investment income will drag the Q4 bottom line.

- Weaker net income after falling 24% q/q and 16% y/y.
- The main reason behind the bottom-line shrinkage was investment income, down 49% q/q.
- Growth in gross written premiums in Life and Non-Life.
- A 13% drop in claims, mainly in Non-Life.
- 2018 dividend payout expected to be PLN 2.48/share.

- Net income expanded by 15% q/q and 6% y/y.
- A 23% q/q jump in income from own funds supported by ca. PLN 30m upward value adjustments.
- Income from managed funds still weak.
- A 7% q/q seasonal rise in costs.
- FY2017 total CAPEX at PLN 2.3m.

- Kruk estimates its net income for FY2017 at PLN 300m.
- Expenditures on debt portfolios amounted to PLN 210m in Q4 and PLN 976m total in 2017. At the same time, the respective recoveries came in at PLN 375m and PLN 1,369m.
- Net income for Q4 2017 was low due to impairment losses on three portfolios in Italy and costs of tax restructuring.

- PCM added 1,475 vehicles to its lease fleet in Q4.
- Further q/q growth of 4% each expected in fee income and interest income from finance leases.
- An 11% seasonal increase in operating costs driven by 9% growth in general expenses.
- A slight decline to PLN 3.9m in remarketing income.

- Net income for Q2 of fiscal 2018 projected at PLN 4m after a 12% q/q drop.
- High success fees at PLN 2.9m.
- Higher management fees on 5% AUM growth.
- Costs to show a seasonal q/q rise of 8%.

## Gas & Oil, Chemicals

Strong showings from Ciech chemicals and Grupa Azoty fertilizers, though in case of the latter a slowdown is imminent in 2018.

<b>Ciech</b>		<b>Buy</b>		<b>Reporting Date</b>	
<b>Jakub Szkopek</b>		<b>PLN 90.13</b>		<b>26 March</b>	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	942.0	907.8	4%	3559.7	3%
EBITDA	230.3	221.7	4%	793.5	-10%
EBITDA margin	24.4%	24.4%		22.3%	
EBIT	170.3	162.1	5%	551.7	-16%
Pre-tax profit	160.4	156.4	3%	493.0	-21%
Net profit	126.5	174.0	-27%	382.6	-36%

<b>Grupa Azoty</b>		<b>Hold</b>		<b>Reporting Date</b>	
<b>Jakub Szkopek</b>		<b>PLN 73.42</b>		<b>2018-04-05</b>	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	2754.8	2322.3	19%	9820.5	10%
EBITDA	324.2	179.8	80%	1239.3	23%
EBITDA margin	11.8%	7.7%		12.6%	
EBIT	179.7	47.0	282%	722.3	49%
Pre-tax profit	135.4	43.3	213%	683.1	39%
Net profit	115.5	28.5	305%	518.1	51%

<b>Polwax</b>		<b>Buy</b>		<b>Reporting Date</b>	
<b>Kamil Kliszcz</b>		<b>PLN 18.80</b>		<b>5 April</b>	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	78.3	86.9	-10%	283.5	-4%
EBITDA	4.3	7.1	-39%	27.0	-13%
EBIT	3.2	5.9	-47%	22.2	-16%
Financing activity	0.0	0.0	-	-0.9	-
Net profit	2.6	4.8	-47%	17.2	-18%

<b>Synthos</b>		<b>Hold</b>		<b>Reporting Date</b>	
<b>Jakub Szkopek</b>		<b>PLN 4.77</b>		<b>2018-03-22</b>	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	1529.6	1436.0	7%	6920.6	46%
EBITDA	168.0	206.0	-18%	820.0	24%
EBITDA margin	11.0%	14.3%		11.8%	
EBIT	107.0	145.0	-26%	581.0	29%
Pre-tax profit	71.3	98.0	-27%	504.3	51%
Net profit	76.5	89.0	-14%	415.5	50%

<b>Lotos</b>		<b>Reduce</b>		<b>Reporting Date</b>	
<b>Kamil Kliszcz</b>		<b>PLN 52.67</b>		<b>2018-03-07</b>	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	6676.6	6366.1	5%	23841	14%
LIFO EBITDA adj.	760.3	858.8	-11%	3057.1	17%
LIFO effect	213.2	85.9	-	186.6	-
EBITDA	979.5	1042.3	-6%	3124.8	7%
EBIT	777.3	734.6	6%	2283.2	23%
Financing activity	110.1	-235.3	-	316.9	-
Net profit	594.5	303.5	96%	1781.6	75%

<b>MOL</b>		<b>Hold</b>		<b>Reporting Date</b>	
<b>Kamil Kliszcz</b>		<b>HUF 3,152</b>		<b>2018-02-20</b>	
(HUF bn)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	1028.2	990.3	4%	4058.9	13%
LIFO EBITDA adj.	144.3	139.6	3%	665.1	10%
LIFO effect	24.4	16.1	-	13.9	-43%
EBITDA	168.7	149.1	13%	676.7	9%
EBIT	96.2	57.9	66%	388.8	26%
Financing activity	1.1	-20.5	-	4.0	-
Net profit	74.1	43.5	71%	304.5	16%

<b>PGNiG</b>		<b>Buy</b>		<b>Reporting Date</b>	
<b>Kamil Kliszcz</b>		<b>PLN 7.65</b>		<b>14 March</b>	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	10915	10146	8%	35807	8%
EBITDA adj.	2053.8	2098.0	-2%	7327.8	7%
EBITDA	1277.8	1705.0	-25%	6533.8	9%
EBIT	638.3	1047.0	-39%	3898.3	16%
Financing activity	-48.9	-76.0	-	3.1	-
Net profit	442.1	722.0	-39%	2907.1	24%

### PGNiG likely to beat expectations

- Refinery profits in Q4 2017 were depressed by worsened market conditions, mitigated by LIFO effects. PGNiG natgas may beat estimates with better trading profits.

- Profits in Q4 were supported by recovering soda ash prices in Asia, coupled with strong global demand.
- Sales and margins in the fertilizer segment should be better as well.
- All told, the Q4 2017 EBITDA figure might be the second-highest in history at an estimated PLN 230.3m.

- Profits in Q4 should have benefitted from rising prices of nitrogen fertilizers. Reduced competition in the domestic market will make for higher sales.
- Q4'17 was the last quarter when y/y earnings growth was boosted by positive base effects, indicating a slowdown in 2018.

- Polwax's Q4 2017 bottom line was depressed by PLN 1.3m asset impairment according to the final earnings release.
- On a recurring basis, there was a y/y slowdown led by lower revenue (after a cutback in volumes amid falling prices) coupled with competitive pressures from rival slack wax suppliers.

- Q4 results will reflect worsened market conditions in SBR and polystyrene. Weighing most severely will be the narrowed butadiene-naphtha spread.
- All in all, earnings across the board will show double-digit y/y shrinkage on higher sales.

- Anticipating a 27% q/q jump in Upstream EBITDA, driven by rising prices of crude and natural gas, underpinned by a higher sales volume.
- Downstream EBITDA will be PLN 0.1bn lower at ca. PLN 506m, in keeping with worsened market conditions.
- An uptick in recurring Retail EBITDA to PLN 40m.
- FX gains recognized in financing activity.

- Expecting a q/q rise from HUF 49.1bn to HUF 58.1bn in adjusted Upstream EBITDA on higher prices of oil and gas.
- In Downstream, LIFO-based EBITDA will be flat q/q at HUF 40.6bn as tighter refining margins offset by HUF 5bn charge reversals.
- Retail EBITDA set to show further growth of 15% y/y. Contraction to HUF 25bn in Petrochemical EBITDA due to lower margins.

- Net of PLN 776m one-time charges, Q4 EBITDA will show flat y/y growth.
- An increase of PLN 0.12bn in E&P EBITDA on higher oil and gas prices.
- Trade EBITDA set to show a y/y decline of PLN 0.2bn due to weaker retail profits and lack of spot opportunities, coupled with a q/q rise thanks to seasonality and market deregulation.
- Profits on distribution and heat hurt by lower volumes.

## Utilities & Mining

### Core FY2017 results close to market expectations

- Extrapolating from our Q4 estimates, we think CEZ and PGE can deliver small beat over consensus with FY2017 figures.

CEZ Kamil Kliszcz	Hold			Reporting Date	
	CZK 532.50			2018-03-20	
(CZK m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	57128	58636	-3%	203860	0%
EBITDA adj.	12542	14392	-13%	52628	-10%
EBITDA	12542	14392	-13%	54787	-6%
EBIT	4980	4516	10%	24410	-7%
Financing activity	-1211	-3449	-	-1167	-83%
Net profit	3053	-161	-	19161	34%

Enea Kamil Kliszcz	Accumulate			Reporting Date	
	PLN 12.98			2018-03-23	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	3052.5	2951.7	3%	11451	2%
EBITDA adj.	653.2	682.2	-4%	2695.3	7%
EBITDA	733.2	499.2	47%	2680.4	15%
EBIT	441.0	170.2	159%	1510.9	35%
Financing activity	-20.8	1.0	-	-54.6	8%
Net profit	299.8	108.5	176%	1085.3	38%

Energia Kamil Kliszcz	Buy			Reporting Date	
	PLN 15.20			2018-03-15	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	2857.8	2808.0	2%	10575	4%
EBITDA adj.	515.1	499.0	3%	2099.1	3%
EBITDA	525.0	498.0	5%	2168.0	7%
EBIT	414.0	103.0	302%	1240.0	155%
Financing activity	-72.0	-47.0	-	-204.0	-
Net profit	277.0	80.0	246%	829.0	-

PGE Kamil Kliszcz	Accumulate			Reporting Date	
	PLN 13.30			2018-03-06	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	6799.5	7529.0	-10%	23493	-16%
EBITDA adj.	1708.1	1751.0	-2%	6595.1	8%
EBITDA	1608.1	2590.0	-38%	7714.1	5%
EBIT	21.1	1665.0	-	3836.1	9%
Financing activity	-48.0	25.0	-	-239.0	0%
Net profit	-21.8	1366.0	-	2938.2	14%

Tauron Kamil Kliszcz	Hold			Reporting Date	
	PLN 3.38			2018-03-13	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	4625.7	4522.7	2%	17497	-1%
EBITDA adj.	742.4	943.8	-21%	3471.6	3%
EBITDA	742.4	879.3	-16%	3619.6	8%
EBIT	303.9	278.6	9%	1883.7	-
Financing activity	30.0	-139.3	-	-68.1	-
Net profit	270.5	93.2	-	1462.7	-

JSW Jakub Szkopek	Buy			Reporting Date	
	PLN 122.30			2018-03-22	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	2274.5	2167.7	5%	8959	33%
EBITDA adj.	733.6	551.8	33%	3642.4	245%
EBITDA margin	32.3%	25.5%	-	40.7%	-
EBIT adj.	523.8	355.3	47%	2817.2	-
Net profit adj.	460.9	94.3	389%	2165.3	-

KGHM Jakub Szkopek	Accumulate			Reporting Date	
	PLN 128.62			15 March	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	5234.5	6015.0	-13%	19722	3%
EBITDA adj.	1370.8	1515.0	-10%	5648.9	21%
EBITDA margin	26.2%	25.2%	-	28.6%	-
EBIT adj.	938.8	1172.0	-20%	3979.8	56%
Net profit adj.	764.0	548.0	39%	3065.6	150%

- Miners in Q4 2017 benefitted from increasing prices of metals and coal. At KGHM the positive market shifts will be offset by production stoppages.

- Predicting a continued decline in core Q4 EBITDA at the same rate as in previous quarters.
- EBITDA from conventional generation will show a y/y decrease (CZK 3bn) as lower prices mitigated by higher nuclear power plant output.
- Trade EBITDA shrinkage by a further 28% coupled with flat growth in Distribution and Renewables.

- A PLN 110m one-time boost to Mining EBITDA with 8% y/y shrinkage on a recurring basis.
- Total EBITDA may be slightly (PLN 20m) lower than in Q4'16 due to maintenance outages at power plants.
- A 4% rise in Distribution on higher volumes, coupled with a PLN 9m drop in Trade.

- Energia's preliminary Q4 estimates show PLN 138m charge reversals adding to EBIT.
- A 16% rebound in Generation EBITDA thanks to higher renewables volumes and certificate prices.
- Flat y/y growth in core Distribution EBITDA after PLN 16m charge reversals.
- Trade EBITDA similar as in previous quarters.
- One-offs neutral at bottom-line level.

- EBIT depressed by PLN 807m one-time charges plus a PLN 100m upward hike in the reclamation reserve to reflect interest rates.
- Zero y/y growth in Generation EBITDA at PLN 880m despite 2017 acquisition of heating plants due to lower coal-fired volumes and higher coal costs.
- Better in Renewables (PLN 123m), Distribution (PLN 556m) on higher volumes, worse in Trade (PLN 167m).

- Dramatic y/y core EBITDA slump (reported EBITDA higher from a low year-ago base) led by Trade, where EBITDA set to be zero after a PLN 75m fall on lower volumes and higher costs.
- Generation EBITDA diminished to PLN 72m from PLN 162m due to a narrower CDS and weaker heat profits.
- Contraction in Distribution and Trade not as bad.
- Anticipating a PLN 100m gain on FX operations.

- Thanks to a narrowed discount relative to global coal benchmarks, JSW's effective zloty sales prices in Q4 2017 were up 100% on the year in case of coking coal, and rose 19% in case of thermal coal.
- A PLN 200m bonus payout to workers will depress the quarterly bottom line.

- Copper output for Q4 2017 is expected to show a y/y drop of 10% at 153kt.
- A month-long smelter stoppage will weigh on the quarterly profits.
- Net debt is expected to have increased by PLN 650m during Q4 to an estimated PLN 7.5bn (1.6x 12M EBITDA).
- All of the above led by excess copper stockpiles.

## TMT

Netia		Reduce		Reporting Date	
Paweł Szpigiel		PLN 4.60		1 March	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	356.1	371.6	-4%	1438.0	-6%
EBITDA	93.6	101.5	-8%	385.3	-10%
EBITDA margin	26.3%	27.3%	-	26.8%	-
EBIT	15.9	6.9	129%	72.9	190%
Pre-tax profit	15.9	5.7	179%	68.3	283%
Net profit	12.9	2.3	467%	54.4	67%

Orange Polska		Buy		Reporting Date	
Paweł Szpigiel		PLN 7.30		2018-02-20	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	2861.2	2981.0	-4%	11366	-1%
EBITDA	479.0	640.0	-25%	2877.0	-9%
EBITDA margin	16.7%	21.5%	-	25.3%	-
EBIT	-164.0	-1848.0	-	304.6	-
Pre-tax profit	-232.3	-226.2	-	-7.9	-
Net profit	-188.2	-1898.0	-	-7.1	-

Play		Hold		Reporting Date	
Paweł Szpigiel		PLN 34.70		2018-02-27	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	1733.2	1620.2	7%	6663	9%
EBITDA	562.4	523.2	7%	1902.7	-1%
EBITDA margin	32.5%	32.3%	-	28.6%	-
EBIT	378.0	360.8	5%	1124.7	-13%
Pre-tax profit	281.9	194.1	45%	645.8	-30%
Net profit	205.8	149.5	38%	450.2	-37%

Agora		Buy		Reporting Date	
Paweł Szpigiel		PLN 18.90		2018-03-08	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	329.5	340.4	-3%	1164.6	-3%
EBITDA	-42.6	36.4	-	30.5	-73%
EBITDA margin	-12.9%	10.7%	-	2.6%	-
EBIT	-66.5	12.9	-	-65.3	-
Pre-tax profit	-57.7	3.6	-	-52.9	-
Net profit	-49.1	-1.0	-	-57.8	-

Cyfrowy Polsat		Hold		Reporting Date	
Paweł Szpigiel		PLN 25.70		2018-03-22	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	2573.1	2535.1	1%	9822.5	1%
EBITDA	877.4	902.3	-3%	3621.7	-1%
EBITDA margin	34.1%	35.6%	-	36.9%	-
EBIT	877.4	902.3	-3%	1844.3	10%
Pre-tax profit	338.2	240.7	41%	1318.8	28%
Net profit	281.9	349.9	-19%	1061.9	23%

Wirtualna Polska		Accumulate		Reporting Date	
Paweł Szpigiel		PLN 56.10		16 March	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	134.3	123.0	9%	462.3	11%
EBITDA	38.6	38.1	1%	128.2	4%
EBITDA margin	28.7%	31.0%	-	27.7%	-
EBIT	26.0	26.8	-3%	78.3	-3%
Pre-tax profit	13.9	-24.9	-	53.4	247%
Net profit	9.6	23.4	-59%	41.2	-24%

Ailleron		Neutral		Reporting Date	
Paweł Szpigiel				28 February	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	38.9	34.7	12%	101.5	14%
EBITDA	7.2	5.6	29%	16.7	13%
EBITDA margin	18.6%	16.1%	-	16.4%	-
EBIT	5.4	3.9	39%	9.5	17%
Pre-tax profit	5.3	4.0	32%	9.0	11%
Net profit	5.3	4.4	21%	8.9	17%

- Revenues from wholesale and other services (nearly 25% of total sales) will increase in Q4.
- Savings on network maintenance costs will be the primary driver behind a y/y reduction in costs ex. D&A from PLN 276m to PLN 268m.
- On the other hand, insourcing will lift payroll costs by nearly 15% on the year.
- Y/Y contraction in EBITDA will be mild at just 5%.

- Weak quarterly KPIs caused by a revamped sales mix (cancellation of the cheapest calling plans) and customers switched from postpaid to prepaid.
- Stabilization of fixed revenue thanks to the success of the Orange Love convergent bundles.
- A 2.9% rise to PLN 659m in the quarterly EBITDA despite cut EU roaming rates.
- Net profit reflecting renewed 2018-2019 union contract.

- A y/y drop to 20% from 21.7% in the quarterly sales margin on mobile devices.
- Contribution margin contracted from 47.6% to 45.7% in the wake of reduced EU roaming rates.
- Lower G&A expenses with no extra advisory fees.
- At PLN 569.4m, recurring EBITDA will show modest growth of 1.6% vs. 17.2% in the three preceding quarters.
- A 26% y/y slump to ca. PLN 301m in FCFE.

- Anticipating 2.9% y/y expansion to PLN 37.4m in recurring EBITDA net of asset impairment estimated at PLN 80m.
- Revenue decline led by the segments of Press and Print.
- Radio segment set to post robust y/y EBITDA growth of 20.7%.
- Curbed EBITDA contraction in the Internet segment, with the annual rate of decline at 11.5% vs. 29.2% in the three preceding quarters.

- A 3.4% (or PLN 84m) y/y decline in revenue from individuals offset by a 10.1% (or PLN 69m) rebound in wholesale.
- Margins hurt by cut EU roaming rates.
- A 6% increase in distribution and marketing costs.
- EBITDA down 2.8% on the year at PLN 877m.

- A 13% y/y increase to PLN 125m in cash revenue.
- Topline growth driven was mainly by the lower-margin e-commerce business (Domodi + Allani).
- A PLN 2m loss on the TV project.
- EBITDA after adjustments (incl. for the TV project costs) showing y/y growth of 9% at a projected PLN 43.2m.

- A 3% rise in EBITDA after a slowdown in the earlier part of the year.
- Continued growth in sales margin to 33.6% vs. 32.6% in Q4'16 thanks to strong sales of the LiveBank solution.
- A 2.6% climb to PLN 7.6m in SG&A expenses.

<b>Asseco Poland</b>		<b>Reduce</b>			<b>Reporting Date</b>	
<b>Paweł Szpigiel</b>		<b>PLN 44.00</b>			<b>2018-03-19</b>	
<b>(PLN m)</b>	<b>Q4'17E</b>	<b>Q4'16</b>	<b>Y/Y</b>	<b>2017E</b>	<b>Y/Y</b>	
Revenue	2320.9	2259.1	3%	7724.4	-3%	
EBITDA	291.9	283.0	3%	933.2	-13%	
EBITDA margin	12.6%	12.5%	-	12.1%	0.0%	
EBIT	217.5	202.9	7%	643.9	-16%	
Pre-tax profit	277.5	196.8	41%	928.3	29%	
Net profit	157.2	76.6	105%	595.9	98%	

<b>Asseco BS</b>		<b>Neutral</b>			<b>Reporting Date</b>	
<b>Paweł Szpigiel</b>					<b>2018-03-06</b>	
<b>(PLN m)</b>	<b>Q4'17E</b>	<b>Q4'16</b>	<b>Y/Y</b>	<b>2017E</b>	<b>Y/Y</b>	
Revenue	68.9	46.2	49%	213.0	26%	
EBITDA	23.0	17.2	33%	73.9	18%	
EBITDA margin	33.3%	37.2%	-	34.7%	-	
EBIT	18.8	14.5	30%	60.1	17%	
Pre-tax profit	18.2	14.6	24%	59.4	13%	
Net profit	14.7	12.0	23%	47.9	13%	

<b>Asseco SEE</b>		<b>Overweight</b>			<b>Reporting Date</b>	
<b>Paweł Szpigiel</b>					<b>2018-02-19</b>	
<b>(PLN m)</b>	<b>Q4'17E</b>	<b>Q4'16</b>	<b>Y/Y</b>	<b>2017E</b>	<b>Y/Y</b>	
Revenue	163.6	179.4	-9%	574.3	1%	
EBITDA	31.8	30.3	5%	105.4	12%	
EBITDA margin	19.4%	16.9%	-	18.4%	-	
EBIT	21.3	20.3	5%	65.3	15%	
Pre-tax profit	21.3	24.4	-13%	66.1	8%	
Net profit	17.0	20.3	-16%	53.6	4%	

<b>Atende</b>		<b>Overweight</b>			<b>Reporting Date</b>	
<b>Paweł Szpigiel</b>					<b>2018-03-27</b>	
<b>(PLN m)</b>	<b>Q4'17E</b>	<b>Q4'16</b>	<b>Y/Y</b>	<b>2017E</b>	<b>Y/Y</b>	
Revenue	89.9	74.0	21%	237.3	12%	
EBITDA	18.6	10.1	84%	23.4	11%	
EBITDA margin	20.7%	13.7%	-	9.9%	-	
EBIT	17.1	8.2	107%	17.0	16%	
Pre-tax profit	16.5	8.0	108%	16.1	22%	
Net profit	12.4	6.4	95%	11.5	9%	

<b>Comarch</b>		<b>Hold</b>			<b>Reporting Date</b>	
<b>Paweł Szpigiel</b>		<b>PLN 180.00</b>			<b>1 March</b>	
<b>(PLN m)</b>	<b>Q4'17E</b>	<b>Q4'16</b>	<b>Y/Y</b>	<b>2017E</b>	<b>Y/Y</b>	
Revenue	370.8	370.8	-6%	1100.4	-1%	
EBITDA	83.7	83.7	-24%	113.1	-36%	
EBITDA margin	22.6%	22.6%	-	10.3%	-	
EBIT	68.1	68.1	-28%	52.0	-54%	
Pre-tax profit	61.2	61.2	-11%	74.8	-28%	
Net profit	50.0	50.0	-17%	48.9	-30%	

<b>Wasko</b>		<b>Overweight</b>			<b>Reporting Date</b>	
<b>Paweł Szpigiel</b>					<b>2018-02-28</b>	
<b>(PLN m)</b>	<b>Q4'17E</b>	<b>Q4'16</b>	<b>Y/Y</b>	<b>2017E</b>	<b>Y/Y</b>	
Revenue	72.7	69.9	4%	234.6	12%	
EBITDA	6.1	6.0	2%	20.6	44%	
EBITDA margin	8.5%	8.6%	-	8.8%	-	
EBIT	2.8	2.4	17%	7.3	-	
Pre-tax profit	3.0	2.6	17%	8.3	337%	
Net profit	2.3	2.3	4%	5.7	958%	

<b>CD Projekt</b>		<b>Sell</b>			<b>Reporting Date</b>	
<b>Piotr Bogusz</b>		<b>PLN 90.00</b>			<b>2018-03-22</b>	
<b>(PLN m)</b>	<b>Q4'17E</b>	<b>Q4'16</b>	<b>Y/Y</b>	<b>2017E</b>	<b>Y/Y</b>	
Revenue	133.3	164.1	-19%	583.9	22%	
EBITDA	54.4	95.9	-43%	307.9	27%	
EBITDA margin	40.8%	58.5%	-	52.7%	-	
EBIT	53.1	95.7	-44%	303.6	28%	
Pre-tax profit	53.4	98.5	-46%	311.9	29%	
Net profit	43.1	79.3	-46%	250.5	28%	

- A PLN 80m boost to bottom line from adjusted investment in Formula Systems after restoration of control.
- Adjusted net profit showing flat y/y growth after falling in the three quarters prior.
- An PLN 18.4m y/y drop in the net profit of the parent company, responsible for 40% of annual earnings.

- 2017 acquisition of Marcologic will boost growth reported in Q4.
- On a recurring basis EBITDA will show y/y expansion of just about 2% on virtually flat revenue.
- Marcologic will drive the EBITDA margin and the net margin down by 3.9 and 4.5 percentage points, respectively.

- A 5% y/y increase in core net profit.
- Growth achieved despite a weaker euro.
- Considerable improvement of 3.8pp in the gross profit margin.
- An 8% upward shift in SG&A expenses

- A stellar quarter for earnings.
- Parent set to report a record net profit of PLN 10m as a PLN 61.3m government contract won last year starts to bring results.
- Continuing improvement reported by subsidiaries.
- EBITDA margin lifted to 20.7% from 13.7% in Q4 2016.

- A 6% drop in revenue led by fewer government orders, a weaker euro, and base effects.
- Gross margin squeezed to 36.5% from 39.5% in the same period in 2016.
- Flat SG&A costs.
- Double-digit shrinkage in EBITDA, EBIT, and net profit.

- 4% y/y revenue expansion alongside flat growth to 22.4% in the sales margin.
- An over-18% surge in SG&A expenses.
- Stable profit figures.

- Sales set to show a 19% y/y fall to PLN 134m as sales of The Witcher fizzle, underpinned by a 15% depreciation in the US dollar.
- Anticipating a decline to PLN 38m in SG&A expenses from PLN 40m in Q4'16 as marketing costs kept elevated by Gwent game.
- Earnings pressed down by shrinking sales.



## Industrials

Alumetal		Neutral		Reporting Date	
Jakub Szkopek				2018-04-05	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	397.3	316.9	25%	1482.5	17%
EBITDA	26.2	25.2	4%	96.1	-17%
EBITDA margin	6.6%	8.0%		6.5%	
EBIT	19.1	18.3	5%	68.3	-26%
Net profit	17.1	16.1	6%	63.4	-30%

Amica		Overweight		Reporting Date	
Jakub Szkopek				2018-03-01	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	721.0	669.7	8%	2616.7	6%
EBITDA	47.4	51.3	-8%	190.2	-6%
EBITDA margin	6.6%	7.7%		7.3%	
EBIT	35.0	39.8	-12%	141.9	-9%
Net profit	24.9	27.8	-11%	143.8	28%

Aparator		Neutral		Reporting Date	
Jakub Szkopek				2018-03-28	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	259.0	242.0	7%	934.7	7%
EBITDA	32.6	33.9	-4%	124.2	12%
EBITDA margin	12.6%	14.0%		13.3%	
EBIT	23.8	25.2	-5%	86.5	14%
Net profit	17.7	27.6	-36%	63.0	1%

Boryszew		Neutral		Reporting Date	
Jakub Szkopek				2018-03-30	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	1557.8	1411.1	10%	6250.8	12%
EBITDA	80.3	48.6	65%	473.4	24%
EBITDA margin	5.2%	3.4%		7.6%	
EBIT	45.8	15.1	203%	338.0	31%
Net profit	27.8	9.0	208%	213.1	57%

Elemental		Neutral		Reporting Date	
Jakub Szkopek				27 April	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	355.0	300.8	18%	1375.6	36%
EBITDA	20.4	16.6	23%	70.2	-2%
EBITDA margin	5.7%	5.5%		5.1%	
EBIT	17.9	14.2	26%	61.0	-2%
Net profit	13.3	9.0	48%	37.2	-27%

Ergis		Neutral		Reporting Date	
Jakub Szkopek				20 April	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	175.8	165.7	6%	750.5	8%
EBITDA	7.7	10.9	-30%	56.6	-5%
EBITDA margin	4.4%	6.6%		7.5%	
EBIT	1.6	5.0	-68%	32.9	-7%
Net profit	0.1	1.3	-92%	20.5	-14%

Famur		Buy		Reporting Date	
Jakub Szkopek		PLN 7.29		27 April	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	421.1	304.8	38%	1387.5	35%
EBITDA	83.2	62.0	34%	280.6	18%
EBITDA margin	19.7%	20.4%	-	27.0%	
EBIT	28.2	32.2	-13%	107.0	-6%
Net profit	12.9	26.3	-51%	73.7	-22%

Forte		Neutral		Reporting Date	
Jakub Szkopek				2018-03-20	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	291.1	304.8	-5%	1095.1	0%
EBITDA	25.2	46.7	-46%	125.4	-25%
EBITDA margin	8.6%	15.3%		11.5%	
EBIT	19.0	40.8	-53%	99.6	-31%
Net profit	9.7	28.1	-65%	66.6	-40%

- Sales volume up 15% on the year at 45.6kt.
- EBITDA per tonne of aluminum alloys widened relative to the previous quarter.
- A good chance of a positive surprise.

- Amica should have recouped some of the market share lost in Poland and Russia during Q4.
- We anticipate an acceleration in sales compared to Q3. EBITDA will show a double-digit drop from a low year-ago base.

- Quarterly profits depressed by one-time charges in a total estimated amount of PLN 10.5m minimum.

- A PLN 29m back tax reserve booked by a subsidiary will weigh on Q4 profits. Recurring profits should show continued growth.

- Strong growth in EBITDA from metals trade (+24% y/y) and PCB (+58% y/y), flat profits in WEEE and SAC.
- On the whole, profits should have stopped falling after two quarters of downward shifts.

- Ergis has warned that its Q4 profits were affected by rising costs of labor, coupled with higher costs of basic materials, most notably PVC, plasticizers, and PET flakes, and weak sales of hard plastic sheeting and food laminates.

- A strong rebound in sales of underground equipment (+36% y/y) and surface equipment (+43%) driven by the acquisition of Kopex and new contracts.
- Core EBITDA estimated at PLN 80+ million, but charges related to post-merger consolidation could affect the reported figures.

- Forte's preliminary Q4 earnings release puts EBIT at PLN 19mand revenue at PLN 291m.
- With net debt expected to reach PLN 496m as of December 2017, the implied net debt/EBITDA ratio is 4.0x.

<b>Impexmetal</b>				<b>Reporting Date</b>	
<b>Jakub Szkopek</b>				<b>2018-03-15</b>	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	837.4	677.0	24%	3382.4	19%
EBITDA	29.5	45.7	-36%	230.7	0%
EBITDA margin	3.5%	6.8%		6.8%	
EBIT	10.1	32.8	-69%	166.4	-6%
Net profit	5.2	21.4	-76%	120.9	-7%

<b>Kernel</b>			<b>Hold</b>		<b>Reporting Date</b>	
<b>Jakub Szkopek</b>			<b>PLN 53.47</b>		<b>2018-02-28</b>	
(USD m)	Q2'18E	Q2'17	Y/Y	2018E	YTD*	
Revenue	459.7	659.3	-30%	2533.1	39%	
EBITDA	71.2	129.8	-45%	234.4	50%	
EBITDA margin	15.5%	19.7%		15.0%		
EBIT	51.0	116.1	-56%	181.6	42%	
Net profit	27.4	100.1	-73%	113.1	40%	

<b>Grupa Kęty</b>				<b>Hold</b>		<b>Reporting Date</b>	
<b>Jakub Szkopek</b>				<b>PLN 391.41</b>		<b>2018-03-16</b>	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y		
Revenue	640.7	550.3	16%	2632.5	16%		
EBITDA	93.0	83.8	11%	432.1	10%		
EBITDA margin	14.5%	15.2%		16.0%			
EBIT	61.1	50.2	22%	311.0	10%		
Net profit	45.6	47.9	-5%	252.7	-9%		

<b>Kruszwica</b>				<b>Neutral</b>		<b>Reporting Date</b>	
<b>Jakub Szkopek</b>				<b>2018-03-29</b>		<b>2018-03-29</b>	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y		
Revenue	684.1	749.3	-9%	2461.1	2%		
EBITDA	57.5	97.2	-41%	102.6	-32%		
EBITDA margin	8.4%	13.0%		4.2%			
EBIT	50.2	90.0	-44%	73.9	-40%		
Net profit	40.6	79.1	-49%	59.7	-45%		

<b>Mangata</b>				<b>Neutral</b>		<b>Reporting Date</b>	
<b>Jakub Szkopek</b>				<b>17 April</b>		<b>17 April</b>	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y		
Revenue	168.8	131.8	28%	633.5	12%		
EBITDA	20.6	13.2	55%	87.8	10%		
EBITDA margin	12.2%	10.0%		13.9%			
EBIT	13.5	7.2	87%	60.9	8%		
Net profit	10.4	5.1	105%	45.2	1%		

<b>Pfleiderer Group</b>				<b>Overweight</b>		<b>Reporting Date</b>	
<b>Jakub Szkopek</b>				<b>2018-04-26</b>		<b>2018-04-26</b>	
(EUR m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y		
Revenue	252.1	233.8	8%	1003.0	8%		
EBITDA	27.5	32.6	-16%	114.2	5%		
EBITDA margin	10.9%	13.9%		11.4%			
EBIT	8.2	14.1	-42%	39.7	6%		
Net profit	6.2	-1.8	-	17.2	17%		

<b>Pozbud</b>				<b>Overweight</b>		<b>Reporting Date</b>	
<b>Jakub Szkopek</b>				<b>2018-04-06</b>		<b>2018-04-06</b>	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y		
Revenue	39.4	43.8	-10%	133.5	-20%		
EBITDA	3.5	1.9	77%	15.3	6%		
EBITDA margin	8.8%	0.0%		11.4%			
EBIT	2.3	0.8	193%	10.8	10%		
Net profit	1.3	0.7	91%	6.9	6%		

<b>Stelmet</b>				<b>Buy</b>		<b>Reporting Date</b>	
<b>Jakub Szkopek</b>				<b>PLN 28.37</b>		<b>2018-02-28</b>	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*		
Revenue	64.7	66.9	-3%	592.0	11%		
EBITDA	0.6	-0.9	-	84.3	1%		
EBITDA margin	0.9%	-1.3%		14.0%			
EBIT	-10.4	-8.5	-	45.7	-		
Net profit	-2.5	-15.1	-	41.8	-		

<b>Tarczyński</b>				<b>Neutral</b>		<b>Reporting Date</b>	
<b>Jakub Szkopek</b>				<b>2018-04-27</b>		<b>2018-04-27</b>	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y		
Revenue	183.1	183.4	0%	727.6	12%		
EBITDA	12.5	9.7	30%	57.2	26%		
EBITDA margin	6.9%	5.3%		7.9%			
EBIT	5.4	3.0	79%	21.4	9%		
Net profit	3.0	0.5	547%	17.0	73%		

\*as a percentage of our full-year forecast

- A PLN 29m back tax reserve booked by a subsidiary will weigh on Q4 profits.
- Recurring profits should show continued growth.

- With sales of bulk sunflower oil down 22% on the year, and the sales volume of grain reduced by 23%, revenue for the fourth quarter of fiscal 2018 (ended 31 December 2017) is expected to show a 30% drop to \$459.7m, resulting in 45% shrinkage to \$71.2m in the quarterly EBITDA and a 73% slump to \$26.0m in net profit.

- Kęty estimates its Q4 2017 sales revenue at PLN 650m, implying an increase of 13% from the previous quarter and a drop of 17.5% from the same period in 2016.
- At the same time, EBITDA is set to show 8.9% growth on a q/q basis and 9.7% contraction on a y/y basis at PLN 92m.
- The preliminary Q4 net profit figure is PLN 46m.

- Anticipating a 5% y/y increase in sales volume to 301kt.
- The sales margin should be strong given a 20% increase in the 2017 rapeseed harvest.
- The year-ago comparable base was boosted by a PLN 50m one-time gain.

- Profits set to show expansion from a low year-ago base.
- On a quarter-on-quarter basis, growth will be flat.

- Reported Q4 figures will be depressed by the expected recognition of an allowance for a PLN 38.7m (EUR 9.5m) unfair competition fine.
- On an adjusted basis, EBITDA for the quarter may show a year-on-year drop of 6.2%, with net profit down 129%.

- We expect to see 10% growth in sales of window frames alongside a 25% slump in revenue from construction services and 20% shrinkage in flooring sales.
- Nevertheless, on weaker sales, Q4 profits should show improvement from the previous quarter and on a year-on-year basis.

- The sales volume of garden furniture will show a 23% rebound from a low year-ago base, with pellet sales up 10% to an estimated 32.8kt.
- The zloty's appreciation vis-à-vis the euro and the pound will generate one-time FX gains of PLN 8.4m.

- Partial elimination of low-margin products from the sales mix will result in a 1% dip to 9.35kt in the Q4 sales volume. At the same time, revenue per tonne of sales will advance at an annual rate of 1.5%.
- Profits will show a robust rebound in Q4, driven by the restructuring completed in the previous quarter.

## Construction

### A mixed bag of earnings

- Four of the ten builders in our coverage are set to report y/y improvement in Q4 earnings, but the aggregate EBITDA (ex. BDX) will show a sustained fall of 4%. Smaller firms should have curbed the downward trend in earnings relative to the previous quarters.
- Including Budimex, the aggregate EBITDA will post a 22%

Budimex		Buy		Reporting Date	
Piotr Zybala		PLN 246.00		2018-02-27	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	1614.0	1453.3	11%	6167.4	11%
Gross profit	204.7	255.8	-20%	786.6	5%
EBITDA	149.6	203.2	-26%	602.6	13%
EBIT	141.2	196.1	-28%	567.5	12%
margin	8.7%	13.5%		9.2%	
Pre-tax income	139.6	197.9	-29%	560.1	10%
Net profit	113.0	158.8	-29%	450.0	10%

Elektrobudowa		Buy		Reporting Date	
Piotr Zybala		PLN 113.00		2018-03-20	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	245.8	191.6	28%	853.4	-12%
Gross profit	22.5	24.5	-8%	81.9	-17%
EBITDA	19.3	22.3	-14%	66.5	-12%
EBIT	15.8	18.8	-16%	52.2	-15%
margin	6.4%	9.8%		6.1%	
Pre-tax income	17.0	18.9	-10%	56.1	-18%
Net profit	13.3	15.0	-11%	43.4	-21%

Erbud		Buy		Reporting Date	
Piotr Zybala		PLN 29.80		2018-03-27	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	540.0	550.1	-2%	1822.2	2%
Gross profit	38.1	42.6	-11%	130.1	0%
EBITDA	18.8	3.7	401%	51.5	-9%
EBIT	16.1	1.2	-	41.1	-10%
margin	3.0%	0.2%		2.3%	
Pre-tax income	14.3	1.2	-	33.7	274%
Net profit	11.2	5.7	97%	26.1	-

Unibep		Buy		Reporting Date	
Piotr Zybala		PLN 10.80		2018-03-14	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	505.3	430.9	17%	1576.3	26%
Gross profit	34.6	30.0	16%	82.8	-1%
EBITDA	9.5	6.2	52%	36.0	-14%
EBIT	7.1	4.0	78%	26.2	-21%
margin	1.4%	0.9%		1.7%	
Pre-tax income	6.0	12.4	-52%	34.6	-16%
Net profit	3.1	9.6	-68%	26.4	-16%

## Property Developers

### Best quarter of 2017

- Residential developers reported 44% more closings in Q4 2017 than in the same period in 2016, resulting in a 40% surge in the aggregate net profit.
- We expect to see the strongest y/y growth at Atal, i2 Development (+215%), Lokum (+62%), and Dom Development (+37%).

Atal		Accumulate		Reporting Date	
Piotr Zybala		PLN 49.20		2018-03-19	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	226.7	56.4	302%	873.8	72%
Gross profit	68.4	12.9	430%	256.7	88%
margin	30.2%	22.9%		29.4%	
EBIT	60.9	8.1	-	232.2	102%
Pre-tax income	57.9	3.5	-	224.8	106%
Net profit	46.2	3.0	-	178.9	100%

y/y drop due to base effects.

- We predict the strongest profit expansion at Elektrotim (+118% y/y), Erbud (+97%), and Trakcja +140%).
- On the other hand, Torpol and Herkules will post losses caused by one-time events.

- Net profit should exceed PLN 111m after 30% y/y expansion.

- Anticipating a 13% drop in revenue, and a sales margin from construction in the ballpark of 11.5%.
- Backlog should have climbed to a record PLN 9.5-10.0bn.

- A strong, 28% jump in revenue from a low year-ago base.
- Gross margin stable at the levels posted in previous quarters.

- FY2017 net profit guidance is 15% higher than our estimate and looks ambitious given market conditions.

- Q4 should account for 43% of the FY2017 net profit.
- The pace of y/y growth will be among the highest in the sector thanks to base effects.
- Backlog will have contracted by about 5% y/y judging by the contract hit rate in the period.

- Earnings will be depressed by a one-time charge related to damages awarded to a Norwegian customer.

- The segments keeping Q4 profits in the positive territory were residential development, supported by modular housing.

- Construction is expected to generate a loss due to negative margins from road contracts.

- In commercial real estate, we anticipate solid showings from GTC and Echo.

- Atal settled an estimated 2,300 flats in 2017, fewer than the 2,500-2,700-unit guidance.

- Nevertheless net profit should fit within the PLN 175-190m guidance range.

- Q4 margin will be good at ca. 30%, resulting in a steep y/y boost to the quarterly profits.

<b>Capital Park</b>		<b>Buy</b>		<b>Reporting Date</b>	
<b>Piotr Zybala</b>		<b>PLN 8.42</b>		<b>2018-03-20</b>	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	35.7	25.0	43%	129.0	20%
Gross profit margin	26.8	18.7	43%	95.9	18%
	75.0%	74.8%		74.3%	
EBIT ex. val.&SOP	23.8	12.5	91%	79.2	19%
Valuation effects	-60.4	62.7	-	-106.8	-
EBIT	-37.6	73.1	-	-29.8	-124%
Pre-tax income	-10.3	33.6	-	-19.3	-158%
Net profit	-10.3	31.5	-	-12.2	-141%

<b>Dom Dev.</b>		<b>Buy</b>		<b>Reporting Date</b>	
<b>Piotr Zybala</b>		<b>PLN 103.00</b>		<b>2018-03-07</b>	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	727.9	567.1	28%	1408.6	22%
Gross profit margin	184.9	141.8	30%	368.9	36%
	25.4%	25.0%		26.2%	
EBIT	144.8	105.0	38%	234.5	50%
Pre-tax income	144.0	105.5	37%	234.1	50%
Net profit	116.6	85.3	37%	190.6	52%

<b>Echo</b>		<b>Buy</b>		<b>Reporting Date</b>	
<b>Piotr Zybala</b>		<b>PLN 6.31</b>		<b>2018-04-25</b>	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	305.9	67.7	352%	612.5	28%
Gross profit margin	87.6	38.2	129%	154.6	-31%
	28.6%	56.3%		25.2%	
EBIT ex. valuation	50.6	-7.2	-	31.5	-29%
Valuation effects	-5.5	125.0	-	219.7	-61%
EBIT	45.1	117.8	-62%	251.3	-58%
Pre-tax income	84.0	30.5	176%	351.3	85%
Net profit	68.0	36.3	87%	305.4	-21%

<b>GTC</b>		<b>Hold</b>		<b>Reporting Date</b>	
<b>Piotr Zybala</b>		<b>PLN 9.70</b>		<b>2018-03-21</b>	
(EUR m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	41.9	29.8	40%	130.0	8%
Gross profit margin	28.7	21.8	32%	93.8	7%
	68.5%	73.1%		72.2%	
EBIT ex. val.&SOP	24.0	17.1	41%	77.8	9%
Valuation effects	24.9	45.2	-45%	130.2	54%
EBIT	48.3	62.2	-22%	205.5	33%
Pre-tax income	40.0	54.0	-26%	174.0	40%
Net profit	35.0	51.9	-32%	146.5	-8%

<b>LC Corp</b>		<b>Buy</b>		<b>Reporting Date</b>	
<b>Piotr Zybala</b>		<b>PLN 3.74</b>		<b>2018-03-21</b>	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	129.2	183.3	-29%	710.8	30%
Gross profit margin	48.6	65.6	-26%	264.9	27%
	37.6%	35.8%		37.3%	
EBIT ex. valuation	35.8	54.1	-34%	221.8	31%
Valuation effects	-39.8	9.6	-	-100.9	-
EBIT	-4.0	63.7	-	120.9	-41%
Pre-tax income	9.4	43.1	-78%	133.3	-12%
Net profit	7.6	28.5	-73%	108.2	-4%

<b>Robyg</b>		<b>Hold</b>		<b>Reporting Date</b>	
<b>Piotr Zybala</b>		<b>PLN 4.03</b>		<b>2018-03-14</b>	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	351.2	215.5	63%	701.1	36%
Gross profit margin	100.9	51.6	95%	190.8	64%
	28.7%	24.0%		27.2%	
JV income	0.0	24.4	-	6.3	-90%
EBIT	81.1	57.5	41%	153.5	25%
Pre-tax income	78.5	60.0	31%	146.8	25%
Net profit	43.0	51.8	-17%	89.5	-18%

- Fast-paced expansion in adjusted NOI and FFO thanks to reduced administrative expenses.
- A PLN 35m one-time loss on FX operations.
- A small upward eop value adjustment to the property portfolio.

- On a record number of closings (up 27% y/y to 1,472 units), net profit will hit record after a 43% y/y surge.
- With the average sales price of a new flat relatively high at PLN 490,000, the sales margin will be 25-26%.
- Figures will fall in line with market consensus.

- Anticipating robust y/y growth in adjusted NOI on 600 closings vs. 65 units settled in Q4 2016.
- A PLN 45m boost to financing gains from a completed mall extension contract.

- A 30% y/y surge in adjusted NOI thanks to the September opening of a Warsaw mall.
- At EUR 14.9m, FFO should show a steep rise of 50%.
- EUR 25m in valuation gains provided by work in progress and completed income-generating properties.

- Closings in Q4 were few at 286 units compared 600 units sold in the period.
- Profits additionally impacted by the zloty's appreciation vs. the euro. FX operations will produce a PLN 27m one-time loss.
- A PLN 9m net gain from value adjustments.

- Robyg closed ca. 1,000 flats in Q4 2017, falling about 400 units short of the number needed to deliver our full-year forecast. The miss was caused by construction delays.
- Not including one-offs, net profit might fall ca. 14% short of guidance at an estimated PLN 105m.
- The reported figure might receive a one-time boost from land revaluation.

## Retail, Other

- The 2017 fourth-quarter earnings of retailers on the one hand benefitted from a continued rise in consumer spending, and on the other hand they were further squeezed by cost pressures.

<b>AmRest</b> Piotr Bogusz	Hold PLN 407.00			Reporting Date 8 March	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	1519.2	1214.5	25%	4938.1	25%
Gross profit margin	245.8	209.3	17%	867.2	20%
EBITDA	16.2%	17.2%		17.6%	
EBITDA margin	153.6	142.3	8%	612.8	14%
EBIT	10.1%	11.7%		12.4%	
Pre-tax income	61.2	67.3	-9%	282.5	5%
Net profit	48.1	55.5	-13%	230.1	3%
	38.6	52.1	-26%	177.4	-7%

<b>Bytom</b> Piotr Bogusz	Overweight			Reporting Date 30 April	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	55.2	46.2	20%	185.1	21%
Gross profit margin	28.1	22.9	23%	91.6	17%
EBITDA	50.9%	49.6%		49.5%	
EBITDA margin	8.4	5.4	56%	19.9	14%
EBIT	15.3%	11.7%		10.8%	
Pre-tax income	6.7	4.3	59%	14.5	10%
Net profit	6.6	3.8	73%	14.4	16%
	5.5	3.5	60%	11.7	-7%

<b>CCC</b> Piotr Bogusz	Hold PLN 295.00			Reporting Date 2018-03-26	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	1360.0	1126.1	21%	4192.7	32%
Gross profit margin	706.7	607.0	16%	2144.1	28%
EBITDA	52.0%	53.9%			
EBITDA margin	243.4	236.5	3%	529.5	19%
EBIT	17.9%	21.0%			
Pre-tax income	214.6	217.5	-1%	431.5	16%
Net profit	209.2	206.3	1%	390.1	14%
	168.6	189.0	-11%	304.7	-1%

<b>Dino</b> Piotr Bogusz	Buy PLN 95.40			Reporting Date 19 March	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	1222.6	919.4	33%	4461.2	32%
Gross profit margin	285.3	213.6	34%	1026.2	33%
EBITDA	23.3%	23.2%		23.0%	
EBITDA margin	117.8	84.2	40%	380.7	36%
EBIT	9.6%	9.2%		8.5%	
Pre-tax income	93.8	65.6	43%	294.6	37%
Net profit	83.5	59.5	40%	257.2	38%
	68.8	38.0	81%	209.5	39%

<b>Eurocash</b> Piotr Bogusz	Buy PLN 32.30			Reporting Date 2018-02-28	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	5718.2	5340.5	7%	23183	9%
Gross profit margin	119.7	601.5	-80%	1989.7	-9%
EBITDA (adj.)	2.1%	11.3%			
EBITDA margin	136.8	159.6	-14%	395.3	-10%
EBIT (adj.)	2.4%	3.0%			
Pre-tax inc (adj.)	89.4	116.5	-23%	345.6	26%
Net profit (adj.)	63.1	93.6	-33%	96.9	-59%
	42.8	66.9	-36%	116.3	-35%

- We anticipate positive surprises from DNP and VST.
- Conversely, CCC, EUR, GRI, and LPP will probably miss market expectations.

- AmRest estimates that its Q4 sales increased 25% from the same period the year before.
- Strong EBITDA growth across all core markets will be offset by additional costs related to acquisitions.

- Bytom reported lfl growth every month in Q4, and at the same time it curbed the downward trend in sales margins.
- Thanks to tight cost management, per-sqm SG&A are expected to be 2.2% lower than in Q4'16.
- We expect to see a loss of PLN 1.2m on other operating activity in Q4 2017 vs. PLN 1.3m in Q4 2016.

- CCC increased revenue by an estimated 20.8% y/y to PLN 1.360m in Q4 judging by monthly sales reports, with revenues from e-commerce up a whopping 98% to PLN 200m.
- We expect contraction by 1.9pp to 52% in the gross margin, led by a higher share of e-commerce (-0.8pp) and low sales generated in October (-1.1pp).
- Per-sqm SG&A are likely to post 4.4% growth from Q4'16 due to higher expenditures on e-commerce and pay pressures.

- Predicting a 4.5% y/y rebound in sales per square meter, with total sales up 33% to PLN 1,223m.
- The gross margin will edge up 0.1pp to 23.3%, and the SG&A/Sales ratio will decrease by 0.4pp to 15.7%.
- The result will be a 0.48pp pickup to 9.6% in the EBITDA margin, with EBITDA increasing to PLN 117.8m.
- Anticipating an increase in financing costs to PLN 10.4m from PLN 6.4m in Q4'16.

- Sales increased by an estimated 7% y/y to PLN 5,718.2m, driven mostly by acquisitions.
- Continuing pressure on wholesale margins will send EBITDA 14% lower on a y/y basis to ca. PLN 136.8m.
- Financing costs will probably increase to PLN 25.2m from PLN 22.1m the year before.

<b>Gino Rossi</b>		<b>Neutral</b>		<b>Reporting Date</b>	
<b>Piotr Bogusz</b>		<b>PLN 16.90</b>		<b>16 April</b>	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	78.5	88.0	-11%	296.3	4%
Gross profit margin	36.5	43.5	-16%	128.6	-5%
EBITDA	46.5%	49.4%		43.4%	
EBITDA margin	5.4	12.2	-56%	12.5	-44%
EBIT	6.9%	13.9%		4.2%	
EBIT	2.7	9.5	-72%	2.2	-83%
Pre-tax income	2.0	8.2	-75%	-1.7	-
Net profit	1.4	5.9	-76%	0.4	-94%

<b>Jerónimo Martins</b>		<b>Hold</b>		<b>Reporting Date</b>	
<b>Piotr Bogusz</b>		<b>PLN 16.90</b>		<b>2018-02-28</b>	
(EUR m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	4350.0	3883.7	12%	16276	11%
Gross profit margin	955.2	837.7	14%	3482.2	12%
EBITDA	22.0%	21.6%		21.4%	
EBITDA margin	266.6	235.0	13%	850.6	-1%
EBIT	6.1%	6.1%		5.2%	
EBIT	177.9	147.6	21%	594.9	11%
Pre-tax inc (adj.)	172.9	138.2	25%	580.9	12%
Net profit (adj.)	124.7	92.2	35%	410.7	12%

<b>LPP</b>		<b>Hold</b>		<b>Reporting Date</b>	
<b>Piotr Bogusz</b>		<b>PLN 9,400</b>		<b>2018-03-14</b>	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	2154.0	1834.4	17%	7034.5	17%
Gross profit margin	1256.5	1045.4	20%	3730.2	23%
EBITDA (adj.)	58.3%	57.0%		53.0%	
EBITDA margin	464.9	372.9	25%	886.5	48%
EBIT (adj.)	21.6%	20.3%		12.6%	
EBIT (adj.)	392.4	302.8	30%	594.2	80%
Pre-tax inc (adj.)	391.1	281.1	39%	602.9	102%
Net profit (adj.)	291.0	241.0	21%	432.4	67%

<b>Monnari</b>		<b>Overweight</b>		<b>Reporting Date</b>	
<b>Piotr Bogusz</b>		<b>27 February</b>			
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	82.8	75.3	10%	252.4	9%
Gross profit margin	49.7	43.0	16%	139.4	11%
EBITDA	60.1%	57.1%		55.2%	
EBITDA margin	17.7	13.5	32%	27.4	8%
EBIT	21.4%	17.9%		10.8%	
EBIT	16.9	12.1	40%	23.1	8%
Pre-tax inc (adj.)	16.9	12.3	37%	22.8	-6%
Net profit (adj.)	14.1	12.5	13%	18.7	-23%

<b>TXM</b>		<b>Buy</b>		<b>Reporting Date</b>	
<b>Piotr Bogusz</b>		<b>PLN 5.41</b>		<b>19 March</b>	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	117.3	118.9	-1%	386.5	2%
Gross profit margin	49.7	51.0	-3%	157.4	-1%
EBITDA	42.4%	42.9%		-	
EBITDA margin	2.4	13.1	-82%	-16.8	-
EBIT	2.0%	11.0%		-	
EBIT	0.3	9.9	-	-22.8	-
Pre-tax income	-0.1	9.8	-	-24.0	-
Net profit	-0.1	8.6	-	-19.5	-

<b>Vistula</b>		<b>Neutral</b>		<b>Reporting Date</b>	
<b>Piotr Bogusz</b>		<b>2018-03-21</b>			
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	219.7	188.2	17%	685.1	14%
Gross profit margin	116.1	99.1	17%	355.3	14%
EBITDA	52.8%	52.7%		79.1	21%
EBITDA margin	36.4	28.9	26%	63.6	25%
EBIT	16.5%	15.3%		55.1	24%
EBIT	32.2	25.0	29%	43.7	25%
Pre-tax income	29.9	23.9	25%	-	-
Net profit	24.2	19.1	27%	-	-

<b>PBKM</b>		<b>Hold</b>		<b>Reporting Date</b>	
<b>Paweł Szpigel</b>		<b>PLN 76.00</b>		<b>2018-03-29</b>	
(PLN m)	Q4'17E	Q4'16	Y/Y	2017E	Y/Y
Revenue	35.7	32.7	9%	147.1	15%
EBITDA	9.7	8.6	13%	46.0	35%
EBITDA margin	27.2%	26.3%		31.3%	
EBIT	8.5	7.4	15%	41.2	38%
Pre-tax income	7.7	6.4	20%	40.3	38%
Net profit	5.2	3.9	31%	30.6	38%

- Monthly sales in Q4 2017 were weak, with Simple CP stores experiencing high negative lfl growth.
- This despite substantial price markdowns aimed at freeing up working capital.
- There will be a 2.3% q/q increase in per-sqm SG&A due to higher expenditures on e-commerce.
- On weak earnings, the net debt/EBITDA ratio will rise above 3.5x, but this will not violate covenants with the threshold raised to 6x by the lender.

- LFL sales at Biedronka supermarkets in Poland increased 7.6% in Q4 2017 from a high year-ago base. The Portuguese chains Pingo Doce and Recheio, and the Polish drugstore chain Hebe, also generated positive lfl growth.
- Due to fast-paced expansion, Ara in Colombia is expected to report a higher EBITDA loss of EUR 22.6m in Q4 and EUR 94.1m total in 2017.
- The consolidated EBITDA will show 13% y/y growth at EUR 266.6m.

- Revenue per square meter grew 8.1% year over year thanks to improved sales of revamped collections.
- Coupled with lower dollar costs of the merchandise, this will have led to a widened sales margin.
- Per-sqm SG&A increased 13.3% y/y due to higher bonuses on stronger sales, additional HQ costs, and e-commerce expenses.
- All told, the core EBITDA figure will be 25% higher than in the Q4 2016.

- On slow sales, Q4 revenue per square meter pulled back 3% from the same period in 2016.
- At the same time, the sales margin should have edged 3pps higher to an estimated 60% thanks to lower dollar costs.
- Tight cost discipline should bring per-sqm SG&A 3% lower to PLN 322.

- Q4 2017 was the sixth quarter in a row of falling sales, down 11.2% on the year.
- Discounted prices, not offset by lower dollar costs, will have depressed the sales margin by 0.5pp to 42.4%.
- Per-sqm SG&A are likely to post +6% growth from Q4'16 led by higher rental costs and severance benefits.

- Further growth in sales of both menswear and jewelry resulted in a y/y rebound of 6.4% in per-sqm revenue.
- The gross margin expanded by 0.1ppt to 52.8%.
- Per-sqm SG&A are not likely to have grown more than 0.7% y/y thanks to good cost discipline.
- We expect a PLN 1.5m one-time loss on other operating activity in Q4'17 vs. a gain of PLN 0.5m posted in Q4'16.

- PBKM collected 5,032 cord blood units for banking in Q4 2017, up 8% on the year.
- We anticipate improvement in the quarterly revenues and profits.
- Profits will be weighed down by employee incentives.
- Core EBIT after one-time charges of PLN 0.2m is set to show 15% y/y growth at an estimated PLN 8.5m.

## 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>+5.2%</b>	<b>14.4</b>	<b>12.1</b>		
Alior Bank	buy	2018-02-01	85.50	109.00	86.75	+25.6%	21.7	11.8		
BZ WBK	hold	2018-02-01	420.00	430.00	421.80	+1.9%	18.9	16.6		
Getin Noble Bank	sell	2018-02-01	1.83	1.50	1.78	-15.7%	-	-		
Handlowy	accumulate	2018-02-01	84.70	94.00	85.50	+9.9%	20.4	17.7		
ING BSK	hold	2018-02-01	220.00	212.00	220.00	-3.6%	20.4	18.2		
Millennium	sell	2018-02-01	9.59	7.00	9.61	-27.2%	17.3	16.2		
Pekao	buy	2018-02-01	135.90	157.00	133.55	+17.6%	15.0	16.0		
PKO BP	sell	2018-02-01	45.66	38.00	45.04	-15.6%	17.9	17.0		
Komercni Banka	buy	2017-12-01	899.00	1,111 CZK	941.50	+18.0%	12.4	12.1		
Erste Bank	hold	2018-02-02	40.64	40.00 EUR	40.64	-1.6%	14.4	12.4		
OTP Bank	accumulate	2018-02-02	11,560	12,090 HUF	11,560	+4.6%	11.9	11.7		
PZU	accumulate	2018-02-02	44.17	50.58	44.17	+14.5%	14.2	11.4		
GetBack	buy	2017-11-30	23.00	33.38	18.08	+84.6%	6.2	4.9		
Kruk	buy	2018-02-02	222.20	300.94	222.20	+35.4%	13.8	11.8		
Prime Car Management	buy	2018-02-02	28.80	35.30	28.80	+22.6%	9.0	7.9		
Skarbiec Holding	buy	2018-02-02	30.60	56.30	30.60	+84.0%	8.8	7.3		
<b>Chemicals</b>						<b>+12.8%</b>	<b>11.1</b>	<b>12.7</b>	<b>6.1</b>	<b>6.8</b>
Ciech	buy	2018-02-02	61.25	90.13	61.25	+47.2%	8.4	8.3	5.4	5.2
Grupa Azoty	hold	2018-02-02	72.00	73.42	72.00	+2.0%	13.8	17.0	6.8	7.2
Polwax	buy	2018-02-02	11.05	18.80	11.05	+70.1%	6.6	5.8	5.0	6.4
Synthos	hold	2018-02-02	4.89	4.77	4.89	-2.5%	15.6	19.0	10.0	11.3
<b>Oil &amp; Gas</b>						<b>-1.0%</b>	<b>7.2</b>	<b>12.4</b>	<b>4.5</b>	<b>5.7</b>
Lotos	reduce	2018-02-02	57.78	52.67	57.78	-8.8%	6.0	13.4	4.4	6.4
MOL	hold	2018-02-02	3,080	3,152 HUF	3,080	+2.3%	7.5	11.4	4.5	5.0
PGNiG	buy	2018-02-02	6.58	7.65	6.58	+16.3%	13.1	9.1	5.9	4.5
PKN Orlen	sell	2018-02-02	107.90	82.84	107.90	-23.2%	6.9	16.3	4.5	8.2
<b>Power Utilities</b>						<b>+7.0%</b>	<b>6.1</b>	<b>6.2</b>	<b>4.4</b>	<b>4.4</b>
CEZ	hold	2018-02-02	530.00	532.50 CZK	530.00	+0.5%	14.9	17.6	7.9	7.6
Enea	accumulate	2018-02-02	11.07	12.98	11.07	+17.3%	4.5	5.2	4.4	4.1
Energia	buy	2018-02-02	12.21	15.20	12.21	+24.5%	6.1	6.2	4.4	4.3
PGE	accumulate	2018-02-02	11.87	13.30	11.87	+12.0%	7.6	7.3	4.1	4.4
Tauron	hold	2018-02-02	3.08	3.38	3.08	+9.7%	3.7	4.5	4.2	4.8
<b>Telecoms, Media, IT</b>						<b>+3.8%</b>	<b>24.1</b>	<b>22.0</b>	<b>10.1</b>	<b>6.6</b>
Netia	reduce	2018-02-02	5.30	4.60	5.30	-13.2%	-	-	5.4	6.1
Orange Polska	buy	2017-12-12	5.39	7.30	5.92	+23.3%	-	25.9	5.0	4.8
Play	hold	2018-01-25	33.20	34.70	33.42	+3.8%	18.8	9.2	8.0	6.4
Agora	buy	2018-01-26	13.15	18.90	14.55	+29.9%	-	27.6	22.0	5.0
Cyfrowy Polsat	hold	2018-01-31	24.70	25.70	23.98	+7.2%	14.4	12.3	7.7	6.7
Wirtualna Polska	accumulate	2018-02-02	51.80	56.10	51.80	+8.3%	37.5	20.4	13.4	10.6
Asseco Poland	reduce	2018-02-02	45.62	44.00	45.62	-3.6%	6.4	15.2		
CD Projekt	sell	2018-02-02	115.00	90.00	115.00	-21.7%	56.0	84.4	44.9	66.3
Comarch	hold	2018-02-02	177.00	180.00	177.00	+1.7%	29.4	23.6	12.3	9.5
<b>Industrials, Mining</b>						<b>+16.3%</b>	<b>10.9</b>	<b>12.7</b>	<b>8.1</b>	<b>7.7</b>
Famur	buy	2018-02-02	6.20	7.29	6.20	+17.6%	47.1	18.6	13.2	7.7
Grupa Kęty	hold	2018-02-02	385.00	391.41	385.00	+1.7%	14.5	14.0	9.7	9.1
JSW	buy	2018-01-30	101.00	122.30	99.40	+23.0%	5.4	5.2	2.8	2.4
Kemel	hold	2018-02-02	50.90	53.47	50.90	+5.0%	7.1	12.0	5.6	7.7
KGHM	accumulate	2018-02-02	111.50	128.62	111.50	+15.4%	7.3	6.4	6.5	4.2
Stelmet	buy	2018-02-02	19.20	28.37	19.20	+47.8%	29.0	13.5	12.9	8.5
<b>Construction</b>						<b>+26.1%</b>	<b>11.0</b>	<b>9.7</b>	<b>4.8</b>	<b>5.6</b>
Budimex	buy	2018-02-02	197.80	246.00	197.80	+24.4%	11.2	12.7	5.4	6.7
Elektrobudowa	buy	2018-02-02	81.20	113.00	81.20	+39.2%	8.9	9.5	4.1	4.6
Erbud	buy	2017-12-15	20.60	29.80	21.90	+36.1%	10.7	9.6	4.0	4.5
Unibep	buy	2018-02-02	8.60	10.80	8.60	+25.6%	11.4	9.7	8.8	6.8
<b>Property Developers</b>						<b>+15.6%</b>	<b>9.9</b>	<b>8.5</b>	<b>9.7</b>	<b>8.3</b>
Atal	accumulate	2018-02-02	42.40	49.20	42.40	+16.0%	9.2	8.5	8.0	7.6
Capital Park	buy	2018-02-02	5.95	8.42	5.95	+41.5%	-	11.7	-	18.0
Dom Development	buy	2018-02-02	82.00	103.00	82.00	+25.6%	10.7	8.5	8.9	6.9
Echo	buy	2018-02-02	5.05	6.31	5.05	+25.0%	6.8	6.9	12.4	8.3
GTC	hold	2018-02-02	9.67	9.70	9.67	+0.3%	7.5	11.9	9.5	15.6
LC Corp	buy	2018-02-02	3.10	3.74	3.10	+20.6%	12.8	7.6	17.6	9.2
Robyg	hold	2018-02-02	3.86	4.03	3.86	+4.4%	12.5	8.1	9.9	6.7
<b>Retail</b>						<b>+1.5%</b>	<b>39.8</b>	<b>26.2</b>	<b>18.4</b>	<b>13.7</b>
AmRest	hold	2018-02-02	425.00	407.00	425.00	-4.2%	50.8	40.4	17.0	13.7
CCC	hold	2018-02-02	281.00	295.00	281.00	+5.0%	37.9	24.9	22.5	16.1
Dino	buy	2018-02-02	85.00	95.40	85.00	+12.2%	39.8	28.1	23.4	17.4
Eurocash	buy	2018-02-02	26.04	32.30	26.04	+24.0%	-	26.2	15.4	9.4
Jeronimo Martins	hold	2018-02-02	17.12	16.90 EUR	17.12	-1.3%	26.2	21.7	11.5	9.8
LPP	hold	2018-02-02	9,790	9,400	9,790	-4.0%	41.9	26.7	19.8	15.3
TXM	buy	2018-02-02	2.36	5.41	2.36	+129.2%	-	13.2	-	6.8
<b>Other</b>						<b>+4.1%</b>	<b>11.9</b>	<b>10.7</b>	<b>7.8</b>	<b>7.1</b>
PBKM	hold	2018-02-02	73.00	76.00	73.00	+4.1%	11.9	10.7	7.8	7.1



## 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
<b>Industrials</b>						<b>19.5</b>	<b>15.3</b>	<b>8.1</b>	<b>7.0</b>
Ailleron	neutral	2018-01-30	17.60	17.50	-0.6%	24.3	20.7	12.6	9.9
Asseco BS	neutral	2018-01-30	28.90	28.00	-3.1%	19.5	16.6	13.1	11.2
Asseco SEE	overweight	2018-01-30	13.25	13.05	-1.5%	12.6	12.2	5.8	5.4
Atende	overweight	2018-01-30	4.85	4.84	-0.2%	15.2	12.5	8.1	7.0
Wasko	overweight	2018-01-30	2.24	2.16	-3.6%	34.8	15.3	7.7	5.5
<b>Industrials</b>						<b>13.5</b>	<b>11.5</b>	<b>7.9</b>	<b>6.4</b>
Alumetal	neutral	2017-07-31	46.99	56.50	+20.2%	13.6	12.1	10.2	9.0
Amica	overweight	2018-01-05	130.00	126.80	-2.5%	6.9	6.7	6.4	5.5
Apator	neutral	2017-07-31	31.29	26.40	-15.6%	14.7	11.7	8.7	7.5
Boryszew	neutral	2017-11-30	9.85	9.62	-2.3%	10.8	12.2	8.3	7.8
Elemental	neutral	2017-08-31	2.55	2.20	-13.7%	10.1	6.8	7.4	5.6
Ergis	neutral	2018-01-29	4.77	4.44	-6.9%	8.5	8.3	5.9	5.6
Forte	neutral	2018-02-02	43.00	43.00	+0.0%	15.3	11.3	12.1	9.4
Kruszwica	neutral	2017-03-29	63.50	73.80	+16.2%	28.4	23.6	14.7	12.7
Mangata	neutral	2016-10-26	112.55	90.40	-19.7%	13.3	11.8	7.6	6.9
Pfleiderer Group	overweight	2017-11-08	36.65	38.55	+5.2%	43.7	18.3	7.5	5.9
Pozbud	overweight	2017-11-13	2.98	3.82	+28.2%	14.8	6.9	10.1	5.7
Tarczyński	neutral	2018-01-29	13.05	12.70	-2.7%	8.5	9.2	5.2	5.5
<b>Construction Sector</b>						<b>20.3</b>	<b>12.4</b>	<b>8.3</b>	<b>5.5</b>
Elektrotim	overweight	2017-11-16	7.61	8.70	+14.3%	22.0	9.9	7.8	5.0
Herkules	neutral	2018-01-25	3.67	3.54	-3.5%	52.8	11.8	8.8	5.8
Torpol	neutral	2018-02-02	7.98	7.98	+0.0%	-	12.5	18.9	5.1
Trakcja	neutral	2018-02-02	7.24	7.24	+0.0%	13.1	18.0	5.3	6.9
Ulma	neutral	2017-11-27	73.90	60.50	-18.1%	18.7	12.4	3.7	3.5
ZUE	neutral	2018-02-02	6.18	6.18	+0.0%	-	17.2	78.2	7.9
<b>Property Developers</b>						<b>13.8</b>	<b>7.8</b>	<b>15.6</b>	<b>8.7</b>
Archicom	overweight	2018-01-25	15.75	15.50	-1.6%	7.2	7.2	6.7	7.1
BBI Development	neutral	2018-02-02	0.70	0.70	+0.0%	-	16.6	253.2	13.6
i2 Development	overweight	2018-01-12	14.90	15.35	+3.0%	13.8	4.2	19.5	5.2
JWC	neutral	2018-01-25	4.41	4.60	+4.3%	15.9	8.3	11.0	7.3
Lokum Deweloper	overweight	2018-01-25	18.00	18.00	+0.0%	7.6	6.1	7.0	5.4
PA Nova	neutral	2017-11-27	24.00	22.00	-8.3%	6.9	6.6	11.8	10.0
Polnord	neutral	2018-02-02	10.50	10.50	+0.0%	45.3	17.3	36.3	35.9
Ronson	underweight	2018-02-02	1.45	1.45	+0.0%	23.2	13.4	21.5	15.1
<b>Retail</b>						<b>17.8</b>	<b>14.2</b>	<b>11.3</b>	<b>8.4</b>
Bytom	overweight	2017-11-28	2.50	2.92	+16.8%	17.8	13.3	11.2	8.2
Gino Rossi	neutral	2017-11-28	1.29	1.22	-5.4%	-	32.4	11.4	8.6
Monnari	overweight	2017-11-28	8.21	9.44	+15.0%	16.2	11.9	8.6	6.5
Vistula	neutral	2018-02-02	5.16	5.16	+0.0%	20.5	15.2	12.5	9.8



**List of abbreviations and ratios contained in the report.**

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

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

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**BUY** – we expect that the rate of return from an investment will be at least 15%  
**ACCUMULATE** – we expect that the rate of return from an investment will range from 5% to 15%  
**HOLD** – we expect that the rate of return from an investment will range from -5% to +5%  
**REDUCE** – we expect that the rate of return from an investment will range from -5% to -15%  
**SELL** – we expect that an investment will bear a loss greater than 15%  
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**DCF** – acknowledged as the most methodologically correct method of valuation; it consists in discounting financial flows generated by a company; its weak point is the significant susceptibility to a change of forecast assumptions in the model.

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

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

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

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

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