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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 Komerční 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 ▲

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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.

mBank Research

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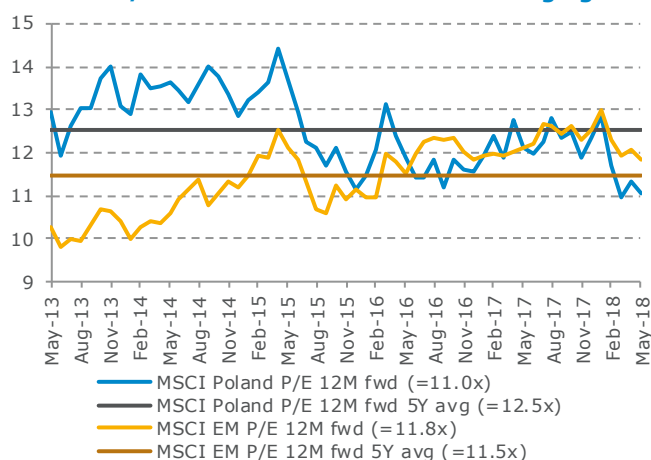
Revisions To FY2018 Earnings Forecasts For WIG30 Companies

Apr-17=0	WIG30		Financials		Oil & Gas		Utilities		Retail		TMT		Chemicals		Commodities	
	Con.	mDM	Con.	mDM	Con.	mDM	Con.	mDM	Con.	mDM	Con.	mDM	Con.	mDM	Con.	mDM
May-17	+1%	-0%	+1%	+0%	+0%	+0%	+1%	+0%	-1%	+0%	+1%	+0%	-4%	+0%	+9%	+0%
Jun-17	+2%	+6%	+2%	+0%	+3%	+0%	+6%	+40%	-1%	+1%	+1%	+3%	-5%	+3%	-0%	+0%
Jul-17	+3%	+6%	+3%	+0%	+6%	+0%	+6%	+43%	-0%	+1%	+1%	+1%	-3%	+3%	-4%	+0%
Aug-17	+7%	+7%	+4%	+2%	+6%	+5%	+12%	+45%	+1%	-4%	+58%	+4%	-3%	-3%	+1%	-11%
Sep-17	+9%	+7%	+5%	+2%	+9%	+9%	+13%	+36%	+2%	-6%	+55%	+4%	-5%	+15%	+7%	-10%
Oct-17	+9%	+5%	+4%	+2%	+9%	+9%	+17%	+36%	+3%	-6%	+46%	+4%	+15%	+15%	+8%	-10%
Nov-17	+8%	+1%	+4%	-0%	+8%	+6%	+17%	+32%	+7%	-14%	+41%	+4%	+18%	+15%	+10%	-33%
Dec-17	+7%	+2%	+5%	-0%	+8%	+6%	+13%	+32%	+5%	-2%	+41%	+11%	+6%	+6%	+3%	-25%
Jan-18	+7%	+13%	+6%	-2%	+7%	+7%	+13%	+25%	+7%	-10%	+39%	+69%	-4%	-6%	+5%	+88%
Feb-18	+8%	+11%	+5%	-2%	+7%	+9%	+13%	+19%	+6%	-14%	+42%	+69%	-10%	-6%	+19%	+88%
Mar-18	+8%	+8%	+4%	-2%	+8%	+8%	+12%	+24%	+4%	-23%	+42%	+72%	-10%	-6%	+15%	+51%
Apr-18	+8%	+8%	+4%	-3%	+8%	+8%	+13%	+24%	+3%	-23%	+42%	+72%	-10%	-5%	+12%	+52%

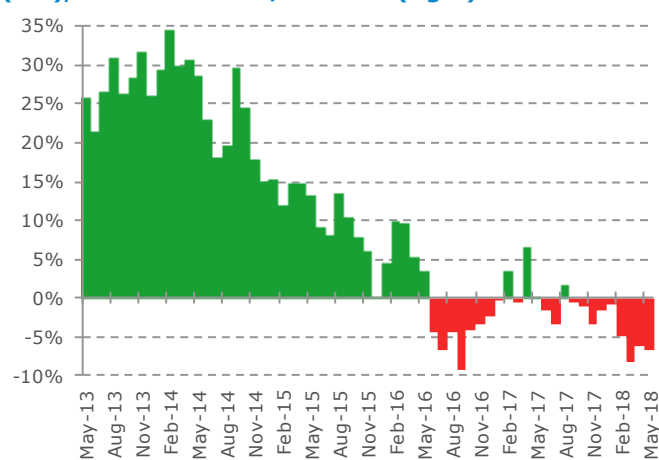
Source: "Con" - Bloomberg consensus forecasts, "mDM" - estimates by Dom Maklerski mBanku, provided ex. mBank, and PKP Cargo. The percentages indicate changes between the dates of this Monthly Outlook and the previous Monthly Outlook.

The surge in the estimates vs. consensus gap for Commodities/TMT stems from the inclusion of JSW/Play, initiated in January 2018.

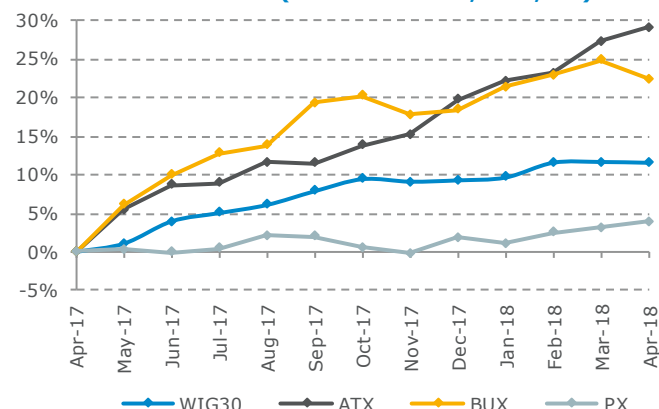
FWD 12M P/E Ratios For MSCI Poland & Emerging Markets (left), PL-EM Premium/Discount (right)



Source: Bloomberg, Dom Maklerski mBanku

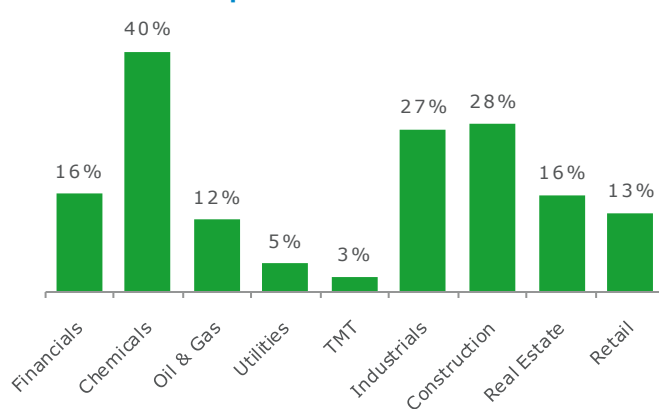


FWD 12M EPS Growth (WIG30 vs. ATX, BUX, PX)



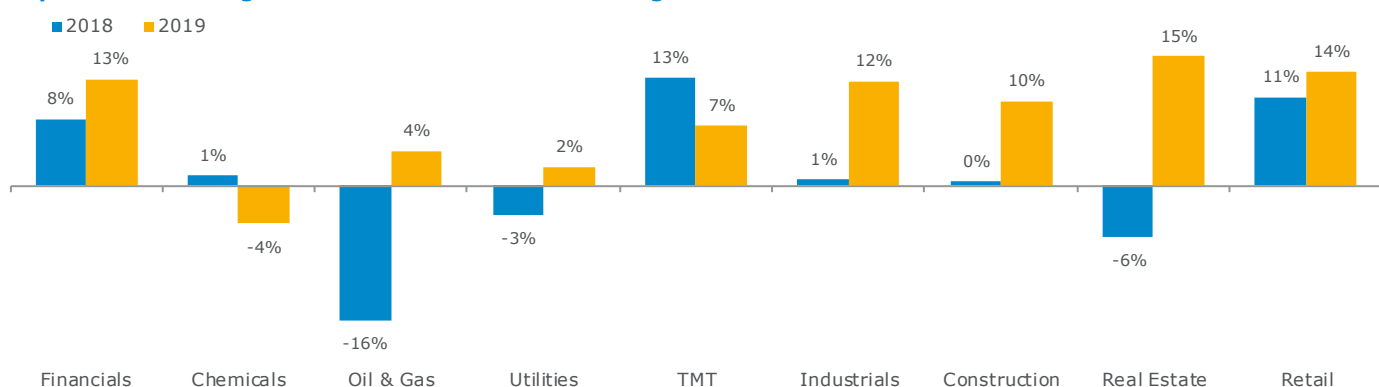
Source: Bloomberg, Dom Maklerski mBanku

Estimated Sector Upside Potential*



Source: Dom Maklerski mBanku; *To mDM price targets

Expected YoY Change in FY2018-2019E Sector Earnings*



Source: Dom Maklerski mBanku; *Net Income for Financials, EBITDA for the remaining sectors

Divergence of Dom Maklerski mBanku Estimates From Consensus Estimates

Sector/Name	mDM Rating	mDM TP ¹	BBG Ratings ²			BBG TP ³	mDM v. BBG TP	mDM v. BBG Earnings			mDM v. BBG EBITDA			Analyst Count ⁴
			▲	►	▼			2018E	2019E	2020E	2018E	2019E	2020E	
Financials														
Alior Bank	buy	109.00	13	4	0	91.38	+19.3%	+20%	+14%	-				13/-
BZ WBK	buy	430.00	7	8	2	422.33	+1.8%	+3%	+8%	+10%				13/-
Getin Noble Bank	hold	1.40	1	5	4	1.36	+2.9%	-	-12%	-26%				8/-
Handlowy		94.00	2	9	0	85.11	+10.5%	-2%	+4%	-				10/-
ING BSK	accumulate	212.00	4	5	5	206.03	+2.9%	-1%	-3%	-0%				11/-
Millennium	reduce	7.00	3	3	8	8.55	-18.2%	-5%	-10%	-				9/-
Pekao	buy	157.00	14	7	0	148.20	+5.9%	-5%	-2%	-				16/-
PKO BP	hold	38.00	1	15	5	39.67	-4.2%	-5%	+1%	-				15/-
Komercni Banka	buy	1,111.0	12	4	1	1,068.2	+4.0%	+11%	+23%	-				14/-
Erste Bank	hold	40.00	15	11	2	43.42	-7.9%	+1%	-1%	-				16/-
OTP Bank	accumulate	12,090	11	2	3	12,031	+0.5%	-2%	+0%	-				12/-
PZU	buy	50.58	8	1	1	49.54	+2.1%	+4%	+0%	-				7/-
Kruk	buy	300.94	5	1	3	260.33	+15.6%	+3%	+7%	+2%				7/-
Prime Car Management	buy	33.00	1	1	0	33.00	+0.0%	-8%	-6%	-9%				3/-
Chemicals														
Ciech	buy	89.71	5	4	1	67.18	+33.5%	+30%	+38%	+55%	+21%	+19%	+22%	9/7
Grupa Azoty	hold	60.99	5	2	5	65.69	-7.2%	-0%	-27%	-18%	-0%	-7%	-6%	2/2
Oil & Gas														
Lotos	hold	52.81	5	7	1	65.27	-19.1%	-37%	-33%	-36%	-13%	-13%	-16%	7/8
MOL	hold	2,954.0	7	4	0	3,306.8	-10.7%	-23%	-26%	-20%	-9%	-8%	-2%	6/8
PGNiG	buy	8.17	4	5	1	6.64	+23.0%	+18%	+19%	+24%	+8%	+15%	+18%	6/5
PKN Orlen	reduce	76.73	2	8	9	97.21	-21.1%	-37%	-39%	-29%	-24%	-24%	-15%	13/14
Utilities														
CEZ	sell	449.51	6	5	8	512.32	-12.3%	+1%	+13%	+0%	-1%	+1%	-2%	11/11
Enea	buy	11.78	6	4	0	12.16	-3.1%	+1%	-12%	-23%	+4%	-1%	-5%	5/5
Energa	buy	14.91	5	4	1	13.54	+10.2%	+7%	+3%	-2%	+3%	+2%	-0%	5/5
PGE	buy	12.89	6	4	3	13.36	-3.5%	+5%	-6%	-5%	+4%	+1%	-2%	6/6
Tauron	hold	2.73	2	7	3	3.08	-11.4%	+13%	-2%	-8%	+3%	+0%	-1%	7/7
TMT														
Netia	sell	4.30	1	4	3	4.94	-13.0%	-9%	-27%	-44%	-2%	-2%	-6%	3/3
Orange Polska	buy	7.60	4	9	4	6.29	+20.8%	+169%	+121%	+57%	+3%	+6%	+5%	6/8
Play	hold	30.93	7	4	2	38.78	-20.2%	+6%	-4%	-7%	-2%	-8%	-4%	8/7
Agora	buy	18.40	4	2	0	16.70	+10.2%	+45%	+35%	+36%	+3%	-1%	+0%	3/3
Cyfrowy Polsat	hold	25.30	7	7	0	27.92	-9.4%	-2%	+3%	+5%	+4%	+3%	+3%	5/4
Wirtualna Polska	accumulate	60.00	6	1	0	57.00	+5.3%	-0%	-0%	+0%	-0%	+1%	+0%	1/2
Asseco Poland	reduce	41.20	2	6	1	52.88	-22.1%	-9%	-9%	-8%	-1%	+1%	+3%	3/3
Asseco BS	neutral	-	2	2	0	30.20	-	+2%	+1%	-0%	+0%	+1%	-0%	2/2
Asseco SEE	overweight	-	3	0	0	17.30	-	+0%	-1%	+3%	-1%	-2%	-1%	2/3
Wasko	overweight	-	2	0	0	-	-	-0%	+0%	-0%	+0%	+0%	+0%	1/1
CD Projekt	sell	90.80	6	2	2	121.01	-25.0%	+13%	+3%	+1%	+13%	-13%	-3%	5/5
Comarch	accumulate	166.50	4	2	0	170.48	-2.3%	-10%	-1%	-2%	-4%	+2%	+1%	2/2
Industrials														
Alumetal	neutral	-	2	3	0	60.70	-	-8%	-14%	-	-4%	-11%	-	4/4
Amica	overweight	-	2	1	1	-	-	+21%	+17%	-	+8%	+11%	-	4/4
Apator	neutral	-	1	2	1	23.30	-	+5%	+4%	-	+1%	-0%	-	2/2
Elemental	neutral	-	1	1	0	-	-	-24%	-23%	-	-18%	-18%	-	1/1
Famur	buy	6.95	2	0	0	7.38	-5.8%	+12%	-2%	-6%	+2%	-7%	-9%	2/2
Forte	neutral	-	3	4	1	53.82	-	-43%	-29%	-	-22%	-16%	-	6/6
Kemel	hold	53.04	6	3	0	65.66	-19.2%	-21%	+17%	+19%	-8%	+5%	+7%	6/7
Grupa Kęty	hold	363.01	5	4	1	387.84	-6.4%	+7%	+4%	-2%	+2%	-1%	-6%	7/7
Pfleiderer Group	overweight	-	7	0	1	45.93	-	-5%	-0%	-	-7%	-7%	-	5/5
JSW	buy	109.12	4	3	5	100.73	+8.3%	+15%	+55%	-2%	+7%	+26%	-1%	6/6
KGHM	buy	118.98	4	6	7	100.15	+18.8%	-13%	+9%	+8%	-13%	+1%	-1%	14/13
Construction														
Budimex	accumulate	234.00	1	2	6	200.64	+16.6%	+1%	+12%	+13%	+2%	+11%	+10%	5/5
Elektrobudowa	buy	116.00	3	2	1	103.24	+12.4%	-3%	-8%	-10%	+0%	-8%	-9%	5/5
Erbud	accumulate	23.10	4	1	0	29.90	-22.7%	-30%	-10%	-8%	-15%	-3%	-5%	3/3
Unibep	buy	10.10	3	2	0	12.35	-18.2%	-8%	-2%	+0%	-7%	+1%	+0%	2/2
Torpol	neutral	-	2	1	1	16.04	-	-17%	-32%	-0%	-6%	-18%	-0%	3/3
Trakcja	neutral	-	3	4	1	7.35	-	-33%	-6%	+8%	-13%	-0%	+4%	3/3
Real Estate														
Atal	accumulate	47.00	3	2	0	44.89	+4.7%	+4%	-1%	-0%	+2%	-2%	+2%	4/3
Capital Park	buy	8.35	3	0	0	7.63	+9.5%	-20%	-18%	+0%	+0%	-0%	+0%	2/1
Dom Development	buy	103.10	6	2	1	94.94	+8.6%	+3%	+6%	-3%	+4%	+3%	-4%	5/3
Echo	buy	5.63	4	3	0	5.72	-1.5%	+32%	+5%	-19%	+80%	+33%	-9%	6/4
GTC	hold	9.60	7	3	1	10.76	-10.8%	-1%	+2%	-3%	+11%	+10%	+19%	6/5
LC Corp	buy	3.50	4	0	0	3.34	+4.7%	+4%	+3%	+6%	-0%	-0%	-0%	3/1
Polnord	neutral	-	1	2	0	9.50	-	+17%	-11%	+25%	-3%	-18%	-12%	5/5
Ronson	neutral	-	1	3	1	1.45	-	+15%	+3%	+23%	+10%	+3%	-0%	5/4
Retail														
AmRest	reduce	426.00	7	3	1	458.00	-7.0%	-23%	-28%	-24%	-8%	-7%	-4%	8/6
CCC	accumulate	295.00	10	4	3	276.73	+6.6%	-23%	+1%	+8%	-11%	+1%	+6%	13/10
Dino	accumulate	103.50	8	4	2	92.37	+12.1%	+10%	+15%	+18%	+7%	+9%	+9%	10/12
Eurocash	buy	30.70	9	11	1	29.70	+3.4%	-15%	-11%	+4%	-2%	-3%	-4%	16/16
Jeronimo Martins	accumulate	16.40	11	11	5	16.06	+2.1%	+5%	+2%	-3%	+5%	+5%	+2%	17/16
LPP	hold	9,500.0	1	7	10	7,758.6	+22.4%	+11%	+14%	+8%	+6%	+6%	+5%	15/12
Bytom	overweight	-	2	2	0	3.11	-	+8%	+8%	-	+11%	+9%	-	4/4
Gino Rossi	neutral	-	1	1	1	3.00	-	-62%	-45%	-	-19%	-16%	-	4/4
Monnari	overweight	-	5	0	0	11.00	-	+11%	+13%	-	+7%	+8%	-	4/4
Vistula	neutral	-	2	2	0	4.88	-	+5%	+3%	-	+5%	+4%	-	5/5

Source: Bloomberg (BBG), Dom Maklerski mBanku (mDM); ¹Target Price issued by Dom Maklerski mBanku; ²Positive/Neutral/Negative ratings count comprising the Bloomberg Consensus; ³Average of all analyst target prices; ⁴Number of analysts participating in the consensus (of EPS/EBITDA)

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		
Komercni 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
Energia	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

Recommendations Issued in the Past Month

Company	Rating	Previous Rating	Target Price		Issued on
Agora	buy	buy	18.40	PLN	2018-04-06
AmRest	reduce	hold	426.00	PLN	2018-04-06
Archicom	overweight	overweight	-	-	2018-04-26
Asseco SEE	overweight	overweight	-	-	2018-04-26
Atal	accumulate	accumulate	47.00	PLN	2018-04-06
BBI Development	neutral	neutral	-	-	2018-04-26
Budimex	accumulate	buy	234.00	PLN	2018-04-06
Capital Park	buy	buy	8.35	PLN	2018-04-06
CCC	buy	buy	295.00	PLN	2018-04-06
CD Projekt	sell	sell	90.80	PLN	2018-04-06
CEZ	reduce	hold	449.51	CZK	2018-04-06
Ciech	buy	buy	85.40	PLN	2018-04-06
Comarch	buy	hold	166.50	PLN	2018-04-06
Cyfrowy Polsat	hold	accumulate	25.30	PLN	2018-04-06
Dino	buy	buy	103.50	PLN	2018-04-04
Echo	buy	buy	5.63	PLN	2018-04-06
Elektrobudowa	buy	buy	116.00	PLN	2018-04-06
Elemental	neutral	neutral	-	-	2018-04-27
Enea	buy	buy	11.78	PLN	2018-04-06
Energa	buy	buy	14.91	PLN	2018-04-06
Erbud	buy	buy	29.60	PLN	2018-04-06
Ergis	neutral	neutral	-	-	2018-04-27
Eurocash	buy	buy	30.70	PLN	2018-04-06
Famur	buy	buy	7.06	PLN	2018-04-06
Forte	neutral	neutral	-	-	2018-04-27
GetBack	suspended	buy	-	-	2018-04-16
Grupa Kęty	hold	hold	357.21	PLN	2018-04-06
GTC	hold	accumulate	9.60	PLN	2018-04-06
Handlowy	buy	accumulate	94.00	PLN	2018-04-06
Jeronimo Martins	accumulate	accumulate	16.40	EUR	2018-04-06
JSW	buy	buy	108.14	PLN	2018-04-06
KGHM	buy	accumulate	115.43	PLN	2018-04-04
LC Corp	buy	buy	3.50	PLN	2018-04-06
Lotos	hold	reduce	51.73	PLN	2018-04-06
LPP	accumulate	accumulate	9500.00	PLN	2018-04-06
Millennium	reduce	sell	7.00	PLN	2018-04-06
MOL	hold	hold	2898.00	HUF	2018-04-06
Netia	sell	reduce	4.30	PLN	2018-04-06
Orange Polska	buy	buy	7.60	PLN	2018-04-06
PBKM	hold	hold	76.83	PLN	2018-04-06
Pfleiderer Group	overweight	overweight	-	-	2018-04-27
PGE	buy	buy	12.89	PLN	2018-04-06
PGNiG	buy	buy	7.96	PLN	2018-04-06
PKN Orlen	reduce	sell	76.89	PLN	2018-04-06
PKO BP	hold	reduce	38.00	PLN	2018-04-06
Play	hold	hold	30.93	PLN	2018-04-06
Prime Car Management	buy	buy	33.00	PLN	2018-04-06
Ronson	neutral	underweight	-	-	2018-04-03
Tauron	hold	hold	2.73	PLN	2018-04-06
Unibep	buy	buy	10.10	PLN	2018-04-06
Wirtualna Polska	accumulate	accumulate	56.40	PLN	2018-04-06
Wirtualna Polska	accumulate	accumulate	60.00	PLN	2018-04-24

Ratings and Valuations Changed as of 9 May 2018

Company	Rating	Previous Rating	Target Price	Issued on
CCC	accumulate	buy	295.00 PLN	2018-05-09
CEZ	sell	reduce	449.51 CZK	2018-05-09
Ciech	buy	buy	89.71 PLN	2018-05-09
Comarch	accumulate	buy	166.50 PLN	2018-05-09
Dino	accumulate	buy	103.50 PLN	2018-05-09
Erbud	accumulate	buy	23.10 PLN	2018-05-09
Famur	buy	buy	6.95 PLN	2018-05-09
Getin Noble Bank	hold	hold	1.40 PLN	2018-05-09
Grupa Azoty	hold	hold	60.99 PLN	2018-05-09
Grupa Kęty	hold	hold	363.01 PLN	2018-05-09
JSW	buy	buy	109.12 PLN	2018-05-09
Kernel	hold	hold	53.04 PLN	2018-05-09
KGHM	buy	buy	118.98 PLN	2018-05-09
Lotos	hold	hold	52.81 PLN	2018-05-09
LPP	hold	accumulate	9500.00 PLN	2018-05-09
MOL	hold	hold	2954.00 HUF	2018-05-09
PGNiG	buy	buy	8.17 PLN	2018-05-09
PKN Orlen	reduce	reduce	76.73 PLN	2018-05-09
Polwax	buy	buy	16.69 PLN	2018-05-09
Stelmet	buy	buy	26.48 PLN	2018-05-09
TXM	buy	buy	5.44 PLN	2018-05-09

Recommendation Statistics

Recommendation	All		For Issuers Who Are Clients of Dom Maklerski mBanku	
	Count	As pct. of total	Count	As pct. of total
sell	3	3.2%	2	4.2%
reduce	4	4.2%	2	4.2%
underweight	2	2.1%	0	0.0%
hold	14	14.7%	7	14.6%
neutral	21	22.1%	8	16.7%
accumulate	10	10.5%	5	10.4%
buy	29	30.5%	23	47.9%
overweight	12	12.6%	1	2.1%

Corporate Events Calendar For May 2018

Date	Time	Company	Event
9-May	11:30	Cognor	Q1'18 earnings conference (Sheraton Hotel, Warsaw)
9-May		ING BSK	Q1'18 earnings announcement
9-May	11:00	ING BSK	Q1'18 earnings conference (https://bankier.tv/gielda/ing-bank-slaski-sa-financial-report-q1-2018-5058/)
9-May		Moneta M Bank	Q1'18 earnings announcement
9-May	12:00	Ronson	Q1'18 earnings conference (Sheraton Hotel, Warsaw)
9-May	13:00	ZPUE	Q1'18 earnings conference (Westin Hotel, Warsaw)
10-May		11 bit studios	Q1'18 earnings announcement
10-May		Alior Bank	Q1'18 earnings announcement
10-May	17:00	Alior Bank	Q1'18 earnings conference call (+44 207 1943 759; PIN 73474188#; http://infostrefa.tv/alior/en/)
10-May	16:00	CEZ	Q1'18 earnings conference call (+44 207 1943 759 PIN: 38374280#)
10-May	10:00	Energa	Q1'18 earnings conference (GPW, Książęca 4, Warsaw)
10-May	11:00	Feerum	Q1'18 earnings conference (Hotel Sheraton; Warsaw)
10-May		Grupa Azoty	Q1'18 earnings announcement
10-May	12:00	Grupa Azoty	Q1'18 earnings conference (Centrum Prasowe PAP, ul. Bracka 6/8, Warsaw)
10-May		Impexmetal	Q1'18 earnings announcement
10-May		mBank	Q1'18 earnings announcement
10-May		Pekao SA	Q1'18 earnings announcement
10-May	12:00	Pekao SA	Q1'18 earnings conference (+48 12 348 08 99; PIN 0184353)
11-May		Citi Handlowy	Q1'18 earnings announcement
11-May		Eurocash	Q1'18 earnings announcement
11-May		OTP Bank	Q1'18 earnings announcement
11-May		Polwax	Q1'18 earnings announcement

Corporate Events Calendar For May 2018

Date	Time	Company	Event
14-May		AmRest	Q1'18 earnings announcement
14-May		Boryszew	Q1'18 earnings announcement
14-May		Emperia	Q1'18 earnings announcement
14-May	12:30	Śnieżka	Q1'18 earnings conference (ATRIUM IBC, Al. Jana Pawła II 23, Warsaw)
15-May		BOŚ Bank	Q1'18 earnings announcement
15-May		CCC	Q1'18 earnings announcement
15-May		Dino	Q1'18 earnings announcement
15-May		Elektrobudowa	Q1'18 earnings announcement
15-May		Erbud	Q1'18 earnings announcement
15-May		Ergis	Q1'18 earnings announcement
15-May	12:30	Ergis	Q1'18 earnings conference (The Kubicki Arcades, pl. Zamkowy 4, Warsaw)
15-May		i2 Development	Q1'18 earnings announcement
15-May		KGHM	Q1'18 earnings announcement
15-May		Kruszwica	Q1'18 earnings announcement
15-May		LC Corp	Q1'18 earnings announcement
15-May		PGE	Q1'18 earnings announcement
15-May		RBI	Q1'18 earnings announcement
15-May		Skarbiec	Q1'18 earnings announcement
15-May		Unibep	Q1'18 earnings announcement
16-May	14:00	LC Corp	Q1'18 earnings conference (Conference Center, Przyokopowa 33; Warsaw)
16-May	12:00	Lokum Dewel.	Q1'18 earnings conference (Hotel Westin, Jana Pawła II 21; Warsaw)
16-May		Pfleiderer Group	Q1'18 earnings announcement
16-May		Tauron	Q1'18 earnings announcement
16-May		Ulma	Q1'18 earnings announcement
16-May		Vistula	Q1'18 earnings announcement
17-May		Apator	Q1'18 earnings announcement
17-May		BGŻ BNP Paribas	Q1'18 earnings announcement
17-May		Getin Noble	Q1'18 earnings announcement
17-May		Idea Bank	Q1'18 earnings announcement
17-May		JSW	Q1'18 earnings announcement
17-May		LPP	Q1'18 earnings announcement
17-May		Mangata	Q1'18 earnings announcement
17-May		PA Nova	Q1'18 earnings announcement
17-May		Trakcja	Q1'18 earnings announcement
17-May		TXM	Q1'18 earnings announcement
18-May		Gino Rossi	Q1'18 earnings announcement
18-May		JSW	Q1'18 earnings conference (WSE Investors Center, Warsaw)
18-May		Pozbud	Q1'18 earnings announcement
21-May		GTC	Q1'18 earnings announcement
22-May		Atal	Q1'18 earnings announcement
22-May		JWC	Q1'18 earnings announcement
22-May		Monnari	Q1'18 earnings announcement
22-May		Redan	Q1'18 earnings announcement
22-May		ZUE	Q1'18 earnings announcement
23-May		Alumetal	Q1'18 earnings announcement
23-May		PGNiG	Q1'18 earnings announcement
23-May		PKO BP	Q1'18 earnings announcement
23-May		Torpol	Q1'18 earnings announcement
24-May		CD Projekt	Q1'18 earnings announcement
24-May		Elektrotim	Q1'18 earnings announcement
24-May		Enea/LWB	Q1'18 earnings announcement
25-May		BBI Development	Q1'18 earnings announcement
25-May		Kernel	FQ3'18 earnings announcement
25-May		PKP Cargo	Q1'18 earnings announcement
25-May		Tarczyński	Q1'18 earnings announcement
28-May		Capital Park	Q1'18 earnings announcement
28-May		CI Games	Q1'18 earnings announcement
28-May		Elemental	Q1'18 earnings announcement
28-May		Famur	Q1'18 earnings announcement
29-May		Archicom	Q1'18 earnings announcement
29-May		Ciech	Q1'18 earnings announcement
29-May		Echo Investment	Q1'18 earnings announcement
29-May		Forte	Q1'18 earnings announcement
29-May		Wojas	Q1'18 earnings announcement
30-May		Amica	Q1'18 earnings announcement
30-May		Bytom	Q1'18 earnings announcement
30-May		Herkules	Q1'18 earnings announcement
30-May		Polnord	Q1'18 earnings announcement

5-Jun
mBank's Chemical Event (Regent Warsaw Hotel) - registration required

Financial Sector

Alior Bank

buy (no change)

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We maintain a buy rating for Alior Bank, whose shares were on a downward trend over the past month on a disappointing FY2018 guidance, the capital impact of IFRS 9, Board resignations, and speculation about a merger with Pekao, the odds of which per our calculations have risen to 75%. In the most likely scenario of a stock-for-stock merger, the deal will require the approval of both sets of shareholders. We believe Alior can fulfill analysts' expectations this year with an annual net profit of PLN 0.8bn, and we predict the Bank will raise its FY2018 guidance in later periods.

Financial Highlights

(PLN m)	2015	2016	2017	2018P	2019P
Net interest income	1,501	1,946	2,841	3,157	3,500
Fee income	332	331	453	466	490
Trading income	282	342	376	377	385
Other income	82	621	127	125	131
Noninterest income	695	1,295	956	968	1,006
Total income	2,196	3,241	3,797	4,125	4,505
Operating expenses	1,138	1,619	1,930	1,631	1,688
Operating income	1,058	1,622	1,867	2,494	2,818
Provisioning	672	800	930	1,046	1,122
Profits of associates	0	0	0	0	0
Pre-tax income	386	822	937	1,448	1,696
Tax	77	73	221	275	322
Minority interests	-1	0	0	0	0
Asset tax	0	131	201	225	243
Net income	310	618	515	948	1,130

Dividend Discount Model (DDM)

(PLN m)	Value	%
Explicit Forecast (2018-19)	0	0%
PV Adjustment	788	5%
Value Driver (2020-34)	11,605	68%
Fade (2035-54)	3,704	22%
Terminal Value	938	6%
Fair Value	17,036	100%
Outst. Shares (millions)	129	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	131.80	
9M Target Price (PLN)	140.20	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	6,227	41%
Explicit Forecast (2017-19)	1,206	8%
PV Adjustment	94	1%
Value Driver (2020-34)	5,798	38%
Fade (2035-54)	1,749	12%
Fair Value	15,074	100%
Outst. Shares (millions)	129	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	116.62	
9M Target Price (PLN)	124.05	

Valuation Summary

(PLN m)	Weight	Value
DDM	50%	17,036
Economic Profits	50%	15,074
Fair Value Avg.		16,055
Fair Value Per Share (PLN)		124.21
Asset tax		-21.74
Fair Value Per Share		102.47
Cost of equity (9M)		6.4%
9M Target Price (PLN)		109.00

Current Price

66.05 PLN

Upside

9M Target Price

109.00 PLN

+65.0%

	rating	target price	issued
unchanged	buy	109.00 PLN	2018-02-01

Key Metrics	ALR PW	1M Price Chng	ALR PW	vs. WIG
Ticker	ALR PW	1M Price Chng	-4.3%	-3.1%
ISIN	PLALIOR00045	YTD Price Chng	-16.9%	-9.3%
Outst. Stock (m)	129.3	ADTV 1M		PLN 20.3m
MC (PLN m)	8,537.5	ADTV 6M		PLN 21.9m
		P/E 12M fwd	9.9	-29.9%
Free Float	74.8%	P/E 5Y avg	14.2	discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P
NII	1,946	3,601	3,157	3,500
Total income	3,241	3,797	4,125	4,505
Costs	-1,619	-1,930	-1,631	-1,688
Provisioning	-800	-930	-1,046	-1,122
Net income	618	515	948	1,130
P/E	10.8	16.6	9.0	7.6
P/B	1.4	1.3	1.1	0.9
ROE	12.7%	7.9%	12.8%	13.0%
DPS	0.00	0.00	0.00	0.00
DYield	0.0%	0.0%	0.0%	0.0%
Revision of Projections (% change)	2018P	2019P		
Net interest income	0.0%	0.0%		
Fee income	0.0%	0.0%		
Total costs	0.0%	0.0%		
Provisioning	0.0%	0.0%		
Net income	0.0%	0.0%		

Key Balance Sheet Figures

(PLN m)	2015	2016	2017	2018P	2019P
Net loans	30,907	46,278	51,267	55,378	59,710
Other assets	9,096	14,931	18,227	17,225	18,583
Total assets	40,003	61,210	69,494	72,603	78,293
Deposits	33,664	51,369	57,614	60,464	64,696
Other liabilities	2,825	3,638	5,117	4,139	4,241
Minority interests	1	1	1	1	1
Equity	3,513	6,202	6,761	8,000	9,355

Key Ratios

(%)	2015	2016	2017	2018P	2019P
NIM	4.5%	4.1%	4.3%	4.9%	5.0%
C/I	51.8%	49.9%	50.8%	39.5%	37.5%
CoR	2.3%	1.9%	1.8%	1.8%	1.8%
NPL Ratio	9.3%	9.8%	10.8%	10.2%	10.3%
Tier 1 Ratio	9.7%	11.3%	12.1%	12.5%	14.3%

BZ WBK buy (no change)

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We maintain a buy rating for BZ WBK, whose stock has posted losses over the last five months led the sale of BZW shares by Deutsche Bank, lower-than-expected dividends, and a disappointing composition of first-quarter earnings. We leave intact our 2018 FY net profit forecast of PLN 2.56bn. BZ WBK wants to make a distribution to shareholders this year from 2017 profit and retained earnings, subject to regulatory approvals, and if approved we expect the resulting DPS to be PLN 23, implying dividend yield of 6.5%. BZW stock is trading at attractive multiples even considering all risk factors.

Current Price	357.80 PLN	Upside
9M Target Price	430.00 PLN	+20.2%

	rating	target price	issued
unchanged	buy	430.00 PLN	2018-03-05

Key Metrics			BZW PW	vs. WIG
Ticker	BZW PW	1M Price Chng	+1.9%	+3.1%
ISIN	PLBZ00000044	YTD Price Chng	-9.7%	-2.1%
Outst. Stock (m)	99.2	ADTV 1M		PLN 11.4m
MC (PLN m)	35,506.1	ADTV 6M		PLN 19.4m
		P/E 12M fwd	14.0	-7.4%
Free Float	30.0%	P/E 5Y avg	15.1	discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
NII	4,770	5,277	5,852	6,943	7,587
Total income	7,606	7,764	8,613	9,965	10,655
Costs	-3,368	-3,372	-3,653	-3,923	-3,902
Provisioning	-785	-690	-746	-871	-928
Net income	2,167	2,213	2,560	3,152	3,595
P/E	16.4	16.0	14.1	11.6	10.2
P/B	1.8	1.6	1.3	1.2	1.1
ROE	11.1%	10.6%	10.4%	11.1%	11.8%
DPS	21.33	5.40	6.69	12.55	15.46
DYield	6.0%	1.5%	1.9%	3.5%	4.3%

Revision of Projections (% change)	2018P	2019P	2020P
Net interest income	0.0%	0.0%	0.0%
Fee income	0.0%	0.0%	0.0%
Total costs	0.0%	0.0%	0.0%
Provisioning	0.0%	0.0%	0.0%
Net income	0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Net interest income	4,770	5,277	5,852	6,943	7,587
Fee income	1,915	2,013	2,268	2,508	2,534
Trading income	780	323	339	356	374
Other income	141	151	154	157	160
Noninterest income	2,836	2,487	2,761	3,021	3,067
Total income	7,606	7,764	8,613	9,965	10,655
Operating expenses	3,368	3,372	3,653	3,923	3,902
Operating income	4,238	4,391	4,960	6,042	6,752
Provisioning	785	690	746	871	928
Profits of associates	55	58	58	58	58
Pre-tax income	3,509	3,759	4,272	5,229	5,883
Tax	738	817	897	1,098	1,235
Minority interests	-217	-305	-350	-379	-408
Asset tax	-387	-424	-465	-599	-645
Net income	2,167	2,213	2,560	3,152	3,595

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Net loans	103,069	107,840	133,795	143,695	152,125
Other assets	47,031	44,835	47,701	50,530	53,562
Total assets	150,100	152,674	181,496	194,225	205,687
Deposits	112,522	111,481	130,240	140,790	152,227
Other liabilities	16,559	17,850	22,517	22,616	20,345
Minority interests	1,238	1,436	1,416	1,394	1,370
Equity	19,781	21,907	27,324	29,426	31,745

Key Ratios

(%)	2016	2017	2018P	2019P	2020P
NIM	3.4%	3.6%	3.7%	3.8%	3.9%
C/I	44.3%	43.4%	42.4%	39.4%	36.6%
CoR	0.8%	0.6%	0.6%	0.6%	0.6%
NPL Ratio	6.6%	5.8%	5.0%	5.0%	5.0%
Tier 1 Ratio	14.6%	15.3%	16.0%	16.0%	16.2%

Dividend Discount Model (DDM)

(PLN m)	Value	%
Explicit Forecast (2018-20)	2,393	5%
PV Adjustment	2,412	5%
Value Driver (2021-35)	31,218	64%
Fade (2036-55)	10,417	21%
Terminal Value	2,118	4%
Fair Value	48,557	100%
Outst. Shares (millions)	99	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	489.32	
9M Target Price (PLN)	520.51	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	20,673	45%
Explicit Forecast (2018-20)	5,851	13%
PV Adjustment	290	1%
Value Driver (2021-35)	15,282	33%
Fade (2036-55)	4,339	9%
Fair Value	46,435	100%
Outst. Shares (millions)	99	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	467.93	
9M Target Price (PLN)	497.76	

Valuation Summary

(PLN m)	Weight	Value
DDM	50%	48,557
Economic Profits	50%	46,435
Fair Value Avg.		47,496
Fair Value Per Share (PLN)		478.62
Asset tax		-74.39
Fair Value Per Share		404.23
Cost of equity (9M)		6.4%
9M Target Price (PLN)		430.00

Getin Noble Bank hold (reiterated)

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We maintain a hold rating for Getin Noble Bank, with the 9-month target price lowered from PLN 1.50 to PLN 1.40. We expect Getin to turn a profit in 2018, a change from earlier expectations of a loss, however the profit will come primarily from one-time developments. Our updated outlook for the Bank also assumes a PLN 490m larger-than-originally-assumed share issue, but it omits a possible issue of Tier 1 instruments, conditioned on future financial performance. The Tier 1 issue is not likely to happen before 2020, the year when Getin is expected to achieve the minimum capital requirements set by the Polish regulator. On our updated price target, GNB is trading at 0.3x P/B.

Current Price

1.17 PLN

Upside

9M Target Price

1.40 PLN

+19.7%

		rating	target price	issued
new		hold	1.40 PLN	2018-05-09
old		hold	1.50 PLN	2018-03-05
Key Metrics			GNB PW	vs. WIG
Ticker	GNB.PW	1M Price Chng	-13.3%	-12.2%
ISIN	PLGETBK00012	YTD Price Chng	-27.8%	-20.1%
Outst. Stock (m)	1,044.6	ADTV 1M		PLN 1.5m
MC (PLN m)	1,222.1	ADTV 6M		PLN 2.4m
		P/E 12M fwd	11.0	-14.7%
Free Float	49.8%	P/E 5Y avg	12.9	discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
NII	1,317	1,297	1,175	1,337	1,542
Total income	1,537	1,480	1,417	1,560	1,802
Costs	-859	-895	-902	-903	-902
Provisioning	-660	-1,261	-475	-482	-488
Net income	-42	-575	50	144	337
P/E	-	-	23.6	8.8	3.8
P/B	0.2	0.2	0.3	0.2	0.2
ROE	-	-	1.1%	3.0%	6.5%
DPS	0.00	0.00	0.00	0.00	0.00
DYield	0.0%	0.0%	0.0%	0.0%	0.0%
Revision of Projections (% change)					
Net interest income			-12.0%	-6.3%	-
Fee income			-13.6%	-12.9%	-
Total costs			-10.7%	-11.4%	-
Provisioning			-	-8.6%	-
Net income			-	-8.8%	-

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Net interest income	1,317	1,297	1,175	1,337	1,542
Fee income	126	154	162	187	207
Trading income	177	217	177	90	93
Other income	-62	-188	-98	-54	-39
Noninterest income	241	183	242	223	261
Total income	1,558	1,480	1,417	1,560	1,802
Operating expenses	859	895	902	903	902
Operating income	699	585	514	657	900
Provisioning	700	1,261	475	482	488
Profits of associates	-3	15	24	5	5
Pre-tax income	-4	-661	64	180	418
Tax	12	-88	12	34	79
Minority interests	-4	-2	-2	-2	-2
Asset tax	38	0	0	0	0
Net income	-59	-575	50	144	337

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Net loans	46,634	42,712	42,045	42,031	42,438
Other assets	19,526	17,124	18,352	19,661	21,094
Total assets	66,160	59,836	60,397	61,691	63,532
Deposits	53,041	48,614	46,664	45,325	45,516
Other liabilities	8,362	6,906	8,977	11,367	12,642
Minority interests	7	0	0	0	0
Equity	4,750	4,315	4,755	4,999	5,374

Key Ratios

(%)	2016	2017	2018P	2019P	2020P
NIM	2.0%	2.1%	2.0%	2.3%	2.6%
C/I	55.1%	60.5%	63.7%	57.9%	50.1%
CoR	1.4%	2.6%	1.0%	1.1%	1.1%
NPL Ratio	14.7%	15.8%	14.4%	13.2%	12.0%
Tier 1 Ratio	11.6%	9.6%	11.6%	12.3%	13.2%

Dividend Discount Model (DDM)

(PLN m)	Value	%
Explicit Forecast (2018-20)	-444	-12%
PV Adjustment	213	6%
Value Driver (2021-35)	2,064	54%
Fade (2036-55)	1,254	33%
Terminal Value	716	19%
Fair Value	3,801	100%
Outst. Shares (millions)	1,081	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	3.52	
9M Target Price (PLN)	3.74	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	4,264	114%
Explicit Forecast (2018-20)	-571	-15%
PV Adjustment	23	1%
Value Driver (2021-35)	-131	-3%
Fade (2036-55)	166	4%
Fair Value	3,751	100%
Outst. Shares (millions)	1,081	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	3.47	
9M Target Price (PLN)	3.69	

Valuation Summary

(PLN m)	Weight	Value
DDM	50%	3,801
Economic Profits	50%	3,751
Fair Value Avg.		3,776
Fair Value Per Share (PLN)		3.49
Asset tax		-2.17
Fair Value Per Share		1.32
Cost of equity (9M)		6.4%
9M Target Price (PLN)		1.40

Handlowy buy (no change)

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We maintain a buy rating for Handlowy, which is expected to grow earnings at an accelerating rate in the next two years (+15% in 2018, +21.6% in 2019), supported by high sensitivity to interest rates, poised to bring benefits after the expected 75bp hike in 2019, with potential to boost NIM by 26 basis points and send net interest income 17% higher compared to 2018E. Our current 2019 NII forecast is 13% above the average market estimate. What is more, we believe Handlowy will continue to distribute 100% of annual earnings as dividends to shareholders for at least the next two years. Moreover, with a corporate loan portfolio making up 62% of the total portfolio, Handlowy stands to capitalize on increasing demand for bank financing from Polish businesses. Finally, Handlowy is expected to report better-than-expected results for the first quarter of 2018.

Financial Highlights

(PLN m)	2015	2016	2017	2018P	2019P
Net interest income	977	1,004	1,082	1,184	1,384
Fee income	631	561	581	606	630
Trading income	449	497	396	425	429
Other income	48	48	21	64	67
Noninterest income	1,128	1,107	997	1,094	1,126
Total income	2,104	2,111	2,079	2,278	2,509
Operating expenses	1,331	1,231	1,192	1,266	1,302
Operating income	774	879	888	1,012	1,208
Provisioning	-17	46	103	86	94
Profits of associates	0	0	0	0	0
Pre-tax income	791	834	785	926	1,114
Tax	164	163	172	201	242
Minority interests	0	0	0	0	0
Asset tax	0	69	78	93	103
Net income	626	602	536	632	769

Dividend Discount Model (DDM)

(PLN m)	Value	%
Explicit Forecast (2018-19)	1,196	9%
PV Adjustment	606	5%
Value Driver (2020-34)	8,552	64%
Fade (2035-54)	2,399	18%
Terminal Value	521	4%
Fair Value	13,275	100%
Outst. Shares (millions)	131	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	101.60	
9M Target Price (PLN)	108.08	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	8,106	67%
Explicit Forecast (2017-19)	104	1%
PV Adjustment	76	1%
Value Driver (2020-34)	2,745	23%
Fade (2035-54)	1,151	9%
Fair Value	12,181	100%
Outst. Shares (millions)	131	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	93.23	
9M Target Price (PLN)	99.17	

Current Price 79.80 PLN
9M Target Price 94.00 PLN
Upside +17.8%

	rating	target price	issued
unchanged	buy	94.00 PLN	2018-04-06

Key Metrics	BHW PW	1M Price Chng	BHW PW	vs. WIG
Ticker	BHW PW	1M Price Chng	+3.5%	+4.7%
ISIN	PLBH000000012	YTD Price Chng	-2.5%	+5.1%
Outst. Stock (m)	130.7	ADTV 1M		PLN 2.4m
MC (PLN m)	10,426.6	ADTV 6M		PLN 2.9m
		P/E 12M fwd	15.4	-3.4%
Free Float	25.0%	P/E 5Y avg	15.9	discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P
NII	1,004	1,082	1,184	1,384
Total income	2,082	2,079	2,278	2,509
Costs	-1,202	-1,192	-1,266	-1,302
Provisioning	-46	-103	-86	-94
Net income	602	536	632	769
P/E	17.3	19.5	16.5	13.6
P/B	1.5	1.5	1.5	1.4
ROE	8.8%	7.8%	9.1%	10.9%
DPS	4.68	4.60	4.10	4.84
DYield	5.9%	5.8%	5.1%	6.1%

Revision of Projections (% change)

	2018P	2019P
Net interest income	0.0%	0.0%
Fee income	0.0%	0.0%
Total costs	0.0%	0.0%
Provisioning	0.0%	0.0%
Net income	0.0%	0.0%

Key Balance Sheet Figures

(PLN m)	2015	2016	2017	2018P	2019P
Net loans	16,942	17,170	17,854	20,444	22,727
Other assets	32,565	28,040	25,184	27,983	28,616
Total assets	49,507	45,210	43,038	48,426	51,343
Deposits	28,205	29,240	32,137	30,646	31,458
Other liabilities	14,451	9,179	3,962	10,809	12,684
Minority interests	0	0	0	0	0
Equity	6,851	6,790	6,939	6,971	7,201

Key Ratios

(%)	2015	2016	2017	2018P	2019P
NIM	2.1%	2.2%	2.5%	2.6%	2.9%
C/I	63.2%	58.3%	58.2%	55.6%	51.9%
CoR	-0.1%	0.3%	0.6%	0.4%	0.4%
NPL Ratio	3.6%	3.6%	3.5%	3.1%	3.1%
Tier 1 Ratio	17.1%	17.4%	17.9%	17.0%	16.7%

Valuation Summary

(PLN m)	Weight	Value
DDM	50%	13,275
Economic Profits	50%	12,181
Fair Value Avg.		12,728
Fair Value Per Share (PLN)		97.41
Asset tax		-9.05
Fair Value Per Share		88.37
Cost of equity (9M)		6.4%
9M Target Price (PLN)		94.00

ING BSK accumulate (no change)

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ING deserves to be valued at a premium to its peers given its safe business model, fast-paced asset growth, and superior returns, but in terms of earnings it is doomed to come up short of the unreasonably high expectations of analysts set for the next two years. Moreover, ING BSK is not likely to live up to its full dividend paying potential in the coming years, keeping the payout ratios below the projected market averages, resulting in inferior dividend yields of 1.6% in 2018E and 1.8% in 2019E. The Bank will probably opt to reinvest a major portion of the annual earnings in further growth and potential acquisitions. Otherwise, it can use surplus capital to make higher distributions to shareholders. ING should perform better than shares of banks with CHF exposures after the planned borrower relief bill is passed into law. We maintain an accumulate rating for ING.

Current Price

197.00 PLN

Upside

9M Target Price

212.00 PLN

+7.6%

	rating	target price	issued
unchanged	accumulate	212.00 PLN	2018-03-05

Key Metrics			ING PW	vs. WIG
Ticker	ING PW	1M Price Chng	+1.1%	+2.3%
ISIN	PLBSK0000017	YTD Price Chng	-2.7%	+5.0%
Outst. Stock (m)	130.1	ADTV 1M		PLN 2.0m
MC (PLN m)	25,629.7	ADTV 6M		PLN 5.1m
		P/E 12M fwd	15.6	-2.2%
Free Float	25.0%	P/E 5Y avg	15.9	discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
NII	2,953	3,453	3,783	4,217	4,593
Total income	4,325	4,756	5,157	5,650	6,059
Costs	-2,099	-2,123	-2,202	-2,309	-2,406
Provisioning	-301	-421	-484	-543	-598
Net income	1,253	1,403	1,572	1,783	1,940
P/E	20.5	18.3	16.3	14.4	13.2
P/B	2.4	2.2	1.9	1.7	1.5
ROE	11.8%	12.6%	12.6%	12.7%	12.3%
DPS	4.30	0.00	3.24	3.63	4.11
DYield	2.2%	0.0%	1.6%	1.8%	2.1%
Revision of Projections (% change)		2018P	2019P	2020P	
Net interest income		0.0%	0.0%	0.0%	
Fee income		0.0%	0.0%	0.0%	
Total costs		0.0%	0.0%	0.0%	
Provisioning		0.0%	0.0%	0.0%	
Net income		0.0%	0.0%	0.0%	

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Net interest income	2,953	3,453	3,783	4,217	4,593
Fee income	1,065	1,183	1,248	1,301	1,327
Trading income	287	117	123	129	136
Other income	19	3	3	3	3
Noninterest income	1,371	1,303	1,374	1,433	1,466
Total income	4,325	4,756	5,157	5,650	6,059
Operating expenses	2,099	2,123	2,202	2,309	2,406
Operating income	2,225	2,633	2,955	3,341	3,653
Provisioning	301	421	484	543	598
Profits of associates	0	0	0	0	0
Pre-tax income	1,925	2,212	2,471	2,798	3,055
Tax	391	479	519	588	641
Minority interests	0	0	0	0	0
Asset tax	280	330	380	427	473
Net income	1,253	1,403	1,572	1,783	1,940

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Net loans	81,980	91,088	103,943	116,086	125,808
Other assets	35,498	34,926	34,172	35,062	35,933
Total assets	117,478	126,014	138,115	151,148	161,741
Deposits	95,825	104,503	116,903	128,528	137,936
Other liabilities	11,175	9,716	7,976	7,732	7,126
Minority interests	2	0	0	0	0
Equity	10,475	11,795	13,236	14,888	16,680

Key Ratios

(%)	2016	2017	2018P	2019P	2020P
NIM	2.7%	2.9%	2.9%	3.0%	3.0%
C/I	48.5%	44.6%	42.7%	40.9%	39.7%
CoR	0.4%	0.5%	0.5%	0.5%	0.5%
NPL Ratio	2.6%	2.8%	2.6%	2.6%	2.6%
Tier 1 Ratio	13.7%	14.6%	14.8%	15.1%	15.8%

Dividend Discount Model (DDM)

(PLN m)	Value	%
Explicit Forecast (2018-20)	1,496	5%
PV Adjustment	1,811	6%
Value Driver (2021-35)	18,859	59%
Fade (2036-55)	7,936	25%
Terminal Value	2,093	6%
Fair Value	32,194	100%
Outst. Shares (millions)	130	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	247.46	
9M Target Price (PLN)	263.23	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	11,951	39%
Explicit Forecast (2018-20)	2,844	9%
PV Adjustment	191	1%
Value Driver (2021-35)	11,357	37%
Fade (2036-55)	4,205	14%
Fair Value	30,547	100%
Outst. Shares (millions)	130	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	234.80	
9M Target Price (PLN)	249.77	

Valuation Summary

(PLN m)	Weight	Value
DDM	50%	32,194
Economic Profits	50%	30,547
Fair Value Avg.		31,371
Fair Value Per Share (PLN)		241.13
Asset tax		-41.83
Fair Value Per Share		199.29
Cost of equity (9M)		6.4%
9M Target Price (PLN)		212.00

Millennium reduce (no change)

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We maintain a reduce rating for Millennium. Our bearish view stems from the high capital requirements that the Bank is under an obligation to meet, which prevent it from paying substantial dividends. The regulatory pressure will not ease unless Millennium reduces its CHF exposure, either through natural amortization or more quickly on the heels of the planned borrower relief legislation which urges banks to convert FX mortgage loans into zlotys. The downside of the latter solution is increased pressure on ROE and a 40% dent in net earnings in the worst-case scenario for FX translation costs. Finally, note that Millennium shows less sensitivity to interest rate movements than most of its competition.

Financial Highlights

(PLN m)	2015	2016	2017	2018P	2019P
Net interest income	1,365	1,506	1,696	1,797	1,935
Fee income	596	581	664	686	709
Trading income	220	491	220	216	220
Other income	58	51	70	76	78
Noninterest income	874	1,122	953	978	1,007
Total income	2,239	2,628	2,650	2,774	2,943
Operating expenses	1,309	1,268	1,281	1,320	1,365
Operating income	930	1,360	1,369	1,454	1,578
Provisioning	241	231	255	278	298
Profits of associates	0	0	0	0	0
Pre-tax income	688	1,127	1,114	1,176	1,280
Tax	141	252	244	259	282
Minority interests	0	0	0	0	0
Asset tax	0	174	188	196	204
Net income	547	701	681	722	794

Dividend Discount Model (DDM)

(PLN m)	Value	%
Explicit Forecast (2018-19)	195	2%
PV Adjustment	605	5%
Value Driver (2020-34)	8,372	76%
Fade (2035-54)	1,402	13%
Terminal Value	472	4%
Fair Value	11,045	100%
Outst. Shares (millions)	1,213	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	9.10	
9M Target Price (PLN)	9.69	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	7,165	74%
Explicit Forecast (2017-19)	669	7%
PV Adjustment	60	1%
Value Driver (2020-34)	1,607	17%
Fade (2035-54)	189	2%
Fair Value	9,689	100%
Outst. Shares (millions)	1,213	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	7.99	
9M Target Price (PLN)	8.50	

Valuation Summary

(PLN m)	Weight	Value
DDM	50%	11,045
Economic Profits	50%	9,689
Fair Value Avg.		10,367
Fair Value Per Share (PLN)		8.55
Asset tax		-1.96
Fair Value Per Share		6.58
Cost of equity (9M)		6.4%
9M Target Price (PLN)		7.00

Current Price	8.42 PLN	Downside
9M Target Price	7.00 PLN	-16.9%

	rating	target price	issued
unchanged	reduce	7.00 PLN	2018-04-06

Key Metrics			MIL PW	vs. WIG
Ticker	MIL PW	1M Price Chng	+1.4%	+2.6%
ISIN	PLBIG00000016	YTD Price Chng	-5.8%	+1.8%
Outst. Stock (m)	1,213.1	ADTV 1M		PLN 6.0m
MC (PLN m)	10,214.4	ADTV 6M		PLN 8.2m
		P/E 12M fwd	13.0	-1.8%
Free Float	50.0%	P/E 5Y avg	13.3	discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P
NII	1,506	1,696	1,797	1,935
Total income	2,628	2,650	2,774	2,943
Costs	-1,112	-1,156	-1,320	-1,365
Provisioning	-231	-255	-278	-298
Net income	701	681	722	794
P/E	14.6	15.0	14.2	12.9
P/B	1.5	1.3	1.2	1.1
ROE	10.5%	9.3%	8.8%	8.7%
DPS	0.00	0.00	0.00	0.15
DYield	0.0%	0.0%	0.0%	1.8%

Revision of Projections (% change)	2018P	2019P
Net interest income	0.0%	0.0%
Fee income	0.0%	0.0%
Total costs	0.0%	0.0%
Provisioning	0.0%	0.0%
Net income	0.0%	0.0%

Key Balance Sheet Figures

(PLN m)	2015	2016	2017	2018P	2019P
Net loans	46,369	47,020	47,411	50,411	53,225
Other assets	19,866	21,773	23,730	23,944	24,828
Total assets	66,235	68,793	71,141	74,355	78,053
Deposits	52,810	55,876	57,273	58,946	60,546
Other liabilities	6,982	5,976	6,096	6,709	7,997
Minority interests	0	0	0	0	0
Equity	6,443	6,941	7,773	8,700	9,509

Key Ratios

(%)	2015	2016	2017	2018P	2019P
NIM	2.2%	2.3%	2.4%	2.5%	2.6%
C/I	58.5%	48.3%	48.3%	47.6%	46.4%
CoR	0.5%	0.5%	0.5%	0.5%	0.6%
NPL Ratio	4.6%	4.5%	4.6%	4.4%	4.5%
Tier 1 Ratio	16.4%	17.3%	20.3%	19.3%	20.1%

Pekao buy (no change)

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We maintain a buy rating for Pekao, which is capable of distributing 100% of annual earnings as dividends in 2018 as well as in 2019, thanks among others to low CHF loan exposure and a strong positioning in corporate lending, set to be the main volume driver for banks in 2018. According to our forecasts, Pekao will accelerate the pace of loan growth to 10+ percent this year for the first time since 2004. The Bank can probably create more upside for itself if it achieves the 14% ROE target by 2020. PEO stock is already pricing the potential (with 75% odds) merger with Alior Bank, which, in the most likely scenario of a stock-for-stock deal, will require the approval of both sets of shareholders. Our current earnings outlook for Pekao has not been adjusted for the merger effects yet.

Financial Highlights

(PLN m)	2015	2016	2017	2018P	2019P
Net interest income	4,167	4,382	4,593	4,975	5,642
Fee income	2,006	1,959	2,353	2,420	2,571
Trading income	677	939	255	95	100
Other income	145	21	77	78	84
Noninterest income	2,827	2,920	2,685	2,593	2,755
Total income	6,994	7,302	7,278	7,568	8,397
Operating expenses	3,758	3,494	3,535	3,613	3,703
Operating income	3,235	3,808	3,743	3,955	4,694
Provisioning	518	501	521	627	708
Profits of associates	113	39	453	77	78
Pre-tax income	2,831	3,346	3,675	3,405	4,064
Tax	538	617	677	647	772
Minority interests	-1	0	-1	-1	-1
Asset tax	0	450	522	573	638
Net income	2,292	2,279	2,475	2,184	2,653

Dividend Discount Model (DDM)

(PLN m)	Value	%
Explicit Forecast (2018-19)	3,646	8%
PV Adjustment	2,221	5%
Value Driver (2020-34)	30,841	65%
Fade (2035-54)	9,452	20%
Terminal Value	1,402	3%
Fair Value	47,563	100%
Outst. Shares (millions)	262	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	181.31	
9M Target Price (PLN)	192.87	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	23,907	50%
Explicit Forecast (2017-19)	1,986	4%
PV Adjustment	278	1%
Value Driver (2020-34)	14,514	31%
Fade (2035-54)	3,897	8%
Fair Value	44,581	94%
Outst. Shares (millions)	262	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	169.85	
9M Target Price (PLN)	180.68	

Current Price 114.70 PLN
9M Target Price 157.00 PLN
Upside +36.9%

	rating	target price	issued
unchanged	buy	157.00 PLN	2018-02-01

Key Metrics	PEO PW	1M Price Chng	PEO PW	vs. WIG
Ticker	PEO PW	1M Price Chng	-6.5%	-5.4%
ISIN	PLPEKAO000016	YTD Price Chng	-11.4%	-3.8%
Outst. Stock (m)	262.5	ADTV 1M		PLN 72.8m
MC (PLN m)	30,105.3	ADTV 6M		PLN 73.9m
		P/E 12M fwd	12.3	-23.1%
Free Float	49.9%	P/E 5Y avg	16.1	discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P
NII	4,382	4,593	4,975	5,642
Total income	7,302	7,278	7,568	8,397
Costs	-3,494	-3,535	-3,613	-3,703
Provisioning	-501	-521	-627	-708
Net income	2,279	2,475	2,184	2,653
P/E	13.2	12.2	13.8	11.3
P/B	1.3	1.3	1.3	1.2
ROE	9.8%	10.7%	9.4%	11.1%
DPS	8.70	8.68	7.90	8.32
DYield	7.6%	7.6%	6.9%	7.3%

Revision of Projections (% change)	2018P	2019P
Net interest income	0.0%	0.0%
Fee income	0.0%	0.0%
Total costs	0.0%	0.0%
Provisioning	0.0%	0.0%
Net income	0.0%	0.0%

Key Balance Sheet Figures

(PLN m)	2015	2016	2017	2018P	2019P
Net loans	122,059	122,664	132,301	145,422	160,942
Other assets	46,726	51,551	53,165	46,840	48,960
Total assets	168,786	174,215	185,466	192,262	209,902
Deposits	128,868	137,816	146,186	152,611	168,508
Other liabilities	16,494	13,487	16,011	16,305	17,009
Minority interests	16	15	0	13	12
Equity	23,408	22,897	23,268	23,333	24,374

Key Ratios

(%)	2015	2016	2017	2018P	2019P
NIM	2.6%	2.7%	2.6%	2.8%	2.9%
C/I	54.3%	48.4%	48.6%	48.3%	44.7%
CoR	0.4%	0.4%	0.4%	0.4%	0.4%
NPL Ratio	6.3%	6.0%	5.4%	5.8%	5.7%
Tier 1 Ratio	17.7%	17.6%	16.1%	17.3%	16.5%

Valuation Summary

(PLN m)	Weight	Value
DDM	50%	47,563
Economic Profits	50%	44,581
Fair Value Avg.		46,072
Fair Value Per Share (PLN)		175.58
Asset tax		-27.99
Fair Value Per Share		147.59
Cost of equity (9M)		6.4%
9M Target Price (PLN)		157.00

PKO BP hold (no change)

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We maintain a hold rating for PKO BP, which may fall short of achieving market expectations this year with interest rate hikes in Poland being constantly pushed back further into 2019. What is more, due to its huge portfolio of mortgage loans denominated in Swiss francs, PKO is poised to lose as much as 14% of earnings this year if the parliament passes the proposed bill to help distressed homeowners – a prospect which is not factored into the current consensus expectations, or priced into PKO's current market valuation. The positive effects of next year's rate hikes, on the other hand, in our view are more than priced in, exacerbating the potential downside risk in the event of any negative shock.

Financial Highlights

(PLN m)	2015	2016	2017	2018P	2019P
Net interest income	7,029	7,755	8,606	9,216	10,367
Fee income	2,851	2,693	2,969	3,092	3,190
Trading income	508	1,024	518	487	497
Other income	513	649	710	560	571
Noninterest income	3,872	4,366	4,197	4,139	4,258
Total income	10,900	12,121	12,803	13,355	14,626
Operating expenses	6,272	5,920	6,024	6,209	6,458
Operating income	4,629	6,200	6,779	7,147	8,168
Provisioning	1,476	1,623	1,620	1,718	1,843
Profits of associates	38	35	22	31	32
Pre-tax income	3,191	4,612	5,181	5,460	6,358
Tax	-590	-907	-1,140	-1,147	-1,335
Minority interests	8	-2	-5	-5	-6
Asset tax	0	829	932	995	1,044
Net income	2,610	2,874	3,104	3,313	3,973

Dividend Discount Model (DDM)

(PLN m)	Value	%
Explicit Forecast (2018-19)	1,712	3%
PV Adjustment	1,670	3%
Value Driver (2020-34)	43,790	76%
Fade (2035-54)	9,077	16%
Terminal Value	1,204	2%
Fair Value	57,453	100%
Outst. Shares (millions)	1,250	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	45.96	
9M Target Price (PLN)	48.89	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	33,642	60%
Explicit Forecast (2017-19)	3,285	6%
PV Adjustment	350	1%
Value Driver (2020-34)	15,276	27%
Fade (2035-54)	3,579	6%
Fair Value	56,133	100%
Outst. Shares (millions)	1,250	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	44.91	
9M Target Price (PLN)	47.77	

Valuation Summary

(PLN m)	Weight	Value
DDM	50%	57,453
Economic Profits	50%	56,133
Fair Value Avg.		56,793
Fair Value Per Share (PLN)		45.43
Asset tax		-9.71
Fair Value Per Share		35.72
Cost of equity (9M)		6.4%
9M Target Price (PLN)		38.00

Current Price

41.37 PLN

Downside

9M Target Price

38.00 PLN

-8.1%

	rating	target price	issued
unchanged	hold	38.00 PLN	2018-04-06

Key Metrics	PKO PW	PKO PW	vs. WIG
Ticker	PKO PW	1M Price Chng	+5.1%
ISIN	PLPKO0000016	YTD Price Chng	-6.6%
Outst. Stock (m)	1,250.0	ADTV 1M	PLN 68.6m
MC (PLN m)	51,712.5	ADTV 6M	PLN 88.2m
		P/E 12M fwd	14.1
Free Float	68.6%	P/E 5Y avg	13.3 premium

Earnings Projections

(PLN m)	2016	2017	2018P	2019P
NII	7,755	10,919	9,216	10,367
Total income	12,121	12,803	13,355	14,626
Costs	-5,590	-6,024	-6,209	-6,458
Provisioning	-1,623	-1,620	-1,718	-1,843
Net income	2,874	3,104	3,313	3,973
P/E	18.0	16.7	15.6	13.0
P/B	1.6	1.4	1.3	1.2
ROE	9.1%	9.0%	8.7%	9.5%
DPS	0.00	0.00	0.55	0.66
DYield	0.0%	0.0%	1.3%	1.6%

Revision of Projections (% change)

	2018P	2019P
Net interest income	0.0%	0.0%
Fee income	0.0%	0.0%
Total costs	0.0%	0.0%
Provisioning	0.0%	0.0%
Net income	0.0%	0.0%

Key Balance Sheet Figures

(PLN m)	2015	2016	2017	2018P	2019P
Net loans	190,414	200,607	205,628	224,436	238,317
Other assets	76,526	84,966	91,284	91,885	96,037
Total assets	266,940	285,573	296,912	316,321	334,354
Deposits	195,759	205,066	218,800	230,755	248,891
Other liabilities	40,917	47,938	41,856	45,793	41,801
Minority interests	-18	-16	-11	-22	-24
Equity	30,283	32,585	36,267	39,795	43,686

Key Ratios

(%)	2015	2016	2017	2018P	2019P
NIM	2.9%	3.0%	3.0%	3.1%	3.3%
C/I	57.5%	48.8%	47.1%	46.5%	44.2%
CoR	0.8%	0.8%	0.8%	0.8%	0.8%
NPL Ratio	6.6%	5.9%	5.5%	5.5%	5.5%
Tier 1 Ratio	13.3%	14.5%	16.5%	16.3%	17.3%

Komercni Banka buy (no change)

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We reiterate our buy call and price target for Komercni Banka. In our opinion, the FY2018-2019 consensus forecasts for Komercni are about 10% too low looking at first-quarter results. Supported by high ROE, assuming a 55% payout ratio, we expect Komercni to offer dividend yields close to 4.5% in the next two years. Compared to its Polish peers, Komercni generates higher ROE (13% vs. 8%) and dividend yields (over 4% vs. 3%), and it has no exposure to systemic risk. Even so, the Czech bank's shares are still traded at an undeserved discount to Polish counterparts like PKO BP and BZ WBK

Current Price	910.50 CZK	Upside
9M Target Price	1,111.00 CZK	+22.0%

	rating	target price	issued
unchanged	buy	1,111.00 CZK	2017-12-01

Key Metrics		KOMB CP	vs. WIG
Ticker	KOMB CP	1M Price Chng	-0.5% +0.7%
ISIN	CZ0008019106	YTD Price Chng	+4.9% +12.5%
Outst. Stock (m)	188.9	ADTV 1M	CZK 125.9m
MC (CZK bn)	172.0	ADTV 6M	CZK 134.6m
		P/E 12M fwd	12.8 -8.3%
Free Float	39.6%	P/E 5Y avg	13.9 discount

Earnings Projections

(CZK m)	2016	2017	2018P	2019P
NII	21,069	20,808	24,595	27,952
Total income	31,751	31,060	34,082	37,686
Costs	-14,026	-13,374	-14,692	-15,061
Provisioning	-1,817	391	-1,388	-1,534
Net income	13,689	14,930	14,755	17,332
P/E	12.6	11.5	11.7	9.9
P/B	1.7	1.8	1.5	1.4
ROE	13.4%	15.0%	13.8%	14.2%
DPS	62.00	40.00	47.00	43.00
DYield	6.8%	4.4%	5.2%	4.7%

Revision of Projections (% change)	2018P	2019P
Net interest income	0.0%	0.0%
Fee income	0.0%	0.0%
Total costs	0.0%	0.0%
Provisioning	0.0%	0.0%
Net income	0.0%	0.0%

Financial Highlights

(CZK m)	2015	2016	2017	2018P	2019P
Net interest income	21,357	21,067	20,808	24,595	27,952
Fee income	6,968	6,683	6,465	6,649	6,807
Trading income	2,610	3,837	3,576	2,632	2,711
Other income	109	163	211	205	216
Total income	31,044	31,750	31,060	34,082	37,686
Operating expenses	-14,352	-14,026	-13,374	-14,692	-15,061
Operating income	16,692	17,724	17,686	19,390	22,625
Provisioning	-1,075	-1,818	391	-1,388	-1,534
Net oper. income	15,617	15,906	18,077	18,002	21,091
Profits of associates	153	967	209	231	243
Retirement benefits	0	0	0	0	0
Pre-tax income	15,770	16,873	18,286	18,233	21,333
Tax	-2,638	-2,799	-3,012	-3,100	-3,627
Minority interests	374	386	344	378	375
Net income	12,758	13,688	14,930	14,755	17,332

Key Balance Sheet Figures

(CZK bn)	2015	2016	2017	2018P	2019P
Net loans	533	580	598	722	807
Other assets	359	343	406	480	499
Total assets	892	923	1,004	1,202	1,306
Deposits	656	699	762	836	875
Other liabilities	129	118	142	245	300
Minority interests	4	4	4	4	4
Equity	102	102	97	117	127

Key Ratios

(%)	2015	2016	2017	2018P	2019P
NIM	2.4%	2.4%	2.2%	2.2%	2.3%
C/I	46.2%	44.2%	43.1%	43.1%	40.0%
CoR	0.2%	0.3%	-0.1%	0.2%	0.2%
NPL Ratio	4.2%	3.8%	3.1%	4.1%	4.1%
Tier 1 Ratio	16.3%	16.2%	18.0%	16.8%	17.1%

Dividend Discount Model (DDM)

(CZK m)	Value	%
Explicit Forecast (2017-18)	14,803	7%
PV Adjustment	-2,891	-1%
Value Driver (2019-33)	138,392	66%
Fade (2034-53)	37,780	18%
Terminal Value	21,026	10%
Fair Value	209,111	100%

Outst. Shares (millions)	189
Cost of equity	6.0%
Fair Value Per Share (CZK)	1,107
9M Target Price (CZK)	1,157

Economic Profits Model

(CZK m)	Value	%
Opening Tangible NAV	90,579	47%
Explicit Forecast (2016-18)	26,928	14%
PV Adjustment	583	0%
Value Driver (2019-33)	64,439	33%
Fade (2034-53)	9,936	5%
Fair Value	192,465	100%

Outst. Shares (millions)	189
Cost of equity	6.0%
Fair Value Per Share (CZK)	1,019
9M Target Price (CZK)	1,065

Valuation Summary

(CZK m)	Weight	Value
DDM	50%	209,111
Economic Profits	50%	192,465
Fair Value Avg.		200,788
Fair Value Per Share (CZK)		1,063
Cost of equity (9M)		4.5%
9M Target Price (CZK)		1,111



Erste Bank hold (no change)

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We maintain a hold rating for Erste Bank. We assume Erste's guidance, which puts 2018 ROTE at >10%, is accurate, but we are somewhat more optimistic than most analysts when it comes to FY2018-2019 earnings expectations, which are 3%-4% higher than the current consensus. We believe Erste deserves the same re-rating as its peers with exposure to CEE markets. The Bank is a direct beneficiary of interest rate hikes in the Czech Republic and Romania through its substantial presence in the local markets. It is expected to grow net interest income at a 2017-2019 CAGR of 4%, not seen since 2010. At the same time, its low cost of risk is due to increase from 9bps in 2017 to 22bps in 2019, implying provisioning growth at an average annual rate of 43%. In 2018 we see room for a positive surprise with low provisioning accompanied by a higher-than-expected increase in lending (we forecast 5% annual loan growth). Thanks to a solid capital position, we believe Erste may revisit acquisitions going forward. With all that said, the good prospects are fully priced in at the current level.

Financial Highlights

(EUR m)	2015	2016	2017	2018P	2019P
Net interest income	4,445	4,375	4,353	4,530	4,706
Fee income	1,862	1,783	1,852	1,902	1,953
Trading income	278	326	270	338	370
Total income	6,584	6,484	6,475	6,770	7,030
Other oper. income	-111	79	-1	29	44
Asset tax	-236	-389	-106	-106	-108
Operating expenses	-3,869	-4,028	-4,158	-4,132	-4,192
Operating income	2,368	2,146	2,210	2,560	2,774
Provisioning	-729	-196	-132	-271	-342
Net operating income	1,639	1,950	2,078	2,289	2,432
Extraordinary gains	0	0	0	0	0
Pre-tax income	1,639	1,950	2,078	2,289	2,432
Tax	-364	-414	-410	-497	-524
Minority interests	-307	-272	-352	-383	-392
Net income	968	1,265	1,316	1,409	1,516

SOTP Valuation

(EUR m)	Fair Value	FVPS (EUR)	Net Income				P/E		BV		P/B
			2018	2019	2020	2018	2019	2020	2018	2018	
Austria	6,010	13.98	500	479	483	12.0	12.5	12.4	3,450	1.7	
Savings Banks	141	0.33	23	21	21	6.3	6.8	6.7	2,110	0.1	
Erste Oesterreich	2,730	6.35	225	212	216	12.1	12.9	12.7	1,340	2.0	
Other Austria	3,139	7.30	252	247	246	12.4	12.7	12.7	1,556	2.0	
CEE	15,991	37.21	1,105	1,216	1,292	14.5	13.1	12.4	5,514	2.9	
Czech Republic	8,559	19.91	566	613	638	15.1	14.0	13.4	2,382	3.6	
Romania	1,905	4.43	131	162	171	14.5	11.8	11.1	1,044	1.8	
Slovakia	2,922	6.80	170	199	225	17.2	14.7	13.0	750	3.9	
Hungary	1,721	4.00	181	145	155	9.5	11.8	11.1	588	2.9	
Croatia	725	1.69	39	84	87	18.8	8.6	8.4	597	1.2	
Serbia	159	0.37	18	14	15	8.9	11.7	10.3	153	1.0	
Other	-5,622	-13.08	-388	-287	-259	14.5	19.6	21.7	4,493	-1.3	
Total Erste Group	16,379	38.11									

Current Price

37.90 EUR

Upside

9M Target Price

40.00 EUR

+5.5%

	rating	target price	issued
unchanged	hold	40.00 EUR	2017-09-01

Key Metrics			EBS AV	vs. WIG
Ticker	EBS AV	1M Price Chng	-6.6%	-5.5%
ISIN	AT0000652011	YTD Price Chng	+5.0%	+12.6%
Outst. Stock (m)	429.8	ADTV 1M		EUR 27.7m
MC (EUR m)	16,289.4	ADTV 6M		EUR 25.2m
		P/E 12M fwd	11.3	-2.2%
Free Float	69.5%	P/E 5Y avg	11.5	discount

Earnings Projections

(EUR m)	2016	2017	2018P	2019P
NII	4,375	4,353	4,530	4,706
Total income	6,484	6,475	6,770	7,030
Costs	-4,028	-4,158	-4,132	-4,192
Provisioning	-196	-132	-271	-342
Net income	1,265	1,316	1,409	1,516
P/E	12.9	12.4	11.6	10.7
P/B	1.3	1.2	1.0	0.9
ROE	10.8%	10.0%	9.5%	9.0%
DPS	0.50	1.00	1.20	1.06
DYield	1.3%	2.6%	3.2%	2.8%

Revision of Projections (% change)		2018P	2019P
Net interest income		0.0%	0.0%
Fee income		0.0%	0.0%
Total costs		0.0%	0.0%
Provisioning		0.0%	0.0%
Net income		0.0%	0.0%

Key Balance Sheet Figures

(EUR m)	2015	2016	2017	2018P	2019P
Net loans	131,906	135,267	139,532	150,194	157,525
Other assets	67,837	72,960	81,127	82,006	85,540
Total assets	199,743	208,227	220,659	232,200	243,065
Deposits	127,946	138,013	150,969	154,322	158,904
Other liabilities	56,990	53,612	51,402	57,106	61,122
Minority interests	3,802	4,142	4,416	4,921	5,313
Equity	11,005	12,460	13,872	15,852	17,726

Key Ratios

(%)	2015	2016	2017	2018P	2019P
NIM	2.4%	2.2%	2.0%	2.1%	2.1%
C/I	60.4%	60.9%	64.2%	60.6%	59.0%
CoR	0.6%	0.1%	0.1%	0.2%	0.2%
NPL Ratio	7.1%	4.9%	4.0%	4.8%	4.7%
Tier 1 Ratio	11.9%	13.4%	14.0%	15.0%	16.0%

Valuation Summary

(EUR m)	Weight	Value
Cost of equity (12M)		6.6%
DDM	50%	16,145
Economic Profits	50%	16,613
Fair Value Avg.		16,379
Fair Value Per Share (EUR)		38.11
Cost of equity (9M)		5.0%
9M Target Price (EUR)		40.00

OTP Bank accumulate (no change)

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We maintain an accumulate rating for OTP Bank. Our current 2018 earnings expectations for OTP are consistent with the average market forecasts, but the 2019 estimate is 4% higher than average. Our assumption is that net income will grow 1% in 2018, dampened by high operating costs, including costs of post-merger integration, coupled with normalized provisioning, followed by a 9.0% rebound in 2019. On the upside, the M&A activity builds value, including thanks to prices below book values, and boosts future earnings prospects. This alongside organic growth in net interest income, driven by increasing loan volumes. OTP Bank could deliver a positive surprise in 2018 thanks to M&A deals and lower-than-assumed cost of risk. Last but not least, the Bank is expected to achieve ROE of 15% in 2019 – a level not attainable by any other bank in our coverage.

Current Price	10,670.00 HUF	Upside
9M Target Price	12,090.00 HUF	+13.3%

	rating	target price	issued
unchanged	accumulate	12,090.00 HUF	2018-02-02

Key Metrics			OTP HB	vs. WIG
Ticker	OTP HB	1M Price Chng	-7.5%	-6.4%
ISIN	HU00000061726	YTD Price Chng	-0.5%	+7.2%
Outst. Stock (m)	267.0	ADTV 1M		HUF 4.6bn
MC (HUF bn)	2,849.3	ADTV 6M		HUF 5.0bn
		P/E 12M fwd	10.9	+8.2%
Free Float	100.0%	P/E 5Y avg	10.1	premium

Earnings Projections

(HUF m)	2016	2017	2018P	2019P
NII	522	547	605	629
Total income	738	809	885	922
Costs	-400	-442	-463	-466
Provisioning	-93	-46	-75	-79
Net income	202	281	263	287
P/E	14.1	10.1	10.8	10.0
P/B	2.0	1.7	1.6	1.4
ROE	15.3%	18.4%	15.3%	15.1%
DPS	173.01	199.22	253.21	260.44
DYield	1.6%	1.9%	2.4%	2.4%

Revision of Projections (% change)	2018P	2019P
Net interest income	0.0%	0.0%
Fee income	0.0%	0.0%
Total costs	0.0%	0.0%
Provisioning	0.0%	0.0%
Net income	0.0%	0.0%

Financial Highlights

(HUF bn)	2015	2016	2017	2018P	2019P
Net interest income	553	522	547	605	629
Fee income	167	176	209	220	230
Other income	39	40	53	61	64
Total income	759	738	809	885	922
Operating expenses	392	400	442	463	466
Operating income	367	338	367	422	456
Provisioning	221	93	46	75	79
Pre-tax income	146	245	321	347	378
Tax	26	44	37	69	76
Net income	120	201	284	278	302
Asset impairment	7	12	-6	0	0
Asset tax	-29	-14	-15	-15	-16
Other	6	6	15	0	0
Minority interests	-40	-3	0	0	0
Net income	64	202	281	263	287

Key Balance Sheet Figures

(HUF bn)	2015	2016	2017	2018P	2019P
Net loans	5,410	5,736	6,988	7,531	7,990
Other assets	5,309	5,571	6,203	6,286	6,408
Total assets	10,719	11,308	13,190	13,817	14,398
Deposits	7,985	8,541	10,219	10,439	11,002
Other liabilities	1,501	1,346	1,328	1,580	1,383
Minority interests	3	3	3	4	4
Equity	1,231	1,417	1,640	1,794	2,008

Key Ratios

(%)	2015	2016	2017	2018P	2019P
NIM	5.1%	4.7%	4.5%	4.5%	4.5%
C/I	51.7%	54.2%	54.6%	52.3%	50.5%
CoR	3.3%	1.4%	0.6%	0.9%	0.9%
NPL Ratio	17.4%	15.2%	9.2%	12.9%	13.7%
Tier 1 Ratio	13.3%	13.5%	12.7%	16.3%	17.1%

SOTP Valuation

(HUF bn)	Fair Value	FVPS (HUF)	Net Income				P/E		BV	P/B
			2018	2019	2020	2018	2019	2020	2018	2018
Hungary + Other	1,841	6,893	168.6	153.1	158.4	10.9	12.0	11.6	740	2.5
CEE	1,316	4,915	92.9	125.0	143.8	14.2	10.5	9.1	896	1.5
DSK	564	2,112	46.1	50.3	52.8	12.2	11.2	10.7	244	2.3
OBS	35	130	-0.8	1.8	2.7	-42.2	19.6	13.1	28	1.3
OTP Banka Hrvatska	273	1,021	16.5	24.5	26.2	16.6	11.1	10.4	249	1.1
OTP Banka Romania	114	426	2.8	6.5	8.1	40.8	17.6	14.0	84	1.4
OTP Russia	231	854	17.0	27.7	35.1	14.0	8.6	6.7	165	1.4
CJSC OTP Bank	34	127	11.5	11.5	12.4	3.0	3.0	2.8	46	0.7
OTP Banka Serbia	58	217	-0.9	2.2	5.6	-67.2	28.3	11.4	57	1.1
CKB	7	27	1.0	0.5	0.8	7.4	14.6	8.6	22	0.3
Total Divisions	3,156	11,808	261.5	278.0	302.3	12.1	11.4	10.4	1,636	1.9
Asset tax	-155	-579								
Total OTP Group	3,002	11,229								

Valuation Summary

(HUF bn)	Weight	Value
Cost of equity (12M)		10.2%
DDM	50%	3,286
Economic Profits	50%	3,051
Fair Value Avg.		3,168
Fair Value Per Share (HUF)		11,808
Asset tax (HUF)		-579
Minority interests (HUF)		-57
Fair Value Per Share (HUF)		11,229
Cost of equity (9M)		7.7%
9M Target Price (HUF)		12,090

PZU buy (no change)

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We maintain a buy rating for PZU. We have more optimistic earnings forecasts for the Insurer than suggested by the FY2018-2019 analysts' consensus, supported by expectations of interest rate hike postponement to 2019, and cross-sell potential created by close cooperation with Bank Pekao. We view PZU's updated growth strategy for FY2018-2020, which includes the achievement of ROE above 22%, as realistic. With its above-average ROE, high dividends (with yields in 2018 and 2019 expected to be 6%-7%), and low operational risk, PZU is still an attractive alternative to Polish banks which are about to be penalized for offering foreign-currency mortgage loans. With that said, a recent decision by the Supreme Court to allow family members of permanently disabled car accident survivors to claim compensation under third-party liability insurance could potentially boost future claims for PZU, which might have already set aside relevant provisions, impossible to quantify at this point, already in Q1 2018.

Financial Highlights

(PLN m)	2015	2016	2017	2018P	2019P
Gross written prems	18,359	20,219	22,847	23,179	23,815
Net earned premiums	17,385	18,625	21,354	21,668	22,263
Claims & benefits	-11,857	-12,732	-14,942	-14,644	-15,030
Net inv. income	1,739	1,300	1,895	2,208	2,276
Acquisition costs	-2,376	-2,613	-2,901	-3,186	-3,280
Admin expenses	-1,658	-1,633	-1,610	-1,816	-1,844
Other oper. rev/exp	164	-604	-773	-696	-702
Banking income	0	691	2,487	4,055	4,879
Operating income	2,939	3,034	5,510	7,111	7,756
Financing costs	0	0	0	0	0
Subsidiaries	0	-3	16	-3	-3
Pre-tax income	2,939	3,031	5,526	7,108	7,753
Tax	-602	-614	-1,293	-1,331	-1,398
Minority interest	4	470	1,323	2,418	2,922
Net income	2,342	1,947	2,910	3,359	3,433

Dividend Discount Model (DDM)

(PLN m)	Value	%
Explicit Forecast (2018-19)	4,260	14%
PV Adjustment	784	3%
Value Driver (2020-34)	18,270	62%
Fade (2035-54)	5,463	18%
Terminal Value	843	3%
Fair Value	29,619	100%
Outst. Shares (millions)	864	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	34.30	
9M Target Price (PLN)	36.49	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	11,427	41%
Explicit Forecast (2017-19)	3,615	13%
PV Adjustment	173	1%
Value Driver (2020-34)	9,922	36%
Fade (2035-54)	2,663	10%
Fair Value	27,801	100%
Outst. Shares (millions)	864	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	32.19	
9M Target Price (PLN)	34.25	

Current Price 39.95 PLN
9M Target Price 50.58 PLN **Upside +26.6%**

	rating	target price	issued
unchanged	buy	50.58 PLN	2018-03-05

Key Metrics	PZU PW	vs. WIG
Ticker	PZU PW	1M Price Chng -4.0% -2.8%
ISIN	PLPZU0000011	YTD Price Chng -5.2% +2.4%
Outst. Stock (m)	863.5	ADTV 1M PLN 57.9m
MC (PLN m)	34,497.7	ADTV 6M PLN 63.6m
		P/E 12M fwd 10.6 -16.0%
Free Float	64.8%	P/E 5Y avg 12.7 discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P
GWP	20,219	22,847	23,179	23,815
Claims	-12,732	-14,942	-14,644	-15,030
Inv. income	1,300	1,895	1,971	1,717
Total costs	-4,246	-4,511	-5,243	-5,370
Net income	1,947	2,910	3,359	3,433
P/E	17.7	11.9	10.3	10.0
P/B	2.7	2.4	2.2	2.1
ROE	15.0%	21.1%	22.2%	21.4%
DPS	2.08	1.40	2.70	3.11
DYield	5.2%	3.5%	6.7%	7.8%
Revision of Projections (% change)			2018P	2019P
Gross written premiums			0.0%	0.0%
Claims			0.0%	0.0%
Investment income			0.0%	0.0%
Total costs			0.0%	0.0%
Net income			0.0%	0.0%

Key Balance Sheet Figures

(PLN m)	2015	2016	2017	2018P	2019P
Financial assets	89,306	105,228	281,854	285,658	287,414
Other assets	16,123	20,117	35,551	32,170	33,521
Total assets	105,429	125,345	317,405	317,829	320,935
Technical provisions	41,280	42,194	44,558	50,397	51,693
Other liabilities	48,970	66,024	235,246	227,680	227,914
Minority interests	2,255	4,117	22,979	24,056	24,888
Equity	12,924	13,010	14,622	15,695	16,440

Key Ratios

(%)	2015	2016	2017	2018P	2019P
Loss ratio	76.3	68.7	70.0	67.6	67.5
Total cost ratio	21.5	21.1	21.1	24.2	24.1
Return on inv. portf.	7.5	4.6	3.6	3.9	4.8
Non-Life, COR	95.5	95.7	90.5	95.0	94.9
Life, Oper. Margin	22.79	24.05	39.01	38.92	36.33

Valuation Ex. Banks

(PLN m)	Weight	Value
DDM	50%	29,619
Economic Profits	50%	27,801
Fair Value Avg.		28,710

SOTP Valuation

(PLN m)	Value	/Share
PZU ex banks	28,710	33.25
Bank Pekao	8,480	9.82
Alior Bank	3,870	4.48
Value	41,060	47.55
9M Target Price (PLN)	50.58	

Kruk buy (no change)

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We maintain a buy rating for Kruk, which has recently reiterated the strategic objective of growing EPS by more than 15%. Moreover, Kruk expects to spend PLN 1-1.2 billion in 2018 on receivable portfolios, with most purchases set to take place in Poland. Nevertheless we maintain our 2018 expenditure forecast at PLN 1,177m in anticipation of possible acquisition of second-hand portfolios as part of industry consolidation. We maintain Kruk is poised to be an indirect beneficiary of the new regulation and public initiatives undertaken by the Polish government, including the additional taxes imposed on banks, expected to increase the supply of debt portfolios on the market, and the '500+' family benefits, which should improve the ability of Polish households to service their debts. On our estimates, with the 9-month price target at PLN 300.94, KRU is trading at 13.7x 2019 P/E and 5.8x EV/Cash EBITDA.

Current Price

220.00 PLN

Upside

9M Target Price

300.94 PLN

+36.8%

	rating	target price	issued
unchanged	buy	300.94 PLN	2018-02-02

Key Metrics		KRU PW	vs. WIG
Ticker	KRU PW	1M Price Chng	-11.9%
ISIN	PLKRK0000010	YTD Price Chng	-14.2%
Outst. Stock (m)	18.7	ADTV 1M	PLN 12.8m
MC (PLN m)	4,123.7	ADTV 6M	PLN 15.9m
EV (mln PLN)	-	EV/EBITDA 12M fwd	12.0
Free float	87.0%	EV/EBITDA 5Y avg	12.8

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Purchased debt	783	1,055	1,161	1,301	1,463
Collections	725	972	1,071	1,207	1,364
Total revenue	32	59	61	62	63
Total costs	-117	-144	-148	-169	-190
Net income	249	295	353	415	442
P/E	16.3	14.0	11.7	9.9	9.3
P/B	3.2	2.8	2.3	2.0	1.8
ROE	24.6%	21.9%	21.8%	21.5%	20.1%
DPS	2.00	2.26	5.00	5.66	11.08
DYield	0.9%	1.0%	2.3%	2.6%	5.0%

Revision of Projections (% change)	2018P	2019P	2020P
Purchased debt portfolios	0.0%	0.0%	0.0%
Collections	0.0%	0.0%	0.0%
Other	0.0%	0.0%	0.0%
Total costs	0.0%	0.0%	0.0%
Net income	0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Rev., Purchased Debt	454	559	643	748	834
Revenue, Collections	9	15	18	20	20
Other revenue	13	15	19	21	23
Gross profit	477	589	680	789	878
Costs	117	148	157	169	190
One-time events	3	-2	-3	-4	-4
EBITDA	363	439	519	616	683
D&A	14	19	22	24	26
EBIT	349	421	498	592	657
Financing activity	-63	-86	-105	-130	-165
Pre-tax income	286	335	393	462	492
Tax	38	-40	39	46	49
Net income	249	295	353	415	442
Portfolio purchases	1,286	977	1,177	1,400	1,593
Collections	-992	-1,369	-1,699	-1,985	-2,152

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Cash	267	173	154	180	213
Purchased debt	2,648	3,169	3,732	4,355	5,160
Other assets	181	218	126	140	155
Total assets	3,096	3,560	4,012	4,674	5,528
Loans	1,646	1,897	2,052	2,375	2,968
Other liabilities	212	202	186	216	242
Equity	1,238	1,461	1,774	2,084	2,318

Key Ratios

(%)	2016	2017	2018P	2019P	2020P
Net debt / Equity	111.4	118.0	107.0	105.4	118.9
Net debt / EBITDA	380.4	392.3	365.4	356.4	403.3
EBITDA margin	46.3	41.6	44.8	47.3	46.7
EBIT margin	44.6	39.9	42.9	45.5	44.9
EV / Cash EBITDA	8.94	7.32	5.56	4.79	4.92

DDM & EVA Summary

(PLN m)	DDM	EVA
Opening Tangible NAV		1,237
Explicit Forecast (2017-24)	595	1,310
Value Driver (2025-44)	3,048	2,434
PV TV	2268	
Fair Value as of Jul. 2017	5,911	4,981
PV Adjustment	279	30
Fair Value	6,190	5,011
Outst. Shares (millions)	18.7	18.7
Cost of equity	8.0%	8.0%
Fair Value Per Share (PLN)	330.22	267.36
9M Target Price (PLN)	353.99	286.60

DCF Summary

	(PLN m)
FCF	220
Terminal Value (TV)	9,853
FCF perp. growth rate	3.3%
Present Value of Terminal Value	5,717
Enterprise Value	5,937
Net Debt	1,379
Minority Interest	0
Equity Value as of Jan. 2017	4,558
PV Adjustment	27
Fair Value	4,585
Outst. Shares (millions)	18.7
Value Per Share (PLN)	244.62

Valuation Summary

(PLN m)	Weight	Value
DDM	33%	6,190
Economic Profits	33%	5,011
DCF	33%	4,585

Per-Share Valuation

(PLN)	Weight	Value
DDM	33%	330.22
Economic Profits	33%	267.36
DCF	33%	244.62
Fair Value Avg.		280.73
Cost of equity (9M)		6.2%
9M Target Price (PLN)		300.94

Prime Car Management buy (no change)

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We maintain a buy rating for Prime Car Management. The Company has recently hinted that it might not achieve the target net profit of PLN 44m this year. Our updated 2018 and 2019 net profit forecasts are PLN 35.9m and PLN 41.3m, respectively, and they assume a reduction in the 2019 dividend payout ratio to 60% so that the debt/equity ratio stays below 4.0x. Even so, at an estimated 15% and 7%, PCM's dividend yields in 2018 and 2019 will be well above the sector averages. PCM has good prospects ahead thanks to a switch from finance leases and the FSL segment to a subscription-based and short-term-rental-based model, in line with global trends. In the UK, the second-biggest European automotive market, 80% of auto sales use the subscription model compared to 1% in Poland. This suggests huge potential for growth with increasing awareness among Polish consumers about the advantages of subscription over auto loans.

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	435	467	497	543	582
Lease & other fees	146	144	140	149	158
Fees and charges	235	265	292	313	325
Interest revenues	44	53	60	76	93
Other	9	6	5	5	5
Costs	402	435	466	507	544
Repairs and maintenance	200	226	244	263	274
D&A leased assets	118	111	117	122	127
G&A	43	44	48	51	53
Interest expenses	38	48	54	68	86
Other	4	6	4	4	4
Remarketing revenue	14	14	15	17	18
Pre-tax income	46	46	46	53	56
Tax	-10	-10	-10	-11	-12
Net income	36	36	36	41	44

Dividend Discount Model (DDM)

(PLN m)	Value	%
PV of Dividends (Explicit Forecast)	111	29%
PV of Dividends (Value Driver)	68	18%
PV of Terminal Value	204	53%
Fair Value as of Jul. 2017	383	100%
PV Adjustment	23	
Fair Value	405	

Outst. Shares (millions)	11.9
Cost of equity	8.5%
Fair Value Per Share (PLN)	34.05
9M Target Price (PLN)	36.22

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	454	139%
Explicit Forecast (2017-2027)	-48	-15%
Value Driver - 20 yrs	-80	-24%
Fair Value as of Jan. 2017	326	100%
PV Adjustment	7	
Fair Value	333	

Outst. Shares (millions)	11.9
Cost of equity	8.5%
Fair Value Per Share (PLN)	27.99
9M Target Price (PLN)	29.78

Current Price

20.90 PLN

Upside

9M Target Price

33.00 PLN

+57.9%

	rating	target price	issued
unchanged	buy	33.00 PLN	2018-04-06

Key Metrics	PCM PW	1M Price Chng	PCM PW	vs. WIG
Ticker	PLPRMCM00048	YTD Price Chng	-12.2%	-11.0%
ISIN			-26.8%	-19.1%
Outst. Stock (m)	11.9	ADTV 1M		PLN 0.5m
MC (PLN m)	248.9	ADTV 6M		PLN 0.3m
EV (mln PLN)	260.8	EV/EBITDA 12M fwd	8.2	+13.8%
Free float	40.0%	EV/EBITDA 5Y avg	7.2	premium

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Oper. lease revenue	573	599	663	729	773
Interest rev.	146	144	140	149	158
Total revenue	44	53	60	76	93
Total costs	-527	-553	-617	-677	-717
Net income	36	36	36	41	44
P/E	6.9	7.0	6.9	6.0	5.7
P/B	0.6	0.5	0.6	0.5	0.5
ROE	7.9%	8.0%	7.9%	8.9%	9.0%
DPS	5.50	2.36	3.13	1.81	1.39
DYield	26.3%	11.3%	15.0%	8.6%	6.6%

Revision of Projections (% change)	2018P	2019P	2020P
Revenue from operating leases	0.0%	0.0%	0.0%
Interest revenue	0.0%	0.0%	0.0%
Total revenue	0.0%	0.0%	0.0%
Total costs	0.0%	0.0%	0.0%
Net income	0.0%	0.0%	0.0%

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Fin. lease receivables	833	985	1,154	1,342	1,462
PP&E	643	712	750	783	812
Other assets	254	300	313	326	338
Total assets	1,730	1,997	2,216	2,451	2,612
Bonds & loans	1,220	1,469	1,679	1,883	2,007
Other liabilities	65	75	85	96	106
Equity	446	454	452	472	499

Key Ratios

(%)	2016	2017	2018P	2019P	2020P
Financial margin	7.1%	5.0%	6.1%	8.0%	7.1%
Maintenance margin	20.8%	23.3%	25.1%	26.8%	27.8%
Insurance margin	11.0%	12.3%	18.5%	18.8%	18.5%
Service margin	3.4%	3.9%	4.5%	4.8%	5.0%
D/E	273.7%	323.6%	371.3%	398.9%	402.0%

Valuation Summary

(PLN m)	Weight	Value
DDM	50%	405
Economic Profits	50%	333
Fair Value Avg.		369
Fair Value Per Share (PLN)		31.0
Cost of equity (9M)		6.4%
9M Target Price (PLN)		33.00

Skarbiec Holding buy (no change)

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We maintain a buy rating for Skarbiec Holding. The new updated strategy through 2020 assumes a doubling of retail fund AUMs to PLN 8bn, a tripling of the number of product segments, and a quadrupling of customer acquisition channels. Skarbiec intends to achieve the goals first and foremost through organic growth, though it will consider acquisitions if opportunities arise. In our view, PLN 7bn is a more realistic AUM goal assuming no crunch in the Polish asset management market. At the same time, we assume the share of success fees in Skarbiec's revenues for 2017 through 2019 will decrease from 13% to 8%. Trading at huge, 48%-53% discounts to the 2018E and 2019E P/E ratios of international investment funds, SKH makes a solid buy opportunity in our opinion.

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Management fees	67.1	69.6	82.2	93.0	106.9
Success fees	1.8	31.4	12.7	14.6	16.0
Other	6.6	-25.6	-19.4	-32.3	-47.6
Revenue	75.4	75.4	75.4	75.4	75.4
Distribution costs	-32.3	-34.4	-39.7	-45.9	-53.8
Payroll	-11.7	-16.3	-15.3	-16.0	-16.6
Other operating costs	-16.0	-18.5	-16.8	-17.5	-18.3
Operating expenses	-60.1	-69.2	-71.8	-79.5	-88.7
Other	0.9	34.1	25.7	39.2	55.2
Pre-tax income	16.2	40.3	29.3	35.1	41.9
Tax	-3.2	-7.8	-5.6	-6.7	-8.0
Net income	13.0	32.5	23.7	28.4	34.0
Retail AUM	2,906	3,919	4,518	5,247	6,195
Dedicated AUM	12,681	14,623	12,971	13,619	14,300
Total AUM	15,587	18,542	17,489	18,866	20,495

Dividend Discount Model (DDM)

(PLN m)	Value	%
PV of Dividends (Explicit Forecast)	227	68%
PV of Dividends (Value Driver)	105	31%
PV of Terminal Value	4	1%
Fair Value as of Jul. 2017	336	100%
PV Adjustment	18	
Fair Value	354	
Dilution (stock options)	-15	
Fair Value	339	
Outst. Shares (millions)	6.8	
Fair Value Per Share (PLN)	49.73	
9M Target Price (PLN)	53.83	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	100	31%
Explicit Forecast (2016-2025)	168	51%
Value Driver - 20 yrs	60	18%
Fair Value as of Jan. 2017	328	100%
PV Adjustment	21	
Fair Value	349	
Dilution (stock options)	-15	
Fair Value	334	
Outst. Shares (millions)	6.8	
Fair Value Per Share (PLN)	49.02	
9M Target Price (PLN)	53.06	

Valuation Summary

(PLN m)	Weight	Value
DDM	33%	339
Economic Profits	33%	334
Relative Val.	33%	401

Per-Share Valuation

(PLN)	Weight	Value
DDM	33%	49.73
Economic Profits	33%	49.02
Relative	33%	58.85
Cost of equity (9M)		8.3%
9M Target Price (PLN)		56.30

Current Price

26.80 PLN

Upside

9M Target Price

56.30 PLN

+110.1%

	rating	target price	issued
unchanged	buy	56.30 PLN	2018-02-02

Key Metrics		SKH PW	vs. WIG
Ticker	SKH PW	1M Price Chng	-10.7%
ISIN	PLSKRBH00014	YTD Price Chng	-3.2%
Outst. Stock (m)	6.8	ADTV 1M	PLN 0.1m
MC (PLN m)	182.8	ADTV 6M	PLN 0.3m
		P/E 12M fwd	6.6
Free Float	25.4%	P/E 5Y avg	8.2

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	109.2	100.1	113.6	129.6	149.4
Mgmt fees	69.6	82.2	93.0	106.9	123.6
Success fees	31.4	12.7	14.6	16.0	18.3
Costs	-69.2	-71.8	-79.5	-88.7	-99.3
Net income	32.5	23.7	28.4	34.0	41.5
P/E	5.6	7.7	6.4	5.4	4.4
P/B	1.8	1.9	1.9	1.9	1.8
ROE	34.1%	24.2%	29.8%	35.0%	41.4%
DPS	3.08	4.28	4.15	4.57	5.53
DYield	11.5%	16.0%	15.5%	17.1%	20.6%
Revision of Projections (% change)		2018P	2019P	2020P	
Management fees		0.0%	0.0%	0.0%	
Success fees		0.0%	0.0%	0.0%	
Revenue		0.0%	0.0%	0.0%	
Total costs		0.0%	0.0%	0.0%	
Net income		0.0%	0.0%	0.0%	

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Cash	16.3	17.3	18.3	19.3	20.3
Other assets	81.6	80.6	79.6	78.6	77.6
Total assets	97.9	97.9	97.9	97.9	97.9
Borrowing	0.5	0.5	0.5	0.5	0.5
Other liabilities	8.1	-3.4	2.0	1.8	-0.9
Minority interests	0.0	0.0	0.0	0.0	0.0
Equity	89.3	100.8	95.4	95.6	98.4

Relative Valuation Summary

	18P	P/E	20P	Market Cap./AUM	18P	19P	20P
Minimum	4.9	6.9	6.3	0.0	0.0	0.0	0.0
Maximum	25.2	21.5	18.6	5.3	0.3	0.2	0.2
Median	17.3	14.8	12.9	0.0	0.0	0.0	0.0
Weight	17%	17%	17%	17%	17%	17%	17%

Chemicals

Ciech

buy (reiterated)

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Spot prices of soda ash in Asian market registered an upward shift toward the end of 2017, supported by production curbs in China, designed to combat pollution, which are expected to keep the global supply of soda tightened throughout 2018. As a result, with global demand still high, part of the new production launched in Turkey can be expected to be diverted from Europe to Asia. The delayed launch of full operating capacity at the new 2.5t-a-year soda ash plant of Kazan Soda Elektrik, whose full 2018 production is already sold out, further eases the supply pressures in Europe with positive effects on Ciech, which may exceed the current low expectations of the market with 2018 earnings. Ciech has revealed it secured orders for the full soda as capacity for 2018 at solid prices. It is expected to pay per-share dividends of PLN 0.24 this year, with the implied dividend yield close to 4%. We maintain a buy rating for Ciech, with the 9-month price target revised upward from PLN 85.40 to PLN 89.71 per share to reflect adjusted peer multiples.

Current Price	55.00 PLN	Upside
9M Target Price	89.71 PLN	+63.1%

	rating	target price	issued
new	buy	89.71 PLN	2018-05-09
old	buy	85.40 PLN	2018-04-06
Key Metrics		CIE PW	vs. WIG
Ticker	CIE PW	1M Price Chng	-3.5% -2.4%
ISIN	PLCIECH000018	YTD Price Chng	-4.3% +3.3%
Outst. Stock (m)	52.7	ADTV 1M	PLN 2.4m
MC (PLN m)	2,898.5	ADTV 6M	PLN 3.0m
EV (PLN m)	3,595.3	EV/EBITDA 12M fwd	5.6 -10.1%
Free Float	33.0%	EV/EBITDA 5Y avg	6.2 discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	3,455	3,579	3,761	3,729	3,839
EBITDA adj.	874	808	803	774	823
EBITDA margin	25.3%	22.6%	21.3%	20.8%	21.4%
EBIT adj.	650	564	548	528	571
Net income adj.	585	373	397	383	417
P/E adj.	5.0	7.8	7.3	7.6	7.0
P/B	1.6	1.3	1.1	1.1	1.0
EV/EBITDA adj.	4.6	4.7	4.5	4.6	4.2
DPS	2.85	0.00	2.24	4.15	4.72
DYield	5.2%	0.0%	4.1%	7.5%	8.6%
Revision of Projections (% change)			2018P	2019P	2020P
EBITDA			+0.7%	+0.8%	+0.9%
Net income			+1.1%	+1.2%	+1.4%
Soda price (US \$/t)			0.0%	0.0%	0.0%
Soda Ciech (PLN/t)			0.0%	0.0%	0.0%
Soda vol (1,000t)			0.0%	0.0%	0.0%
Thermal Coal price (PLN/t)			0.0%	0.0%	0.0%
Coking Coal price (\$/t)			0.0%	0.0%	0.0%
Natural Gas price (PLN/m3)			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
EBITDA. Soda Div.	799	704	649	619	661
EBITDA. Organic Div.	78	97	118	119	125
EBITDA. Silicates	35	37	40	40	42
EBITDA. Other	-33	-5	-4	-4	-4
EBITDA/tonne, Soda	348	306	270	258	275
Operating cash flow	837	629	689	669	706
D&A	223	244	255	246	252
Working capital	97	-66	-3	0	-2
Investing cash flow	-446	-389	-364	-384	-340
CAPEX	458	402	364	384	340
Financing cash flow	-180	-164	-160	-259	-289
Dividends/Buyback	-150	0	-118	-219	-249
FCF	387	234	328	286	369
FCF/EBITDA	44%	28%	41%	37%	45%
OCF/EBITDA	95%	75%	86%	86%	86%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Soda Price (\$/t)	261	257	265	260	260	260	260	260	260	260	260
Soda Price (PLN/t)	819.4	809.6	810.0	795.6	817.7	817.7	817.7	817.7	817.7	817.7	817.7
Soda vol (1000t)	2,295	2,300	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
Revenue	3,761	3,729	3,839	3,880	3,892	3,904	3,916	3,928	3,941	3,958	3,975
EBITDA	803	774	823	795	789	784	778	773	768	770	771
EBITDA margin	21.3%	20.8%	21.4%	20.5%	20.3%	20.1%	19.9%	19.7%	19.5%	19.5%	19.4%
EBIT	548	528	571	550	551	542	532	523	523	522	520
Tax	109	104	114	109	110	110	108	106	105	105	105
CAPEX	-364	-384	-340	-217	-224	-230	-236	-240	-244	-248	-251
Working capital	-3	0	-2	-1	0	0	0	0	0	0	0
FCF	328	286	369	468	456	444	434	427	419	417	416
PV FCF	310	251	299	351	314	280	251	227	205	188	
WACC	7.8%	7.8%	7.9%	8.0%	8.2%	8.3%	8.5%	8.5%	8.5%	8.5%	8.5%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Assets	4,502	4,644	5,025	5,182	5,376
Fixed assets	3,210	3,205	3,376	3,515	3,604
Equity	1,767	2,188	2,527	2,691	2,859
Minority interests	-3	-3	-3	-3	-3
Net debt	1,116	865	700	674	596
Net debt/EBITDA (x)	1.3	1.0	0.9	0.9	0.7
Net debt/Equity (x)	0.6	0.4	0.3	0.3	0.2

Relative Valuation Summary

	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	7.6	7.1	5.8	5.6	4.5	4.9
Maximum	34.6	29.1	21.0	17.6	14.7	12.7
Median	15.1	12.7	11.8	7.7	7.1	7.1
Weight	20%	20%	10%	20%	20%	10%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
PV FCF	2,676
Net debt	865
Other adj.	-3
Value per share (PLN)	89.27

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	79.50
DCF Val.	50%	89.27
Implied Price		84.38
Cost of equity (9M)		6.3%
9M Target Price		89.71

Grupa Azoty hold (reiterated)

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Azoty's outlook for 2018 is shaped by a reduced supply of urea from China in the wake of production curbs to combat pollution, combined with the addition of a total of 13.3mmt of new fertilizer capacity set for completion in 2017 and 2018. Additional cost pressures are created by higher costs of natural gas fuel. In the first quarter of 2018, we expect Grupa Azoty to post 6% contraction in EBITDA due to a downward shift in the prices of nitrogen fertilizers, coupled with higher costs of natural gas, offset by stronger sales and profits on chemicals and plastics. The Company's overall worsened 2018 FY earnings outlook is underpinned by a large number of maintenance shutdowns planned in the year ahead. We have adjusted our 2018-2020 forecasts for Azoty to reflect lower expected profits from fertilizers and better prospects in plastics and chemicals, and after a target price revision we maintain a hold rating for ATT.

Current Price

51.10 PLN

Upside

9M Target Price

60.99 PLN

+19.4%

		rating	target price	issued
new		hold	60.99 PLN	2018-05-09
old		hold	67.13 PLN	2018-03-05
Key Metrics			ATT PW	vs. WIG
Ticker	ATT PW	1M Price Chng	-9.9%	-8.7%
ISIN	PLZATRM00012	YTD Price Chng	-26.6%	-18.9%
Outst. Stock (m)	99.2	ADTV 1M		PLN 2.7m
MC (PLN m)	5,068.9	ADTV 6M		PLN 2.6m
EV (PLN m)	6,485.2	EV/EBITDA 12M fwd	5.3	-23.1%
Free Float	22.7%	EV/EBITDA 5Y avq	6.9	discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	8,956	9,617	9,967	10,152	10,561
EBITDA adj.	1,034	1,262	1,254	1,173	1,211
EBITDA margin	11.5%	13.1%	12.6%	11.6%	11.5%
EBIT adj.	523	672	602	462	490
Net income adj.	385	550	433	313	333
P/E adj.	13.2	9.2	11.7	16.2	15.2
P/B	0.8	0.7	0.7	0.7	0.7
EV/EBITDA adj.	5.7	4.8	5.2	5.8	5.7
DPS	0.84	0.79	0.92	1.29	2.21
DYield	1.6%	1.5%	1.8%	2.5%	4.3%
Revision of Projections (% change)		2018P	2019P	2020P	
EBITDA		+3.8%	-8.2%	-6.0%	
Net income		+3.8%	-8.2%	-6.0%	
Urea price (PLN/t)			-8.5%	-12.5%	-13.3%
Ammonium Nitrate price (PLN/t)			-11.0%	-14.8%	-14.4%
Natural Gas price (PLN/m3)			-5.1%	-14.0%	-14.0%
Melamine (PLN/t)			+10.1%	+31.1%	+30.3%
Polyamide 6 (PLN/t)			+5.7%	-1.4%	-2.1%
Propylene (PLN/t)			-2.1%	0.0%	0.0%

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
EBITDA, Fertilizers	600	484	460	453	490
EBITDA, Plastics	-33	221	261	191	215
EBITDA, Chemicals	271	348	365	380	344
EBITDA, Energy	95.5	58.4	68.8	57.7	67.7
EBITDA, Other	40	76	88	91	94
Operating cash flow	1,136	1,107	1,133	1,096	1,116
D&A	511	590	651	711	721
Working capital	137	13	-8	-4	-9
Investing cash flow	-1,303	-709	-1,320	-1,043	-926
CAPEX	1,236	1,063	1,420	1,143	926
Financing cash flow	76	39	-150	-197	-295
Dividends/Buyback	-83	-78	-91	-128	-219
FCF	-214	53	-288	-52	194
FCF/EBITDA	-21%	4%	-23%	-4%	16%
OCF/EBITDA	114%	93%	91%	93%	92%

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Assets	11,052	11,738	12,153	12,390	12,597
Fixed assets	7,651	8,070	8,852	9,292	9,514
Equity	6,534	6,856	7,190	7,375	7,489
Minority interests	595	588	606	621	633
Net debt	273	367	811	1,055	1,160
Net debt/EBITDA (x)	0.3	0.3	0.7	0.9	1.0
Net debt/Equity (x)	0.0	0.1	0.1	0.1	0.2

Relative Valuation Summary

	18P	P/E	20P	18P	EV/EBITDA	20P
Minimum	9.5	9.4	7.4	6.5	6.0	4.8
Maximum	42.1	21.8	17.5	11.6	9.6	9.0
Median	17.5	12.3	11.0	8.7	7.6	7.1
Weight	20%	20%	10%	20%	20%	10%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Urea price (PLN/t)	1,414	1,425	1,451	1,479	1,486	1,490	1,490	1,490	1,492	1,495	1,497
AN price (PLN/t)	1,163	1,172	1,191	1,210	1,217	1,221	1,221	1,221	1,222	1,223	1,224
NGas cost (PLN/m3)	938	974	1,036	1,103	1,103	1,103	1,103	1,103	1,103	1,103	1,103
Revenue	9,967	10,152	10,561	10,841	10,973	11,075	11,162	11,252	11,391	11,540	11,693
EBITDA	1,244	1,173	1,211	1,330	1,313	1,275	1,230	1,182	1,180	1,188	1,196
EBITDA margin	12.5%	11.6%	11.5%	12.3%	12.0%	11.5%	11.0%	10.5%	10.4%	10.3%	10.2%
EBIT	592	462	490	626	652	655	623	593	588	596	603
Tax	104	78	82	108	114	115	110	104	104	105	107
CAPEX	-1,420	-1,143	-926	-659	-598	-595	-589	-576	-589	-592	-592
Working capital	-8	-4	-9	-6	-3	-2	-2	-2	-3	-3	-3
FCF	-288	-52	194	557	598	563	529	500	484	487	494
PV FCF	-274	-46	159	422	418	363	314	274	244	226	
WACC	7.9%	7.8%	7.7%	7.9%	8.0%	8.1%	8.1%	8.2%	8.2%	8.3%	8.4%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
PV FCF	2,101
Net debt	367
Other adjustments	-588
Value per share (PLN)	47.72

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	67.03
DCF Val.	50%	47.72
Implied Price		57.37
Cost of equity (9M)		6.3%
9M Target Price		60.99



Polwax buy (reiterated)

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Polwax reported dismal preliminary financials for Q1 2018, underpinned by a persistent oversupply of slack wax, with the quarterly EBITDA down more than 30% year over year, but set to rebound in subsequent quarters. The ICIS price benchmark for paraffin wax has held at a stable level for several months now, and as supply pressures persist Polwax has had to curb sales volumes to keep prices up. On a positive note, expensive crude oil is putting a squeeze on the paraffin margins of oil refiners, offering hope of reduced rival supply and a gradual recovery in sales. Supporting the recovery will be graveside candle orders from Biedronka supermarkets at slightly higher prices, set for delivery in the second half of the year, which should more than offset the upward pressure on employee compensation. Nevertheless the first-quarter slump forces us to cut our 2018 EBITDA forecast for Polwax by 16%, and with CAPEX revised upward we are prompted to lower our target price to PLN 16.69, with an intact buy call for PWX which at 6.8x 2018E EV/EBITDA already prices in ramped-up capital investment but completely ignores the future returns. Despite higher expenses and lower profits, thanks to effective working-capital management (invoice factoring, inventory streamlining), we do not expect Polwax's net debt/EBITDA ratio to exceed 3.5x this year.

Current Price

7.80 PLN

Upside

9M Target Price

16.69 PLN

+114.0%

		rating	target price	issued
new		buy	16.69 PLN	2018-05-09
old		buy	18.80 PLN	2018-02-02
Key Metrics			PWX PW	vs. WIG
Ticker	PWX PW	1M Price Chng	-23.5%	-22.4%
ISIN	PLPOLWX00026	YTD Price Chng	-29.4%	-21.8%
Outst. Stock (m)	10.3	ADTV 1M		PLN 0.2m
MC (PLN m)	80.3	ADTV 6M		PLN 0.2m
EV (PLN m)	171.6	EV/EBITDA 12M fwd	5.6	-4.2%
Free Float	84.9%	EV/EBITDA 5Y avg	5.8	discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	295	283	303	315	416
EBITDA	31	27	26	33	40
EBITDA margin	10.5%	9.5%	8.6%	10.4%	9.5%
EBIT	26	22	21	28	30
Net income	21	17	15	21	20
P/E	3.8	4.7	5.2	3.9	4.1
P/B	0.9	0.8	0.7	0.6	0.5
EV/EBITDA	3.4	4.1	6.6	5.9	5.0
DPS	1.06	0.00	0.00	0.00	0.00
DYield	13.6%	0.0%	0.0%	0.0%	0.0%
Revision of Projections (% change)			2018P	2019P	2020P
EBITDA			-15.9%	-3.4%	-0.1%
Net income			-22.1%	-5.1%	+2.2%
CAPEX			+11.8%	-32.8%	-0.7%
Price of Paraffin Wax (EUR/t)			-1.7%	-1.7%	-1.7%
EUR/PLN			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	294.6	283.5	302.7	315.3	416.1
Lanterns& Candles (L&C)	58.0	60.0	61.2	61.2	61.2
L&C Paraffin Wax (PW)	161.2	146.7	153.8	159.8	183.3
Industrial Paraffin Wax	62.5	60.8	71.7	78.2	155.6
Gross profit	49.4	48.9	48.4	56.0	57.8
Gross margin	16.8%	17.2%	16.0%	17.7%	13.9%
SG&A/Revenue	3.0%	3.7%	3.7%	3.7%	2.8%
Other oper. income	0.5	-0.7	0.0	0.0	0.0
Financing activity	-0.5	-0.9	-2.3	-2.2	-5.3
Total sales volume (kt)	59.7	59.0	57.0	58.5	79.7
Lanterns & Candles	42.5	41.5	39.0	39.0	40.0
Industrial Paraffin Wax	17.2	17.5	18.0	19.5	39.7
YoY price change					
Lanterns & Candles	5.1%	-6.8%	11.6%	3.9%	11.8%
Industrial Paraffin Wax	5.0%	-4.3%	14.7%	0.7%	-2.2%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
PW price (EUR/t)	1202	1219	1350	1446	1446	1446	1446	1446	1446	1449	1449
Slack wax (EUR/t)	720	712	764	788	788	788	788	788	788	790	790
EUR/PLN	4.18	4.15	4.15	4.15	4.15	4.15	4.15	4.15	4.15	4.15	4.15
Revenue	302.7	315.3	416.1	461.3	463.2	465.1	467.0	469.0	470.9	473.7	473.7
EBITDA	26.0	32.9	39.5	49.1	47.6	47.4	47.3	47.2	47.0	46.9	46.9
EBITDA margin	8.6%	10.4%	9.5%	10.6%	10.3%	10.2%	10.1%	10.1%	10.0%	9.9%	9.9%
EBIT	21.3	28.0	29.5	38.5	36.5	35.8	35.1	34.4	33.7	33.0	32.7
Tax	4.1	5.3	5.6	7.3	6.9	6.8	6.7	6.5	6.4	6.3	6.2
CAPEX	-93.0	-45.8	-12.5	-13.8	-13.9	-14.0	-14.0	-14.1	-14.1	-14.2	-14.2
Working capital	11.9	-2.6	-18.9	-10.5	-0.3	-0.3	-0.3	-0.3	-0.3	-0.4	-0.3
FCF	-58.7	-20.3	3.1	18.1	27.1	27.1	27.0	26.9	26.9	26.7	26.9
PV FCF	-56.3	-18.1	2.6	14.0	19.5	18.1	16.7	15.5	14.3	13.1	
WACC	7.4%	7.3%	7.4%	7.5%	7.6%	7.7%	7.8%	7.9%	7.9%	8.0%	8.6%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Operating cash flow	21.3	25.4	31.9	23.1	10.6
OCF/EBITDA	69%	94%	123%	70%	27%
CAPEX	5.0	30.0	93.0	45.8	12.5
Working capital	77.8	76.4	64.4	67.0	85.9
Equity	87.1	104.3	119.7	140.5	160.0
Net debt	24.9	30.2	91.2	114.0	115.8
Net debt/EBITDA (x)	0.8	1.1	3.5	3.5	2.9

Relative Valuation Summary

	P / E			EV / EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	8.9	9.3	9.2	5.5	5.7	5.5
Maximum	21.1	19.7	18.6	13.5	12.7	12.0
Median	12.6	11.6	11.2	7.5	6.8	6.7
Weight	17%	17%	17%	17%	17%	17%

DCF Summary

(PLN m)	
Beta	1.1
FCF perp. growth rate	1.0%
PV FCF	213
Net debt	30
Other adjustments	0
Value per share (PLN)	17.72

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	13.57
DCF Val.	50%	17.72
Implied Price		15.64
Cost of equity (9M)		6.7%
9M Target Price		16.69

Oil & Gas

Lotos hold (reiterated)

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Lotos stock took a hit in mid-April following weaker-than-expected first-quarter earnings which slumped amid worsened market conditions. With downstream fundamentals not likely to shift, given that Q1 EBITDA fulfilled just 21% of the FY consensus, analysts' forecasts are probably set for sharp downward revisions. The bleak outlook for downstream, combined with lower hydrocarbon production, higher costs, and delays in capacity upgrades, in our view indicate that Lotos may not be able to deliver the ambitious EBITDA expectations of market analysts (our own 2018 and 2019 EBITDA estimates are set 14% below the consensus). Moreover, Lotos faces a decrease in cash flow this year due to higher working capital needs (rising costs of feedstock and strategic reserve maintenance), higher tax in Norway, and higher CAPEX. When it comes to the planned merger with rival state refiner PKN Orlen, the most likely scenario at this point is that PKN will buy the state's 33% stake in Lotos this year, and make a cash tender offer to build the stake to 66% next year at the same price, which analysts put at as much as PLN 60 a share. Lotos's shareholders are no doubt excited by the profit-taking prospects, however they should keep in mind the worsening market conditions and recognize the downsides of being a minority shareholder where the controlling stake is held by PKN. We maintain a hold rating for LTS for now, with the target price revised slightly upward to reflect updated peer multiples.

Current Price

55.62 PLN

Downside

9M Target Price

52.81 PLN

-5.1%

	rating	target price	issued	
new	hold	52.81 PLN	2018-05-09	
old	hold	51.73 PLN	2018-04-06	
Key Metrics			LTS PW	vs. WIG
Ticker	LTS PW	1M Price Chng	-3.7%	-2.6%
ISIN	PLLOTOS00025	YTD Price Chng	-3.6%	+4.0%
Outst. Stock (m)	184.9	ADTV 1M		PLN 13.7m
MC (PLN m)	10,282.7	ADTV 6M		PLN 17.6m
EV (PLN m)	14,405.6	EV/EBITDA 12M fwd	4.8	-21.0%
Free Float	46.8%	EV/EBITDA 5Y avg	6.1	discount

Earnings Projections

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	20,931	24,186	26,565	27,212	29,816
EBITDA	2,923	3,073	2,302	2,641	3,035
EBITDA margin	14.0%	12.7%	8.7%	9.7%	10.2%
EBIT	1,855	2,229	1,404	1,599	1,873
Net income	1,015	1,672	689	915	1,030
P/E	10.1	6.2	14.9	11.2	10.0
P/B	1.2	1.0	0.9	0.9	0.9
EV/EBITDA	5.2	4.2	6.3	5.5	4.6
DPS	0.00	1.00	1.63	1.49	2.47
DYield	0.0%	1.8%	2.9%	2.7%	4.4%
Revision of Projections (% change)			2018P	2019P	2020P
LIFO EBITDA			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
Price of Brent crude (\$/bbl)			0.0%	0.0%	0.0%
Margin+Urals/Brent price differ. (\$/b)			0.0%	0.0%	0.0%
USD/PLN			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
LIFO EBITDA (adj.)	2,596	3,050	2,203	2,544	2,936
Upstream (US)	692	863	784	799	1,074
Downstream (DS)	1,761	2,058	1,262	1,584	1,698
Retail	140	139	156	159	163
EV/ LIFO EBITDA (adj.)	5.8	4.1	6.5	5.6	4.7
LIFO effect	-77	171	100	99	102
Other one-offs	404	-148	-2	-2	-2
Financing activity	-275	219	-310	-280	-273
Crude thrght (mmt)	10.4	9.6	10.4	10.4	10.2
\$ LIFO EBITDA/bbl, DS	5.9	7.7	4.7	5.8	6.1
PLN EBITDA/tonne, Retail	129	131	131	131	132
\$ EBITDA/boe, US	18.0	26.9	29.5	30.0	31.9
US output (mboepd)	26.7	23.3	20.6	20.3	24.9
natural gas	15.6	13.4	10.2	8.7	12.0
crude oil	11.1	9.9	10.4	11.6	12.9

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Operating cash flow	2,654	3,127	863	2,179	2,311
OCF/EBITDA LIFO adj.	102%	103%	39%	86%	79%
CAPEX	1,244	1,439	1,731	1,565	1,161
Working capital	3,867	4,035	5,141	5,411	5,904
Equity	8,611	10,712	10,964	11,541	12,051
Net debt	4,808	2,505	4,123	4,131	3,776
Net debt/EBITDA (x)	1.6	0.8	1.8	1.6	1.2

Relative Valuation Summary

	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	4.9	4.9	4.5	2.5	2.4	2.3
Maximum	21.4	22.4	18.0	10.8	10.9	10.9
Median	11.1	11.0	10.4	4.8	4.9	4.6
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis (ex. Upstream)

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Brent	65.0	65.0	70.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0
Margin+Urals/Brent	5.0	5.0	5.5	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8
USD/PLN	3.54	3.60	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70
Revenue	25,264	25,863	28,081	30,128	30,128	30,128	30,128	30,128	30,128	30,187	30,187
EBITDA	1,518	1,842	1,962	1,897	1,890	1,883	1,875	1,868	1,860	1,852	1,852
EBITDA margin	6.0%	7.1%	7.0%	6.3%	6.3%	6.2%	6.2%	6.2%	6.2%	6.1%	6.1%
EBIT	998	1,209	1,298	1,174	1,201	1,164	1,129	1,097	1,067	1,036	1,101
Tax	190	230	247	223	228	221	214	208	203	197	209
CAPEX	-1,147	-610	-711	-752	-752	-752	-752	-752	-752	-752	-752
Working capital	-1,243	-269	-493	-187	7	25	19	37	10	5	5
FCF	-1,062	732	512	735	917	935	928	945	916	909	897
PV FCF	-1,008	648	422	562	652	615	565	533	478	439	
WACC	7.2%	7.2%	7.3%	7.8%	7.8%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	1.0%
PV FCF	10,081
Net debt	2,505
Petrobaltic	1,967
Value per share (PLN)	51.62

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	47.73
DCF Val.	50%	51.62
Implied Price		49.67
Cost of equity (9M)		6.3%
9M Target Price		52.81



MOL hold (reiterated)

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We maintain a hold rating for MOL after a small target price hike to reflect adjusted peer multiples. Even with earnings set to fall in 2018 and 2019, MOL's estimated EV/CCS EBITDA ratio still looks better than the ratios of its Polish rivals at 4.9x vs. 7.2x PKN and 6.5x LTS. The Hungarian refiner achieved 28% of our FY CCS EBITDA forecast in Q1 2018, but the outlook for the rest of the year is bleak given downstream's sensitivity to shifting market conditions, though the risk is mitigated by expected growth in upstream driven by high prices of crude oil. What sets MOL apart from its Polish rivals aside from a high, 46% share of upstream in EBITDA, is its high target FCF yield, set to result in higher dividends (with a projected long-term dividend yield of 2.5% sweetened by possible repurchases of treasury stock, currently accounting for 9.3% of all issued stock), and a lack plans for major capital investment. Finally, as regards the potential exit from Croatia, not much progress has been made so far as regards the possible repurchase of MOL's INA stake by the local government (the deal could boost MOL's market cap by as much as 12%).

Current Price

2,790 HUF

Upside

9M Target Price

2,954 HUF

+5.9%

	rating	target price	issued
new	hold	2,954 HUF	2018-05-09
old	hold	2,898 HUF	2018-04-06
Key Metrics		MOL HB	vs. WIG
Ticker	MOL HB	1M Price Chng	-0.1% +1.0%
ISIN	HU0000153937	YTD Price Chng	-4.5% +3.2%
Outst. Stock (m)	738.1	ADTV 1M	HUF 1,824.9m
MC (HUF m)	2,059,378.4	ADTV 6M	HUF 2,102.4m
EV (HUF m)	2,735,764.9	EV/EBITDA 12M fwd	4.2 -3.4%
Free Float	53.5%	EV/EBITDA 5Y avg	4.4 discount

Earnings Projections

(HUF bn)	2016	2017	2018P	2019P	2020P
Revenue	3,553	4,130	4,620	4,616	4,938
EBITDA	623	673	579	595	638
EBITDA margin	17.5%	16.3%	12.5%	12.9%	12.9%
EBIT	308	354	278	277	310
Net income	263	307	193	191	224
P/E	7.8	6.7	10.7	10.8	9.2
P/B	1.4	1.2	1.1	1.1	1.0
EV/EBITDA	4.8	4.2	4.7	4.7	4.3
DPS	70.88	78.13	127.50	67.06	70.41
DYield	2.5%	2.8%	4.6%	2.4%	2.5%
Revision of Projections (% change)			2018P	2019P	2020P
CCS EBITDA			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
Margin+Urals/Brent price differ. (\$/b)			0.0%	0.0%	0.0%
Petchem margin (\$/t)			0.0%	0.0%	0.0%
Price of Brent crude (\$/bbl)			0.0%	0.0%	0.0%

Financial Highlights

(HUF bn)	2016	2017	2018P	2019P	2020P
LIFO EBITDA (adj.)	605	673	566	579	622
Upstream (US)	190	235	287	292	289
Downstream (DS)	178	198	107	114	139
Retail	86	97	95	103	108
Petchem	144	127	66	57	73
Gas Midstream	54	61	61	63	64
General expenses	-48	-45	-50	-51	-51
EV/LIFO EBITDA (adj.)	5.0	4.3	4.9	4.9	4.5
LIFO effect	25	7	13	16	16
Other one-offs	-7	-7	0	0	0
Financing activity	-35	11	-7	-8	-9
\$ LIFO EBITDA/bbl, DS	4.5	5.1	2.9	3.1	3.8
EBITDA/boe, US	17.7	23.9	29.8	30.7	32.3
Ref. thrghpt, mmt	19.2	19.3	19.3	19.3	19.3
Upstr output, mboepd	112.6	107.4	110.1	108.8	102.9

DCF Analysis (ex. Upstream)

(HUF bn)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	27+
Brent	65	65	70	75	75	75	75	75	75	75	75
Margin+Urals/Brent	5.5	5.5	6.0	6.0	6.5	6.5	6.5	6.5	6.5	6.5	6.5
USD/HUF	260	260	260	260	260	260	260	260	260	260	260
Revenue	4,330	4,326	4,651	4,940	4,954	4,955	4,956	4,957	4,958	4,959	4,959
EBITDA	292	304	350	358	399	403	401	398	396	394	394
EBITDA margin	6.7%	7.0%	7.5%	7.3%	8.1%	8.1%	8.1%	8.0%	8.0%	7.9%	7.9%
EBIT	126	123	159	153	183	181	173	164	155	156	189
Tax	31	31	39	38	46	45	43	41	38	39	36
CAPEX	-215	-380	-344	-209	-211	-205	-205	-205	-205	-205	-205
Working capital	-26	-23	-19	-16	0	0	0	1	1	1	1
FCF	20	-130	-52	96	143	153	153	154	154	151	154
PV FCF	19	-113	-41	70	95	94	86	80	73	66	
WACC	8.6%	8.6%	8.7%	9.1%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Risk-free rate	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%

Key Balance Sheet Figures

(HUF bn)	2016	2017	2018P	2019P	2020P
Operating cash flow	519	560	521	513	563
OCF/EBITDA LIFO adj.	86%	83%	92%	89%	90%
CAPEX	289	286	309	477	431
Working capital	156	248	247	270	288
Equity	1,492	1,741	1,822	1,945	2,100
Net debt	606	435	343	381	328
Net debt/EBITDA (x)	1.0	0.6	0.6	0.6	0.5

Relative Valuation Summary

	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	4.9	4.9	4.5	2.5	2.4	2.3
Maximum	21.4	22.4	18.0	10.8	10.9	10.9
Median	11.5	11.3	10.7	5.5	5.1	4.5
Weight	17%	17%	17%	17%	17%	17%

DCF Summary

(HUF bn)	
Beta	1.0
FCF perp. growth rate	1.0%
PV FCF	1,267
Net debt & adjustments	229
Upstream Valuation	558
Value per share (HUF)	2,287

Valuation Summary

(HUF)	Weight	Price
Relative Val.	50%	3,232
DCF Val.	50%	2,287
Implied Price		2,759
Cost of equity (9M)		7.0%
9M Target Price		2,954

PGNiG buy (reiterated)

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PGNiG shares finally regained some ground in April, but they still offer upside potential over 30% to our target. This stems from the forthcoming ruling in the arbitration case against Gazprom, and the continuation of the upturn in E&P profits led by rising prices of hydrocarbons, after a boost in Q1. The quarterly profits on natural gas trade were something of a disappointment, but they will accelerate sooner or later as last year's market deregulation takes hold. With distribution more than making up for the shortfall, PGNiG achieved 35% of our FY EBITDA estimate in Q1, as well as exceeding the expectations of the market. PGN stock is trading a 30% discount to comparable companies, and, even more surprisingly, it is valued lower than Polish power utilities, which do not pay dividends, and which face huge state-mandated capital expenditures in no way aligned with their core business. We maintain a buy rating for PGN, with the target price raised slightly to reflect adjustments to the relative valuation model.

Current Price

6.20 PLN

Upside

9M Target Price

8.17 PLN

+31.8%

	rating	target price	issued
new	buy	8.17 PLN	2018-05-09
old	buy	7.96 PLN	2018-04-06
Key Metrics			
	PGN PW	1M Price Chng	+5.8% +7.0%
Ticker	PLPGNIG00014	YTD Price Chng	-1.4% +6.2%
ISIN			
Outst. Stock (m)	5,778.3	ADTV 1M	PLN 18.8m
MC (PLN m)	35,825.6	ADTV 6M	PLN 22.6m
EV (PLN m)	35,225.1	EV/EBITDA 12M fwd	4.5 -16.0%
Free Float	28.1%	EV/EBITDA 5Y avg	5.3 discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	33,196	35,857	37,077	40,068	40,981
EBITDA	5,974	6,579	8,418	8,720	9,163
EBITDA margin	18.0%	18.3%	22.7%	21.8%	22.4%
EBIT	3,360	3,910	5,720	5,969	6,391
Net income	2,351	2,923	4,208	4,439	4,444
P/E	15.2	12.3	8.5	8.1	8.1
P/B	1.1	1.1	1.0	0.9	0.9
EV/EBITDA	6.1	5.5	4.2	3.9	3.5
DPS	0.18	0.20	0.25	0.29	0.31
DYield	3.0%	3.2%	4.1%	4.7%	5.0%
Revision of Projections (% change)					
EBITDA			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
Price of Brent crude (\$/bbl)			0.0%	0.0%	0.0%
Price of EU NatGas (EUR/MWh)			0.0%	0.0%	0.0%
USD/PLN			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
EBITDA (adj.)	6,862	7,356	8,418	8,720	9,163
EBITDA	5,974	6,579	8,418	8,720	9,163
Mining	2,206	3,865	4,676	4,752	5,148
Trade	614	-435	880	973	869
Distribution	2,559	2,493	2,278	2,291	2,299
Heat & Power	759	843	777	901	1,047
Other	-164	-187	-192	-196	-201
Financing activity	-150	12	-46	-32	-1
Crude output, mmt	1.35	1.27	1.34	1.23	1.22
domestic	0.75	0.79	0.82	0.78	0.78
international	0.59	0.48	0.52	0.45	0.44
NatGas output, bn m3	4.5	4.5	4.5	4.8	4.7
domestic	3.9	3.8	3.8	3.8	3.8
international	0.6	0.7	0.7	1.0	0.9
Trade mrgn, PLN/MWh	0.4	-2.4	2.8	3.2	3.1

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Operating cash flow	5,922	4,816	6,834	7,119	7,073
OCF/EBITDA	99%	73%	81%	82%	77%
CAPEX	2,968	3,162	4,279	3,795	3,829
Working capital	3,619	5,280	5,807	6,275	6,418
Equity	32,013	32,626	36,372	39,128	41,796
Net debt	523	428	-601	-2,207	-3,675
Net debt/EBITDA (x)	0.1	0.1	-0.1	-0.3	-0.4

Relative Valuation Summary

	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	3.7	4.0	3.7	3.5	3.5	3.1
Maximum	22.0	19.1	16.9	12.2	12.3	12.3
Median	13.3	12.4	11.9	6.2	6.0	5.7
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Brent	65.0	65.0	70.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0
EU NatGas	18.6	19.0	20.3	21.8	21.8	21.8	21.8	21.8	21.8	21.8	21.8
USD/PLN	3.54	3.60	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70
Revenue	37,077	40,068	40,981	43,705	43,507	39,953	39,360	37,976	37,089	37,815	37,815
EBITDA	8,418	8,720	9,163	9,451	9,013	8,846	8,802	8,599	8,534	8,628	8,628
EBITDA margin	22.7%	21.8%	22.4%	21.6%	20.7%	22.1%	22.4%	22.6%	23.0%	22.8%	22.8%
EBIT	5,720	5,969	6,391	6,612	6,146	5,937	5,831	5,606	5,475	5,438	4,650
Tax	1,476	1,505	1,947	2,044	1,900	1,817	1,766	1,660	1,595	1,585	1,422
CAPEX	-4,279	-3,795	-3,829	-3,856	-3,871	-3,893	-3,915	-3,916	-3,934	-3,978	-3,978
Working capital	-527	-468	-143	-427	31	557	93	217	139	-114	-114
FCF	2,136	2,952	3,244	3,125	3,273	3,692	3,214	3,241	3,144	2,952	3,114
PV FCF	2,003	2,541	2,564	2,267	2,180	2,258	1,804	1,670	1,487	1,282	
WACC	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.5%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.1
FCF perp. growth rate	2.0%
PV FCF	41,007
Net debt	428
Other adjustments	835
Value per share (PLN)	7.17

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	33%	9.44
Relative (DYield)	17%	5.55
DCF	50%	7.17
Cost of equity (9M)		6.7%
9M Target Price		8.17

PKN Orlen reduce (reiterated)

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We do not see any upside potential in PKN even after several weeks of falls, and we maintain a bearish view on the Refiner's growth potential as downstream fundamentals continue to worsen. PKN's Lithuanian refinery generated 2018 Q1 LIFO EBITDA of just PLN 56m despite a high operating rate compared to a quarterly average of PLN 270m registered in 2017, and the subsidiary Czech refinery reported negative LIFO EBITDA in the period which can be only partly explained with plant downtime. In subsequent quarters, increasing supply will most likely also put a squeeze on petrochemical profits. Nevertheless PKN's 2018E EV/EBITDA ratio at 7.2x remains higher than the multiples of refiners like MOL and Lotos. Further, we are afraid PKN may be about to update its business strategy to include more noncore state-ordered investment such as wind farms and nuclear energy. The Company is not likely to talk about the synergies it expects to achieve from the planned merger with Lotos in the near future as it tries to appease Lotos's local community with assurances of job security. Additional downside risk comes from the likely cash acquisition of Lotos at peak market, sure to boost PKN's hitherto low debt.

Current Price

82.30 PLN

Downside

9M Target Price

76.73 PLN

-6.8%

	rating	target price	issued
new	reduce	76.73 PLN	2018-05-09
old	reduce	76.89 PLN	2018-04-06
Key Metrics			
	PKN PW	1M Price Chng	-11.3% -10.1%
Ticker	PLPKN0000018	YTD Price Chng	-22.4% -14.7%
ISIN			
Outst. Stock (m)	427.7	ADTV 1M	PLN 54.6m
MC (PLN m)	35,200.5	ADTV 6M	PLN 78.7m
EV (PLN m)	43,553.5	EV/EBITDA 12M fwd	4.6 -20.3%
Free Float	67.6%	EV/EBITDA 5Y avg	5.8 discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	79,553	95,364	101,435	105,638	117,512
EBITDA	9,642	11,078	6,531	6,694	7,804
EBITDA margin	12.1%	11.6%	6.4%	6.3%	6.6%
EBIT	7,532	8,657	3,872	3,791	4,673
Net income	5,261	6,655	2,943	2,802	3,467
P/E	6.7	5.3	12.0	12.6	10.2
P/B	1.3	1.1	1.0	1.0	0.9
EV/EBITDA	4.3	3.5	6.7	6.7	5.8
DPS	2.13	3.00	3.00	3.44	2.95
DYield	2.6%	3.6%	3.6%	4.2%	3.6%
Revision of Projections (% change)					
LIFO EBITDA			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
Margin+Urals/Brent price differ. (\$/b)			0.0%	0.0%	0.0%
Petchem margin (\$/t)			0.0%	0.0%	0.0%
USD/PLN			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
LIFO EBITDA (adj.)	7,668	9,581	6,162	6,328	7,430
Downstream(DS)	4,549	4,689	1,915	1,579	2,252
Petchem	1,776	3,034	2,123	2,601	3,118
Retail	1,832	2,049	1,923	1,968	2,018
Upstream	255	293	358	400	449
Electricity	0	129	476	445	264
General expenses	-744	-613	-633	-665	-671
EV/LIFO EBITDA (adj.)	5.5	4.2	7.2	7.2	6.2
LIFO effect	86	788	369	366	374
Other one-offs	1,888	709	0	0	0
Financing activity	-645	60	-238	-331	-393
\$ LIFO EBITDA/bbl, DS	5.3	4.9	2.4	1.9	2.7
PLN EBITDA/tonne, Retail	224	232	213	214	217
Refinery thrghpt (mmt)	29.6	34.8	30.9	30.9	31.2
Petchem output (kt)	3,071	3,551	3,616	3,781	3,781

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Operating cash flow	9,331	8,050	3,192	4,430	5,047
OCF/EBITDA LIFO adj.	122%	84%	52%	70%	68%
CAPEX	5,033	4,039	5,063	3,950	3,650
Working capital	6,144	7,489	10,137	11,743	13,687
Equity	26,763	32,197	33,857	35,187	37,393
Net debt	3,363	761	8,353	9,676	9,933
Net debt/EBITDA (x)	0.3	0.1	1.3	1.4	1.3

Relative Valuation Summary

	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	6.0	5.8	5.7	2.5	2.4	2.3
Maximum	17.6	17.9	18.0	17.3	17.1	19.4
Median	10.0	10.1	9.8	5.7	5.8	5.5
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Margin+Urals/Brent	5.5	5.0	5.5	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Petchem margin	342	333	379	337	337	337	337	337	337	337	336.9
USD/PLN	3.54	3.60	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70
Revenue	101,435	105,638	117,512	125,671	126,285	126,902	127,560	128,214	128,885	129,566	129,566
EBITDA	6,531	6,694	7,804	7,579	7,612	7,752	7,808	7,831	7,866	7,838	7,838
EBITDA margin	6.4%	6.3%	6.6%	6.0%	6.0%	6.1%	6.1%	6.1%	6.1%	6.0%	6.0%
EBIT	3,872	3,791	4,673	4,478	4,457	4,560	4,559	4,501	4,433	4,437	4,487
Tax	736	720	888	851	847	866	866	855	842	843	852
CAPEX	-9,263	-3,950	-3,650	-3,350	-3,350	-3,350	-3,350	-3,350	-3,350	-3,351	-3,351
Working capital	-2,648	-1,606	-1,943	-721	-91	-92	-97	-97	-100	-101	-101
FCF	-6,116	417	1,322	2,657	3,325	3,444	3,494	3,528	3,575	3,543	3,248
PV FCF	-5,800	369	1,090	2,039	2,373	2,285	2,146	2,006	1,882	1,727	
WACC	7.3%	7.3%	7.3%	7.4%	7.5%	7.6%	8.0%	8.0%	8.0%	8.0%	8.0%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	1.0%
PV FCF	32,686
Net debt	412
Other adjustments	0
Value per share (PLN)	75.46

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	68.90
DCF Val.	50%	75.46
Implied Price		72.18
Cost of equity (9M)		6.3%
9M Target Price		76.73

Power Utilities

CEZ

sell (downgraded)

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CEZ shows consistent outperformance over Polish peers and MSCI EU Utilities despite unsatisfying FY2018 and FY2019 earnings guidance issued in March, fueled by higher-than-expected DPS offered this year (CZK 33 vs. CZK 26 consensus) and recovering electricity prices. Our 2018 and 2019 forecasts for the Czech generator already factor in the price movements, and we must point out that dividends as generous as this year's payout are not sustainable over a longer term. What is more, not only does the 2018 dividend yield not outstrip the yields offered by rivals, relative to 10Y bond yields it is the lowest since 2012. Yet, at over 8x EV/EBITDA, CEZ already shows a premium of 10% over Eurostoxx Utilities, indicating investors are overlooking the uncertainty related to the financing of the Czech nuclear project (as it turns out, the split-up of CEZ does not have full backing within the government ranks). At the current high level, CEZ's valuation is vulnerable to negative shocks. With this in mind, we downgrade our call from reduce to sell.

Current Price

567.00 CZK

Downside

9M Target Price

449.51 CZK

-20.7%

	rating	target price	issued
new	sell	449.51 CZK	2018-05-09
old	reduce	449.51 CZK	2018-04-06
Key Metrics		CEZ CP	vs. WIG
Ticker	CEZ CP	1M Price Chng	+9.0% +10.2%
ISIN	CZ0005112300	YTD Price Chng	+14.2% +21.9%
Outst. Stock (m)	538.0	ADTV 1M	CZK 168.7m
MC (CZK bn)	305.0	ADTV 6M	CZK 164.4m
EV (CZK bn)	451.5	EV/EBITDA 12M fwd	8.6 +24.7%
Free Float	30.2%	EV/EBITDA 5Y avg	6.9 premium

Earnings Projections

Earnings Projections

(CZK m)	2016	2017	2018P	2019P	2020P
Revenue	203,744	201,906	204,375	208,548	218,729
EBITDA	62,418	57,712	52,287	55,056	56,536
EBITDA margin	30.6%	28.6%	25.6%	26.4%	25.8%
EBIT	26,114	25,620	22,752	24,101	25,458
Net income	14,281	18,765	14,423	15,218	15,496
P/E	21.4	16.3	21.1	20.0	19.7
P/B	1.2	1.2	1.2	1.2	1.2
EV/EBITDA	7.2	7.8	8.6	8.2	8.0
DPS	40.00	33.00	33.00	26.81	28.29
DYield	7.1%	5.8%	5.8%	4.7%	5.0%
Revision of Projections (% change)			2018P	2019P	2020P
EBITDA			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
Price of electricity (EUR/MWh)			0.0%	0.0%	0.0%
EUR/CZK			0.0%	0.0%	0.0%
CO2 (EUR/t)			0.0%	0.0%	0.0%

Financial Highlights

(CZK m)	2016	2017	2018P	2019P	2020P
EBITDA (adj.)	58,596	52,196	53,708	55,179	57,111
EBITDA	58,206	55,155	53,708	55,179	57,111
Generation	25,403	24,050	22,652	23,860	25,658
Mining	4,413	4,056	4,015	4,099	4,180
Distribution	20,386	19,067	19,816	20,381	19,780
Trade	5,489	4,613	4,964	4,525	4,911
Other	2,515	3,369	2,260	2,313	2,582
Financing activity	-6,786	-2,867	-4,762	-5,119	-6,130
Power output, TWh	61.1	62.9	67.0	67.6	67.7
Renewables	4.5	4.7	4.9	4.9	5.0
Trade volume, TWh	37.5	37.0	37.3	37.6	37.9
YoY pct. change	-2.4%	-1.2%	0.8%	0.8%	0.8%
Trade mrgn (CZK/MWh)	146.5	124.6	133.0	120.3	129.6
RAV (CZK bn)	110.5	114.0	119.7	126.6	133.4
RAV return (EBIT)	13.0%	10.4%	11.2%	10.8%	9.6%

DCF Analysis

(CZK m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Power (EUR/MWh)	35.9	36.9	35.8	36.4	36.8	37.2	37.7	38.2	38.7	38.7	38.7
EUR/CZK	25.5	25.5	25.5	25.5	25.5	25.5	25.5	25.5	25.5	25.5	25.5
CO2 (EUR/t)	10.0	10.5	11.1	11.6	12.2	12.9	13.6	14.3	15.0	15.0	15.0
Revenue	204,375	208,548	218,729	219,627	222,328	224,612	226,935	229,338	231,823	234,395	234,395
EBITDA	57,386	58,950	60,976	60,570	60,233	60,713	61,229	61,724	62,193	62,635	62,635
EBITDA margin	28.1%	28.3%	27.9%	27.6%	27.1%	27.0%	27.0%	26.9%	26.8%	26.7%	26.7%
EBIT	22,752	24,101	25,458	25,623	24,770	24,674	25,109	25,329	25,490	26,808	30,198
Tax	4,323	4,579	4,837	4,867	4,704	4,685	4,767	4,807	4,837	5,087	5,738
CAPEX	-34,963	-34,663	-34,463	-33,300	-33,272	-33,199	-33,080	-32,912	-32,697	-32,437	-32,437
Working capital	173	-489	-1,194	-105	-317	-268	-272	-282	-291	-302	-302
FCF	18,274	19,218	20,482	22,298	21,940	22,561	23,110	23,722	24,367	24,810	24,159
PV FCF	17,517	17,412	17,538	18,045	16,779	16,303	15,775	15,291	14,828	14,248	0
WACC	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.9%	5.9%	5.9%	6.0%	6.8%
Risk-free rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

Key Balance Sheet Figures

(CZK m)	2016	2017	2018P	2019P	2020P
Operating cash flow	48,953	45,812	53,112	53,821	55,086
OCF/EBITDA	84%	83%	99%	98%	96%
CAPEX	35,553	30,688	34,963	34,663	34,463
Working capital	40,832	24,140	23,967	24,456	25,650
Equity	256,812	250,018	247,552	248,347	248,625
Net debt	140,886	139,546	142,167	141,676	141,537
Net debt/EBITDA (x)	2.4	2.5	2.6	2.6	2.5

Relative Valuation Summary

	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	3.7	4.2	4.4	3.6	3.6	3.7
Maximum	19.2	18.1	17.8	9.2	9.3	9.3
Median	13.6	12.7	10.5	6.6	6.3	6.0
Weight	17%	17%	17%	17%	17%	17%

DCF Summary

(CZK m)	
Beta	1.0
FCF perp. growth rate	2.0%
PV FCF	452,768
Net debt	139,546
Other adjustments	-57,471
Value per share (CZK)	475.38

Valuation Summary

(CZK)	Weight	Price
Relative (Earnings)	33%	252.91
Relative (DYield)	17%	622.69
DCF	50%	475.38
Cost of equity (9M)		5.6%
9M Target Price		449.51

Enea buy (no change)

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Enea's performance in April was shaped by exactly the same factors and risks as repeatedly discussed in our previous monthly updates, including the prospect of having to finance value-destroying state-mandated energy projects, but at the current level (4.0x EV/EBITDA) the Company has enough of an equity cushion given a solid earnings and balance-sheet outlook. After relatively lackluster results for Q1 2018, with EBITDA fulfilling just about 22% of our FY forecast, we believe Enea will catch up in the second half of the year thanks to better availability of its most efficient generators. Moreover, the market is overestimating the negative impact of extended maintenance closures, while the production potential is underestimated. Our 2018 EBITDA estimate for Enea is 7% higher than the consensus estimate. We maintain a buy rating for ENA.

Current Price

10.11 PLN

Upside

9M Target Price

11.78 PLN

+16.5%

	rating	target price	issued
unchanged	buy	11.78 PLN	2018-04-06

Key Metrics	ENA PW	1M Price Chng	ENA PW	vs. WIG
Ticker	ENEA	YTD Price Chng	+5.5%	+6.7%
ISIN	PLENEA000013	ADTV 1M	-12.1%	-4.4%
Outst. Stock (m)	441.4	ADTV 6M		PLN 6.0m
MC (PLN m)	4,463.0	EV/EBITDA 12M fwd	3.9	PLN 7.1m
EV (PLN m)	11,651.7	EV/EBITDA 5Y avg	5.1	-24.1%
Free Float	48.5%			discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	11,256	11,406	12,102	12,803	12,666
EBITDA	2,328	2,684	2,943	2,961	2,765
EBITDA margin	20.7%	23.5%	24.3%	23.1%	21.8%
EBIT	1,119	1,488	1,529	1,505	1,286
Net income	784	1,070	978	933	757
P/E	5.7	4.2	4.6	4.8	5.9
P/B	0.4	0.3	0.3	0.3	0.3
EV/EBITDA	4.2	4.1	4.0	4.0	4.5
DPS	0.00	0.28	0.24	0.22	0.21
DYield	0.0%	2.7%	2.4%	2.2%	2.1%
Revision of Projections (% change)		2018P	2019P	2020P	
EBITDA		0.0%	0.0%	0.0%	
Net income		0.0%	0.0%	0.0%	
Price of electricity (PLN/MWh)		0.0%	0.0%	0.0%	
Price of coal (PLN/t)		0.0%	0.0%	0.0%	
Price of CO2 allowance (EUR/t)		0.0%	0.0%	0.0%	

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
EBITDA (adj.)	2,520	2,649	2,943	2,961	2,765
EBITDA	2,328	2,684	2,943	2,961	2,765
Generation	517	735	948	911	805
Mining	609	709	713	719	597
Distribution	1,111	1,073	1,129	1,175	1,205
Trade	154	178	192	195	199
Other	-67	-13	-39	-40	-41
Financing activity	-51	-21	-184	-214	-262
Power output, TWh	13.6	21.8	24.6	28.2	28.2
Renewables	0.5	2.3	2.0	2.0	2.0
Trade volume, TWh	16.7	17.1	17.4	17.8	18.1
YoY pct. change	3.0%	2.5%	1.9%	1.9%	1.9%
Trade mrgn (PLN/MWh)	9.2	10.4	11.0	11.0	11.0
RAV (PLN bn)	7.3	7.5	8.0	8.3	8.5
RAV return (EBIT)	8.7%	7.7%	7.7%	7.7%	7.6%

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Operating cash flow	2,424	2,580	2,098	2,641	2,801
OCF/EBITDA	104%	96%	71%	89%	101%
CAPEX	2,688	2,058	2,430	2,415	2,905
Working capital	1,132	698	1,288	1,362	1,131
Equity	12,176	13,078	13,939	14,764	15,419
Net debt	4,379	5,523	6,156	6,252	6,720
Net debt/EBITDA (x)	1.9	2.1	2.1	2.1	2.4

Relative Valuation Summary

	18P	19P	20P	18P	19P	20P
Minimum	3.7	4.2	4.4	3.6	3.6	3.7
Maximum	19.2	18.2	17.8	9.2	9.3	9.3
Median	13.8	12.7	11.7	6.7	6.8	6.3
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Power (PLN/MWh)	166.0	171.7	166.3	151.1	154.0	157.0	159.1	161.3	163.7	166.1	166.1
Coal (PLN/t)	224.4	223.2	207.4	207.4	207.4	207.4	207.4	207.4	207.4	207.4	207.4
CO2 (EUR/t)	10.0	10.5	11.1	11.6	12.2	12.9	13.6	14.3	15.0	15.0	15.0
Revenue	12,102	12,803	12,666	12,102	12,339	12,659	13,002	13,236	13,482	13,743	13,743
EBITDA	2,943	2,961	2,765	3,068	3,109	3,248	3,380	3,409	3,443	3,488	3,488
EBITDA margin	24.3%	23.1%	21.8%	25.3%	25.2%	25.7%	26.0%	25.8%	25.5%	25.4%	25.4%
EBIT	1,529	1,505	1,286	1,553	1,585	1,656	1,719	1,714	1,709	1,711	1,303
Tax	290	286	244	295	301	315	327	326	325	325	247
CAPEX	-2,430	-2,415	-2,905	-2,950	-2,759	-2,306	-2,078	-2,112	-2,148	-2,186	-2,186
Working capital	-589	-75	231	50	-21	-29	-31	-21	-22	-23	-23
FCF	-367	185	-154	-127	28	599	945	951	948	954	1,032
PV FCF	-350	166	-129	-99	21	415	614	578	540	508	
WACC	6.6%	6.7%	6.7%	6.6%	6.5%	6.5%	6.6%	6.7%	6.9%	7.0%	7.4%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.1
FCF perp. growth rate	2.0%
PV FCF	12,442
Net debt	5,523
Other adjustments	-2,069
Value per share (PLN)	10.99

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	0%	23.70
Relative (DYield)	0%	5.26
DCF	100%	10.99
Cost of equity (9M)		6.7%
9M Target Price		11.78

Energa buy (no change)

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Energa continues to trade lower alongside the whole utility sector even as market conditions improve (rising prices of electricity and green certificates), but the prospect of having to finance government-led energy projects still looms. With its current EV equivalent to just 75% of the value of regulatory distribution assets, this means the market is pricing the PLN 0.5bn annual EBITDA brought in by the other segments at a negative PLN 3.3bn. At only 3.7x 2018-2019E EV/EBITDA, ENG trades significantly below its peers in spite of a safer earnings profile, with 80% of annual EBITDA provided by distribution, and despite its involvement in the increasingly profitable clean energy, and rising prices of electricity. In addition Energa has the most resistance of all to the widely-anticipated failure of Poland's newly-fledged capacity market thanks to its limited exposure to conventional generation, and because if bids at future capacity auctions are too low its "Ostrołęka C" power plant project will be taken off the table. Accordingly, we maintain a bullish view on ENG.

Current Price

10.07 PLN

Upside

9M Target Price

14.91 PLN

+48.1%

	rating	target price	issued
unchanged	buy	14.91 PLN	2018-04-06

Key Metrics			ENG PW	vs. WIG
Ticker	ENG PW	1M Price Chng	-3.5%	-2.4%
ISIN	PLENERG00022	YTD Price Chng	-20.9%	-13.2%
Outst. Stock (m)	414.1	ADTV 1M		PLN 6.3m
MC (PLN m)	4,169.7	ADTV 6M		PLN 10.5m
EV (PLN m)	8,232.9	EV/EBITDA 12M fwd	3.9	-21.4%
Free Float	48.5%	EV/EBITDA 5Y avg	5.0	discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	10,181	10,534	11,270	11,603	11,619
EBITDA	2,027	2,160	2,304	2,349	2,278
EBITDA margin	19.9%	20.5%	20.4%	20.2%	19.6%
EBIT	487	1,210	1,285	1,277	1,212
Net income	151	773	827	816	731
P/E	27.6	5.4	5.0	5.1	5.7
P/B	0.5	0.4	0.4	0.4	0.4
EV/EBITDA	4.4	3.8	3.6	3.6	3.9
DPS	0.49	0.19	0.29	0.30	0.30
DYield	4.9%	1.9%	2.8%	3.0%	3.0%
Revision of Projections (% change)		2018P	2019P	2020P	
EBITDA		0.0%	0.0%	0.0%	
Net income		0.0%	0.0%	0.0%	
Price of electricity (PLN/MWh)		0.0%	0.0%	0.0%	
Price of coal (PLN/t)		0.0%	0.0%	0.0%	
Price of CO2 allowance (EUR/t)		0.0%	0.0%	0.0%	

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
EBITDA (adj.)	2,040	2,091	2,304	2,349	2,278
EBITDA	2,027	2,160	2,304	2,349	2,278
Conv. Gener./CHP	195	229	209	192	113
Renewables	119	169	149	165	165
Distribution	1,720	1,723	1,741	1,784	1,789
Trade	40	85	269	273	277
Other	-48	-46	-64	-65	-66
Financing activity	-282	-208	-227	-233	-276
Power output, TWh	3.9	4.3	4.0	4.0	4.0
Renewables	0.5	0.7	0.6	0.6	0.6
Trade volume, TWh	19.6	20.4	20.7	21.0	21.3
YoY pct. change	17.1%	4.0%	1.5%	1.5%	1.5%
Trade mrgn (PLN/MWh)	4.2	2.0	13.0	13.0	13.0
RAV (PLN bn)	11.5	11.7	12.2	12.6	12.9
RAV return (EBIT)	8.5%	8.2%	7.9%	7.5%	7.3%

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Operating cash flow	1,782	2,182	1,981	2,083	2,077
OCF/EBITDA	88%	101%	86%	89%	91%
CAPEX	1,580	1,280	1,573	1,849	2,202
Working capital	1,608	1,403	1,501	1,545	1,548
Equity	8,777	9,409	10,118	10,809	11,416
Net debt	4,664	4,064	4,014	4,143	4,672
Net debt/EBITDA (x)	2.3	1.9	1.7	1.8	2.1

Relative Valuation Summary

	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	3.7	4.1	4.3	3.7	3.8	3.7
Maximum	19.2	18.2	17.9	9.2	9.3	9.3
Median	13.8	12.7	11.7	6.7	6.8	6.3
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Power (PLN/MWh)	166.0	171.7	166.3	151.1	154.0	157.0	159.1	161.3	163.7	166.1	166.1
Coal (PLN/t)	224.4	223.2	207.4	207.4	207.4	207.4	207.4	207.4	207.4	207.4	207.4
CO2 (EUR/t)	10.0	10.5	11.1	11.6	12.2	12.9	13.6	14.3	15.0	15.0	15.0
Revenue	11,270	11,603	11,619	11,383	11,594	11,867	12,027	12,191	12,359	12,530	12,530
EBITDA	2,304	2,349	2,278	2,270	2,241	2,378	2,534	2,580	2,637	2,698	2,698
EBITDA margin	20.4%	20.2%	19.6%	19.9%	19.3%	20.0%	21.1%	21.2%	21.3%	21.5%	21.5%
EBIT	1,285	1,277	1,212	1,162	1,173	1,244	1,329	1,341	1,360	1,426	1,426
Tax	244	243	230	221	223	236	253	255	258	271	271
CAPEX	-1,573	-1,849	-2,202	-2,261	-2,087	-1,654	-1,485	-1,494	-1,499	-1,502	-1,502
Working capital	-98	-44	-2	31	-28	-36	-21	-22	-22	-23	-23
FCF	389	213	-156	-180	-97	452	775	810	857	903	903
PV FCF	368	188	-128	-138	-69	299	477	464	455	444	
WACC	7.5%	7.5%	7.4%	7.4%	7.3%	7.4%	7.5%	7.7%	7.8%	8.0%	8.0%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.1
FCF perp. growth rate	2.0%
PV FCF	10,078
Net debt	4,064
Other adjustments	-226
Value per share (PLN)	13.98

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	0%	25.05
Relative (DYield)	0%	6.50
DCF	100%	13.98
Cost of equity (9M)		6.7%
9M Target Price		14.91



PGE buy (no change)

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PGE reported higher-than-expected preliminary financials for Q1 2018, with EBITDA at 31% of the FY forecast, but this did not turn sentiment more positive in spite of improving market conditions (higher prices of electricity and coal), with uncertainty as to potential future expenditures still weighing. The state's energy agenda notwithstanding, PGE is expected to generate positive cash flow in the years ahead, and it is set to benefit from rising power prices and low market expectations. We assume a decrease in the clean dark spread for hard coal by PLN 10/MWh in 2019, alongside PLN 13 lower CDS for brown coal, implying potential for 2019 EBITDA exceeding the current consensus by as much as PLN 0.5-0.6bn. Meanwhile, at current estimates, PGE stock is trading at 3.9x EV/EBITDA. We maintain a buy rating for PGE.

Current Price

10.00 PLN

Upside

9M Target Price

12.89 PLN

+28.9%

	rating	target price	issued
unchanged	buy	12.89 PLN	2018-04-06

Key Metrics	PGE PW	1M Price Chng	PGE PW	vs. WIG
Ticker	PGE PW	1M Price Chng	-0.2%	+0.9%
ISIN	PLPGER000010	YTD Price Chng	-17.0%	-9.4%
Outst. Stock (m)	1,869.8	ADTV 1M		PLN 12.7m
MC (PLN m)	18,697.8	ADTV 6M		PLN 23.1m
EV (PLN m)	28,039.3	EV/EBITDA 12M fwd	4.2	-15.5%
Free Float	42.6%	EV/EBITDA 5Y avg	5.0	discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	28,092	23,100	25,696	27,773	28,891
EBITDA	7,376	7,650	7,413	7,249	7,141
EBITDA margin	26.3%	33.1%	28.8%	26.1%	24.7%
EBIT	3,512	3,620	4,035	3,652	3,264
Net income	2,568	2,660	2,978	2,581	2,270
P/E	7.3	7.0	6.3	7.2	8.2
P/B	0.4	0.4	0.4	0.4	0.4
EV/EBITDA	3.2	3.6	3.8	3.9	3.8
DPS	0.25	0.00	0.00	0.00	0.35
DYield	2.5%	0.0%	0.0%	0.0%	3.5%
Revision of Projections (% change)		2018P	2019P	2020P	
EBITDA		0.0%	0.0%	0.0%	
Net income		0.0%	0.0%	0.0%	
Price of electricity (PLN/MWh)		0.0%	0.0%	0.0%	
Price of coal (PLN/t)		0.0%	0.0%	0.0%	
Price of CO2 allowance (EUR/t)		0.0%	0.0%	0.0%	

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
EBITDA (adj.)	6,124	6,481	7,413	7,249	7,141
EBITDA	7,376	7,650	7,413	7,249	7,141
Generation	4,182	4,099	3,843	3,619	3,478
Renewables	365	364	375	399	401
Distribution	2,230	2,333	2,424	2,457	2,484
Trade	500	811	727	731	735
Other	99	43	43	43	43
Financing activity	-238	-330	-298	-405	-403
Power output, TWh	53.7	56.8	67.0	74.1	83.8
Renewables	2.4	2.4	2.3	2.3	2.3
Trade volume, TWh	43.0	40.4	41.0	41.7	42.3
YoY pct. change	10.2%	-5.9%	1.5%	1.5%	1.5%
Trade mrgn (PLN/MWh)	11.6	20.1	17.7	17.5	17.4
RAV (PLN bn)	15.1	15.6	16.3	16.6	16.9
RAV return (EBIT)	7.3%	7.5%	7.8%	7.8%	7.8%

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Operating cash flow	6,391	7,934	7,105	6,390	6,467
OCF/EBITDA	87%	104%	96%	88%	91%
CAPEX	7,935	6,071	7,446	5,844	4,251
Working capital	3,325	3,388	2,986	3,227	3,357
Equity	42,679	45,188	48,166	50,747	52,371
Net debt	5,045	7,487	8,127	7,985	6,817
Net debt/EBITDA (x)	0.7	1.0	1.1	1.1	1.0

Relative Valuation Summary

	18P	19P	20P	18P	19P	20P
Minimum	3.7	4.2	4.4	3.6	3.6	3.9
Maximum	19.2	18.2	17.8	9.2	9.3	9.3
Median	13.8	12.7	11.7	6.7	6.8	6.3
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Power (PLN/MWh)	166.0	171.7	166.3	151.1	154.0	157.0	159.1	161.3	163.7	166.1	166.1
Coal (PLN/t)	224.4	223.2	207.4	207.4	207.4	207.4	207.4	207.4	207.4	207.4	207.4
CO2 (EUR/t)	10.0	10.5	11.1	11.6	12.2	12.9	13.6	14.3	15.0	15.0	15.0
Revenue	25,696	27,773	28,891	26,801	27,395	28,018	28,525	29,059	29,615	30,199	30,199
EBITDA	7,413	7,249	7,141	7,389	7,401	7,403	7,370	7,342	7,388	7,440	7,440
EBITDA margin	28.8%	26.1%	24.7%	27.6%	27.0%	26.4%	25.8%	25.3%	24.9%	24.6%	24.6%
EBIT	4,035	3,652	3,264	3,480	3,452	3,368	3,221	3,056	2,944	3,019	3,259
Tax	767	694	620	661	656	640	612	581	559	574	619
CAPEX	-7,446	-5,844	-4,251	-4,091	-4,038	-3,941	-3,997	-4,056	-4,117	-4,180	-4,180
Working capital	402	-241	-130	243	-69	-72	-59	-62	-65	-68	-68
FCF	-398	470	2,140	2,879	2,638	2,750	2,702	2,643	2,647	2,618	2,572
PV FCF	-376	410	1,723	2,136	1,805	1,734	1,571	1,417	1,308	1,193	
WACC	8.1%	8.2%	8.3%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	7.9%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.1
FCF perp. growth rate	2.0%
PV FCF	32,692
Net debt	7,487
Other adjustments	-2,604
Value per share (PLN)	12.09

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	0%	18.68
Relative (DYield)	0%	2.69
DCF	100%	12.09
Cost of equity (9M)		6.7%
9M Target Price		12.89

Tauron hold (no change)

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Tauron delivered better-than-expected financials for Q1 2018, but it might not repeat this in subsequent quarters as rival capacity comes back from maintenance, and while spot prices remain high. In spite of the pullback of the last several months, to us TPE is still no more than a 'hold,' trading at a premium to the 2018-19E EV/EBITDA ratios of peers (4.5x vs. 4.0x) who face less near-term risk. As a high-emissions operation with hardly any spare free carbon credits, the Generator stands to be affected more than most by an upward shift in the prices of emission allowances. The disappointing results of the coal mining business make us more cautious when predicting future earnings. We also do not agree with those who think Tauron will be spared involvement in the nuclear project because of its high debt; by the time the designated project leads have to start putting out real cash around 2025, Tauron's net debt/EBITDA ratio will have dropped.

Current Price

2.25 PLN

Upside

9M Target Price

2.73 PLN

+21.3%

	rating	target price	issued
unchanged	hold	2.73 PLN	2018-04-06

Key Metrics			TPE PW	vs. WIG
Ticker	TPE PW	1M Price Chng	-7.0%	-5.9%
ISIN	PLTAURN00011	YTD Price Chng	-26.2%	-18.6%
Outst. Stock (m)	1,752.5	ADTV 1M		PLN 11.8m
MC (PLN m)	3,943.2	ADTV 6M		PLN 10.2m
EV (PLN m)	14,516.7	EV/EBITDA 12M fwd	4.4	-10.8%
Free Float	59.6%	EV/EBITDA 5Y avg	4.9	discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	17,646	17,416	17,903	18,463	18,669
EBITDA	3,337	3,545	3,383	3,421	3,570
EBITDA margin	18.9%	20.4%	18.9%	18.5%	19.1%
EBIT	802	1,806	1,654	1,584	1,569
Net income	367	1,381	1,156	1,032	987
P/E	10.7	2.9	3.4	3.8	4.0
P/B	0.2	0.2	0.2	0.2	0.2
EV/EBITDA	3.8	3.6	4.3	4.6	4.3
DPS	0.00	0.00	0.00	0.00	0.00
DYield	0.0%	0.0%	0.0%	0.0%	0.0%
Revision of Projections (% change)		2018P	2019P	2020P	
EBITDA		0.0%	0.0%	0.0%	
Net income		0.0%	0.0%	0.0%	
Price of electricity (PLN/MWh)		0.0%	0.0%	0.0%	
Price of coal (PLN/t)		0.0%	0.0%	0.0%	
Price of CO2 allowance (EUR/t)		0.0%	0.0%	0.0%	

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
EBITDA (adj.)	3,374	3,508	3,383	3,421	3,570
EBITDA	3,337	3,545	3,383	3,421	3,570
Generation	545	464	217	162	315
Mining	-82	-83	139	128	78
Distribution	2,395	2,283	2,429	2,544	2,580
Trade	490	841	567	558	566
Other	-9	40	30	30	31
Financing activity	-293	-49	-185	-273	-314
Power output, TWh	16.8	18.4	16.0	16.2	19.2
Renewables	1.3	1.3	1.2	1.2	1.2
Trade volume, TWh	32.0	34.9	35.5	36.0	36.5
YoY pct. change	-10.9%	9.1%	1.5%	1.5%	1.5%
Trade mrgn (PLN/MWh)	17.3	18.3	16.0	15.5	15.5
RAV (PLN bn)	15.4	16.1	16.9	17.3	17.5
RAV return (EBIT)	8.9%	7.5%	7.9%	8.1%	8.1%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Power (PLN/MWh)	166.0	171.7	166.3	151.1	154.0	157.0	159.1	161.3	163.7	166.1	166.1
Coal (PLN/t)	224.4	223.2	207.4	207.4	207.4	207.4	207.4	207.4	207.4	207.4	207.4
CO2 (EUR/t)	10.0	10.5	11.1	11.6	12.2	12.9	13.6	14.3	15.0	15.0	15.0
Revenue	17,903	18,463	18,669	18,271	18,617	18,992	19,337	19,703	20,062	20,435	20,435
EBITDA	3,383	3,421	3,570	3,826	3,861	3,936	3,995	4,077	4,159	4,227	4,227
EBITDA margin	18.9%	18.5%	19.1%	20.9%	20.7%	20.7%	20.7%	20.7%	20.7%	20.7%	20.7%
EBIT	1,654	1,584	1,569	1,756	1,798	1,827	1,834	1,858	1,878	1,874	1,455
Tax	314	301	298	334	342	347	349	353	357	356	276
CAPEX	-4,397	-4,010	-2,649	-2,706	-2,675	-2,698	-2,707	-2,733	-2,733	-2,773	-2,773
Working capital	-14	-16	-6	11	-10	-10	-10	-10	-10	-10	-10
FCF	-1,342	-906	618	797	835	881	930	981	1,059	1,088	1,168
PV FCF	-1,284	-819	527	639	628	621	612	602	606	580	
WACC	6.0%	5.9%	6.1%	6.3%	6.5%	6.8%	7.0%	7.2%	7.4%	7.4%	7.4%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Operating cash flow	3,064	3,559	3,056	3,126	3,297
OCF/EBITDA	92%	100%	90%	91%	92%
CAPEX	3,647	3,562	4,397	4,010	2,649
Working capital	517	489	502	518	523
Equity	16,649	18,036	19,120	20,078	20,993
Net debt	8,595	8,944	10,544	11,774	11,513
Net debt/EBITDA (x)	2.6	2.5	3.1	3.4	3.2

Relative Valuation Summary

	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	4.2	4.4	5.4	3.6	3.6	3.7
Maximum	19.2	18.2	17.8	9.2	9.3	9.3
Median	13.8	12.7	11.7	6.7	6.8	6.3
Weight	17%	17%	17%	17%	17%	17%

DCF Summary

(PLN m)	
Beta	1.1
FCF perp. growth rate	2.0%
PV FCF	14,244
Net debt	8,944
Other adjustments	-808
Value per share (PLN)	2.56

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	0%	6.71
Relative (DYield)	0%	0.00
DCF	100%	2.56
Cost of equity (9M)		6.7%
9M Target Price		2.73

TMT

Netia

sell (no change)

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Netia generated 5% higher-than-expected 2018 Q1 EBITDA, owing mainly to lower costs, but we stand by our FY estimates for now, and we maintain a sell call on the stock with the downside risk to our target currently at 18.1%. The listed media and telecom group Cyfrowy Polsat purchased a 32% stake in Netia last December, and it plans to increase ownership to 66% in the future via a tender offer, subject to the approval of anti-trust authorities. How much, if at all, Cyfrowy will offer for the 34% stake remains to be seen. Cyfrowy says it will not be seeking dividends from Netia after the planned takeover, and our guess is that Netia will allocate all future free cash flow to upgrading its network infrastructure. We expect FCFE to be negative in 2018-2020. In addition, Cyfrowy may want to speed up the network upgrades as it works to keep up with competition, especially with T-Mobile Poland, currently in talks to lease access to the fiber optic network of Orange Polska.

Current Price

5.25 PLN

Downside

9M Target Price

4.30 PLN

-18.1%

	rating	target price	issued
unchanged	sell	4.30 PLN	2018-04-06

Key Metrics			NET PW	vs. WIG
Ticker	NET PW	1M Price Chng	+1.0%	+2.1%
ISIN	PLNETIA00014	YTD Price Chng	-2.4%	+5.2%
Outst. Stock (m)	337.0	ADTV 1M		PLN 0.1m
MC (PLN m)	1,769.5	ADTV 6M		PLN 0.7m
EV (PLN m)	2,156.8	EV/EBITDA 12M fwd	6.1	+31.8%
Free Float	100.0%	EV/EBITDA 5Y avg	4.7	premium

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	1,522	1,442	1,393	1,371	1,367
EBITDA	426	384	355	346	353
EBITDA margin	28.0%	26.6%	25.5%	25.2%	25.8%
EBIT	25	72	60	57	67
Net income	33	36	37	31	35
P/E	54.4	49.8	47.8	57.7	50.5
P/B	0.9	1.0	1.0	1.0	0.9
EV/EBITDA	4.6	5.4	6.1	6.4	6.5
DPS	0.39	0.38	0.00	0.00	0.00
DYield	7.5%	7.2%	0.0%	0.0%	0.0%

Revision of Projections (% change)		2018P	2019P	2020P
Revenue		0.0%	0.0%	0.0%
EBITDA		0.0%	0.0%	0.0%
EBIT		0.0%	0.0%	0.0%
Net income		0.0%	0.0%	0.0%
CAPEX		0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Voice subs (1,000)	1,140	1,014	988	951	931
On-Netw. Voice ARPU (PLN)	28.4	26.5	25.9	25.4	24.9
WLR+LLU Voice ARPU (PLN)	39.9	39.0	38.3	37.9	37.5
Broadband subs (1,000)	697	640	642	633	659
Broadband ARPU (PLN)	56.3	56.0	56.6	57.7	58.9
Revenue	1,522	1,442	1,393	1,371	1,367
Direct Voice	471	405	362	333	316
Data	659	616	616	613	621
Interop & Wholesale	209	234	228	234	237
Other	183	188	187	191	194
Selling expenses	294	275	284	285	288
G&A expenses	149	148	144	145	147
EBIT	25	72	60	57	67
margin	1.7%	5.0%	4.3%	4.2%	4.9%
Net income	32.6	35.5	37.0	30.7	35.1

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Operating cash flow	442	346	317	340	348
OCF/EBITDA	104%	90%	89%	98%	99%
CAPEX	-209	-268	-385	-382	-381
Assets	2,450	2,401	2,552	2,696	2,906
Equity	1,896	1,778	1,816	1,847	1,882
Net debt	204	285	387	450	510
Net debt/EBITDA (x)	0.5	0.7	1.1	1.3	1.4

Relative Valuation Summary

	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	52.8	48.0	52.8	9.6	9.6	8.8
Maximum	8.3	7.9	7.5	3.7	3.6	3.4
Median	13.3	12.9	11.3	5.7	5.5	5.3
Weight	13%	23%	15%	13%	23%	15%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Revenue	1,393	1,371	1,367	1,383	1,411	1,445	1,483	1,529	1,581	1,597	1,597
EBITDA	355	346	353	366	374	382	392	406	423	427	427
EBITDA margin	25.5%	25.2%	25.8%	26.5%	26.5%	26.4%	26.4%	26.5%	26.7%	26.7%	26.7%
D&A	295	289	286	288	293	298	304	312	287	290	290
EBIT	60	57	67	78	81	84	87	93	136	137	137
Tax	11	11	13	15	15	16	17	18	26	26	26
NOPLAT	49	46	54	63	66	68	71	76	110	111	111
CAPEX	-385	-382	-381	-190	-194	-198	-204	-210	-217	-219	-219
Working capital	-30	-1	0	0	0	1	1	1	-5	0	0
FCF	-71	-47	-41	162	165	168	172	179	175	182	182
PV FCF	-68	-42	-34	124	117	111	106	102	92	89	
WACC	7.4%	7.3%	7.2%	7.5%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%
Net debt / EV	17.8%	20.2%	22.3%	17.3%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	0.0%
PV FCF	1,752
Net debt	285
Other adjustments	0
Value per share (PLN)	4.35

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	3.75
DCF	50%	4.35
Implied Price		4.05
Cost of equity (9M)		6.2%
9M Target Price		4.30

Orange Polska buy (no change)

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Orange Polska generated a negative return of 10% in the past month, and we consider this an undeserved pullback given that the Telecom delivered 2018 Q1 results in line with expectations, reporting stable EBITDA, fast-paced FTTH customer additions, and a 38% rebound in revenue from convergent services. Orange also reiterated its 2018 guidance after Q1. Accordingly, we maintain a buy rating for OPL, which remains a top telco pick. Orange is forging ahead with the cost-cutting plan announced last September, as evidenced by reduced selling expenses reported in Q3 and Q4 2017, and the 2,700 FTE eliminations planned in 2018-2019 under a recent agreement with labor unions. OPL stock is currently trading at a double-digit discount to CEE telecoms at 4.5x 2017 EV/EBITDA, in part justified by its current high capital expenditures, but at the current level the discount is too large given expected 2017-2020 EBITDA growth of 12.8% compared to a CAGR of 5.8% forecast for the CEE peers. The price that Orange's mobile rival Cyfrowy Polsat offered for a 32% stake in the fixed-line operator Netia, representing an enterprise value of PLN 2.5bn, can serve as a value benchmark for Orange's fixed-line business. Orange is currently in negotiations to lease wholesale access to its fiber infrastructure to T-Mobile Poland, and per our calculations the implied net present value of the future rental revenues would cover more than one-third of the planned network CAPEX.

Current Price

5.33 PLN

Upside

9M Target Price

7.60 PLN

+42.6%

	rating	target price	issued
unchanged	buy	7.60 PLN	2018-04-06

Key Metrics			OPL PW	vs. WIG
Ticker	OPL PW	1M Price Chng	-8.3%	-7.1%
ISIN	PLTLKPL00017	YTD Price Chng	-7.9%	-0.3%
Outst. Stock (m)	1,312.0	ADTV 1M		PLN 8.4m
MC (PLN m)	6,993.0	ADTV 6M		PLN 11.2m
EV (PLN m)	13,859.9	EV/EBITDA 12M fwd	4.4	-4.0%
Free Float	49.3%	EV/EBITDA 5Y avg	4.6	discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	11,538	11,381	11,297	11,359	11,530
EBITDA adj.	3,163	2,807	3,069	3,217	3,384
EBITDA margin	27.4%	24.7%	27.2%	28.3%	29.3%
EBIT	-1,354	229	647	921	1,199
Net income	-1,746	-60	299	545	791
P/E	-	-	23.3	12.8	8.8
P/B	0.7	0.7	0.7	0.6	0.6
EV/EBITDA	4.4	4.8	4.5	4.1	3.7
DPS	0.25	0.00	0.00	0.00	0.25
DYield	4.7%	0.0%	0.0%	0.0%	4.7%
Revision of Projections (% change)		2018P	2019P	2020P	
Revenue		0.0%	0.0%	0.0%	
EBITDA		0.0%	0.0%	0.0%	
EBIT		0.0%	0.0%	0.0%	
Net income		0.0%	0.0%	0.0%	
CAPEX		0.0%	0.0%	0.0%	

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Broadband lines (1,000)	2,206	2,438	2,741	3,120	3,511
Voice lines (1,000)	3,932	3,684	3,157	2,725	2,286
Revenue	11,538	11,381	11,297	11,359	11,530
Mobile	6,324	6,141	6,093	6,105	6,136
Fixed Line	4,720	4,571	4,556	4,606	4,733
Other	494	669	648	648	661
Costs	8,445	8,655	8,337	8,237	8,220
Payroll	1,636	1,690	1,581	1,473	1,437
Services	6,432	6,416	6,412	6,439	6,467
Other rev & exp	377	341	344	325	317
Severance benefits	0	208	0	0	0
Asset sales	70	81	110	95	80
EBITDA	3,163	2,807	3,069	3,217	3,390
margin	27.4%	24.7%	27.2%	28.3%	29.4%
Net income	-1,746	-60	299	545	791

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Operating cash flow	2,549	2,064	1,896	2,672	2,858
OCF/EBITDA	81%	74%	62%	83%	84%
CAPEX	-5,604	-1,643	-2,222	-2,166	-2,052
Assets	22,588	22,933	22,181	22,667	23,062
Equity	10,007	9,936	10,294	10,838	11,301
Net debt	6,932	6,436	6,865	6,169	5,530
Net debt/EBITDA (x)	2.2	2.3	2.2	1.9	1.6

Relative Valuation Summary

	EV / EBITDA			DYield - RFR		
	18P	19P	20P	18P	19P	20P
Minimum	9.6	9.6	8.8	5.6%	7.4%	9.2%
Maximum	3.7	3.6	3.4	-7.6%	-7.0%	-2.3%
Median	5.7	5.5	5.3	2.0%	2.2%	1.2%
Weight	33%	33%	33%	0%	0%	0%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Revenue	11,297	11,359	11,530	11,672	11,826	11,928	12,012	12,079	12,132	12,173	12,173
EBITDA	3,069	3,217	3,390	3,462	3,508	3,546	3,563	3,563	3,574	3,587	3,587
EBITDA margin	27.2%	28.3%	29.4%	29.7%	29.7%	29.7%	29.7%	29.5%	29.5%	29.5%	29.5%
D&A	2,416	2,290	2,185	2,099	2,031	1,979	1,944	1,923	1,917	1,899	1,899
EBIT	647	921	1,199	1,358	1,471	1,560	1,613	1,634	1,651	1,681	1,681
Tax	123	175	228	258	280	296	306	310	314	319	319
NOPLAT	524	746	971	1,100	1,192	1,264	1,307	1,323	1,337	1,362	1,362
CAPEX	-2,112	-2,071	-1,972	-2,248	-2,200	-1,762	-1,785	-1,827	-1,869	-1,899	-1,899
Working capital	-819	-162	-117	-94	-84	-92	-95	-96	-98	-99	-99
FCF	9	803	1,068	857	938	1,389	1,371	1,323	1,288	1,263	1,263
PV FCF	8	718	897	677	696	968	897	812	742	682	
WACC	6.2%	6.3%	6.4%	6.5%	6.4%	6.5%	6.5%	6.6%	6.6%	6.6%	6.6%
Net debt / EV	49.0%	46.4%	43.7%	43.3%	44.1%	42.9%	41.9%	41.0%	40.3%	39.7%	39.7%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	0.0%
PV FCF	17,393
Net debt	6,436
Other adjustments	2
Value per share (PLN)	8.35

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	5.94
DCF Val.	50%	8.35
Implied Price		7.14
Cost of equity (9M)		6.4%
9M Target Price		7.60



Play hold (no change)

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Play's stock fell another 4% after going ex-dividend even as the 2018E EV/EBITDA multiple decreased below 5.9x, led probably by expectations of weak 2018 first-quarter results, with EBITDA set to show year-over-year contraction for the first time since the July 2017 IPO. There is a limit to how long a market leader like Play can keep delivering earnings growth, especially given that it does not have a fixed-line business, and hence is unable to offer convergence to its customers. With all 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 - a strategic risk which in our view is not priced into its current valuation. We maintain a hold rating for PLY.

Current Price

29.14 PLN

Upside

9M Target Price

30.93 PLN

+6.1%

	rating	target price	issued
unchanged	hold	30.93 PLN	2018-04-06

Key Metrics			PLY PW	vs. WIG
Ticker	PLY PW	1M Price Chng	-1.1%	+0.1%
ISIN	LU1642887738	YTD Price Chng	-6.7%	+0.9%
Outst. Stock (m)	253.7	ADTV 1M		PLN 7.2m
MC (PLN m)	7,392.8	ADTV 6M		PLN 16.7m
EV (PLN m)	13,923.5	EV/EBITDA 12M fwd	5.8	-9.5%
Free Float	49.4%	EV/EBITDA 5Y avg	6.4	discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	6,118	6,670	7,061	7,341	7,546
EBITDA	1,924	1,904	2,351	2,272	2,481
EBITDA margin	31.5%	28.5%	33.3%	31.0%	32.9%
EBIT	1,290	1,107	1,536	1,423	1,577
Net income	712	387	919	957	991
P/E	10.4	19.1	8.0	7.7	7.5
P/B	5.5	-	66.6	17.7	9.7
EV/EBITDA	6.5	7.4	5.9	6.1	5.5
DPS	0.00	0.00	2.56	2.56	2.56
DYield	0.0%	0.0%	8.8%	8.8%	8.8%
Revision of Projections (% change)		2018P	2019P	2020P	
Revenue		0.0%	0.0%	0.0%	
EBITDA		0.0%	0.0%	0.0%	
EBIT		0.0%	0.0%	0.0%	
Net income		0.0%	0.0%	0.0%	
CAPEX		0.0%	0.0%	0.0%	

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Active subscribers (000s)	12,011	12,394	12,965	13,245	13,441
ARPU (PLN)	31.4	32.0	32.8	33.3	33.7
Revenue	6,118	6,670	7,061	7,341	7,546
Service revenue	4,493	4,878	5,192	5,412	5,569
Sales of goods and other	1,625	1,792	1,869	1,929	1,977
Costs	4,193	4,766	4,710	4,911	5,065
Interconnection	1,496	1,730	1,860	1,933	1,949
Contract costs	399	429	443	456	472
Cost of goods sold	1,366	1,410	1,484	1,551	1,629
Employee benefits	228	526	277	284	290
External services	567	606	563	599	634
Other	138	65	82	89	91
EBITDA (adj.)	2,035	2,298	2,381	2,460	2,511
margin	33.3%	34.5%	33.7%	33.5%	33.3%
Net income	712	387	919	957	991

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Operating cash flow	1,588	1,389	1,955	2,098	2,174
OCF/EBITDA adj.	78%	60%	82%	85%	87%
CAPEX	-2,316	-625	-690	-767	-829
Assets	8,747	8,831	8,543	8,712	8,902
Equity	1,343	-213	111	418	760
Net debt	5,111	6,791	6,531	6,372	6,190
Net debt/EBITDA (x)	2.5	3.0	2.7	2.6	2.5

Relative Valuation Summary

Relative Valuation Summary						
	P/E			DYield - RFR		
	18P	19P	20P	18P	19P	20P
Minimum	8.3	7.9	7.5	368.8%	357.1%	344.9%
Maximum	52.8	48.0	52.8	957.0%	963.2%	879.4%
Median	13.3	12.9	11.3	569.7%	553.4%	529.3%
Weight	33%	33%	33%	0%	0%	0%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Revenue	7,061	7,341	7,546	7,687	7,801	7,877	7,944	8,004	8,055	8,101	8,101
EBITDA	2,351	2,272	2,481	2,510	2,534	2,574	2,585	2,594	2,600	2,604	2,604
EBITDA margin	35.3%	32.2%	33.8%	33.3%	33.0%	33.0%	32.8%	32.7%	32.5%	32.3%	32.3%
D&A	815	850	904	940	1,028	963	957	929	877	834	834
EBIT	1,536	1,423	1,577	1,570	1,506	1,611	1,628	1,665	1,723	1,769	1,769
Tax	292	270	300	298	286	306	309	316	327	336	336
NOPLAT	1,244	1,152	1,277	1,272	1,220	1,305	1,318	1,349	1,396	1,433	1,433
CAPEX	-690	-767	-829	-1,697	-624	-1,096	-928	-640	-644	-646	-646
Work. cap. + other	-337	-294	-297	-322	-317	-308	-308	-307	-306	-305	-305
FCF	1,033	941	1,055	192	1,307	864	1,039	1,331	1,323	1,317	1,317
PV FCF	985	835	871	148	935	575	644	766	707	653	
WACC	7.4%	7.5%	7.5%	7.4%	7.5%	7.5%	7.5%	7.6%	7.7%	7.8%	7.8%
Net debt / EV	43.7%	43.1%	42.4%	44.8%	43.3%	43.1%	42.4%	40.7%	39.1%	37.5%	37.5%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.3
FCF perp. growth rate	0.0%
PV FCF	15,589
Net debt	6,791
Other adjustments	0
Value per share (PLN)	34.68

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	27.82
DCF Val.	50%	34.68
Implied Price		31.22
Cost of equity (9M)		7.3%
9M Target Price*		30.93

Agora buy (no change)

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We maintain a positive view on Agora, which at 5.0x EV/EBITDA shows a huge, 35% discount to peers. In our assessment, Agora's cinema business alone is worth at least PLN 12.1 per share, which would be equivalent to >80% of its current value as a whole. The 2018E and 2019E EV/EBITDA ratios of comparable cinema operators, with less robust growth prospects (assuming 7.3% growth in 2018 EBITDA), are 8.3x and 7.7x, respectively. We feel the market is underestimating Agora's diversified business model, organized around a range of media formats and a cinema chain. We also think the Company deserves more credit for its portfolio of capabilities and capacities and a rich track record. Agora's earnings potential stems from a large asset base (real estate + cinemas). The Company has a healthy balance sheet with a net cash position. Even assuming it steps up M&A activity, we believe Agora will maintain a capacity to pay dividends of at least PLN 0.50 per share in the coming years. A yearly FCFE of a projected PLN 55m over the next five years implies a high FCFE Yield of 7%. Agora is due to release an updated business strategy soon, and our expectation is that it wants to use M&A activity to expand in Poland and abroad, focus on strengthening its presence in online media and e-commerce, divest itself of non-performing non-core operations and properties, and continue to rein in costs.

Current Price

14.50 PLN

Upside

9M Target Price

18.40 PLN

+26.9%

	rating	target price	issued
unchanged	buy	18.40 PLN	2018-04-06

Key Metrics			AGO PW	vs. WIG
Ticker	AGO PW	1M Price Chng	+2.8%	+4.0%
ISIN	PLAGORA00067	YTD Price Chng	+0.4%	+8.1%
Outst. Stock (m)	46.6	ADTV 1M		PLN 0.5m
MC (PLN m)	675.4	ADTV 6M		PLN 0.8m
EV (PLN m)	646.1	EV/EBITDA 12M fwd	5.2	-0.9%
Free Float	62.0%	EV/EBITDA 5Y avg	5.3	discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	1,198	1,165	1,191	1,227	1,252
EBITDA	115	30	130	121	122
EBITDA margin	9.6%	2.6%	10.9%	9.9%	9.8%
EBIT	17	-73	39	34	40
Net income	-17	-84	25	23	28
P/E	-	-	27.5	29.9	24.4
P/B	0.6	0.7	0.7	0.7	0.7
EV/EBITDA	6.2	23.3	5.0	5.2	5.1
DPS	0.75	0.46	0.50	0.75	1.00
DYield	5.2%	3.2%	3.4%	5.2%	6.9%
Revision of Projections (% change)		2018P	2019P	2020P	
Revenue		0.0%	0.0%	0.0%	
EBITDA		0.0%	0.0%	0.0%	
EBIT		0.0%	0.0%	0.0%	
Net income		0.0%	0.0%	0.0%	
CAPEX		0.0%	0.0%	0.0%	

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Daily circulaton (k copies)	161	124	112	108	107
Movie ticket sales (mn)	10.8	12.2	13.2	13.9	14.1
Avg. ticket price (PLN)	18.1	18.4	19.0	19.3	19.7
Conc. rev./patron (PLN)	6.7	6.8	6.9	7.0	7.2
Revenue	1,198	1,165	1,191	1,227	1,252
Press	268	236	231	230	231
Movies & Books	364	416	454	483	497
Outdoor	168	163	164	168	172
Internet	168	169	165	167	171
Radio	113	114	123	126	130
Print	156	102	89	88	87
Eliminations	-38	-34	-34	-35	-35
EBITDA	115	30	130	121	122
margin	9.6%	2.6%	10.9%	9.9%	9.8%
Net income	-16.6	-83.5	24.5	22.6	27.7

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Operating cash flow	97	77	117	111	112
OCF/EBITDA	84%	76%	90%	92%	92%
CAPEX	-89	-70	-68	-52	-59
Assets	1,569	1,396	1,420	1,400	1,377
Equity	1,097	996	1,021	1,009	990
Net debt	15	4	-54	-79	-86
Net debt/EBITDA (x)	0.1	0.0	-0.4	-0.7	-0.7

Relative Valuation Summary

Relative Valuation Summary						
	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	24.5	21.7	19.0	14.9	12.3	11.2
Maximum	11.7	8.0	9.2	5.7	4.6	4.3
Median	15.5	14.3	12.3	7.8	7.4	7.1
Weight	0%	0%	0%	33%	33%	33%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Revenue	1,191	1,227	1,252	1,285	1,314	1,340	1,367	1,395	1,424	1,453	1,482
EBITDA	130	121	122	126	129	131	134	136	139	142	145
EBITDA margin	10.9%	9.9%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.7%	9.8%	10.0%
D&A	91	87	83	78	75	71	68	64	63	64	65
EBIT	39	34	40	47	54	60	66	72	76	78	80
Tax	7	7	8	9	10	11	13	14	14	15	15
NOPLAT	31	28	32	38	44	49	54	58	62	64	65
CAPEX	-68	-52	-59	-61	-57	-58	-60	-61	-63	-64	-65
Working capital	-3	-3	-3	-3	-3	-3	-3	-3	-3	-4	-4
FCF	52	60	53	53	59	58	58	58	58	60	61
PV FCF	49	52	42	39	40	37	33	31	28	27	
WACC	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	
Net debt / EV	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
PV FCF	806
Net debt	4
Other adjustments	47
Value per share (PLN)	17.36

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	17.23
DCF Val.	50%	17.36
Implied Price		17.29
Cost of equity (9M)		6.4%
9M Target Price		18.40



Cyfrowy Polsat hold (no change)

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Cyfrowy is expected to post 3% y/y contraction in comparable 2018 Q1 EBITDA, with lower retail revenue offset by higher TV advertising revenues, reinforced by the channels purchased last December. We maintain a hold rating for CPS, currently trading at a discount to the peer group at 7.1x 2017 EV/EBITDA. Cyfrowy is expected to post 2.1% EBITDA contraction in 2018 compared to 2.1% growth forecast for comparable companies, and what is more its dividend yield this year at 1.5% is outclassed by a peer average of 4.9%. The extended wait time for regulatory clearance to acquire Netia means Cyfrowy has to hold the launch of its own offer of convergent services as a challenge to its main rival, Orange Polska. Our base-case scenario assumes Cyfrowy will be able to make a tender offer on Netia shares in a matter of weeks.

Current Price

26.22 PLN

Downside

9M Target Price

25.30 PLN

-3.5%

	rating	target price	issued
unchanged	hold	25.30 PLN	2018-04-06

Key Metrics			CPS PW	vs. WIG
Ticker	CPS PW	1M Price Chng	+6.8%	+7.9%
ISIN	PLCFRPT00013	YTD Price Chng	+5.5%	+13.1%
Outst. Stock (m)	639.5	ADTV 1M		PLN 9.2m
MC (PLN m)	16,768.8	ADTV 6M		PLN 11.8m
EV (PLN m)	27,879.2	EV/EBITDA 12M fwd	7.0	-2.7%
Free Float	33.5%	EV/EBITDA 5Y avg	7.2	discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	9,730	9,829	11,502	11,626	11,761
EBITDA	3,641	3,617	3,920	4,024	4,083
EBITDA margin	37.4%	36.8%	34.1%	34.6%	34.7%
EBIT	1,669	1,834	1,960	2,175	2,335
Net income	1,041	981	1,250	1,464	1,607
P/E	16.1	17.1	13.4	11.5	10.4
P/B	1.5	1.4	1.3	1.2	1.1
EV/EBITDA	8.0	7.6	7.1	6.6	6.1
DPS	0.00	0.32	0.36	0.48	0.57
DYield	0.0%	1.2%	1.4%	1.8%	2.2%
Revision of Projections (% change)			2018P	2019P	2020P
Revenue			0.0%	0.0%	0.0%
EBITDA			0.0%	0.0%	0.0%
EBIT			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
CAPEX			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	9,730	9,829	10,110	10,255	10,394
Retail	6,325	6,068	6,145	6,184	6,243
Wholesale	2,466	2,539	2,532	2,585	2,625
Devices	851	1,055	1,137	1,182	1,212
Other	88	167	295	304	313
Costs	7,868	8,016	8,200	8,137	8,136
Content costs	1,066	1,154	1,190	1,244	1,284
Distrib. & marketing	803	894	922	936	948
D&A	1,699	1,783	1,665	1,561	1,462
Interop. billing	2,141	2,014	2,050	1,987	2,002
Payroll	550	553	576	596	617
Devices	1,333	1,324	1,354	1,366	1,368
Collections & charges	63	67	75	77	78
Other costs	214	227	367	372	377
Net income	1,041	981	1,213	1,444	1,584

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Operating cash flow	2,885	3,126	3,021	3,122	3,166
OCF/EBITDA	78%	86%	85%	85%	85%
CAPEX	-590	-739	-1,030	-1,043	-1,055
Assets	27,729	27,756	26,834	26,261	26,333
Equity	11,230	12,074	13,277	14,517	15,735
Net debt	11,140	10,508	8,465	6,926	5,494
Net debt/EBITDA (x)	2.9	2.9	2.4	1.9	1.5

Relative Valuation Summary

	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	8.3	8.1	7.9	4.1	4.4	4.0
Maximum	55.2	48.0	52.8	13.1	14.2	15.8
Median	6.5	6.2	5.9	15.9	15.2	12.9
Weight	33%	33%	33%	0%	0%	0%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Revenue	11,502	11,626	11,761	11,907	12,073	12,252	12,441	12,643	12,855	13,079	13,079
EBITDA	3,920	4,024	4,083	4,144	4,198	4,255	4,308	4,365	4,427	4,495	4,495
EBITDA margin	34.1%	34.6%	34.7%	34.8%	34.8%	34.7%	34.6%	34.5%	34.4%	34.4%	34.4%
D&A	1,960	1,849	1,749	1,658	1,576	1,518	1,487	1,472	1,435	1,503	1,503
EBIT	1,960	2,175	2,335	2,486	2,621	2,738	2,820	2,894	2,993	2,992	2,992
Tax	372	413	444	472	498	520	536	550	569	568	568
NOPLAT	1,588	1,762	1,891	2,013	2,123	2,218	2,284	2,344	2,424	2,423	2,423
CAPEX	-1,415	-1,425	-1,437	-1,918	-1,395	-3,068	-1,434	-1,875	-1,999	-1,503	-1,503
Working capital	-290	-218	-193	-181	-171	-172	-172	-173	-192	-200	-200
FCF	1,843	1,968	2,010	1,572	2,134	495	2,166	1,767	1,668	2,223	2,223
PV FCF	1,734	1,735	1,658	1,211	1,533	332	1,355	1,029	904	1,118	
WACC	6.9%	6.7%	6.9%	7.0%	7.2%	7.1%	7.3%	7.4%	7.5%	7.7%	7.7%
Net debt / EV	41.5%	37.8%	33.9%	31.1%	27.5%	29.7%	26.1%	23.8%	21.8%	17.2%	17.2%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	0.0%
PV FCF	27,084
Net debt	10,793
Other adjustments	833
Value per share (PLN)	24.17

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	23.39
DCF Val.	50%	24.17
Implied Price		23.78
Cost of equity (9M)		6.4%
9M Target Price		25.30

Wirtualna Polska accumulate (no change)

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We maintain a positive view on Wirtualna Polska, whose shares have risen 26% since November 2017, outperforming the broad market benchmark by more than 32%, but they still show upside potential in our view. Wirtualna's outlook for 2018 is supported by an expected rebound of 8.1% in Polish online adspend, fueled among others by the February Winter Olympics in Pyeongchang, and the 2018 FIFA World Cup in Russia coming in June. By improving the viewability rates on its sites, Wirtualna has positioned itself for stronger profit growth in 2018, with the adjusted EBITDA expected to post a 13.2% rebound from the slower 2017 at a projected PLN 171m (after a 21.5% surge in the first quarter). Further, by building majority stakes in its e-commerce subsidiaries, most notably the digital fashion platform Domodi, Wirtualna minimizes the risk of adjustments to its fastest-growing business. Last but not least, with free cash flow close to PLN 80m (FCF Yield >5%), coupled with relatively low leverage (with 2018 FY year-end debt expected to be PLN 216m, an equivalent of 1.27x EBITDA), the Company can continue its M&A activity in e-commerce without having to raise capital. Finally, note that WPL has recently moved from the sWIG80 small-cap index to the mWIG40 mid-cap index.

Current Price

56.00 PLN

Upside

9M Target Price

60.00 PLN

+7.1%

	rating	target price	issued
unchanged	accumulate	60.00 PLN	2018-04-24

Key Metrics			WPL PW	vs. WIG
Ticker	WPL PW	1M Price Chng	+8.1%	+9.3%
ISIN	PLWRTPL00027	YTD Price Chng	+15.5%	+23.1%
Outst. Stock (m)	29.8	ADTV 1M		PLN 1.1m
MC (PLN m)	1,667.4	ADTV 6M		PLN 1.0m
EV (PLN m)	1,900.2	EV/EBITDA 12M fwd	10.8	+1.4%
Free Float	53.0%	EV/EBITDA 5Y avg	10.6	premium

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	415	466	519	571	615
EBITDA	123	130	160	187	203
EBITDA margin	29.6%	27.8%	30.9%	32.7%	33.1%
EBIT	81	79	105	127	141
Net income	57	45	76	89	100
P/E	29.4	36.9	22.0	18.8	16.7
P/B	4.1	4.0	3.6	3.3	3.1
EV/EBITDA	15.1	14.3	11.8	9.9	8.9
DPS	0.00	1.10	0.96	1.61	2.15
DYield	0.0%	2.0%	1.7%	2.9%	3.8%
Revision of Projections (% change)		2018P	2019P	2020P	
Revenue		0.0%	0.0%	0.0%	
EBITDA		0.0%	0.0%	0.0%	
EBIT		0.0%	0.0%	0.0%	
Net income		0.0%	0.0%	0.0%	
CAPEX		0.0%	0.0%	0.0%	

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	415	466	519	571	615
Cash	377	425	473	519	559
Barter	37.8	33.0	24.7	25.9	26.9
Costs	334	387	414	443	474
D&A	42.1	51.0	55.5	59.2	62.5
Materials & Utilities	5.6	5.9	6.0	6.3	6.5
Payroll	124	134	140	145	150
Other	162	196	213	233	255
EBITDA	123	130	160	187	203
margin	29.6%	27.8%	30.9%	32.7%	33.1%
EBITDA (adj.)	136	151	171	187	201
margin	322.9%	295.2%	307.5%	315.6%	320.9%
EBIT	81	79	105	127	141
margin	19.5%	16.9%	20.2%	22.3%	22.9%
Net income	53.8	35.3	66.2	88.5	102.2

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Operating cash flow	114	114	48	154	168
OCF/EBITDA	92%	88%	30%	83%	83%
CAPEX	-38	-42	-47	-48	-52
Assets	852	894	851	896	903
Equity	409	420	458	499	537
Net debt	169	170	216	173	132
Net debt/EBITDA (x)	1.4	1.3	1.3	0.9	0.6

Relative Valuation Summary

	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	23.4	17.3	18.4	19.7	14.4	11.7
Maximum	16.0	13.4	12.7	7.7	5.0	3.9
Median	18.7	15.8	16.0	12.5	11.1	9.5
Weight	33%	33%	33%	33%	33%	33%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Revenue	519	571	615	652	685	715	744	771	795	818	835
EBITDA	160	187	203	216	228	237	245	251	255	259	264
EBITDA margin	30.9%	32.7%	33.1%	33.2%	33.2%	33.1%	32.9%	32.5%	32.0%	31.6%	31.6%
D&A	55	59	63	65	68	70	72	73	75	77	78
EBIT	105	127	141	151	160	167	173	177	180	182	186
Tax	20	24	27	29	30	32	33	34	34	35	35
NOPLAT	85	103	114	122	130	135	140	144	145	147	150
CAPEX	-47	-48	-52	-56	-60	-64	-67	-71	-74	-77	-78
Working capital	-92	-8	-7	-7	-7	-7	-7	-7	-6	-6	-7
FCF	1	106	117	124	130	135	138	140	140	141	144
PV FCF	1	94	96	94	91	87	82	77	71	66	
WACC	7.9%	8.0%	8.1%	8.2%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%
Net debt / EV	13.6%	11.5%	9.5%	7.6%	6.0%	5.8%	5.9%	6.1%	6.4%	6.9%	6.9%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
PV FCF	1,831
Net debt	206
Other adjustments	19
Value per share (PLN)	55.84

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	56.97
DCF Val.	50%	55.84
Implied Price		56.40
Cost of equity (9M)		6.5%
9M Target Price		60.00

Asseco Poland reduce (no change)

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We maintain a bearish view on Asseco Poland, which is expected to post negative 2018-2020 net profit CAGR of 0.1% compared to 11.8% positive CAGR forecast for comparable companies. The slowdown is led in a large part by Asseco's Polish business, with the parent company reporting a 37% EBIT slump in 2017, coupled with a drop in FCF to ca. PLN 170m from PLN 170m generated in 2012-2016. In addition, we recently cut our 2019 DPS forecast for Asseco from PLN 3.01 to PLN 2.00, i.e. 28% below the current consensus. Similarly, our FY2018 and 2019 estimates are 8.5% and 9.0%, respectively, lower, than the average forecasts of market analysts. Finally, due to formalities under Polish company laws, the creation of Asseco International will deprive ACP of one year's-worth of dividends from subsidiaries. We are also skeptical about the plans to take AI public abroad and use the IPO proceeds to effect M&As based on Asseco's spotty M&A history.

Current Price

44.48 PLN

Downside

9M Target Price

41.20 PLN

-7.4%

	rating	target price	issued
unchanged	reduce	41.20 PLN	2018-03-27

Key Metrics			ACP PW	vs. WIG
Ticker	ACP PW	1M Price Chng	-5.4%	-4.2%
ISIN	PLSOFTB000016	YTD Price Chng	+1.1%	+8.8%
Outst. Stock (m)	83.0	ADTV 1M		PLN 3.1m
MC (PLN m)	3,691.8	ADTV 6M		PLN 6.2m
		P/E 12M fwd	13.3	+11.3%
Free Float	68.0%	P/E 5Y avg	12.0	premium

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	7,932	7,831	8,834	9,024	9,253
EBITDA	1,070	922	1,074	1,128	1,170
EBITDA margin	13.5%	11.8%	12.2%	12.5%	12.6%
EBIT	769	585	705	764	810
Net income	301	467	244	233	241
P/E	12.3	7.9	15.2	15.8	15.3
P/B	0.7	0.7	0.7	0.7	0.6
P/S	0.47	0.47	0.42	0.41	0.40
DPS	3.01	3.01	3.01	3.01	2.00
DYield	6.8%	6.8%	6.8%	6.8%	4.5%

Revision of Projections (% change)	2018P	2019P	2020P
Revenue	0.0%	0.0%	0.0%
EBITDA	0.0%	0.0%	0.0%
EBIT	0.0%	0.0%	0.0%
Net income	0.0%	0.0%	0.0%
CAPEX	0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	7,932	7,724	8,834	9,024	9,253
change	0.0%	-2.6%	12.8%	2.2%	2.5%
Poland	1,599	1,514	1,574	1,563	1,605
South-Eastern Europe	571	590	656	686	714
Western Europe	579	608	648	661	675
Central Europe	754	785	815	820	837
Israel	4,247	4,218	5,141	5,294	5,422
Eastern Europe	58	10	0	0	0
EBIT	769	644	705	764	810
D&A	300	289	369	364	360
EBITDA	1,070	933	1,074	1,128	1,170
margin	13.5%	12.1%	12.2%	12.5%	12.6%
Associates	-242	169	-259	-317	-347
Tax	-166	-163	-159	-169	-176
Net income	301	596	244	233	241

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P*	2019P*	2020P*
Operating cash flow	883	793	918	932	932
OCF/EBITDA	83%	77%	82%	82%	82%
CAPEX	-211	-233	-245	-255	-255
Assets	12,791	13,044	13,284	13,538	13,538
Equity	5,505	5,520	5,538	5,562	5,562
Net debt	358	235	2	-224	-224
Net debt/EBITDA (x)	0.3	0.2	0.0	-0.2	-0.2

*Assuming no divestment of a 20% stake in Formula Systems

Relative Valuation Summary

	18P	P/E 19P	20P
Minimum	22.5	19.9	17.8
Maximum	12.6	11.6	11.1
Median	16.8	15.4	14.2
Weight	33%	33%	33%

DCF Summary

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Asseco Poland (Standalone Figures)											
Revenue	830	793	812	830	847	864	881	899	917	935	935
EBITDA	148	113	110	113	117	119	122	124	125	125	125
NOPLAT	83	63	65	68	70	72	73	74	74	74	74
FCF	75	64	47	56	67	63	64	64	64	64	64
WACC	8.7%	8.6%	8.5%	8.5%	8.4%	8.4%	8.3%	8.3%	8.4%	8.4%	8.4%
Asseco Business Solutions											
Revenue	254	264	273	279	285	291	297	304	310	317	323
EBITDA	89	96	102	104	106	109	111	114	117	120	122
NOPLAT	58	63	67	69	70	72	74	75	77	79	81
FCF	49	60	64	66	68	70	72	74	75	77	79
WACC	8.5%	8.5%	8.5%	8.5%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%
Asseco South Eastern Europe											
Revenue	656	686	714	738	759	775	789	800	809	817	833
EBITDA	114	118	122	126	129	132	134	137	139	141	144
NOPLAT	59	62	64	66	67	69	70	70	71	71	73
FCF	36	52	53	55	58	60	63	65	67	69	70
WACC	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%

SOTP Summary

(PLN m)	Method	%	Value
Asseco PL (stndln)	DCF	100%	913
Asseco CE	10x PE	93%	589
Asseco BS	DCF	46%	997
Asseco SEE	DCF	51%	858
Western Europe	10x PE	100%	238
Formula Systems	market	26%	1,734
R-Style Softlab	6x PE	100%	0
Other	10x PE	0%	71
Value			3,126
Value Per Share (PLN)			37.66

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	39.80
SOTP Val.	50%	37.66
Implied Price		38.73
Cost of equity (9M)		6.4%
9M Target Price		41.20

CD Projekt sell (no change)

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Sales of *The Witcher 3* have tapered off, but the game is still a stable source of revenue for CD Projekt. The Company delivered 2017 Q4 results slightly above market expectations despite a 25% drop in sales and a 41% slump to PLN 57m in EBITDA. In future quarters, profits will be negatively affected by a depreciated USDPLN underpinning the waning sales of *The Witcher 3* and add-ons. In 2018, CD Projekt plans to launch sales of the new game *Gwent* as it continues to work on its next major release, *Cyberpunk 2077*, expected to premiere in 2019. The main sales drivers in 2018 include a single-player campaign for *Gwent*, its sales in China, and the release of its mobile version. With that said, we still consider CDR overpriced at the current level relative to the future growth prospects.

Current Price

137.00 PLN

Downside

9M Target Price

90.80 PLN

-33.7%

	rating	target price	issued
unchanged	sell	90.80 PLN	2018-04-06

Key Metrics			CDR PW	vs. WIG
Ticker	CDR PW	1M Price Chng	+13.8%	+14.9%
ISIN	PLOPTTC00011	YTD Price Chng	+41.2%	+48.9%
Outst. Stock (m)	95.2	ADTV 1M		PLN 31.6m
MC (PLN m)	13,044.2	ADTV 6M		PLN 40.6m
EV (PLN m)	12,936.7	EV/EBITDA 12M fwd	26.7	+32.4%
Free Float	65.3%	EV/EBITDA 5Y avg	20.2	premium

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	584	463	496	1,590	1,229
EBITDA	308	250	248	810	773
EBITDA margin	52.7%	53.9%	49.9%	50.9%	62.9%
EBIT	304	245	242	803	766
Net income	251	204	198	658	640
P/E	52.1	64.0	66.0	19.8	20.4
P/B	16.8	14.8	12.1	7.5	5.5
EV/EBITDA	41.7	52.0	52.2	15.1	14.9
DPS	0.00	1.06	0.00	0.00	0.00
DYield	0.0%	0.8%	0.0%	0.0%	0.0%
Revision of Projections (% change)			2018P	2019P	2020P
EBITDA			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
Sales of The Witcher 3			0.0%	0.0%	0.0%
Sales of Gwent: The Card Game			0.0%	0.0%	0.0%
Sales of Cyberpunk 2077			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Sales, Video Games	476	330	324	1,409	1,040
EBIT, VG	324	221	227	786	745
EBIT margin, VG	68.2%	66.8%	70.1%	55.8%	71.7%
Sales, GOG.com	133.5	170.0	172.2	180.8	189.8
EBIT, GOG.com	6.4	18.6	14.9	17.8	20.9
EBIT margin, GOG	4.8%	10.9%	8.6%	9.9%	11.0%
Operating cash flow	259	235	207	820	754
D&A	4	5	6	6	7
Working capital	-11	34	-12	-46	15
Investing cash flow	-440	-291	-167	-83	-92
CAPEX	-12	-13	-8	-9	-10
Development exp.	56	77	159	74	82
FCF	228	224	182	602	632
FCF/EBITDA	73%	74%	82%	83%	74%
OCF/EBITDA	84%	101%	98%	114%	100%

Key Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Sales, The Witcher 3	472	288	113	88	34
Sales, Gwent	3	43	212	147	138
Sales, Cyberpunk	0	0	0	1,174	867
	0	0	0	0	0
Development exp.	62	142	296	168	158
Cash	217	67	108	845	1,507
Net debt	-597	-647	-688	-1,425	-2,087
Net debt/EBITDA (x)	-1.9	-2.6	-2.8	-1.8	-2.7

Relative Valuation Summary

	P/E 12M fwd 4Y avg	EV/EBIT 12M fwd 4Y avg
Minimum	14.0	4.4
Maximum	18.4	12.0
Median	17.8	10.1
Weight	50%	50%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
W3 (k copies)	1,050	800	800	800	0	0	0	0	0	0	0
C2077 (k copies)		11,000	7,100	4,600	4,000	4,000	4,000	4,000	4,000	0	0
Next AAA game (k copies)		0	0	0	12,000	9,500	5,000	12,500	5,100	12,000	0
Revenue	496	1,590	1,229	823	1,569	1,379	651	1,589	703	1,525	-
EBITDA	248	810	773	467	568	901	392	526	247	1,219	-
EBITDA margin	49.9%	50.9%	62.9%	56.7%	36.2%	65.3%	60.2%	33.1%	35.2%	79.9%	-
EBIT	242	803	766	460	560	893	384	517	238	1,209	-
Tax	46	153	146	87	106	170	73	98	45	230	-
CAPEX	-8	-9	-10	-11	-12	-13	-15	-9	-9	-9	-
Working capital	-12	-46	15	17	-31	8	31	-39	37	-34	-
FCF	182	602	632	386	418	726	335	380	230	945	483
PV FCF	171	522	506	284	284	454	193	202	113	427	-
WACC	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	-
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	-

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	3.5%
PV FCF	5,143
Net debt	-597
Other adjustments	0
Value per share (PLN)	87.77

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	82.87
DCF Val.	50%	87.77
Implied Price		85.32
Cost of equity (9M)		6.4%
9M Target Price		90.80

Comarch accumulate (downgraded)

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Comarch stock has gained 12.9% since the last Monthly Report, outperforming the broad market by 14.3%, and prompting a downgrade from buy to accumulate. The first quarter is seasonally the slowest for Comarch, accounting for less than 15% of the annual earnings, but this year business was slower than usual, and at an estimated PLN 13.7m the Q1 EBITDA may not be enough to achieve our FY forecast of PLN 144m. Much depends on how fast Comarch makes progress on its largest public contracts. With that said, if Q1 EBIT shows a loss of PLN 3.6m as predicted, CMR stock will most likely experience a pullback. Our long-term view on Comarch remains positive.

Current Price

145.00 PLN

Upside

9M Target Price

166.50 PLN

+14.8%

	rating	target price	issued
new	accumulate	166.50 PLN	2018-05-09
old	buy	166.50 PLN	2018-04-06
Key Metrics		CMR PW	vs. WIG
Ticker	CMR PW	1M Price Chng	+12.4% +13.6%
ISIN	PLCOMAR00012	YTD Price Chng	-23.7% -16.0%
Outst. Stock (m)	8.1	ADTV 1M	PLN 0.6m
MC (PLN m)	1,179.3	ADTV 6M	PLN 0.5m
EV (PLN m)	1,184.6	EV/EBITDA 12M fwd	7.6 +5.7%
Free Float	59.2%	EV/EBITDA 5Y avg	7.1 premium

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	1,109	1,102	1,219	1,334	1,397
EBITDA	176	99	144	169	176
EBITDA margin	15.8%	9.0%	11.8%	12.6%	12.6%
EBIT	113	34	79	104	111
Net income	70	43	57	77	84
P/E	16.8	27.4	20.9	15.4	14.0
P/B	1.4	1.3	1.3	1.3	1.3
EV/EBITDA	6.5	12.3	8.2	7.2	6.9
DPS	0.00	1.50	1.50	10.00	10.00
DYield	0.0%	1.0%	1.0%	6.9%	6.9%
Revision of Projections (% change)			2018P	2019P	2020P
Revenue			0.0%	0.0%	0.0%
EBITDA			0.0%	0.0%	0.0%
EBIT			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
CAPEX			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	1,109	1,102	1,219	1,334	1,397
TMT	276	258	258	266	274
Finance & Banking	164	186	208	218	227
Retail Solutions	183	174	195	219	236
Manufacturing	146	142	156	167	175
Public Sector	73	63	108	161	173
SME	228	236	250	257	265
Other	39	43	44	45	47
Gross profit	343	268	323	364	381
margin	30.9%	24.3%	26.5%	27.3%	27.3%
Selling expenses	131	134	141	153	158
G&A expenses	101	98	103	108	112
EBIT	113	34	79	104	111
margin	10.2%	3.1%	6.5%	7.8%	7.9%
Net income	70	43	57	77	84

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Operating cash flow	88	61	91	118	140
OCF/EBITDA	50%	62%	63%	70%	80%
CAPEX	-121	-110	-53	-58	-61
Assets	1,439	1,503	1,573	1,598	1,620
Equity	861	880	925	920	923
Net debt	-49	19	-8	14	16
Net debt/EBITDA (x)	-0.3	0.2	-0.1	0.1	0.1

Relative Valuation Summary

	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	22.9	20.1	18.1	15.9	15.2	13.9
Maximum	11.8	10.9	10.4	3.9	3.8	3.8
Median	16.2	15.5	14.7	10.4	9.8	9.1
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Revenue	1,219	1,334	1,397	1,444	1,488	1,533	1,580	1,628	1,678	1,730	1,765
EBITDA	144	169	176	181	187	192	199	206	213	221	225
EBITDA margin	11.8%	12.6%	12.6%	12.6%	12.6%	12.5%	12.6%	12.6%	12.7%	12.8%	13.0%
D&A	64	65	65	65	66	66	67	68	69	71	73
EBIT	79	104	111	116	121	126	132	137	143	150	153
Tax	23	29	29	31	32	33	35	36	38	39	40
NOPLAT	56	75	82	85	89	93	97	101	106	110	112
CAPEX	-53	-58	-61	-63	-65	-66	-67	-68	-70	-71	-73
Working capital	-30	-24	-9	-6	-5	-5	-5	-5	-5	-5	-5
FCF	38	58	77	82	85	88	92	96	100	105	107
PV FCF	35	50	61	60	57	55	52	50	48	47	
WACC	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%
Net debt / EV	1.5%	0.0%	1.1%	1.2%	0.9%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
PV FCF	1,233
Net debt	19
Other adjustments	16
Value per share (PLN)	147.34

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	165.41
DCF Val.	50%	147.34
Implied Price		156.37
Cost of equity (9M)		6.5%
9M Target Price		166.50

Industrials, Mining

Famur

buy (reiterated)

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Famur is benefitting from rising prices of coal, which drive investment in the mining industry, as evidenced by the acquisition of new orders for a total of PLN 391m in Q4 2017, an amount 4 times the new business secured in the same period the previous year. The sum of new bookings won in the last 12 months at PLN 826m represents a year-over-year surge of 126%. The rate at which Famur is building its backlog seems to mark a return to the peak order period of 2011-2012, which resulted in record earnings for the Company in 2012 and 2013, and it should keep sentiment positive. By merging with its former rival, Kopex, Famur has positioned itself as Poland's only supplier of end-to-end solutions for the mining industry, and the tangible effects of this are expected to materialize in Q1. We maintain a buy rating for FMF, with the target price lowered from PLN 7.06 to PLN 6.95 to reflect adjusted peer multiples.

Current Price

5.94 PLN

Upside

9M Target Price

6.95 PLN

+17.0%

	rating	target price	issued
new	buy	6.95 PLN	2018-05-09
old	buy	7.06 PLN	2018-04-06
Key Metrics		FMF PW	vs. WIG
Ticker	FMF PW	1M Price Chng	-1.0% +0.1%
ISIN	PLFAMUR00012	YTD Price Chng	-4.2% +3.5%
Outst. Stock (m)	574.7	ADTV 1M	PLN 0.5m
MC (PLN m)	3,413.8	ADTV 6M	PLN 1.8m
EV (PLN m)	3,603.0	EV/EBITDA 12M fwd	7.2 +23.0%
Free Float	35.3%	EV/EBITDA 5Y avg	5.9 premium

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	1,030	1,460	2,059	2,177	2,249
EBITDA	239	307	439	481	501
EBITDA margin	23.2%	21.0%	21.3%	22.1%	22.3%
EBIT	114	133	275	326	364
Net income	94	49	201	258	293
P/E	30.8	68.5	17.0	13.3	11.7
P/B	2.9	2.3	2.1	1.9	1.7
EV/EBITDA	11.5	11.5	8.2	7.1	6.5
DPS	0.00	0.00	0.00	0.12	0.31
DYield	0.0%	0.0%	0.0%	2.0%	5.2%
Revision of Projections (% change)			2018P	2019P	2019P
Revenue			0.0%	0.0%	0.0%
EBITDA			0.0%	0.0%	0.0%
EBIT			0.0%	0.0%	0.0%
Pre-tax income			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue, Underground	792	1,052	941	1,012	1,054
Revenue, Surface	238	336	406	429	440
Sales margin, UG	24.4%	25.9%	26.9%	28.4%	29.3%
Sales margin, Surface	21.0%	12.7%	18.4%	19.4%	19.0%
Operating cash flow	315	179	152	377	405
D&A	125	174	164	156	137
Working capital	95	-98	-207	-49	-30
Investing cash flow	-85	-286	-61	-91	-93
CAPEX	83	286	105	91	93
Financing cash flow	185	207	-113	-174	-199
Change in debt	196	-171	-100	-100	-24
Dividends/Buyback	0	0	0	-70	-180
FCF	240	-130	76	280	308
FCF/EBITDA	101%	-42%	17%	58%	62%
OCF/EBITDA	132%	46%	35%	78%	81%

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Assets	1,775	3,138	3,369	3,516	3,646
Fixed assets	670	1,099	1,136	1,071	1,028
Goodwill	220	220	220	220	220
Equity	993	1,437	1,657	1,845	1,957
Minority interests	0	115	39	48	60
Net debt	-135	80	150	-62	-200
Net debt/EBITDA (x)	-0.6	0.3	0.3	-0.1	-0.4

Relative Valuation Summary

Relative Valuation Summary						
	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	13.1	11.1	10.7	8.8	8.3	7.5
Maximum	31.5	20.0	18.3	14.5	13.4	12.0
Median	16.9	13.8	12.2	10.8	8.6	7.8
Weight	20%	20%	10%	20%	20%	10%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Revenue	2,059	2,177	2,249	2,309	2,363	2,410	2,457	2,506	2,556	2,607	2,659
YoY % change	28.0%	5.7%	3.3%	2.7%	2.3%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
EBITDA	439	481	501	520	541	549	560	572	584	593	611
EBITDA margin	21.3%	22.1%	22.3%	22.5%	22.9%	22.8%	22.8%	22.8%	22.9%	22.8%	23.0%
D&A	164	156	137	128	133	131	130	135	139	142	148
EBIT	275	326	364	392	408	418	430	437	445	452	463
Tax	50	61	69	76	80	84	87	90	93	96	99
NOPAT	225	265	294	316	328	334	343	347	352	356	364
CAPEX	-105	-91	-93	-132	-134	-137	-139	-142	-144	-146	-148
Working capital	-207	-49	-30	-25	-22	-20	-20	-21	-21	-21	-22
FCF	76	280	308	287	304	309	313	320	326	330	343
PV FCF	71	241	245	210	205	192	179	169	159	148	
WACC	8.4%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
PV FCF	1,541
Net debt	-135
Other adjustments	-98
Value per share (PLN)	6.99

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	6.09
DCF Val.	50%	6.99
Implied Price		6.54
Cost of equity (9M)		6.3%
9M Target Price		6.95

Grupa Kęty hold (reiterated)

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Kęty's ability to pass rising costs onto end customers is a major competitive advantage amid rising cost pressures. In addition, the Aluminum Processor is benefitting from strong demand from the domestic construction industry, with orders from the manufacturing industry expected to rise as well based on upbeat PMI prints. Our own expectations for this year's earnings are for revenue close to PLN 3bn, EBITDA of PLN 467m, and net profit of PLN 274m. Sentiment for the aluminum industry might turn temporarily sour after the announcement by the United States of proposed import tariffs. Kęty is currently trading at double-digit premiums to comparable aluminum processors after the recent share price falls logged by the peers. We have raised our 2018 aluminum price forecast from \$2,100 to \$2,300/t, and as prices move sharply upward this might put a dent in Kęty's Q2 2018 profits despite long-term pass-through capabilities. We maintain a hold rating for KTY, with the 9-month price target revised upward from PLN 357.21 to PLN 363.01 per share to reflect updated forecasts and peer multiples.

Current Price

353.00 PLN

Upside

9M Target Price

363.01 PLN

+2.8%

	rating	target price	issued
new	hold	363.01 PLN	2018-05-09
old	hold	357.21 PLN	2018-04-06
Key Metrics			
Ticker	KTY PW	1M Price Chng	+1.4% +2.6%
ISIN	PLKETY000011	YTD Price Chng	-13.8% -6.1%
Outst. Stock (m)	9.5	ADTV 1M	PLN 1.7m
MC (PLN m)	3,361.2	ADTV 6M	PLN 1.7m
EV (PLN m)	4,107.0	EV/EBITDA 12M fwd	8.9 -4.6%
Free Float	55.8%	EV/EBITDA 5Y avg	9.3 discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	2,267	2,643	3,075	3,026	3,134
EBITDA	394	421	467	479	489
EBITDA margin	17.4%	15.9%	15.2%	15.8%	15.6%
EBIT	282	301	346	358	366
Net income	278	236	274	271	278
P/E	12.0	14.2	12.3	12.4	12.1
P/B	2.4	2.5	2.4	2.3	2.2
EV/EBITDA	9.5	9.4	8.8	8.6	8.5
DPS	17.95	30.00	24.00	23.03	22.76
DYield	5.1%	8.5%	6.8%	6.5%	6.4%
Revision of Projections (% change)					
EBITDA			-1.4%	-0.1%	-0.2%
Net income			-1.9%	-0.1%	-0.1%
Aluminum price (US\$/t)			+9.5%	+5.0%	+5.0%
Producer premium (US\$/t)			0.0%	0.0%	0.0%
Aluminum usage (1,000t)			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
EBITDA, Packaging	104	123	153	161	165
EBITDA, Extrusions	139	145	152	155	158
EBITDA, AI Systems	160	182	198	191	194
EBITDA, Other	-10	-18	-18	-19	-19
EBITDA/t of AI	5	4	4	4	4
Operating cash flow	315	276	295	410	388
D&A	112	120	122	122	123
Working capital	-51	-91	-97	-2	-30
Investing cash flow	-270	-187	-200	-200	-150
CAPEX	270	187	200	200	150
Financing cash flow	-43	-85	-169	-202	-240
Dividends/Buyback	-170	-285	-229	-219	-217
FCF	84	86	120	214	244
FCF/EBITDA	21%	20%	25%	44%	49%
OCF/EBITDA	80%	66%	63%	86%	79%

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Assets	2,323	2,499	2,686	2,772	2,845
Fixed assets	1,396	1,439	1,532	1,614	1,646
Equity	1,405	1,363	1,408	1,460	1,521
Minority interests	0	1	1	1	1
Net debt	397	591	745	777	779
Net debt/EBITDA (x)	1.0	1.4	1.6	1.6	1.6
Net debt/Equity (x)	0.3	0.4	0.5	0.5	0.5

Relative Valuation Summary

	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	2.6	2.4	2.7	3.9	3.8	3.0
Maximum	28.9	23.7	22.2	11.9	10.6	9.9
Median	12.4	10.2	9.9	7.9	6.8	6.1
Weight	20%	20%	10%	20%	20%	10%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
AI price (US\$/t)	2,300	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
AI premium (US\$/t)	150	150	150	150	150	150	150	150	151	152	153
AI usage (1,000 t)	112	117	122	124	127	130	132	135	138	139	141
Revenue	3,075	3,026	3,134	3,205	3,278	3,343	3,409	3,477	3,547	3,598	3,651
EBITDA	467	479	489	494	500	506	514	521	532	532	539
EBITDA margin	15.2%	15.8%	15.6%	15.4%	15.3%	15.1%	15.1%	15.0%	15.0%	14.8%	14.8%
EBIT	346	358	366	380	384	387	392	396	403	400	407
Tax	51	64	65	68	69	69	71	72	73	73	74
CAPEX	-200	-200	-150	-120	-122	-125	-127	-130	-132	-132	-132
Working capital	-97	-2	-30	-21	-22	-20	-20	-21	-21	-16	-16
FCF	120	214	244	284	287	292	296	299	305	311	317
PV FCF	114	188	199	215	201	189	178	166	157	148	
WACC	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.9%	7.9%	7.9%	7.9%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
PV FCF	1,754
Net debt	591
Other adjustments	0
Value per share (PLN)	388.38

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	294.55
DCF Val.	50%	388.38
Implied Price		341.46
Cost of equity (9M)		6.3%
9M Target Price		363.01

JSW buy (reiterated)

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Prices of coking coal on Asian markets fell to \$175/t in April in the wake of US steel tariffs coupled with a first-quarter decline in Chinese imports. Since then, however, the operating rates of global steel mills has increased to over 74% from 70% in January, and China has resumed normal coking coal imports, with activity in the local steel industry as represented by the PMI indicator rebounding over 50 points. Going forward, Chinese coking coal purchases should be boosted further by steel plants returning from winter shutdowns. As a result, we expect the price of coking coal to reach \$185/t in the second half of 2018. JSW is trading at an over-20% discount to the peer group at the current level. We expect the Miner to continue increasing production of coking coal in the coming quarters, and we do not anticipate further wage demands from its unions. We maintain a buy rating for JSW, with the 9-month price target revised upward from PLN 108.14 to PLN 109.12 per share to reflect updated forecasts and peer multiples.

Current Price	79.32 PLN	Upside
9M Target Price	109.12 PLN	+37.6%

	rating	target price	issued
new	buy	109.12 PLN	2018-05-09
old	buy	108.14 PLN	2018-04-06
Key Metrics		JSW PW	vs. WIG
Ticker	JSW PW	1M Price Chng	-7.1% -6.0%
ISIN	PLJSW0000015	YTD Price Chng	-17.6% -10.0%
Outst. Stock (m)	117.4	ADTV 1M	PLN 16.6m
MC (PLN m)	9,313.1	ADTV 6M	PLN 23.2m
EV (PLN m)	7,821.6	EV/EBITDA 12M fwd	2.3 -39.6%
Free Float	44.8%	EV/EBITDA 5Y avg	3.9 discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	6,731	8,877	9,624	9,318	9,024
EBITDA adj.	1,055	3,509	3,568	2,945	2,459
EBITDA margin	15.7%	39.5%	37.1%	31.6%	27.3%
EBIT adj.	216	2,684	2,746	2,009	1,366
Net income adj.	-2	2,189	2,225	1,636	1,120
P/E adj.	-	4.3	4.2	5.7	8.3
P/B	2.3	1.5	1.1	1.0	1.0
EV/EBITDA adj.	9.4	2.3	2.2	2.6	3.2
DPS	0.00	0.00	0.00	7.58	6.97
DYield	0.0%	0.0%	0.0%	9.6%	8.8%
Revision of Projections (% change)			2018P	2019P	2020P
EBITDA (adj.)			+1.5%	+0.5%	+0.7%
Net income (adj.)			+2.0%	+0.7%	+1.1%
Coking Coal price (\$/t)			-1.7%	0.0%	0.0%
Thermal Coal price (PLN/t)			-2.1%	0.0%	0.0%
Coke price (\$/t)			-3.5%	0.0%	0.0%
Total coal output (kt)			+1.4%	0.0%	0.0%
Coking coal (kt)			+1.7%	+0.3%	+0.3%
Coke (kt)			-1.4%	0.0%	0.0%

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Total coal output (kt)	16,835	14,768	15,710	15,750	16,000
Coking coal (kt)	11,580	10,675	11,585	11,771	12,118
Coking coal (% of total)	69%	72%	74%	75%	76%
Thermal coal (kt)	5,255	4,093	4,126	3,979	3,882
Coke (kt)	4,145	3,458	3,470	3,700	3,700
Operating cash flow	897	2,871	3,026	2,441	2,073
D&A	839	825	823	936	1,093
Working capital	-349	-76	-10	-99	-74
Investing cash flow	-354	-2,170	-1,500	-1,350	-1,550
CAPEX	372	737	1,500	1,350	1,550
Financing cash flow	278	-701	7	-873	-797
Dividends/Buyback	0	0	0	-890	-818
FCF	289	2,129	1,535	1,111	571
FCF/EBITDA (adj.)	27%	61%	43%	38%	23%
OCF/EBITDA (adj.)	85%	82%	85%	83%	84%

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Assets	11,520	12,090	13,060	13,730	13,957
Fixed assets	9,097	8,118	8,804	9,236	9,738
Equity	4,003	6,389	8,614	9,360	9,662
Minority interests	67	232	232	232	232
Net debt	513	-1,641	-1,724	-1,942	-1,668
Net debt/EBITDA (adj.)	0.5	-0.5	-0.5	-0.7	-0.7
Net debt/Equity (x)	0.1	-0.3	-0.2	-0.2	-0.2

Relative Valuation Summary

	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	5.2	5.6	5.5	2.6	2.2	2.0
Maximum	25.3	22.2	53.2	8.7	8.8	8.7
Median	8.5	8.9	9.7	4.1	4.7	4.3
Weight	20%	20%	10%	20%	20%	10%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Coking coal (\$/t)	191	180	170	170	170	170	170	170	170	170	170
Thrm coal (PLN/t)	242	238	225	225	225	225	225	225	225	225	225
Coke (\$/t)	1,043	1,016	923	923	923	923	923	923	923	923	923
Revenue	9,624	9,318	9,024	9,226	9,421	9,616	9,804	9,918	10,005	10,090	10,091
EBITDA	3,568	2,945	2,459	2,471	2,483	2,509	2,544	2,529	2,482	2,430	2,366
EBITDA margin	37.1%	31.6%	27.3%	26.8%	26.4%	26.1%	26.0%	25.5%	24.8%	24.1%	23.4%
EBIT	2,746	2,009	1,366	1,222	1,078	1,103	1,135	1,117	1,067	1,012	944
Tax	523	385	264	236	209	214	220	217	208	197	184
CAPEX	-1,500	-1,350	-1,550	-1,470	-1,420	-1,420	-1,420	-1,420	-1,420	-1,420	-1,422
Working capital	-10	-99	-74	6	6	27	26	9	5	4	-4
FCF	1,535	1,111	571	772	859	902	930	902	859	817	755
PV FCF	1,454	970	460	572	587	568	540	482	423	371	
WACC	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Risk-free rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	0.0%
PV FCF	6,429
Net debt	-1,641
Other adjustments	232
Value per share (PLN)	101.16

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	104.13
DCF Val.	50%	101.16
Implied Price		102.64
Cost of equity (9M)		6.3%
9M Target Price		109.12

Kernel hold (reiterated)

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Kernel's outlook for 2018 is dampened by a lower sunflower seed and crop harvest in Ukraine, coupled with low seed crushing margins, which generate losses for 20% of Ukraine's crushing plants. We believe profits in the coming years are set to improve as the local industry consolidates, takes loss-making capacity off line, and expands the seed planting areas. While the farmland acquired during 2017 catches up with Kernel's existing growing areas in terms of yields, we predict the Company is set to see 26% temporary contraction in this year's EBITDA, followed by a rebound in 2019. At the moment, Kernel is benefitting from an upward shift in the global prices of corn on the heels of US and Argentina harvest concerns. We maintain a hold rating for KER, with the 9-month price target revised downward from PLN 53.46 to PLN 53.04 per share to reflect updated forecasts and peer multiples.

Current Price

50.80 PLN

Upside

9M Target Price

53.04 PLN

+4.4%

	rating	target price	issued
new	hold	53.04 PLN	2018-05-09
old	hold	53.46 PLN	2018-03-05
Key Metrics			
Ticker	KER PW	1M Price Chng	+1.5% +3.2%
ISIN	LU0327357389	YTD Price Chng	+7.5% +15.1%
Outst. Stock (m)	82.4	ADTV 1M	PLN 2.4m
MC (PLN m)	4,186.3	ADTV 6M	PLN 4.7m
EV (PLN m)	6,193.5	EV/EBITDA 12M fwd	5.1 +29.7%
Free Float	59.8%	EV/EBITDA 5Y avg	4.0 premium

Earnings Projections

(US\$ m)	15/16	16/17	17/18P	18/19P	19/20P
Revenue	1,989	2,169	2,565	2,919	3,277
EBITDA	347	319	236	338	412
EBITDA margin	17.5%	14.7%	9.2%	11.6%	12.6%
EBIT	287	265	183	283	353
Net income	225	179	107	203	269
P/E	5.1	6.5	10.8	5.7	4.3
P/B	1.2	1.0	1.0	0.9	0.8
EV/EBITDA	4.1	5.2	7.3	4.9	3.8
DPS	0.25	0.24	0.25	0.39	0.99
DYield	1.8%	1.7%	1.8%	2.8%	7.0%
Revision of Projections (% change)					
EBITDA			+0.8%	+0.3%	+0.2%
Net income			+1.7%	+0.5%	+0.4%
Margin, Sunflower Oil (\$/t)			+1.3%	+1.2%	+1.2%
Margin, Wheat (\$/t)			0.0%	0.0%	0.0%
Margin, Corn (\$/t)			0.0%	0.0%	0.0%
Bulk sunflower oil sales (kt)			0.0%	0.0%	0.0%
Grain production (kt)			0.0%	0.0%	0.0%
Grain sales (kt)			0.0%	0.0%	0.0%

Financial Highlights

(US\$ m)	15/16	16/17	17/18P	18/19P	19/20P
EBITDA, Bottled Oil	16	17	12	18	21
EBITDA, Bulk Oil	113	83	64	95	126
EBITDA, Terminals	37	48	44	68	84
EBITDA, Farming	146	144	87	142	174
EBITDA, Grain Trade	46	23	15	14	14
Operating cash flow	134	77	203	277	342
D&A	60	54	53	55	59
Working capital	-127	-212	-23	-43	-47
Investing cash flow	-61	-223	-100	-110	-110
CAPEX	61	182	100	110	110
Financing cash flow	-137	173	-140	-149	-197
Dividends/Buyback	-20	-20	-21	-32	-81
FCF	155	-93	105	170	234
FCF/EBITDA	45%	-29%	44%	50%	57%
OCF/EBITDA	39%	24%	86%	82%	83%

Key Balance Sheet Figures

(US\$ m)	15/16	16/17	17/18P	18/19P	19/20P
Assets	1,509	2,009	2,013	2,155	2,314
Fixed assets	789	888	937	994	1,048
Equity	995	1,153	1,181	1,350	1,536
Minority interests	2	5	5	5	5
Net debt	276	508	552	483	398
Net debt/EBITDA (x)	0.8	1.6	2.3	1.4	1.0
Net debt/Equity (x)	0.3	0.4	0.5	0.4	0.3

Relative Valuation Summary

	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	3.9	3.8	3.4	3.0	2.8	2.7
Maximum	30.6	24.8	17.1	12.8	11.8	11.8
Median	12.9	13.1	11.7	8.1	7.6	7.0
Weight	40%	10%	0%	40%	10%	0%

DCF Analysis

(US\$ m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Margin, Veg Oil (\$)	57	82	96	115	118	115	106	98	89	86	85
Margin, Wheat (\$)	155	170	190	199	199	199	199	199	200	201	202
Margin, Corn (\$/t)	160	175	185	194	194	194	194	194	195	196	197
Revenue	2,565	2,919	3,277	3,656	3,762	3,828	3,885	3,943	4,008	4,081	4,158
EBITDA	236	338	412	469	480	478	463	447	431	427	425
EBITDA margin	9.2%	11.6%	12.6%	12.8%	12.8%	12.5%	11.9%	11.3%	10.8%	10.5%	10.2%
EBIT	183	283	353	413	426	422	407	392	377	369	368
Tax	8	15	20	24	26	25	24	23	22	50	50
CAPEX	-100	-110	-110	-45	-47	-50	-52	-55	-57	-57	-57
Working capital	-23	-43	-47	-50	-21	-21	-21	-22	-23	-23	-24
FCF	105	170	234	350	386	382	365	347	329	296	295
PV FCF	102	142	168	214	198	164	132	106	85	65	
WACC	16.1%	16.3%	16.5%	16.9%	17.3%	17.8%	18.0%	18.0%	18.0%	18.0%	18.0%
Risk-free rate	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%

DCF Summary

(US\$ m)	
Beta	1.0
FCF perp. growth rate	2.0%
PV FCF	1,274
Net debt	552
Other adjustments	5
Value per share (PLN)	47.65

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	46.73
DCF Val.	50%	47.65
Implied Price		47.19
Cost of equity (9M)		12.4%
9M Target Price		53.04

KGHM buy (reiterated)

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KGHM shares have been trading lower in recent weeks due to curbed production at the Głogów copper smelter and refinery, combined with rumors about the Company's possible engagement in Poland's nuclear energy project. The Refiner has closed one of its two production lines at the Głogów smelter for maintenance through May 2018, and this is expected to put a dent of 24% in its 2018 first-half EBITDA. After full metallurgical capacity is restored, however, thanks to high concentrate reserves of 40-50kt, according to our estimates KGHM stands to generate additional EBITDA of PLN 70-90m per quarter through to the end of 2019 (PLN 440-530m total in Q3 2018-Q4 2019). In addition, KGHM plans to sell about 30-40kt of the concentrates accumulated at the Głogów smelter from April to September 2018, resulting in an additional boost of PLN 100-135m each to the EBITDA figures for Q2 and Q3 2018. Further, the utilization of internally-sourced feedstock in our view will push the 2018 H2 EBITDA margin higher above 25%. As for the rumored involvement in the nuclear project, given that it is still in very early planning stages, the potential outlays expected of KGHM would not materialize until 2022. Even then, we do not think the annual CAPEX will exceed 60% of the Company's FCF even during peak spending years. We maintain a buy rating for KGH, with the 9-month price target revised upward from PLN 115.43 to PLN 118.98 per share to reflect updated forecasts and peer multiples.

Current Price

92.50 PLN

Upside

9M Target Price

118.98 PLN

+28.6%

	rating	target price	issued
new	buy	118.98 PLN	2018-05-09
old	buy	115.43 PLN	2018-04-04
Key Metrics			
Ticker	KGH PW	1M Price Chng	+1.3% +2.9%
ISIN	PLKGHM000017	YTD Price Chng	-16.8% -9.2%
Outst. Stock (m)	200.0	ADTV 1M	PLN 56.5m
MC (PLN m)	18,500.0	ADTV 6M	PLN 65.5m
EV (PLN m)	23,167.1	EV/EBITDA 12M fwd	4.0 -22.8%
Free Float	63.2%	EV/EBITDA 5Y avg	5.2 discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	19,156	20,358	21,753	23,408	24,417
EBITDA adj.	4,666	5,753	5,116	6,219	6,435
EBITDA margin	24.4%	28.3%	23.5%	26.6%	26.4%
EBIT adj.	2,968	4,144	3,466	4,487	4,595
Net income adj.	1,555	1,875	2,406	3,220	3,286
P/E adj.	11.9	9.9	7.7	5.7	5.6
P/B	1.2	1.0	0.9	0.8	0.8
EV/EBITDA adj.	5.5	4.4	4.5	3.3	3.0
DPS	1.50	1.00	1.50	3.01	5.63
DYield	1.6%	1.1%	1.6%	3.3%	6.1%
Revision of Projections (% change)		2018P	2019P	2020P	
EBITDA adj.		-0.4%	+0.6%	+0.5%	
Net income adj.		-0.5%	+0.6%	+0.5%	
Copper price (\$/t)		0.0%	0.0%	0.0%	
Silver price (\$/oz)		0.0%	0.0%	0.0%	
Molybdenum price (\$/t)		0.0%	0.0%	0.0%	
Copper output (kt)		-0.6%	+0.9%	+0.5%	
Silver output (t)		-4.3%	+2.6%	+2.6%	
Molybdenum output (mmb)		+0.8%	+0.4%	-0.0%	

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Cu Output, PL (kt)	376	359	380	414	413
Cu Output, Int (kt)	90	81	82	82	95
Sierra Gorda (kt)	52	53	56	63	69
Ag output (tonnes)	1,207	1,234	1,173	1,295	1,291
Au output (ozt k)	229	219	204	194	202
Operating cash flow	4,212	3,054	5,075	6,030	5,230
D&A	1,698	1,609	1,650	1,732	1,840
Working capital	386	-1,270	933	993	18
Investing cash flow	-3,948	-3,340	-2,695	-2,776	-2,741
CAPEX	3,922	3,257	2,695	2,776	2,741
Financing cash flow	135	12	-386	-687	-1,213
Dividends/Buyback	-300	-200	-300	-601	-1,127
FCF	186	776	2,337	3,211	2,446
FCF/EBITDA	5%	25%	46%	52%	38%
OCF/EBITDA	2%	1%	2%	3%	6%

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Assets	33,442	34,122	36,574	39,602	42,012
Fixed assets	27,202	26,515	27,560	28,605	29,505
Equity	15,772	17,694	19,800	22,418	24,577
Minority interests	139	91	91	91	91
Net debt	7,238	6,570	4,576	2,010	733
Net debt/EBITDA (x)	2.1	2.2	0.9	0.3	0.1
Net debt/Equity (x)	0.5	0.4	0.2	0.1	0.0

Relative Valuation Summary

	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	7.5	8.3	6.8	4.0	3.9	3.3
Maximum	20.1	19.2	18.0	10.9	10.1	9.6
Median	13.5	12.8	11.4	5.8	5.8	4.8
Weight	20%	20%	10%	20%	20%	10%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Copper price (\$/t)	7,337	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Silver (\$/oz)	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Molybdenum (\$/t)	19,529	20,000	19,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,001
Revenue	21,753	23,408	24,417	24,248	24,154	24,352	24,441	23,911	22,242	22,099	22,316
EBITDA	5,116	6,219	6,435	5,506	5,189	5,291	5,292	4,877	4,582	4,326	4,438
EBITDA margin	15.9%	19.2%	18.8%	14.8%	13.4%	13.5%	13.3%	11.8%	11.3%	10.3%	11.0%
EBIT	3,466	4,487	4,595	3,579	3,237	3,279	3,261	2,824	2,510	2,283	2,445
Tax	1,018	1,224	1,266	1,055	988	995	988	902	843	800	830
CAPEX	-2,695	-2,776	-2,741	-2,220	-1,676	-1,710	-1,744	-1,779	-1,814	-1,814	-1,814
Working capital	933	993	18	-3	-2	4	2	-9	-30	-3	4
FCF	2,337	3,211	2,446	2,227	2,523	2,590	2,561	2,186	1,895	1,709	1,797
PV FCF	2,227	2,824	1,977	1,664	1,731	1,631	1,487	1,170	934	777	
WACC	7.5%	8.0%	8.3%	8.3%	8.4%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	0.0%
PV FCF	16,424
Net debt	6,570
Other adjustments	364
Value per share (PLN)	99.12

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	124.71
DCF Val.	50%	99.12
Implied Price		111.92
Cost of equity (9M)		6.3%
9M Target Price		118.98



Stelmet buy (reiterated)

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Stelmet's prospects for fiscal 2017/2018 are buoyed by the increasing productivity of the new garden furniture factory in Poland, and higher demand in the UK in the wake of an active windstorm season, expected to drive the local sales volume up by 12.5% compared to the previous fiscal year. The resulting boost to UK revenues should be strengthened by a planned 5% hike in local sales prices. Once Stelmet proves it can leverage its position as the European market leader to grow profits, its higher-than-average valuation ratios should become more acceptable for investors. Further upside can come from acquisitions with obvious potential to boost future sales. Downside risks in the year ahead include the zloty's appreciation versus the euro and its negative impact on Stelmet's sales in Western European markets, which account for 50% of total sales. We maintain a buy rating for STL, with the 9-month price target revised downward from PLN 27.72 to PLN 26.48 per share to reflect updated peer multiples.

Current Price

14.75 PLN

Upside

9M Target Price

26.48 PLN

+79.5%

		rating	target price	issued	
new		buy	26.48 PLN	2018-05-09	
old		buy	27.72 PLN	2018-03-05	
Key Metrics			STL PW	vs. WIG	
Ticker	STL PW	1M Price Chng	-9.0%	-7.8%	
ISIN	PLSTLMT00010	YTD Price Chng	+2.4%	+10.1%	
Outst. Stock (m)	29.4	ADTV 1M		PLN 0.0m	
MC (PLN m)	433.1	ADTV 6M		PLN 0.1m	
EV (PLN m)	584.4	EV/EBITDA 12M fwd	-	-	
Free Float	15.0%	EV/EBITDA 5Y avg	-		

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	567	538	592	658	709
EBITDA	82	58	84	105	118
EBITDA margin	14.5%	10.7%	14.2%	16.0%	16.6%
EBIT	62	21	46	67	79
Net income	68	19	42	61	72
P/E	6.0	22.3	10.4	7.1	6.0
P/B	1.1	1.0	0.9	0.8	0.8
EV/EBITDA	7.6	10.7	6.9	5.1	4.1
DPS	0.29	0.00	0.00	0.71	1.24
DYield	2.0%	0.0%	0.0%	4.8%	8.4%
Revision of Projections (% change)		2018P	2019P	2020P	
EBITDA		0.0%	0.0%	0.0%	
Net income		0.0%	0.0%	0.0%	
Sales price (PLN/m3)		0.0%	0.0%	0.0%	
Sales volume (1,000 m3)		0.0%	0.0%	0.0%	
Timber price (PLN/m3)		0.0%	0.0%	0.0%	

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue, Core, PL	18	19	20	21	22
Revenue, Core, UK	210	158	179	200	214
Revenue, Core, FR	118	120	125	133	140
Revenue, Core, DE	94	101	107	117	124
Revenue, Wood Pellets	57	68	78	83	86
Operating cash flow	114	39	73	90	104
D&A	21	37	39	39	39
Working capital	40	-2	-9	-12	-9
Investing cash flow	-186	-62	-39	-14	-16
CAPEX	185	62	39	14	16
Financing cash flow	62	76	-4	-25	-40
Dividends/Buyback	-8	0	0	-21	-36
FCF	-66	-11	35	77	89
FCF/EBITDA	-80%	-18%	42%	73%	76%
OCF/EBITDA	138%	68%	87%	85%	88%

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Assets	751	821	871	922	965
Fixed assets	534	554	555	531	509
Equity	390	454	496	535	571
Minority interests	0	0	0	0	0
Net debt	214	182	151	100	53
Net debt/EBITDA (x)	2.6	3.2	1.8	1.0	0.5
Net debt/Equity (x)	0.5	0.4	0.3	0.2	0.1

Relative Valuation Summary

	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	8.6	8.5	7.9	4.3	4.3	4.1
Maximum	51.6	47.4	45.8	22.1	18.5	18.0
Median	12.7	11.9	11.2	7.2	6.3	6.1
Weight	20%	20%	10%	20%	20%	10%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Sales px (PLN/m3)	1,899	1,930	1,948	1,966	1,984	2,000	2,017	2,034	2,052	2,071	2,089
Volume (1,000 m3)	255	280	300	321	341	361	366	371	371	372	372
Timber px (PLN/m3)	255	259	264	269	274	280	285	291	297	303	309
Revenue	592	658	709	761	814	867	887	907	917	926	935
EBITDA	84	105	118	130	142	153	152	151	145	139	133
EBITDA margin	14.2%	16.0%	16.6%	17.1%	17.4%	17.6%	17.1%	16.6%	15.9%	15.1%	14.2%
EBIT	46	67	79	90	101	112	110	108	102	95	89
Tax	0.1	2.4	3.0	4.6	6.3	7.7	6.7	5.6	1.9	17.7	16.5
CAPEX	-39	-14	-16	-25	-28	-30	-33	-36	-39	-43	-44
Working capital	-9.4	-11.7	-9.2	-9.2	-9.4	-9.4	-3.6	-3.6	-1.6	-1.6	-1.7
FCF	35	77	89	91	98	105	109	106	103	78	73
PV FCF	34	68	73	68	67	67	64	57	51	36	
WACC	7.7%	7.9%	8.2%	8.4%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
PV FCF	584
Net debt	182
Other adjustments	0
Value per share (PLN)	31.21

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	18.61
DCF Val.	50%	31.21
Implied Price		24.91
Cost of equity (9M)		6.3%
9M Target Price		26.48

Construction

Budimex

accumulate (no change)

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Budimex was the first in the construction sector to release 2018 first-quarter financials, reporting EBITDA and net profit figures in line with analysts' expectations but short of our own estimates, which assumed a higher quarterly gross margin of 10% versus an actual margin of 9%. Provisions for contract losses decreased by PLN 77m in the period from the same quarter last year, to PLN 166m, and amounts payable under construction contracts were reduced by PLN 80m to PLN 700m. The Q1 net profit accounted for 15% of our 2018 FY forecast, which might prove slightly too optimistic if construction margins continue to contract in the coming quarters. On the other hand, Budimex's high success rate in construction tenders remains a mitigating factor, with backlog as of 31 March reaching PLN 10.4bn. We maintain expectations for double-digit growth in construction revenue this year. BDX currently offers a dividend yield of 9.3% (second only to the yield paid by Elektrobudowa) after the April price decline. We maintain an accumulate rating for the stock.

Current Price

183.40 PLN

Upside

9M Target Price

234.00 PLN

+27.6%

	rating	target price	issued
unchanged	accumulate	234.00 PLN	2018-04-06

Key Metrics			BDX PW	vs. WIG
Ticker	BDX PW	1M Price Chng	-14.9%	-13.7%
ISIN	PLBUDMX00013	YTD Price Chng	-13.5%	-5.8%
Outst. Stock (m)	25.5	ADTV 1M		PLN 2.1m
MC (PLN m)	4,682.2	ADTV 6M		PLN 2.4m
EV (PLN m)	2,730.6	EV/EBITDA 12M fwd	5.4	-33.4%
Free Float	30.3%	EV/EBITDA 5Y avg	8.1	discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	5,572	6,369	7,202	7,137	6,976
EBITDA	531	626	552	529	475
EBITDA margin	9.5%	9.8%	7.7%	7.4%	6.8%
EBIT	505	588	512	490	438
Net income	410	464	414	396	353
P/E	11.4	10.1	11.3	11.8	13.3
P/B	5.8	5.3	5.5	5.6	5.8
EV/EBITDA	3.9	3.8	4.9	5.1	6.5
DPS	8.14	14.99	17.61	15.87	15.19
DYield	4.4%	8.2%	9.6%	8.7%	8.3%

Revision of Projections (% change)		2018P	2019P	2020P
Revenue		0.0%	0.0%	0.0%
Gross profit margin		0.0 p.p.	0.0 p.p.	0.0 p.p.
EBITDA		0.0%	0.0%	0.0%
Net income		0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	5,572	6,369	7,202	7,137	6,976
Construction	5,060	5,717	6,522	6,435	6,304
Development	350	499	521	539	503
Other	163	154	158	163	168
Gross profit margin	13.5%	12.7%	10.6%	10.4%	9.9%
Construction	12.8%	12.0%	9.8%	9.5%	9.0%
Development	23.4%	20.5%	20.0%	21.0%	21.0%
Other	12.7%	13.8%	11.0%	11.0%	11.0%
Cash	2,715	2,127	1,789	1,804	1,434
Net debt	-2,634	-2,291	-1,953	-1,968	-1,598
Net debt / EBITDA	-5.0	-3.7	-3.5	-3.7	-3.4
Net working capital	-2,597	-2,311	-2,000	-2,021	-1,684
NWC/Sales	-46.6%	-36.3%	-27.8%	-28.3%	-24.1%
Equity	801	881	845	836	801
ROE	58.5%	55.2%	47.9%	47.1%	43.1%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Revenue	7,202	7,137	6,976	6,991	7,006	6,896	7,036	7,176	7,320	7,466	7,616
EBITDA	552	529	475	439	433	417	422	430	438	446	454
EBITDA margin	7.7%	7.4%	6.8%	6.3%	6.2%	6.1%	6.0%	6.0%	6.0%	6.0%	6.0%
D&A	41	39	38	37	37	37	37	37	37	37	37
EBIT	512	490	438	401	396	380	385	393	401	409	417
Tax	97	93	83	76	75	72	73	75	76	78	79
NOPLAT	415	397	355	325	321	308	312	318	325	331	338
JV profit (fbSerwis)	2	4	6	7	7	8	9	9	9	9	10
CAPEX	-32	-35	-36	-37	-37	-37	-37	-37	-37	-37	-37
Working capital	-311	20	-337	-269	-161	-153	-105	0	0	1	1
FCF	114	425	25	62	167	163	216	327	334	342	348
PV FCF	107	368	20	46	113	102	124	174	163	154	
WACC	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

Cash Flow Summary

(PLN m)	2016	2017	2018P	2019P	2020P
Operating cash flow	612	196	147	460	61
D&A	26	37	41	39	38
Working capital	155	-288	-311	20	-337
Investing cash flow	-49	-357	-32	-35	-36
CAPEX	-42	-31	-32	-35	-36
Financing cash flow	-223	-400	-452	-410	-395
Dividends	-208	-383	-450	-405	-388

Relative Valuation Summary

Relative Valuation Summary						
	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	3.0	2.9	2.9	3.5	3.2	2.9
Maximum	22.4	17.5	16.5	10.9	9.6	9.1
Median	11.6	9.9	9.0	5.2	5.0	4.8
Weight	17%	17%	17%	17%	17%	17%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
Enterprise value	3,790
Net debt	-2,291
Other adjustments	-501
Value per share (PLN)	219.00

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	33%	164.00
Relative (DYield)	17%	334.00
DCF	50%	219.00
Cost of equity (9M)		6.3%
9M Target Price		234.00

Elektrobudowa buy (no change)

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Elektrobudowa is one of the few Polish builders to have delivered a positive surprise with 2018 first-quarter results, and as a reward its share price is up nearly 25% since the beginning of the year. A PLN 10.50 per-share 2018 dividend payout recently passed by shareholders, with the implied dividend yield at over 10%, has generated even more upside for the weeks ahead (the record day is set for July 20th). After two years of distributions at 10 zlotys per share, our conservative prediction is that in 2020 Elektrobudowa will reduce DPS to 7 zlotys. This has nothing to do with the Company's cash position, which is strong and not likely to be affected too much by the PLN 50m dividend payout, and which might increase further in the course of the year as cash is unlocked from working capital. We maintain a buy rating for ELB.

Current Price

94.80 PLN

Upside

9M Target Price

116.00 PLN

+22.4%

	rating	target price	issued
unchanged	buy	116.00 PLN	2018-04-06

Key Metrics			ELB PW	vs. WIG
Ticker	ELB PW	1M Price Chng	+1.7%	+2.9%
ISIN	PLELTBD00017	YTD Price Chng	+22.3%	+30.0%
Outst. Stock (m)	4.7	ADTV 1M		PLN 0.1m
MC (PLN m)	450.1	ADTV 6M		PLN 0.2m
EV (PLN m)	276.7	EV/EBITDA 12M fwd	5.2	-17.2%
Free Float	34.9%	EV/EBITDA 5Y avg	6.3	discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	971.5	902.9	871.4	845.2	862.8
EBITDA	75.2	84.3	63.7	55.0	56.1
EBITDA margin	7.7%	9.3%	7.3%	6.5%	6.5%
EBIT	61.8	69.8	48.7	39.7	40.6
Net income	55.1	58.6	41.8	35.3	36.0
P/E	8.2	7.7	10.8	12.8	12.5
P/B	1.1	1.0	1.0	1.0	1.0
EV/EBITDA	4.6	4.0	4.3	5.0	4.8
DPS	4.00	10.00	10.50	7.00	6.00
DYield	4.2%	10.5%	11.1%	7.4%	6.3%

Revision of Projections (% change)		2018P	2019P	2020P
Revenue		0.0%	0.0%	0.0%
Gross profit margin		0.0 p.p.	0.0 p.p.	0.0 p.p.
EBITDA		0.0%	0.0%	0.0%
Net income		0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	971	903	871	845	863
Project Execution	772	673	639	607	619
Production	155	188	188	192	196
Other	44	42	44	46	48
EBIT margin	6.4%	7.7%	5.6%	4.7%	4.7%
Project Execution	8.6%	8.8%	6.2%	5.0%	5.0%
Production	-6.1%	4.7%	4.0%	4.0%	4.0%
Other	10.8%	5.0%	3.5%	3.6%	3.7%
Cash	137	115	173	178	180
Net debt	-102	-115	-173	-178	-180
Net debt / EBITDA	-1.4	-1.4	-2.7	-3.2	-3.2
Net working capital	204	176	116	112	115
NWC/Sales	21.0%	19.5%	13.3%	13.2%	13.3%
Equity	423	431	435	437	444
ROE	13.6%	13.7%	9.7%	8.1%	8.2%

Cash Flow Summary

(PLN m)	2016	2017	2018P	2019P	2020P
Operating cash flow	72	84	113	51	45
D&A	13	15	15	15	16
Working capital	13	17	59	4	-3
Investing cash flow	-8	-18	-20	-18	-18
CAPEX	-15	-19	-20	-18	-18
Financing cash flow	-34	-86	-35	-30	-25
Dividends	-19	-47	-38	-33	-28

Relative Valuation Summary

	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	3.0	2.9	2.9	3.5	3.2	2.9
Maximum	22.4	20.5	19.2	14.0	13.3	12.7
Median	12.8	10.6	10.2	6.2	5.5	5.5
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Revenue	871	845	863	881	898	916	935	953	972	992	1,012
EBITDA	64	55	56	57	58	59	60	60	61	62	63
EBITDA margin	7.3%	6.5%	6.5%	6.5%	6.4%	6.4%	6.4%	6.3%	6.3%	6.3%	6.2%
D&A	15	15	16	16	16	16	16	16	16	16	16
EBIT	49	40	41	41	42	43	44	45	46	47	48
Tax	11	9	10	10	10	10	10	11	11	11	11
NOPLAT	40	33	34	35	35	36	37	37	38	39	39
CAPEX	-20	-18	-18	-16	-16	-16	-16	-16	-16	-16	-16
Working capital	59	4	-3	-3	-3	-3	-3	-3	-3	-3	-3
Other	0	0	0	0	0	0	0	0	0	0	0
FCF	95	35	28	31	32	33	34	34	35	36	36
PV FCF	89	31	23	23	22	21	19	18	17	16	
WACC	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
Enterprise value	533
Net debt	-115
Other adjustments	88
Value per share (PLN)	118.00

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	99.00
DCF Val.	50%	118.00
Implied Price		109.00
Cost of equity (9M)		6.3%
9M Target Price		116.00

Erbud accumulate (downgraded)

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We have dialed back our optimistic outlook for Erbud in terms of 2018 earnings, and we now think the Company might not be able to improve profit margins this year in spite of positive base effects and contributions from the new higher-margin German subsidiary. Our expectations for the first quarter of 2018 are for a net loss of ca. PLN 1m vs. a profit of PLN 0.3m recognized in Q1 2017. After lowering gross margin estimates, we have cut our 2018 FY net profit forecast by 33%, and we have revised the 2019 and 2020 forecasts downward by 18% and 8%, respectively. At the same time, as of today we are lowering our 9-month price target for Erbud by 22% to PLN 23.1, and we downgrade the stock from buy to accumulate with long-term upside potential still there after the share price falls experienced in 2017. In the near term, sentiment might be dampened by weak first-quarter results, which could lead to consensus revisions. In the current market environment, Erbud offers less attractive prospects than its local rival in residential construction, Unibep.

Current Price

19.40 PLN

Upside

9M Target Price

23.10 PLN

+19.1%

	rating	target price	issued
new	accumulate	23.10 PLN	2018-05-09
old	buy	29.60 PLN	2018-04-06
Key Metrics		ERB PW	vs. WIG
Ticker	ERB PW	1M Price Chng	-10.2%
ISIN	PLERBUD00012	YTD Price Chng	-4.2%
Outst. Stock (m)	12.8	ADTV 1M	PLN 0.0m
MC (PLN m)	248.6	ADTV 6M	PLN 0.0m
EV (PLN m)	248.7	EV/EBITDA 12M fwd	4.4
Free Float	15.5%	EV/EBITDA 5Y avg	5.5 discount

Earnings Projections

Earnings Projections					
(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	1,789.8	1,805.5	1,937.3	1,983.4	1,964.0
EBITDA	57.0	48.9	47.4	53.0	55.0
EBITDA margin	3.2%	2.7%	2.4%	2.7%	2.8%
EBIT	45.8	37.7	32.5	40.3	42.0
Net income	1.8	22.6	21.0	26.0	27.4
P/E	138.8	11.0	11.8	9.6	9.1
P/B	1.0	0.9	0.9	0.8	0.8
EV/EBITDA	1.8	3.8	5.2	4.6	4.4
DPS	1.68	1.20	1.10	0.82	1.22
DYield	8.7%	6.2%	5.7%	4.2%	6.3%
Revision of Projections (% change)			2018P	2019P	2020P
Revenue			-0.0%	-0.0%	-0.0%
Gross profit margin			-0.8 p.p.	-0.4 p.p.	-0.2 p.p.
EBITDA			-19.9%	-12.0%	-4.8%
Net income			-32.8%	-17.8%	-7.8%

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	1,790	1,805	1,937	1,983	1,964
Building Construction	1,424	1,423	1,436	1,465	1,445
Road Engineering	142	157	160	163	166
Power Engineering	215	225	246	258	253
EBIT margin	2.6%	2.1%	1.7%	2.0%	2.1%
Building Construction	2.6%	1.8%	1.0%	1.5%	1.7%
Road Engineering	4.6%	8.8%	3.6%	3.5%	1.5%
Power Engineering	1.1%	1.2%	2.0%	2.5%	3.2%
Cash	257	190	128	122	125
Net debt	-153	-73	-11	-15	-17
Net debt / EBITDA	-2.7	-1.5	-0.2	-0.3	-0.3
Net working capital	38	135	168	179	188
NWC/Sales	2.1%	7.5%	8.6%	9.0%	9.6%
Equity	252	276	283	298	310
ROE	0.7%	8.6%	7.5%	8.9%	9.0%

Cash Flow Summary

(PLN m)	2016	2017	2018P	2019P	2020P
Operating cash flow	75	-44	9	34	38
D&A	11	11	15	13	13
Working capital	14	-71	-33	-11	-9
Investing cash flow	24	5	-52	-14	-14
CAPEX	-4	-4	-16	-14	-14
Financing cash flow	-64	-28	-19	-26	-21
Dividends	-22	-15	-14	-10	-16

Relative Valuation Summary

	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	3.3	3.2	3.3	3.6	3.3	3.0
Maximum	21.1	17.3	16.7	10.6	9.2	8.6
Median	12.4	11.0	9.1	5.5	5.2	4.7
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Revenue	1,937	1,983	1,964	1,964	2,003	2,043	2,084	2,126	2,168	2,212	2,256
EBITDA	47	53	55	52	53	54	55	55	57	58	59
EBITDA margin	2.4%	2.7%	2.8%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%
D&A	15	13	13	13	14	14	14	14	14	15	15
EBIT	32	40	42	38	39	40	41	41	42	43	44
Tax	7	9	9	8	9	9	9	9	9	9	10
NOPLAT	25	31	33	30	30	31	32	32	33	34	34
CAPEX	-52	-14	-14	-15	-14	-15	-15	-15	-15	-15	-15
Working capital	-33	-11	-9	-11	-9	-4	-4	-4	-4	-5	-5
Other	0	0	0	0	0	0	0	0	0	0	0
FCF	-45	19	22	18	20	26	27	27	28	29	29
PV FCF	-42	16	18	13	14	16	15	14	14	13	
WACC	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
Enterprise value	295
Net debt	-73
Other adjustments	-85
Value per share (PLN)	22.10

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	21.30
DCF Val.	50%	22.10
Implied Price		21.70
Cost of equity (9M)		6.4%
9M Target Price		23.10

Unibep buy (no change)

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Unibep's share price has dropped by a staggering 25% year to date, and it is down nearly 50% on a 12-month basis, showing dramatic underperformance versus the WIG-Construction sector benchmark. The negative sentiment stems from the fact that the market is focusing too much on the shortcomings of Unibep's construction business, and not paying enough attention to the potential of the residential real-estate business, expected to generate a net profit close to PLN 13m in the first quarter of 2018. Looking at Unibep's extensive land bank, housing should remain a major earnings driver through 2019 and 2020. As for the building segment, the setbacks it is experiencing are temporary, and will be resolved once Unibep clears the current order pipeline, with 75% of the contracts scheduled for completion this year. After falling to a low 3% or so in 2018, we believe the gross margin will recover in 2019 judging by three recent construction contracts for residential buildings priced at an average PLN 4,600 per square meter, a big improvement from the average price of PLN 3,500 Unibep is being paid under similar contracts signed last year. We maintain a buy rating for UNI.

Current Price

6.92 PLN

Upside

9M Target Price

10.10 PLN

+46.0%

	rating	target price	issued
unchanged	buy	10.10 PLN	2018-04-06

Key Metrics			UNI PW	vs. WIG
Ticker	UNI PW	1M Price Chng	-6.0%	-4.8%
ISIN	PLUNBEP00015	YTD Price Chng	-30.2%	-22.6%
Outst. Stock (m)	35.1	ADTV 1M		PLN 0.0m
MC (PLN m)	242.7	ADTV 6M		PLN 0.1m
EV (PLN m)	246.3	EV/EBITDA 12M fwd	5.2	-27.8%
Free Float	27.7%	EV/EBITDA 5Y avg	7.2	discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	1,249.2	1,629.3	1,643.5	1,655.9	1,631.4
EBITDA	41.8	33.5	47.7	58.2	55.5
EBITDA margin	3.3%	2.1%	2.9%	3.5%	3.4%
EBIT	33.3	23.6	36.5	46.9	44.2
Net income	31.6	25.8	30.6	35.8	32.4
P/E	7.7	9.4	7.9	6.8	7.5
P/B	1.0	1.0	0.9	0.8	0.8
EV/EBITDA	6.1	4.9	5.2	4.1	3.9
DPS	0.17	0.19	0.25	0.31	0.41
DYield	2.5%	2.8%	3.6%	4.4%	5.9%

Revision of Projections (% change)	2018P	2019P	2020P
Revenue	0.0%	0.0%	0.0%
Gross profit margin	0.0 p.p.	0.0 p.p.	0.0 p.p.
EBITDA	0.0%	0.0%	0.0%
Net income	0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	1,249	1,629	1,643	1,656	1,631
Construction	994	1,219	1,275	1,250	1,236
Modular Housing	156	182	209	230	234
Development	99	228	160	176	161
Gross profit margin	6.7%	6.3%	5.4%	6.1%	6.1%
Construction	5.2%	2.5%	3.7%	4.3%	4.4%
Modular Housing	6.4%	6.3%	8.5%	8.5%	8.5%
Development	22.7%	26.7%	15.0%	16.0%	16.0%
Cash	150	165	91	83	95
Net debt	8	-84	-1	-13	-35
Net debt / EBITDA	0.2	-2.5	0.0	-0.2	-0.6
Net working capital	64	11	115	128	126
NWC/Sales	5.1%	0.6%	7.0%	7.7%	7.7%
Equity	233	254	276	301	319
ROE	14.0%	10.6%	11.6%	12.4%	10.5%

Cash Flow Summary

(PLN m)	2016	2017	2018P	2019P	2020P
Operating cash flow	-14	104	-64	34	49
D&A	9	10	11	11	11
Working capital	-37	88	-104	-13	3
Investing cash flow	-9	7	-10	-11	-10
CAPEX	-8	-16	-12	-12	-12
Financing cash flow	42	-91	0	-32	-27
Dividends	-6	-7	-9	-11	-14

Relative Valuation Summary

	P / E			EV / EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	3.0	2.9	2.9	3.5	3.2	2.9
Maximum	22.4	17.5	16.5	10.9	9.6	9.1
Median	12.2	10.7	9.6	5.2	5.1	4.8
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Revenue	1,643	1,656	1,631	1,645	1,673	1,701	1,730	1,760	1,795	1,831	1,867
EBITDA	48	58	56	55	55	55	55	56	57	58	59
EBITDA margin	2.9%	3.5%	3.4%	3.4%	3.3%	3.3%	3.2%	3.2%	3.2%	3.2%	3.2%
D&A	11	11	11	11	11	11	11	11	12	12	12
EBIT	37	47	44	44	44	44	44	44	45	46	47
Tax	8	11	10	10	10	10	10	10	10	11	11
NOPLAT	28	36	34	34	34	34	34	34	35	35	36
CAPEX	-12	-12	-12	-12	-12	-12	-12	-12	-12	-12	-12
Working capital	-104	-13	3	-1	-3	-3	-3	-3	-3	-3	-3
Other	0	0	0	0	0	0	0	0	0	0	0
FCF	-77	22	36	32	31	31	31	31	31	32	33
PV FCF	-72	19	29	23	21	19	18	16	15	14	
WACC	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
Enterprise value	328
Net debt	-84
Other adjustments	-72
Value per share (PLN)	9.70

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	9.20
DCF Val.	50%	9.70
Implied Price		9.50
Cost of equity (9M)		6.3%
9M Target Price		10.10

Property Developers

Atal

accumulate (no change)

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Atal sold 714 off-plan flats in Q1 2018, representing a 6% increase from Q1 2017 and a 5% decline from the previous quarter and a number equivalent to 25% of our 2018 FY sales forecast. The sales/inventory ratio at 30% was up by 2pp y/y and 3pp q/q. Atal's land bank, enough for 3.5 years of construction, is a big advantage amid rising land prices in Poland, though the Developer plans to continue building the land reserves further during 2018 (to that end it has lowered the planned 2018 dividend payout). We expect Atal to grow annual net profits to an average PLN 190m in the next two years, with 2019 bringing a small decline, followed by stabilization in 2020. We maintain an accumulate rating for 1AT.

Current Price

42.80 PLN

Upside

9M Target Price

47.00 PLN

+9.8%

	rating	target price	issued
unchanged	accumulate	47.00 PLN	2018-04-06

Key Metrics	1AT PW	1M Price Chng	1AT PW	vs. WIG
Ticker	1AT PW	1M Price Chng	-1.4%	-0.2%
ISIN	PLATAL000046	YTD Price Chng	+0.2%	+7.9%
Outst. Stock (m)	38.7	ADTV 1M		PLN 0.1m
MC (PLN m)	1,657.0	ADTV 6M		PLN 0.2m
EV (PLN m)	1,794.2	EV/EBITDA 12M fwd	7.8	-5.2%
Free Float	11.2%	EV/EBITDA 5Y avg	8.2	discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	506.8	865.8	953.0	925.4	1,020.0
Gross profit	136.9	247.6	276.0	268.6	275.4
Gross margin	27.0%	28.6%	29.0%	29.0%	27.0%
EBIT	114.8	222.0	245.3	236.5	241.7
Net income	89.4	171.2	192.8	185.8	189.0
P/E	18.5	9.7	8.6	8.9	8.8
P/B	2.4	2.1	1.9	1.9	1.9
EV/EBITDA	16.9	8.3	7.3	7.8	7.9
DPS	0.61	1.73	3.54	4.54	4.86
DYield	1.4%	4.0%	8.3%	10.6%	11.4%
Revision of Projections (% change)		2018P	2019P	2020P	
Revenue		0.0%	0.0%	0.0%	
Gross profit margin		0.0 p.p.	0.0 p.p.	0.0 p.p.	
EBIT		0.0%	0.0%	0.0%	
Net income		0.0%	0.0%	0.0%	
Residential closings		0.0%	0.0%	0.0%	

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Closings (units)	1,404	2,308	2,559	2,651	3,000
Revenue/unit (PLN k)	353	375	372	349	340
SG&A	24	28	30	31	33
SG&A/Sales	4.8%	3.3%	3.1%	3.4%	3.2%
EBIT margin	22.6%	25.6%	25.7%	25.6%	23.7%
Net profit margin	17.6%	19.8%	20.2%	20.1%	18.5%
Cash	187	266	317	252	181
Net debt	324	214	143	208	279
Net debt/Equity	47%	27%	17%	24%	32%
Inventory	1,132	1,342	1,228	1,315	1,410
Inventory/Sales	223%	155%	129%	142%	138%
Earnest money deposits	231	365	275	297	321
Deposits/Inventory	20%	27%	22%	23%	23%
Equity	688	795	850	861	861
ROE	14.4%	24.9%	24.3%	21.8%	22.0%

Cash Flow Summary

(PLN m)	2016	2017	2018P	2019P	2020P
Operating cash flow	-78	198	218	121	129
D&A	1	1	1	1	1
Working capital	-187	-13	15	-75	-72
Investing cash flow	0	1	4	4	3
CAPEX	-1	-1	-1	-1	-1
Financing cash flow	135	-121	-172	-190	-203
Dividends	-24	-67	-137	-176	-188

Relative Valuation Summary

	P/BV			P/E		
	18P	19P	20P	18P	19P	20P
Minimum	0.38	0.36	0.35	5.0	5.2	4.3
Maximum	2.03	2.03	2.01	13.9	11.3	10.7
Median	0.81	0.76	0.73	7.5	6.1	6.0
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Revenue	953	925	1,020	867	884	902	920	938	957	976	996
EBITDA	247	238	243	187	185	189	193	196	200	204	208
EBITDA margin	25.9%	25.7%	23.8%	21.6%	21.0%	21.0%	20.9%	20.9%	20.9%	20.9%	20.9%
D&A	1	1	1	1	1	1	1	1	1	1	1
EBIT	245	236	242	186	184	188	191	195	199	203	207
Tax	47	45	46	35	35	36	36	37	38	39	39
NOPLAT	199	192	196	150	149	152	155	158	161	164	167
CAPEX	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
Working capital	15	-75	-72	32	41	-20	-20	-20	-20	-20	-20
Other	0	0	0	0	0	0	0	0	0	0	0
FCF	213	116	124	182	190	132	135	137	140	144	147
PV FCF	201	101	100	137	132	85	80	76	72	68	
WACC	8.2%	8.0%	7.9%	7.9%	8.0%	7.9%	7.9%	7.8%	7.8%	7.8%	7.8%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
Enterprise value	2,247
Net debt	214
Other adjustments	-6
Value per share (PLN)	52.70

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	33%	24.40
Relative (DYield)	17%	58.20
DCF	50%	52.70
Cost of equity (9M)		6.3%
9M Target Price		47.00

Capital Park buy (no change)

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Capital Park's stock has been trading firmly within the PLN 5.5-6.range for many months, with P/NAV at 0.60-0.65x. We expect the discount to narrow during 2018 as the Developer's flagship project, Art Norblin, progresses into more advances stages. Art Norblin, with an agreed construction deadline at the end of October 2020, is crucial to future profits and dividends, and its potential should finally start to be discounted by the market as more prospective tenants book the future spaces. With demand for commercial spaces at record levels in Poland, Art Norblin is doomed to succeed. We maintain a buy rating for CAP.

Current Price

5.95 PLN

Upside

9M Target Price

8.35 PLN

+40.3%

	rating	target price	issued
unchanged	buy	8.35 PLN	2018-04-06

Key Metrics		CPG PW	vs. WIG
Ticker	CPG PW	1M Price Chng	+3.5% +4.6%
ISIN	PLCPPRK00037	YTD Price Chng	+2.8% +10.4%
Outst. Stock (m)	108.8	ADTV 1M	PLN 0.0m
MC (PLN m)	647.1	ADTV 6M	PLN 0.0m
EV (PLN m)	1,984.5	EV/EBITDA 12M fwd	18.0 -29.0%
Free Float	19.1%	EV/EBITDA 5Y avg	25.4 discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	107.7	125.8	150.8	157.4	164.5
Gross profit	81.4	93.1	114.6	119.6	125.1
Gross margin	75.6%	74.0%	76.0%	76.0%	76.0%
EBIT ex. FV adj.	55.5	79.8	99.4	105.9	110.8
FV adjustment	68.9	-84.7	9.4	25.3	24.0
Net income	29.9	-1.9	54.7	65.2	67.8
P/E	21.1	-	11.8	9.9	9.5
P/B	0.6	0.6	0.6	0.6	0.6
EV/EBITDA	14.3	-	18.2	17.4	19.1
DPS	0.00	0.00	0.00	0.15	0.20
DYield	0.0%	0.0%	0.0%	2.5%	3.4%
Revision of Projections (% change)			2018P	2019P	2020P
Revenue			0.0%	0.0%	0.0%
FFO			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
BVPS			0.0%	0.0%	0.0%
EUR/PLN			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
NOI	81	93	115	120	125
YoY pct. change	46.3%	14.3%	23.2%	4.4%	4.5%
EBIT ex. FV adj.	67	76	97	101	106
Financing costs	-49	-38	-42	-49	-49
FFO	13	32	46	46	50
Fair value adjustments	68.9	-84.7	9.4	25.3	24.0
EUR/PLN	4.42	4.17	4.15	4.15	4.15
Cash	157	193	76	82	57
Net debt	1,086	1,115	1,219	1,516	1,815
Net debt/Equity	102%	101%	105%	125%	144%
Investment properties IP	2,084	2,174	2,337	2,686	3,034
LTV	52%	51%	52%	56%	60%
FV adj./IP	3.6%	-4.1%	0.4%	1.1%	0.9%
Equity	989	984	1,039	1,088	1,134
ROE	3.1%	-0.2%	5.6%	6.3%	6.2%

Cash Flow Summary

(PLN m)	2016	2017	2018P	2019P	2020P
Operating cash flow	76	85	94	101	105
D&A	0	0	0	0	0
Working capital	-1	5	0	-1	-1
Investing cash flow	-104	-88	-153	-324	-324
CAPEX	-111	-123	-153	-324	-324
Financing cash flow	71	40	-58	230	195
Dividends	0	0	0	-16	-22

Relative Valuation Summary

	P/BV			P/E		
	18P	19P	20P	18P	19P	20P
Minimum	0.32	0.31	0.31	7.1	6.6	8.1
Maximum	1.28	1.20	1.18	32.5	27.5	17.2
Median	0.75	0.73	0.80	13.1	11.4	11.1
Weight	17%	17%	17%	17%	17%	17%

NAV Valuation

(PLN m)	15	16	17	18P	19P	20P	21P
Investment properties	1,935	2,084	2,174	2,337	2,686	3,034	3,034
Inventory	13	0	0	0	0	0	0
Financial assets (JV)	31	49	45	45	45	45	45
Accounts receivable	27	24	27	28	29	30	31
Cash	114	157	193	76	82	57	100
Other assets	34	24	32	32	32	32	32
Total assets	2,153	2,337	2,471	2,517	2,873	3,198	3,241
Minority interests	73	72	115	119	122	126	130
Debt	1,066	1,243	1,308	1,295	1,598	1,872	1,872
Deferred tax liability	6	5	25	25	25	25	25
Other liabilities	48	28	39	40	40	41	42
Total liabilities & minority int.	1,193	1,348	1,487	1,478	1,785	2,063	2,068
NAV	960	989	984	1,039	1,088	1,134	1,174
PV of NAV	960	989	984	977	957	936	924

NAV Summary

(PLN m)	
Risk-free rate	3.5%
Risk premium	5.0%
Beta	1.0
Cost of equity	8.5%
EUR/PLN '21E	4.15
2021E NAVPS (PLN)	8.50

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	7.20
NAV	50%	8.50
Implied Price		7.85
Cost of equity (9M)		6.4%
9M Target Price		8.35

Dom Development buy (no change)

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Dom Development reported strong 2018 first-quarter results, with average revenue per flat and the average gross margin exceeding our expectations, and net profit showing a beat of 47% versus the analysts' consensus. The Q1 bottom-line figure accounted for just 7% of our FY forecast, but peak residential completions this year are scheduled for the fourth quarter, with 3,800+ total closings planned alongside 4,500 new home starts. Dom says keeping all the deadlines is a significant but manageable challenge, adding it is handling worker shortages and rising labor costs. We maintain a buy rating for DOM.

Current Price

87.20 PLN

Upside

9M Target Price

103.10 PLN

+18.2%

	rating	target price	issued
unchanged	buy	103.10 PLN	2018-03-20

Key Metrics	DOM PW	1M Price Chng	DOM PW	vs. WIG
Ticker	DOM PW	1M Price Chng	+2.1%	+3.3%
ISIN	PLDMDVL00012	YTD Price Chng	+2.0%	+9.6%
Outst. Stock (m)	24.9	ADTV 1M		PLN 1.1m
MC (PLN m)	2,168.5	ADTV 6M		PLN 0.5m
EV (PLN m)	2,221.7	EV/EBITDA 12M fwd	7.7	-32.6%
Free Float	26.4%	EV/EBITDA 5Y avg	11.4	discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	1,153.0	1,404.7	1,737.4	1,692.0	1,792.2
Gross profit	271.1	385.7	451.8	449.6	472.6
Gross margin	23.5%	27.5%	26.0%	26.6%	26.4%
EBIT	156.6	235.4	296.1	289.4	307.5
Net income	125.7	190.7	238.3	233.3	247.8
P/E	17.2	11.4	9.1	9.3	8.8
P/B	2.3	2.2	2.1	2.1	2.0
EV/EBITDA	13.0	9.2	7.3	7.6	7.3
DPS	3.25	5.05	7.60	9.50	9.38
DYield	3.7%	5.8%	8.7%	10.9%	10.8%
Revision of Projections (% change)		2018P	2019P	2020P	
Revenue		0.0%	0.0%	0.0%	
Gross profit margin		0.0 p.p.	0.0 p.p.	0.0 p.p.	
EBIT		0.0%	0.0%	0.0%	
Net income		0.0%	0.0%	0.0%	
Closings		0.0%	0.0%	0.0%	

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Closings (units)	2,482	2,929	3,801	3,600	3,768
Revenue/unit (PLN k)	465	480	457	470	476
SG&A	107	138	152	156	161
SG&A/Sales	9.3%	9.9%	8.7%	9.2%	9.0%
EBIT margin	13.6%	16.8%	17.0%	17.1%	17.2%
Net profit margin	10.9%	13.6%	13.7%	13.8%	13.8%
Cash	437	331	342	441	417
Net debt	-57	64	53	94	118
Net debt/Equity	-6%	6%	5%	9%	11%
Inventory	1,508	1,989	2,053	2,117	2,181
Inventory/Sales	131%	142%	118%	125%	122%
Earnest money deposits	349	568	587	605	623
Deposits/Inventory	23%	29%	29%	29%	29%
Equity	930	1,002	1,052	1,049	1,063
ROE	14.2%	20.5%	23.8%	22.2%	23.6%

Cash Flow Summary

(PLN m)	2016	2017	2018P	2019P	2020P
Operating cash flow	265	198	209	204	219
D&A	5	7	7	7	7
Working capital	106	-9	-39	-38	-38
Investing cash flow	-6	-213	-7	-7	-7
CAPEX	-6	-8	-7	-7	-7
Financing cash flow	-67	-120	-191	-97	-235
Dividends	-81	-126	-189	-236	-233

Relative Valuation Summary

	P/BV			P/E		
	18P	19P	20P	18P	19P	20P
Minimum	0.38	0.37	0.36	7.2	5.1	4.9
Maximum	2.05	1.99	1.96	36.2	13.9	11.2
Median	0.87	0.83	0.77	13.1	7.5	5.5
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Revenue	1,737	1,692	1,792	1,617	1,649	1,682	1,716	1,750	1,785	1,821	1,858
EBITDA	303	297	315	242	245	248	253	258	263	268	273
EBITDA margin	17.5%	17.5%	17.6%	15.0%	14.9%	14.8%	14.7%	14.7%	14.7%	14.7%	14.7%
D&A	7	7	7	7	7	7	7	7	7	7	7
EBIT	296	289	308	235	238	241	246	251	256	261	266
Tax	56	55	58	45	45	46	47	48	49	50	51
NOPLAT	240	234	249	190	193	195	199	203	207	211	215
CAPEX	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7
Working capital	-39	-38	-38	-38	-38	-8	-3	-3	-3	-3	-3
Other	0	0	0	0	0	0	0	0	0	0	0
FCF	201	196	211	152	155	187	196	200	204	208	212
PV FCF	189	170	169	113	106	119	115	109	103	97	
WACC	8.4%	8.3%	8.3%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
Enterprise value	2,920
Net debt	64
Other adjustments	0
Value per share (PLN)	114.90

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	33%	54.60
Relative (DYield)	17%	127.70
DCF	50%	114.90
Cost of equity (9M)		6.3%
9M Target Price		103.10

Echo Investment buy (no change)

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Echo went ex-dividend of PLN 0.50 on May 1st, and we have adjusted our target price for the stock accordingly. The Developer might still make an extra distribution to shareholders this year after it sells shares in the EPP unit. ECH stock is trading at a small premium to NAV. The market puts the value of Echo's stake in EPP at PLN 270m (PLN 0.65/share). We believe Echo can maintain annual earnings close to PLN 300m (P/E=6.5-7.0x) in the coming years with or without EPP with a land bank sufficient for two years of construction. Yields on commercial properties in Poland continue to shrink, and demand for spaces is at all-time highs. Echo is expected to capitalize on this with a larger number of new commercial projects and more properties offered for sale this year, with preliminary deals for four office buildings worth PLN 650m already signed, expected to be followed by the sale of a shopping center (Galeria Libero in Katowice) and a residential/retail development (Browary Warszawskie in Warsaw) with an estimated combined value of PLN 800m. We maintain a buy rating for ECH.

Current Price

4.82 PLN

Upside

9M Target Price

5.63 PLN

+16.8%

	rating	target price	issued
unchanged	buy	5.63 PLN	2018-04-06

Key Metrics			ECH PW	vs. WIG
Ticker	ECH PW	1M Price Chng	+1.3%	+2.4%
ISIN	PLECHPS00019	YTD Price Chng	+19.0%	+26.7%
Outst. Stock (m)	412.7	ADTV 1M		PLN 0.8m
MC (PLN m)	1,989.2	ADTV 6M		PLN 0.5m
EV (PLN m)	3,026.2	EV/EBITDA 12M fwd	11.5	-26.7%
Free Float	14.4%	EV/EBITDA 5Y avg	15.7	discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	480.1	621.9	524.3	737.9	826.0
Gross profit	216.8	149.4	122.7	173.6	188.5
Gross margin	45.2%	24.0%	23.4%	23.5%	22.8%
EBIT ex. FV adj.	56.4	41.3	2.5	51.1	63.6
FV adjustment	555.2	233.5	399.3	336.1	253.1
Net income	393.3	312.2	302.9	328.3	266.0
P/E	5.1	6.4	6.6	6.1	7.5
P/B	1.3	1.3	1.2	1.1	1.1
EV/EBITDA	3.8	10.3	7.5	7.7	9.4
DPS	5.96	0.66	0.50	0.51	0.56
Revision of Projections (% change)		2018P	2019P	2020P	
Revenue		0.0%	0.0%	0.0%	
FV adjustment		0.0%	0.0%	0.0%	
EBIT		0.0%	0.0%	0.0%	
Net income		0.0%	0.0%	0.0%	
Resid. closings		0.0%	0.0%	0.0%	

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Closings (units)	451	1,006	901	1,270	1,600
Revenue/unit (PLN k)	521	467	402	402	380
Revenue	480	622	524	738	826
Residential	235	470	362	511	608
Commercial	224	120	76	93	92
Other	21	32	86	134	126
Cash	663	731	691	728	655
Net debt	346	879	1,037	1,021	994
Net debt/Equity	23%	55%	62%	57%	54%
Inventory	656	682	746	810	912
Investment properties (IP)	785	1,287	1,738	1,798	1,798
LTV	24.0%	45%	42%	39%	37%
FV adj./IP	38.0%	29.8%	31.0%	19.3%	14.1%
Equity	1,528	1,588	1,684	1,801	1,837
ROE	10.7%	20.4%	19.1%	19.5%	14.8%

Cash Flow Summary

(PLN m)	2016	2017	2018P	2019P	2020P
Operating cash flow	140	-276	-112	-75	-59
Working capital	177	-168	-56	-71	-81
Investing cash flow	2,377	-46	222	363	379
IP purchases	-848	-524	-720	-824	-377
IP sales	3,513	509	944	1,189	630
Financing cash flow	-2,702	362	-150	-251	-393
Dividends	-2,460	-272	-206	-212	-230

Relative Valuation Summary

	P/BV			P/E		
	18P	19P	20P	18P	19P	20P
Minimum	0.32	0.31	0.31	5.0	5.2	4.3
Maximum	2.03	2.03	2.01	14.2	11.5	12.5
Median	0.73	0.68	0.65	9.7	8.2	7.6
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Revenue	524	738	826	794	810	827	843	860	877	895	913
EBITDA	4	53	66	53	54	55	56	57	59	60	61
EBITDA margin	0.9%	7.2%	7.9%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%
D&A	2	2	2	2	2	2	2	2	2	2	2
FV adjustment	399	336	253	189	193	197	201	205	209	213	217
Tax	76	74	60	46	47	47	48	49	50	51	52
NOPLAT	325	314	256	194	198	202	206	210	215	219	223
IP investment/Sales	222	363	251	187	193	197	201	205	209	213	217
Working capital	-56	-71	-81	-7	-7	-7	-8	-8	-8	-8	-8
Other	0	0	128	0	0	305	0	0	0	0	0
FCF	93	271	303	187	193	502	201	205	209	213	218
PV FCF	89	241	251	145	139	338	126	120	114	109	
WACC	7.1%	7.1%	7.1%	7.1%	7.1%	7.2%	7.2%	7.3%	7.3%	7.3%	7.3%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
Enterprise value	3,750
Net debt	879
Other adjustments	0
Value per share (PLN)	6.96

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	4.56
DCF Val.	50%	6.96
Implied Price		5.76
Cost of equity (9M)		6.3%
9M Target Price*		5.63

GTC hold (no change)

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GTC signed a conditional deal at the end of April to buy a 100% stake in Bulgaria's Dorado, the owner of the Mall of Sofia and an adjacent office building, for EUR 90m. The two buildings generate NOI of EUR 7.55m, which may add to GTC's 2018 profits assuming the deal is finalized by the end of June as planned. The purchase is consistent with GTC's business strategy, and it is expected to generate ROE of ca. 20%. GTC is aiming to double NAV over the next 4-5 years, but in our view, 50% NAV growth in the target period is a more realistic figure. We maintain a hold rating for GTC.

Current Price

9.00 PLN

Upside

9M Target Price

9.60 PLN

+6.7%

	rating	target price	issued
unchanged	hold	9.60 PLN	2018-04-06

Key Metrics			GTC PW	vs. WIG
Ticker	GTC PW	1M Price Chng	-3.2%	-2.1%
ISIN	PLGTC0000037	YTD Price Chng	-8.2%	-0.5%
Outst. Stock (m)	470.3	ADTV 1M		PLN 0.5m
MC (PLN m)	4,232.7	ADTV 6M		PLN 0.8m
EV (PLN m)	8,614.6	EV/EBITDA 12M fwd	16.3	+10.2%
Free Float	21.9%	EV/EBITDA 5Y avg	14.8	premium

Earnings Projections

(EUR m)	2016	2017	2018P	2019P	2020P
Revenue	120.3	128.7	151.7	166.2	184.9
Gross profit	87.3	92.1	112.0	125.1	139.2
Gross margin	72.6%	71.6%	73.8%	75.3%	75.3%
EBIT ex FX adj.	70.2	73.5	92.7	105.3	119.1
FX adj.	84.6	148.6	40.7	45.7	53.7
Net income	158.5	156.3	91.1	105.1	121.2
P/E	6.1	6.3	10.8	9.4	8.2
P/B	1.2	1.1	1.0	0.9	0.9
EV/EBITDA	11.0	8.4	15.0	14.1	12.8
DPS	0.00	0.07	0.08	0.08	0.10
DYield	0.0%	3.1%	3.8%	4.0%	4.6%
Revision of Projections (% change)			2018P	2019P	2020P
Revenue			0.0%	0.0%	0.0%
NOI			0.0%	0.0%	0.0%
FFO			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
BVPS			0.0%	0.0%	0.0%

Financial Highlights

(EUR m)	2016	2017	2018P	2019P	2020P
NOI	86	91	111	125	139
YoY pct. change	10.1%	4.7%	22.2%	13.1%	11.2%
EBIT ex. FX adj.	71	77	93	105	119
Financing costs	-28	-29	-29	-31	-35
FFO	42	47	56	65	74
YoY pct. change	10.5%	11.9%	18.5%	17.1%	13.8%
FV adjustment	85	149	41	46	54
Cash	178	202	115	120	103
Net debt	715	833	980	1,104	1,172
Net debt/Equity	91%	89%	99%	104%	104%
Investment properties IP	1,605	1,937	2,148	2,342	2,493
LTV	44%	43%	45%	47%	47%
FV adj./IP	6.6%	9.3%	2.1%	2.1%	2.3%
Equity	787	937	991	1,056	1,132
ROE	24.7%	19.8%	9.7%	10.6%	11.5%

Cash Flow Summary

(EUR m)	2016	2017	2018P	2019P	2020P
Operating cash flow	73	81	85	97	109
D&A	0	1	0	0	0
Working capital	6	7	0	0	0
Investing cash flow	-232	-178	-164	-148	-96
CAPEX	-261	-234	-170	-149	-98
Financing cash flow	141	95	6	51	-36
Dividends	0	-8	-37	-40	-45

Relative Valuation Summary

	P/BV			P/E		
	18P	19P	20P	18P	19P	20P
Minimum	0.32	0.31	0.31	7.1	6.6	8.1
Maximum	1.28	1.20	1.18	32.5	27.5	17.2
Median	0.76	0.74	0.71	12.2	11.7	11.3
Weight	17%	17%	17%	17%	17%	17%

NAV Valuation

(EUR m)	15	16	17	18P	19P	20P	21P
Investment properties	1,289	1,605	1,937	2,148	2,342	2,493	2,566
Residential land & dev.	30	19	16	13	13	13	13
Financial assets (JV)	23	4	1	0	0	0	0
Accounts receivable	6	5	4	4	4	4	4
Cash	196	178	202	115	120	103	109
Other assets	16	29	22	22	22	22	22
Total assets	1,560	1,839	2,183	2,302	2,503	2,636	2,715
Minority interests	-21	3	4	5	5	5	5
Debt	739	893	1,034	1,095	1,224	1,275	1,255
Deferred tax liability	133	98	126	131	136	143	149
Other liabilities	66	58	81	81	81	81	81
Total liabilities & minority int.	917	1,052	1,246	1,312	1,446	1,504	1,491
NAV	643	787	937	991	1,056	1,132	1,224
PV of NAV	643	787	937	967	982	1,002	1,024

NAV Summary

(EUR m)	
Risk-free rate	3.5%
Risk premium	5.0%
Beta	1.0
Cost of equity	8.5%
EUR/PLN '21E	4.15
2021E NAVPS (EUR)	9.00

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	8.90
NAV	50%	9.00
Implied Price		9.00
Cost of equity (9M)		6.4%
9M Target Price		9.60

LC Corp buy (no change)

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LC Corp stock did not take off as expected in April even though at 649 units residential sales in the first quarter exceeded expectations after increasing 17% y/y as well as rebounding 8% q/q – a feat accomplished by only one other listed developer. As a result, first-quarter sales fulfilled 34% of our clearly conservative FY forecast. With closings in the period amounting to roughly 702 units (+40% y/y, +145% q/q), net profit for Q1 2018 might come in at PLN 54m, equivalent to 32% of our full-year estimate. LCC is still the cheapest of our top sector picks at 0.8x price to book, and at 6.5x its 2018E P/E ratio is among the lowest. We are confident the Developer can fulfill our earnings expectations through 2020 with the existing land bank, and we maintain a buy rating for its stock.

Current Price

2.68 PLN

Upside

9M Target Price

3.50 PLN

+30.6%

	rating	target price	issued
unchanged	buy	3.50 PLN	2018-04-06

Key Metrics			LCC PW	vs. WIG
Ticker	LCC PW	1M Price Chng	-0.4%	+0.8%
ISIN	PLCCRP00017	YTD Price Chng	-2.5%	+5.1%
Outst. Stock (m)	447.6	ADTV 1M		PLN 1.0m
MC (PLN m)	1,199.5	ADTV 6M		PLN 1.3m
EV (PLN m)	2,119.6	P/E 12M fwd	6.3	-37.0%
Free Float	41.3%	P/E 5Y avg	10.0	discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	547.0	706.2	836.9	898.4	928.1
Gross profit	207.9	260.8	285.8	320.5	332.4
Gross margin	38.0%	36.9%	34.2%	35.7%	35.8%
EBIT ex. FV adj.	169.6	208.6	234.2	267.3	277.7
FV adjustment	34.2	-119.3	17.7	19.3	0.0
Net income	113.1	80.2	185.4	209.0	201.4
Net income adj.	120.7	150.6	170.1	193.4	201.4
P/E	10.6	14.9	6.5	5.7	6.0
P/E adj.	9.9	8.0	7.1	6.2	6.0
P/B	0.9	0.8	0.8	0.7	0.7
DPS	0.18	0.07	0.24	0.29	0.32
DYield	6.7%	2.6%	9.0%	10.6%	12.1%

Revision of Projections (% change)		2018P	2019P	2020P
Revenue		0.0%	0.0%	0.0%
FV adjustment		0.0 p.p.	0.0 p.p.	0.0 p.p.
EBIT		0.0%	0.0%	0.0%
Net income		0.0%	0.0%	0.0%
Resid. closings		0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Closings (units)	1,393	1,801	2,137	2,184	2,072
Revenue	547	706	837	898	928
Residential	402	563	687	727	741
Rental Properties	145	144	150	171	187
Gross margin	38.0%	36.9%	34.2%	35.7%	35.8%
Residential	26.0%	28.8%	26.3%	27.6%	27.2%
Rental Properties	71.2%	68.7%	70.0%	70.0%	70.0%
Cash	355	344	270	241	237
Net debt	737	737	920	984	1,005
Net debt/Equity	53%	51%	60%	61%	60%
Inventory	971	1,064	1,048	1,031	1,015
Investment properties (IP)	1,810	1,805	1,967	2,049	2,049
FV adj./IP	1.9%	-6.6%	0.9%	0.9%	0.0%
Equity	1,396	1,448	1,526	1,608	1,664
ROE	8.3%	5.7%	12.8%	13.7%	12.5%

Cash Flow Summary

(PLN m)	2016	2017	2018P	2019P	2020P
Operating cash flow	199	167	135	194	155
Working capital	91	-18	-63	-29	-77
Investing cash flow	-102	-142	-185	-102	-1
IP purchases	-102	-141	-183	-101	0
IP sales	0	0	0	0	0
Financing cash flow	113	-11	-74	-30	-4
Dividends	-81	-31	-107	-128	-145

Relative Valuation Summary

	P/BV			P/E		
	18P	19P	20P	18P	19P	20P
Minimum	0.38	0.36	0.35	4.97	5.25	4.27
Maximum	2.03	2.03	2.01	13.91	11.25	10.70
Median	0.91	0.85	0.77	8.17	7.09	7.33
Weight	17%	17%	17%	17%	17%	17%

DCF Valuation: Residential Business

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Revenue	687	727	741	608	588	599	611	623	636	649	662
EBITDA	141	159	159	102	84	85	87	89	91	92	94
EBITDA margin	20.5%	21.9%	21.4%	16.7%	14.3%	14.3%	14.3%	14.2%	14.2%	14.2%	14.2%
NOPLAT	113	128	128	82	67	68	70	71	73	74	75
Working capital	-64	-30	-78	-56	-33	-11	-11	-11	-11	-11	-11
FCF	50	99	51	26	35	58	60	61	63	64	65
PV FCF	47	86	41	19	24	36	34	32	31	29	

Net Asset Valuation: Commercial Business

NAV (PLN m)	18P	19P	20P	21P	22P
Standing inv. pr.	983	1,129	1,147	1,175	1,203
Prop. u/develop.	98	0	0	0	0
Other assets	22	56	113	171	231
Total NAV	1,103	1,185	1,260	1,346	1,435
PV of NAV	1,037	1,027	1,006	991	973

NAV Summary

(PLN m)	
PV of NAV (2021E)	973
2021E ROE	6.6%
Cost of equity	8.5%
Premium/Discount (ROE - COE)	-23%
NAV per share (PLN)	1.71

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
Enterprise value	834
Net debt	148
Other adjustments	0
Value per share (PLN)	1.53

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	33%	3.08
Relative (DYield)	17%	3.83
SOTP	50%	3.24
Cost of equity (9M)		6.4%
9M Target Price		3.50

Retail

AmRest

reduce (no change)

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AmRest opened a record number of new restaurant locations in 2017, as well as completing an unprecedented number of acquisitions. As result, the global restaurant network increased 38.7% to 1,638, and AmRest became a master franchisee for Pizza Hut Express and Delivery restaurants in the CEE, Germany, and France. This was followed by the acquisition of 30 franchise Pizza Hut restaurants in Russia, Azerbaijan, and Armenia, at the end of April. AmRest grew recurring EBITDA for Q4 2017 by 7.9% year over year, though after impairment charges the quarterly EBITDA figure showed 3% y/y contraction. Also weighing on 2017 profits were costs of the numerous acquisitions completed during the year. Our prediction for the first quarter of 2018 is for a 26% y/y rebound in EBITDA, supported by positive base effects. The Company's focus this year is on post-merger integration, set to elevate expenses in the initial stages of the process. Further, the plans for continuing network expansion (with 300 new restaurant openings planned in 2018) will entail high capital expenditures, projected at PLN 913m in 2019 and PLN 908m in 2020.

Current Price

513.00 PLN

Downside**9M Target Price**

426.00 PLN

-17.0%

	rating	target price	issued
unchanged	reduce	426.00 PLN	2018-04-06

Key Metrics			EAT PW	vs. WIG
Ticker	EAT PW	1M Price Chng	+10.0%	+11.1%
ISIN	NL0000474351	YTD Price Chng	+25.1%	+32.8%
Outst. Stock (m)	21.2	ADTV 1M		PLN 5.0m
MC (PLN m)	10,882.7	ADTV 6M		PLN 4.8m
EV (PLN m)	12,663.1	EV/EBITDA 12M fwd	14.4	+45.6%
Free Float	31.1%	EV/EBITDA 5Y avg	9.9	premium

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	4,207	5,266	6,548	7,754	8,859
EBITDA	539	597	731	919	1,092
EBITDA margin	12.8%	11.3%	11.2%	11.8%	12.3%
EBIT	268	267	300	361	458
Net income	191	182	201	257	333
P/E	57.1	59.7	54.0	42.4	32.7
P/B	8.3	8.3	7.2	6.2	5.9
EV/EBITDA	22.1	20.7	17.3	13.8	11.7
DPS	0.00	0.00	0.00	0.00	12.09
DYield	0.0%	0.0%	0.0%	0.0%	2.4%
Revision of Projections (% change)		2018P	2019P	2020P	
EBITDA		0.0%	0.0%	0.0%	
Net income		0.0%	0.0%	0.0%	
Revenue per restaurant		0.0%	0.0%	0.0%	
EBITDA margin		0 p.p.	0 p.p.	0 p.p.	
Restaurant count		0.0%	0.0%	0.0%	

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
EBITDA (PL)	185	199	221	240	265
EBITDA (WE)	193	201	246	304	354
EBITDA (ES)	180	209	229	267	295
EBITDA (RU)	50.6	71.5	90.6	107.8	121.1
EBITDA (CZ)	93	116	149	174	199
Operating cash flow	457	635	638	904	1,045
D&A	271	330	431	557	634
Working capital	43	74	7	91	79
Investing cash flow	-533	-980	-963	-960	-809
CAPEX	-386	-527	-963	-960	-809
Financing cash flow	66	588	-150	40	-197
Dividends/Buyback	132	764	-150	40	60
FCF	-3	-458	-288	-27	266
FCF/EBITDA	-1%	-77%	-39%	-3%	24%
OCF/EBITDA	85%	106%	87%	98%	96%

Key Ratios

(%)	2016	2017	2018P	2019P	2020P
EBITDA margin (PL)	13.1%	12.1%	11.6%	11.6%	11.6%
EBITDA margin (WE)	15.8%	10.8%	11.3%	11.3%	11.5%
EBITDA margin (ES)	21.5%	22.6%	22.6%	22.6%	22.6%
EBITDA margin (RU)	10.9%	10.9%	10.6%	10.6%	10.5%
EBITDA margin (CZ)	19.1%	19.6%	18.6%	18.6%	18.6%
Net debt (PLN m)	971	1,422	1,746	1,803	1,823
Net debt/EBITDA (x)	1.8	2.4	2.4	2.0	1.7

Relative Valuation Summary

	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	7.6	7.7	7.4	6.8	6.9	6.5
Maximum	49.3	32.9	28.2	18.7	18.1	17.3
Median	30.1	25.5	22.0	14.6	14.3	12.7
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Sales/rest., (PLN k)	916	925	925	922	922	932	947	960	972	984	984
EBITDA margin	11.2%	11.8%	12.3%	12.8%	13.1%	12.6%	12.6%	12.7%	12.7%	12.7%	12.7%
Rest. count	1,939	2,254	2,536	2,795	3,028	3,206	3,378	3,545	3,708	3,869	3,869
Revenue	6,548	7,754	8,859	9,834	10,740	11,620	12,468	13,296	14,108	14,905	14,905
EBITDA	731	919	1,092	1,259	1,403	1,462	1,574	1,683	1,790	1,895	1,895
EBITDA margin	11.2%	11.8%	12.3%	12.8%	13.1%	12.6%	12.6%	12.7%	12.7%	12.7%	12.7%
EBIT	300	361	458	591	718	788	926	1,042	1,149	1,253	1,253
Tax	63	76	96	124	151	165	194	219	241	263	263
CAPEX	-963	-960	-809	-766	-689	-558	-556	-641	-641	-641	-641
Working capital	7	91	79	69	61	57	53	49	46	43	43
FCF	-288	-27	266	437	624	796	876	872	954	1,033	1,054
PV FCF	-274	-23	217	329	434	511	519	477	480	479	
WACC	8.1%	8.1%	8.1%	8.1%	8.2%	8.3%	8.4%	8.5%	8.5%	8.6%	8.6%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.1
FCF perp. growth rate	2.0%
PV FCF	10,030
Net debt	1,418
Other adjustments	35
Value per share (PLN)	404.30

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	395.97
DCF Val.	50%	404.30
Implied Price		400.13
Cost of equity (9M)		6.4%
9M Target Price		426.00

CCC accumulate (downgraded)

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CCC generated the worst quarterly results in history in Q1 2018 according to the preliminary April release, showing an EBITDA loss of PLN 87.8m versus an operating profit of PLN 6.2m posted in Q1 2017. CCC attributed the dismal performance to inclement weather, resulting in light March foot traffic, and the Sunday trading ban. The gross profit margin fell by 1.2p.p. y/y to 47.5% in Q1 in the wake of the low March sales, and to boot the online store eobuwie.pl suffered EBIT and EBITDA shrinkage at respective annual rates of 17.6 and 9% in Q1 on a 52% higher revenue, due probably to higher costs of advertising campaigns in new markets. In April, CCC reported a 32.5% y/y rebound in sales to PLN 455.4m, supported by base effects. CCC would have to grow EBITDA at an average annual rate of 37% in the next three quarters to make up for the first-quarter slump and achieve our FY EBITDA forecast of PLN 588m. This does not seem realistic, indicating a need for us to revise our expectations, with other analysts, whose average forecast at the moment is PLN 600m, set to follow suit.

Current Price

255.60 PLN

Upside

9M Target Price

295.00 PLN

+15.4%

	rating	target price	issued
new	accumulate	295.00 PLN	2018-05-09
old	buy	295.00 PLN	2018-04-06
Key Metrics			
Ticker	CCC PW	1M Price Chng	-2.4% -1.2%
ISIN	PLCCC0000016	YTD Price Chng	-10.3% -2.7%
Outst. Stock (m)	41.1	ADTV 1M	PLN 23.9m
MC (PLN m)	10,512.1	ADTV 6M	PLN 22.8m
EV (PLN m)	11,081.6	EV/EBITDA 12M fwd	15.3 -3.8%
Free Float	59.4%	EV/EBITDA 5Y avg	15.9 discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	3,185	4,193	5,223	6,755	8,319
EBITDA	443	498	588	845	1,072
EBITDA margin	13.9%	11.9%	11.3%	12.5%	12.9%
EBIT	374	405	480	725	943
Net income	306	279	315	532	715
P/E	32.6	37.6	33.4	19.7	14.7
P/B	10.9	9.6	7.7	5.8	4.3
EV/EBITDA	24.2	22.1	18.8	13.1	10.1
DPS	2.19	2.47	1.40	1.87	0.00
DYield	0.9%	1.0%	0.5%	0.7%	0.0%
Revision of Projections (% change)					
EBITDA			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
Gross profit margin			0.0 p.p.	0.0 p.p.	0.0 p.p.
B&M sales/sqm			0.0%	0.0%	0.0%
SG&A/sqm			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue, B&M sales	2,902	3,588	4,336	5,211	6,002
EBITDA, B&M	393	415	457	648	778
Revenue, e-commerce	287	606	1,030	1,545	2,317
EBITDA, e-commerce	50.6	82.6	131.0	196.6	294.9
Gross profit margin	52.7%	51.2%	52.2%	51.6%	51.1%
Operating cash flow	175	78	218	353	527
D&A	70	93	108	119	129
Working capital	-273	-588	-265	-367	-377
Investing cash flow	-362	-212	-196	-194	-203
CAPEX	-382	-245	-196	-194	-203
Financing cash flow	5	-11	-250	-121	-88
Dividends/Buyback	86	101	58	77	77
FCF	-282	-164	15	7	150
FCF/EBITDA	-64%	-33%	3%	1%	14%
OCF/EBITDA	39%	16%	37%	42%	49%

Key Ratios

(PLN)	2016	2017	2018P	2019P	2020P
Sales/sqm, PL	700	744	743	755	768
Sales/sqm, CEE	514	529	523	531	534
Sales/sqm, WE	409	470	492	558	609
e-comm as % of sales	9.0%	14.4%	19.7%	22.9%	27.9%
Cash (PLN m)	142	512	284	322	558
Net debt (PLN m)	656	406	502	488	301
Net debt/EBITDA (x)	1.5	0.8	0.9	0.6	0.3

Relative Valuation Summary

	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	53.0	42.4	33.0	24.5	18.2	14.2
Maximum	74.9	57.2	45.8	41.5	26.2	20.4
Median	72.5	52.4	40.8	32.3	23.6	17.9
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Sales/sqm (PLN)	683	701	710	721	733	729	726	722	738	773	0
SG&A/sqm (PLN)	274	276	277	280	286	289	289	286	292	306	0
Sales area (k sqm)	575	664	745	825	903	986	1,073	1,167	1,193	1,218	0
Revenue	4,336	5,211	6,002	6,790	7,597	8,261	8,967	9,705	10,445	11,183	11,183
EBITDA	512	648	778	908	1,025	1,113	1,228	1,338	1,429	1,511	1,515
EBITDA margin	11.8%	12.4%	13.0%	13.4%	13.5%	13.5%	13.7%	13.8%	13.7%	13.5%	13.6%
EBIT	407	532	652	772	878	907	989	1,107	1,213	1,302	1,302
Tax	77	101	124	147	167	172	188	210	230	247	0
CAPEX	193	191	200	219	236	850	304	105	118	214	214
Working capital	229	353	307	402	362	269	288	299	309	319	319
FCF	15	7	150	143	264	-174	452	728	776	735	757
PV FCF	14	6	119	104	177	-107	255	378	369	321	
WACC	8.8%	8.8%	8.9%	9.0%	8.7%	8.7%	9.0%	9.0%	9.0%	9.0%	9.0%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.1
FCF perp. growth rate	3.0%
PV FCF	7,143
Net debt	521
Other adjustments	4,751
Value per share (PLN)	276.56

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	276.60
DCF Val.	50%	276.56
Implied Price		276.58
Cost of equity (9M)		6.6%
9M Target Price		295.00

Dino accumulate (downgraded)

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Dino's 2017 fourth-quarter results exceeded our estimates and market expectations, with a business model facilitating sustained growth in like-for-like sales and profit margins. Dino improved its cash conversion cycle by 5.4 days to 52 days in 2017, but it still has potential to gain another 1.5 days per year in 2018-2021. Our expectations for Q1 2018 include a 12% increase in per-square-meter sales, supported by the Easter effect, alongside an 0.3pp rise to 7.5% in the EBITDA margin owed to lower SG&A/sqm and improved trade terms. This is expected to be accompanied by improving EBITDA margins, supported by economies of scale and decreasing SG&A expenses. As a result, we expect Dino to generate FY2018 EBITDA of PLN 541.9m, representing an annual growth rate of 35% from the adjusted year-ago figure, and we forecast a 2017-2021E EBITDA CAGR of 21.4%, unequaled by any of the Company's peers.

Current Price

96.65 PLN

Upside

9M Target Price

103.50 PLN

+7.1%

	rating	target price	issued
new	accumulate	103.50 PLN	2018-05-09
old	buy	103.50 PLN	2018-04-04
Key Metrics		DNP PW	vs. WIG
Ticker	DNP PW	1M Price Chng	+7.9%
ISIN	PLDINPL00011	YTD Price Chng	+22.7%
Outst. Stock (m)	98.0	ADTV 1M	PLN 12.4m
MC (PLN m)	9,475.6	ADTV 6M	PLN 22.5m
EV (PLN m)	10,019.6	EV/EBITDA 12M fwd	18.1
Free Float	48.9%	EV/EBITDA 5Y avg	15.7 premium

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	3,370	4,516	5,944	7,576	9,268
EBITDA	281	389	542	698	855
EBITDA margin	8.3%	8.6%	9.1%	9.2%	9.2%
EBIT	216	303	429	557	685
Net income	151	214	319	427	532
P/E	62.7	44.4	29.7	22.2	17.8
P/B	13.9	10.5	7.7	5.7	4.3
EV/EBITDA	35.5	25.6	18.5	14.2	11.3
DPS	0.00	0.00	0.00	0.00	0.00
DYield	0.0%	0.0%	0.0%	0.0%	0.0%
Revision of Projections (% change)			2018P	2019P	2020P
EBITDA			0.0%	0.0%	0.0%
Net profit			0.0%	0.0%	0.0%
Store count			0.0%	0.0%	0.0%
Sales/sqm			0.0%	0.0%	0.0%
EBITDA margin			0.0 p.p.	0.0 p.p.	0.0 p.p.

Financial Highlights

(EUR m)	2016	2017	2018P	2019P	2020P
Store count	628	775	953	1,153	1,338
Total store area (ksqm)	238	295	364	442	515
Avg. store area (sqm)	380	381	382	383	385
Sales margin	22.9%	23.0%	23.1%	23.2%	23.2%
Stores per distr. center	209	258	238	288	268
Operating cash flow	324	497	614	775	925
D&A	65	86	113	141	171
Working capital	47	131	147	177	194
Investing cash flow	-310	-402	-638	-652	-614
CAPEX	-312	-411	-638	-652	-614
Financing cash flow	18	41	-35	-131	-128
Dividends/Buyback	92	31	0	-100	-100
FCF	-24	50	-30	117	305
FCF/EBITDA	-9%	13%	-6%	17%	36%
OCF/EBITDA	116%	128%	113%	111%	108%

Key Ratios

	2016	2017	2018P	2019P	2020P
Days inventory	38.8	38.7	38.1	37.5	36.8
Days receivables	3.6	3.1	3.1	3.1	3.1
Days payables	80.7	85.2	86.2	87.2	88.2
CCC (days)	-38.2	-43.5	-45.1	-46.7	-48.3
SG&A/Sales	16.5%	16.4%	15.9%	15.8%	15.9%
Net debt (PLN m)	496	485	544	452	169
Net debt/EBITDA (x)	1.8	1.2	1.0	0.6	0.2

Relative Valuation Summary

	PEG			P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P	18P	19P	20P
Minimum	0.4	0.4	0.3	11.2	10.2	7.3	4.6	4.5	4.4
Maximum	7.0	6.8	6.7	21.1	18.2	16.7	9.2	8.4	7.8
Median	0.9	0.8	0.7	17.0	12.8	12.0	6.6	6.0	5.5
Weight	11%	11%	11%	11%	11%	11%	11%	11%	11%

DCF Analysis

(EUR m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Store count	953	1,153	1,338	1,438	1,538	1,638	1,738	1,838	1,938	2,038	2,038
Sales/sqm	1,502	1,565	1,614	1,639	1,663	1,662	1,661	1,660	1,660	1,659	1,659
SG&A/Sales	15.9%	15.8%	15.9%	15.9%	15.9%	16.0%	16.0%	16.1%	16.1%	16.1%	16.1%
Revenue	5,944	7,576	9,268	10,523	11,480	12,285	13,095	13,911	14,731	15,557	15,946
EBITDA	542	698	855	970	1,053	1,106	1,173	1,227	1,291	1,355	1,389
EBITDA margin	9.1%	9.2%	9.2%	9.2%	9.2%	9.0%	9.0%	8.8%	8.8%	8.7%	8.7%
EBIT	429	557	685	775	845	892	951	996	1,055	1,114	1,141
Tax	82	106	130	147	161	169	181	189	200	212	217
CAPEX	-638	-652	-614	-429	-325	-330	-393	-331	-318	-318	-326
Working capital	147	177	194	162	139	86	86	87	88	88	90
FCF	-30	117	305	556	706	693	686	794	860	914	936
PV FCF	-30	106	256	430	504	457	417	446	446	437	
WACC	8.1%	8.2%	8.2%	8.4%	8.4%	8.3%	8.3%	8.3%	8.4%	8.4%	8.4%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(EUR m)	
Beta	1.0
FCF perp. growth rate	2.5%
PV FCF	7,625
Net debt	485
Other adjustments	0
Value per share (EUR)	108.21

Valuation Summary

(EUR)	Weight	Price
Relative Val.	50%	86.40
DCF Val.	50%	108.21
Implied Price		97.31
Cost of equity (9M)		6.4%
9M Target Price		103.50

Eurocash buy (no change)

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Eurocash reported disappointing earnings results for the fourth quarter of 2017, weighed down by the Cash & Carry segment, experiencing shrinking profits on sales of alcohol and impulse products. Eurocash closed ten C&C locations in 2017. The Company is moving forward with the plan to cut annual costs by PLN 150m (with PLN 70m saved in 2017), expected to offset the upward salary pressures experienced this year. Our prediction for the first quarter of 2018 is for a 4% y/y uptick in EBITDA, with growth curbed by additional costs of store integration, set to continue weighing through the third quarter. Earnings should display stronger momentum in the second half of the year as restructuring takes hold, supported by base effects, with 2018 FY EBITDA expected to come in at PLN 429m. The momentum should be maintained in subsequent years thanks to an expanding retail network (Eurocash plans to add 900 stores by 2023).

Current Price

23.64 PLN

Upside

9M Target Price

30.70 PLN

+29.9%

	rating	target price	issued
unchanged	buy	30.70 PLN	2018-04-06

Key Metrics		EUR PW	vs. WIG
Ticker	EUR PW	1M Price Chng	-3.7%
ISIN	PLEURCH00011	YTD Price Chng	-10.7%
Outst. Stock (m)	139.2	ADTV 1M	PLN 4.7m
MC (PLN m)	3,289.8	ADTV 6M	PLN 19.2m
EV (PLN m)	3,436.5	EV/EBITDA 12M fwd	8.5
Free Float	53.0%	EV/EBITDA 5Y avg	11.5 discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	21,206	23,271	25,772	26,954	27,544
EBITDA	440	246	429	472	517
EBITDA margin	2.1%	1.1%	1.7%	1.8%	1.9%
EBIT	274	63	247	284	328
Net income	179	-33	133	172	236
P/E	18.3	-	24.8	19.2	13.9
P/B	2.8	3.2	2.8	2.6	2.3
EV/EBITDA	8.3	15.1	8.0	6.9	5.9
DPS	1.05	0.80	-0.12	0.48	0.62
DYield	4.5%	3.4%	-0.5%	2.0%	2.6%
Revision of Projections (% change)			2018P	2019P	2020P
EBITDA			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
Independent Wholesale (EBITDA)			0.0%	0.0%	0.0%
Integrated Wholesale (EBITDA)			0.0%	0.0%	0.0%
Retail (EBITDA)			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Independent Wholesale (S)	13,886	14,460	14,460	14,171	13,746
Integrated Wholesale (S)	7,766	8,065	8,404	8,572	8,743
Retail (S)	976	2,273	2,500	3,240	3,467
New Projects (S)	80.6	557.3	836.8	920.5	1058.6
New Projects (EBITDA)	-41	-49	-37	-21	5
Operating cash flow	325	494	500	482	491
D&A	166	183	182	188	189
Working capital	-99	247	119	63	40
Investing cash flow	-270	-336	-164	-165	-167
CAPEX	-136	-162	-164	-165	-167
Financing cash flow	22	-117	-421	-24	-112
Dividends/Buyback	-146	-111	17	-66	-86
FCF	98	359	-199	290	306
FCF/EBITDA	22%	146%	-46%	62%	59%
OCF/EBITDA	74%	200%	117%	102%	95%

Key Ratios

	2016	2017	2018P	2019P	2020P
Days inventory	21.1	23.4	23.2	23.2	23.2
Days receivables	30.1	26.4	26.2	26.0	25.8
Days payables	66.9	70.0	69.3	69.3	69.3
CCC (days)	-15.8	-20.2	-19.9	-20.1	-20.3
SG&A/Sales	9%	10%	10%	10%	9%
Net debt (PLN m)	324	370	83	-109	-321
Net debt/EBITDA (x)	0.7	1.5	0.2	-0.2	-0.6

Relative Valuation Summary

	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	12.4	9.6	7.5	5.3	5.1	4.6
Maximum	39.5	30.3	61.0	9.3	8.6	7.9
Median	19.9	14.3	11.6	6.6	6.0	5.9
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Ind. Whsl. (EBITDA)	199	197	191	178	173	168	163	158	153	148	148
Int. Whsl. (EBITDA)	303	317	324	334	344	354	364	375	387	398	398
Retail (EBITDA)	46	55	75	100	105	109	114	118	123	128	128
Revenue	25,772	26,954	27,544	28,129	28,778	29,472	30,215	31,012	31,480	32,404	32,404
EBITDA	429	472	517	541	549	557	566	575	585	595	595
EBITDA margin	1.66%	1.75%	1.88%	1.92%	1.91%	1.89%	1.87%	1.86%	1.86%	1.83%	1.83%
EBIT	230	266	310	333	341	348	356	364	373	402	402
Tax	564	61	65	64	64	65	66	67	69	74	74
CAPEX	-164	-165	-167	-169	-171	-173	-174	-176	-193	-193	-193
Working capital	-117	-62	-39	-40	-43	-45	-48	-52	-39	-59	-59
FCF	-199	290	306	328	339	346	355	365	343	387	387
PV FCF	-188	253	247	245	234	221	209	199	173	180	
WACC	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	1.5%
PV FCF	4,494
Net debt	370
Other adjustments	64
Value per share (PLN)	29.18

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	28.20
DCF Val.	50%	29.18
Implied Price		28.99
Cost of equity (9M)		6.0%
9M Target Price		30.70

Jeronimo Martins accumulate (no change)

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Jeronimo Martins's Biedronka supermarkets in Poland continued to generate like-for-like sales growth off a high year-ago base in 2017, achieving an annual pace of 8.6% in Q1 2018 vs. 8.4% in Q1 2017. At the same time, the Portuguese chains Pingo Doce and Recheio posted positive like-for-like sales of 6.4% and 3.6%, respectively. As for profits, Biedronka maintained the Q1 EBITDA margin at 6.8% despite wage pressures, while margins in Portugal contracted by 0.5pp to 4.5% after salary raises. After a EUR 24m startup EBITDA loss related to the development of Ara supermarkets in Colombia and Hebe drugstores in Poland, the consolidated first-quarter EBITDA amounted to EUR 211.5m after a 10.2% increase year on year. In 2018, Biedronka's main focus is on further lfl growth through constant expansion of the sales mix, the positive effects of which will be enhanced by accelerating inflation and increasing consumer spending in Poland. Costs are set to rise this year as Biedronka continues to experience pay pressures and the Colombian business continues to expand its presence (Jeronimo has accelerated store additions to reach 1,000 Ara locations by 2020).

Current Price	13.47 EUR	Upside
9M Target Price	16.40 EUR	+21.8%

	rating	target price	issued
unchanged	accumulate	16.40 EUR	2018-04-06

Key Metrics		JMT PL	vs. WIG
Ticker	JMT PL	1M Price Chng	-1.5%
ISIN	PTJMT0AE0001	YTD Price Chng	-13.6%
Outst. Stock (m)	629.3	ADTV 1M	EUR 17.0m
MC (EUR m)	8,476.6	ADTV 6M	EUR 13.8m
EV (EUR m)	8,392.3	EV/EBITDA 12M fwd	8.3
Free Float	-	EV/EBITDA 5Y avg	10.0

Earnings Projections

(EUR m)	2016	2017	2018P	2019P	2020P
Revenue	14,622	16,276	17,972	19,282	20,297
EBITDA	862	920	1,050	1,136	1,203
EBITDA margin	5.9%	5.7%	5.8%	5.9%	5.9%
EBIT	536	577	674	718	749
Net income	593	386	465	498	520
P/E	14.3	22.0	18.2	17.0	16.3
P/B	4.9	4.8	4.2	3.7	3.3
EV/EBITDA	9.8	9.3	8.0	7.2	6.6
DPS	0.28	0.63	0.31	0.37	0.40
DYield	2.1%	4.7%	2.3%	2.7%	2.9%
Revision of Projections (% change)			2018P	2019P	2020P
EBITDA			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
Y/Y sales/sqm, Biedronka			0.0 p.p.	0.0 p.p.	0.0 p.p.
Y/Y sales/sqm, Pingo Doce			0.0 p.p.	0.0 p.p.	0.0 p.p.
Y/Y sales/sqm, Recheio			0.0 p.p.	0.0 p.p.	0.0 p.p.

Financial Highlights

(EUR m)	2016	2017	2018P	2019P	2020P
EBITDA Biedronka, PL	704	805	893	945	973
EBITDA Pingo Doce, PT	192	193	197	198	198
EBITDA Recheio, PT	47	50	51	53	52
EBITDA Other	-79	-94	-92	-59	-20
CCC (days)	-70	-67	-67	-67	-67
Operating cash flow	843	896	1,071	1,099	1,116
D&A	326	343	376	418	454
Working capital	180	145	230	183	142
Investing cash flow	-126	-660	-695	-710	-512
CAPEX	-433	-662	-695	-710	-512
Financing cash flow	-504	-418	-243	-233	-249
Dividends/Buyback	177	396	193	233	249
FCF	515	249	404	417	631
FCF/EBITDA	60%	27%	38%	37%	52%
OCF/EBITDA	98%	97%	102%	97%	93%

Key Ratios

(%)	2016	2017	2018P	2019P	2020P
Gross profit margin	21.3%	21.2%	21.5%	21.5%	21.5%
SG&A/Sales	17.4%	17.6%	17.7%	17.7%	17.8%
Y/Y sales/sqm, Biedr.	2.7%	9.3%	7.0%	2.7%	0.0%
Y/Y sales/sqm, P. Doce	1.0%	0.8%	1.1%	0.4%	0.6%
Y/Y sales/sqm, Recheio	5.0%	5.3%	2.1%	2.8%	-0.2%
Net debt (EUR m)	-304	-159	-342	-499	-853
Net debt/EBITDA (x)	-0.4	-0.2	-0.3	-0.4	-0.7

Relative Valuation Summary

	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	13.0	10.3	8.8	6.2	5.3	4.7
Maximum	23.3	22.8	14.8	9.0	8.0	7.2
Median	16.8	13.8	12.3	7.5	6.7	6.2
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(EUR m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Biedronka stores	2,891	2,959	3,027	3,067	3,107	3,147	3,187	3,227	3,267	3,307	3,307
Pingo Doce stores	426	426	426	426	426	426	426	426	426	426	426
Ara stores	559	799	1,059	1,219	1,379	1,539	1,659	1,739	1,779	1,819	1,819
Revenue	17,972	19,282	20,297	21,199	21,902	22,535	23,115	23,608	24,014	24,390	24,390
EBITDA	1,050	1,136	1,203	1,272	1,357	1,389	1,415	1,442	1,465	1,485	1,485
EBITDA margin	5.8%	5.9%	5.9%	6.0%	6.2%	6.2%	6.1%	6.1%	6.1%	6.1%	6.1%
EBIT	674	718	749	803	879	902	923	950	969	976	976
Tax	181	193	201	216	237	243	248	256	261	263	263
CAPEX	-695	-710	-512	-460	-456	-452	-416	-381	-496	-509	-509
Working capital	230	183	142	126	98	88	81	69	57	53	53
FCF	404	417	631	722	763	783	831	874	765	766	780
PV FCF	380	362	507	535	523	495	485	471	381	352	
WACC	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(EUR m)	
Beta	1.0
FCF perp. growth rate	1.8%
PV FCF	9,951
Net debt	-159
Other adjustments	258
Value per share (EUR)	15.66

Valuation Summary

(EUR)	Weight	Price
Relative Val.	50%	15.21
DCF Val.	50%	15.66
Implied Price		15.43
Cost of equity (9M)		6.2%
9M Target Price		16.40

LPP hold (downgraded)

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LPP delivered strong earnings in 2017, driven by positive like-for-like sales growth and gross margin expansion by 4.2pp to 52.9% thanks to less severe price markdowns and revamped fashion collections. In the fourth quarter of 2017, the Retailer experienced a 14.6% increase in SG&A expenses per square meter, led by hiring, marketing, and higher logistics expenses related to the development of e-commerce. SG&A expenses in Q1 2018 rose by a further 3.9% y/y, offsetting positive lfl growth, and with the gross margin down by 0.6pp to 44.9% the first-quarter EBIT showed an operating loss of PLN 115m versus a year-ago EBIT loss of PLN 109m. Profits should recover in Q2 with increasing sales, lower merchandise costs, and a possible deceleration in the rate of per-sqm SG&A expansion. LPP stock posted gains in April, prompting a downgrade from accumulate to hold with the price target maintained at PLN 9,500.

Current Price

9,260.00 PLN

Upside

9M Target Price

9,500.00 PLN

+2.6%

	rating	target price	issued
new	hold	9,500.00 PLN	2018-05-09
old	accumulate	9,500.00 PLN	2018-04-06
Key Metrics			
Ticker	LPP PW	1M Price Chng	+3.2% +4.3%
ISIN	PLPP0000011	YTD Price Chng	+3.9% +11.6%
Outst. Stock (m)	1.9	ADTV 1M	PLN 21.1m
MC (PLN m)	17,153.4	ADTV 6M	PLN 21.4m
EV (PLN m)	16,481.2	EV/EBITDA 12M fwd	14.8 -1.0%
Free Float	62.0%	EV/EBITDA 5Y avg	15.0 discount

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	6,019	7,029	8,328	9,752	11,074
EBITDA	494	872	1,120	1,282	1,432
EBITDA margin	8.2%	12.4%	13.4%	13.1%	12.9%
EBIT	226	578	793	925	1,045
Net income	175	441	645	758	862
P/E	97.2	38.9	26.6	22.6	19.9
P/B	8.0	7.0	5.8	4.9	4.1
EV/EBITDA	34.7	19.3	14.7	12.5	10.8
DPS	32.66	35.71	72.07	107.01	123.97
DYield	0.4%	0.4%	0.8%	1.2%	1.3%
Revision of Projections (% change)					
EBITDA			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
Sales per sqm			0.0%	0.0%	0.0%
SG&A/sqm			0.0%	0.0%	0.0%
Sales area			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue/sqm, PL (PLN)	585	665	752	828	908
Revenue/sqm, RU (PLN)	534	589	613	627	626
Revenue/sqm, CZ (PLN)	545	649	700	716	730
Revenue/sqm, DE (PLN)	485	520	546	556	555
Gross profit margin	48.7%	52.9%	54.0%	53.9%	53.8%
Operating cash flow	718	893	951	1,038	1,171
D&A	267	293	327	357	387
Working capital	256	101	-31	-77	-77
Investing cash flow	-181	-384	-463	-399	-405
CAPEX	-272	-442	-463	-399	-405
Financing cash flow	-394	-360	-139	-402	-222
Dividends/Buyback	60	66	132	196	228
FCF	444	358	435	587	712
FCF/EBITDA	90%	41%	39%	46%	50%
OCF/EBITDA	145%	102%	85%	81%	82%

Key Ratios

(k sqm)	2016	2017	2018P	2019P	2020P
Salea area, PL	497	516	537	564	587
Salea area, RU	170	201	227	263	298
Sales area, CZ	43	43	45	49	53
Sales area, DE	38	47	52	52	53
Cash (PLN m)	366	515	863	1,100	1,646
Net debt (PLN m)	144	-316	-672	-1,115	-1,654
Net debt/EBITDA (x)	0.3	-0.4	-0.6	-0.9	-1.2

Relative Valuation Summary

	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	14.9	14.5	14.0	7.9	7.6	7.2
Maximum	23.1	20.8	18.8	16.2	13.1	11.3
Median	22.5	18.6	15.6	13.0	12.1	11.0
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Sales/sqm (PLN)	661	706	733	756	772	780	777	775	772	831	831
SG&A/sqm (PLN)	295	316	329	337	342	347	346	346	347	375	375
Sales area (k sqm)	1,097	1,205	1,312	1,417	1,532	1,650	1,779	1,921	2,077	1,935	1,935
Revenue	8,328	9,752	11,074	12,379	13,664	14,890	15,987	17,194	18,526	20,001	20,001
EBITDA	1,120	1,282	1,432	1,596	1,763	1,861	1,957	2,053	2,161	2,282	2,282
EBITDA margin	13.4%	13.1%	12.9%	12.9%	12.9%	12.5%	12.2%	11.9%	11.7%	11.4%	11.4%
EBIT	793	925	1,045	1,207	1,369	1,459	1,541	1,619	1,703	1,795	1,795
Tax	152	176	199	229	260	277	293	308	324	341	341
CAPEX	-463	-399	-405	-407	-441	-454	-487	-525	-568	-617	-617
Working capital	70	120	117	107	105	100	90	99	109	121	121
FCF	435	587	712	853	957	1,030	1,087	1,121	1,159	1,202	1,232
PV FCF	435	541	605	668	690	685	666	633	604	577	
WACC	8.4%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.5%
PV FCF	16,502
Net debt	-316
Other adjustments	0
Value per share (PLN)	9,100

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	8,200
DCF Val.	50%	9,100
Implied Price		8,920
Cost of equity (9M)		6.4%
9M Target Price		9,500

TXM buy (no change)

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Clearance prices resulted in flat year-over-year revenue in Q4 2017, but on the upside they helped clear out excess inventory. The gross margin for the quarter posted a y/y drop of 7.5pp to 35.4%, led by high marketing expenses, coupled with a 5.8% increase in SG&A expenses necessitated by restructuring measures which will pay off during 2018. In the first quarter of 2018, annual sales growth was limited at 1% because of adverse weather, and this, combined with continuing clearance, is expected to result in y/y gross margin contraction by an estimated 0.5pp to 39.8%. Per-sqm SG&A in the period will have decreased by 2.1% after earlier streamlining, and as a result TXM may deliver slightly improved EBITDA in Q1 2018. The turnaround initiatives taken by TXM's Management should start generating results in 2018, driving a rebound in sales supported by positive base effects and plans to revamp the merchandise mix. As a result, profits are poised for a substantial recovery in the second half of the year, and TXM's medium-term growth prospects are strong in our view. We maintain a buy rating for TXM after minor revisions to our 2018-2020 earnings forecasts.

Current Price

2.10 PLN

Upside

9M Target Price

5.44 PLN

+159.0%

	rating	target price	issued
new	buy	5.44 PLN	2018-05-09
old	buy	5.41 PLN	2018-02-02
Key Metrics			
		TXM PW	vs. WIG
Ticker	TXM PW	1M Price Chng	-11.0% -9.9%
ISIN	PLTXM0000015	YTD Price Chng	-58.0% -50.3%
Outst. Stock (m)	33.4	ADTV 1M	PLN 0.02m
MC (PLN m)	70.2	ADTV 6M	PLN 0.03m
EV (PLN m)	116.1	EV/EBITDA 12M fwd	7.5 +19.0%
Free Float	21.4%	EV/EBITDA 5Y avg	6.3 premium

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	379	388	446	493	523
EBITDA	22.9	-24.5	15.1	26.9	33.0
EBITDA margin	6.0%	-6.3%	3.4%	5.5%	6.3%
EBIT	16.6	-30.5	8.2	19.7	25.3
Net income	11.7	-36.2	5.9	15.3	19.9
P/E	6.0	-	11.9	4.6	3.5
P/B	1.1	1.4	1.3	1.1	0.9
EV/EBITDA	4.2	-	7.7	4.2	3.2
DPS	0.21	0.00	0.06	0.16	0.21
DYield	10.0%	0.0%	2.9%	7.6%	9.9%
Revision of Projections (% change)					
EBITDA			-4.5%	-5.0%	-5.3%
Net income			-0.4%	-4.5%	-5.1%
Revenue per square meter			-4.2 p.p.	+2.8 p.p.	-0.0 p.p.
SG&A per square meter			-3.8 p.p.	+2.6 p.p.	+0.1 p.p.
Sales area			-0.8%	-0.7%	-0.7%

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue, PL	340	326	376	400	417
Revenue, SK	5	7	16	22	29
Revenue, RO	17	45	69	79	85
Y/Y sales/sqm, PL	-3.5%	-14.1%	15.5%	4.5%	1.4%
Y/Y sales/sqm, RO	5.2%	-23.7%	34.3%	-0.1%	-5.9%
Operating cash flow	3	47	115	188	225
D&A	6	6	7	7	8
Working capital	13	18	-10	-5	-4
Investing cash flow	-33	-19	-13	-10	-9
CAPEX	-28	-19	-13	-10	-9
Financing cash flow	-6	28	3	-10	-8
Dividends/Buyback	-7	0	0	-5	-7
FCF	6	-25	-8	10	15
FCF/EBITDA	27%	104%	-50%	39%	45%
OCF/EBITDA	170%	40%	35%	76%	74%

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Sales/sqm (PLN)	342	363	368	371	370	371	364	359	357	356	356
SG&A/sqm (PLN)	141	132	134	133	134	135	135	134	133	132	132
Salea area (k sqm)	424	441	458	475	492	509	526	543	560	577	577
Revenue	446	493	523	550	572	595	607	622	641	660	673
EBITDA	15	27	33	34	34	36	35	34	36	36	37
EBITDA margin	3.4%	5.5%	6.3%	6.2%	5.9%	6.1%	5.8%	5.5%	5.7%	5.5%	5.5%
EBIT	8	20	25	26	25	27	26	26	27	28	29
Tax	-1	2	5	5	5	5	5	5	5	5	5
CAPEX	-13	-10	-9	-14	-9	-9	-9	-9	-9	-8	-8
Working capital	10	5	4	3	3	3	2	2	3	2	2
FCF	-8	10	15	12	17	19	20	18	19	21	22
PV FCF	-7	9	12	9	12	12	11	10	9	9	9
WACC	7.5%	7.5%	7.8%	8.1%	8.6%	9.2%	9.5%	9.5%	9.5%	9.5%	9.5%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

Key Metrics

(days)	2016	2017	2018P	2019P	2020P
Days inventory	80	86	84	85	87
Days receivables	22	4	4	4	4
Days payables	66	72	64	63	63
CCC	36	18	25	26	27
Gross profit margin	42.0%	38.6%	41.0%	41.7%	41.7%
Net debt (PLN m)	26	35	44	39	32
Net debt/EBITDA (x)	1.2	-1.4	2.9	1.5	1.0

Relative Valuation Summary

	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	8.8	8.4	8.0	2.9	3.0	2.7
Maximum	26.0	19.7	16.9	13.6	12.0	10.6
Median	14.4	12.4	13.3	7.8	7.2	7.1
Weight	33%	33%	33%	33%	33%	33%

DCF Summary

(PLN m)	
Beta	1.2
FCF perp. growth rate	2.0%
PV FCF	216
Net debt	42
Other adjustments	0
Value per share (PLN)	5.19

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	4.96
DCF Val.	50%	5.19
Implied Price		5.08
Cost of equity (9M)		7.1%
9M Target Price		5.44



Other PBKM hold (no change)

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PBKM performed in line with the broad market in April. The Company is expected to report modest profit growth in Q1 2018, on flat revenue from cord blood collection and higher revenue from storage, with EBITDA posting an expected y/y rebound of 10%. We stand by our 2018 FY EBITDA forecast of PLN 50.7m. PBKM has recently built its stake in the German stem cell bank Vita34 above 3%, sending its stock 20% higher since the acquisition announcement, and further boosting its own already expensive 2017 EV/EBITDA ratio of 33x. Vita is estimated to be worth EUR 69m vs. EUR 83m PBKM. The acquisition of a big operation like this, which does not generate high profits, carries major risk in our view. We would prefer PBKM's M&A strategy focused on smaller targets with less of a strain on the balance sheet. We maintain a neutral view on PBKM.

Financial Highlights

(PLN m)	2016	2017	2018P	2019P	2020P
New CBU acquisitions (k)	18.9	20.1	21.1	21.9	22.5
Revenue per new CBU	5.13	5.32	5.48	5.62	5.77
Total CBUs (k)	127.7	146.8	166.7	187.3	0.0
Revenue	128.3	147.1	161.0	173.4	185.1
COGS	50.2	56.2	60.9	65.6	69.7
Gross profit	78.1	90.9	100.1	107.8	115.4
margin	60.9%	61.8%	62.1%	62.2%	62.3%
Selling expenses	28.0	31.4	33.8	35.6	37.1
G&A expenses	20.5	20.5	21.3	22.4	24.1
Other oper. activity	0.4	2.2	0.4	0.0	0.0
EBIT	29.9	41.2	45.3	49.8	54.1
D&A	4.1	4.8	5.3	5.5	5.7
EBITDA	34.1	46.0	50.7	55.3	59.8
margin	26.6%	31.3%	31.5%	31.9%	32.3%
Net income	22.1	30.6	33.9	37.4	40.6

DCF Analysis

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Cash EBIT	23.0	25.4	28.8	29.5	30.2	31.0	31.8	32.6	33.4	34.2	35.1
EBIT tax	3.9	4.5	5.3	5.4	5.5	5.7	5.8	5.9	6.1	6.2	6.4
NOPLAT	19.1	20.9	23.5	24.1	24.7	25.3	26.0	26.6	27.3	28.0	28.7
D&A	5.3	5.5	5.7	6.1	6.3	6.4	6.6	6.7	6.9	7.1	7.3
CAPEX	-8.0	-7.9	-8.2	-6.1	-6.3	-6.4	-6.6	-6.7	-6.9	-7.1	-7.3
Working capital	-3.2	-2.3	-2.5	-2.6	-2.6	-2.7	-2.8	-2.8	-2.9	-3.0	-3.1
FCF	13.3	16.2	18.5	21.5	22.1	22.6	23.2	23.8	24.4	25.0	25.6
PV FCF	12.5	14.1	14.8	15.9	15.0	14.2	13.4	12.6	11.9	11.3	
WACC	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Cost of debt	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Cost of equity	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Risk premium	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Dividend Discount Model (DDM)

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Dividends	13.0	17.0	18.7	20.2	20.9	21.4	21.9	22.5	23.0	24.2	24.8
PV of dividends	12.2	14.7	14.9	14.9	14.2	13.4	12.6	11.9	11.3	182.2	
Cost of equity	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

Current Price

76.00 PLN

Upside

9M Target Price

76.83 PLN

+1.1%

	rating	target price	issued
unchanged	hold	76.83 PLN	2018-04-06

Key Metrics			BKM PW	vs. WIG
Ticker	BKM PW	1M Price Chng	-1.3%	-0.1%
ISIN	0	YTD Price Chng	+8.6%	+16.2%
Outst. Stock (m)	5.0	ADTV 1M		PLN 0.2m
MC (PLN m)	377.8	ADTV 6M		PLN 0.5m
EV (PLN m)	374.3	EV/EBITDA 12M fwd	6.3	+4.0%
Free Float	48.8%	EV/EBITDA 5Y avg	6.0	premium

Earnings Projections

(PLN m)	2016	2017	2018P	2019P	2020P
Revenue	128.3	147.1	161.0	173.4	185.1
EBITDA	34.1	46.0	50.7	55.3	59.8
EBITDA margin	26.6%	31.3%	31.5%	31.9%	32.3%
EBIT	29.9	41.2	45.3	49.8	54.1
Net income	22.1	30.6	33.9	37.4	40.6
P/E	17.1	12.3	11.1	10.1	9.3
P/B	6.8	4.8	3.8	3.2	2.7
EV/EBITDA	11.1	8.1	7.4	6.8	6.3
DPS	1.41	1.56	2.62	3.41	3.76
DYield	1.9%	2.0%	3.4%	4.5%	4.9%

Revision of Projections (% change)	2018P	2019P	2020P
Revenue	0.0%	0.0%	0.0%
EBITDA	0.0%	0.0%	0.0%
EBIT	0.0%	0.0%	0.0%
Net income	0.0%	0.0%	0.0%

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Operating cash flow	14.0	19.7	21.3	24.1	26.7
OCF/EBITDA	41%	43%	42%	44%	45%
CAPEX	-9.4	-6.5	-8.0	-7.9	-8.2
Assets	163.5	190.5	221.2	252.9	286.3
Equity	55.6	78.4	99.4	119.7	141.7
Net debt	-0.3	-1.3	-4.5	-3.2	-2.4
Net debt/EBITDA (x)	0.0	-0.1	-0.1	-0.1	0.0

Relative Valuation Summary

	EV/EBITDA			FCF/EV		
	18P	19P	20P	18P	19P	20P
Minimum	7.3	7.2	7.2	-5.6%	1.4%	2.0%
Maximum	36.1	17.6	14.4	8.0%	9.1%	10.0%
Median	10.5	9.6	9.0	3.5%	4.5%	4.8%
Weight	17%	17%	17%	17%	17%	17%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.5%
PV FCF	328.1
Net debt & other adj.	-1.3
Value per share (PLN)	66.26

DDM Summary

(PLN)	
Beta	1.0
DIV growth rate in perp.	2.5%
Value Per Share (PLN)	62.96

Valuation Summary

(PLN)	Weight	Price
Relative Val.	33%	83.20
DDM	33%	62.96
DCF	33%	70.48
Implied Price		72.23
Cost of equity (9M)		6.4%
9M Target Price		76.83

List of abbreviations and ratios contained in the report:

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

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

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HOLD – we expect that the rate of return from an investment will range from -5% to +5%
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The production of new recommendations was completed on May 09, 2018, 8:47 AM.
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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.

Comparable Companies Used In Relative Valuation Models

Agora	Axel Springer, Carmike Cinemas, Cinemark Holdings, Cineworld, Daily Mail&General, Gruppo Editoriale L'espresso, IMAX Corp, JC Decaux, Lagardere, Regal Entertainment Group, Sanoma, Schibsted, Stroeer Media, Telegraaf Media Groep
AmRest	Alsea, Autogrill, Chipotle Mexican, Collins Foods, Jack In The Box, McDonalds, Mitchells & Butlers, Panera Bread, Starbucks, Texas Roadhouse, Wendy's, Yum! Brands
Assec Poland	Atos, CAP Gemini, Comarch, Computacenter, Fiserv, Indra Sistemas, Oracle, Sage Group, SAP, Software AG, Tieto
Atal, Dom Development	Archicom, Atal, Dom Development, i2 Development, JWC, LC Corp, Lokum Deweloper, Polnord, Ronson
Budimex, Erbud, Unibep	Budimex, Elektrobudowa, Elektrotim, Erbud, Herkules, Torpol, Trakcja, Ulma, Unibep, ZUE, Strabag, Porr, Hochtief, Bouygues, Salini, Astaldi, Mota Engil, Skanska, PEAB, NCC
Capital Park, GTC	BBi Development, Capital Park, Echo Investment, GTC, P.A. Nova, PHN, Alstria Office, Atrium European RE, CA Immobilien, Deutsche Euroshop, DIC Asset, Immofinanz, Klepierre, Unibail-Rodamco, S Immo
CCC	Adidas, Asos, Boohoo.com, Caleries, Crocs, Foot Locker, Geox, Nike, Steven Madden, Tod's, Voox Net-a-Porter, Zalando
CD Projekt	Activision, Blizzard, CAPCOM, Take Two Interactive, Ubisoft Entertainment, Electronic Arts
CEZ, Enea, Energa, PGE, Tauron	CEZ, EDF, EDP, Endesa, Enea, Enel, Energa, EON, Innogy, PGE, RWE, Tauron
Ciech	Akzo Nobel, BASF, Bayer, Ciner Resources, Dow Chemical, Huntsman, Soda Samayii, Solvay, Tata Chemicals, Tessenderlo Chemie, Tronox, Wacker Chemie
Comarch	Assec Poland, Atos, CAP Gemini, Computacenter, Fiserv INC, Indra Sistemas, Oracle Corp, Sage Group, SAP, Software AG, Tieto
Cyfrowy Polsat	BT Group, Comcast, Deutsche Telekom, Hellenic Telecom, Iliad, Koninklijke KPN, Magyar Telekom, Netia, O2 Czech, Orange, Orange Polska, Shaw Communications, Swisscom, Talktalk Telecom, TDC, Tele2, Telecom Italia, Telefonica, Telekom Austria, Telenor, Turk Telekomunikasyon, Turkcell Iletisim Hizmet, Vimpelcom, Vodafone Group
Dino	Carrefour, Dixy Group, Emperia, Eurocash, Jeronimo Martins, Magnit, Metro, O'Key Group, Tesco, X5
Echo Investment	Archicom, Atal, Capital Park, Dom Development, GTC, JWC, LC Corp, Lokum Deweloper, P.A. Nova, PHN, Polnord, Ronson
Elektrobudowa	Budimex, Elektrobudowa, Elektrotim, Erbud, Herkules, Torpol, Trakcja, Ulma, Unibep, ZUE, Strabag, Porr, Hochtief, Bouygues, Salini, Astaldi, Mota Engil, Skanska, PEAB, NCC, Siemens, Alstom, ABB, Schneider Electric
Eurocash	Carrefour, Dixy Group, Emperia, Jeronimo Martins, Magnit, Metro, O'Key Group, Tesco, X5
Famur	Atlas Copco, Caterpillar, Duro Felguera, Komatsu, Sandvik, Shanghai Chuangli, Tian Di
Grupa Azoty	Acron, Agrium, CF Industries, Israel Chemicals, K+S, Mosaic, Phosagro, Potash, Yara
Jeronimo Martins	Carrefour, Emperia, Eurocash, Magnit, Tesco, X5
JSW	Alliance Resource Partners, Peabody Energy, Arch Coal, Semirara Mining and Power, Bukit Asam, Henan Shenhua, Yanzhou Coal Mining, Banpu Public, LW Bogdanka, Shaanxi Heima, China Coal, Shougang Fushan Resources, Cokal, Teck Resources
Kernel	Astarta, Anderssons, ADM, Avangard, Bunge, China Agri Industries, Felda Global, Golden Agri Resources, GrainCorp, IMC, MHP, Milkiland, Nisshin Oillio Group, Ovostar, Wilmar
Kęty	Alcoa, Amag, Amcor, Bemis, Century Aluminium, China Hongoiao, Constelium, Impexmetal, Kaiser Aluminium, Mercor, Midas Holdings, Nippon Light Metal, Norsk Hydro, UACJ, United CO Rusal
KGHM	Anglo American, Antofagasta, BHP Billiton, Boliden, First Quantum Minerals, Freeport-McMoran, Grupo Mexico, Hudbay, Lundin, MMC Norilsk Nickel, OZ Minerals, Rio Tinto, Sandfire Resources, Southern Copper, Vedanta Resources
LC Corp	Archicom, Atal, Dom Development, Echo Investment, GTC, i2 Development, JWC, Lokum Deweloper, Polnord, Ronson
Lotos, MOL	Aker BP, Bashneft, BP, ENI, Galp, Gazpromneft, Hellenic, Lotos, Lukoil, MOL, Motor Oil, Neste, OMV, OMV Petrom, PKN, Repsol, Rosneft, Saras, Shell, Statoil, Total, Tullow Oil, Tupras, Unipetrol
LPP	CCC, Gerry Weber, H&M, Hugo Boss, IC Companys, Inditex, Kappahl, Marks & Spencer, Next, Tom Tailor
Netia	BT Group, Cyfrowy Polsat, Deutsche Telekom, Iliad, Koninklijke KPN, Magyar Telekom, Megafon, Mobile Telesystems, O2 Czech, Orange , Orange Polska, Rostelecom , Swisscom, Talktalk Telecom, TDC, Tele2, Telecom Italia, Telefonica, Telekom Austria, Telenor, Turk Telekomunikasyon, Turkcell Iletisim Hizmet, Vimpelcom , Vodafone Group
Orange Polska	BT Group, Cyfrowy Polsat, Deutsche Telekom, Hellenic Telecom, Koninklijke KPN, Magyar Telekom, Mobile Telesystems, Netia, O2 Czech, Orange, Rostelecom, Swisscom, TDC, Telecom Italia, Telefonica, Telekom Austria, Telenor, Turk Telekomunikasyon, Turkcell Iletisim Hizmet, Vodafone Group
PGNiG	A2A, BP, Centrica, Enagas, Endesa, Enea, Energa, Engie, ENI, EON, Galp Energia, Gas Natural, Gazprom, Hera, MOL, Novatek, OMV, Red Electrica, Romgaz, RWE, Shell, Snam, SSE, Statoil, Total
PKN Orlen	Braskem, Dow Chemical, Eastman, Galp, Hellenic, Huntsman, Indorama, Lotos, Lotte, Lyondellbasell, Mitsubishi, Mitsui, MOL, Motor Oil, Neste, OMV, OMV Petrom, Petronas, Saras, Tupras, Unipetrol, Westlake
Play	BT Group, Cyfrowy Polsat, Deutsche Telekom, Hellenic Telecom, Koninklijke KPN, Magyar Telekom, Netia, O2 Czech, Orange, Orange Polska, TDC, Telecom Italia, TalkTalk, Tele2, Telefonica, Telekom Austria, Telenor, Turk Telekomunikasyon, Turkcell Iletisim Hizmet, Vimpel, Vodafone Group
Polwax	Alexandria Mineral Oils, Calumet Specialty Products, Ciech, Fuchs Petrolub, H&R, Moresco, Sasol
Skarbiec Holding	Affiliated Managers, AllianceBernstein, Altus, Ashmore Group, Blackrock, Brewin Dolphin, Eaton Vance Mgmt, Franklin Resources, GAM Holding, Invesco, Investec, Jupiter AM, Legg Mason, Liontrust AM, Och-Ziff Capital Mgmt., Quercus, Schroders, T Rowe Price
Stelmet	AFG Arbonia, Canfor, Century Plyboards, Deceuninck, Duratex, Forte, Greenply Industries, Interfor, Inwido, Louisiana Pacific, Nobia, Paged, Pflaiderer, Rayonier, Uzin UTZ, Vanachai Group, Vilmorin, West Fraser
TXM	Brown Group, Bytom, Citi Trends, Duluth, Express, Giordano, Monnari, Premier Inv, The Buckle, Vistula
Wirtualna Polska	eBay, Facebook, Google, Mail.ru, Priceline Group, Yahoo!, Yandex

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

Aptor

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	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	

Komerční 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

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