

Friday, October 19, 2018 | periodical publication

Quarterly Earnings Forecast: Q3 2018

Equity Market

Financials

We anticipate a 2% rebound in the aggregate net income of Polish banks in Q3 2018 relative to the previous quarter, driven by net interest income growth coupled with decreasing risk reserves. There will be substantial disparities in growth rates bank to bank, with PKO BP and Pekao leading and Santander, Alior, and Getin trailing. Outside of Poland, rated CEE banks are set for another stellar quarter, likely to prompt upward revisions to consensus forecasts. Among other financials, we anticipate strong results from PZU and we expect solid showings from Kruk and Skarbiec.

Chemicals

The Q3 results of both Grupa Azoty and Ciech were dampened by soaring energy costs, in particular natural gas. CIE shares might underperform until the Q3 release, and shift higher based on the Management's 2019 soda price outlook.

Oil & Gas

An ongoing rally in energy commodities bodes well for the Q3 results of PGNiG and MOL with their extensive E&P assets. On the other hand, more downstream-reliant firms will report declines vis-à-vis the year-ago period, potentially mitigated by stronger profits from retail sales.

Utilities

Rated power utilities are expected to achieve 73% of our 2018 FY aggregate EBITDA forecast in the year to September. We would watch out for positive surprises from Tauron and Energa, while Enea will most likely disappoint. The current consensus for PGE is probably 5% too high, but its 2019 generation prospects are promising. CEZ is expected to post a rebound from the year-ago base for the first time in many quarters.

Telecoms, Media, IT

IT companies, in particular Comarch and Asseco Poland, are set to deliver a solid earnings season. The online media group Wirtualna Polska continues to benefit from rising Polish advertising spend, and Agora registered improved attendance at its cinemas in Q3. Orange Polska is the only rated telecom expected to deliver stable Q3 figures, though quarter-on-quarter improvement is anticipated at Play.

Industrials & Mining

The pickup started in Q2 carried over to the next quarter, with 65% of rated industrial companies expected to report improvement from the year-ago period. We see the most potential for positive surprises in Alumental, Cognor, Famur, Forte, and Pozbud. The financials of KGHM copper will have worsened vis-à-vis Q3'17 versus a solid quarter anticipated at JSW coal.

Construction

On rising revenues, the construction sector saw further contraction in profits in Q3, accompanied by deteriorating balance-sheet positions.

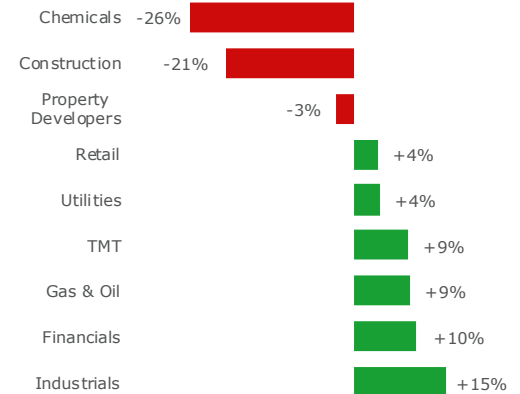
Property Developers

New home sales in Poland were down 26% in Q3, but rated developers are well on track to achieving or exceeding our FY estimates. Our top sector picks are DOM, 1AT, and LCC.

Retail

2018 Q3 earnings of fashion retailers will be weak due to low sales in August. Consequently, we expect y/y deterioration at Bytom, CCC, and Monnari against improvement anticipated at Vistula. Elsewhere in the sector, watch out for solid reports by Eurocash and Dino.

YoY earnings growth by sector: Q3'18E*



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

Earnings Surprise Prediction	
negative	positive
AmRest	Agora
Bytom	Amica
CCC	AmRest
Ciech	Asseco SEE
Enea	Cognor
Getin Noble Bank	Comarch
Grupa Azoty	Dom Development
Monnari	Erbud
PKN Orlen	Eurocash
Santander Bank Polska	Famur
Tauron	Forte
	MOL
	Orange Polska
	OTP Bank
	PGNiG
	PKO BP
	Wirtualna Polska

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Quarterly Earnings Surprises and YoY Growth Reported By Rated Companies

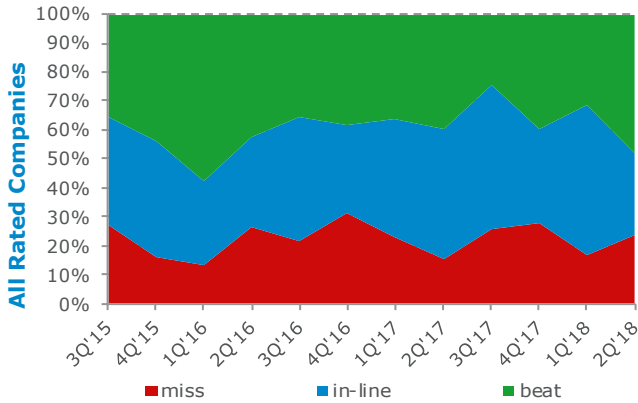
vs. Consensus	2016				2017				2018		+/- =	vs. last year	2016				2017				2018			**	+/- =	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q			
Financials																										
Alior Bank	+	+	+	+	+	-	+	+	+	=	+	92%	+	-	-	-	=	+	-	+	+	-	+	+	-	54%
GNB	-	-	-	-	-	-	+	+	-	-	-	17%	-	-	-	-	-	+	-	+	-	-	+	-	+	31%
Handlowy	-	+	=	+	=	=	-	+	+	=	+	75%	-	-	-	+	+	+	-	+	+	+	+	+	+	54%
ING BSK	+	+	+	+	+	-	+	=	=	=	=	83%	+	-	=	+	+	+	+	-	+	+	+	=	=	85%
Millennium	=	+	+	+	=	+	+	=	+	=	+	100%	-	=	+	+	+	+	-	+	+	+	+	+	+	77%
Pekao	+	+	+	+	+	+	+	=	=	+	=	100%	-	-	-	+	-	+	-	+	+	=	+	=	+	54%
PKO BP	+	+	+	+	+	-	+	+	+	=	+	92%	-	-	=	+	-	+	-	+	+	+	+	+	+	69%
Santander BP	+	+	+	+	+	+	+	=	=	=	+	100%	-	-	-	+	+	+	-	-	+	=	=	=	+	54%
Komercni	-	-	+	+	+	=	+	+	+	+	+	83%	=	-	+	+	+	+	-	+	+	+	+	+	+	62%
Erste Bank	+	+	+	=	=	-	=	+	=	+	+	92%	+	+	+	+	+	-	+	+	+	+	+	+	+	77%
OTP Bank	+	+	=	+	+	-	+	+	+	+	+	92%	-	+	+	+	+	+	+	+	+	+	+	+	+	92%
PZU	+	=	-	-	-	+	+	=	=	=	+	83%	+	+	+	+	+	+	+	+	+	+	+	+	+	69%
Kruk	+	+	=	-	+	-	+	+	=	-	+	75%	+	+	+	+	+	+	+	=	=	-	=	-	+	69%
Skarbiec	+	=	=	+	=	-	=	+	+	+	=	92%	-	+	-	-	+	=	+	+	-	+	-	-	-	46%
Chemicals																										
Ciech	=	-	=	+	=	+	=	=	+	+	=	92%	+	+	+	+	+	+	-	-	+	=	=	-	69%	
Grupa Azoty	+	+	-	-	=	-	+	-	=	-	=	50%	+	+	+	-	-	-	-	+	+	+	-	-	-	46%
Oil & Gas																										
Lotos	+	+	+	=	+	=	+	+	+	=	-	92%	+	+	+	-	+	+	+	+	-	-	+	=	77%	
MOL	=	=	=	=	=	-	+	+	-	=	=	83%	+	=	-	-	-	-	+	+	-	+	-	-	+	46%
PGNiG	-	=	+	-	-	+	+	-	-	-	-	50%	-	-	-	+	+	=	=	=	=	=	-	+	+	54%
PKN Orlen	+	=	=	-	=	+	=	=	=	=	=	75%	+	+	=	-	-	+	+	+	-	-	-	-	+	54%
Utilities																										
CEZ	=	+	-	=	+	=	=	=	+	=	-	83%	-	-	=	-	-	-	-	-	-	-	-	-	+	15%
Enea	=	+	+	+	+	=	+	=	=	=	=	92%	+	+	+	+	+	+	+	=	=	=	=	=	=	85%
Energa	=	+	-	=	=	=	=	=	-	=	=	83%	-	=	=	=	=	=	+	+	-	+	+	=	77%	
PGE	=	=	=	+	+	=	=	=	=	=	=	92%	+	+	=	-	-	+	+	-	+	+	+	+	+	62%
Tauron	+	=	=	+	=	+	+	+	=	+	+	100%	+	=	=	-	-	+	+	=	=	=	-	-	-	54%
TMT																										
Netia	+	+	=	+	=	+	=	+	+	=	=	100%	+	-	-	=	=	-	-	-	=	=	=	=	=	31%
Orange PL	=	=	=	=	=	=	=	+	=	=	+	100%	-	-	-	-	-	-	-	+	=	=	=	=	=	31%
Play	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	=	=	100%	n/a	n/a	n/a	n/a	n/a	n/a	+	+	+	=	-	-	-	57%
Agora	+	=	+	=	+	=	+	=	+	=	+	100%	+	=	=	-	-	+	+	=	+	+	+	+	+	54%
Cyfrowy	+	+	=	+	=	+	=	=	=	=	+	100%	+	+	=	-	+	+	+	+	=	=	=	=	=	62%
Wirtualna	-	=	+	=	-	-	+	+	=	=	=	75%	+	+	+	+	+	+	+	+	+	+	+	+	+	100%
Ailleron	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	+	75%	-	-	+	+	+	+	+	+	+	+	=	+	+	69%
Asseco BS	=	=	+	+	=	=	=	=	=	+	=	100%	+	+	+	+	+	+	+	+	+	+	+	+	+	100%
Asseco PL	-	+	+	+	+	-	=	-	-	+	+	67%	+	+	+	+	-	-	-	-	-	-	+	+	+	46%
Asseco SEE	=	=	=	=	=	+	+	-	=	=	=	92%	+	+	+	+	+	+	+	+	+	+	+	+	+	100%
Atende	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	+	=	67%	+	=	-	+	-	-	+	-	-	-	-	+	+	46%
Comarch	-	+	+	=	+	=	+	+	+	-	+	67%	-	+	+	+	+	+	-	-	-	-	=	+	+	54%
Wasko	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	+	-	33%	+	+	-	-	-	+	+	-	+	-	-	n/a	42%	
CD Projekt	-	+	+	+	+	+	+	+	-	+	=	83%	+	+	+	-	+	+	+	+	-	-	-	-	-	54%
Industrials																										
Alumetal	n/a	=	+	+	-	=	-	=	+	=	=	82%	+	+	+	+	-	-	-	+	+	+	+	+	+	62%
Amica	+	+	+	=	=	=	=	-	-	-	+	75%	+	+	+	+	+	=	-	-	-	-	-	-	-	69%
Aparator	-	-	-	+	+	+	=	-	-	-	=	50%	-	-	-	+	+	+	+	-	+	-	+	+	=	46%
Boryszew	-	-	+	+	+	-	+	-	+	-	-	50%	-	-	+	+	+	+	+	+	+	+	+	+	+	54%
Elemental	=	+	+	+	+	=	+	=	=	=	+	75%	+	+	+	+	+	+	+	+	-	-	-	+	+	69%
Ergis	-	-	-	+	+	=	+	-	-	-	-	42%	+	+	+	+	+	+	=	=	=	=	=	=	+	54%
Famur	+	=	+	+	=	+	n/a	-	=	+	+	91%	-	-	=	+	+	+	+	+	+	+	+	+	+	85%
Forte	-	+	+	+	+	=	=	=	-	=	+	75%	+	+	+	+	+	+	+	+	+	+	+	+	+	62%
Grupa Kęty	=	+	+	+	+	=	=	=	=	-	=	92%	=	+	+	+	+	+	+	+	+	+	+	+	+	100%
JSW	+	-	+	+	-	-	+	+	-	-	=	58%	=	-	-	-	-	+	+	+	+	+	+	+	=	62%
Kernel	=	+	+	+	-	-	-	-	+	=	n/a	55%	-	+	+	+	+	+	+	+	+	+	+	+	+	18%
KGHM	-	-	+	-	+	+	+	=	+	=	+	75%	-	-	-	-	+	+	+	+	-	-	+	+	+	46%
Kruszwica	-	-	-	+	+	+	-	-	-	-	+	42%	-	-	=	-	=	=	+	+	+	+	+	+	+	62%
Manąta	-	=	+	+	-	+	=	-	-	-	+	58%	+	+	+	+	+	=	=	+	+	+	+	+	+	85%
Pfleiderer	-	+	+	=	+	=	-	-	-	-	+	50%	-	+	+	+	+	+	+	+	+	+	+	+	+	77%
Pozbud	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	+	=	100%	+	-	=	+	+	+	+	+	+	+	+	+	+	46%
Stelmet	n/a	n/a	n/a	n/a	n/a	-	=	=	-	+	+	50%	n/a	n/a	n/a	n/a	-	-	-	-	+	=	+	+	+	44%
Tarczyński	+	+	+	-	-	+	=	=	+	+	+	83%	+	=	-	-	-	=	+	+	+	+	+	+	+	69%
Construction																										
Budimex	=	+	+	=	+	+	=	=	+	+	=	92%	+	+	+	+	+	+	+	-	-	-	-	-	-	69%
Elbudowa	=	-	-	+	+	+	-	=	-	+	=	58%	+	-	-	+	=	+	-	-	+	+	-	-	-	46%
Erbud	+	=	+	=	-	-	-	+	=	+	+	50%	-	-	+	+	+	+	+	+	+	+	+	+	+	54%
Unibep	=	=	+	=	=	=	=	=	=	=	=	100%	+	=	=	+	+	+	=	=	=	=	+	-	-	77%
Real-Estate Developers																										
Atal	n/a	n/a	n/a	n/a	+	=	+	+	-	-	=	75%	n/a	n/a	+	+	+	-	+	+	=	+	+	+	-	82%
Capital Park	=	+	+	-	-	=	=	=	=	+	-	67%	+	+	+	+	+	+	-	-	+	+	+	+	+	54%
Dom Dev.	=	+	+	=	=	=	+	+	=	+	=	100%	-	+	+	+	+	+	+	+	+	+	+	+	+	77%
Echo	+	+	+	+	+	+	+	+	+	+	+	100%	+	+	+	+	=	-	-	+	+	+	+	+	+	62%
GTC	-	+	=	=	+	+	=	=	+	+	+	92%	+	+	+	+	+	+	+	+	+	+	+	+	+	62%
LC Corp	+	+	+	+	+	+	=	=	-	+	+	92%	+	+	-	+	-	-	-	+	-	+	-	-	-	46%
Retail																										
AmRest	=	=	=	=	=	+	-	+	+	+	-	75%	+	+	+	+	+	+	+	=	+	+	-	+	=	92%
Bytom	=	+	=	=	=	=	+	+	+	=	=	75%	+	+	+	+	+	+	+	+	+	+	+	+	+	77%
CCC	-	+	+	+	+	+	-	+	-	-	-	50%	-	+	-	+	=	+	+	+	+	-	-	-	-	54%
Dino	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	+	=	+	100%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	+	+	+	+	+	+	100%
Eurocash	=	=	-	-	-	-	-	-	-	-	=	42%	+	+	+	=	-	-	-	=	+	+	+	+	+	62%
Jeronimo	=	=	=	=	=	=	=	=	=	=	=	100%	+	+	+	+	+	+	+	+	+	+	+	+	+	100%
LPP	+	-	-	=	=	=	=	+	=	-	+	75%	-	=	-	-	-	+	+	+	+	+	+	+	+	54%
Monnari	=	+	+	-	-	-	-	+	+	=	+	67%	-	+	+	+	+	+	+	+	+	+	+	+	+	38%
Vistula	=	=	+	-	-	-	-	-	-	-	-	50%	+	-	+	=	+	+	+	+	+	+	+	+	+	85%

'+' = positive surprise, '-' = negative surprise, '=' = in-line results; *The column shows the sum of 'in-line' or 'beat quarters' in the last three years as a percentage of all quarters in the period; ** Our expectations versus the actual year-ago figures; Source: Companies, Bloomberg, PAP, Dom Maklerski mBanku

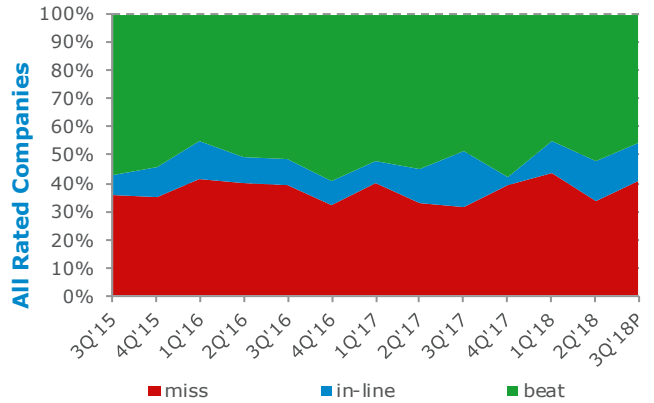


Quarterly Surprise Charts For Our Coverage Universe (Aggregate and Selected Sector Statistics)

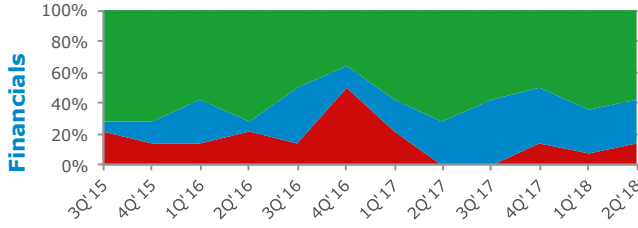
Earnings Surprise



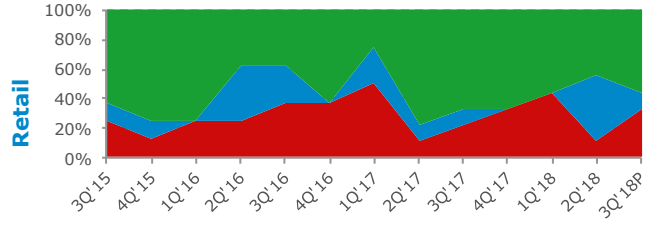
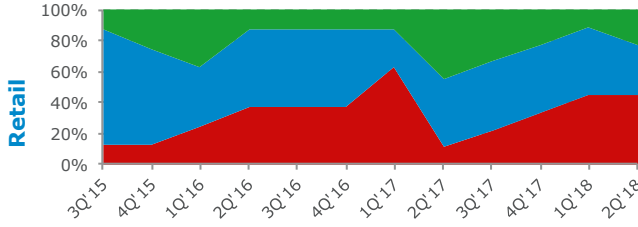
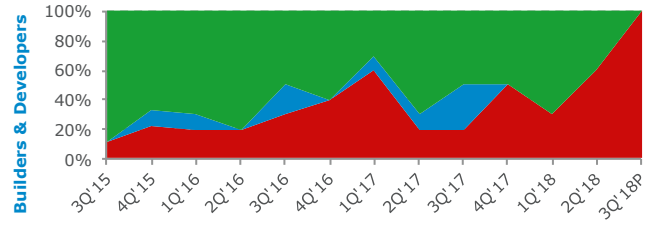
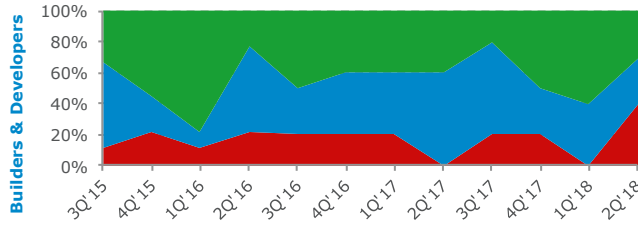
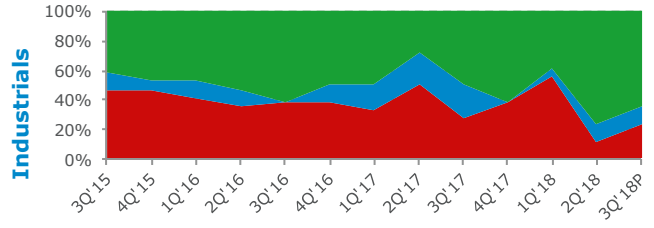
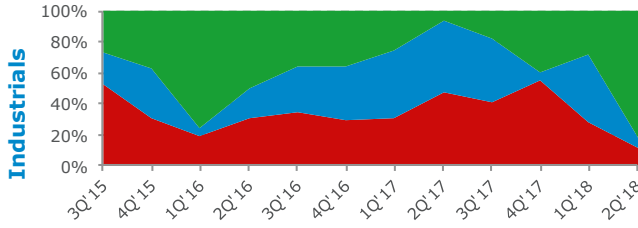
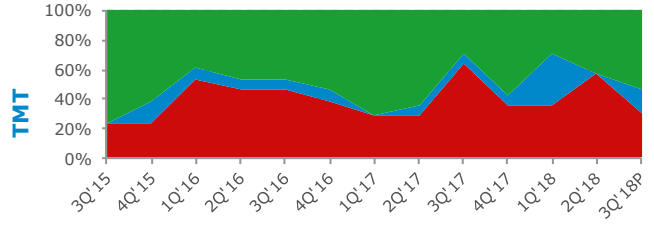
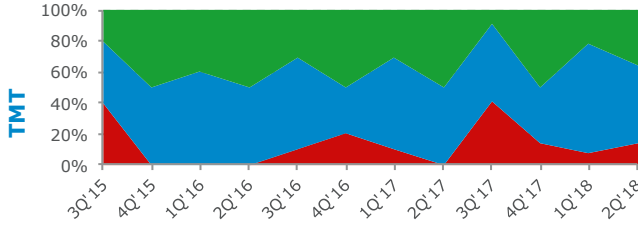
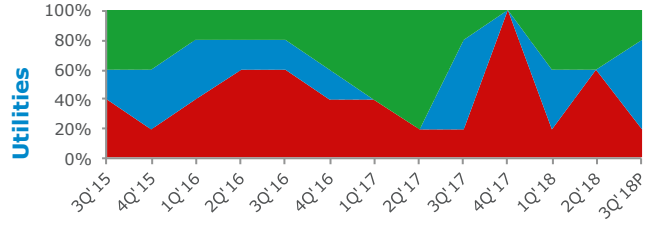
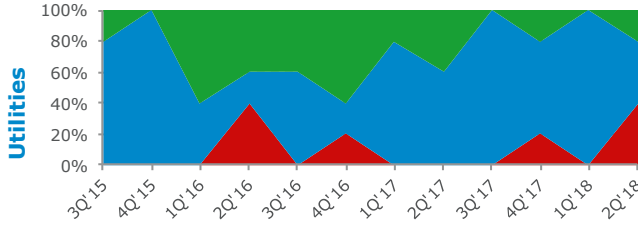
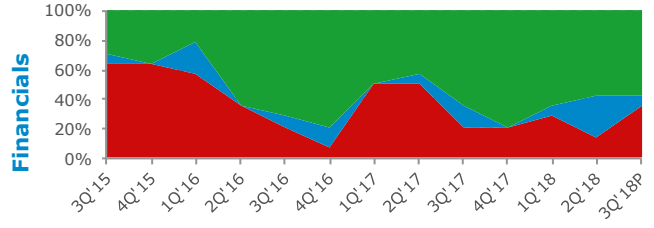
YoY Growth



Earnings Surprise



YoY Growth



Source: Companies, Bloomberg, PAP, Dom Maklerski mBanku

Banks

Top earners: PKO BP in Poland...

- PKO BP's 2018 Q3 net income will cross the PLN 1 billion mark without the help of any one-offs, driven by high consumer lending.

Alior Bank Michał Konarski		Buy PLN 96.00		Reporting Date 8 November	
(PLN m)	Q3'18E	Q2'18	Q/Q	Y/Y	YTD*
Net interest income	786.1	762.6	3%	9%	74%
Net fee income	107.0	105.4	1%	4%	72%
Total income	1023.4	1050.6	-3%	7%	74%
Operating costs	-428.0	-430.2	-1%	6%	76%
Provisioning	-282.2	-268.7	5%	33%	80%
Net profit	173.3	195.6	-11%	-9%	66%

Getin Noble Bank Michał Konarski		Hold PLN 1.00		Reporting Date 29 November	
(PLN m)	Q3'18E	Q2'18	Q/Q	Y/Y	YTD*
Net interest income	304.7	300.0	2%	-6%	74%
Net fee income	35.3	31.8	11%	-13%	68%
Total income	337.2	347.6	-3%	-7%	67%
Operating costs	-222.6	-222.9	0%	8%	76%
Provisioning	-143.2	-238.6	-40%	-40%	80%
Net profit	-24.1	-116.1	-	-	-

Handlowy Michał Konarski		Buy PLN 90.00		Reporting Date 14 November	
(PLN m)	Q3'18E	Q2'18	Q/Q	Y/Y	YTD*
Net interest income	273.2	270.6	1%	-6%	69%
Net fee income	140.2	138.8	1%	-3%	69%
Total income	535.5	560.4	-4%	-2%	73%
Operating costs	-282.5	-280.3	1%	1%	72%
Provisioning	-22.9	-27.0	-15%	-40%	65%
Net profit	163.9	182.4	-10%	0%	78%

ING BSK Michał Konarski		Accumulate PLN 200.00		Reporting Date 18 November	
(PLN m)	Q3'18E	Q2'18	Q/Q	Y/Y	YTD*
Net interest income	946.5	920.0	3%	9%	74%
Net fee income	312.4	339.6	-8%	1%	76%
Total income	1288.7	1310.2	-2%	6%	75%
Operating costs	-566.1	-555.0	2%	7%	76%
Provisioning	-128.5	-173.7	-26%	18%	85%
Net profit	381.1	372.7	2%	1%	71%

Millennium Michał Konarski		Reduce PLN 8.40		Reporting Date 29 October	
(PLN m)	Q3'18E	Q2'18	Q/Q	Y/Y	YTD*
Net interest income	451.0	440.5	2%	3%	76%
Net fee income	170.6	164.1	4%	3%	74%
Total income	688.6	682.0	-1%	-2%	76%
Operating costs	-302.3	-302.0	0%	-4%	73%
Provisioning	-54.6	-55.2	-1%	-22%	78%
Net profit	195.8	192.7	2%	4%	79%

Pekao Michał Konarski		Buy PLN 138.70		Reporting Date 7 November	
(PLN m)	Q3'18E	Q2'18	Q/Q	Y/Y	YTD*
Net interest income	1267.4	1235.5	3%	10%	73%
Net fee income	616.0	617.3	0%	6%	76%
Total income	1939.0	1908.3	2%	8%	74%
Operating costs	-911.0	-931.9	-2%	9%	73%
Provisioning	-138.8	-123.9	12%	0%	75%
Net profit	576.0	539.8	7%	7%	72%

PKO BP Michał Konarski		Accumulate PLN 47.00		Reporting Date 12 November	
(PLN m)	Q3'18E	Q2'18	Q/Q	Y/Y	YTD*
Net interest income	2367.2	2291.0	3%	8%	74%
Net fee income	761.4	745.0	2%	-1%	75%
Total income	3444.8	3405.0	1%	7%	74%
Operating costs	-1423.6	-1438.0	-1%	4%	74%
Provisioning	-358.2	-377.0	-5%	-8%	72%
Net profit	1027.6	933.0	10%	14%	73%

*as a percentage of our full-year forecast

...and OTP Bank abroad

- OTP will prove it can achieve the HUF 325bn FY guidance with Q3 results, prompting hikes in consensus estimates.

- Charge-offs up 5% vs. Q2 due to one-time provisioning.
- Further rise in net interest income by 3% q/q and 9% y/y, alongside expanding NIM.
- No change in operating costs vs. prior quarter, but a 5.9% hike y/y.
- Trading income normalized at ca. PLN 100m vs. PLN 154m the quarter before.

- A 1.6% q/q rise in net interest income thanks to lower term deposits and higher lending.
- Provisioning reduced to PLN 143m, i.e. less than the adjusted figure posted in Q2.
- An q/q 11% rebound in fee income turning to an 11% drop when adjusted for one-offs.
- Flat operating costs vs. Q2, but a 7.5% rise vs. last year.

- Net interest income coming in 0.9% higher vs. Q2, with NIM up by 3bp, owing to less trading activity.
- A q/q drop to PLN 115m in trading income.
- Bank tax normalized at PLN 19m vs. PLN 23m in the quarter before.
- A dip in provisioning to PLN 23m implies cost of risk at 46bp.

- Continuing growth in net interest income at an annual rate of 9%.
- Fee income down 8% vs. Q2 due to a lack of one-offs and squeezed investment fees.
- A 26% y/y reduction in risk reserves suggests improvement in cost of risk to 52bp.
- Operating costs rising 2% versus the previous quarter.

- Net interest income up 2.4% q/q and 2.9% y/y, with NIM 3bp higher than in the previous quarter.
- Cost of risk holding steady at 42bp.
- Operating costs rising 2% versus last year but flat vis-à-vis the previous quarter.
- Strong lending growth continued at a quarterly pace of 1.9%.

- Net interest income up 10.0% on the year and 2.6% on the quarter, with 2bp added to NIM.
- Costs down 2% from Q2, when one-time costs of voluntary turnover were booked to the tune of PLN 45m.
- Cost of risk stable at 40bp.

- An 8% y/y rebound in net interest income driven by strong lending (ca. PLN 4bn each of mortgages and consumer loans). NIM up by 3bp q/q.
- Fee income up 2% on the quarter despite low investment fees.
- A 5% decrease in total costs versus one-time boosts recognized in Q2.

Santander BP	Accumulate		Reporting Date		
Michał Konarski	PLN 400.00		31 October		
(PLN m)	Q3'18E	Q2'18	Q/Q	Y/Y	YTD*
Net interest income	1404.6	1396.2	1%	5%	73%
Net fee income	516.5	529.8	-3%	-2%	72%
Total income	2028.4	2160.6	-6%	4%	73%
Operating costs	-880.3	-831.3	6%	15%	74%
Provisioning	-243.5	-251.8	-3%	5%	80%
Net profit	490.5	635.0	-23%	-12%	69%

Komercni Banka	Buy		Reporting Date		
Michał Konarski	CZK 1,111.00		6 November		
(CZK m)	Q3'18E	Q2'18	Q/Q	Y/Y	YTD*
Net interest income	5618.2	5444.0	3%	9%	67%
Net fee income	1559.4	1572.0	-1%	0%	70%
Total income	7949.9	7825.0	2%	6%	68%
Operating costs	-3334.6	-3534.0	-6%	0%	74%
Provisioning	303.1	319.0	-	142%	-51%
Net profit	4000.5	3755.0	7%	13%	73%

Erste Bank	Buy		Reporting Date		
Michał Konarski	EUR 43.00		2 November		
(EUR m)	Q3'18E	Q2'18	Q/Q	Y/Y	YTD*
Net interest income	1150.9	1131.2	2%	6%	74%
Net fee income	484.8	480.7	1%	7%	74%
Total income	1684.8	1668.8	1%	6%	74%
Operating costs	-1016.6	-1011.5	1%	1%	78%
Provisioning	-15.6	18.9	-	-	-
Net profit	429.4	438.2	-2%	18%	79%

OTP Bank	Buy		Reporting Date		
Michał Konarski	HUF 12,090		9 November		
(EUR m)	Q2'18E	Q2'18	Q/Q	Y/Y	YTD*
Net interest income	148.8	145.9	2%	9%	72%
Net fee income	57.0	56.7	1%	8%	74%
Total income	219.4	225.2	-3%	8%	73%
Operating costs	-121.9	-121.4	0%	10%	77%
Provisioning	-6.2	-2.1	200%	46%	13%
Net profit	80.0	89.5	-11%	1%	89%

*as a percentage of our full-year forecast

- Profits depressed by a 14.5% y/y surge in costs related to rebranding, mandatory deposit insurance contributions, and post-merger integration.
- Fee income down 2.5% on the quarter.
- NIM reduced by a further 8bp q/q on increased deposit sales.
- Cost of risk on target at 81bp.

- An 8.6% rebound in net interest income vs. Q3'17 led by interest rate hikes and higher volumes.
- Operating costs down from Q2, when the Bank paid a CZK 223m restructuring fee, but up from Q3'17 due to raised salaries.
- Net reversals to the tune of CZK 303m.

- A 1.7% q/q rebound in net interest income on higher volumes and flat NIM.
- Stable operating costs (+0.5% q/q, 0.6% y/y).
- Low net reversals of EUR 15m.
- With YTD figures ahead of estimates, FY consensus will come up for revision after the Q3 release.

- Net interest income up 2.0% q/q and 8.6% y/y, fueled by sales of high-margin loans and overall improvement in loan margins.
- A small improvement in fee income.
- Provisioning low at HUF 6.2bn.
- Operating costs flat q/q but higher y/y due to acquisitions, higher lending volumes, and IT expenses.

Financial Services

Low claims prop up PZU profits

- A drop in claims versus Q3'17 will offset seasonally lower gross written premiums and subpar investment income.

PZU Michał Konarski (PLN m)	Accumulate PLN 47.50		Reporting Date 15 November		
	Q3'18E	Q2'18	Q/Q	Y/Y	YTD*
GWP	5700.8	6050.0	-6%	7%	75%
Non-Life	3670.8	3990.0	-8%	14%	77%
Life	2034.0	2065.0	-1%	-4%	75%
Claims	-3642.8	-3719.0	-2%	-10%	74%
Costs	-1202.3	-1195.0	0%	19%	75%
Income from banks	978.6	979.0	0%	n.m.	72%
Underwriting profit	757.2	682.0	-1%	11%	84%
Investment income	376.8	314.0	20%	-32%	65%
Pre-tax income	1836.4	1734.0	6%	8%	74%
Net profit	862.7	782.0	10%	23%	75%

Kruk Michał Konarski (PLN m)	Buy PLN 292.77		Reporting Date 28 October		
	Q3'18E	Q2'18	Q/Q	Y/Y	YTD*
Total revenue	308.2	319.6	-4%	19%	74%
Purchased Debt	285.3	295.8	-4%	20%	74%
Collection Svcs	16.4	17.2	-5%	14%	74%
Dir. & indir. costs	132.6	128.7	3%	21%	73%
Gross profit	175.6	193.9	-9%	17%	74%
Operating profit	129.3	146.9	-12%	20%	75%
Pre-tax income	98.8	110.8	-11%	27%	76%
Net profit	89.0	98.6	-10%	20%	79%

Skarbiec Michał Konarski (PLN m)	Buy PLN 36.86		Reporting Date 16 November		
	Q3'18E	Q2'18	Q/Q	Y/Y	YTD*
Lease revenue	24.1	25.9	-7%	5%	23%
Leasing fees	22.5	21.3	5%	19%	27%
Interest revenue	0.3	3.0	-91%	-91%	2%
Total revenue	-20.6	-21.7	-5%	20%	27%
Service costs	-11.9	-11.5	4%	29%	28%
Total costs	-5.0	-6.0	-18%	19%	28%
Remarketing	3.7	4.4	-16%	-41%	14%
Net profit	3.0	3.5	-14%	-41%	14%

*as a percentage of our full-year forecast

A solid showing from Kruk

- Consensus expectations for Kruk are poised for upward revisions after Q3. We have a 19% EPS growth forecast vs a 15% target set by guidance.

- A 6% seasonal drop in gross written premiums, led by the life business. Nevertheless net earned premiums stable vs. Q2 and up 2% from the year-ago level.
- Claims down 10% y/y and 2.0% q/q thanks to good weather.
- A 20% q/q surge to PLN 377m in investment income ex. banks.
- Operating costs up 8.7% y/y and 0.6% q/q.

- A 5% decrease in recoveries suggests 4% lower revenue from purchased debt vs. Q2. This plus higher collection costs will make for a 9.7% lower gross profit from portfolio collection.
- Flat operating costs, and financing costs reduced by 15.5% q/q thanks to FX movements.
- Effective quarterly tax rate at 10.0%.

- A 5.5% q/q rebound in management fees thanks to 8% higher inflows into high-margin-funds.
- Performance fees not likely to exceed PLN 0.2m in a difficult market environment.
- 4.0% q/q rebound in distribution fees on successful sales.
- Labor costs down 18% q/q thanks to a lack of one-time pay events and weaker fund performance.
- This accompanied by an 11% drop in other costs following completion of cost-intensive projects.

Gas & Oil, Chemicals

Rising energy prices shape Q3 profits

- Upward-trending prices of crude oil and natural gas will impact positively on the upstream profits of oil companies, while putting a squeeze on profits from downstream.

Ciech		Buy		Reporting Date	
Jakub Szkopek		PLN 82.52		26 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	836.5	836.3	0%	3,759.5	71%
EBITDA	134.2	185.5	-28%	747.5	65%
EBITDA adj.	134.2	178.4	-25%	748.5	66%
EBITDA margin	16.0%	22.2%		19.9%	
EBIT	67.0	122.9	-46%	473.7	62%
Net profit	46.3	85.0	-46%	336.8	65%

Grupa Azoty		Hold		Reporting Date	
Jakub Szkopek		PLN 41.13		8 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	2,482.9	2,196.1	13%	9,810.1	75%
EBITDA	190.0	255.3	-26%	937.5	77%
EBITDA margin	190.0	269.3	-29%	967.0	72%
EBIT	7.7%	11.6%		11.5%	
Pre-tax profit	27.5	100.5	-73%	321.0	70%
Net profit	18.7	67.0	-72%	224.5	63%

Lotos		Sell		Reporting Date	
Kamil Kliszcz		PLN 57.21		30 October	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	8,765	6,263	40%	29,198	77%
EBITDA LIFO adj.	927	925	0%	2,640	87%
LIFO effects	116	-12	-	514	-
EBITDA	1,045	959	9%	3,069	90%
EBIT	861	756	14%	2,281	97%
Financing activity	-19	62	-	-238	47%
Net profit	564	619	-9%	1,322	107%

MOL		Buy		Reporting Date	
Kamil Kliszcz		HUF 3,296		31 October	
(HUF bn)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	1504.3	1039.5	45%	5094.6	46%
LIFO EBITDA adj.	192.7	150.0	28%	694.5	76%
LIFO effect	8.9	-4.5	-	35.8	89%
EBITDA	201.6	138.6	45%	730.3	77%
EBIT	111.3	66.1	68%	375.4	80%
Financing activity	1.5	0.9	-	-20.9	87%
Net profit	83.6	47.7	75%	259.4	84%

PGNiG		Buy		Reporting Date	
Kamil Kliszcz		PLN 7.86		14 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	8,029	6,075	32%	39,713	73%
EBITDA adj.	1,745	1,098	59%	8,436	72%
EBITDA	1,745	1,079	62%	8,436	72%
EBIT	1,018	418	144%	5,733	70%
Financing activity	13	35	-	-41	-
Net profit	773	367	111%	4,138	74%

PKN Orlen		Sell		Reporting Date	
Kamil Kliszcz		PLN 81.38		25 October	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	30,231	24,730	22%	110,047	73%
EBITDA LIFO adj.	2,479	2,749	-10%	7,571	80%
LIFO effects	432	-107	-	1,109	-
EBITDA	2,911	2,890	1%	8,967	89%
EBIT	2,238	2,274	-2%	6,342	95%
Financing activity	115	-214	-	-396	50%
Net profit	1,906	1,603	19%	4,787	98%

*as a percentage of our full-year forecast

- Higher energy costs, in particular natural gas, will weigh on the Q3 earnings of chemical producers.

- Ciech's operations in Romania and Germany experienced a series of production disruptions in Q3, set to be reflected in lower volumes and operating rates on soda ash installations, with implications for the quarterly profits.
- After what is shaping up to be the worst quarter of the year, we expect to have to revise our FY EBITDA estimate for Ciech lower to about PLN 700m.

- Depressed by high costs of natural gas inputs, segmental 2018 Q3 EBITDA from Fertilizers will show a PLN 3.5m loss vs. an operating profit of PLN 64m posted in Q3'17. This alongside a 25% y/y fall in EBITDA from Chemicals to an estimated PLN 60m. On the upside, EBITDA from Plastics will have rebounded by a further 56% to PLN 89m. The Q3 figures will probably prompt a downward revision to the FY EBITDA consensus closer to PLN 830m.

- Adjusted LIFO EBITDA from Downstream reduced to PLN 0.59bn from PLN 0.69bn last year due to lower cracking margins, mitigated by better USD/PLN rates.
- EBITDA from Upstream up y/y and q/q at PLN 0.27bn thanks to higher gas and oil prices.
- Quarterly retail EBITDA up another 16% on the year.
- Higher interest expenses will make for a small loss on financing activity.

- EBITDA from Upstream up to HUF 90bn from HUF 87bn in Q2 as higher hydrocarbon prices mitigated by negative base effects.
- CCS EBITDA from Downstream at HUF 46bn higher than last year (when it was HUF 40bn after HUF -13bn one-offs. In Retail, continued EBITDA growth of 15%.
- Petchem earnings hurt by deteriorating market conditions. Gas Midstream reporting falls at a similar rate as in Q2.

- E&P EBITDA at PLN 1.5bn (adj.) up from PLN 0.82bn last year led by higher prices.
- Trading EBITDA down by PLN 0.27bn as positive effects of sales price deregulation offset by loss on natural hedging.
- Distribution EBITDA at PLN 0.54bn vs. PLN 0.58bn after downward tariff adjustments and balancing effects.
- EBITDA from Heat same as the adj. year-ago figure.

- Adj. LIFO EBITDA from Downstream at PLN 1.3bn vs. PLN 1.5bn last year on flat volumes and tight crack.
- Petchem EBITDA slashed by PLN 0.31bn to PLN 0.54bn due to lower cracker margins and higher natgas costs.
- Further growth in Retail EBITDA by 15%. PLN 30m added to Upstream EBITDA vs. Q2 as gas and oil prices continued to move upward.
- Financing gains owed to positive FX movements.

Utilities & Mining

- Rated power utilities are expected to achieve 73% of our 2018 FY aggregate EBITDA forecast in the year to September. We would watch out for positive surprises from TPE and ENG, while ENA will probably disappoint.

CEZ Kamil Kliszcz	Sell CZK 440.96			Reporting Date 8 November	
(CZK m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	43,143	45,849	-6%	205311	63%
EBITDA adj.	11,288	9,752	16%	52,533	73%
EBITDA	11,288	9,752	16%	52,533	73%
EBIT	4,173	2,189	91%	23,843	71%
Financing activity	-1,541	-2,147	-	-6,083	80%
Net profit	2,132	-206	-	14,238	68%

Enea Kamil Kliszcz	Buy PLN 12.62			Reporting Date 23 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	3,315	2,831	17%	12,232	76%
EBITDA adj.	627	620	1%	2,845	69%
EBITDA	627	589	6%	2,845	68%
EBIT	274	288	-5%	1,431	63%
Financing activity	-55	-21	-	-194	67%
Net profit	165	204	-19%	919	65%

Energa Kamil Kliszcz	Buy PLN 15.27			Reporting Date 8 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	2,490	2,520	-1%	10,001	75%
EBITDA adj.	497	500	-1%	2,167	76%
EBITDA	497	500	-1%	2,167	76%
EBIT	256	171	49%	1,285	82%
Financing activity	-73	-76	-	-224	82%
Net profit	148	68	117%	829	85%

PGE Kamil Kliszcz	Buy PLN 13.60			Reporting Date 13 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	5,631	6,073	-7%	26,025	71%
EBITDA adj.	1,546	1,521	2%	7,509	71%
EBITDA	1,546	2,661	-42%	7,509	70%
EBIT	602	1,883	-68%	4,132	59%
Financing activity	-62	-70	-	-298	76%
Net profit	395	1,463	-73%	3,056	55%

Tauron Kamil Kliszcz	Buy PLN 2.77			Reporting Date 6 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	4,279	4,116	4%	17,984	75%
EBITDA adj.	700	783	-11%	3,392	78%
EBITDA	700	783	-11%	3,622	80%
EBIT	278	343	-19%	1,508	82%
Financing activity	-20	-101	-	-334	-
Net profit	209	188	11%	924	84%

JSW Jakub Szkopek	Buy PLN 98.00			Reporting Date 22 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	2,318	1,991	16%	9,868	74%
EBITDA adj.	683	678	1%	3,516	77%
EBITDA	683	670	2%	3,201	77%
EBITDA margin	29.5%	33.7%	-	32.4%	-
EBIT	478	464	3%	2,693	70%
Net profit	374	360	4%	2,156	67%

KGHM Jakub Szkopek	Hold PLN 87.99			Reporting Date 14 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	4,657	4,774	-3%	20,069	70%
EBITDA adj.	1,226	1,414	-13%	4,961	76%
EBITDA margin	26.3%	29.6%	-	24.7%	-
EBIT adj.	823	1,004	-18%	3,312	76%
Net profit adj.	645	604	7%	2,123	59%

*as a percentage of our full-year forecast

- JSW coal benefitted from high prices in Q3, while KGHM copper's outlook worsened due to pay pressures.

- Generation EBITDA at CZK 4.6bn, up from 2.7bn in Q3'17, led by reduced nuclear volumes, higher power prices, and hedging gains (set to total CZK 1.6bn in H2).

- Flat y/y EBITDA growth in Trade, Distribution, and Mining.
- Financing activity will reflect one-off interest income on overpaid tax (CZK 0.7bn) and FX losses related to Turkish company adjustments.

- Generator outages, offset spot purchases on POLPX, will keep Generation EBITDA from rising relative to Q2.

- Slow growth in Distribution EBITDA by 3% y/y after normalization of network maintenance costs.
- In Trading, a repeat of the Q2 loss of PLN 24m. Estimated Mining EBITDA as reported by the LWB coal unit came in at a disappointing PLN 114m.

- Generation EBITDA PLN 11m higher than last year at PLN 101m owing to renewables (higher prices) and higher utilization of coal capacity.

- Flat EBITDA from Distribution at PLN 411m, with growth curbed by negative base effects.
- Marginal earnings from Trade due to negative portfolio balancing effects.

- Generation EBITDA at PLN 0.7bn (adj.) vs PLN 0.6bn in Q3'17 as high EUA costs offset by higher run rates and positive base effects.

- EBITDA from Renewables at PLN 0.12bn vs. PLN 0.07bn thanks to higher power and origin guarantee prices.
- Distribution EBITDA up by a further 4% versus a 46% slump in EBITDA from Trade due to margin pressure.

- A PLN 59m EBITDA loss in Mining on a low coal volume.

- Generation EBITDA down y/y and q/q at PLN 50m due to higher costs of carbon allowances.

- Distribution EBITDA flat at PLN 0.6bn vs. PLN 0.59bn in Q3'17, but down from a high Q2 base.

- A 30% fall in Trading EBITDA led by shrinking margins.
- Gains posted on FX adjustments to EUR debt.

- Q3 growth drivers on a y/y basis included a 20% surge in the average sales price of coking coal, and the coking coal-coke spread reaching a 6-year high of PLN 524/t.

- Quarterly production down 5% due to an unplanned mine stoppage.

- A 27% surge to PLN 366/t in mining cash cost driven by pay pressures.

- Compared to the prior-year period, KGHM sold 5% more copper in Q3 2018, but sales of other metals were down (Ag -2%, Au -3%, Mo -38%).

- This accompanied by price falls across the sales mix (-1% Cu, -9% Ag, -3% Au) except molybdenum (+63%).

- Quarterly OCF should be high.

TMT

- Anticipating 10% growth or more in the aggregate Q3 EBITDA of the TMT sector.
- Media firms benefit from scaled-up marketing budgets.

Netia Paweł Szpigiel	Hold PLN 4.30			Reporting Date 25 October	
	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	340.6	356.2	-4%	1392.8	74%
EBITDA	92.8	98.4	-6%	354.8	78%
EBITDA margin	27.3%	27.6%		25.5%	
EBIT	21.0	21.4	-2%	60.2	105%
Pre-tax profit	21.0	20.1	5%	45.7	140%
Net profit	16.8	14.4	17%	37.0	134%

Orange Polska Paweł Szpigiel	Buy PLN 7.60			Reporting Date 24 October	
	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	2810.0	2814.0	0%	11297	74%
EBITDA	773.5	776.0	0%	3069.0	75%
EBITDA margin	27.5%	27.6%		27.2%	
EBIT	137.5	128.0	7%	647.0	61%
Pre-tax profit	34.9	40.0	-13%	369.8	32%
Net profit	32.4	28.0	16%	299.5	29%

Play Paweł Szpigiel	Buy PLN 21.50			Reporting Date 12 November	
	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	1689.4	1720.8	-2%	6736.8	74%
EBITDA	540.6	495.6	9%	2149.1	75%
EBITDA margin	32.0%	28.8%		31.9%	
EBIT	337.8	311.2	9%	1368.4	75%
Pre-tax profit	240.2	246.7	-3%	1001.5	73%
Net profit	184.9	186.9	-1%	781.2	69%

Agora Paweł Szpigiel	Buy PLN 15.40			Reporting Date 9 November	
	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	251.8	251.4	0%	1109.8	71%
EBITDA	8.9	14.8	-40%	77.0	56%
EBITDA margin	3.6%	5.9%		6.9%	
EBIT	-11.7	-9.2	-	-5.0	-
Pre-tax profit	-11.7	-0.7	-	20.2	-
Net profit	-12.1	-1.9	-	9.3	-

Cyfrowy Polsat Paweł Szpigiel	Accumulate PLN 24.90			Reporting Date 8 November	
	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	2720.1	2390.9	14%	10776	71%
EBITDA	902.4	851.1	6%	3655.0	75%
EBITDA margin	33.2%	35.6%		33.9%	
EBIT	389.9	421.9	-8%	1757.8	74%
Pre-tax profit	274.9	289.1	-5%	1336.6	73%
Net profit	205.7	234.9	-12%	1095.5	67%

Wirtualna Polska Paweł Szpigiel	Accumulate PLN 60.00			Reporting Date 13 November	
	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	142.7	113.6	26%	518.6	76%
EBITDA	42.3	34.3	23%	160.4	72%
EBITDA margin	29.7%	30.2%		30.9%	
EBIT	28.9	21.7	33%	104.9	72%
Pre-tax profit	28.2	17.6	60%	84.6	78%
Net profit	21.6	12.7	70%	76.0	63%

Ailleron Paweł Szpigiel	Neutral			Reporting Date 29 November	
	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	24.9	21.3	17%	116.7	64%
EBITDA	3.0	2.4	24%	20.7	50%
EBITDA margin	12.1%	11.4%		17.8%	
EBIT	11.1	5.9	89%	12.3	377%
Pre-tax profit	1.2	0.6	101%	11.5	40%
Net profit	0.9	0.6	60%	10.4	40%

*as a percentage of our full-year forecast

- Cinema box office up 7% y/y after a Q2 slump.
- Sold profits in Tech, especially Comarch and Asseco South Eastern Europe.

- Downward topline march curbed to 4.4% y/y vs. 5.1% in Q2'18.
- Stable prices, 15.4k subscribers lost in Fixed Voice.
- Stable ARPU, 10.9k subscribers lost in Broadband (mainly BSA & LLU users).
- No change in SG&A expenses versus Q2.

- EBITDA under IAS 18 stable at PLN 774m, IFRS 15 EBITDA at PLN 724m.
- 50k users added to the convergent customer base, ending at 1,187k, with ARPU edging lower to PLN 101.6.
- A 2.5% drop in costs despite a 3% jump in selling costs due to higher handset sales.

- Downward-trending profits curbed compared to previous periods.
- Reduced negative impact of domestic roaming.
- Stable revenues from postpaid and prepaid.
- After slightly higher costs, adjusted EBITDA set to show a 2.8% y/y decline at PLN 549m.

- A PLN 1.3m EBITDA loss from Press vs. PLN 4.0m operating profit posted a year ago.
- EBITDA from Film & Books at PLN 10.8m after flat y/y growth vs. a PLN 2.6m loss posted in Q2.
- Ticket sales by Helios cinemas up more than 10%.

- A PLN 25m dent in revenue and EBITDA due to the switch to IFRS 15.
- KPIs improved by Champions League broadcast rights, with postpaid ARPU recovery as the highlight.
- EBITDA not including IFRS 15 impact and Netia down 2.0% year on year at PLN 834mm.

- A 27% rebound to PLN 132.5m in advertising revenues ex. barter and TV.
- Costs ex. barter, D&A, and one-offs up 28% y/y due to a higher share of e-commerce.
- Adjusted EBITDA at PLN 45.6m (+34% y/y).

- A 17% rebound in revenue thanks to significant improvement in the core Fintech business.
- Strong growth in gross margin to 30% from 25.6% last year.
- SG&A expenses up by PLN 1.6m at PLN 6.4m.

Asseco Poland		Accumulate		Reporting Date	
Paweł Szpigiel		PLN 49.00		20 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	2263.6	1241.5	82%	8908.3	75%
EBITDA	292.9	172.7	70%	1139.5	78%
EBITDA margin	12.9%	13.9%		12.8%	
EBIT	180.9	117.2	54%	767.5	72%
Pre-tax profit	175.9	406.9	-57%	455.6	117%
Net profit	68.5	288.6	-76%	282.1	80%

Asseco BS		Neutral		Reporting Date	
Paweł Szpigiel				25 October	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	58.0	54.5	6%	253.6	72%
EBITDA	19.1	17.6	9%	88.7	72%
EBITDA margin	33.0%	32.4%		35.0%	
EBIT	14.5	13.3	8%	71.1	71%
Pre-tax profit	14.2	12.7	11%	71.2	70%
Net profit	11.6	10.2	14%	57.7	71%

Asseco SEE		Overweight		Reporting Date	
Paweł Szpigiel				24 October	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	145.7	127.8	14%	637.6	69%
EBITDA	29.5	23.7	25%	111.1	74%
EBITDA margin	20.2%	18.5%		17.4%	
EBIT	18.3	13.3	37%	69.8	70%
Pre-tax profit	21.7	13.4	62%	69.6	79%
Net profit	17.9	11.1	62%	56.8	78%

Atende		Overweight		Reporting Date	
Paweł Szpigiel				14 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	54.1	54.1	0%	300.3	54%
EBITDA	4.8	3.1	54%	29.8	29%
EBITDA margin	8.8%	5.7%		9.9%	
EBIT	2.9	1.6	85%	23.0	12%
Pre-tax profit	2.9	1.4	101%	23.0	9%
Net profit	2.5	1.0	164%	15.6	9%

CD Projekt		Reduce		Reporting Date	
Piotr Bogusz		PLN 136.60		22 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	74.5	84.7	-12%	496.3	49%
EBITDA	24.9	44.2	-44%	247.7	36%
EBITDA margin	33.4%	52.2%		49.9%	
EBIT	23.5	43.0	-45%	242.2	35%
Pre-tax profit	23.7	44.4	-47%	242.8	37%
Net profit	19.2	35.7	-46%	197.7	36%

Comarch		Accumulate		Reporting Date	
Paweł Szpigiel		PLN 180.50		16 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	329.6	260.5	27%	1307.5	71%
EBITDA	39.2	21.9	79%	162.7	68%
EBITDA margin	11.9%	8.4%		12.4%	
EBIT	18.9	7.2	164%	89.1	61%
Pre-tax profit	23.4	2.0	-	74.5	47%
Net profit	16.4	-3.5	-	54.1	38%

*as a percentage of our full-year forecast

- An 11% y/y rebound in standalone revenue thanks to stronger sales of banking solutions and GDPR- and split payment-related solutions, accompanied by a 33% surge to PLN 43.0m in standalone EBIT.

- EBIT from CEE soaring 30%.
- Higher PP&A depreciation expenses weighing.
- 8% y/y growth in adjusted net profit.

- High profits, improvement at Macrologic.

- Revenue up 7% on the year at PLN 58m.
- Continued rise in international sales.
- An 1m upward shift in SG&A expenses.

- ASEE already issued preliminary Q3 earnings.

- Additional orders for Instant Payment systems in Serbia influenced the quarterly results.
- Payment solutions did well in Q3.
- Financing activity produced gains on hedging instruments.

- A 11% rebound in standalone revenue accompanied by improved standalone margins, with the sales margin at 24.2% vs. 21.0% last year.

- Subsidiary performance improved somewhat versus Q3'17.
- Further rise in SG&A expenses.
- Over-50% upturn in EBITDA.

- Revenue from video games lower than in the same year-ago period due to a lack of new releases. At the same time, costs up year on year in line with increased hiring and marketing expenses.

- Upcoming Q4 game releases will shape CDR performance in the near term.

- Revenue boosted to the tune of PLN 45m by the acquisition of a large booking from the Justice Ministry.

- Improved sales in Poland, supported by higher demand for ERP solutions.
- Exports up 5% y/y.
- EBITDA rebound close to 80%.

Industrials

Alumetal		Neutral		Reporting Date	
Jakub Szkopek				13 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	401.2	350.1	15%	1733.1	74%
EBITDA	27.7	20.2	37%	125.1	78%
EBITDA margin	6.9%	5.8%		7.2%	
EBIT	19.9	17.2	16%	94.1	80%
Net profit	17.8	15.7	13%	85.5	80%

Amica		Overweight		Reporting Date	
Jakub Szkopek				29 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	760.6	705.2	8%	2846.8	71%
EBITDA	50.4	42.0	20%	197.0	72%
EBITDA margin	6.6%	6.0%		6.9%	
EBIT	37.5	30.3	24%	146.3	71%
Net profit	27.2	22.1	23%	111.9	73%

Aparator		Neutral		Reporting Date	
Jakub Szkopek				14 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	208.6	219.6	-5%	802.3	74%
EBITDA	32.1	31.5	2%	124.5	78%
EBITDA margin	15.4%	14.4%		15.5%	
EBIT	22.2	21.6	3%	85.0	79%
Net profit	17.0	16.8	1%	63.7	81%

Boryszew		Neutral		Reporting Date	
Jakub Szkopek				22 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	1471.9	1521.5	-3%	6301.5	75%
EBITDA	128.7	137.7	-7%	434.3	83%
EBITDA margin	8.7%	9.0%		7.4%	
EBIT	90.7	103.3	-12%	289.9	85%
Net profit	52.9	54.2	-2%	136.1	94%

Cognor				Reporting Date	
Jakub Szkopek				31 October	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	499.3	490.0	2%	1984.1	79%
EBITDA	53.6	27.7	93%	203.7	85%
EBITDA margin	10.7%	5.7%			
EBIT	42.8	17.2	149%	159.1	88%
Net profit	26.3	-4.6	-	97.3	70%

Elemental		Neutral		Reporting Date	
Jakub Szkopek				27 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	425.9	343.3	24%	1450.3	86%
EBITDA	16.8	14.8	13%	70.0	68%
EBITDA margin	3.9%	4.3%		7.5%	
EBIT	13.7	12.5	10%	60.7	65%
Net profit	9.8	7.8	25%	42.4	59%

Ergis		Neutral		Reporting Date	
Jakub Szkopek				8 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	217.3	201.2	8%	793.5	78%
EBITDA	16.4	15.1	9%	52.7	85%
EBITDA margin	7.5%	7.5%		6.6%	
EBIT	10.4	9.1	14%	29.7	91%
Net profit	6.4	4.6	39%	17.2	104%

Famur		Buy		Reporting Date	
Jakub Szkopek		PLN 6.56		28 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	585.0	430.4	36%	2059.0	81%
EBITDA	120.7	71.5	69%	439.1	78%
EBITDA margin	20.6%	16.6%		21.0%	
EBIT	72.7	14.4	404%	253.0	76%
Net profit	50.6	10.8	369%	183.1	77%

*as a percentage of our full-year forecast

- Sales volume up 7% on the year at 45.5kt.
- Profits propped by recovering industry benchmarks, reflected in a nearly-40% EBITDA rebound.

- Continued growth in the low single digits in revenues from sales in Poland and Western Europe, alongside flat growth in CEE sales.
- Positive base effects will make for stronger profit expansion.

- A 5% drop in revenue due to rising gas costs.
- Little to no growth in profits, marking a negative shift from previous periods.

- Slow y/y growth in profits from Automotive due to negative base effects. The same goes for Impexmetal.

- Profits boosted by a downturn in costs of steel scrap while prices of steel rebar and other products remained high.

- Growth vs. Q3 2017 aside from positive base effects fueled by acquisitions and increased capacity. Nevertheless our FY PLN 70m EBITDA target might prove about PLN 5m overestimated after Q3.

- Growth supported by positive base effects, offsetting higher costs of labor.

- Strong quarter in Underground thanks to the completion of several export deliveries, resulting in strong y/y and q/q growth rates.

Forte		Overweight			Reporting Date	
Jakub Szkopek		PLN 367.45			29 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*	
Revenue	283.8	267.8	6%	1153.0	73%	
EBITDA	44.7	30.1	49%	148.0	69%	
EBITDA margin	15.8%	11.2%		12.8%		
EBIT	33.5	23.0	46%	106.8	68%	
Net profit	20.4	11.3	81%	49.2	57%	

Grupa Kęty		Hold			Reporting Date	
Jakub Szkopek		PLN 367.45			24 October	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*	
Revenue	815.0	716.5	14%	2909.9	77%	
EBITDA	140.0	129.0	9%	459.9	81%	
EBITDA margin	17.2%	18.0%		15.8%		
EBIT	109.0	98.7	10%	333.3	84%	
Net profit	83.0	77.3	7%	261.2	80%	

Impexmetal		Neutral			Reporting Date	
Jakub Szkopek		PLN 367.45			8 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*	
Revenue	778.3	839.6	-7%	3437.9	73%	
EBITDA	62.5	78.1	-20%	249.5	83%	
EBITDA margin	8.0%	9.3%		6.5%		
EBIT	46.5	63.0	-26%	181.6	87%	
Net profit	36.1	44.7	-19%	145.9	87%	

Kruszwica		Neutral			Reporting Date	
Jakub Szkopek		PLN 367.45			15 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*	
Revenue	537.8	589.2	-9%	2443.1	73%	
EBITDA	27.0	30.9	-13%	106.0	70%	
EBITDA margin	5.0%	5.2%		4.3%		
EBIT	20.5	24.4	-16%	80.5	68%	
Net profit	15.4	20.1	-23%	63.1	69%	

Mangata		Neutral			Reporting Date	
Jakub Szkopek		PLN 367.45			15 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*	
Revenue	167.3	150.6	11%	713.2	74%	
EBITDA	23.3	19.9	17%	95.8	77%	
EBITDA margin	13.9%	13.2%		13.4%		
EBIT	16.2	12.9	26%	67.0	78%	
Net profit	11.5	9.3	23%	52.7	80%	

Pfleiderer Group		Neutral			Reporting Date	
Jakub Szkopek		PLN 367.45			14 November	
(EUR m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*	
Revenue	254.7	244.9	4%	1092.5	72%	
EBITDA	32.1	30.1	7%	140.7	72%	
EBITDA margin	12.6%	12.3%		12.9%		
EBIT	13.0	11.8	11%	66.0	68%	
Net profit	6.9	0.4	-	39.5	32%	

Pozbud		Overweight			Reporting Date	
Jakub Szkopek		PLN 367.45			9 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*	
Revenue	38.1	32.8	16%	171.7	56%	
EBITDA	5.0	2.8	78%	26.0	58%	
EBITDA margin	13.1%	8.5%		15.2%		
EBIT	3.8	1.8	111%	21.0	54%	
Net profit	2.5	1.7	50%	14.3	49%	

Stelmet		Buy			Reporting Date	
Jakub Szkopek		PLN 20.45			19 January	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	YTD*	
Revenue	118.1	113.4	4%	552.5	3%	
EBITDA	8.5	9.1	-7%	64.9	13%	
EBITDA margin	7.2%	8.0%		14.0%		
EBIT	-2.0	-1.0	-	23.1	12%	
Net profit	-4.1	-4.2	-	12.3	-37%	

Tarczyński		Neutral			Reporting Date	
Jakub Szkopek		PLN 367.45			23 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*	
Revenue	186.2	186.3	0%	752.2	72%	
EBITDA	27.0	21.0	29%	61.9	78%	
EBITDA margin	14.5%	11.3%		8.2%		
EBIT	19.8	13.6	45%	33.1	79%	
Net profit	14.6	9.4	55%	61.9	19%	

*as a percentage of our full-year forecast

- Continued improvement driven by the new furniture panel factory.
- Net debt as of 30 September estimated to be PLN 660m (5.2x 12M EBITDA).

- Kęty released preliminary Q3 estimates consistent with our expectations.
- FY2018 guidance looks solid.

- Growth stunted by negative base effects, with year-ago figures boosted by strong demand for aluminum, zinc, and lead products, coupled with one-time gains totaling PLN 7.5m.

- Lower margins on a 2.9% lower sales volume than in Q3 2017.
- High negative operating cash flow after seasonal oilseed stocking expenses.

- Revenues and profits improved vs. the year-ago figures thanks to price hikes made during the previous quarter, coupled with high run rates.
- Keep in mind that the Q3'17 operating profit was affected by one-time charges of PLN 1.5m.

- Annual growth rates shaped by much higher sales prices earned on slightly lower volumes.
- Higher costs, particularly costs of chemicals, should have been passed onto end customers.

- A 5% y/y rise in revenues from window and door frames coupled with a two-fold increase in revenue from construction services.
- Overall growth boosted by positive base effects.

- Sales of garden furniture in Q3 were depressed by transport disruptions experienced by the UK unit. On the other hand, pellet sales will have rebounded 19% y/y after the launch of new capacity.
- All in all, no improvement in the final quarter of FY2018 versus the year-ago period.

- No growth in recurring profits due to high marketing expenses, underpinned by a high year-ago base.
- Reported figures boosted by negative goodwill of an estimated PLN 8.6m on the sale of a production plant.

Construction

Shrinking profits, rising debt

- Rated construction firms are expected to report 15% revenue growth in Q3, coupled with a 10% drop in EBITDA.
- In some cases, the contraction versus Q3 2017 will be mitigated by positive base effects.

Budimex Piotr Zybala	Hold PLN 125.00			Reporting Date 29 October	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	2000.5	1831.6	9%	7331.3	72%
Gross profit	153.4	229.8	-33%	570.7	77%
EBITDA	149.1	186.6	-20%	370.2	93%
EBIT	136.0	177.1	-23%	322.9	95%
margin	6.8%	9.7%		4.4%	
Pre-tax income	135.1	176.8	-24%	311.6	96%
Net profit	107.9	142.4	-24%	246.4	96%

Elektrobudowa Piotr Zybala	Buy PLN 45.00			Reporting Date 15 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	241.8	251.5	-4%	829.2	65%
Gross profit	13.8	20.3	-32%	-40.4	141%
EBITDA	11.9	19.4	-39%	-39.5	133%
EBIT	8.1	15.8	-49%	-55.3	116%
margin	3.3%	6.3%		-6.7%	
Pre-tax income	8.7	17.3	-50%	-55.1	117%
Net profit	6.8	12.9	-48%	-45.9	116%

Erbud Piotr Zybala	Buy PLN 14.40			Reporting Date 14 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	557.7	505.9	10%	2058.4	74%
Gross profit	30.2	31.6	-4%	69.0	58%
EBITDA	12.7	12.5	1%	-10.5	196%
EBIT	8.0	10.2	-22%	-26.6	122%
margin	1.4%	2.0%		-1.3%	
Pre-tax income	5.9	10.0	-42%	-30.0	103%
Net profit	4.4	7.8	-44%	-23.3	103%

Unibep Piotr Zybala	Buy PLN 10.10			Reporting Date 15 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	429.8	397.8	8%	1643.5	76%
Gross profit	16.1	10.3	56%	89.1	80%
EBITDA	5.9	8.1	-27%	47.7	79%
EBIT	3.1	5.5	-44%	36.5	81%
margin	0.7%	1.4%		2.2%	
Pre-tax income	2.7	9.0	-70%	39.8	86%
Net profit	2.1	8.6	-76%	30.6	84%

*as a percentage of our full-year forecast

- At the same time, in case of railway builders, this will be overshadowed by worsened balance-sheet positions.

- Profits boosted to the tune of PLN 50m by two one-time events.
- Recurring net profit down 60% on the year at PLN 56m, but FY guidance intact.

- After a huge Q2 loss, we anticipate a rebound in Q3 EBIT margin to ca. 3%.
- Assuming a repeat in Q4, Elektrobudowa will fulfill the FY guidance which assumes a PLN 45m net loss for the year.

- Profit margins will have turned positive in Q3, and though EBIT margin is not likely to reach the 2.0% target until next year, at a projected 1.4% the operating margin will constitute a positive surprise and a basis for possible revisions to the FY consensus.
- Net debt as of 30 September should be lower than in June.

- Profits down from a high year-ago base.
- Margins from construction had bottomed out.
- Unibep is set for a fully-priced-in slump in H2 2018.

Property Developers

- New home sales fell 26% in Q3 relative to the same year-ago period, led by depleted inventories and rising prices.
- At the same time, aggregate closings by 15 listed developers were 19% higher.
- Lokum and JWC are set to spearhead Q3 earnings growth in the residential sector.

Atal		Buy		Reporting Date	
Piotr Zybala		PLN 42.86		20 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	196.1	227.7	-14%	943.9	88%
Gross profit	57.8	59.6	-3%	275.3	86%
margin	29.5%	26.2%		29.2%	
EBIT	49.8	54.8	-9%	244.7	88%
Pre-tax income	47.8	53.6	-11%	237.0	88%
Net profit	38.7	42.2	-8%	189.6	87%

Capital Park		Buy		Reporting Date	
Piotr Zybala		PLN 8.35		9 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	36.2	33.2	9%	150.8	71%
Gross profit	27.5	24.9	11%	114.6	69%
margin	76.0%	74.8%		76.0%	
EBIT ex. val.&SOP	23.7	19.9	19%	99.4	71%
Valuation effects	-48.9	46.4	-	9.4	581%
EBIT	-26.7	65.4	-	108.8	113%
Pre-tax income	-12.9	29.5	-	69.7	96%
Net profit	-9.5	22.1	-	54.7	82%

Dom Dev.		Buy		Reporting Date	
Piotr Zybala		PLN 87.80		26 October	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	268.3	245.2	9%	1748.7	52%
Gross profit	63.2	67.6	-7%	461.3	52%
margin	23.6%	27.6%		26.4%	
EBIT	25.0	32.4	-23%	299.5	40%
Pre-tax income	24.7	32.1	-23%	297.2	40%
Net profit	20.0	26.0	-23%	240.1	40%

Echo		Buy		Reporting Date	
Piotr Zybala		PLN 5.63		27 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	134.0	137.1	-2%	524.3	62%
Gross profit	34.7	36.0	-4%	122.7	57%
margin	25.9%	26.2%		23.4%	
EBIT ex. valuation	-4.3	15.2	-	2.5	-
Valuation effects	45.0	58.9	-24%	399.3	58%
EBIT	40.7	74.1	-45%	401.8	43%
Pre-tax income	27.8	61.6	-55%	368.7	55%
Net profit	22.5	50.2	-55%	302.9	49%

GTC		Hold		Reporting Date	
Piotr Zybala		PLN 9.60		14 November	
(EUR m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	38.3	29.6	29%	151.7	76%
Gross profit	28.8	22.1	30%	112.0	75%
margin	75.3%	74.6%		73.8%	
EBIT ex. val.&SOP	24.4	17.8	37%	92.7	76%
Valuation effects	10.0	54.2	-82%	40.7	82%
EBIT	34.4	72.2	-52%	133.3	79%
Pre-tax income	26.9	65.9	-59%	103.9	80%
Net profit	23.6	51.9	-55%	91.1	76%

LC Corp		Buy		Reporting Date	
Piotr Zybala		PLN 3.58		15 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	147.1	227.1	-35%	795.3	80%
Gross profit	53.9	77.3	-30%	287.6	86%
margin	36.6%	34.0%		36.2%	
EBIT ex. valuation	39.6	66.7	-41%	237.3	86%
Valuation effects	-38.2	22.8	-	15.3	131%
EBIT	1.5	89.5	-98%	252.6	89%
Pre-tax income	8.5	71.4	-88%	229.3	81%
Net profit	6.9	57.9	-88%	186.1	83%

- Commercial developers were negatively affected by the euro's 2% depreciation versus the zloty, but their recurring Q3 profits will be solid.

- Profits will show declines from prior periods due to fewer closings, which at 530 units were down 13% on the year.
- The gross margin should be stable at 29-30%.
- Atal will achieve 87% of our FY forecast in the year to September.

- FFO stable at PLN 13-14m.
- Rental revenue slightly higher than in two previous quarters, but at the same time administrative expenses will bounce back from the low prior-period levels.
- FX losses on a lower EUR/PLN exchange rate will take away about PLN 21m from the Q3 bottom line.

- DOM closed 587 homes in Q3, an increase of 6% from the same period last year.
- However, with the sales margins on these closings lower than achieved in Q3 2017, net profit for the quarter is set to post a fall.

- Profits lower than in prior quarters due to lower gains on investment property adjustments.
- Valuation gains are set to increase in Q4.
- We stand by our FY estimates as we are confident Echo will catch up to our forecast in the final quarter of the year.

- Continued stability in profits.
- Rental revenue up 6% thanks to the acquisition of the Mall of Sofia.
- On the other hand, administrative expenses will rebound from low prior-period levels, and financing costs might rise after more credit taken to finance the Mall of Sofia purchase.
- Fair value adjustments projected at EUR 10m.

- Profits down from H1 due to fewer closings (341 units in Q3 vs. 600-700 in Q1 and Q2, and 700+ in Q3'17) and lower margins generated on these closings.
- Unfavorable FX movements will put a dent of PLN 20m in the bottom line.
- Our FY estimates remain intact.

Retail

- Fashion retailers will report weaker Q3 profits after low sales in August.

AmRest Piotr Bogusz	Hold PLN 42.60			Reporting Date 15 November	
(EUR m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	390.1	318.2	23%	1522.9	70%
Gross profit margin	66.9	63.1	6%	242.7	72%
EBITDA	17.1%	19.8%		15.9%	
EBITDA margin	49.7	47.0	6%	169.9	69%
EBIT	12.7%	14.8%		11.2%	
EBIT	26.0	28.0	-7%	69.7	72%
Pre-tax income	23.3	25.2	-8%	59.0	69%
Net profit	17.7	20.1	-12%	46.8	64%

Bytom Piotr Bogusz	Overweight			Reporting Date 29 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	46.2	42.3	9%	213.8	68%
Gross profit margin	23.8	20.8	14%	108.5	68%
EBITDA	51.6%	49.2%		50.8%	
EBITDA margin	3.4	3.8	-9%	25.2	52%
EBIT	7.5%	8.9%		11.8%	
EBIT	2.0	2.5	-19%	19.8	45%
Pre-tax income	1.8	2.1	-12%	19.0	37%
Net profit	1.5	2.0	-23%	16.0	36%

CCC Piotr Bogusz	Buy PLN 295.00			Reporting Date 9 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	1240.4	987.2	26%	5223.1	63%
Gross profit margin	611.8	503.3	22%	2727.4	61%
EBITDA	49.3%	51.0%		52.2%	
EBITDA margin	46.9	81.6	-43%	588.3	59%
EBIT	3.8%	8.3%		11.3%	
EBIT	5.7	52.3	-89%	480.5	27%
Pre-tax income	1.6	48.2	-	347.9	22%
Net profit	-4.2	38.6	-	314.6	17%

Dino Piotr Bogusz	Hold PLN 103.50			Reporting Date 13 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	1611.8	1220.2	32%	5944.2	73%
Gross profit margin	383.0	282.6	36%	1375.7	74%
EBITDA	23.8%	23.2%		23.1%	
EBITDA margin	144.5	108.9	33%	541.9	69%
EBIT	9.0%	8.9%		9.1%	
EBIT	115.4	86.4	34%	429.1	68%
Pre-tax income	104.9	77.0	36%	394.1	66%
Net profit	85.0	63.5	34%	319.2	66%

Eurocash Piotr Bogusz	Buy PLN 26.40			Reporting Date 9 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	6227.2	6187.6	1%	24468	69%
Gross profit margin	651.5	653.6	0%	2757.4	70%
EBITDA (adj.)	10.5%	10.6%		10.7%	
EBITDA margin	111.8	101.5	10%	401.8	67%
EBIT (adj.)	1.8%	1.6%		1.7%	
EBIT (adj.)	62.5	58.2	7%	211.4	58%
Pre-tax inc (adj.)	43.9	49.4	-11%	147.6	58%
Net profit (adj.)	33.4	35.7	-7%	102.9	53%

Jeronimo Martins Piotr Bogusz	Buy EUR 15.20			Reporting Date 30 October	
(EUR m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*
Revenue	4376.7	4172.0	5%	17242	74%
Gross profit margin	954.3	893.0	7%	3705.9	75%
EBITDA	21.8%	21.4%		21.5%	
EBITDA margin	261.6	253.0	3%	952.1	74%
EBIT	6.0%	6.1%		5.5%	
EBIT	169.4	168.0	1%	582.3	74%
Pre-tax income	163.4	163.0	0%	568.2	54%
Net profit	108.8	113.0	-4%	398.7	72%

- Elsewhere in the sector, the FMCG firms Eurocash and Dino should deliver solid results.

- A 22% rebound to EUR 360.9m in sales revenue driven by acquisitions.
- On the other hand, post-merger integration costs and sub-par margins generated by the new subsidiaries will weigh on the EBITDA margin, expected to show a 2.1pp y/y decline to 12.7%.
- All told, we predict 5.7% growth to EUR 49.7m in Q3 EBITDA.

- Bytom reported strong 2018 Q3 sales figures.
- Based on this, we put the quarterly revenue at PLN 46.2m, with gross profit up 14.3% on the year at PLN 23.8m.
- Per-sqm SG&A will have risen 6% to PLN 477, led by pay pressures.
- Consequently, EBITDA will probably show 9% contraction from the year-ago level.

- Weak profits due to low September sales and a loss generated by the recently-acquired Swiss unit Karl Vögele.
- Gross margin reduced by 1.7pp to 49.3% due to slow sales in September, combined with an increasing share of online sales.
- Flat per-sqm SG&A expenses thanks to cost discipline.
- EBITDA at a projected PLN 47m after a 43% drop from the year-ago period.

- Dino grew its total store area by 25.7% to 343.3k sqm in Q3.
- Per-sqm revenue in the quarter will have contracted 2% year on year, led by the Sunday trading ban and negative base effects.
- On the other hand, the sales margin will rise by 0.6pp to 23.56% thanks to improved trade terms and price hikes.
- SG&A/Sales up by 0.44pp due to pay pressures.

- A 24% y/y rebound in EBITDA from Wholesale owed to streamlining, favorable market conditions, and positive base effects.
- A PLN 11.6m drop to PLN 19.8m in Retail EBITDA due to continued store refurbishment and costs of post-merger integration.

- Revenue in euros per square meter of Polish store expected to show 0.6% y/y contraction due to negative base effects, the Sunday trading ban, and unfavorable FX movements.
- The consolidated gross margin will improve by a further 0.4pp to 21.8%, but the EBITDA margin will decline by 0.1pp to 6%, led by the Portuguese business while Polish operating margins will be stable.

Monnari		Neutral			Reporting Date	
Piotr Bogusz					21 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*	
Revenue	49.9	54.2	-8%	247.8	64%	
Gross profit	27.1	28.6	-5%	143.2	63%	
margin	54.2%	52.7%		59.1%		
EBITDA	-1.1	2.0	-	28.7	27%	
EBITDA margin	-2.2%	3.8%		12.6%		
EBIT	-2.2	0.9	-	24.4	18%	
Pre-tax inc (adj.)	-2.2	1.0	-	24.7	21%	
Net profit (adj.)	-1.8	0.7	-	20.1	16%	

Vistula		Overweight			Reporting Date	
Piotr Bogusz					14 November	
(PLN m)	Q3'18E	Q3'17	Y/Y	2018E	YTD*	
Revenue	179.3	157.4	14%	798.7	44%	
Gross profit	90.3	80.7	12%	359.4	50%	
margin	50.4%	51.3%		45.0%		
EBITDA	15.3	13.4	14%	99.0	30%	
EBITDA margin	8.5%	8.5%		12.4%		
EBIT	11.3	9.7	17%	82.7	26%	
Pre-tax income	9.8	8.0	22%	75.3	24%	
Net profit	7.9	6.3	26%	60.8	23%	

*as a percentage of our full-year forecast

- Sales revenue fell 8% in Q3 judging by monthly sales updates.

- Regardless, despite negative base effects, the gross margin will rebound by 1.5pp y/y thanks to higher sales prices and lower costs of fashion collections.

- Persistent cost pressures will send per-sqm SG&A 1% higher versus the year-ago level.

- Vistula increased Q3 2018 sales by 13.9%, and grew the sales profit by 12%, relative to the same year-ago period.

- SG&A per square meter will have slowed to an annual rate of 3% from 6.8% in Q2 after a reduction in marketing expenses.

- Accordingly, we anticipate a 14% rebound in EBITDA to PLN 15.3m.



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										
Alior Bank	buy	2018/10/04	62.90	96.00	61.00	+57.4%	9.8	7.9		
Getin Noble Bank	hold	2018/10/04	0.53	1.00	0.58	+72.4%	-	3.9		
Handlowy	buy	2018/10/04	76.90	90.00	70.40	+27.8%	13.8	13.3		
ING BSK	accumulate	2018/10/04	181.00	200.00	171.60	+16.6%	14.7	13.4		
Millennium	reduce	2018/10/04	9.27	8.40	8.80	-4.5%	14.5	13.1		
Pekao	buy	2018/10/04	107.20	138.70	103.90	+33.5%	13.1	10.8		
PKO BP	accumulate	2018/10/04	42.55	47.00	40.28	+16.7%	13.5	12.6		
Santander Bank Polska	accumulate	2018/10/04	367.00	400.00	349.40	+14.5%	15.5	13.7		
Komercni Banka	buy	2017/12/01	899.00	1,111 CZK	890.50	+24.8%	11.4	9.7		
Erste Bank	buy	2018/08/02	37.14	43.00 EUR	36.68	+17.2%	10.5	10.5		
OTP Bank	buy	2018/06/06	10,210	12,090 HUF	10,300	+17.4%	10.4	9.6		
PZU	accumulate	2018/08/02	42.00	47.50	39.55	+20.1%	11.1	10.0		
Kruk	buy	2018/09/17	187.80	292.77	203.00	+44.2%	10.8	9.2		
Prime Car Management	suspended	2018/08/23	7.96	-	8.82	-	-	-		
Skarbiec Holding	buy	2018/08/31	25.30	36.86	29.20	+26.2%	9.1	8.6		
Chemicals										
Ciech	buy	2018/08/02	56.95	82.52	44.68	+84.7%	7.0	6.6	4.9	4.6
Grupa Azoty	hold	2018/09/03	38.00	41.13	24.30	+69.3%	10.7	9.7	4.3	4.5
Polwax	suspended	2018/09/14	7.70	-	7.02	-	-	-	-	-
Oil & Gas										
Lotos	sell	2018/09/03	69.90	57.21	73.00	-21.6%	10.2	14.4	5.5	6.9
MOL	buy	2018/09/03	2,870	3,296 HUF	3,040	+8.4%	8.6	10.7	3.9	4.3
PGNiG	buy	2018/09/03	5.82	7.86	6.52	+20.6%	9.1	7.6	4.3	3.6
PKN Orlen	sell	2018/09/03	98.24	81.38	94.00	-13.4%	8.4	13.9	5.3	7.5
Power Utilities										
CEZ	sell	2018/07/04	550.00	440.96 CZK	550.00	-19.8%	20.8	19.3	8.3	8.2
Enea	buy	2018/05/29	9.57	12.62	8.13	+55.2%	3.9	3.0	3.8	3.3
Energa	buy	2018/09/03	8.40	15.27	8.16	+87.1%	4.1	4.2	3.4	3.2
PGE	buy	2018/05/29	9.28	13.60	10.16	+33.9%	6.2	6.1	3.8	3.6
Tauron	buy	2018/09/03	2.00	2.77	1.79	+54.7%	3.4	2.9	3.7	4.1
Telecoms, Media, IT										
Netia	hold	2018/10/01	4.50	4.30	4.76	-9.7%	43.3	52.3	5.6	5.9
Orange Polska	buy	2018/04/06	5.83	7.60	4.55	+67.0%	19.9	11.0	4.2	3.8
Play	buy	2018/10/17	17.14	21.50	17.51	+22.8%	5.7	6.4	5.2	5.1
Agora	buy	2018/09/14	8.48	15.40	9.10	+69.2%	45.7	57.0	5.5	4.7
Cyfrowy Polsat	accumulate	2018/06/15	22.76	24.90	23.02	+8.2%	13.4	11.4	7.1	6.2
Wirtualna Polska	accumulate	2018/09/03	57.00	60.00	52.00	+15.4%	20.4	17.5	11.1	9.3
Asseco Poland	accumulate	2018/09/03	45.90	49.00	45.56	+7.6%	13.4	14.7	8.1	7.9
CD Projekt	reduce	2018/10/16	158.60	136.60	155.00	-11.9%	82.3	90.1	65.9	76.0
Comarch	accumulate	2018/10/01	167.00	180.50	164.50	+9.7%	24.7	18.4	8.2	7.5
Industrials, Mining										
Famur	buy	2018/08/02	5.20	6.56	5.58	+17.6%	17.5	13.9	7.6	6.8
Grupa Kęty	hold	2018/09/03	387.50	367.45	372.00	-1.2%	13.5	12.8	9.2	8.7
JSW	buy	2018/09/03	77.00	98.00	70.06	+39.9%	4.2	5.5	2.1	2.4
Kemel	buy	2018/07/23	50.50	59.18	51.30	+15.4%	15.4	7.1	6.8	5.2
KGHM	hold	2018/10/15	85.40	87.99	84.16	+4.6%	7.9	6.6	4.6	3.6
Stelmet	buy	2018/09/03	11.35	20.45	7.70	+165.6%	14.7	5.0	5.9	3.9
Construction										
Budimex	hold	2018/08/02	122.60	125.00	111.80	+11.8%	11.6	13.1	3.9	4.9
Elektrobudowa	buy	2018/09/26	32.80	45.00	38.00	+18.4%	-	10.1	-	4.8
Erbud	buy	2018/09/03	9.60	14.40	10.90	+32.1%	-	11.9	-	4.9
Unibep	buy	2018/04/06	7.50	10.10	4.85	+108.2%	5.6	4.8	3.6	2.8
Property Developers										
Atal	buy	2018/07/04	36.40	42.86	30.90	+38.7%	6.3	6.6	5.8	6.3
Capital Park	buy	2018/04/06	5.95	8.35	5.35	+56.1%	10.6	8.9	17.6	16.9
Dom Development	buy	2018/08/02	72.80	87.80	66.60	+31.8%	6.9	7.3	5.7	6.2
Echo	buy	2018/04/06	5.23	5.63	4.01	+40.4%	5.5	5.0	6.7	6.9
GTC	hold	2018/04/06	9.39	9.60	8.08	+18.8%	9.7	8.4	14.3	13.4
LC Corp	buy	2018/06/22	2.39	3.58	2.57	+39.3%	6.2	5.7	8.0	7.5
Retail										
AmRest	hold	2018/09/03	40.60	42.60	42.10	+1.2%	4.4	3.5	3.7	3.0
CCC	buy	2018/06/06	242.80	295.00	204.60	+44.2%	26.7	15.8	15.3	10.6
Dino	hold	2018/06/06	107.40	103.50	88.05	+17.5%	27.0	20.2	16.9	13.0
Eurocash	buy	2018/10/01	18.08	26.40	20.43	+29.2%	27.6	20.6	8.6	7.1
Jeronimo Martins	buy	2018/08/02	12.65	15.20 EUR	11.36	+33.8%	17.9	14.9	7.7	6.6
LPP	buy	2018/10/01	8,625	10,200	8,125	+25.5%	22.8	18.7	12.4	10.2
TXM	suspended	2018/10/16	0.59	-	0.55	-	-	-	-	-
Other										
PBKM	buy	2018/10/01	57.80	66.40	58.00	+14.5%	11.3	10.8	8.3	7.4

Current Portfolio Calls by Dom Maklerski mBanku

Company	Relative Positioning	Rated On	Price At Rating	Current Price	Change	P/E		EV/EBITDA	
						2018	2019	2018	2019
IT						13.5	10.1	5.0	4.7
Ailleron	neutral	2018/03/28	16.20	12.40	-23.5%	14.8	12.8	6.6	5.3
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	11.50	-1.7%	10.5	10.1	4.6	4.2
Atende	overweight	2018/03/28	4.25	3.33	-21.6%	7.8	7.0	4.9	4.7
Wasko	neutral	2018/05/30	1.68	1.60	-4.8%	13.5	8.9	5.0	4.3
Industrials						8.4	8.3	6.0	5.8
Alumetal	neutral	2018/08/23	51.00	44.30	-13.1%	7.9	8.6	6.4	6.7
Amica	overweight	2018/09/13	112.80	112.00	-0.7%	7.8	7.4	5.4	4.9
Aparator	neutral	2018/02/28	24.00	24.20	+0.8%	13.3	14.0	7.7	7.9
Boryszew	neutral	2018/09/05	6.25	5.04	-19.4%	8.9	7.1	6.4	5.8
Elemental	neutral	2018/04/27	1.09	1.48	+35.8%	5.9	5.2	5.5	4.9
Ergis	neutral	2018/04/27	4.06	3.43	-15.5%	7.7	7.2	5.8	5.4
Forte	overweight	2018/07/27	40.60	40.00	-1.5%	14.9	10.7	10.4	8.6
Kruszwica	neutral	2018/10/16	43.90	45.60	+3.9%	16.6	19.8	9.1	9.9
Mangata	neutral	2018/10/01	65.40	64.80	-0.9%	8.2	9.9	6.1	6.5
Pfleiderer Group	neutral	2018/09/28	36.45	32.00	-12.2%	13.9	16.1	5.9	5.9
Pozbud	overweight	2018/09/04	3.57	2.55	-28.6%	4.8	2.6	4.5	1.6
Tarczyński	neutral	2018/05/30	14.50	15.00	+3.4%	8.5	8.1	5.8	5.4
Construction Sector						28.4	10.0	5.8	4.9
Elektrotim	neutral	2018/09/27	4.20	4.12	-1.9%	44.1	11.8	5.7	5.0
Herkules	neutral	2018/01/25	3.67	2.52	-31.3%	7.9	5.6	4.6	3.8
Torpol	neutral	2018/09/27	5.18	4.90	-5.4%	53.2	10.8	5.8	4.8
Trakcja	underweight	2018/09/27	3.47	3.16	-8.9%	71.2	33.7	6.7	7.0
Ulma	neutral	2018/05/28	73.00	69.50	-4.8%	8.6	8.3	3.4	3.3
ZUE	neutral	2018/09/27	5.56	5.36	-3.6%	12.8	9.2	6.1	5.5
Property Developers						5.9	6.4	8.7	5.8
Archicom	overweight	2018/06/22	15.00	11.70	-22.0%	5.5	3.8	5.5	4.4
BBI Development	neutral	2018/04/26	0.66	0.58	-12.1%	13.4	6.4	13.6	6.0
i2 Development	neutral	2018/06/22	15.40	12.25	-20.5%	3.7	4.2	7.0	5.8
JWC	neutral	2018/06/22	3.48	2.92	-16.1%	7.9	3.2	8.7	3.9
Lokum Deweloper	overweight	2018/06/22	18.80	17.10	-9.0%	5.7	6.6	4.3	5.1
PA Nova	neutral	2018/03/29	22.30	18.00	-19.3%	5.9	6.8	9.9	11.0
Polnord	underweight	2018/06/22	9.04	9.30	+2.9%	-	-	-	-
Ronson	neutral	2018/06/22	1.09	1.04	-4.6%	11.2	7.5	12.2	10.8
Retail						11.3	9.2	7.7	6.3
Bytom	overweight	2018/05/23	2.92	2.67	-8.6%	11.9	10.9	7.7	6.8
Monnari	neutral	2018/07/13	6.60	5.79	-12.3%	8.8	8.2	3.5	3.0
Vistula	overweight	2018/05/23	4.79	3.96	-17.3%	11.3	9.2	7.8	6.3

List of abbreviations and ratios contained in the report.

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

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

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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%
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SELL – we expect that an investment will bear a loss greater than 15%
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Economic profits – discounting of future economic profits; the weak point is high sensitivity to changes in the assumptions made in the valuation model.

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

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