

Wednesday, June 06, 2018 | periodical publication

Monthly Market Outlook: June 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 as their currencies soften.

Sector Outlook

Financials

We remain overweight Polish banks, in particular those with no major exposure to CHF mortgages. Rated banks delivered better-than-expected 2018 Q1 results, and analysts now have less reason to cut projections for the full year. In case of Alior Bank and Handlowy, the Q1 results suggest potential for upward revisions. Outside of Poland, the multiples of OTP, EBS, and KOMB are looking attractive again after the recent EU bank sell-off.

Chemicals

Ciech is the top chemical pick for June on solid fundamentals, but Grupa Azoty may rebound in the weeks ahead after a sharp May fall.

Oil & Gas

We remain bearish on the downstream sector as oil prices keeps rising and refiners add capacity. Expensive crude has already tightened cracking margins on refining products, and at the moment it is putting a strain on petrochemical margins, reflected in a fast-paced shrinkage of polyethylene margins. PGNiG NatGas remains a good alternative to oil refiners.

Power Utilities

The WIG-Energy index has picked itself up, and it is following an upward trend which should continue through June given rising generation profits and the developing capacity market story. Trading at expensive multiples compared to European peers, the Czech generator CEZ is still a sell for us.

Telecoms, Media, IT

We see upside potential in OPL in June, and in the media sector we have positive views on AGO (with increased upside) and WPL. We upgrade ACP to hold as of today. Our smaller-cap IT favorites are ATD and ASE.

Industrials & Metals

Polish industrial firms are poised to deliver stronger growth in Q2 2018 off a low year-ago base. In case of exporters, the potential is reinforced by the zloty's decline versus the euro. As for miners, KGHM copper is showing strong performance on the back of ongoing labor negotiations at the Escondida mine, and JSW coal is capitalizing on a weaker zloty v. dollar.

Construction

Polish construction firms are set to deliver negative surprises again in Q2 and Q3 2018, underpinned by increasing debt. Under these circumstances, we would keep allocations to builder stocks limited even if certain stocks (ERB, UNI) display attractive multiples after recent sharp falls.

Property Developers

We maintain an overweight position on real-estate developers, especially those who offer high dividends and maintain sustainable business models. Our six top sector picks trade at 7.0x 2018E P/E, and they offer an average dividend yield of 8.9%, with both multiples set to improve further in 2019.

Retail

A shift in foot traffic from March to April should reflect positively on the second-quarter earnings of fashion retailers. Our top picks for June are JMT, TXM, VST, BTM, and MON.

Key Ratings

Positive: AGO, AMC, BTM, CCC, CIE, CMR, DOM, ECH, ENA, ENG, FMF, JMT, JSW, KGH, LCC, OPL, PGE, PFL, PGN, POZ, STL, TPE, UNI, WPL, VST

Negative: CEZ, EAT, MNG, PKN, URS

EU Indices	Value	1M chng	YTD chng
WIG	59,090	+0.3%	-7%
ATX	3,268	-4.6%	-3%
BUX	36,678	-3.3%	-7%
PX	1,073	-1.5%	+3%

WSE WIG Ind.	Value	1M	YTD
WIG20	2,256	+1.1%	-8%
mWIG40	4,518	-0.3%	-5%
sWIG80	13,638	-2.6%	-6%
Banking	7,715	-0.2%	-9%
Basic Materials	2,335	-10.0%	-17%
Chemicals	12,408	-1.6%	-19%
Clothes	2,475	-1.6%	-17%
Construction	3,860	+5.4%	-12%
Energy	2,014	+2.5%	-1%
Food	5,152	+0.4%	+8%
IT	2,169	-1.2%	-1%
Media	7,231	-2.2%	-4%
Oil & Gas	6,212	+2.5%	-13%
Real estate	3,780	+0.2%	+4%
Telecom	696	-3.7%	-7%

Top 5 / Worst 5		1M	YTD
Mostostal Zabrze	0.29	+81.3%	-55%
Braster	5.68	+42.0%	-18%
11 bit studios	483.50	+39.3%	+144%
CD Projekt	157.00	+25.7%	+62%
Lokum Dew.	18.50	+12.8%	+11%
TXM	1.30	-40.4%	-46%
Idea Bank	6.90	-40.5%	-70%
PCM	12.70	-40.9%	-56%
Work Service	1.91	-47.7%	-55%
Trakcja	3.00	-51.2%	-59%

Rating & 9M TP Changes as of 6. Jun

Name	Rating	9M TP
Amica	overweight ►	-
Asseco Poland	hold ▲	41.20 PLN ►
Budimex	hold ▼	163.00 PLN ▼
CCC	buy ▲	295.00 PLN ►
Ciech	buy ►	88.64 PLN ▼
Dino	hold ▼	103.50 PLN ►
Elektrobudowa	hold ▼	71.00 PLN ▼
Erbud	buy ▲	22.00 PLN ▼
Erste Bank	accumulate ▲	40.00 EUR ►
Grupa Kęty	hold ►	371.08 PLN ▲
Jeronimo Martins	buy ▲	16.40 EUR ►
JSW	buy ►	115.23 PLN ▲
KGHM	buy ►	112.92 PLN ▼
Netia	reduce ▲	4.30 PLN ►
OTP Bank	buy ▲	12090 HUF ►
PBKM	hold ►	76.26 PLN ▼
PCM	buy ►	15.54 PLN ▼

Investing Outlook

Polish stocks did not do as well as expected in May, with the WIG20 index registering a 5.9% pullback from April. This was underpinned by across-the-board underperformance in emerging markets, reflected in a 2.6% m/m slump in MSCI EM, driven by a stronger-than-anticipated appreciation in the US dollar, with the index's May review adding to the pressure. Western European markets as well trended downward in May (CAC -3.5%, FTSE MIB -9.4%, DAX -0.1%), reflecting political impasse in Italy and economic risk in Turkey, which triggered a sharp upturn in Euro Area government bond yields, coupled with less upbeat economic data. While European markets struggled, stocks in the US enjoyed a month of solid gains in May (S&P500 +2.2%, NASDAQ +5.5%), with sentiment buoyed by solid economic momentum, sound company earnings, and share buybacks.

Our outlook for the next few weeks remains positive, with European equities expected to recover as political risk in Italy abates, the dollar stabilizes, and economic momentum in the Euro Area improves. Against this backdrop, with company earnings set to accelerate, equities in Poland offer attractive valuations at the moment after the price falls of the last few weeks.

A Weaker Euro Will Back European Shares

Contrary to our expectations that a weaker euro would boost economic momentum in the Euro Area, the IHS Markit Eurozone PMI fell to 54.1 in May from 55.1 in April, with the Manufacturing PMI down from 56.2 to 55.5, led by a slowdown in new orders, production, and job creation, and the Services PMI posting a decline from 54.7 to 53.9. The manufacturing slowdown last month was due among others to persistent supply chain constraints that led to delays in receipt of raw materials, but there was also a worrying decline in new export orders.

The political turmoil in Italy might negatively impact the economic indicators for June, but since analysts have probably lowered their expectations for the coming months on concerns about another Italian election, further expansion in Treasury yields, and the prospect that Italy might eventually leave the EU, any further slowdown this month will not come as too much of a surprise. In fact, with the expectations lowered the market might have positioned itself for a positive surprise, potentially creating a compelling reason to increase equity allocations.

A weaker euro is going to help the earnings of European exporters as soon as in the second quarter, and, to a greater extent, in the second half of the year, providing a boost to German stocks in particular. Panic might return to the European markets after the ECB ends its EUR 30bn-a-month quantitative easing program as planned at the end of September. Any sign that this might undermine stability in the Eurozone will trigger a repeat of what stock markets staged at the end of May, only with greater intensity.

WSE Still Sustained By Global Flows

The Polish stock market still relies on general capital flows into emerging markets for liquidity as local investment remains subdued. According to April 2018 statistics by the local fund and asset management association IZFA, Polish equity- and mixed-equity funds registered outflows of PLN 376.5m for the month, adding to aggregate withdrawals to the tune of PLN 2.8 billion during the 12 months to April. On top of that, private pension funds (OFEs) continue to transfer their assets to the state fund ZUS following the 2014 reforms, with a total of PLN 9.5bn set to be shifted this year according to calculations by the IGTE pension funds association, implying average monthly outflows of PLN 791m. With ZUS having transferred PLN 1.36bn of worker retirement contributions to OFEs through April, the net outflows can be said to approximate PLN 520m a month, implying total 2018 yearly withdrawals of PLN 6.2bn. At the same time, the rollout of the planned new employer-sponsored national retirement savings scheme, set to replace the current pension system, has been put off until mid-2019 per the latest update.

Over the past month, \$2.46 billion net has been pulled from emerging market ETFs, equivalent to 1.0% of their AUMs, compared to \$4.2bn (-4.5%) withdrawn from Eurozone ETFs and \$30.5bn (+1.4%) pumped into US equity ETFs.

We feel that the euro should regain at least some of its strength over the coming weeks on mitigated political risk in Europe. Looking at the scale of the appreciation in the dollar, and considering the economic situation in countries like Turkey and Argentina, we view the downward EM correction as a testament to the market's strength.

Our expectations of a rebound in Polish equity prices (note that the 2019E P/E ratio forecast for the WIG20 index is 10.5x – a low level compared to the historical averages and relative to MSCI EM, trading at a 2019E P/E ratio of 11.2x) are backed by the improving prospects of all the core WIG20 sectors, and the resulting inevitable turnaround in sentiment.

Polish power utilities are in the final phases of multi-year peak spending cycles, and with no major capacity-building projects lined up for the future they are poised for a substantial turnaround in free cash flow. What is more, thanks to increasing electricity prices, generators are increasingly likely to exceed analysts' expectations during 2019.

When it comes to the bank sector, currently valued at relatively cheap multiples, after a Q1 2018 slump due to mandatory annual fees, its profits are set to bounce back from the second quarter, supported by fast-paced lending.

Last but not least, the mining sector this year is capitalizing on strong global demand for commodities, led by China where economic growth seems to be regaining momentum.

Stocks representing the three sectors account for 65% of the WIG20 index.

Michał Marczak

tel. +48 22 438 24 01

michal.marczak@mbank.pl

Sector Strategies

Financials

- The Polish bank sector offers 14% estimated upside potential after the 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 (PEO) and Alior Bank (ALR), which have suffered losses in recent weeks triggered by speculation about their potential merger. We put the odds of the merger going through at a high 75%, and we hope the banks will put an end to the speculation in June by officially announcing their plans. With that said, keep in mind that the merger is subject to the approval of both sets of shareholders.
- We also see upside in ING BSK (IN) and Handlowy (BHW) 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 (BZW) in spite of disappointing first-quarter results. It is highly unlikely that Deutsche Bank will want to sell its BZW shares at the current market price, and when it comes to the impact of the planned FX borrower relief on BZ WBK's valuation, its zloty value is no more than PLN 20 per share. At the same time, keep in mind that BZ WBK's 2018 dividend declaration implies a record payout as high as PLN 23 per share.
- Other CEE banks also show upside potential after recent share price falls. We expect the low 2018 FY earnings expectations for OTP Bank and Komerční Banka to be revised upward, and we see growth potential in Erste Bank, operating amid favorable market conditions and registering record-low charge-offs.
- **Key Ratings:** ALR (buy), KOMB (buy), PZU (buy), MIL (reduce)

Chemicals

- MSCI's Europe and World Chemicals indices are currently valued on a level with their 3-year P/E and EV/EBITDA ratios after a sideways drift in the past month. At the same time, the Warsaw Stock Exchange's WIG-Chemicals index has shifted downward on the back of the pullback logged by its largest component stock, Grupa Azoty (ATT), with a 50% weighting. Polish firms are benefitting from the zloty's decline versus the dollar, on the one hand, and on the other hand they are hurt by increasing prices of energy commodities.
- ATT still has downside risk in our view, stemming from further earnings shrinkage expected in Q2 and Q3 2018, coupled with planned capital investment set to bring FCF in the next four years into the negative territory.
- Ciech (CIE) remains our top chemical pick for June, with its 2018 dividend yield potentially going as high as 12%, and with better 2018 FY earnings prospects accompanied by attractive trading multiples
- **Key ratings:** CIE (buy)

Oil & Gas

- The price of oil fell after Russia and Saudi Arabia signaled intent to possibly raise production at some point in the latter part of 2018, an understated message which was followed by statements by OPEC members about a need for heavy investment to ensure uninterrupted oil supply. Amid the global uncertainties, speculative positions in WTI and Brent have dropped in recent weeks, a possible sign that the sell-off is coming to an end.
- May prices of natural gas rose by a further 8-13% across Europe, and in Poland the cross-border spread on 1Y PL/DE contracts at times reached PLN 11/MWh. 30-day contracts are currently priced 15 zlotys higher than the first-quarter average, indicating a boost to the second-quarter profits of PGNiG and Lotos.
- Refining margins have rebounded to \$6/bbl, in line with widened margins on heavy products, and at the same time the Urals/Brent pricing differential has tightened from an April average of \$3 to \$1.0-1.5/bbl. The ever-expanding discount of WTI crude relative to Brent crude (currently at \$11/bbl) has negative implications for European refiners.
- Petrochem. margins across the board continue to narrow on an oversupply of polyethylene in the European market, flooded by newly-launched installations from the US.
- Against this backdrop, we remain bearish on the downstream sector, and we continue to view PGNiG as a good alternative, with profits set to rise in line with hydrocarbon prices, combined with improving valuation multiples.
- **Key Ratings:** PKN (reduce), PGN (buy)

Power Utilities

- Prices of emission allowances jumped to EUR 16/t in May from EUR 13.6 at the end of April, and this was accompanied by a 4% rise to \$89/t in the price year-ahead ARA contracts while the spot price soared 12%. Clean and vertically-integrated power producers remain the main beneficiaries of the upward trend in EU power prices as the clean-dark spread is still negative.
- The MSCI Utilities Europe index retreated 3-4% in May despite the favorable market conditions, led by a general sell-off at EU peripheries, but even so the WSE's WIG-Energy index continued to underperform as utility stocks hit all-time lows.
- Electricity prices in Poland continue to rise, with 2019 prices reaching PLN 215/MWh, implying clean-dark spreads PLN 5-6 higher than this year assuming stable coal prices. The uptrend puts into question the view that higher prices of carbon allowances will destroy the near-term profits of Polish power generators.
- 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 40/MWh y/y and prices of green certificates are trading at PLN 79 vs. PLN 36 on average in 2017), which adds to the probability of positive earnings surprises next year.
- The Polish power sector is currently trading at a low 3.7x 2018E EV/EBITDA. Given market conditions, considering what we know at this point about the upcoming capacity market, and given expectations of a substantial turnaround in free cash flows, we would buy shares in Enea, Energa, PGE, and Tauron.
- The Czech utility CEZ remains a sell on a relatively high valuation and overlooked risks built into the local nuclear project.
- **Key Ratings:** CEZ (sell), ENA (buy), ENG (buy), PGE (buy), TPE (buy)

Telecoms, Media, IT

- Vodafone has agreed to acquire the cable and fixed-line assets of Liberty Global based in Germany, the Czech Republic, Romania, and Hungary, operating under the 'UPC' brand name, in an EUR 18.4bn deal which does not include Liberty's UPC units in Poland or Slovakia.
- Cyfrowy Polsat (CPS) has finalized the acquisition of a controlling stake in Netia (NET) fixed line, and it plans to launch pilot sales of Netia services in 181 of its retail stores from 18 June. For Netia, this means much wider reach once its services are offered in all of Cyfrowy's 1,200 stores.
- With its main rivals already in the process of securing access to fixed infrastructure via M&A activity or wholesale rental, Play (PLY) is poised to be the sole mobile-only player left in its core markets in a matter of one year. Play could be approached by 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 that its core service is fixed-line broadband. Moreover, the sale by Liberty Global of selected CEE-based UPC units to Vodafone indicates it has less interest in the region.
- T-Mobile Poland might want to follow in the footsteps of its parent, Deutsche Telekom, which has recently 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**, after a weak 2017, the first quarter of 2018 brought a rebound in advertising expenditures at an annual rate of 8% as estimated by Agora, with the biggest spending increases allocated to online advertising (+10.5% y/y), TV (+9.5%), and radio (+8.0%).
- A breakdown of the first-quarter adspend shows a noticeable shift in budgets toward the Internet (+0.5pp to 32.5%) and TV (+0.5% to 47.5%), with only 2.0% of the outlays going to daily newspapers, 4.0% to magazines, 5.0% allotted to radio, and 8.0% spent on outdoor campaigns.
- The Warsaw Stock Exchange's WIG-INFO index fell 2.4% in May (vs. +0.3% WIG), and at the current level the median 12M fwd P/E ratio for **IT** stocks at 15.4x is on a level with its three-year average, with the premium narrowed by nearly 6% over the course of two months.
- Polish IT firms delivered a lackluster first-quarter earnings season, with the aggregate EBITDA rising 1.7% from Q1 2017 and net profit posting a decline of 3.7%.
- Our top small-cap IT picks are Asseco South Eastern Europe (ASE) and Atende (ATD). We have neutral calls for Ailleron (ALL), Asseco Business Solutions (ABS), and Wasko (WAS) (after a downgrade of the latter following downward revisions to 2018 FY earnings expectations based on a weak first quarter).
- **Key Ratings & Weightings:** OPL (buy), WPL (accumulate), AGO (buy), ATD (overweight), ASE (overweight)

Industrials

- MSCI's Industrials World and Europe indices logged monthly gains of 4% and 1.7%, respectively, in May, and at the current levels they are trading at small premiums to their historical 3-year P/E and EV/EBITDA averages.
- At this stage of the 2018 Q1 earnings season, 47% of Polish industrial companies have reported improvement over the year-ago financials, and 53% posted worsened profits. At the same time, the ratio of beats to misses looks good so far at 33% to 27%, with the biggest positive

surprises delivered by Cognor, Famur, Impexmetal, Pfleiderer, and Tarczyński, and the biggest disappointments posted by Boryszew, Elemental, and Ergis.

- The second-quarter earnings season is looking better compared to a low year-ago base when a staggering 56% of companies reported year-over-year profit falls, and only a few delivered positive surprises.
- Our best bets for June among Polish mid caps are Amica (AMC), which trades at attractive multiples ahead of a second-quarter rebound, and Famur (FMF), poised to report sustained growth in the coming quarters, supported by upward price adjustments in new contracts.
- Our top smaller picks include Cognor (COG), about to finalize a financing deal with banks to replace expensive debt, and Pozbud (POZ), trading at 4x 2019E P/E.
- The worst bets include Ursus (URS), which booked weak Q1 results and reports high debt, and Mangata (MGT), trading at premiums to the sector even as its profits come under pressure from increasing costs of materials and labor.
- We have updated our earnings outlook for Amica based on weaker-than-expected results for the first quarter, but we hope to see a rebound in Q2.
- Polish industrial stocks are currently trading at 11.2x 2018E P/E and 7.0x EV/EBITDA. The zloty's recent depreciation versus the euro and the US dollar, and favorable 2018 Q2 base effects, make the sector more attractive than a month ago, but investors should be selective when identifying investment opportunities among Polish industrials.
- **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. Labor negotiations at Escondida are set to continue through July.
- Copper inventories in exchange-monitored warehouses have shown draws for the last four weeks, and the tightening could continue in the weeks ahead, led by increased demand from China, with positive effects on global prices. In April 2018 China imported 10% net more of copper than in the same month last year.
- 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 coke stockpile decreases this should have a positive effect on the prices of metallurgical coal. Note that China's steel inventory has been decreasing at the fastest rate in five years.
- In Poland, the mining sector continues to experience rising pay pressures this year, which may affect profits, but this will be mitigated by the Polish zloty's depreciation vis-à-vis the dollar, the quote currency for commodities, which in recent weeks has sent the zloty price of copper above its 2017/2018 peak.
- **Key Ratings:** KGH (buy), JSW (buy)

Construction

- The 2018 Q1 aggregate EBITDA of the construction firms in our coverage fell 16% y/y in Q1 2018. Trakcja and Elektrotim both surprised negatively in the period, while Unibep and Ulma exceeded analysts' expectations.
- The aggregate backlog of rated builders was 20% higher as of 31 March 2018 than in March 2017. All companies except Elektrobudowa find their backlogs to be at comfortable levels which allow them to be selective in picking future bookings. With that said, the quality of existing bookings might give rise to profit risk in the coming year.
- Thirteen largest building companies (with the exception of Budimex) reported having net debt equivalent to 3% of equity as of 31 March 2018 compared to a net cash/equity ratio of 14% a year ago. The increase in debt stems from worsened valuations of construction contracts, with implications for future profits. Elektrobudowa was the only builder to have improved its cash position in Q1 vis-à-vis last year. On the other hand, the worst deterioration in financial standing was reported by Trakcja, Torpol, ZUE, and Mostostal Warszawa.
- Trakcja (TRK) reported the worst quarterly results for Q1 2018, alongside a huge increase in debt, of the three rated railway builders, but neither of the other two, Torpol (TOR) or ZUE, make for good investments at the moment looking at their balance sheets and unfavorable market conditions.
- Polish construction companies may be forced to increase leverage further in the next two quarters due to seasonality and the implementation of the VAT split payment mechanism in July. This might result in negative earnings surprises in the sector.
- Accordingly, we would steer clear of most construction stocks in the month ahead, except for Unibep (UNI) and its less diversified rival Erbud (ERB).
- **Key Ratings and Weightings:** UNI (buy), TRK (underweight)

Property Developers

- We maintain an overweight position on real-estate developers, especially those who offer high dividends and maintain sustainable business models.
- Our six top sector picks trade at 7.0x 2018E P/E, and they offer an average dividend yield of 8.9%, with both multiples set to improve further in 2019.
- Listed developers generated an average gross margin of 27.3% in Q1 2018, showing a 1.7pp beat relative to our expectations for the quarter and topping the estimate for the full year by 1pp. The biggest positive surprise of the quarter was delivered by LC Corp (LCC), and there were no major disappointments.
- **Key Ratings and Portfolio Positioning:** DOM (buy), ECH (buy), LCC (buy), LKD (overweight), ARH (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.
- The dollar is seen to appreciate vis-à-vis the zloty, which means fashion and footwear retailers may not be able to purchase 2018 autumn-winter collections as cheap during the June-July buying season as they were able to last year.
- However, the low dollar costs of the 2018 spring-summer lines will boost the profits for Q2 and Q3 2018, with the biggest beneficiaries including 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).
- CCC footwear is set to report tighter growth in monthly sales through September compared to a high year-ago base, but at the same time the Retailer is expected to improve sales margins and curb the upward trend in SG&A expenses.
- At AmRest (EAT), profits for Q2 and Q3 2018 will be weighed down by costs of post-merger integration after a period of intense M&A activity, with EBITDA in the period not likely to grow more than 20% on a year-over-year basis.
- Among smaller fashion retailers, we see potential in Monnari (MON, benefitting from cheap dollar costs of collections), Bytom (BTM, capitalizing on revised pricing and FX effects), Vistula (VST, which continues to improve earnings as it waits for permission to take over a rival menswear brand), and TXM (expected to regain sales effectiveness while keeping SG&A relatively stable).
- **Key Ratings and Weightings:** EUR (buy), TXM (buy), JMT (buy), CCC (buy), BTM (overweight), MON (overweight), VST (overweight).

Macroeconomic Update

Monetary Council keeps rates unchanged in May

Poland's Monetary Council kept interest rates unchanged in May, reiterating the usual message about growth and inflation, a lack of pay pressures, continuing economic expansion at zero inflation (a "miracle" according to Chairman Glapiński), and solid prospects for the upcoming quarters. Rates are set to stay intact through to the end of 2019 barring economic shocks according to Council minutes. As long as the Monetary Council stays on message, Polish bond yields are shaped by global factors.

A preliminary (one month of data available) nowcast of Q2 growth puts the expansion rate close to Q1 growth. However, the momentum seems anemic at best right now. Despite April surprises, the overall scenario for the Polish economy is intact: the slowdown in manufacturing is set to be compensated by buoyant construction, while the expenditure-based breakdown of GDP will likely show strong individual consumption, solid investment growth and a drag from net exports.

Industrial Production

Polish industrial production expanded at an annual rate of 9.3% in April, far outpacing the market consensus and our own forecast (8.5% and 7.1%, respectively), thanks mainly to an acceleration 9.5% in manufacturing output as mining and electricity production remained at stable levels (the energy component decreased by half due to much warmer April temperatures). Curiously, despite the strong y/y rebound, industrial production showed little new momentum in April, growing by a mere 0.5% from March in seasonally adjusted terms. This means the unadjusted trend was a downward one, with y/y growth reaching one-year lows on a smoothed basis.

Building activity in April expanded at a much slower rate than forecast by the market (25%) and by us (35%), increasing only 19.7% from a low year-ago comparable base despite much better weather. Given this, and the changes in seasonal patterns in recent years, this is a weak print, as confirmed by seasonally adjusted m/m decline of 1.2%. The pattern of steep, one-time surges in building output, intertwined with longer periods of downward drift, is still intact.

Producer prices surprised to the upside in April, with PPI up 1.1% on the year after a faster-than-expected rise. The positive surprise was owed in a large part to an upward revision from 0.3% to 0.5% in the annual PPI for March, coupled with higher-than-expected manufacturing prices, only partly offset by reduced prices in coal mining. The April PPI was fueled by rising zloty prices of commodities, mainly oil (on a monthly basis this category rose by a whopping 5.5%), in line with an appreciating dollar. While the expensive oil is already contributing to the rise in Polish producer prices, the stronger dollar will not show its full effects until the second half of the year. Ergo, even if prices and exchange rates stabilize, PPI will continue to grow.

Retail Sales

Polish retail sales growth in April widely missed the 7.9% forecast at 4.6%, due primarily to unexpected falls in sales of food (down 8.2% y/y) and sales at general stores (-2.7%). Any surprises in other categories mostly canceled each other out, except for a surprise 6.8% y/y rebound in vehicle sales contrary to expectations of a 4.3% drop. Adjusted for energy and food, core retail sales accelerated from 5.5 to 7.8% y/y in April, suggesting that sales of durables and semi-durables remained buoyant.

The most obvious explanation behind the massive disappointment in April food and general store sales was the earlier timing of the 2018 Easter Holidays, which this year fell in March while last year they were celebrated in April. The Easter effect recurs every year, but its impact is hard enough to predict that last month's surprise was actually within the margin of error. For comparison, average (Mar-Apr) sales growth around Easter 2013, when the holidays fell basically on the same day, was almost identical.

The Sunday trading ban might have also added to the April retail sales slowdown, with stores closing for four out of the month's five Sundays, but the impact will have been marginal judging by all available insights on consumer behavior in the period.

Any concerns that might have arisen from the April retail sales data were immediately put to rest by the month's consumer confidence index, coming close to an all-time high. Sales in May are sure to rebound in line with a clear uptrend in consumer spending.

Jobs

Polish job growth amounted to 3.7% in April, the same annual rate as recorded in March, with 7,000 jobs added during the month, representing a slightly lower number than registered in the three months prior and in April 2017. We view the April numbers as the beginning of a gentle downward trend in new hiring, stemming from a tight supply of labor which increases the time needed to fill vacancies.

The average gross salary in April was up 7.8% over the year-ago figure after rising slightly more than expected by the market (7.2%). Based on previous months' data, we can venture a guess that the rebound was led by a combination of several factors, including bonus payments in the mining industry, base and working-day effects in manufacturing and construction, and a stable pay uptrend in the service industry.

Even notwithstanding base effects, there is a noticeable building of momentum in salaries over the last few months. The April trends fully back up our predictions of accelerating employee compensation this year, with the average salary expected to show annual growth of 8-10% in the second half of the year, with pay demands additionally boosted by rising prices of vehicle fuel. After all, this category can be considered a good proxy for inflation expectations: demand is price-inelastic over the short term, grabs media headlines and public interest, purchases are frequent, and prices are volatile.

Government Budget

Poland had a budget surplus of PLN 9.3 billion as of end-April 2018 after the April revenue topped the monthly expenditures by PLN 6.2bn - the highest April surplus and the second-highest monthly surplus in history, resulting in the highest-ever surplus for the fiscal year to date. It is interesting to note the marginal role in this of VAT revenues, which were up only 3% on the year, while personal and corporate tax receipts soared 72% and 21%, respectively (after dipping in March), and non-tax receipts rebounded 26%. The persistently scaled-down government spending in April was owed to reduced costs of debt servicing and lower payments into social security and pension funds.

We made an attempt at charting the evolution of the government budget in the months ahead using the data through April; assuming that the actual performance versus the budget is the same as last year, and assuming a lack of dividend receipts from the central bank, our conclusion was that the government can stay in surplus until November. If we are right, assuming a December spike in spending of the same magnitude as last December, the annual deficit is not likely to go above PLN 20 billion. This, in turn, implies a limited supply of Treasury securities in the months ahead, and a likelihood of a primary surplus across the general government.

mBank Research

(E. Pytlarczyk, M. Mazurek, P. Bartkiewicz, K. Klimas)
research@mBank.pl

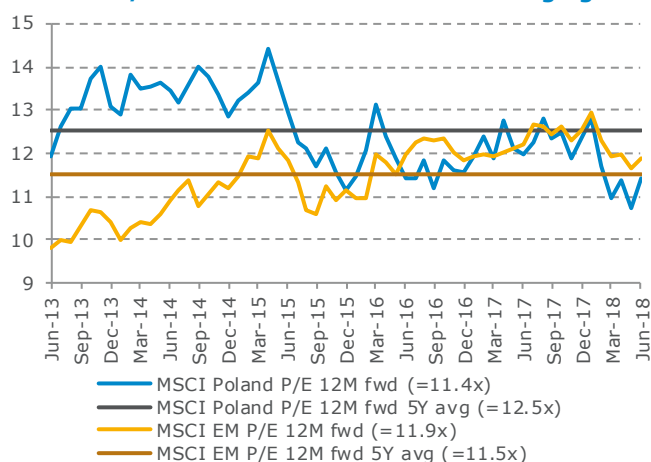
Revisions To FY2018 Earnings Forecasts For WIG30 Companies

May-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
Jun-17	+1%	+6%	+2%	+0%	+2%	+0%	+5%	+40%	+1%	+1%	+0%	+3%	-0%	+3%	-9%	+0%
Jul-17	+1%	+6%	+2%	+0%	+6%	+0%	+5%	+43%	+1%	+1%	-0%	+1%	+1%	+3%	-12%	+0%
Aug-17	+6%	+7%	+3%	+2%	+6%	+5%	+11%	+45%	+2%	-4%	+57%	+4%	+1%	-3%	-8%	-11%
Sep-17	+7%	+7%	+4%	+2%	+9%	+9%	+12%	+36%	+4%	-6%	+54%	+4%	-0%	+15%	-2%	-10%
Oct-17	+7%	+6%	+3%	+2%	+8%	+9%	+16%	+36%	+4%	-6%	+45%	+4%	+20%	+15%	-1%	-10%
Nov-17	+7%	+1%	+3%	-0%	+8%	+6%	+16%	+32%	+8%	-14%	+40%	+4%	+24%	+15%	+0%	-33%
Dec-17	+5%	+2%	+4%	-0%	+8%	+6%	+12%	+32%	+6%	-2%	+40%	+11%	+11%	+6%	-5%	-25%
Jan-18	+6%	+13%	+5%	-2%	+8%	+7%	+11%	+25%	+7%	-10%	+38%	+69%	-0%	-6%	-3%	+88%
Feb-18	+7%	+11%	+4%	-2%	+8%	+9%	+12%	+19%	+5%	-14%	+40%	+69%	-6%	-6%	+10%	+88%
Mar-18	+6%	+8%	+3%	-2%	+8%	+8%	+11%	+24%	+3%	-23%	+39%	+72%	-6%	-6%	+6%	+51%
Apr-18	+6%	+8%	+3%	-2%	+8%	+8%	+11%	+24%	+2%	-23%	+42%	+72%	-6%	-6%	+3%	+52%
May-18	+5%	+9%	+3%	-3%	+9%	+8%	+11%	+28%	+2%	-23%	+39%	+72%	-13%	-33%	-1%	+55%

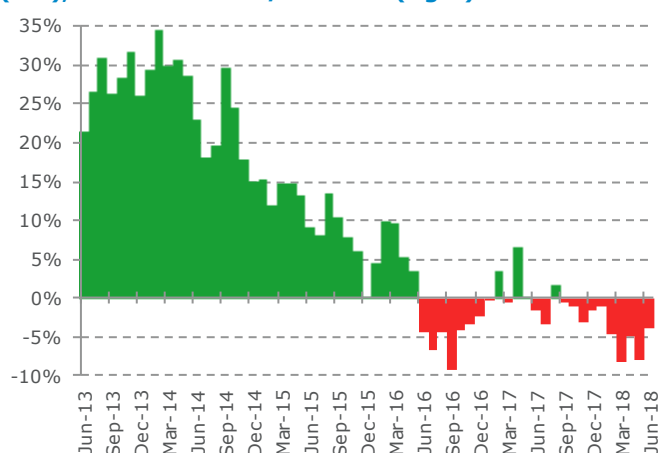
Source: "Con" - Bloomberg consensus forecasts, "mDM" - estimates by Dom Maklerski mBanku, provided ex. mBank, and PKP Cargo. The percentages indicate changes between the dates of this Monthly Outlook and the previous Monthly Outlook.

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

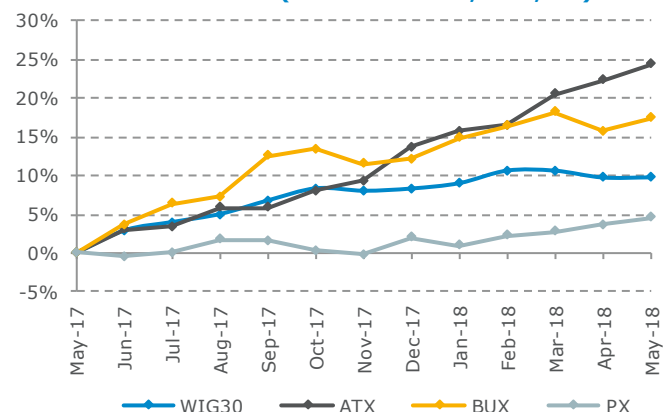
FWD 12M P/E Ratios For MSCI Poland & Emerging Markets (left), PL-EM Premium/Discount (right)



Source: Bloomberg, Dom Maklerski mBanku

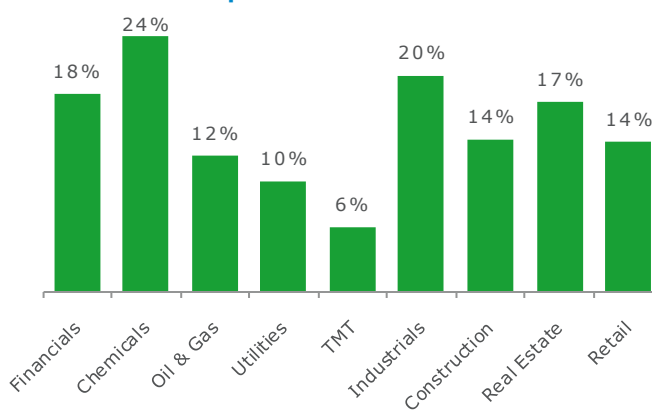


FWD 12M EPS Growth (WIG30 vs. ATX, BUX, PX)



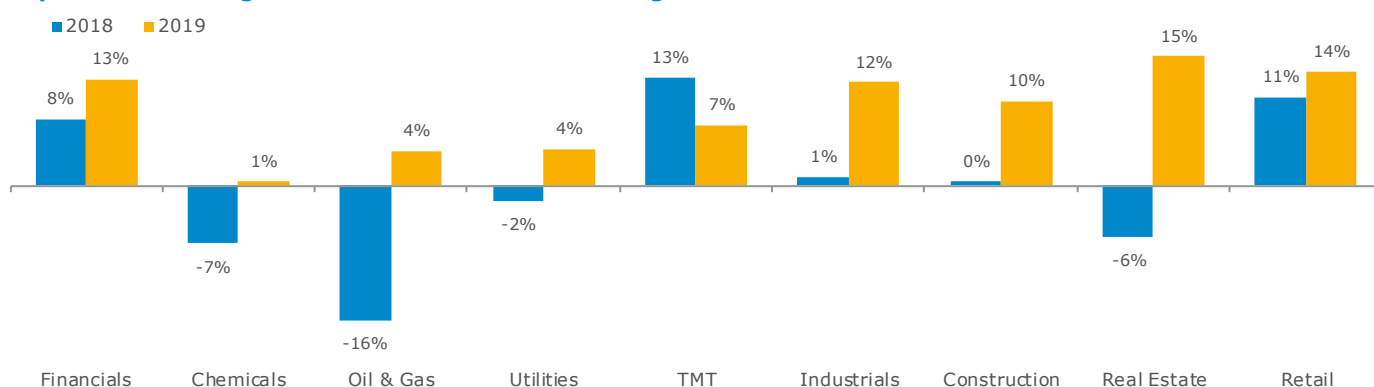
Source: Bloomberg, Dom Maklerski mBanku

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	14	3	0	92.83	+17.4%	+21%	+14%	-				13/-
BZ WBK	buy	430.00	8	8	1	419.56	+2.5%	+5%	+10%	+12%				10/-
Getin Noble Bank	hold	1.40	1	5	4	1.23	+13.6%	+261%	-8%	-16%				8/-
Handlowy	buy	94.00	3	8	0	84.58	+11.1%	-2%	+6%	-				6/-
ING BSK	accumulate	212.00	5	4	5	207.61	+2.1%	-2%	-3%	+1%				8/-
Millennium	reduce	7.00	3	4	7	8.55	-18.2%	-5%	-10%	-				7/-
Pekao	buy	157.00	15	6	0	146.43	+7.2%	-4%	-0%	-				15/-
PKO BP	hold	38.00	1	16	4	39.92	-4.8%	-6%	+2%	-				13/-
Komercni Banka	buy	1,111.0	12	4	1	1,055.6	+5.2%	+11%	+23%	-				14/-
Erste Bank	accumulate	40.00	16	8	1	43.05	-7.1%	+1%	-1%	-				16/-
OTP Bank	buy	12,090	12	2	2	12,131	-0.3%	-3%	+0%	-				12/-
PZU	buy	50.58	8	2	0	49.17	+2.9%	+7%	+2%	-				7/-
Kruk	buy	300.94	5	1	2	260.33	+15.6%	+3%	+7%	+5%				7/-
Prime Car Management	buy	15.54	1	1	0	33.00	-52.9%	-46%	-44%	-34%				3/-
Chemicals														
Ciech	buy	88.64	5	4	1	69.77	+27.1%	+26%	+39%	+51%	+13%	+15%	+17%	5/5
Grupa Azoty	hold	44.40	4	3	5	57.61	-22.9%	-24%	-32%	-33%	-7%	-10%	-11%	4/4
Oil & Gas														
Lotos	hold	52.81	6	7	1	65.36	-19.2%	-40%	-35%	-36%	-13%	-12%	-12%	10/11
MOL	hold	2,954.0	7	4	0	3,323.3	-11.1%	-25%	-26%	-20%	-11%	-9%	-2%	6/8
PGNiG	buy	8.17	5	4	1	6.67	+22.5%	+17%	+21%	+23%	+7%	+14%	+20%	7/6
PKN Orlen	reduce	76.73	2	9	9	95.89	-20.0%	-37%	-39%	-29%	-24%	-23%	-15%	14/14
Utilities														
CEZ	sell	458.38	4	7	7	520.95	-12.0%	-0%	+12%	+6%	+0%	-1%	-0%	12/12
Enea	buy	12.62	7	3	0	12.32	+2.4%	+1%	+9%	-15%	+2%	+8%	-4%	6/6
Energa	buy	15.58	5	4	1	12.83	+21.5%	+2%	+5%	+4%	+2%	+2%	+2%	6/6
PGE	buy	13.60	5	5	3	12.30	+10.6%	+8%	+10%	+7%	+3%	+4%	+3%	8/8
Tauron	buy	2.76	4	6	2	2.71	+1.9%	+25%	+0%	+4%	+7%	+2%	+4%	8/8
TMT														
Netia	reduce	4.30	1	4	3	5.09	-15.6%	-5%	-24%	-44%	-1%	-1%	-6%	4/4
Orange Polska	buy	7.60	6	6	4	6.25	+21.7%	+158%	+116%	+73%	+4%	+6%	+7%	7/10
Play	hold	30.93	7	5	1	36.04	-14.2%	+13%	+2%	-1%	+1%	-5%	-1%	10/9
Agora	buy	18.40	2	3	0	15.63	+17.7%	+113%	+29%	+31%	+3%	+0%	+1%	4/4
Cyfrowy Polsat	hold	25.30	5	8	0	28.16	-10.1%	+2%	+8%	+11%	+6%	+3%	+3%	7/6
Wirtualna Polska	accumulate	60.00	5	2	0	56.28	+6.6%	+5%	+3%	+7%	+2%	+4%	+5%	2/2
Asseco Poland	hold	41.20	2	5	1	52.13	-21.0%	-37%	-28%	-23%	-5%	-3%	-0%	2/4
Asseco BS	neutral	-	1	2	0	28.90	-	+2%	+1%	-0%	+0%	+1%	-0%	2/2
Asseco SEE	overweight	-	2	0	0	17.30	-	+0%	-1%	+3%	-1%	-2%	-1%	2/3
Wasko	neutral	-	2	0	0	-	-	+0%	+0%	-0%	+0%	+0%	-0%	1/1
CD Projekt	sell	90.80	6	2	2	122.17	-25.7%	+18%	+5%	-0%	-30%	-9%	-3%	4/2
Comarch	accumulate	166.50	3	2	0	170.48	-2.3%	-24%	-13%	-2%	-13%	-8%	+1%	3/3
Industrials														
Alumetal	neutral	-	2	3	0	59.00	-	-4%	-10%	-	-4%	-9%	-	3/3
Amica	overweight	-	2	0	2	124.50	-	+6%	+32%	-	+7%	+18%	-	3/3
Apator	neutral	-	1	2	1	23.30	-	+8%	+3%	-	+3%	-0%	-	2/2
Elemental	neutral	-	0	1	0	-	-	+0%	+12%	-	+0%	-0%	-	1/1
Famur	buy	6.95	2	1	0	7.33	-5.1%	+6%	-0%	-0%	-4%	+0%	+0%	2/2
Forte	neutral	-	3	4	1	56.28	-	-32%	-30%	-	-14%	-19%	-	4/3
Kemel	hold	53.04	5	3	0	67.01	-20.8%	-23%	+17%	+17%	-8%	+8%	+7%	5/5
Grupa Kęty	hold	371.08	5	4	2	371.64	-0.2%	+9%	+4%	+7%	+2%	-2%	-3%	5/6
Pfleiderer Group	overweight	-	7	0	1	45.69	-	+1%	+3%	-	-5%	-5%	-	6/5
JSW	buy	115.23	4	4	5	96.28	+19.7%	+20%	+33%	+21%	+13%	+13%	+11%	5/5
KGHM	buy	112.92	5	5	7	100.57	+12.3%	-8%	+12%	+13%	-6%	+5%	+6%	13/13
Construction														
Budimex	hold	163.00	1	2	6	187.08	-12.9%	-3%	-7%	-4%	-0%	-6%	-4%	4/4
Elektrobudowa	hold	71.00	3	2	1	104.05	-31.8%	-49%	-34%	-32%	-35%	-27%	-19%	3/3
Erbud	buy	22.00	4	1	0	27.97	-21.3%	-22%	-4%	-0%	-8%	+2%	-0%	3/3
Unibep	buy	10.10	3	2	0	12.28	-17.8%	-8%	-2%	+0%	-7%	+1%	+0%	2/2
Torpol	neutral	-	2	1	1	16.04	-	-70%	-48%	-39%	-39%	-27%	-23%	3/2
Trakcja	underweight	-	1	3	3	6.39	-	-65%	-63%	-0%	-21%	-19%	-0%	3/3
Real Estate														
Atal	accumulate	47.00	1	3	0	45.52	+3.3%	+2%	+3%	+1%	+1%	-1%	+2%	5/4
Capital Park	buy	8.35	3	0	0	8.08	+3.4%	-13%	-0%	-	+2%	+16%	+127%	3/2
Dom Development	buy	103.10	6	3	1	92.23	+11.8%	+3%	+10%	+3%	+5%	+4%	+6%	7/4
Echo	buy	5.63	3	4	0	5.72	-1.5%	+43%	+14%	+2%	+142%	+64%	+30%	5/3
GTC	hold	9.60	8	3	1	10.61	-9.5%	+7%	+14%	+20%	+18%	+21%	+20%	7/5
LC Corp	buy	3.50	4	0	0	3.46	+1.2%	-2%	+3%	+4%	-0%	-0%	-0%	4/1
Polnord	neutral	-	0	2	0	10.80	-	+3%	-11%	-17%	-21%	-18%	-34%	3/3
Ronson	neutral	-	0	3	1	1.45	-	+6%	+1%	+23%	-8%	-1%	-0%	4/2
Retail														
AmRest	reduce	426.00	7	3	2	462.83	-8.0%	-18%	-25%	-18%	-6%	-6%	-4%	7/5
CCC	buy	295.00	9	5	3	268.50	+9.9%	-20%	+3%	+12%	-14%	-4%	+1%	12/11
Dino	hold	103.50	9	5	2	105.55	-1.9%	+5%	+8%	+4%	+2%	+3%	+2%	11/10
Eurocash	buy	30.70	10	10	1	29.43	+4.3%	-16%	-11%	+5%	-0%	-3%	-1%	17/15
Jeronimo Martins	buy	16.40	10	12	4	16.09	+2.0%	+5%	+2%	-2%	+5%	+5%	+2%	18/17
LPP	hold	9,500.0	0	7	11	8,122.2	+17.0%	+12%	+13%	+15%	+7%	+7%	+8%	10/10
Bytom	overweight	-	2	2	0	3.00	-	+15%	+14%	+10%	+9%	+7%	+9%	3/2
Monnari	overweight	-	5	0	0	9.60	-	+7%	+9%	+20%	+13%	+10%	+15%	4/3
Vistula	overweight	-	2	2	1	4.85	-	+7%	+3%	+1%	+2%	+4%	+4%	3/2

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						+18.2%	12.1	9.9		
Alior Bank	buy	2018-02-01	85.50	109.00	71.45	+52.6%	9.7	8.2		
BZ WBK	buy	2018-03-05	357.80	430.00	366.20	+17.4%	14.4	11.8		
Getin Noble Bank	hold	2018-05-09	1.17	1.40	1.08	+29.6%	21.8	8.1		
Handlowy	buy	2018-04-06	77.50	94.00	78.30	+20.1%	16.2	13.3		
ING BSK	accumulate	2018-03-05	198.00	212.00	195.00	+8.7%	16.1	14.2		
Millennium	reduce	2018-04-06	8.35	7.00	8.40	-16.7%	14.1	12.8		
Pekao	buy	2018-02-01	135.90	157.00	119.90	+30.9%	14.4	11.9		
PKO BP	hold	2018-04-06	39.74	38.00	39.24	-3.2%	14.8	12.3		
Komercni Banka	buy	2017-12-01	899.00	1,111 CZK	907.00	+22.5%	11.6	9.9		
Erste Bank	accumulate	2018-06-06	34.78	40.00 EUR	34.78	+15.0%	10.6	9.9		
OTP Bank	buy	2018-06-06	10,210	12,090 HUF	10,210	+18.4%	10.3	9.5		
PZU	buy	2018-03-05	41.55	50.58	38.94	+29.9%	10.0	9.8		
GetBack	suspended	2018-04-16	4.52	-	3.75	-	-	-		
Kruk	buy	2018-02-02	222.20	300.94	228.00	+32.0%	12.1	10.3		
Prime Car Management	buy	2018-06-06	12.70	15.54	12.70	+22.4%	7.2	6.2		
Skarbiec Holding	buy	2018-02-02	30.60	56.30	28.20	+99.6%	6.8	5.7		
Chemicals						+23.5%	8.0	8.3	5.7	6.0
Ciech	buy	2018-06-06	60.20	88.64	60.20	+47.2%	8.0	8.3	5.2	5.3
Grupa Azoty	hold	2018-05-25	42.60	44.40	46.68	-4.9%	15.5	16.0	5.7	6.2
Polwax	buy	2018-05-09	7.80	16.69	8.10	+106.0%	5.4	4.0	6.7	6.0
Oil & Gas						+12.4%	11.5	11.0	5.5	5.1
Lotos	hold	2018-05-09	55.62	52.81	57.12	-7.5%	15.3	11.5	6.4	5.6
MOL	hold	2018-05-09	2,790	2,954 HUF	2,700	+9.4%	10.3	10.4	4.6	4.6
PGNiG	buy	2018-05-09	6.20	8.17	6.05	+35.0%	8.3	7.9	4.1	3.8
PKN Orlen	reduce	2018-05-09	82.30	76.73	86.76	-11.6%	12.6	13.2	7.0	7.0
Power Utilities						+9.7%	5.0	4.6	3.9	3.6
CEZ	sell	2018-05-29	551.00	458.38 CZK	564.50	-18.8%	21.3	19.8	8.5	8.4
Enea	buy	2018-05-29	9.57	12.62	10.34	+22.1%	5.0	3.8	4.1	3.6
Energia	buy	2018-05-29	9.00	15.58	9.23	+68.8%	4.8	4.6	3.4	3.3
PGE	buy	2018-05-29	9.28	13.60	9.98	+36.3%	6.1	6.0	3.7	3.5
Tauron	buy	2018-05-29	2.01	2.76	2.31	+19.5%	3.1	3.8	3.9	4.4
Telecoms, Media, IT						+6.0%	21.0	15.7	7.0	6.4
Netia	reduce	2018-06-06	5.00	4.30	5.00	-14.0%	45.5	54.9	5.8	6.2
Orange Polska	buy	2018-04-06	5.83	7.60	5.08	+49.6%	22.3	12.2	4.4	4.0
Play	hold	2018-04-06	32.70	30.93	25.60	+20.8%	7.1	6.8	5.5	5.7
Agora	buy	2018-04-06	14.50	18.40	14.95	+23.1%	28.4	30.8	5.1	5.3
Cyfrowy Polsat	hold	2018-04-06	24.84	25.30	25.36	-0.2%	13.0	11.1	7.0	6.4
Wirtualna Polska	accumulate	2018-04-24	54.00	60.00	53.60	+11.9%	21.0	18.0	11.4	9.6
Asseco Poland	hold	2018-06-06	44.00	41.20	44.00	-6.4%	15.0	15.7	8.7	8.2
CD Projekt	sell	2018-04-06	114.90	90.80	157.00	-42.2%	75.6	22.7	59.9	17.4
Comarch	accumulate	2018-05-09	145.00	166.50	145.00	+14.8%	20.9	15.4	8.2	7.2
Industrials, Mining						+19.8%	10.5	6.5	7.0	4.9
Famur	buy	2018-05-09	5.94	6.95	6.10	+13.9%	17.5	13.6	8.4	7.3
Grupa Kęty	hold	2018-06-06	360.50	371.08	360.50	+2.9%	12.5	12.6	8.9	8.8
JSW	buy	2018-06-06	86.66	115.23	86.66	+33.0%	4.5	6.1	2.4	2.8
Kemcel	hold	2018-05-09	50.80	53.04	52.50	+1.0%	11.1	5.8	7.4	4.9
KGHM	buy	2018-06-06	96.52	112.92	96.52	+17.0%	7.9	6.2	4.6	3.5
Stelmet	buy	2018-05-09	14.75	26.48	14.15	+87.1%	9.9	6.8	6.7	4.9
Construction						+14.0%	10.3	10.0	4.4	4.3
Budimex	hold	2018-06-06	153.00	163.00	153.00	+6.5%	11.5	12.6	4.8	5.0
Elektrobudowa	hold	2018-06-06	69.00	71.00	69.00	+2.9%	13.8	13.6	5.4	5.4
Erbud	buy	2018-06-06	14.90	22.00	14.90	+47.7%	9.1	7.3	4.0	3.5
Unibep	buy	2018-04-06	7.50	10.10	5.44	+85.7%	6.2	5.3	4.1	3.2
Property Developers						+17.4%	8.8	9.1	7.9	7.8
Atal	accumulate	2018-04-06	43.40	47.00	43.00	+9.3%	8.6	9.0	7.3	7.8
Capital Park	buy	2018-04-06	5.95	8.35	5.50	+51.8%	10.9	9.2	17.7	17.0
Dom Development	buy	2018-03-20	85.80	103.10	86.00	+19.9%	9.0	9.2	7.2	7.5
Echo	buy	2018-04-06	5.23	5.63	4.62	+21.9%	6.3	5.8	7.3	7.5
GTC	hold	2018-04-06	9.39	9.60	9.04	+6.2%	10.9	9.4	15.1	14.2
LC Corp	buy	2018-04-06	2.70	3.50	2.72	+28.7%	6.6	5.8	8.5	7.7
Retail						+13.7%	26.6	19.0	14.7	12.5
AmRest	reduce	2018-04-06	449.50	426.00	456.00	-6.6%	48.0	37.7	15.7	12.5
CCC	buy	2018-06-06	242.80	295.00	242.80	+21.5%	31.7	18.8	17.9	12.5
Dino	hold	2018-06-06	107.40	103.50	107.40	-3.6%	33.0	24.7	20.4	15.7
Eurocash	buy	2018-04-06	24.41	30.70	23.45	+30.9%	24.6	19.0	7.9	6.8
Jeronimo Martins	buy	2018-06-06	13.52	16.40 EUR	13.52	+21.3%	18.3	17.1	8.0	7.3
LPP	hold	2018-05-09	9,260	9,500	9,280	+2.4%	26.6	22.7	14.7	12.5
TXM	buy	2018-05-09	2.10	5.44	1.30	+318.5%	7.4	2.8	5.9	3.2
Other						+4.5%	10.7	9.7	7.1	6.5
PBKM	hold	2018-06-06	73.00	76.26	73.00	+4.5%	10.7	9.7	7.1	6.5

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						14.2	10.9	6.2	5.8
Ailleron	neutral	2018-03-28	16.20	15.65	-3.4%	18.6	16.2	8.5	7.0
Asseco BS	neutral	2018-03-28	28.00	25.80	-7.9%	15.0	13.6	10.0	9.2
Asseco SEE	overweight	2018-04-26	11.70	12.50	+6.8%	11.4	10.9	5.1	4.7
Atende	overweight	2018-03-28	4.25	4.35	+2.4%	10.1	9.1	6.2	5.8
Wasko	neutral	2018-05-30	1.68	1.69	+0.6%	14.2	9.4	5.3	4.5
Industrials						10.5	11.5	6.5	6.3
Alumetal	neutral	2017-07-31	46.99	54.90	+16.8%	10.9	11.9	8.9	8.8
Amica	overweight	2018-06-06	121.00	121.00	+0.0%	8.5	6.9	5.5	4.6
Apator	neutral	2018-02-28	24.00	26.80	+11.7%	14.7	15.3	8.4	8.6
Boryszew	neutral	2017-11-30	9.85	8.00	-18.8%	10.1	9.7	6.8	6.3
Elemental	neutral	2018-04-27	1.09	0.95	-12.8%	3.8	3.3	4.2	3.7
Ergis	neutral	2018-04-27	4.06	3.88	-4.4%	8.7	8.2	6.2	5.7
Forte	neutral	2018-04-27	50.70	50.00	-1.4%	21.4	13.6	13.8	10.6
Kruszwica	neutral	2017-03-29	63.50	71.80	+13.1%	19.6	20.1	11.7	11.6
Mangata	underweight	2018-03-29	95.60	92.80	-2.9%	12.5	12.2	7.6	7.3
Pfleiderer Group	overweight	2018-04-27	37.30	37.00	-0.8%	17.7	15.8	6.3	5.9
Pozbud	overweight	2017-11-13	2.98	3.58	+20.1%	6.5	3.7	5.8	2.6
Tarczyński	neutral	2018-05-30	14.50	14.90	+2.8%	8.0	11.1	5.6	6.2
Construction Sector						20.2	9.0	5.6	4.5
Elektrotim	neutral	2018-05-28	5,80	5.00	# ARG!	30.3	12.8	5.6	4.8
Herkules	neutral	2018-01-25	3.67	3.18	-13.4%	10.0	7.0	5.2	4.3
Torpol	neutral	2018-05-28	6,40	5.70	# ARG!	26.7	8.3	6.9	4.2
Trakcja	underweight	2018-05-18	3.65	3.00	-17.8%	23.6	21.5	5.5	5.4
Ulma	neutral	2018-05-28	73,00	74.00	# ARG!	9.2	8.9	3.7	3.5
ZUE	neutral	2018-05-28	5,86	5.24	# ARG!	16.8	9.1	6.8	5.5
Property Developers						6.9	6.5	8.2	6.0
Archicom	overweight	2018-04-26	15.30	14.40	-5.9%	6.7	4.7	6.7	5.2
BBI Development	neutral	2018-04-26	0.66	0.61	-7.6%	14.1	6.7	13.9	6.2
i2 Development	neutral	2018-05-28	17,30	16.80	# ARG!	4.6	4.8	5.5	5.9
JWC	underweight	2018-03-29	4.16	3.45	-17.1%	6.2	4.5	6.1	4.5
Lokum Deweloper	overweight	2018-03-29	17.80	18.50	+3.9%	6.2	7.0	4.6	5.3
PA Nova	neutral	2018-03-29	22.30	22.00	-1.3%	7.2	8.3	10.6	11.9
Polnord	neutral	2018-02-02	10.50	7.34	-30.1%	12.1	9.8	31.1	21.5
Ronson	neutral	2018-04-03	1.32	1.10	-16.7%	7.9	6.3	9.7	8.5
Retail						12.5	11.2	8.1	7.1
Bytom	overweight	2018-05-23	2.92	2.80	-4.1%	12.5	11.4	8.1	7.1
Gino Rossi	suspended	2018-05-23	0.63	0.62	-1.6%	-	-	-	-
Monnari	overweight	2018-05-23	7.19	7.10	-1.3%	9.3	8.7	4.2	3.7
Vistula	overweight	2018-05-23	4.79	4.80	+0.2%	13.7	11.2	9.2	7.5

Recommendations Issued in Last 30 Days

Company	Rating	Previous Rating	Target Price		Issued on
Bytom	overweight	overweight	-	-	2018-05-23
CCC	accumulate	buy	295.00	PLN	2018-05-09
CEZ	sell	reduce	449.51	CZK	2018-05-09
CEZ	sell	sell	458.38	CZK	2018-05-29
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
Elektrotim	neutral	overweight	-	-	2018-05-28
Enea	buy	buy	12.62	PLN	2018-05-29
Energa	buy	buy	15.58	PLN	2018-05-29
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
Gino Rossi	suspended	neutral	-	-	2018-05-23
Grupa Azoty	hold	hold	60.99	PLN	2018-05-09
Grupa Azoty	hold	hold	44.40	PLN	2018-05-25
Grupa Kęty	hold	hold	363.01	PLN	2018-05-09
i2 Development	neutral	overweight	-	-	2018-05-28
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
Monnari	overweight	overweight	-	-	2018-05-23
PGE	buy	buy	13.60	PLN	2018-05-29
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
Tarczyński	neutral	neutral	-	-	2018-05-30
Tauron	buy	hold	2.76	PLN	2018-05-29
Torpol	neutral	neutral	-	-	2018-05-28
Trakcja	underweight	neutral	-	-	2018-05-18
TXM	buy	buy	5.44	PLN	2018-05-09
Ulma	neutral	neutral	-	-	2018-05-28
Vistula	overweight	neutral	-	-	2018-05-23
Wasko	neutral	overweight	-	-	2018-05-30
ZUE	neutral	neutral	-	-	2018-05-28

Ratings and Valuations Changed as of 6 June 2018

Company	Rating	Previous Rating	Target Price	Issued on
Amica	overweight	overweight	- -	2018-06-06
Asseco Poland	hold	reduce	41.20 PLN	2018-06-06
Budimex	hold	accumulate	163.00 PLN	2018-06-06
CCC	buy	accumulate	295.00 PLN	2018-06-06
Ciech	buy	buy	88.64 PLN	2018-06-06
Dino	hold	accumulate	103.50 PLN	2018-06-06
Elektrobudowa	hold	buy	71.00 PLN	2018-06-06
Erbud	buy	accumulate	22.00 PLN	2018-06-06
Erste Bank	accumulate	hold	40.00 EUR	2018-06-06
Grupa Kęty	hold	hold	371.08 PLN	2018-06-06
Jeronimo Martins	buy	accumulate	16.40 EUR	2018-06-06
JSW	buy	buy	115.23 PLN	2018-06-06
KGHM	buy	buy	112.92 PLN	2018-06-06
Netia	reduce	sell	4.30 PLN	2018-06-06
OTP Bank	buy	accumulate	12090.00 HUF	2018-06-06
PBKM	hold	hold	76.26 PLN	2018-06-06
Prime Car Management	buy	buy	15.54 PLN	2018-06-06

Recommendation Statistics

Recommendation	All		For Issuers Who Are Clients of Dom Maklerski mBanku	
	Count	As pct. of total	Count	As pct. of total
sell	2	2.1%	1	2.1%
reduce	4	4.3%	3	6.3%
underweight	3	3.2%	0	0.0%
hold	16	17.0%	5	10.4%
neutral	21	22.3%	9	18.8%
accumulate	5	5.3%	3	6.3%
buy	33	35.1%	27	56.3%
overweight	10	10.6%	0	0.0%

Corporate Events Calendar For June-July 2018

6 Jun	COMPERIA.PL	Management Meeting
6 Jun 12:00	EnterAir	Management Meeting
7 Jun 12:00	Archicom	2018 Q1 earnings conference (Westin Hotel, Warsaw)
28 Jun	Stelmet	2018 Q1 earnings announcement
17 Jul	Kernel	2018 Q2 operations update
20 Jul	PKN Orlen	2018 Q2 earnings announcement
25 Jul	BZ WBK	2018 Q2 earnings announcement
26 Jul	Budimex	2018 H1 earnings announcement
26 Jul	Millennium	2018 Q2 earnings announcement
31 Jul	Erste Bank	2018 Q2 earnings announcement
31 Jul	GPW	2018 H1 earnings announcement
31 Jul	mBank	2018 Q2 earnings announcement

List of abbreviations and ratios contained in the report:

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

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

Recommendations of Dom Maklerski mBanku :

A recommendation is valid for a period of 6-9 months, unless a subsequent recommendation is issued within this period. Expected returns from individual recommendations are as follows:

BUY – we expect that the rate of return from an investment will be at least 15%
ACCUMULATE – we expect that the rate of return from an investment will range from 5% to 15%
HOLD – we expect that the rate of return from an investment will range from -5% to +5%
REDUCE – we expect that the rate of return from an investment will range from -5% to -15%
SELL – we expect that an investment will bear a loss greater than 15%
Recommendations are updated at least once every nine months.

mBank S.A. with its registered office in Warsaw at Senatorska 18 renders brokerage services in the form of derived organisational unit – Brokerage Office which uses name Dom Maklerski mBanku.

The present report expresses the knowledge as well as opinions of the authors on day the report was prepared. The present report was prepared with due care and attention, observing principles of methodological correctness and objectivity, on the basis of sources available to the public, which Dom Maklerski mBanku considers reliable, including information published by issuers, shares of which are subject to recommendations. However, Dom Maklerski mBanku, in no case, guarantees the accuracy and completeness of the report, in particular should sources on the basis of which the report was prepared prove to be inaccurate, incomplete or not fully consistent with the facts.

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

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

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

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

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

mBank S.A. does not rule out offering brokerage services to an issuer of securities being the subject of a recommendation. Information concerning a conflict of interest arising in connection with issuing a recommendation (should such a conflict exist) is located below.

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

The production of new recommendations was completed on June 6, 08:48 AM.
New recommendations were first disseminated on June 6, 08:48 AM.

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

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

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

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

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

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

Asseco Poland provides IT services to mBank S.A.

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

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

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

Recommendations are addressed to all Clients of Dom Maklerski mBanku.

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

In connection with the above, Dom Maklerski mBanku does not consider the Monthly Report to be a recommendation as understood in the Order of the Council of Ministers, dated 19 October 2005, in regard to information comprising recommendations concerning financial instruments or their issuers.

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

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

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

For U.S. persons only: This research report is a product of mBank SA which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by mBank SA only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, mBank SA has entered into an agreement with a U.S. registered broker-dealer, Cabrera Capital Markets. ("Cabrera"). Transactions in securities discussed in this research report should be effected through Cabrera or another U.S. registered broker dealer.

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
Asseco 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	Asseco 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, Bukin 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	overweight
Rating date	2018-06-06	2018-01-05
Target price (PLN)	-	-
Price on rating day	121.00	130.00

AmRest

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

Apator

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

Archicom

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

Asseco BS

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

Asseco Poland

Rating	hold	reduce	reduce	hold	reduce	hold	reduce
Rating date	2018-06-06	2018-03-27	2018-02-02	2017-12-01	2017-11-03	2017-08-30	2017-07-20
Target price (PLN)	41.20	41.20	44.00	44.80	44.80	44.00	44.80
Price on rating day	44.00	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	hold	accumulate	buy	buy
Rating date	2018-06-06	2018-04-06	2018-02-02	2017-07-24
Target price (PLN)	163.00	216.39	246.00	267.00
Price on rating day	153.00	215.00	197.80	229.50

Bytom

Rating	overweight	overweight	neutral	overweight
Rating date	2018-05-23	2017-11-28	2017-09-13	2017-08-25
Target price (PLN)	-	-	-	-
Price on rating day	2.92	2.50	2.67	2.37

BZ WBK

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

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	buy	accumulate	buy	buy	hold	hold	buy	accumulate	accumulate
Rating date	2018-06-06	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	295.00	286.00	295.00	292.00	292.00	308.00	294.00
Price on rating day	242.80	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	sell	reduce	hold	hold	accumulate	accumulate	buy	accumulate	accumulate
Rating date	2018-05-29	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)	458.38	449.51	449.51	506.40	532.50	548.60	512.33	512.33	468.78	453.01
Price on rating day	551.00	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	buy
Rating date	2018-06-06	2018-05-09	2018-04-06	2018-03-05	2018-02-02	2017-10-02	2017-09-01	2017-06-02
Target price (PLN)	88.64	89.71	85.40	85.87	90.13	79.54	77.07	82.00
Price on rating day	60.20	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	hold	accumulate	buy	buy	buy
Rating date	2018-06-06	2018-05-09	2018-04-04	2018-02-02	2018-01-18
Target price (PLN)	103.50	103.50	103.50	95.40	95.40
Price on rating day	107.40	96.65	85.10	85.00	80.00

Dom Development

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

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	hold	buy	buy	buy
Rating date	2018-06-06	2018-04-06	2018-02-02	2017-09-01
Target price (PLN)	71.00	116.00	113.00	134.00
Price on rating day	69.00	96.40	81.20	109.50

Elektrotrim

Rating	neutral	overweight	underweight	neutral
Rating date	2018-05-28	2017-11-16	2017-10-24	2017-09-14
Target price (PLN)	-	-	-	-
Price on rating day	5.80	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	buy	accumulate	accumulate	hold	hold	hold	hold
Rating date	2018-05-29	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)	12.62	11.78	12.11	12.98	12.82	12.82	14.59	15.23	12.60
Price on rating day	9.57	9.10	10.36	11.07	12.19	11.89	14.80	15.25	13.14

Energa

Rating	buy	buy	buy	buy	buy	buy	accumulate	hold	accumulate	hold
Rating date	2018-05-29	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)	15.58	14.91	14.71	15.20	14.97	14.81	14.49	13.50	13.20	10.71
Price on rating day	9.00	9.96	10.11	12.21	12.60	12.09	13.40	13.64	11.65	10.87

Erbud

Rating	buy	accumulate	buy	buy	buy	buy	buy	accumulate
Rating date	2018-06-06	2018-05-09	2018-04-06	2018-03-05	2017-12-15	2017-11-03	2017-09-01	2017-06-02
Target price (PLN)	22.00	23.10	29.60	29.40	28.70	29.80	31.30	33.50
Price on rating day	14.90	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	accumulate	hold	hold	accumulate
Rating date	2018-06-06	2018-02-02	2017-09-01	2017-06-02
Target price (EUR)	40.00	40.00	35.98	35.98
Price on rating day	34.78	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	suspended	neutral	overweight
Rating date	2018-05-23	2017-11-28	2017-08-25
Target price (PLN)	-	-	-
Price on rating day	0.63	1.29	1.78

Grupa Azoty

Rating	hold	hold	hold	hold	hold	hold	hold	hold	hold	buy	accumulate	buy
Rating date	2018-05-25	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)	44.40	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	42.60	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	neutral	overweight
Rating date	2018-05-28	2018-01-12
Target price (PLN)	-	-
Price on rating day	17.30	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	buy	accumulate	accumulate	hold	hold	accumulate	hold
Rating date	2018-06-06	2018-04-06	2018-03-05	2018-02-02	2017-12-01	2017-11-03	2017-09-01
Target price (EUR)	16.40	16.40	16.90	16.90	17.10	17.10	17.10
Price on rating day	13.52	14.90	15.17	17.12	16.50	15.85	16.76

JSW

Rating	buy	buy	buy	buy	buy
Rating date	2018-06-06	2018-05-09	2018-04-06	2018-03-05	2018-01-30
Target price (PLN)	115.23	109.12	108.14	120.71	122.30
Price on rating day	86.66	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	hold
Rating date	2018-06-06	2018-05-09	2018-04-06	2018-03-05	2018-02-02	2018-01-05	2017-09-01
Target price (PLN)	371.08	363.01	357.21	379.66	391.41	390.72	414.09
Price on rating day	360.50	353.00	346.00	352.50	385.00	408.00	402.10

KGHM

Rating	buy	buy	buy	accumulate	accumulate	hold	hold	reduce	hold	hold	accumulate	buy
Rating date	2018-06-06	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)	112.92	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	96.52	92.50	88.00	102.50	111.50	113.10	100.00	114.25	117.40	126.10	121.00	110.65

Komercni Banka

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

Kruk

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

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
Rating date	2018-04-06	2018-02-01
Target price (PLN)	7.00	7.00
Price on rating day	8.35	9.59

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	overweight	neutral
Rating date	2018-05-23	2017-11-28	2017-09-13	2017-08-25
Target price (PLN)	-	-	-	-
Price on rating day	7.19	8.21	8.93	7.89

Netia

Rating	reduce	sell	reduce	hold
Rating date	2018-06-06	2018-04-06	2018-02-02	2017-09-01
Target price (PLN)	4.30	4.30	4.60	4.00
Price on rating day	5.00	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	buy	accumulate	hold	accumulate	hold	accumulate	hold
Rating date	2018-06-06	2018-02-02	2018-01-05	2017-12-01	2017-11-03	2017-10-02	2017-09-01
Target price (HUF)	12090.00	12090.00	10901.00	10901.00	10901.00	10901.00	10901.00
Price on rating day	10,210.00	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	hold	accumulate	accumulate	buy
Rating date	2018-06-06	2018-04-06	2018-02-02	2018-01-05	2017-12-01	2017-10-02	2017-09-01
Target price (PLN)	76.26	76.83	76.00	71.00	71.00	66.30	63.90
Price on rating day	73.00	77.00	73.00	69.60	63.00	63.00	54.50

Prime Car Management

Rating	buy	buy	buy
Rating date	2018-06-06	2018-04-06	2018-02-02
Target price (PLN)	15.54	33.00	35.30
Price on rating day	12.70	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	buy	accumulate	accumulate	hold	hold	accumulate	buy
Rating date	2018-05-29	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)	13.60	12.89	12.61	13.30	13.20	13.61	14.98	14.46	14.46
Price on rating day	9.28	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
Rating date	2018-02-02	2017-12-27
Target price (PLN)	-	-
Price on rating day	10.50	8.70

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	neutral	overweight
Rating date	2018-05-30	2018-01-29	2017-11-20
Target price (PLN)	-	-	-
Price on rating day	14.50	13.05	11.00

Tauron

Rating	buy	hold	hold	hold	hold	hold	hold	hold
Rating date	2018-05-29	2018-04-06	2018-03-05	2018-02-02	2017-12-01	2017-10-02	2017-09-01	2017-06-27
Target price (PLN)	2.76	2.73	2.98	3.38	3.23	3.64	3.89	3.67
Price on rating day	2.01	2.38	2.69	3.08	3.10	3.75	3.92	3.65

Torpol

Rating	neutral	neutral	neutral	neutral	neutral	neutral	overweight
Rating date	2018-05-28	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	6.40	7.50	7.98	8.16	8.55	10.93	12.05

Trakcja

Rating	underweight	neutral	neutral	neutral	underweight	underweight	neutral
Rating date	2018-05-18	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	3.65	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	neutral
Rating date	2018-05-28	2018-03-29	2017-11-27
Target price (PLN)	-	-	-
Price on rating day	73.00	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	overweight	neutral	overweight	neutral	overweight	overweight
Rating date	2018-05-23	2018-02-02	2018-01-19	2017-12-13	2017-11-28	2017-08-25
Target price (PLN)	-	-	-	-	-	-
Price on rating day	4.79	5.16	4.34	4.36	3.88	3.26

Wasko

Rating	neutral	overweight	overweight	overweight
Rating date	2018-05-30	2018-03-28	2018-01-30	2017-11-28
Target price (PLN)	-	-	-	-
Price on rating day	1.68	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	neutral	underweight	underweight
Rating date	2018-05-28	2018-03-29	2018-02-02	2018-01-25	2017-11-27	2017-09-14
Target price (PLN)	-	-	-	-	-	-
Price on rating day	5.86	6.12	6.18	6.44	6.89	9.20

Dom Maklerski mBanku

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

Research Department

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

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

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

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

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

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

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

Sales and Trading

Traders

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

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

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

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

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

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

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

Szymon Kubka, CFA, PRM
+48 22 697 48 54
szymon.kubka@mbank.pl

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

Sales, Foreign Markets

Marzena Łempicka-Wilim
deputy director
+48 22 697 48 82
marzena.lempicka@mbank.pl

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

Private Broker

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

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