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Monthly Market Outlook: May 2018

Equity Market, Macroeconomics

Equity Market

We remain bullish on stocks on a 2-3-month horizon. We believe global investors will regain confidence in undervalued emerging markets with their softening currencies.

Sector Outlook

Financials

We are overweight Polish banks based on 13% upside potential, owed mainly to banks with no CHF exposures. Elsewhere, we remain positive on Komercni Banka and OTP Bank. Among non-banks, the 2018 profits of the insurer PZU might be weighed down by additional provisions for a new type of claim recently recognized by Poland's Supreme Court.

Chemicals

Both Ciech and Grupa Azoty are set to disappoint with 2018 Q1 profits as rising costs of basic materials weighed. Ciech is the better pick of the two.

Oil & Gas

We remain bearish on the downstream sector as oil prices keep rising and refiners add capacity. The market has also caught up with petrochemicals, led by an oversupply of polyethylene. PGNiG NatGas remains a good alternative to oil refiners.

Power Utilities

Polish utilities (WIG-ENERG) displayed continuing underperformance in April relative to their European counterparts, boosting the upside potential of our buy calls: ENG, PGE, and ENA, poised to reap the rewards of rising power prices. Recent gains mean a downgrade to sell for CEZ.

Telecoms, Media, IT

Our top TMT picks for May are OPL, AGO, and WPL. We have had to downgrade CMR from buy to accumulate after gains logged despite weak 2018 Q1 earnings prospects. ACP remains a reduce. We pick ATD and ASE as the smaller-cap favorites for May.

Industrials & Metals

Of the sixteen industrial stocks in our coverage, we expect 31% each to report improvement/slowdown in Q1 2018 profits on the year-ago period. The companies most likely to deliver positive surprises are Alumetal, Famur, and Stelmet. On the other hand, Apator will probably fall short. Both the miners, KGHM and JSW, are set to report weaker Q1 profits.

Construction

Based on the less-than-stellar 2017 FY earnings reported in April, we have had to adopt a less optimistic outlook for FY2018, and we would limit investment in Polish construction stocks to firms with little debt. We remain positive on Elektrobudowa and Budimex. In the Erbud-Unibep pair trade, we are now more bullish on UNI.

Property Developers

We remain overweight developers. Our top sector picks: LCC, ARH, LKD, I2D, ECH, 1AT, and DOM, are trading at 7.0x 2018E P/E, offering an average 2018E dividend yield of 8.8%. We believe Polish developers will continue to deliver strong earnings in 2019 and 2020 in spite of cost pressures.

Retail

May is the 2018 Q1 reporting month for the majority of listed retailers. Of the stocks in our coverage, we expect to see year-over-year improvement at Bytom, Dino, AmRest, Eurocash, and Vistula. When it comes to top May picks, we see the most upside potential in BTM, CCC, DNP, and TXM.

Key Ratings

Positive: AGO, ALR, AMC, ATD, ASE, CIE, DNP, DOM, ECH, ENA, ENG, FMF, JSW, KGH, KOMB, KRU, LCC, OPL, PFL, PGE, PGN, POZ, STL, UNI, WPL

Negative: ACP, CEZ, EAT, MGT, MIL, PKN

EU Indices	Value	1M chng	YTD chng
WIG	58,869	-1.1%	-8%
ATX	3,459	+0.5%	+2%
BUX	37,165	-2.1%	-6%
PX	1,109	+0.6%	+5%

WSE WIG Ind.	Value	1M	YTD
WIG20	2,236	-1.0%	-9%
mWIG40	4,554	-1.4%	-5%
sWIG80	13,936	-1.5%	-4%
Banking	7,752	+0.4%	-9%
Basic Materials	2,518	-9.0%	-11%
Chemicals	12,627	-7.3%	-17%
Clothes	2,493	-0.6%	-17%
Construction	3,671	+0.3%	-16%
Energy	1,965	-2.5%	-4%
Food	5,151	+4.8%	+8%
IT	2,171	-1.3%	-1%
Media	7,347	+0.5%	-2%
Oil & Gas	6,059	-6.2%	-15%
Real estate	3,772	-0.4%	+4%
Telecom	738	+0.8%	-1%

Top 5 / Worst 5		1M	YTD
11 bit studios	388.50	+68.9%	+96%
Bioton	6.75	+58.5%	+93%
Bumech	0.39	+21.9%	+26%
Prairie Mining	1.56	+17.3%	+6%
XTB	6.60	+15.0%	+48%
Idea Bank	9.40	-39.7%	-59%
Elemental	1.09	-40.1%	-53%
Braster	3.90	-40.5%	-44%
Gino Rossi	0.51	-49.0%	-54%
Mostostal Zabrze	0.17	-71.7%	-73%

Rating & 9M TP Changes as of 9 May

Name	Rating	9M TP
CCC	accumulate ▼	295.00 PLN ►
CEZ	sell ▼	449.51 CZK ►
Ciech	buy ►	89.71 PLN ▲
Comarch	accumulate ▼	166.50 PLN ►
Dino	accumulate ▼	103.50 PLN ►
Erbud	accumulate ▼	23.10 PLN ▼
Famur	buy ►	6.95 PLN ▼
Getin Noble Bank	hold ►	1.40 PLN ▼
Grupa Azoty	hold ►	60.99 PLN ▼
Grupa Kęty	hold ►	363.01 PLN ▲
JSW	buy ►	109.12 PLN ▲
Kernel	hold ►	53.04 PLN ▼
KGHM	buy ►	118.98 PLN ▲
Lotos	hold ►	52.81 PLN ▲
LPP	hold ▼	9500 PLN ►
MOL	hold ►	2954.00 HUF ▲
PGNiG	buy ►	8.17 PLN ▲
PKN Orlen	reduce ►	76.73 PLN ▼
Polwax	buy ►	16.69 PLN ▼
Stelmet	buy ►	26.48 PLN ▼
TXM	buy ►	5.44 PLN ▲

Investing Outlook

The bullish case on stock markets we made a month ago came true in respect of the biggest global indices, while Polish stocks continued to underperform. The euro's weakening position against the dollar gave a boost to European stocks in April, sending the DAX 4.3% higher, while the CAC 40 in France rebounded 6.8%. The WIG index logged a monthly gain of 2.7% in April, but by early May it was trending down again, for want of sufficient cash flowing into stocks (rather than because of anything to do with fundamentals), as domestic investors withdrew money from equity funds, and at the same time pension funds continued to hand assets over to the state. This amid a sell-off in emerging markets sparked by a recovering dollar.

As a portfolio category, the WSE is grouped together with emerging markets with strong dollar exposure, meanwhile from a fundamentals standpoint Poland is closer to Germany and France in our view than to Brazil or Russia. When it comes to valuations, WIG20 stocks per Bloomberg consensus are trading at 10.9x 2018E year-end P/E compared to 12.3x MSCI EM, 16.9x S&P 500, and 13.4x DAX. In spite of an appreciating dollar, commodity prices are performing relatively well (April imports data for China confirmed momentum is solid). Looking at the attractive multiples, we expect the investors who fled the dollar to return to emerging markets in the weeks ahead.

The end of the buyback blackout period means share repurchases are about to resume in the US, and with a record \$800 billion earmarked by S&P 500 companies this year, local stocks are set to advance in the weeks ahead.

Looking back at the last few weeks, after the rally of late 2017/early 2018 (with sharp gains prompting natural profit-taking), markets showed strong resilience in the face of pronounced global risks (including the Italian elections, the looming trade war between the US and China, and weaker economic data). Under these circumstances, would Warren Buffett's Berkshire Hathaway buy Apple shares on a spike?

Anticipating Improved Sentiment In Europe

Disappointing economic data weighed on European stock markets in April, while in the US economic indicators came in line with market expectations. The 2018 first-quarter earnings season in the US is looking good so far, with 76% of the 400+ S&P 500 companies reporting so far delivering a positive EPS surprise. The earnings growth rate for the S&P 500 is 23.9%, and the growth rate for revenues is 8.2%. Interestingly, the combined first-quarter sales of the five largest US technology companies, Apple, Amazon, Google, Facebook, and Netflix, at \$635 billion were up a whopping 28% on the year. Even assuming only a half of the sales were generated in the US, this would account for 10% of the country's real GDP growth. Evercore ISI estimates second-quarter GDP growth in the US at a stable 3.0% compared to 2.9% in the first quarter.

In Europe, the reasons behind the curbed economic growth are twofold: adjustment of momentum after the 2017 growth spurt, coupled with temporary factors ranging from the weather to trade disputes, the early timing of the 2018 Easter Holidays, the winter flu epidemic, and tight labor supply. The downbeat leading indicators signal that supply-side constraints have become a big issue for European businesses, which report high capacity utilization rates and

equally high backlogs and long delivery times. At the same time, recent prints reveal falling factory orders in Germany. The supply bottlenecks will take time to resolve, and in the mean time they will continue to curb economic momentum (on the plus side investment prolongs the cycle). As for falling orders, the depreciating euro should provide a quick fix. Note that the Citigroup Economic Surprise Index for the euro area at -96 is at its lowest level since 2011.

Again, the dollar's upward shift should result in more upbeat data for Europe in the weeks ahead, including better PMI prints for May, and this hope is already being priced by the DAX, CAC, and MIB. On a related note, a more moderate pace of economic expansion means the ECB will not be changing its policy any time soon

Polish Stocks Still Trailing Benchmarks

The WIG 20 index has logged a negative return of 10% in the year to date, widening to -13% in US dollar terms. At the same time, the MSCI EM index has declined 2%, the DAX and S&P 500 have stayed mostly put, and the CAC 40 has rebounded 4.2%.

Meanwhile, S&P Global unexpectedly changed the outlook on Poland's BBB+ sovereign rating from stable to positive in April. Further, according to mBank economists, Polish GDP increased at an annual rate of 4.8% in the first quarter of 2018.

Going forward, a devalued zloty will provide a boost to Polish exports, reinforced by a weakened euro which in turn drives business for the German industry, and hence its Polish suppliers.

Last but not least, Polish equities are trading at cheap multiples, with the median 2018E year-end P/E forecast for WIG 20 stocks (as calculated by Bloomberg) at 10.9x compared to 12.3x MSCI EM and 16.9x S&P 500.

Global investors have been largely ignoring all this upside while they turn their attention to reports about possible funding cuts for Poland in the 2021-2027 EU budget, and follow the unfolding of liquidity issues in the corporate bond market. Unfortunately, without global input, emerging market funds, including Polish investment funds, continue to experience withdrawals (exacerbated by the troubles of the listed debt collector GetBack), while pension funds continue their mandatory asset transfers to the state. On top of that, the plans to roll out the 'PKK' mandatory employer-funded pension savings schemes, which could be a source of fresh cash for the stock market, have been put on the backburner.

The last few days have shown it takes relatively little capital to throw the WIG 20 blue-chip index off course and make it even more unpredictable. In our view, the Polish stock market is poised for a rebound in the coming weeks as global investors come back to emerging markets. Moreover, starting in June, local equity funds will be receiving extra cash from dividends.

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Sector Strategies

Financials

- The Polish bank sector offers 13% estimated upside potential after recent pullbacks. We believe the best returns in the month ahead will come from banks with little to no exposure to CHF loans. These include Pekao and Alior Bank, which have suffered losses in the past month, triggered by speculation about their potential merger. The odds of a go-ahead for the deal are in the ballpark of 75%, but its execution is subject to the approval of both sets of shareholders.
- We also see upside in ING BSK and Handlowy, with their solid capital positions and a likelihood of upward forecast revisions in the case of the latter.
- We also remain bullish on BZ WBK in spite of disappointing first-quarter results.
- We maintain a buy rating for Komerční Banka; the Czech bank is traded at a 26% discount to its Polish counterpart PKO BP on 2018E P/E despite much higher ROE (13% vs. 9%) and dividend yield (5% vs. 1%), and it is set to prompt double-digit hikes in the earnings expectations for FY2018 with strong first-quarter results.
- **Key Ratings:** ALR (buy), MIL (reduce), KOMB (buy).

Chemicals

- MSCI Europe Chemicals Indices are currently valued at premiums to their 3-year average P/E and EV/EBITDA ratios.
- The worsened sentiment is due to the euro's rise against the dollar, combined with appreciating energy prices (oil, coal, gas, electricity).
- Both Ciech and Grupa Azoty are set to disappoint with 2018 Q1 profits as rising costs of basic materials weighed.
- **Key Ratings:** CIE (buy)

Oil & Gas

- The price of oil continues to climb despite decreasing speculator positions, owing to tight supply from OPEC countries and the possible restoration of sanctions against Iran.
- Prices of natural gas across Europe rose 8-10% in April on the heels of rising oil, and in Poland the cross-border spread on 1Y PL/DE contracts remained above PLN 10/MWh. 30-day contracts are currently priced 8 zlotys above the first-quarter average, indicating a boost to the second-quarter profits of PGNiG and Lotos.
- Refining margins are hovering in the \$3-4 range, and strong downward pressure on heavy products can reflect on the profits of refineries with lower conversion rates (PKN Lietuva, Unipetrol, MOL Croatia).
- The worsening downstream conditions are starting to catch up with petrochemical producers, with Platts and ICIS reporting an oversupply of polyethylene due to increased shipments from the US.
- Accordingly, we remain bearish on the downstream sector, and we continue to view PGNiG as a good alternative offering better growth prospects.
- **Key Ratings:** PGN (buy), PKN (reduce)

Power Utilities

- With stable prices of carbon allowances, coal was the main driver behind rising electricity prices in April, with ARA quotes climbing 12% to \$84/t since the end of March. Clean and vertically-integrated power producers remain the main beneficiaries of this as the clean-dark spread is still negative.
- The MSCI Europe Utilities index gained more than 5% in April, as did its US counterpart S&P Utilities, returning 10%-12% since the beginning of February, while Polish utilities underperformed with a 11% negative return on expectations of increased capital expenditures. Based on the CAPEX guidance available today, the Polish power sector could start generating positive FCF by next year.
- Electricity prices in Poland continue to rise, with 2019 prices reaching PLN 205/MWh, implying clean-dark spreads PLN 6-7 higher than the 2018 spreads assuming stable coal prices. It is also important to note the recovering profitability of renewable energy plants (over 7 TWh including biomass while power prices are up by PLN 30-35/MWh y/y and prices of green certificates are trading at PLN 73 vs. PLN 36 in 2017), which adds to the probability of positive earnings surprises next year.
- Polish power stocks are trading at 4.0x 2018E EV/EBITDA. After the recent falls, the ones most attractively valued at the moment are Energa, PGE, and Enea. Tauron is expensive by comparison, and so we keep it at neutral. Our call on CEZ has to be downgraded to sell after the recent share price gains.
- **Key Ratings:** CEZ (sell), ENA (buy), ENG (buy), PGE (buy).

Telecoms, Media, IT

- There is considerable interest among Polish mobile **telecoms** in gaining access to fixed-line infrastructure, as evidenced by Cyfrowy Polsat's acquisition of a 32% stake in the fixed operator Netia at the beginning of December, with plans to raise the stake to 66% via a tender offer. Aside from access to fiber infrastructure, Cyfrowy expects to achieve B2B and B2C synergies on the merger. Cyfrowy's deal was soon followed by an announcement that T-Mobile Poland had commenced FTTH access negotiations with Orange Polska. We view the consolidation moves between Polish telecoms as a positive development.
- With its main rivals already in the process of securing access to fixed infrastructure via M&A activity or wholesale rental, Play is poised to be the sole mobile-only player left in its core markets in a matter of one year. Play could approach the cable TV and Internet provider UPC for a takeover, but this is not likely to happen soon given that UPC already offers mobile calling plans as an MVNO, and its core service is fixed-line broadband. Further, we think T-Mobile Poland might want to follow in the footsteps of its parent, Deutsche Telekom, which has just bought the Austrian division of UPC as part of a convergence strategy, and make a bid on the domestic branch of the European cable operator.
- In **Media**, revenue prospects are dampened by the latest adspend forecasts, which place this year's growth between 1.9% (Zenith) to 2.5% (Starcom).
- Zenith anticipates 0.2% contraction this year in television advertising expenses, the first decrease in four years, set to continue in subsequent years, in line with falling viewership. On the other hand, online adspend is projected to rebound 12.1% in 2018. Radio ad budgets

are set to shrink 1.2%, and the outdoor industry faces curbed revenues in the wake of efforts to reduce visual clutter in public spaces. Finally, there is anticipation for a 3.8% increase in cinema advertising expenses on the one hand, and a 16.9% drop in newspaper advertising on the other hand.

- The WIG-INFO sector index fell 2.3% in April (vs. -1.9% WIG), and at the current level the median 12M fwd P/E ratio for IT stocks at 16.4x is 7.2% higher than its three-year average, with the premium narrowed by nearly 7% over the course of two months.
- Our prediction as to 2018 first-quarter earnings of the listed IT firms in our coverage is for a seasonally slow, 4.6% rise in average EBITDA, representing a significant deceleration from the average annual growth rate of 47.4% registered in the previous quarter. With this in mind, we keep a neutral view on the sector, and we recommend a selective approach to IT stocks.
- Our top small-cap IT picks are ASEE, Atende, and Wasko. We have neutral calls for Ailleron and Asseco BS.
- **Key Ratings & Weightings:** OPL (buy), ACP (reduce), WPL (accumulate), AGO (buy), ATD (overweight), ASEE (overweight)

Industrials & Metals

- MSCI's Industrials World and Europe indices saw little movement in April, and their current P/E and EV/EBITDA ratios are on a level with their respective three-year averages. Less upbeat PMI prints are dampening sentiment for the industrial sector.
- In Poland, 56% of the manufacturers in our coverage reported worse-than-expected financials for the fourth quarter of 2017, the highest proportion in two years, with positive surprises delivered by only 37% of the sample. These included Amica, Cognor, Famur, and Pozbud, while Apator, Boryszew, Forte, Elemental, Ergis, Impexmetal, Kruszewica, Mangata, and Pfeiderer posted the biggest disappointments.
- Of the sixteen companies in our coverage, we expect 31% to have increased profits in Q1 2018 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 Alumetal, Famur, and Stelmet. On the other hand, Apator will probably fall short.
- Our best bet among mid-caps is Amica, which trades at attractive ratios compared to the sector averages ahead of a likely 2018 first-half rebound. We also like Famur, which keeps growing its order backlog, and which gains leeway to adjust its pricing.
- Our top pick among small caps is Cognor, which is about to finalize a financing deal with banks to replace expensive debt, alongside Pozbud, trading at 4x 2019E P/E.
- The zloty's appreciation vis-à-vis the US dollar puts pressure on the profit margins of the exporters Ursus, and Mangata (the former is additionally hurt by increasing costs of labor and basic materials, meanwhile its trading multiples show premiums to other sector peers).
- **Key Ratings & Weightings:** AMC (overweight), FMF (buy), MGT (underweight), PFL (overweight), POZ (overweight), STL (buy).

Mining

- Most of the major copper mines in Peru and Chile, except Escondida, so far have been able to stave off strike action, defying expectations of a global undersupply.
- However, inventories in exchange-monitored warehouses have shown draws for the last four weeks, and the

tightening could continue into June, led by increased demand from China, with positive effects on global copper prices.

- Prices of steel are on an upward trajectory thanks to high global demand driven by infrastructure projects. As a result, profit margins on BOF steelmaking are at their highest levels in three years.
- As far as coal, China resumed regular orders for coking coal from April, and as its domestic stockpile decreases the price of coking coal should go up in the coming weeks.
- When it comes to risks, the Polish mining sector continues to experience rising pay pressures this year which may affect profits.
- On the plus side, the Polish zloty is seen to be depreciating vis-à-vis the dollar, the quote currency for commodities.
- **Key Ratings:** KGH (buy), JSW (buy)

Construction

- Budimex and Elektrobudowa still rank as our top sector picks as plays with strong cash positions, offering high dividend yields in the range of 9%-11%, and reaping the rewards of conservative accounting policies.
- We are reversing our ERB-UNI pair trade calls to overweight UNI. Unibep's stock price has dropped 30% since January relative to Erbud's even though the latter faces a worsened profit outlook amid industry-wide cost pressures. Moreover, a booming housing market means Unibep is well on track to achieving our 2018 FY forecasts. Finally, when it comes to 2018 Q1 results, we expect UNI to post a net profit of PLN 12m for the quarter against a net loss of PLN 1m anticipated of Erbud.
- Our view on the rest of the construction sector relative to the other WSE sectors remains neutral. We see a high likelihood of negative earnings surprises this year from listed builders, which we consider high-risk investments
- **Key Ratings:** UNI (buy), BDX (accumulate), ELB (buy).

Property Developers

- We remain overweight developers, 70% of which are expected to deliver higher earnings in 2018 than in 2017. Our seven top picks, LCC, ARH, LKD, I2D, ECH, 1AT, and DOM, are trading at 7.0x 2018E P/E and offer an average dividend yield of 8.8%. We believe Polish developers will continue to deliver strong earnings in 2019 and 2020 in spite of cost pressures.
- Residential sales are experiencing stabilization, with aggregate 2018 Q1 sales by listed firms up 5% year on year as the top six players logged a 2% decline.
- Compared to the same period in 2017, the housing inventory in Poland's six largest regional markets contracted by 11% as of 31 March, with the sales/inventory ratio 2pp higher at 38%. Home prices continued to move upward in Q1, rising 5.4% y/y.
- Both residential and commercial developers are set to report growth in 2018 Q1 results, driven by a 30% increase in closings in case of the former, and supported by a stronger euro in case of the latter. LCC and 1AT are set to report particularly solid profits for the period.
- Debt is not an issue for most real-estate firms, which as of December 2017 had cash at hand capable of addressing 70% of their outstanding bond issues and 300% of short-term obligations. The firms with the least default risk are DOM, LKD, ARH, and LCC.
- **Key Ratings & Weightings:** DOM (buy), ECH (buy), LCC (buy), LKD (overweight), ARH (overweight), i2D (overweight).

Retail

- The Sunday trading ban in force since March will probably initially hurt the weekend sales of fashion retailers, but eventually the Sunday foot traffic is sure to shift to other days. The restaurant operator AmRest, with about half of its locations based in shopping centers, could probably lose a small percentage of its sales as well. On the other hand, grocery retailers should not suffer too much with Sundays accounting for a small proportion of their weekly sales.
- Fashion and footwear retailers were able to purchase 2018 spring-summer collections cheaper toward the end of last year thanks to 15% y/y depreciation in the dollar's value against the zloty. The biggest beneficiaries of a weak dollar include LPP and Monnari (each paying about 85% of COGS in US dollars), CCC (ca. 45% \$COGS), Vistula and Bytom (ca. 30% \$COGS), and TXM (ca. 20% \$COGS). The full effects of this will materialize in the earnings for Q2 and Q3 2018. Unless the dollar stages a sharp rebound, favorable FX effects should also help drive down the costs of the 2018 autumn-winter line purchases later this year.
- CCC is trading at attractive ratios given its solid medium-term growth prospects, supported by successful online sales.
- The grocery retailers Dino, Jeronimo Martins, and Eurocash, are poised for a strong first quarter boosted by the Easter effect.
- Among smaller fashion retailers, we see potential in Monnari (benefitting from a weak dollar), Bytom (capitalizing on revised pricing and FX effects), and TXM (expected to regain sales effectiveness while keeping SG&A relatively stable).
- **Key Ratings & Weightings:** EUR (buy), TXM (buy), DNP (accumulate), JMT (accumulate), CCC (accumulate), BTM (overweight), MON (overweight).

Macroeconomic Update

Economic Growth and Monetary Policy

With almost the full set of first-quarter data now available, we have reasonable confirmation that the Polish economy expanded at an annual rate of 4.8% in the period, and maintained solid quarterly momentum, fueled by an acceleration in building activity. In subsequent quarters, a flattening trend in manufacturing and slower momentum in the global economy will be mitigated by recovering investment, and in the end the annual growth rate of GDP this year should average 4.6%.

The incoming data prints do not seem to affect the Polish Monetary Council's policy stance. With no inflation, given the likely deceleration in economic momentum, the Council might start planning for an eventual monetary easing through non-conventional measures with little bearing on financial markets. If core inflation accelerates in the second half of the year, the Council, operating in a completely different paradigm, will be caught off guard.

Production

Industrial production increased less than expected in March, rising at an annual rate of 1.8%, a slowdown from 7.4% registered in February led by negative calendar and base effects. Even with these factors reflected in analyst forecasts, manufacturing growth turned out an even bigger disappointment at 0.6%, falling in line with Eurozone trends and earlier PMI prints. This confirmed a gradual deceleration in Polish industrial production, not likely to be reversed any time soon given high operating rates and supply pressures.

Construction output was up 16.2% y/y in March, but relative to the previous month it was slightly lower on an adjusted basis. This suggests that the noticeable slowdown in the year-over-year momentum was due to base effects and working-day differences, possibly underpinned by unfavorable March weather.

Retail sales

March retail sales were up 9.2% y/y in nominal terms and increased 8.8% in constant price terms, beating forecasts as negative calendar effects on auto sales, and slow fashion sales due to inclement weather, were offset by a rebound in the annual growth rate of food sales from 5.6% to 17.3% thanks to the Easter effect, likely reinforced by shoppers overstocking their fridges ahead of no-trade Sundays. The March figures boosted 2018 first-quarter retail sales growth to the highest level since 2011, and, given strong consumer demand, personal spending in the months ahead should continue to rise at a pace of 5%.

Jobs

Annual job growth in March amounted to 3.7%, with 1,000 jobs added during the month. The yearly pace seems to be slowly falling towards a new equilibrium facilitated by wages. As argued before, the deceleration is probably due to supply factors: as the availability of skilled workforce tightens, recruitment takes longer, affecting the monthly hiring figures.

The average salary kept the pace in March, rising 6.7% year over year, basically in line with consensus (6.5% y/y). The measured growth is likely a result of a sharp decrease in mining wages relative to a high year-ago base, a mild deceleration in manufacturing due to unfavorable working day effects, and a pay rebound in the power industry and some services sectors. Many observers of the Polish economy view the stabilization in wage growth over the last six months as a vindication of their benign outlook for the labor market and its impact on price dynamics. We do not share this view considering that, first, the uptrend in wages has not yet turned, and on a sequential basis it has been stable since the beginning of 2017. Second, labor market imbalances are still very much in place with Polish enterprises increasingly reporting staffing problems as the problem spills over even to industries characterized by relatively high pay. To us, this implies that salaries have to go up even more before the labor market can find its equilibrium.

Inflation

Consumer prices in Poland rose by 1.3% in March according to the final print, confirming the flash estimate. Looking at details, we see that the slow March inflation was led by food, down 0.1% from February, and energy, with fuel decreasing month on month and the monthly contraction in residential energy prices revised from 0.2% to 0.5%, reflecting earlier-than-expected reductions in natural gas prices. The core CPI for March will have slowed to an annual rate of 0.7% from 0.8% recorded in February, and by December there is reason to expect an acceleration to 1.7-1.9% in the core CPI. Among the main drivers behind the March deceleration were lower prices of package holidays and insurance contributions, expected to rebound in April, when CPI is set to accelerate to a projected 1.6% (with core CPI at 0.8%).

Our prediction of gradual acceleration in consumer prices in the months ahead is based on the fading effects of the zloty appreciation and a delayed materialization of rising salaries. This scenario is not discounted in market forecasts in our view as traders focus on the interim slowdown in price inflation and its deviation from "theoretical" levels (whatever that means). We also believe that output gap closed only recently and it is too early to start denying basic economic relationships.

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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						+16.1%	11.7	10.0		
Alior Bank	buy	2018-02-01	85.50	109.00	66.05	+65.0%	9.0	7.6		
BZ WBK	buy	2018-03-05	357.80	430.00	357.80	+20.2%	14.1	11.6		
Getin Noble Bank	hold	2018-05-09	1.17	1.40	1.17	+19.7%	23.6	8.8		
Handlowy	buy	2018-04-06	77.50	94.00	79.80	+17.8%	16.5	13.6		
ING BSK	accumulate	2018-03-05	198.00	212.00	197.00	+7.6%	16.3	14.4		
Millennium	reduce	2018-04-06	8.35	7.00	8.42	-16.9%	14.2	12.9		
Pekao	buy	2018-02-01	135.90	157.00	114.70	+36.9%	13.8	11.3		
PKO BP	hold	2018-04-06	39.74	38.00	41.37	-8.1%	15.6	13.0		
Komerční Banka	buy	2017-12-01	899.00	1,111 CZK	910.50	+22.0%	11.7	9.9		
Erste Bank	hold	2018-02-02	40.64	40.00 EUR	37.90	+5.5%	11.6	10.7		
OTP Bank	accumulate	2018-02-02	11,560	12,090 HUF	10,670	+13.3%	10.8	10.0		
PZU	buy	2018-03-05	41.55	50.58	39.95	+26.6%	10.3	10.0		
GetBack	suspended	2018-04-16	4.52	-	3.75	-	-	-		
Kruk	buy	2018-02-02	222.20	300.94	220.00	+36.8%	11.7	9.9		
Prime Car Management	buy	2018-04-06	23.60	33.00	20.90	+57.9%	6.9	6.0		
Skarbiec Holding	buy	2018-02-02	30.60	56.30	26.80	+110.1%	6.4	5.4		
Chemicals						+39.7%	7.3	7.6	5.2	5.8
Ciech	buy	2018-05-09	55.00	89.71	55.00	+63.1%	7.3	7.6	4.5	4.6
Grupa Azoty	hold	2018-05-09	51.10	60.99	51.10	+19.4%	11.9	16.2	5.2	5.8
Polwax	buy	2018-05-09	7.80	16.69	7.80	+114.0%	5.2	3.9	6.6	5.9
Oil & Gas						+11.7%	11.3	11.0	5.5	5.1
Lotos	hold	2018-05-09	55.62	52.81	55.62	-5.1%	14.9	11.2	6.3	5.5
MOL	hold	2018-05-09	2,790	2,954 HUF	2,790	+5.9%	10.7	10.8	4.7	4.7
PGNiG	buy	2018-05-09	6.20	8.17	6.20	+31.8%	8.5	8.1	4.2	3.9
PKN Orlen	reduce	2018-05-09	82.30	76.73	82.30	-6.8%	12.0	12.6	6.7	6.7
Power Utilities						+4.2%	5.0	5.1	4.0	4.0
CEZ	sell	2018-05-09	567.00	449.51 CZK	567.00	-20.7%	21.1	20.0	8.6	8.2
Enea	buy	2018-04-06	9.10	11.78	10.11	+16.5%	4.6	4.8	4.0	4.0
Energa	buy	2018-04-06	9.96	14.91	10.07	+48.1%	5.0	5.1	3.6	3.6
PGE	buy	2018-04-06	9.81	12.89	10.00	+28.9%	6.3	7.2	3.8	3.9
Tauron	hold	2018-04-06	2.38	2.73	2.25	+21.3%	3.4	3.8	4.3	4.6
Telecoms, Media, IT						+2.5%	22.0	15.8	7.1	6.6
Netia	sell	2018-04-06	5.27	4.30	5.25	-18.1%	47.8	57.7	6.1	6.4
Orange Polska	buy	2018-04-06	5.83	7.60	5.33	+42.6%	23.3	12.8	4.5	4.1
Play	hold	2018-04-06	32.70	30.93	29.14	+6.1%	8.0	7.7	5.9	6.1
Agora	buy	2018-04-06	14.50	18.40	14.50	+26.9%	27.5	29.9	5.0	5.2
Cyfrowy Polsat	hold	2018-04-06	24.84	25.30	26.22	-3.5%	13.4	11.5	7.1	6.6
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	44.48	-7.4%	15.2	15.8	8.7	8.2
CD Projekt	sell	2018-04-06	114.90	90.80	137.00	-33.7%	66.0	19.8	52.2	15.1
Comarch	accumulate	2018-05-09	145.00	166.50	145.00	+14.8%	20.9	15.4	8.2	7.2
Industrials, Mining						+26.9%	10.6	6.4	7.1	5.0
Famur	buy	2018-05-09	5.94	6.95	5.94	+17.0%	17.0	13.3	8.2	7.1
Grupa Kęty	hold	2018-05-09	353.00	363.01	353.00	+2.8%	12.3	12.4	8.8	8.6
JSW	buy	2018-05-09	79.32	109.12	79.32	+37.6%	4.2	5.7	2.2	2.6
Kemcel	hold	2018-05-09	50.80	53.04	50.80	+4.4%	10.8	5.7	7.3	4.9
KGHM	buy	2018-05-09	92.50	118.98	92.50	+28.6%	7.7	5.7	4.5	3.3
Stelmet	buy	2018-05-09	14.75	26.48	14.75	+79.5%	10.4	7.1	6.9	5.1
Construction						+27.7%	11.0	10.7	5.1	4.8
Budimex	accumulate	2018-04-06	215.00	234.00	183.40	+27.6%	11.3	11.8	4.9	5.1
Elektrobudowa	buy	2018-04-06	96.40	116.00	94.80	+22.4%	10.8	12.8	4.3	5.0
Erbud	accumulate	2018-05-09	19.40	23.10	19.40	+19.1%	11.8	9.6	5.2	4.6
Unibep	buy	2018-04-06	7.50	10.10	6.92	+46.0%	7.9	6.8	5.2	4.1
Property Developers						+15.9%	8.8	9.1	7.9	7.8
Atal	accumulate	2018-04-06	43.40	47.00	42.80	+9.8%	8.6	8.9	7.3	7.8
Capital Park	buy	2018-04-06	5.95	8.35	5.95	+40.3%	11.8	9.9	18.2	17.4
Dom Development	buy	2018-03-20	85.80	103.10	87.20	+18.2%	9.1	9.3	7.3	7.6
Echo	buy	2018-04-06	5.23	5.63	4.82	+16.8%	6.6	6.1	7.5	7.7
GTC	hold	2018-04-06	9.39	9.60	9.00	+6.7%	10.8	9.4	15.0	14.1
LC Corp	buy	2018-04-06	2.70	3.50	2.68	+30.6%	6.5	5.7	8.4	7.6
Retail						+13.0%	26.6	19.7	14.7	12.5
AmRest	reduce	2018-04-06	449.50	426.00	513.00	-17.0%	54.0	42.4	17.3	13.8
CCC	accumulate	2018-05-09	255.60	295.00	255.60	+15.4%	33.4	19.7	18.8	13.1
Dino	accumulate	2018-05-09	96.65	103.50	96.65	+7.1%	29.7	22.2	18.5	14.2
Eurocash	buy	2018-04-06	24.41	30.70	23.64	+29.9%	24.8	19.2	8.0	6.9
Jeronimo Martins	accumulate	2018-04-06	14.90	16.40 EUR	13.47	+21.8%	18.2	17.0	8.0	7.2
LPP	hold	2018-05-09	9,260	9,500	9,260	+2.6%	26.6	22.6	14.7	12.5
TXM	buy	2018-05-09	2.10	5.44	2.10	+159.0%	11.9	4.6	7.7	4.2
Other						+1.1%	11.1	10.1	7.4	6.8
PBKM	hold	2018-04-06	77.00	76.83	76.00	+1.1%	11.1	10.1	7.4	6.8

Weighting Recommendations 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	6.3	6.0
Ailleron	neutral	2018-03-28	16.20	16.95	+4.6%	20.2	17.5	9.3	7.7
Asseco BS	neutral	2018-03-28	28.00	27.80	-0.7%	16.1	14.7	10.7	9.9
Asseco SEE	overweight	2018-04-26	11.70	12.05	+3.0%	11.0	10.5	4.9	4.5
Atende	overweight	2018-03-28	4.25	4.48	+5.4%	10.4	9.4	6.3	6.0
Wasko	overweight	2018-03-28	2.25	2.09	-7.1%	14.9	11.1	6.0	5.2
Industrials						11.4	11.5	6.9	6.5
Alumetal	neutral	2017-07-31	46.99	54.80	+16.6%	11.8	12.2	9.0	9.1
Amica	overweight	2018-01-05	130.00	127.00	-2.3%	7.1	7.6	5.5	5.1
Apator	neutral	2018-02-28	24.00	24.00	+0.0%	13.1	12.6	7.7	7.4
Boryszew	neutral	2017-11-30	9.85	8.72	-11.5%	11.0	10.6	7.1	6.7
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	3.77	-7.1%	8.2	7.1	5.8	5.2
Forte	neutral	2018-04-27	50.70	50.20	-1.0%	21.5	13.2	13.6	10.3
Kruszwica	neutral	2017-03-29	63.50	67.00	+5.5%	21.0	20.4	11.6	11.3
Mangata	underweight	2018-03-29	95.60	92.00	-3.8%	12.7	12.1	7.6	7.2
Pfleiderer Group	overweight	2018-04-27	37.30	37.50	+0.5%	18.2	16.2	6.4	5.9
Pozbud	overweight	2017-11-13	2.98	3.53	+18.5%	6.5	3.6	5.8	2.5
Tarczyński	neutral	2018-01-29	13.05	14.90	+14.2%	10.7	10.9	6.6	6.3
Construction Sector						12.0	8.0	4.9	4.2
Elektrotim	overweight	2017-11-16	7.61	7.98	+4.9%	9.1	10.9	4.5	4.9
Herkules	neutral	2018-01-25	3.67	3.04	-17.2%	10.2	7.1	5.3	4.4
Torpol	neutral	2018-03-29	7.50	7.00	-6.7%	11.3	8.0	4.4	4.0
Trakcja	neutral	2018-03-29	6.75	4.81	-28.7%	16.5	8.0	5.4	4.1
Ulma	neutral	2018-03-29	66.50	73.50	+10.5%	13.2	11.0	3.9	3.5
ZUE	neutral	2018-03-29	6.12	5.94	-2.9%	12.6	8.0	5.6	4.9
Property Developers						7.2	6.4	8.8	6.1
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	0.60	-9.1%	13.9	6.6	13.8	6.1
i2 Development	overweight	2018-01-12	14.90	17.60	+18.1%	4.8	5.1	5.7	6.1
JWC	underweight	2018-03-29	4.16	3.71	-10.8%	6.7	4.9	6.4	4.7
Lokum Deweloper	overweight	2018-03-29	17.80	16.40	-7.9%	5.5	6.2	4.1	4.7
PA Nova	neutral	2018-03-29	22.30	22.70	+1.8%	7.4	8.6	10.8	12.0
Polnord	neutral	2018-02-02	10.50	7.50	-28.6%	12.4	10.0	31.3	21.7
Ronson	neutral	2018-04-03	1.32	1.30	-1.5%	9.3	7.4	10.7	9.2
Retail						12.7	9.3	6.9	6.0
Bytom	overweight	2017-11-28	2.50	2.61	+4.4%	11.9	10.8	7.4	6.5
Gino Rossi	neutral	2017-11-28	1.29	0.51	-60.5%	13.6	7.1	6.4	5.6
Monnari	overweight	2017-11-28	8.21	6.82	-16.9%	8.6	7.8	4.1	2.9
Vistula	neutral	2018-02-02	5.16	4.79	-7.2%	14.1	12.3	9.2	7.9

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.

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The present publication was not transferred to issuers prior to publication.

The production of new recommendations was completed on May 09, 2018, 8:47 AM.
New recommendations were first disseminated on May 09, 2018, 8:47 AM.

This document is an extract from a recommendation produced by Dom Maklerski mBanku.

mBank S.A. serves as underwriter for the following issuers: Asseco Business Solutions (spółka z grupy Asseco Poland), Atal, BOŚ, BZ WBK, Capital Park, Ergis, ES-System, IMS, MLP Group, Neuca, PBKM, Pemug, Polimex-Mostostal, Solar Company, Tarczyński, TXM, Vistal Gdynia, Zastal, ZUE.

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In the last 12 months mBank S.A. has been book runner or co-book runner for Asseco SEE, Cognor Holding, Famur, GetBack, Grupa Azoty, LC Corp, PBKM, Robyg, 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.

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Strong and weak points of valuation methods used in recommendations:

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

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

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

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

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

Recommendations Issued In the 12 Months Prior To This Publication

Agora

Rating	buy	buy	buy	accumulate	buy
Rating date	2018-04-06	2018-01-26	2017-11-23	2017-10-02	2017-07-25
Target price (PLN)	18.40	18.90	18.00	18.80	18.80
Price on rating day	14.50	13.15	15.20	17.10	15.28

Ailleron

Rating	neutral	neutral	neutral
Rating date	2018-03-28	2018-01-30	2017-11-28
Target price (PLN)	-	-	-
Price on rating day	16.20	17.60	18.73

Alior Bank

Rating	buy	accumulate
Rating date	2018-02-01	2018-01-05
Target price (PLN)	109.00	90.00
Price on rating day	85.50	78.10

Alumetal

Rating	neutral
Rating date	2017-07-31
Target price (PLN)	-
Price on rating day	46.99

Amica

Rating	overweight
Rating date	2018-01-05
Target price (PLN)	-
Price on rating day	130.00

AmRest

Rating	reduce	hold	hold	buy
Rating date	2018-04-06	2018-02-02	2018-01-05	2017-09-01
Target price (PLN)	426.00	407.00	422.00	422.00
Price on rating day	449.50	425.00	403.00	357.00

Apator

Rating	neutral	neutral
Rating date	2018-02-28	2017-07-31
Target price (PLN)	-	-
Price on rating day	24.00	31.29

Archicom

Rating	overweight	overweight
Rating date	2018-04-26	2018-01-25
Target price (PLN)	-	-
Price on rating day	15.30	15.75

Asseco BS

Rating	neutral	neutral	neutral
Rating date	2018-03-28	2018-01-30	2017-11-28
Target price (PLN)	-	-	-
Price on rating day	28.00	28.90	26.29

Asseco Poland

Rating	reduce	reduce	hold	reduce	hold	reduce
Rating date	2018-03-27	2018-02-02	2017-12-01	2017-11-03	2017-08-30	2017-07-20
Target price (PLN)	41.20	44.00	44.80	44.80	44.00	44.80
Price on rating day	45.20	45.62	44.47	47.00	44.54	47.23

Asseco SEE

Rating	overweight	overweight	overweight	overweight
Rating date	2018-04-26	2018-03-28	2018-01-30	2017-11-28
Target price (PLN)	-	-	-	-
Price on rating day	11.70	12.95	13.25	11.45

Atal

Rating	accumulate	accumulate	accumulate	accumulate
Rating date	2018-04-06	2018-02-02	2017-09-01	2017-06-02
Target price (PLN)	47.00	49.20	45.00	44.10
Price on rating day	43.40	42.40	40.40	40.00

Atende

Rating	overweight	overweight	overweight
Rating date	2018-03-28	2018-01-30	2017-11-28
Target price (PLN)	-	-	-
Price on rating day	4.25	4.85	4.46

BBI Development

Rating	neutral	neutral	neutral
Rating date	2018-04-26	2018-02-02	2017-06-02
Target price (PLN)	-	-	-
Price on rating day	0.66	0.70	0.73

Boryszew

Rating	neutral
Rating date	2017-11-30
Target price (PLN)	-
Price on rating day	9.85

Budimex

Rating	accumulate	buy	buy	hold
Rating date	2018-04-06	2018-02-02	2017-07-24	2017-05-08
Target price (PLN)	234.00	246.00	267.00	238.40
Price on rating day	215.00	197.80	229.50	275.65

Bytom

Rating	overweight	neutral	overweight
Rating date	2017-11-28	2017-09-13	2017-08-25
Target price (PLN)	-	-	-
Price on rating day	2.50	2.67	2.37

BZ WBK

Rating	buy	hold	hold	accumulate	accumulate	hold
Rating date	2018-03-05	2018-02-01	2017-12-01	2017-11-03	2017-09-01	2017-05-08
Target price (PLN)	430.00	430.00	377.87	377.87	400.10	332.34
Price on rating day	357.80	420.00	370.00	358.50	369.60	351.25

Capital Park

Rating	buy	buy
Rating date	2018-04-06	2018-02-02
Target price (PLN)	8.35	8.42
Price on rating day	5.95	5.95

CCC

Rating	accumulate	buy	buy	hold	hold	buy	accumulate	accumulate
Rating date	2018-05-09	2018-04-06	2018-03-05	2018-02-02	2018-01-05	2017-12-01	2017-10-02	2017-09-01
Target price (PLN)	295.00	295.00	286.00	295.00	292.00	292.00	308.00	294.00
Price on rating day	255.60	257.40	243.00	281.00	293.00	239.85	276.00	262.20

CD Projekt

Rating	sell	sell	sell	sell
Rating date	2018-04-06	2018-02-02	2017-10-02	2017-09-01
Target price (PLN)	90.80	90.00	74.34	59.90
Price on rating day	114.90	115.00	116.25	83.40

CEZ

Rating	sell	reduce	hold	hold	accumulate	accumulate	buy	accumulate	accumulate
Rating date	2018-05-09	2018-04-06	2018-03-05	2018-02-02	2017-12-01	2017-11-03	2017-10-02	2017-09-01	2017-06-27
Target price (CZK)	449.51	449.51	506.40	532.50	548.60	512.33	512.33	468.78	453.01
Price on rating day	567.00	519.50	495.00	530.00	490.70	481.30	441.30	416.00	399.00

Ciech

Rating	buy	buy	buy	buy	buy	buy	buy
Rating date	2018-05-09	2018-04-06	2018-03-05	2018-02-02	2017-10-02	2017-09-01	2017-06-02
Target price (PLN)	89.71	85.40	85.87	90.13	79.54	77.07	82.00
Price on rating day	55.00	57.00	55.90	61.25	65.16	62.73	69.69

Comarch

Rating	accumulate	buy	hold	hold	buy	accumulate	accumulate	hold	hold
Rating date	2018-05-09	2018-04-06	2018-03-05	2018-02-02	2017-11-27	2017-11-03	2017-10-02	2017-09-01	2017-06-02
Target price (PLN)	166.50	166.50	166.50	180.00	205.00	185.00	195.00	195.00	205.00
Price on rating day	145.00	131.50	155.00	177.00	178.30	163.50	178.50	195.00	223.00

Cyfrowy Polsat

Rating	hold	accumulate	hold	hold	reduce
Rating date	2018-04-06	2018-03-05	2018-01-31	2017-11-03	2017-08-29
Target price (PLN)	25.30	24.90	25.70	24.40	24.40
Price on rating day	24.84	22.80	24.70	24.58	27.80

Dino

Rating	accumulate	buy	buy	buy
Rating date	2018-05-09	2018-04-04	2018-02-02	2018-01-18
Target price (PLN)	103.50	103.50	95.40	95.40
Price on rating day	96.65	85.10	85.00	80.00

Dom Development

Rating	buy	buy	buy	accumulate	buy
Rating date	2018-03-20	2018-02-02	2017-09-01	2017-06-02	2017-05-12
Target price (PLN)	103.10	103.00	101.10	81.70	81.70
Price on rating day	85.80	82.00	82.25	76.10	70.20

Echo

Rating	buy	buy	buy	buy	accumulate
Rating date	2018-04-06	2018-02-02	2017-10-02	2017-09-01	2017-07-03
Target price (PLN)	5.63	6.31	6.42	6.64	6.64
Price on rating day	5.23	5.05	5.19	5.21	6.26

Elektrobudowa

Rating	buy	buy	buy	buy
Rating date	2018-04-06	2018-02-02	2017-09-01	2017-05-08
Target price (PLN)	116.00	113.00	134.00	146.00
Price on rating day	96.40	81.20	109.50	120.55

Elektrotim

Rating	overweight	underweight	neutral
Rating date	2017-11-16	2017-10-24	2017-09-14
Target price (PLN)	-	-	-
Price on rating day	7.61	9.76	11.98

Elemental

Rating	neutral	neutral
Rating date	2018-04-27	2017-08-31
Target price (PLN)	-	-
Price on rating day	1.09	2.55

Enea

Rating	buy	buy	accumulate	accumulate	hold	hold	hold	hold
Rating date	2018-04-06	2018-03-05	2018-02-02	2018-01-05	2017-12-01	2017-10-02	2017-09-01	2017-06-27
Target price (PLN)	11.78	12.11	12.98	12.82	12.82	14.59	15.23	12.60
Price on rating day	9.10	10.36	11.07	12.19	11.89	14.80	15.25	13.14

Energa

Rating	buy	buy	buy	buy	buy	accumulate	hold	accumulate	hold
Rating date	2018-04-06	2018-03-05	2018-02-02	2018-01-05	2017-12-01	2017-10-02	2017-09-01	2017-07-21	2017-06-27
Target price (PLN)	14.91	14.71	15.20	14.97	14.81	14.49	13.50	13.20	10.71
Price on rating day	9.96	10.11	12.21	12.60	12.09	13.40	13.64	11.65	10.87

Erbud

Rating	accumulate	buy	buy	buy	buy	buy	accumulate
Rating date	2018-05-09	2018-04-06	2018-03-05	2017-12-15	2017-11-03	2017-09-01	2017-06-02
Target price (PLN)	23.10	29.60	29.40	28.70	29.80	31.30	33.50
Price on rating day	19.40	21.60	21.30	20.60	24.70	26.00	31.50

Ergis

Rating	neutral	neutral
Rating date	2018-04-27	2018-01-29
Target price (PLN)	-	-
Price on rating day	4.06	4.77

Erste Bank

Rating	hold	hold	accumulate
Rating date	2018-02-02	2017-09-01	2017-06-02
Target price (EUR)	40.00	35.98	35.98
Price on rating day	40.64	35.50	32.67

Eurocash

Rating	buy	buy	buy	buy	buy	buy
Rating date	2018-04-06	2018-03-05	2018-02-02	2017-12-01	2017-10-02	2017-09-01
Target price (PLN)	30.70	31.10	32.30	38.30	44.30	47.60
Price on rating day	24.41	21.99	26.04	27.48	38.62	39.14

Famur

Rating	buy	buy	buy	buy	buy	buy	buy
Rating date	2018-05-09	2018-04-06	2018-03-05	2018-02-02	2018-01-05	2017-09-01	2017-07-20
Target price (PLN)	6.95	7.06	7.28	7.29	7.24	6.84	6.95
Price on rating day	5.94	6.04	6.10	6.20	6.18	5.81	5.84

Forte

Rating	neutral	neutral	neutral	underweight
Rating date	2018-04-27	2018-02-02	2018-01-29	2017-08-31
Target price (PLN)	-	-	-	-
Price on rating day	50.70	43.00	49.10	74.02

GetBack

Rating	suspended	buy
Rating date	2018-04-16	2017-11-30
Target price (PLN)	-	33.38
Price on rating day	4.52	23.00

Getin Noble Bank

Rating	hold	hold	sell	sell	hold
Rating date	2018-05-09	2018-03-05	2018-02-01	2017-11-03	2017-09-01
Target price (PLN)	1.40	1.50	1.50	1.27	1.27
Price on rating day	1.17	1.45	1.83	1.61	1.28

Gino Rossi

Rating	neutral	overweight
Rating date	2017-11-28	2017-08-25
Target price (PLN)	-	-
Price on rating day	1.29	1.78

Grupa Azoty

Rating	hold	hold	hold	hold	hold	hold	hold	hold	hold	buy	accumulate	buy
Rating date	2018-05-09	2018-03-05	2018-02-02	2018-01-05	2017-12-01	2017-10-02	2017-09-01	2017-08-02	2017-07-03	2017-06-23	2017-06-02	
Target price (PLN)	60.99	67.13	73.42	73.64	78.52	80.77	69.60	74.30	74.30	74.30	73.90	
Price on rating day	51.10	56.55	72.00	74.40	71.30	79.80	68.90	72.08	63.30	67.50	63.01	

GTC

Rating	hold	accumulate	hold	hold	hold
Rating date	2018-04-06	2018-03-05	2018-02-02	2018-01-05	2017-08-02
Target price (PLN)	9.60	9.70	9.70	10.00	9.59
Price on rating day	9.39	8.64	9.67	9.90	9.62

Handlowy

Rating	buy	accumulate	hold
Rating date	2018-04-06	2018-02-01	2018-01-05
Target price (PLN)	94.00	94.00	85.00
Price on rating day	77.50	84.70	83.70

Herkules

Rating	neutral	neutral	overweight
Rating date	2018-01-25	2017-10-24	2017-06-02
Target price (PLN)	-	-	-
Price on rating day	3.67	3.60	4.17

i2 Development

Rating	overweight
Rating date	2018-01-12
Target price (PLN)	-
Price on rating day	14.90

ING BSK

Rating	accumulate	hold	sell
Rating date	2018-03-05	2018-02-01	2017-12-01
Target price (PLN)	212.00	212.00	152.39
Price on rating day	198.00	220.00	203.00

Jeronimo Martins

Rating	accumulate	accumulate	hold	hold	accumulate	hold	hold
Rating date	2018-04-06	2018-03-05	2018-02-02	2017-12-01	2017-11-03	2017-09-01	2017-05-08
Target price (EUR)	16.40	16.90	16.90	17.10	17.10	17.10	16.90
Price on rating day	14.90	15.17	17.12	16.50	15.85	16.76	17.09

JSW

Rating	buy	buy	buy	buy
Rating date	2018-05-09	2018-04-06	2018-03-05	2018-01-30
Target price (PLN)	109.12	108.14	120.71	122.30
Price on rating day	79.32	86.78	92.80	101.00

JWC

Rating	underweight	neutral
Rating date	2018-03-29	2018-01-25
Target price (PLN)	-	-
Price on rating day	4.16	4.41

Kernel

Rating	hold	hold	hold	accumulate	accumulate	accumulate	accumulate
Rating date	2018-05-09	2018-03-05	2018-02-02	2017-12-01	2017-11-03	2017-09-01	2017-06-02
Target price (PLN)	53.04	53.46	53.47	57.20	58.70	71.74	73.90
Price on rating day	50.80	48.80	50.90	47.51	48.25	60.70	68.33

Grupa Kęty

Rating	hold	hold	hold	hold	hold	hold
Rating date	2018-05-09	2018-04-06	2018-03-05	2018-02-02	2018-01-05	2017-09-01
Target price (PLN)	363.01	357.21	379.66	391.41	390.72	414.09
Price on rating day	353.00	346.00	352.50	385.00	408.00	402.10

KGHM

Rating	buy	buy	accumulate	accumulate	hold	hold	reduce	hold	hold	hold	accumulate	buy
Rating date	2018-05-09	2018-04-04	2018-03-05	2018-02-02	2018-01-05	2017-12-08	2017-11-23	2017-10-02	2017-09-01	2017-08-02	2017-07-03	
Target price (PLN)	118.98	115.43	122.81	128.62	114.71	103.08	103.08	124.12	130.96	132.22	132.22	
Price on rating day	92.50	88.00	102.50	111.50	113.10	100.00	114.25	117.40	126.10	121.00	110.65	

Komercni Banka

Rating	buy	accumulate
Rating date	2017-12-01	2017-09-01
Target price (CZK)	1111.00	1111.00
Price on rating day	899.00	966.50

Kruk

Rating	buy	buy	reduce	sell
Rating date	2018-02-02	2017-10-02	2017-09-01	2017-05-08
Target price (PLN)	300.94	340.17	308.06	219.64
Price on rating day	222.20	293.45	340.95	293.85

Kruszwica

Rating	neutral
Rating date	2017-03-29
Target price (PLN)	-
Price on rating day	63.50

LC Corp

Rating	buy	buy	buy
Rating date	2018-04-06	2018-02-02	2017-09-26
Target price (PLN)	3.50	3.74	3.54
Price on rating day	2.70	3.10	2.69

Lokum Deweloper

Rating	overweight	overweight	overweight
Rating date	2018-03-29	2018-01-25	2017-09-14
Target price (PLN)	-	-	-
Price on rating day	17.80	18.00	16.30

Lotos

Rating	hold	hold	reduce	reduce	reduce	sell	sell	reduce	sell
Rating date	2018-05-09	2018-04-06	2018-03-05	2018-02-02	2018-01-05	2017-11-29	2017-11-03	2017-10-02	2017-09-01
Target price (PLN)	52.81	51.73	51.08	52.67	51.53	51.53	51.61	51.61	48.25
Price on rating day	55.62	54.60	56.30	57.78	58.48	61.66	66.37	59.75	58.86

LPP

Rating	hold	accumulate	accumulate	hold	hold	hold	hold	hold	accumulate
Rating date	2018-05-09	2018-04-06	2018-03-05	2018-02-02	2018-01-05	2017-12-01	2017-10-02	2017-09-01	2017-06-20
Target price (PLN)	9500.00	9500.00	9500.00	9400.00	9900.00	8200.00	8400.00	8800.00	7400.00
Price on rating day	9,260.00	8,900.00	8,620.00	9,790.00	9,990.00	8,173.95	8,172.05	8,696.65	6,700.00

Mangata

Rating	underweight
Rating date	2018-03-29
Target price (PLN)	-
Price on rating day	95.60

Millennium

Rating	reduce	sell	sell
Rating date	2018-04-06	2018-02-01	2017-05-08
Target price (PLN)	7.00	7.00	5.81
Price on rating day	8.35	9.59	7.06

MOL

Rating	hold	hold	hold	hold	hold	hold	hold
Rating date	2018-05-09	2018-04-06	2018-03-05	2018-02-02	2017-11-29	2017-10-02	2017-09-01
Target price (HUF)	2954.00	2898.00	3027.00	3152.00	3104.00	3077.00	2865.00
Price on rating day	2,790.00	2,864.00	2,718.00	3,080.00	3,121.00	3,000.00	2,977.50

Monnari

Rating	overweight	overweight	neutral
Rating date	2017-11-28	2017-09-13	2017-08-25
Target price (PLN)	-	-	-
Price on rating day	8.21	8.93	7.89

Netia

Rating	sell	reduce	hold
Rating date	2018-04-06	2018-02-02	2017-09-01
Target price (PLN)	4.30	4.60	4.00
Price on rating day	5.27	5.30	3.90

Orange Polska

Rating	buy	buy	buy
Rating date	2018-04-06	2017-12-12	2017-06-30
Target price (PLN)	7.60	7.30	7.10
Price on rating day	5.83	5.39	5.15

OTP Bank

Rating	accumulate	hold	accumulate	hold	accumulate	hold
Rating date	2018-02-02	2018-01-05	2017-12-01	2017-11-03	2017-10-02	2017-09-01
Target price (HUF)	12090.00	10901.00	10901.00	10901.00	10901.00	10901.00
Price on rating day	11,560.00	10,960.00	10,055.00	10,715.00	9,895.00	10,445.00

PA Nova

Rating	neutral	neutral	neutral
Rating date	2018-03-29	2018-02-28	2017-11-27
Target price (PLN)	-	-	-
Price on rating day	22.30	23.30	24.00

PBKM

Rating	hold	hold	hold	accumulate	accumulate	buy
Rating date	2018-04-06	2018-02-02	2018-01-05	2017-12-01	2017-10-02	2017-09-01
Target price (PLN)	76.83	76.00	71.00	71.00	66.30	63.90
Price on rating day	77.00	73.00	69.60	63.00	63.00	54.50

Prime Car Management

Rating	buy	buy
Rating date	2018-04-06	2018-02-02
Target price (PLN)	33.00	35.30
Price on rating day	23.60	28.80

Pekao

Rating	buy	accumulate	accumulate
Rating date	2018-02-01	2017-07-18	2017-07-03
Target price (PLN)	157.00	145.42	137.42
Price on rating day	135.90	131.25	124.80

Pfleiderer Group

Rating	overweight	overweight
Rating date	2018-04-27	2017-11-08
Target price (PLN)	-	-
Price on rating day	37.30	36.65

PGE

Rating	buy	buy	accumulate	accumulate	hold	hold	accumulate	buy
Rating date	2018-04-06	2018-03-05	2018-02-02	2017-12-01	2017-10-02	2017-09-01	2017-08-02	2017-06-27
Target price (PLN)	12.89	12.61	13.30	13.20	13.61	14.98	14.46	14.46
Price on rating day	9.81	10.28	11.87	11.93	13.30	14.27	13.29	12.29

PGNiG

Rating	buy	buy	buy	buy	buy	buy	accumulate	accumulate	accumulate
Rating date	2018-05-09	2018-04-06	2018-03-05	2018-02-02	2017-12-01	2017-11-03	2017-10-02	2017-09-01	2017-08-02
Target price (PLN)	8.17	7.96	7.51	7.65	7.73	7.73	7.73	7.57	7.25
Price on rating day	6.20	5.71	5.98	6.58	6.03	6.63	6.79	6.83	6.75

PKN Orlen

Rating	reduce	reduce	sell	sell	sell	sell	sell
Rating date	2018-05-09	2018-04-06	2018-03-05	2018-02-02	2017-11-29	2017-10-02	2017-09-01
Target price (PLN)	76.73	76.89	80.55	82.84	81.80	86.55	81.50
Price on rating day	82.30	89.52	95.20	107.90	121.60	121.70	117.90

PKO BP

Rating	hold	reduce	sell	sell
Rating date	2018-04-06	2018-03-05	2018-02-01	2017-12-01
Target price (PLN)	38.00	38.00	38.00	31.20
Price on rating day	39.74	42.20	45.66	42.30

Play

Rating	hold	hold
Rating date	2018-04-06	2018-01-25
Target price (PLN)	30.93	34.70
Price on rating day	32.70	33.20

Polnord

Rating	neutral	neutral	underweight
Rating date	2018-02-02	2017-12-27	2017-05-16
Target price (PLN)	-	-	-
Price on rating day	10.50	8.70	10.00

Polwax

Rating	buy	buy	buy	buy
Rating date	2018-05-09	2018-02-02	2018-01-05	2017-09-01
Target price (PLN)	16.69	18.80	20.56	20.53
Price on rating day	7.80	11.05	11.95	13.54

Pozbud

Rating	overweight
Rating date	2017-11-13
Target price (PLN)	-
Price on rating day	2.98

PZU

Rating	buy	accumulate	buy	accumulate	buy
Rating date	2018-03-05	2018-02-02	2018-01-05	2017-09-01	2017-07-18
Target price (PLN)	50.58	50.58	51.83	51.83	51.83
Price on rating day	41.55	44.17	45.00	48.50	44.19

Ronson

Rating	neutral	underweight	underweight
Rating date	2018-04-03	2018-03-29	2018-02-02
Target price (PLN)	-	-	-
Price on rating day	1.32	1.32	1.45

Skarbiec Holding

Rating	buy
Rating date	2018-02-02
Target price (PLN)	56.30
Price on rating day	30.60

Stelmet

Rating	buy	buy	buy	buy	buy
Rating date	2018-05-09	2018-03-05	2018-02-02	2017-09-01	2017-07-17
Target price (PLN)	26.48	27.72	28.37	28.94	30.50
Price on rating day	14.75	17.15	19.20	22.20	22.51

Tarczyński

Rating	neutral	overweight	neutral
Rating date	2018-01-29	2017-11-20	2017-05-31
Target price (PLN)	-	-	-
Price on rating day	13.05	11.00	11.20

Tauron

Rating	hold	hold	hold	hold	hold	hold	hold
Rating date	2018-04-06	2018-03-05	2018-02-02	2017-12-01	2017-10-02	2017-09-01	2017-06-27
Target price (PLN)	2.73	2.98	3.38	3.23	3.64	3.89	3.67
Price on rating day	2.38	2.69	3.08	3.10	3.75	3.92	3.65

Torpol

Rating	neutral	neutral	neutral	neutral	neutral	overweight
Rating date	2018-03-29	2018-02-02	2018-01-25	2017-11-27	2017-10-24	2017-09-14
Target price (PLN)	-	-	-	-	-	-
Price on rating day	7.50	7.98	8.16	8.55	10.93	12.05

Trakcja

Rating	neutral	neutral	neutral	underweight	underweight	neutral
Rating date	2018-03-29	2018-02-02	2018-01-25	2017-11-27	2017-10-24	2017-09-14
Target price (PLN)	-	-	-	-	-	-
Price on rating day	6.75	7.24	7.56	7.69	10.30	12.80

TXM

Rating	buy	buy	buy	buy	buy	buy
Rating date	2018-05-09	2018-02-02	2017-12-01	2017-11-03	2017-09-01	2017-06-08
Target price (PLN)	5.44	5.41	5.74	5.77	6.10	6.25
Price on rating day	2.10	2.36	2.02	1.99	2.97	4.00

Ulma

Rating	neutral	neutral
Rating date	2018-03-29	2017-11-27
Target price (PLN)	-	-
Price on rating day	66.50	73.90

Unibep

Rating	buy	buy	accumulate	buy	buy
Rating date	2018-04-06	2018-02-02	2018-01-05	2017-11-03	2017-09-01
Target price (PLN)	10.10	10.80	10.80	14.00	15.40
Price on rating day	7.50	8.60	9.76	9.90	12.20

Vistula

Rating	neutral	overweight	neutral	overweight	overweight
Rating date	2018-02-02	2018-01-19	2017-12-13	2017-11-28	2017-08-25
Target price (PLN)	-	-	-	-	-
Price on rating day	5.16	4.34	4.36	3.88	3.26

Wasko

Rating	overweight	overweight	overweight
Rating date	2018-03-28	2018-01-30	2017-11-28
Target price (PLN)	-	-	-
Price on rating day	2.25	2.24	1.98

Wirtualna Polska

Rating	accumulate	accumulate	accumulate	accumulate	buy	accumulate
Rating date	2018-04-24	2018-04-06	2018-02-02	2018-01-05	2017-11-03	2017-09-01
Target price (PLN)	60.00	56.40	56.10	53.00	53.00	53.00
Price on rating day	54.00	52.20	51.80	48.20	43.00	47.89

ZUE

Rating	neutral	neutral	neutral	underweight	underweight
Rating date	2018-03-29	2018-02-02	2018-01-25	2017-11-27	2017-09-14
Target price (PLN)	-	-	-	-	-
Price on rating day	6.12	6.18	6.44	6.89	9.20

Dom Maklerski mBanku

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