

Friday, April 27, 2018 | periodical publication

Quarterly Earnings Forecast: Q1 2018

Equity Market

Financials

The 2018 first-quarter profits of Polish banks will be weighed down by upfront payments of the yearly Deposit Insurance Fund contributions, coupled with downward pressure on interest margins, as evidenced by the financials already reported by BZ WBK and Millennium. Our Q1 estimates indicate a likelihood of a 12% cut in the 2018 FY consensus forecast for the sector, though the actual revisions might not be as high assuming banks continue to grow business in the coming quarters. Outside of Poland, both Erste Bank and OTP Bank are expected to report solid first-quarter figures. Among non-bank financials, there is likely to be a positive surprise from Skarbiec Holding and a negative surprise from PZU.

Gas & Oil, Chemicals

The quarterly profits of refiners will reflect a weakened dollar and higher costs of crude inputs. PGNiG natgas will post growth over the previous year, supported by higher volumes and rising upstream prices of hydrocarbons. In case of chemical producers, year-over-year growth will be stemmed by higher costs of feedstock fuels.

Utilities & Mining

Polish utilities are set to deliver 2018 first-quarter results consistent with our FY forecasts. PGE's preliminary first-quarter financials posted a small positive surprise relative to low market expectations, and in case of Enea a weak Q1 will be followed by a rebound in subsequent quarters. The zloty's appreciation against the dollar will put a squeeze on the profits of miners.

Telecoms, Media, IT

We expect to see across-the-board year-over-year EBITDA contraction in the TMT sector, due in part to a switch from IAS to IFRS reporting. The top earner of the 2018 Q1 season will be Wirtualna Polska, expected to post a 21% rebound in adjusted EBITDA, and the biggest laggard will be Play, reporting 8% EBITDA shrinkage from Q1 2017. Asseco Poland is set to post stable profit in Q1 2018, but its outlook for the next two years remains dampened as business in Poland continues to slump.

Industrials

Of the sixteen companies in our coverage, we expect 31% to have increased profits on the same period in 2017, with the same proportion set to post year-over-year slowdown. The companies most likely to deliver a beat include Amica, Alumetal, Cognor, Famur, and Stelmet. On the other hand, Apator will probably fall short.

Construction

Polish building activity expanded at a robust annual pace of 26% in Q1 2018, but the quarterly revenues of construction firms are not likely to have kept up, and profit margins as well remained under pressure in the period. On a positive note, historically, the first quarter usually accounts for just about 10% of the full-year profits of Polish builders. In a generally sluggish quarter, standout profits might be delivered by Budimex and Unibep.

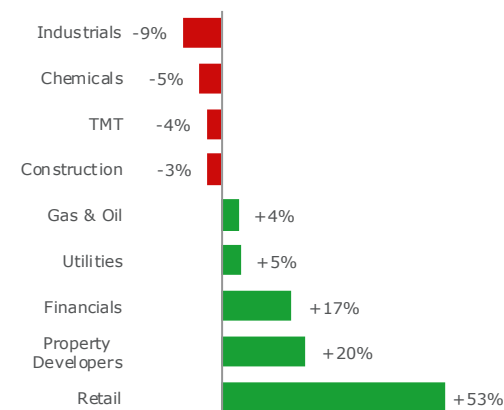
Property Developers

Residential closings by listed developers increased 30% in Q1 2018 from the same period in 2017, a harbinger of strong quarterly profits. Dom Development kicked off the earnings season with a better-than-expected showing, but it is LC Corp and Atal who are set to eclipse all others with their stellar figures.

Retail

The first quarter is seasonally the least significant for the retail industry, nevertheless we expect to see improvement over Q1 2017 at Bytom, Dino, AmRest, Eurocash, and Vistula. At the same time, a cold spell in the early part of the first quarter will have put a squeeze on the profits of the clothing and shoe retailers CCC, LPP, Gino Rossi, Monnari, and TXM.

YoY earnings growth by sector: Q1'18*



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

Earnings Surprise Prediction	
negative	positive
Ailleron	Alumetal
Apator	Amica
CCC	Asseco Poland
Erbud	Atal
Gino Rossi	Bank Handlowy
Monnari	Dino
Play	Erste Bank
PZU	Famur
	LC Corp
	OTP Bank
	Stelmet
	Unibep
	Vistula
	Wirtualna Polska

Research Department:

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

Kamil Kliszcz
+48 22 438 24 02
kamil.kliszcz@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

Contents

1. Banks	3	6. Industrials	9
1.1. Alior Bank	3	6.1. Alumetal	9
1.2. Handlowy	3	6.2. Amica	9
1.3. ING BSK	3	6.3. Apator	9
1.4. Pekao	3	6.4. Boryszew	9
1.5. PKO BP	3	6.5. Cognor	9
1.6. Erste Bank	3	6.6. Elemental	9
1.7. Komercni Banka	3	6.7. Ergis	9
1.8. OTP Bank	4	6.8. Famur	9
2. Financial Services	4	6.9. Forte	10
2.1. PZU	4	6.10. Impexmetal	10
2.2. Prime Car Management	4	6.11. Kernel	10
2.3. Skarbiec Holding	4	6.12. Kruszwica	10
3. Gas & Oil, Chemicals	5	6.13. Mangata	10
3.1. Ciech	5	6.14. Pfeiderer Group	10
3.2. Grupa Azoty	5	6.15. Pozbud	10
3.3. Polwax	5	6.16. Stelmet	10
3.4. MOL	5	6.17. Tarczyński	10
3.5. PGNiG	5	7. Construction	11
4. Utilities & Mining	6	7.1. Budimex	11
4.1. CEZ	6	7.2. Elektrobudowa	11
4.2. Enea	6	7.3. Erbud	11
4.3. Energa	6	7.4. Unibep	11
4.4. PGE	6	8. Property Developers	12
4.5. Tauron	6	8.1. Atal	12
4.6. JSW	6	8.2. Capital Park	12
4.7. KGHM	6	8.3. Echo	12
5. TMT	7	8.4. GTC	12
5.3. Play	7	8.5. LC Corp	12
5.3. Agora	7	9. Retail, Other	13
5.4. Cyfrowy Polsat	7	9.1. AmRest	13
5.5. Wirtualna Polska	7	9.2. Bytom	13
5.6. Ailleron	7	9.3. CCC	13
5.7. Asseco Poland	7	9.4. Dino	13
5.9. Asseco South Eastern Europe	7	9.5. Eurocash	13
5.10. Atende	8	9.6. Gino Rossi	14
5.11. Wasko	8	9.7. LPP	14
5.12. CD Projekt	8	9.8. Monnari	14
		9.9. TXM	14
		9.10. Vistula	14
		9.11. PBKM	14
		10. Current Recommendations and Calls	15

Banks

Emerging as top Q1 earners: Erste Bank...

- Erste's high Q1 profits, supported by extremely low provisioning, may serve as a basis for an upward 2018 FY guidance revision.

Alior Bank Michał Konarski		Buy PLN 109.00		Reporting Date 10 May	
(PLN m)	Q1'18E	Q4'17	Q/Q	Y/Y	YTD*
Net interest income	737.6	736.9	0%	12%	23%
Net fee income	112.1	114.9	-2%	-4%	24%
Total income	980.2	996.0	-2%	11%	24%
Operating costs	-424.7	-449.4	-6%	-13%	27%
Provisioning	-246.2	-250.0	-2%	16%	24%
Net profit	174.7	143.1	22%	112%	18%

Handlowy Michał Konarski		Buy PLN 94.00		Reporting Date 11 May	
(PLN m)	Q1'18E	Q4'17	Q/Q	Y/Y	YTD*
Net interest income	287.6	290.3	-1%	13%	24%
Net fee income	145.2	144.8	0%	8%	24%
Total income	544.0	546.9	-1%	16%	24%
Operating costs	-346.8	-280.0	24%	1%	27%
Provisioning	-18.1	-38.4	-53%	-39%	21%
Net profit	113.3	163.4	-31%	166%	18%

ING BSK Michał Konarski		Accumulate PLN 212.00		Reporting Date 9 May	
(PLN m)	Q1'18E	Q4'17	Q/Q	Y/Y	YTD*
Net interest income	897.2	904.5	-1%	10%	24%
Net fee income	307.2	297.1	3%	6%	25%
Total income	1224.7	1222.2	0%	8%	24%
Operating costs	-602.9	-523.4	15%	7%	27%
Provisioning	-101.3	-112.6	-10%	32%	21%
Net profit	310.5	366.8	-15%	3%	20%

Pekao Michał Konarski		Buy PLN 157.00		Reporting Date 10 May	
(PLN m)	Q1'18E	Q4'17	Q/Q	Y/Y	YTD*
Net interest income	1189.0	1190.2	0%	7%	24%
Net fee income	602.2	617.2	-2%	5%	25%
Total income	1821.1	2001.4	-9%	5%	24%
Operating costs	-1002.4	-877.8	14%	1%	28%
Provisioning	-139.9	-152.8	-8%	21%	22%
Net profit	372.9	1054.1	-65%	7%	17%

PKO BP Michał Konarski		Hold PLN 38.00		Reporting Date 23 May	
(PLN m)	Q1'18E	Q4'17	Q/Q	Y/Y	YTD*
Net interest income	2234.3	2249.0	-1%	9%	24%
Net fee income	744.8	760.0	-2%	5%	24%
Total income	3251.4	3339.0	-3%	8%	24%
Operating costs	-1607.0	-1474.0	9%	3%	-27%
Provisioning	-363.3	-448.0	-19%	-7%	-21%
Net profit	690.5	820.0	-16%	32%	21%

Erste Bank Michał Konarski		Hold EUR 40.00		Reporting Date 4 May	
(EUR m)	Q1'18E	Q4'17	Q/Q	Y/Y	YTD*
Net interest income	1107.0	1123.9	-2%	5%	24%
Net fee income	492.1	489.7	1%	8%	26%
Total income	1685.2	1684.5	0%	8%	25%
Operating costs	-1049.3	-1144.7	-8%	3%	25%
Provisioning	-18.2	-60.5	-	-72%	7%
Net profit	339.7	328.6	3%	30%	24%

Komerční Banka Michał Konarski		Buy CZK 1,111.00		Reporting Date 4 May	
(CZK m)	Q1'18E	Q4'17	Q/Q	Y/Y	YTD*
Net interest income	5264.2	5323.0	-1%	2%	22%
Net fee income	1623.3	1682.0	-3%	4%	24%
Total income	7731.1	7934.0	-3%	-1%	23%
Operating costs	-4110.6	-3533.0	16%	30%	28%
Provisioning	114.1	163.0	-	36%	-9%
Net profit	3024.9	3705.0	-18%	-26%	21%

*as a percentage of our full-year forecast

...and Handlowy:

- Handlowy's Q1 profits should convince analysts to raise their overly conservative 2018 FY forecasts.

- A 2.4% q/q drop in fee income alongside a 6.1% slump in trading income.
- Flat q/q growth in net interest income (+11.6% y/y).
- Quarterly provisioning reduced by 1.5% to PLN 246.2m. Cost of risk holding steady at 180bp.
- Growth in quarterly net profit led mainly by a drop in operating costs from a high comparable base which was boosted by costs of post-merger integration.

- A PLN 61m upfront payment of the yearly Deposit insurance contribution will weigh down the Q1 bottom line.
- Flat q/q growth in trading income, estimated at PLN 110m.
- Quarterly provisioning reduced by 53% q/q and 39% y/y to an estimated PLN 18.1m. This accompanied by a sharp q/q drop in cost of risk from 83 to 39bp.

- A PLN 57m upfront payment of the yearly Deposit insurance contribution will weigh down the Q1 bottom line.
- An 0.8% q/q dip in net interest income coupled with 10bp contraction in net interest margin.
- Fee income to rebound 3.4% q/q and 6.1% y/y as expenses stabilize.
- A decrease in quarterly provisioning to PLN 101.3m will bring cost of risk down to 42bp.

- A PLN 176m upfront payment of the yearly Deposit insurance contribution will weigh down the Q1 bottom line.
- On flat q/q growth in net interest income (+6.6% y/y), NIM will have shrunk by 10bp.
- A 5% y/y rebound in fee income, as worsened card and loans fees offset by higher investment fees from newly wholly-owned investment fund manager, Pekao TFI
- Lower cost of risk at 40bp.

- An 0.7% q/q decline to PLN 2.23bn in net interest income, and a flat NIM of 3.07%.
- Fee income will contract 2.0% from the previous quarter due to the segment of capital markets
- Quarterly provisioning reduced by 19% to PLN 363.3m. Consequently, lower cost of risk at 67bp.

- 1.5% q/q contraction in net interest income.
- A 3.0% y/y rise in operating expenses including mandatory yearly payments.
- Provisioning reduced substantially to EUR 18m from EUR 60.5m in Q4'17.
- Bank tax 1.5% higher than in Q1 2017.
- Net profit will achieve 24% of our 2018 FY forecast despite additional charges.

- Flat NIM accompanied by a 2% rise in net interest income versus Q1 2017.
- A 1% higher yearly payment into the Czech restructuring fund than a year ago at CZK 865m.
- Net reversals will come in at CZK 114m.
- A 22% q/q drop in G&A expenses.

OTP Bank Michał Konarski	Accumulate HUF 12,090		Reporting Date 11 May		
(HUF bn)	Q1'18E	Q4'17	Q/Q	Y/Y	YTD*
Net interest income	144.7	140.5	3%	10%	26%
Net fee income	51.1	58.1	-12%	15%	25%
Total income	208.3	209.0	0%	10%	26%
Operating costs	-110.8	-123.8	-11%	11%	25%
Provisioning	-13.4	-19.1	-30%	7%	25%
Net profit	60.8	68.5	-11%	15%	23%

Financial Services

A strong first quarter from Skarbiec:

- Success fees totaling PLN 6m will boost the Q1 2018 revenue of Skarbiec Holding.

PZU Michał Konarski	Buy PLN 50.58		Reporting Date 16 May		
(PLN m)	Q1'18E	Q4'17	Q/Q	Y/Y	YTD*
GWP	5838.6	5914.0	-1%	1%	25%
Non-Life	3627.9	3835.0	-5%	-1%	25%
Life	2210.7	2178.0	2%	4%	26%
Claims	-3852.9	-3689.0	4%	4%	26%
Costs	-1124.8	-1195.0	-14%	5%	21%
Income from banks	818.5	1047.0	-22%	n.m.	20%
Underwriting profit	532.1	621.0	-9%	18%	30%
Investment income	209.4	215.0	-3%	-79%	11%
Pre-tax income	1428.5	1621.0	-12%	13%	20%
Net profit	593.3	764.0	-22%	-37%	18%

PCM Michał Konarski	Buy PLN 33.00		Reporting Date 9 May		
(PLN m)	Q1'18E	Q4'17	Q/Q	Y/Y	YTD*
Lease revenue	34.3	36.6	-6%	-4%	24%
Leasing fees	69.4	70.8	-2%	7%	24%
Interest revenue	14.6	14.0	4%	18%	24%
Total revenue	149.5	153.3	-2%	1%	23%
Service costs	60.4	61.6	-2%	11%	25%
Total costs	141.2	146.0	-3%	6%	23%
Remarketing	2.6	1.6	4%	-2%	17%
Net profit	6.5	5.7	13%	-47%	18%

Skarbiec Holding Michał Konarski	Buy PLN 56.30		Reporting Date 15 May		
(PLN m)	Q3'F17E	Q2'F17	Q/Q	Y/Y	YTD*
Total revenue	27.4	25.2	9%	-12%	76%
Management fee	20.1	20.0	1%	15%	72%
Success fee	5.7	3.6	59%	-50%	97%
Total costs	-21.1	-19.1	11%	5%	80%
Distribution costs	-10.8	-10.3	5%	20%	76%
Payroll	-5.3	-4.4	20%	-6%	90%
Pre-tax income	6.5	6.2	5%	-39%	65%
Net profit	5.3	5.0	5%	-38%	65%

*as a percentage of our full-year forecast

- Q1 results shaped by a HUF 15bn upfront bank tax payment and extra income from the newly-wholly-owned Serbian unit Vojvodjanska Banka.
- A 3.0% increase in net interest income accompanied by a 12% fall in fee income.
- Provisioning reduced 30% q/q to an extremely low HUF 13bn.
- Operating costs cut by 10.5% versus the previous quarter.

A slow quarter at PZU:

- Weak investment income and high claims will drag the Q1 bottom line.

- Gross written premiums down 1.3% from Q4'17, led by a 5.4% drop in Non-Life GWP, but up 1.2% from Q1 2017.
- Net premiums earned recovering at an annual rate of 8.6%.
- A 4.4% q/q and 3.8% y/y increase in claims due to raised reserves and seasonally higher mortality rates.
- Investment income ex banks at PLN 209m.
- Operating costs (ex. banks) up by 5.9% from the previous quarter.

- Only 259 vehicles added to the fleet in Q1.
- As a result, income from operating leases will decrease.
- Income from remarketing is set to grow to PLN 2.6m from PLN 1.6m the quarter before.
- Quarterly SG&A expenses reduced from PLN 12.6m to PLN 10.6m.
- Q1 bottom line will fulfill 18% of our 2018 FY forecast.

- A 1.0% q/q increase in management fees thanks to 14% higher inflows into low-margin funds.
- Success fee at an estimated PLN 5.7m.
- A 5.0% q/q rebound in distribution fees on successful fund share sales.
- Payroll costs climbing 20% q/q on the back of higher success fees.
- Cumulative net income for 9M FY'17/18 will reach 65% of our 2018 FY forecast.

Gas & Oil, Chemicals

Rising energy prices weigh on Q1 profits

- A weak dollar and expensive crude were the two main factors weighing on the Q1 profits of refiners.

Ciech		Buy		Reporting Date	
Jakub Szkopek		PLN 85.40		29 May	
(PLN m)	Q1'18E	Q4'17	Y/Y	2018E	YTD*
Revenue	881.9	898.4	-2%	3781.5	23%
EBITDA	176.9	186.4	-5%	797.3	22%
EBITDA margin	20.1%	20.7%		21.1%	
EBIT	114.9	126.8	-9%	542.6	21%
Pre-tax profit	101.0	95.7	6%	500.8	20%
Net profit	79.6	78.0	2%	393.0	20%

Grupa Azoty		Hold		Reporting Date	
Jakub Szkopek		PLN 67.13		10 May	
(PLN m)	Q1'18E	Q4'17	Y/Y	2018E	YTD*
Revenue	2710.8	2687.2	1%	9967.8	27%
EBITDA	426.2	447.7	-5%	1276.8	33%
EBITDA margin	15.7%	16.7%		12.8%	
EBIT	271.4	313.7	-14%	609.0	45%
Pre-tax profit	265.4	318.2	-17%	570.2	47%
Net profit	180.5	247.4	-27%	420.6	43%

Polwax		Buy		Reporting Date	
Kamil Kliszcz		PLN 18.80		11 May	
(PLN m)	Q1'18E	Q4'17	Y/Y	2018E	YTD*
Revenue	49.3	58.1	-15%	320.1	15%
EBITDA	2.9	5.8	-50%	30.9	9%
EBIT	1.7	4.7	-64%	26.3	6%
Financing activity	0.0	-0.4	-	-2.0	-
Net profit	1.4	3.4	-60%	19.7	7%

MOL		Hold		Reporting Date	
Kamil Kliszcz		HUF 2,898		4 May	
(HUF bn)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	1133.0	965.6	17%	4619.7	25%
LIFO EBITDA adj.	159.5	178.0	-10%	565.7	28%
LIFO effect	4.0	13.1	-	13.0	30%
EBITDA	163.4	191.2	-14%	578.7	28%
EBIT	89.3	120.0	-26%	278.3	32%
Financing activity	0.7	-9.7	-	-7.1	-9%
Net profit	68.0	93.9	-28%	193.1	35%

PGNiG		Buy		Reporting Date	
Kamil Kliszcz		PLN 7.96		23 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	12,906	11,652	11%	37,077	35%
EBITDA adj.	2,966	2,821	5%	8,418	35%
EBITDA	2,966	2,769	7%	8,418	35%
EBIT	2,262	2,074	9%	5,720	40%
Financing activity	39	31	26%	-46	-
Net profit	1,680	1,599	5%	4,208	40%

*as a percentage of our full-year forecast

- The bottom lines of chemical producers may show slight contraction from the year-ago levels due to higher costs of feedstock fuels.

- Segment reporting will show a 9.2% EBITDA drop in Soda and a 6.3% drop in Organic Chemicals on an adjusted year-on-year basis, coupled with flat growth in Glass & Silicates.

- Part of the expected EBITDA contraction in Soda was due to higher costs of natural gas and coking coal fuel.
- In Silicates, costs boosted by capital investment.

- A 2.6% y/y decline in the sales volume of nitrogen fertilizers, alongside a 2.5% drop in the NPK volume, and a 2% increase in other volumes.

- On higher costs of nagtgas fuel and lower prices of AN fertilizer, segmental EBITDA in Fertilizers will be 28% lower than in Q1 2017.

- The slump will be mitigated by respective growth of 30% and 11% in Plastics and Chemicals.

- Polwax released very weak preliminary 2018 Q1 financials.

- Profits in the period fell on curbed sales volumes to counteract persistently low prices of slack wax on the spot market.

- EBITDA was down 50% on the year, but it is poised to rebound in subsequent quarters as rival supply of slack wax subsides.

- In Downstream, a 30% slump to HUF 39.8bn in CCS EBITDA amid worsened fundamentals coupled with downtime.

- In Petchem, EBITDA also down from HUF 36bn to 25.4bn.

- Retail EBITDA is likely to show a continued rebound of 15% at an estimated HUF 18bn.

- In Gas Midstream, flat growth compared to the year-ago figures.

- EBITDA growth from PLN 1.37bn in Q1'17 to PLN 1.59bn in Q1'18 on higher volumes and crude prices, combined with higher day-ahead market prices applied to intercompany sales.

- EBITDA from Trading will post a drop from PLN 0.36bn to PLN 0.28bn after E&P takes over profits from higher DAM gas prices, and due to negative base effects (making for a combined setback of PLN 0.2bn).

- Distribution EBITDA will have grown 8% to PLN 0.75bn on higher volumes.

Utilities & Mining

Generation and distribution lead Q1 improvement

- The preliminary Q1 financials of PGE exceeded the low expectations of analysts. At Enea, we anticipate a slowdown followed by an acceleration in future quarters.

CEZ Kamil Kliszcz		Reduce CZK 449.51		Reporting Date 10 May	
(CZK m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	54,619	52,822	3%	204,375	27%
EBITDA adj.	18,258	18,452	-1%	53,708	34%
EBITDA	18,258	19,152	-5%	53,708	34%
EBIT	10,616	11,655	-9%	22,752	47%
Financing activity	-1,453	-994	46%	-4,762	31%
Net profit	7,422	8,569	-13%	14,423	51%

Enea Kamil Kliszcz		Buy PLN 11.78		Reporting Date 24 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	2,886	2,710	6%	12,102	24%
EBITDA adj.	645	723	-11%	2,943	22%
EBITDA	670	666	1%	2,943	23%
EBIT	307	383	-20%	1,529	20%
Financing activity	-56	20	-	-194	29%
Net profit	196	295	-33%	978	20%

Energa Kamil Kliszcz		Buy PLN 14.91		Reporting Date 10 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	2,801	2,710	3%	11,216	25%
EBITDA adj.	626	589	6%	2,250	28%
EBITDA	626	601	4%	2,250	28%
EBIT	382	355	8%	1,231	31%
Financing activity	-67	26	-	-228	29%
Net profit	255	310	-18%	784	33%

PGE Kamil Kliszcz		Buy PLN 12.89		Reporting Date 15 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	7,400	5,741	29%	25,696	29%
EBITDA adj.	2,214	1,881	18%	7,413	30%
EBITDA	2,214	1,949	14%	7,413	30%
EBIT	1,349	1,201	12%	4,035	33%
Financing activity	-94	-54	-	-298	-
Net profit	959	964	-1%	2,978	32%

Tauron Kamil Kliszcz		Hold PLN 2.73		Reporting Date 16 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	4,826	4,590	5%	17,909	27%
EBITDA adj.	1,062	995	7%	3,396	31%
EBITDA	1,292	1,185	9%	3,396	38%
EBIT	875	774	13%	1,668	52%
Financing activity	-89	46	-	-185	48%
Net profit	637	640	0%	1,167	55%

JSW Jakub Szkopek		Buy PLN 108.14		Reporting Date 17 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	2,452.0	2,376.0	3%	9,691	25%
EBITDA adj.	893.8	1,239.7	-28%	3,630.1	25%
EBITDA margin	36.5%	52.2%		37.5%	
EBIT adj.	688.2	1,046.6	-34%	2,807.5	25%
Net profit adj.	544.3	864.5	-37%	2,275.0	24%

KGHM Jakub Szkopek		Buy PLN 115.43		Reporting Date 15 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	4,209.2	4,911.0	-14%	21,439	20%
EBITDA adj.	890.4	1,581.0	-44%	5,135.0	17%
EBITDA margin	21.2%	32.2%		24.0%	
EBIT adj.	485.6	1,210.0	-60%	3,485.3	14%
Net profit adj.	335.4	398.0	-16%	2,418.8	14%

*as a percentage of our full-year forecast

Labor & FX costs weigh

- The profits of coal and copper miners in Q1 were affected by higher operating costs and the zloty's appreciation vis-à-vis the dollar.

- We expect stable recurring EBITDA compared to the year-ago level (at CZK 9bn vs. CZK 8.8bn) owing to sales prices hedged above market.
- Base effects and IFRS-related changes will put a small squeeze on Distribution EBITDA, and in Trade higher purchase prices will weigh on profits.
- All told, the first-quarter EBITDA figure will reach the usual percentage of the FY forecast.

- Higher electricity prices, coupled with lower coal costs than implied by market prices, and an increased volume, should drive Generation EBITDA slightly above the year-ago figure of PLN 0.2bn to an estimated PLN 0.25bn.
- Distribution EBITDA will post 4% y/y growth led by higher RAB, and in Trade Q1 earnings will be stable.
- Enea will make up for the likely Q1 lag relative to FY consensus forecasts in subsequent quarters.

- The preliminary Q1 earnings release showed flat y/y growth in Generation EBITDA at PLN 0.1bn.
- EBITDA in Distribution posted a decrease to PLN 509m from a high year-ago base of 530m.
- Trade EBITDA rebounded to PLN 53m from a year-ago operating loss of PLN 10m as wind energy stopped weighing with the termination of purchase contracts.
- Total Q1E EBITDA at a safe 28% of our FY estimate.

- According to the preliminary release, EBITDA from Generation registered a boost to PLN 1.3bn from electricity prices and a PLN 400m contribution from the EDF plants acquired last November.
- Higher WACC and RAB pushed Distribution EBITDA 4% above the year-ago figure. In Trade, there was a 22% drop to PLN 189m from a high year-ago base.
- PGE estimates its 2018 Q1 net profit at PLN 959m.

- Tauron's preliminary Q1 EBITDA shows a one-time boost from PLN 0.23bn reversals.
- Mining EBITDA was PLN 10m vs. a PLN 9.5m loss a year ago thanks to higher coal prices. Generation EBITDA also posted a y/y rise from PLN 0.19bn to PLN 0.2bn.
- Higher RAB and WACC drove Distribution EBITDA 5% above the year-ago level, but in Trade adjusted EBITDA slumped 6% on higher REC prices.

- JSW mined 3% more coal in Q1 2018 than in the same quarter in 2017. At the same time, its quarterly mining cash cost increased 6%, driven by restored employee bonuses and rising costs of production.
- The zloty's appreciation versus the dollar put an additional squeeze on the first-quarter profits, canceling out the positive effects of higher prices of metallurgical coal.

- First-quarter profits will be weighed down by production stoppages, resulting in an inventory buildup and lower sales volumes, underpinned by an appreciation in the zloty against the dollar.

TMT

IT firms eyeing across-the-board EBITDA shrinkage

- We expect the IT sector to post a 2.1% y/y drop in the aggregate first-quarter EBITDA.

Play	Hold		Reporting Date		
Paweł Szpigel	PLN 33.50		14 May		
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	1628.4	1580.8	3%	7061.1	23%
EBITDA	512.3	503.9	2%	2351.4	22%
EBITDA margin	31.5%	31.9%		33.3%	
EBIT	310.6	313.4	-1%	1535.9	20%
Pre-tax profit	214.1	61.3	249%	1193.1	18%
Net profit	164.9	18.5	-	918.7	18%

Agora	Buy		Reporting Date		
Paweł Szpigel	PLN 18.40		16 May		
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	276.4	301.0	-8%	1191.2	23%
EBITDA	37.2	28.1	32%	129.8	29%
EBITDA margin	13.5%	9.3%		10.9%	
EBIT	11.5	3.6	220%	38.6	30%
Pre-tax profit	9.0	1.0	-	35.7	25%
Net profit	5.9	-8.2	-	24.5	24%

Cyfrowy Polsat	Hold		Reporting Date		
Paweł Szpigel	PLN 25.30		10 May		
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	2328.9	2388.6	-3%	#####	20%
EBITDA	867.0	929.5	-7%	3920.4	22%
EBITDA margin	37.2%	38.9%		34.1%	
EBIT	432.2	457.2	-5%	1960.3	22%
Pre-tax profit	322.2	302.2	7%	1543.8	21%
Net profit	270.9	279.4	-3%	1250.4	22%

Wirtualna Polska	Accumulate		Reporting Date		
Paweł Szpigel	PLN 60.00		22 May		
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	117.6	103.5	14%	518.6	23%
EBITDA	31.8	20.8	53%	160.4	20%
EBITDA margin	27.1%	20.1%		30.9%	
EBIT	18.2	8.7	108%	104.9	17%
Pre-tax profit	10.2	4.2	139%	84.6	12%
Net profit	7.9	3.0	166%	76.0	10%

Ailleron	Neutral		Reporting Date		
Paweł Szpigel			30 May		
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	17.7	17.3	1%	116.7	15%
EBITDA	2.5	2.4	-1%	20.7	12%
EBITDA margin	14.0%	13.9%		17.8%	
EBIT	0.6	0.7	-20%	12.3	5%
Pre-tax profit	0.3	0.5	-4%	11.5	3%
Net profit	0.2	0.5	-1%	10.4	2%

Asseco Poland	Reduce		Reporting Date		
Paweł Szpigel	PLN 41.20		28 May		
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	2089.1	2068.3	1%	8833.9	24%
EBITDA	243.9	246.3	-1%	1073.9	23%
EBITDA margin	11.7%	11.9%		12.2%	
EBIT	132.8	165.2	-20%	705.0	19%
Pre-tax profit	120.8	126.2	-4%	660.9	18%
Net profit	60.2	60.9	-1%	243.7	25%

Asseco SEE	Overweight		Reporting Date		
Paweł Szpigel			7 May		
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	150.1	133.2	13%	637.6	24%
EBITDA	22.8	22.3	2%	111.1	20%
EBITDA margin	15.2%	16.7%		17.4%	
EBIT	11.7	12.8	-9%	69.8	17%
Pre-tax profit	11.5	13.0	-11%	69.6	17%
Net profit	9.0	10.1	-11%	56.8	16%

*as a percentage of our full-year forecast

- The implementation of IFRS 15 will weigh on profits.
- In media and e-commerce, a boost from higher adspend.

- A slowdown in the annual rate of topline growth to 3.0% from 7.4% in Q4'17 and 9.9% in Q3'17 led by lower smartphone sales and decelerated growth in postpaid users (>+50k net added in Q1)
- Higher domestic and EU roaming costs will push the overall quarterly costs higher.
- Q1 will see EBITDA fall for the first time since the July 2017 IPO.

- EBITDA in Film & Books will log a fall from a high year-ago base.
- A rebound in Polish adspend will make for better profits from Internet and Radio.
- Not counting a PLN 14.9m one-time boost from a property sale, adjusted Q1 EBITDA will show a 21% y/y drop to PLN 22.3m.

- A PLN 35m dent in revenue and EBITDA due to a switch from IAS to IFRS 15 reporting.
- RGU additions in Q1 were slow except for mobile postpaid, and ARPU shrunk 1.0% y/y.
- Lower revenue from mobile will be offset by the pay-TV business.
- Adjusted for IFRS 15 effects, Q1 EBITDA will register a y/y decline of 3% at PLN 902m.

- Adjusted for barter, revenue is set to post a 17% y/y rebound to PLN 111.6m, supported by recovering adspend.
- An 11% increase in costs except barter and D&A, driven mainly by an increasing share of e-commerce, which generates higher costs of services.
- Recurring EBITDA ex. barter and the TV project will register a y/y surge of 21.5% at an estimated PLN 35.2m.

- Far-from-stellar performance in Outsourcing under pressure from a weaker zloty and rising employee compensation.
- A loss in Hoteltech after the first-ever net profit generated in Q4 2017.
- No breakthrough in Livebank rollouts (a slight increase in profit in the Fintech segment).
- On the whole, Q1 results will show flat y/y growth.

- Slower contraction in standalone EBIT, set to come in at PLN 28.8m, at an annual rate of 9% vs a 30% y/y drop in Q4'17.
- A net profit rebound in the Israeli business to PLN 4.0m from PLN 0.4m last year.
- Higher PP&A depreciation expenses weighing.
- Flat y/y bottom-line growth will mark a significant improvement.

- The loss of a Slovenian banking systems contract will put a dent of PLN 2.7m in Q1 EBIT, as well as affecting profit margins through unused human resources.
- A 25% rebound in the gross profit of the Payments segment thanks to favorable market conditions.
- EBITDA will show flat y/y growth, but ASE is trading at attractive earnings multiples.

Atende	Overweight			Reporting Date	
Paweł Szpigiel				17 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	48.5	42.7	13%	300.3	16%
EBITDA	2.2	1.5	44%	29.8	7%
EBITDA margin	4.5%	3.5%		9.9%	
EBIT	0.5	-0.2	-	23.0	2%
Pre-tax profit	0.0	-0.4	-	23.0	0%
Net profit	0.4	0.0	-	15.6	3%

Wasko	Overweight			Reporting Date	
Paweł Szpigiel				18 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	65.4	58.4	12%	312.4	19%
EBITDA	3.8	5.5	-30%	31.1	18%
EBITDA margin	5.8%	9.4%		10.0%	
EBIT	0.3	2.1	-	17.6	12%
Pre-tax profit	0.0	2.2	-	16.8	13%
Net profit	0.0	1.3	-	12.8	11%

CD Projekt	Sell			Reporting Date	
Piotr Bogusz				24 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	80.6	99.3	-19%	496.3	16%
EBITDA	25.6	54.8	-53%	247.7	10%
EBITDA margin	31.8%	55.2%		49.9%	
EBIT	24.4	53.8	-55%	242.2	10%
Pre-tax profit	24.4	56.8	-57%	242.8	10%
Net profit	19.8	45.3	-56%	197.7	10%

*as a percentage of our full-year forecast

- A 13% y/y jump in standalone revenue, owed to a government contract, will bring the Q1 EBIT loss lower to PLN 0.5m.

- Continuing improvement reported by subsidiaries.

- Overall, Q1 profits will be higher than a year ago despite a 10% increase in SG&A.

- Negative seasonal patterns in Q1 2018 were compounded by adverse base effects.

- SG&A will have dropped by over 11% from the year-ago level.

- A 30% drop in EBITDA does not mean expectations for a 2018 FY rebound are hopeless.

- The first quarter is seasonally the least significant from the point of view of annual earnings.

- Sales in Q1 were slower across the board, resulting in a 19% y/y revenue slump to PLN 80.6m.

- Higher marketing expenses and payroll costs (after a hiring move) will depress the quarterly EBIT margin.

Industrials

Alumetal		Neutral		Reporting Date	
Jakub Szkopek				23 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	399.0	377.2	6%	1603.7	25%
EBITDA	28.5	25.5	12%	108.3	26%
EBITDA margin	7.1%	6.8%		6.8%	
EBIT	21.5	18.6	16%	79.6	27%
Net profit	19.3	16.6	16%	70.7	27%

Amica		Overweight		Reporting Date	
Jakub Szkopek				30 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	607.3	574.1	6%	2733.8	22%
EBITDA	51.9	50.9	2%	214.7	24%
EBITDA margin	8.6%	8.9%		7.9%	
EBIT	39.6	38.6	3%	165.1	24%
Net profit	47.8	25.4	89%	139.8	34%

Apator		Neutral		Reporting Date	
Jakub Szkopek				17 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	209.6	220.7	-5%	867.7	24%
EBITDA	28.9	33.1	-13%	128.6	23%
EBITDA margin	13.8%	15.0%		14.8%	
EBIT	19.5	23.8	-18%	89.3	22%
Net profit	14.6	16.5	-12%	67.8	22%

Boryszew		Neutral		Reporting Date	
Jakub Szkopek				14 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	1617.0	1601.3	1%	6501.4	25%
EBITDA	123.0	128.3	-4%	482.5	25%
EBITDA margin	7.6%	8.0%		7.4%	
EBIT	92.8	93.6	-1%	340.3	27%
Net profit	56.9	65.3	-13%	190.6	30%

Cognor				Reporting Date	
Jakub Szkopek				30 April	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	501.4	429.5	17%	2079.7	24%
EBITDA	44.2	41.2	7%	141.5	31%
EBITDA margin	8.8%	9.6%			
EBIT	34.2	31.6	8%	99.7	34%
Net profit	15.6	28.5	-45%	50.8	31%

Elemental		Neutral		Reporting Date	
Jakub Szkopek				28 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	377.4	349.0	8%	1450.3	26%
EBITDA	16.1	21.7	-26%	70.0	23%
EBITDA margin	4.3%	6.2%		7.5%	
EBIT	13.6	19.5	-30%	60.7	22%
Net profit	9.8	11.5	-15%	42.4	23%

Ergis		Neutral		Reporting Date	
Jakub Szkopek				15 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	191.0	183.4	4%	803.8	24%
EBITDA	13.7	17.0	-20%	56.5	24%
EBITDA margin	7.2%	9.3%		7.0%	
EBIT	7.5	11.2	-33%	32.1	23%
Net profit	5.2	8.4	-38%	19.7	27%

Famur		Buy		Reporting Date	
Jakub Szkopek		PLN 7.06		28 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	450.0	226.3	99%	2059.0	22%
EBITDA	90.3	71.5	26%	438.7	21%
EBITDA margin	20.1%	31.6%		21.0%	
EBIT	35.3	41.4	-15%	274.8	13%
Net profit	24.2	36.8	-34%	200.7	12%

*as a percentage of our full-year forecast

- Anticipating a 5% y/y increase in sales volume to 48.4kt.
- Profits supported by margin improvement on basic aluminum alloys to the highest level since August 2015.

- Q1 profits will show growth from a low year-ago base after three quarters of falls led by negative base effects.
- A reversal of a PLN 19m deferred tax asset will further boost the quarterly bottom line.

- We expect deceleration in 2018 Q1 profits from a high year-ago base, inflated by revenues from lucrative dollar contracts and FX hedging.
- Weak performance of the Apator Elkomtech unit will add to the pressure.

- Negative base effects, combined with rising costs of labor and basic materials, will make for a slow first quarter at Boryszew.

- Profits reinforced by strong demand for steel products and high margins on steel rods, expected to offset higher feedstock costs.
- We expect to see a y/y rebound in quarterly EBITDA despite negative base effects.

- A 9% y/y increase in sales volumes may be offset by the zloty's appreciation versus the dollar, putting a squeeze on sales prices.
- No support from one-time events in Q1 2018 versus a PLN 2m boost in Q1 2017.

- Ergis's preliminary 2018 Q1 financials showed a miss of about 15% across the board relative to our forecasts, blamed on pay pressures and higher costs of basic materials.
- The preliminary results are factored into the 2018 Q1 estimates on the left.

- Anticipating expansion in Q1 EBITDA margin compared to the previous quarters owed to higher prices and equipment rental rates.
- Revenue is expected to come in at PLN 450m, of which PLN 295m provided by the segment of Underground Mining Equipment, and PLN 155m contributed by Surface Equipment.

Forte		Neutral		Reporting Date	
Jakub Szkopek				29 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	295.0	293.7	0%	1148.2	26%
EBITDA	25.1	46.5	-46%	132.2	19%
EBITDA margin	8.5%	15.8%		11.5%	
EBIT	16.1	40.4	-60%	97.2	17%
Net profit	7.1	31.3	-77%	55.4	13%

Impexmetal				Reporting Date	
Jakub Szkopek				10 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	856.7	850.8	1%	3607.1	24%
EBITDA	53.8	55.0	-2%	233.4	23%
EBITDA margin	6.3%	6.5%		6.5%	
EBIT	38.5	40.1	-4%	167.7	23%
Net profit	29.3	28.8	2%	121.6	24%

Kernel		Hold		Reporting Date	
Jakub Szkopek		PLN 53.46		25 May	
(USD m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	553.7	615.0	-10%	2565.0	63%
EBITDA	61.1	80.7	-24%	236.3	78%
EBITDA margin	11.0%	13.1%		15.5%	
EBIT	40.9	67.3	-39%	183.4	66%
Net profit	20.9	32.9	-37%	107.0	104%

Kruszwica		Neutral		Reporting Date	
Jakub Szkopek				15 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	567.5	622.1	-9%	2333.6	24%
EBITDA	21.2	19.8	7%	125.4	17%
EBITDA margin	3.7%	3.2%		5.4%	
EBIT	12.7	11.3	12%	97.4	13%
Net profit	8.7	8.5	2%	73.3	12%

Mangata		Underweight		Reporting Date	
Jakub Szkopek				17 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	161.8	156.4	3%	656.8	25%
EBITDA	23.2	23.7	-2%	91.7	25%
EBITDA margin	14.3%	15.2%		14.0%	
EBIT	17.0	17.5	-3%	64.7	26%
Net profit	12.4	11.7	6%	48.3	26%

Pfleiderer Group		Overweight		Reporting Date	
Jakub Szkopek				16 May	
(EUR m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	272.6	252.4	8%	1065.3	26%
EBITDA	30.0	30.8	-3%	135.7	22%
EBITDA margin	11.0%	12.2%		12.7%	
EBIT	11.2	12.4	-10%	61.0	18%
Net profit	6.0	10.4	-42%	37.0	16%

Pozbud		Overweight		Reporting Date	
Jakub Szkopek				18 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	27.0	32.7	-17%	180.7	15%
EBITDA	3.7	4.7	-22%	25.4	14%
EBITDA margin	13.6%	14.4%		14.1%	
EBIT	2.5	3.6	-30%	20.8	12%
Net profit	1.4	1.9	-27%	14.6	10%

Stelmet		Buy		Reporting Date	
Jakub Szkopek		PLN 27.72		28 June	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	167.2	161.5	4%	592.0	39%
EBITDA	26.5	24.0	10%	84.3	31%
EBITDA margin	15.8%	14.9%		14.0%	
EBIT	16.0	14.9	7%	45.7	35%
Net profit	9.1	25.6	-64%	41.8	22%

Tarczyński		Neutral		Reporting Date	
Jakub Szkopek				25 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	175.8	172.3	2%	751.1	23%
EBITDA	11.6	11.7	-1%	55.1	21%
EBITDA margin	6.6%	6.8%		7.3%	
EBIT	4.4	4.7	-6%	26.3	17%
Net profit	2.2	2.4	-9%	15.7	14%

*as a percentage of our full-year forecast

- Forte's preliminary Q1 earnings release shows flat revenue of PLN 295m, coupled with a 50.5% expected drop in EBITDA.

- This could push the net debt/EBITDA ratio for the last 12 months sharply higher to a projected 5.0x as of 31 March.

- Anticipating flat y/y growth in Q1 2018 profits, underpinned by negative base effects.

- Across-the-board margin contraction posted in Q4 2017 is not likely to have been remedied in Q1.

- Kernel's operations update for the three months ended 31 March 2018 revealed a 14% y/y drop to 252.7kt in the quarterly sales of bulk sunflower oil, attributed to a shift in shipments to the next quarter.

- The sales volume of grains in Q3 FY2018 was down 21.8% year over year at 1,087.6kt.

- The estimates to the left factor in the quarterly sales data.

- Anticipating a 6.7% drop from a high year-ago base in the Q1'18 sales volume, coupled with a price decline which will make for a 2.2% decrease in revenue per tonne.

- At the same time, we expect to see higher margins thanks to a better 2016/2017 rapeseed harvest.

- Anticipating flat y/y growth in Q1 2018 profits, affected by higher costs of labor and basic materials.

- Negative base effects will serve as an additional damper on EBITDA growth.

- Prices of Pfleiderer fiberboard continued to rise sharply in Q1 2018.

- Margins might be under pressure from higher costs of chemical inputs, but overall growth will benefit from more favorable base effects.

- Q1 growth curbed by negative base effects stemming from high year-ago revenues and sales profits in the construction segment.

- In the window frames segment, we expect to see a 15% rebound in revenues and a higher sales profit.

- Predicting 4% y/y expansion in revenue, driven by improved weather and upward price adjustments.

- The EBITDA margin will widen on lower costs of timber material and increasing efficiency at the new Polish factory.

- Reported profits might be affected by negative FX effects due to a weaker zloty.

- Predicting a 1.5% y/y increase in sales volumes, coupled with a 2% increase in revenue per tonne.

- Streamlining, savings, and lower costs of fresh meat inputs will support the first-quarter profits to an extent allowed by higher advertising expenses, estimated at PLN 1.75m.

Construction

A lackluster quarter

- The first-quarter revenues of Polish builders are not likely to have kept up with the 26% rebound in building activity registered in the period. Margins will show downward pressure as well.

Budimex		Accumulate		Reporting Date	
Piotr Zybala		PLN 234.00		27 April	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	1303.8	1052.7	24%	7202.0	18%
Gross profit	150.4	163.0	-8%	760.8	20%
EBITDA	101.1	118.9	-15%	552.5	18%
EBIT	90.5	110.4	-18%	511.9	18%
margin	6.9%	10.5%		7.1%	
Pre-tax income	90.1	106.9	-16%	511.2	18%
Net profit	72.9	85.2	-14%	413.5	18%

Elektrobudowa		Buy		Reporting Date	
Piotr Zybala		PLN 116.00		15 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	137.6	142.4	-3%	871.4	16%
Gross profit	8.9	9.0	-1%	76.4	12%
EBITDA	6.7	4.0	65%	63.7	10%
EBIT	3.0	0.6	443%	48.7	6%
margin	2.2%	0.4%		5.6%	
Pre-tax income	4.1	-0.6	-	53.6	8%
Net profit	3.2	-1.4	-	41.8	8%

Erbud		Buy		Reporting Date	
Piotr Zybala		PLN 29.60		15 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	373.0	344.1	8%	1937.8	19%
Gross profit	22.8	24.9	-8%	140.2	16%
EBITDA	3.8	5.9	-36%	59.2	6%
EBIT	0.1	3.9	-97%	46.9	0%
margin	0.0%	1.1%		2.4%	
Pre-tax income	-1.2	0.3	-	41.7	-3%
Net profit	-0.9	0.3	-	31.3	-3%

Unibep		Buy		Reporting Date	
Piotr Zybala		PLN 10.10		15 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	330.9	265.1	25%	1643.5	20%
Gross profit	30.3	17.8	70%	89.1	34%
EBITDA	19.9	7.3	172%	47.7	42%
EBIT	17.3	4.9	249%	36.5	47%
margin	5.2%	1.9%		2.2%	
Pre-tax income	17.6	4.7	275%	39.8	44%
Net profit	12.6	5.4	135%	30.6	41%

*as a percentage of our full-year forecast

- Budimex and Unibep might deliver relatively better results than others.

- Net profit is set to fall 14% from a high year-ago base, inflated by above-average margins.
- The nominal financials will be high.
- Gross margin from the construction business will contract from the year-ago level of 15% to an estimated 10%.
- At the same time, margin on residential sales will rebound after a 68% surge in closings.

- Anticipating year-on-year improvement in Q1 profits across all operating segments.
- This on slightly lower revenue generated on a tightening backlog.
- The first quarter is seasonally the least significant to FY profits, and in Q1'18 it will fall broadly in line with the historical averages.

- Profits impacted by higher costs of subcontractor services.
- The resulting slump in profits from the construction segment should be largely mitigated by extra income from the German company acquired during the quarter.

- Profit margins from construction will be weak in Q1, but the real-estate business will more than make up for the shortfall thanks to a high number of residential units closed in the period, with an estimated margin of 30% on about 170 flats.
- As a result, Unibep may generate over 40% of the expected FY 2018 profit in Q1.

Property Developers

A strong quarter for most developers

- Polish residential developers closed 30% more flats in Q1 2018 than in Q1 2017, an indication of stellar profits in most cases.
- Dom Development kicked off the earnings season with a higher-than-expected profit margin.

Atal Piotr Zybala	Accumulate PLN 47.00			Reporting Date 22 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	285.5	198.8	44%	953.0	30%
Gross profit margin	80.6	57.0	42%	276.0	29%
EBIT	28.2%	28.7%		29.0%	
Pre-tax income	73.6	50.9	45%	245.3	30%
Net profit	71.8	49.5	45%	238.4	30%
	57.9	39.7	46%	192.8	30%

Capital Park Piotr Zybala	Buy PLN 8.35			Reporting Date 28 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	34.0	29.6	15%	150.8	23%
Gross profit margin	25.5	21.8	17%	114.6	22%
EBIT ex. val.&SOP	75.0%	73.7%		76.0%	
Valuation effects	21.2	17.9	19%	99.4	21%
EBIT	18.7	-100.2	-	9.4	199%
Pre-tax income	40.4	-84.8	-	108.8	37%
Net profit	20.7	-44.9	-	69.7	30%
	15.9	-45.9	-	54.7	29%

Echo Piotr Zybala	Buy PLN 6.13			Reporting Date 29 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	73.4	67.7	8%	524.3	14%
Gross profit margin	15.3	9.8	55%	122.7	12%
EBIT ex. valuation	20.8%	14.5%		23.4%	
Valuation effects	-13.0	-10.9	-	2.5	-
EBIT	85.0	100.1	-15%	399.3	21%
Pre-tax income	72.0	89.2	-19%	401.8	18%
Net profit	62.3	75.6	-18%	368.7	17%
	52.3	62.3	-16%	302.9	17%

GTC Piotr Zybala	Hold PLN 9.60			Reporting Date 21 May	
(EUR m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	39.3	30.2	30%	151.7	26%
Gross profit margin	27.1	21.9	24%	112.0	24%
EBIT ex. val.&SOP	69.1%	72.5%		73.8%	
Valuation effects	22.7	18.9	20%	92.7	25%
EBIT	10.0	24.4	-59%	40.7	25%
Pre-tax income	32.7	43.1	-24%	133.3	25%
Net profit	25.6	33.1	-23%	103.9	25%
	22.4	32.2	-30%	91.1	25%

LC Corp Piotr Zybala	Buy PLN 3.50			Reporting Date 15 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	257.3	192.2	34%	836.9	31%
Gross profit margin	84.4	79.5	6%	285.8	30%
EBIT ex. valuation	32.8%	41.4%		34.2%	
Valuation effects	72.3	71.4	1%	234.2	31%
EBIT	14.3	-83.6	-	17.7	81%
Pre-tax income	86.6	-12.2	-	251.8	34%
Net profit	74.5	12.2	511%	228.9	33%
	60.4	11.0	446%	185.4	33%

*as a percentage of our full-year forecast

- LC Corp and Atal will deliver the best results of the season.
- In commercial, we expect a big y/y rebound from Capital Park.

- Atal generated an estimated margin of 28% in Q1'18 (vs. 29% in Q1'17) on about 800 closings.
- Thanks to low SG&A expenses and financing costs, the quarterly net margin will hold high at ca. 20%.
- Net profit for Q1 will fulfill about 30% of the FY forecast.

- Fair value adjustments to the property portfolio are expected to add PLN 9m to net profit compared to a charge of PLN 50m booked in Q1 2017.
- EBIT will post a y/y increase of 19% on an adjusted basis thanks to increasing occupancy rates.
- Net profit for Q1 will fulfill about 21% of the FY forecast.

- With only 108 homes closed in the period, Echo's Q1 net profit will come exclusively from value adjustments to the commercial property portfolio, estimated at PLN 85m.

- GTC experienced little growth in Q1 2018 profits compared to the previous quarter, but on an annual basis we expect to see a 20% rebound in adjusted EBIT from a low year-ago base.
- Value adjustments, mainly revaluation of work in progress, will generate an estimated gain of EUR 10m.
- The Q1 adjusted EBIT and FFO will fulfill about 24% of the FY forecasts.

- LCC closed 702 homes in Q1, expected to fetch a margin of 27%.
- In the commercial segment, we anticipate slight y/y contraction in NOI, and we predict FX adjustments will generate a gain of PLN 14m, with PLN 6.5m credited to net profit.
- At an estimated PLN 54m, the recurring Q1 net profit will fulfill 32% of the FY forecast.

Retail, Other

Cold weather and Easter effects

- Cold weather in February and March will affect the first-quarter profits of fashion retailers, except for less sensitive men's suit brands Bytom and Vistula.

AmRest Piotr Bogusz		Reduce PLN 426.00		Reporting Date 14 May	
(EUR m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	348.0	265.6	31%	1555.4	22%
Gross profit	47.0	36.1	30%	247.9	19%
margin	13.5%	13.6%		15.9%	
EBITDA	34.1	27.0	26%	173.6	20%
EBITDA margin	9.8%	10.2%		11.2%	
EBIT	11.3	9.3	21%	71.2	16%
Pre-tax income	8.5	6.6	28%	60.3	14%
Net profit	6.5	4.8	36%	47.8	14%

Bytom Piotr Bogusz		Overweight		Reporting Date 30 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	39.6	35.2	12%	221.1	18%
Gross profit	19.4	16.1	20%	110.8	18%
margin	49.1%	45.9%		50.1%	
EBITDA	0.0	-0.7	-	26.3	-
EBITDA margin	0.1%	-2.0%		11.9%	
EBIT	-1.3	-1.9	-	19.5	-
Pre-tax income	-1.4	-1.3	-	18.7	-
Net profit	-1.2	-1.2	-	15.7	-

CCC Piotr Bogusz		Buy PLN 295.00		Reporting Date 15 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	691.7	720.4	-4%	5223.1	13%
Gross profit	316.0	350.7	-10%	2727.4	12%
margin	45.7%	48.7%		52.2%	
EBITDA	-101.1	3.5	-	588.3	-
EBITDA margin	-14.6%	0.5%		11.3%	
EBIT	-124.7	-16.1	-	480.5	-
Pre-tax income	-138.5	-34.6	-	347.9	-
Net profit	-155.5	-50.6	-	314.6	-

Dino Piotr Bogusz		Buy PLN 103.50		Reporting Date 15 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	1292.1	910.3	42%	5944.2	22%
Gross profit	297.4	208.6	43%	1375.7	22%
margin	23.0%	22.9%		23.1%	
EBITDA	96.8	65.5	48%	541.9	18%
EBITDA margin	7.5%	7.2%		9.1%	
EBIT	71.3	46.3	54%	429.1	17%
Pre-tax income	60.0	38.0	58%	394.1	15%
Net profit	48.6	30.5	60%	319.2	15%

Eurocash Piotr Bogusz		Buy PLN 30.70		Reporting Date 11 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	5903.2	5193.2	14%	25772	23%
Gross profit	615.4	546.6	13%	2763.3	22%
margin	10.4%	10.5%		10.7%	
EBITDA (adj.)	38.9	37.5	4%	429.1	9%
EBITDA margin	0.7%	0.7%		1.7%	
EBIT (adj.)	-5.5	-7.0	-	247.4	-
Pre-tax inc (adj.)	-14.4	-16.2	-	176.7	-
Net profit (adj.)	-13.1	-14.9	-	132.6	-

*as a percentage of our full-year forecast

- The Easter effect amid generally favorable market conditions will support the profits of Dino, AmRest, and Eurocash.

- AmRest reported an increase of 14.5% to EUR 301m in first-quarter sales adjusted for acquisitions.
- On a higher revenue, we expect y/y contraction in EBITDA margin caused by low-margin acquisitions and worsened profitability across core geographic markets.
- AmRest has recently moved its corporate HQ to Madrid, and we have restated the financials to the left to euros at a Q1 2018 exchange rate of 4.21 and a Q1 2017 exchange rate of 4.32.

- Bytom is expected to report 12% y/y revenue growth to PLN 39.6m in Q1.
- The gross profit will approximate PLN 19.4m.
- Thanks to tight cost discipline, SG&A per square meter of store area may show a y/y reduction of 2.7%.

- CCC had a slow first quarter because of cold weather.
- As a result, we anticipate a 3pp decline in gross margin, underpinned by a rising share of e-commerce.
- Per-sqm SG&A will have risen 2% to PLN 269.
- The slow Q1 should be followed by a rebound in Q1 tanks to an unseasonably warm April.

- Dino is set to post continued sales expansion at an annual rate of 42% in Q1 (with per-sqm revenue up 12% on the year), supported by the Easter effect.
- The gross margin will widen by 0.1pp to 23% thanks to improved trading terms.
- We expect to see further declines in SG&A expenses.

- An increased loss in the Retail segment, led by higher costs of post-merger integration, only partly offset by positive Easter effects, will result in curbed EBITDA growth, at an annual rate of 4%
- Financing costs will be similar to the costs booked in Q1'17 at an estimated PLN 8.9m.
- Q1 tax was also stable at PLN 1.2m.

Gino Rossi Piotr Bogusz		Neutral		Reporting Date 18 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	50.4	64.8	-22%	288.7	17%
Gross profit	19.3	28.6	-33%	128.1	15%
margin	38.3%	44.2%		44.4%	
EBITDA	-7.4	1.7	-	15.9	-
EBITDA margin	-14.7%	2.7%		5.5%	
EBIT	-9.9	-0.7	-	5.6	-
Pre-tax income	-10.6	-2.0	-	2.7	-
Net profit	-7.4	-2.1	-	1.9	-

LPP Piotr Bogusz		Accumulate PLN 9,500		Reporting Date 17 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	1580.0	1362.3	16%	8327.7	19%
Gross profit	710.0	620.6	14%	4500.5	16%
margin	44.9%	45.6%		54.0%	
EBITDA (adj.)	-28.2	-35.2	-	1120.0	-
EBITDA margin	-1.8%	-2.6%		13.4%	
EBIT (adj.)	-115.0	-109.0	-	792.6	-
Pre-tax inc (adj.)	-113.4	-111.5	-	798.9	-
Net profit (adj.)	-118.4	-117.0	-	645.4	-

Monnari Piotr Bogusz		Overweight		Reporting Date 22 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	48.6	53.9	-10%	279.4	17%
Gross profit	24.8	25.9	-4%	161.0	15%
margin	51.0%	48.0%		57.6%	
EBITDA	-1.7	0.0		32.9	
EBITDA margin	-3.5%	-0.1%		11.8%	
EBIT	-2.9	-1.2		29.3	
Pre-tax inc (adj.)	-3.0	-0.6		29.3	
Net profit (adj.)	-3.0	-0.6		24.3	

TXM Piotr Bogusz		Buy PLN 5.41		Reporting Date 17 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	73.0	72.4	1%	463.0	16%
Gross profit	29.1	29.2	0%	192.1	15%
margin	39.8%	40.3%		41.5%	
EBITDA	-9.0	-9.3	-	15.8	-
EBITDA margin	-12.3%	-12.8%		3.4%	
EBIT	-11.9	-11.4	-	8.6	-
Pre-tax income	-12.3	-11.9	-	7.4	-
Net profit	-10.3	-9.9	-	6.0	-

Vistula Piotr Bogusz		Neutral		Reporting Date 16 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	160.5	136.2	18%	785.4	20%
Gross profit	78.9	68.0	16%	355.3	22%
margin	49.2%	49.9%		45.2%	
EBITDA	7.3	4.8	52%	98.4	7%
EBITDA margin	4.5%	3.5%		12.5%	
EBIT	3.1	1.0	216%	81.4	4%
Pre-tax income	1.1	-0.4	-	73.0	1%
Net profit	0.9	-0.8	-	59.1	1%

PBKM Paweł Szpigel		Hold PLN 76.83		Reporting Date 17 May	
(PLN m)	Q1'18E	Q1'17	Y/Y	2018E	YTD*
Revenue	34.9	33.8	3%	161.0	22%
EBITDA	10.4	9.5	10%	50.7	21%
EBITDA margin	29.8%	28.0%	-	31.5%	-
EBIT	8.9	8.3	8%	45.3	20%
Pre-tax income	8.4	8.1	4%	44.7	19%
Net profit	6.8	6.1	10%	33.9	20%

*as a percentage of our full-year forecast

- Gino Rossi experienced a double-digit sales slump in Q1.
- As a result, we expect the gross margin to be 5.9pp lower than in the same period last year at 38.3%. SG&A
- A expenses will be PLN 29.5m vs. PLN 29m a year ago.
- The clothing unit Simple CP, earmarked for sale, may have incurred an EBITDA loss of PLN 4m in Q1.

- LPP achieved positive lfl sales of 9.2% in Q1, a sign that shoppers appreciate the redesigned collections.
- Financing activity will have generated a gain of PLN 1.6m in Q1'18 vs. a PLN 2.5m loss in Q1.17.

- On 10% lower sales and a 4.7% larger store area, Monnari's Q1 2018 profits will show declines from the same period last year.
- This except for the gross margin, set to have rebounded by 3pp to 51% thanks to reduced marketing expenses.
- With good cost discipline, SG&A per square meter will have decreased 3.5% y/y.

- TXM's Q1 sales were kept low by cold weather, with revenue not likely to show a y/y rise beyond 1%.
- This, combined with price offers, will result in a gross margin decline by 0.5pp to 39.8%.
- We expect a reduction in per-sqm SG&A by 2.1% y/y to PLN 129.

- Vistula achieved positive like-for-like growth in Q1 2018.
- Due in part to increasing online sales, the quarterly sales profit may post a decline of 0.7pp y/y at an estimated 49.2%.
- We expect to see a 3.4% increase in per-sqm SG&A.
- All in all, Q1 2018 is set to be the best quarter ever for Vistula.

- Q1 revenue will show flat growth from the previous year on a flat number of new cord blood units acquired in the period (compared to an 8% increase in Q1'17).
- A switch from IAS to IFRS 15 reporting resulted in an estimated setback of 15% in Q1, not reflected in the estimates to the left, which are presented under IAS 18 for the sake of comparability.

Current Recommendations by Dom Maklerski mBanku

Company	Recommendation	Issued On	Price At Reco.	Target Price	Current Price	Upside/Downside	P/E		EV/EBITDA	
							2018	2019	2018	2019
Financial Sector						+11.9%	12.2	10.7		
Alior Bank	buy	2018-02-01	85.50	109.00	71.30	+52.9%	9.7	8.2		
BZ WBK	buy	2018-03-05	357.80	430.00	369.00	+16.5%	14.5	11.9		
Getin Noble Bank	hold	2018-03-05	1.45	1.50	1.18	+27.1%	-	7.3		
Handlowy	buy	2018-04-06	77.50	94.00	79.20	+18.7%	16.4	13.5		
ING BSK	accumulate	2018-03-05	198.00	212.00	196.00	+8.2%	16.2	14.3		
Millennium	reduce	2018-04-06	8.35	7.00	8.56	-18.2%	14.4	13.1		
Pekao	buy	2018-02-01	135.90	157.00	117.85	+33.2%	14.2	11.7		
PKO BP	hold	2018-04-06	39.74	38.00	41.91	-9.3%	15.8	13.2		
Komerční Banka	buy	2017-12-01	899.00	1,111 CZK	915.50	+21.4%	11.7	10.0		
Erste Bank	hold	2018-02-02	40.64	40.00 EUR	40.54	-1.3%	12.4	11.5		
OTP Bank	accumulate	2018-02-02	11,560	12,090 HUF	11,410	+6.0%	11.6	10.6		
PZU	buy	2018-03-05	41.55	50.58	42.46	+19.1%	10.9	10.7		
GetBack	suspended	2018-04-16	4.52	-	3.75	-	-	-		
Kruk	buy	2018-02-02	222.20	300.94	225.00	+33.8%	11.9	10.2		
Prime Car Management	buy	2018-04-06	23.60	33.00	23.00	+43.5%	7.6	6.6		
Skarbiec Holding	buy	2018-02-02	30.60	56.30	26.70	+110.9%	6.4	5.4		
Chemicals						+39.5%	7.6	7.9	5.6	5.3
Ciech	buy	2018-04-06	57.00	85.40	56.30	+51.7%	7.6	7.9	4.6	4.7
Grupa Azoty	hold	2018-03-05	56.55	67.13	52.00	+29.1%	12.3	12.3	5.6	5.3
Polwax	buy	2018-02-02	11.05	18.80	8.78	+114.1%	4.6	4.1	5.7	6.3
Oil & Gas						+5.9%	12.2	11.4	5.6	5.2
Lotos	hold	2018-04-06	54.60	51.73	55.66	-7.1%	14.9	11.2	6.3	5.5
MOL	hold	2018-04-06	2,864	2,898 HUF	2,980	-2.8%	11.4	11.5	5.0	4.9
PGNiG	buy	2018-04-06	5.71	7.96	6.19	+28.6%	8.5	8.1	4.2	3.8
PKN Orlen	reduce	2018-04-06	89.52	76.89	89.96	-14.5%	13.1	13.7	7.2	7.2
Power Utilities						+4.6%	5.2	5.2	4.0	4.0
CEZ	reduce	2018-04-06	519.50	449.51 CZK	542.00	-17.1%	20.2	19.2	8.4	7.9
Enea	buy	2018-04-06	9.10	11.78	10.12	+16.4%	4.6	4.8	4.0	4.0
Energa	buy	2018-04-06	9.96	14.91	10.31	+44.6%	5.2	5.2	3.6	3.6
PGE	buy	2018-04-06	9.81	12.89	10.22	+26.1%	6.4	7.4	3.8	3.9
Tauron	hold	2018-04-06	2.38	2.73	2.42	+12.8%	3.7	4.1	4.4	4.7
Telecoms, Media, IT						+6.3%	22.0	16.0	6.9	6.4
Netia	sell	2018-04-06	5.27	4.30	5.15	-16.5%	46.9	56.6	6.0	6.3
Orange Polska	buy	2018-04-06	5.83	7.60	5.15	+47.6%	22.6	12.4	4.4	4.0
Play	hold	2018-04-06	32.70	33.50	32.60	+2.8%	9.0	8.6	6.3	6.4
Agora	buy	2018-04-06	14.50	18.40	15.20	+21.1%	28.8	31.3	5.2	5.4
Cyfrowy Polsat	hold	2018-04-06	24.84	25.30	25.02	+1.1%	12.8	10.9	6.9	6.4
Wirtualna Polska	accumulate	2018-04-24	54.00	60.00	56.00	+7.1%	22.0	18.8	11.8	9.9
Asseco Poland	reduce	2018-03-27	45.20	41.20	45.00	-8.4%	15.3	16.0	8.8	8.2
CD Projekt	sell	2018-04-06	114.90	90.80	115.60	-21.5%	55.7	16.7	44.0	12.6
Comarch	buy	2018-04-06	131.50	166.50	146.00	+14.0%	21.0	15.5	8.3	7.2
Industrials, Mining						+23.4%	10.7	6.6	7.1	5.0
Famur	buy	2018-04-06	6.04	7.06	5.90	+19.7%	16.9	13.2	8.2	7.0
Grupa Kęty	hold	2018-04-06	346.00	357.21	351.00	+1.8%	11.9	12.3	8.6	8.6
JSW	buy	2018-04-06	86.78	108.14	83.20	+30.0%	4.5	6.0	2.4	2.8
Kemcel	hold	2018-03-05	48.80	53.46	48.05	+11.3%	10.8	5.6	7.2	4.8
KGHM	buy	2018-04-04	88.00	115.43	93.24	+23.8%	7.7	5.8	4.5	3.4
Stelmet	buy	2018-03-05	17.15	27.72	15.00	+84.8%	10.5	7.3	7.0	5.1
Construction						+19.6%	9.7	10.6	4.8	4.6
Budimex	accumulate	2018-04-06	215.00	234.00	201.00	+16.4%	12.4	13.0	5.8	6.0
Elektrobudowa	buy	2018-04-06	96.40	116.00	95.20	+21.8%	10.8	12.8	4.4	5.0
Erbud	buy	2018-04-06	21.60	29.60	20.70	+43.0%	8.5	8.4	4.3	4.2
Unibep	buy	2018-04-06	7.50	10.10	6.94	+45.5%	8.0	6.8	5.2	4.1
Property Developers						+14.5%	9.1	9.2	8.2	8.1
Atal	accumulate	2018-04-06	43.40	47.00	43.90	+7.1%	8.8	9.1	7.4	8.0
Capital Park	buy	2018-04-06	5.95	8.35	5.55	+50.5%	11.0	9.3	17.8	17.0
Dom Development	buy	2018-03-20	85.80	103.10	89.00	+15.8%	9.3	9.5	7.5	7.8
Echo	buy	2018-04-06	5.23	6.13	5.25	+16.8%	7.2	6.6	7.9	8.2
GTC	hold	2018-04-06	9.39	9.60	9.26	+3.7%	11.3	9.8	15.4	14.4
LC Corp	buy	2018-04-06	2.70	3.50	2.74	+27.7%	6.6	5.9	8.5	7.7
Retail						+11.2%	26.5	19.8	14.7	12.4
AmRest	reduce	2018-04-06	449.50	426.00	450.00	-5.3%	47.4	37.2	15.5	12.4
CCC	buy	2018-04-06	257.40	295.00	255.80	+15.3%	33.4	19.8	18.9	13.1
Dino	buy	2018-04-04	85.10	103.50	90.75	+14.0%	27.9	20.9	17.4	13.4
Eurocash	buy	2018-04-06	24.41	30.70	24.31	+26.3%	25.5	19.7	8.2	7.1
Jeronimo Martins	accumulate	2018-04-06	14.90	16.40 EUR	14.37	+14.2%	19.4	18.2	8.5	7.7
LPP	accumulate	2018-04-06	8,900	9,500	9,230	+2.9%	26.5	22.5	14.7	12.5
TXM	buy	2018-02-02	2.36	5.41	2.10	+157.6%	11.7	4.4	6.3	3.3
Other						+2.7%	11.0	10.0	7.3	6.7
PBKM	hold	2018-04-06	77.00	76.83	74.80	+2.7%	11.0	10.0	7.3	6.7



Current Calls by Dom Maklerski mBanku

Company	Relative Positioning	Rated On	Price At Rating	Current Price	Change	P/E		EV/EBITDA	
						2018	2019	2018	2019
Industrials						14.9	11.1	6.4	6.0
Ailleron	neutral	2018-03-28	16.20	17.15	+5.9%	20.4	17.7	9.4	7.8
Asseco BS	neutral	2018-03-28	28.00	27.30	-2.5%	15.8	14.4	10.6	9.7
Asseco SEE	overweight	2018-04-26	11.70	11.70	+0.0%	10.7	10.2	4.7	4.3
Atende	overweight	2018-03-28	4.25	4.49	+5.6%	10.5	9.4	6.4	6.0
Wasko	overweight	2018-03-28	2.25	2.09	-7.1%	14.9	11.1	6.0	5.2
Industrials						11.5	11.5	6.8	6.4
Alumetal	neutral	2017-07-31	46.99	54.60	+16.2%	11.8	12.2	9.0	9.0
Amica	overweight	2018-01-05	130.00	123.40	-5.1%	6.9	7.4	5.3	4.9
Apator	neutral	2018-02-28	24.00	24.70	+2.9%	12.8	12.3	7.6	7.3
Boryszew	neutral	2017-11-30	9.85	8.87	-9.9%	11.2	10.7	7.2	6.8
Elemental	neutral	2018-04-27	1.09	1.09	+0.0%	4.4	3.8	4.5	4.0
Ergis	neutral	2018-04-27	4.06	4.06	+0.0%	8.8	7.6	6.0	5.4
Forte	neutral	2018-04-27	50.70	50.70	+0.0%	21.8	13.3	13.7	10.4
Kruszwica	neutral	2017-03-29	63.50	70.00	+10.2%	21.9	21.4	12.2	11.8
Mangata	underweight	2018-03-29	95.60	94.00	-1.7%	13.0	12.4	7.7	7.3
Pfleiderer Group	overweight	2018-04-27	37.30	37.30	+0.0%	18.7	16.6	6.4	6.0
Pozbud	overweight	2017-11-13	2.98	3.75	+25.8%	6.9	3.8	6.0	2.7
Tarczyński	neutral	2018-01-29	13.05	13.90	+6.5%	10.0	9.7	6.0	5.6
Construction Sector						12.3	9.5	5.1	4.6
Elektrotim	overweight	2017-11-16	7.61	7.80	+2.5%	8.9	10.7	4.4	4.8
Herkules	neutral	2018-01-25	3.67	3.19	-13.1%	10.7	7.5	5.5	4.5
Torpol	neutral	2018-03-29	7.50	7.50	+0.0%	12.1	8.6	4.8	4.3
Trakcja	neutral	2018-03-29	6.75	6.54	-3.1%	22.5	10.9	7.1	5.3
Ulma	neutral	2018-03-29	66.50	70.00	+5.3%	12.6	10.5	3.7	3.3
ZUE	neutral	2018-03-29	6.12	6.06	-1.0%	12.9	8.1	5.8	5.0
Property Developers						7.3	6.8	8.8	6.2
Archicom	overweight	2018-04-26	15.30	15.25	-0.3%	7.1	5.0	7.0	5.4
BBI Development	neutral	2018-04-26	0.66	0.63	-4.5%	14.6	7.0	14.1	6.3
i2 Development	overweight	2018-01-12	14.90	17.30	+16.1%	4.7	5.0	5.6	6.0
JWC	underweight	2018-03-29	4.16	3.94	-5.3%	7.1	5.2	6.6	4.9
Lokum Deweloper	overweight	2018-03-29	17.80	17.80	+0.0%	5.9	6.7	4.5	5.1
PA Nova	neutral	2018-03-29	22.30	23.10	+3.6%	7.5	8.7	10.8	12.1
Polnord	neutral	2018-02-02	10.50	8.20	-21.9%	13.5	10.9	32.4	22.5
Ronson	neutral	2018-04-03	1.32	1.30	-1.5%	9.3	7.4	10.7	9.2
Retail						13.5	11.2	7.6	6.7
Bytom	overweight	2017-11-28	2.50	2.85	+14.0%	12.9	11.8	8.1	7.1
Gino Rossi	neutral	2017-11-28	1.29	0.77	-40.3%	20.5	10.7	7.2	6.3
Monnari	overweight	2017-11-28	8.21	8.29	+1.0%	10.4	9.5	5.4	4.2
Vistula	neutral	2018-02-02	5.16	4.75	-7.9%	14.0	12.2	9.1	7.8

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

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 (a unit of Asseco Poland), Atal, BOŚ, BZ WBK, Capital Park, Ergis, ES-System, IMS, MLP Group, Neuca, Pemug, Polimex-Mostostal, PBKM, Solar Company, Tarczyński, TXM, Vistal Gdynia, Zastal, ZUE.

mBank S.A. serves as market maker for the following issuers: Alior Bank, Asseco Business Solutions (a unit of Asseco Poland), Atal, BOŚ, BZ WBK, Capital Park, CCC, Cyfrowy Polsat, Enea, Energa, Ergis, ES-System, Eurocash, IMS, JSW, KGHM, Kruk, Lotos, LW Bogdanka, MLP Group, Neuca, Orange Polska, PGNiG, PKN Orlen, Polimex-Mostostal, PBKM, PZU, Solar Company, Tarczyński, Tauron, TXM, Vistal Gdynia, Zastal, ZUE.

mBank S.A. may have received compensation from the following companies in the last 12 months: Agora, Alchemia, Alior Bank, Ambra, Asseco Business Solutions (a unit of Asseco Poland), Atal, Bank Handlowy, Bank Millennium, Bank Pekao, BGŻ BNP Paribas, Boryszew, BOŚ, BZ WBK, Capital Park, CCC, CD Projekt, Cognor, Cyfrowy Polsat, Echo Investment, Elemental Holding, Elzab, Enea, Energa, Energoaparatúra, Erbud, Ergis, Erste Bank, ES-System, Eurocash, Famur, Ferrum, GetBack, Getin Holding, Getin Noble Bank, Groclin, Grupa Azoty, i2 Development, Impexmetal, IMS, INDATA, ING BSK, JSW, KGHM, Kopex, Kruk, LC Corp, Lotos, LW Bogdanka, Mennica Polska, MLP Group, Mostostal Warszawa, Netia, Neuca, Oponeo.pl, Orange Polska, Orbis, OTP Bank, PA Nova, PBKM, Pemug, PGE, PGNiG, PKN Orlen, PKO BP, Polimex-Mostostal, Polnord, Prochem, Projprzem, PZU, Raiffeisen Bank International, Rawlplug, Robyng, Rubicon Partners NFI, Seco/Warwick, Skarbicz Holding, Solar Company, Stelmet, Sygnty, Tarczyński, Tauron, TXM, Unibep, Uniwhheels, Vistal Gdynia, YOLO, Zastal, ZUE.

In the last 12 months mBank S.A. has been an offering agent/co-manager of the issuer's shares in a public offering for the following companies: GetBack, Cognor Holding.

In the last 12 months mBank S.A. has been book runner or co-book runners for Asseco SEE , Cognor Holding, Famur, GetBack, Grupa Azoty, LC Corp, Polski Bank Komórek Macierzystych, Robyng, Wirtualna Polska.

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.

This publication constitutes investment research within the meaning of Art. 36.1 of Commission Delegated Regulation (EU) 2017/565.

The compensation of the research analysts responsible for preparing investment research is determined independently of and without regard to the compensation of or revenue generated by any other employee of the Bank, including but not limited to any employee whose business interests may reasonably be considered to conflict with the interests of the persons to whom the investment research prepared by the Research Department of Dom Maklerski mBanku is disseminated. With that being said, since one of the factors taken into consideration when determining the compensation of research analysts is the degree of fulfillment of annual financial targets by customer service functions, there is a risk that the adequacy of compensation offered to persons preparing investment research will be questioned by a competent oversight body.

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.kliszcz@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

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