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Quarterly Earnings Forecast: Q4 2018

Equity Market

Financials

CEE banks are set to deliver record-high numbers for Q4 2018, in some cases bolstered by one-time gains. We expect to see rising interest margins and fast-growing retail loan books across the board. In a close race, we see Pekao and PKO BP in Poland and Komerční Banka in Czechia emerging as the clear front-runners. Among other financial institutions, PZU insurance and Kruk debt collection will deliver Q4 results in line with expectations.

Chemicals

Chemical producers will probably report shrinking profits for Q4 compared to a high year-ago base, underpinned by increased costs of energy. Of rated firms, Azoty has potential to improve earnings in the first half of the year, but this prospect is already fully priced in. However there is still upside in Ciech, which should continue to outperform.

Oil & Gas

The fourth-quarter upstream profits of oil firms will be weighed down by lower crude prices, mitigated by elevated prices of natural gas. When it comes to the results for the full FY2018, we might see positive surprises from Lotos (reporting record-high margins on diesel and all-time high geographic premiums) and MOL (enjoying strong performance in Downstream).

Power Utilities

Most rated utilities will fulfill our earnings expectations for the full FY2018 after the Q4 reporting season, however Enea might fall short due to lower availability of the Koźienice power plant and missed production targets by the subsidiary coal miner LWB. At CEZ, Q4 2018 should bring a continuation of the upward momentum started in Q3.

Telecoms, Media, IT

The two rated media firms, Agora and Wirtualna, are expected to deliver growth in recurring Q4 EBITDA at respective annual rates of 11% and 14%, driven by strong cinema ticket sales in case of the former and greatly improved revenues from online advertising and e-commerce in case of the latter. In Telecoms, only Orange Polska will be able to deliver EBITDA growth at an estimated annual rate of 5%. In IT, we anticipate 50% bottom-line expansion at Asseco Poland.

Industrials & Mining

The 2018 Q4 earnings season is expected to be the last one of improving profits for manufacturers. Out of 23 tracked companies, we expect 60% to report improvement with only 20% posting a slowdown vis-a-vis Q4 2017. When it comes to the outlook for 2019, we anticipate a cooling of expectations by the industry which struggles with high costs of electricity and labor, underpinned by weak PMI prints in Germany. The companies most likely to offer positive earnings surprises in Q4 include ACG, AMC, KER, and TIM. On the other hand, JSW and TAR will probably disappoint.

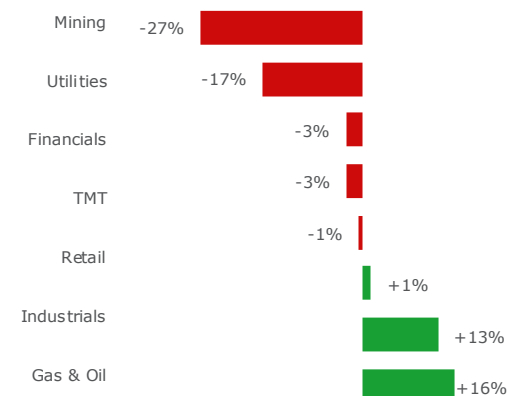
Property Developers

Completions by listed residential developers were down 10% in Q4 2018 relative to the prior-year period, however completions for the full 2018 rebounded 15% after a record number of new dwellings built during the year. Dom Development stood out from the competition with record fourth-quarter completions, up 9% y/y, promising a record net profit. Atal handed over 39% fewer homes in Q4 2018 than in the same period in 2017, but full-year closings were up 17% on the year.

Retail

We expect AmRest to report faster earnings growth in Q4. On the other hand CCC will post weak results after low sales and possible one-time charges, and EUR will trail as well because of weak performance of its Retail business. At Dino, another quarter of slow lfl growth might affect sentiment post earnings. There is likely to be improvement at MON and VRG.

YoY earnings growth by sector: Q4'18E*



*Net earnings for banks, otherwise EBITDA

Earnings Surprise Prediction	
negative	positive
Atende	AC SA
CCC	Agora
Enea	Amica
Eurocash	AmRest
JSW	Asseco Poland
KGHM	Famur
Millenium	Kernel
Tarczyński	Lotos
Tauron	Orange Polska
	Pekao
	PGNiG
	TIM
	Wirtualna Polska

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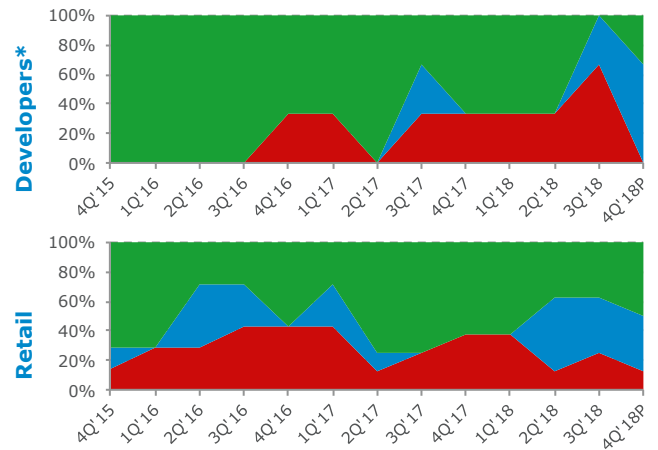
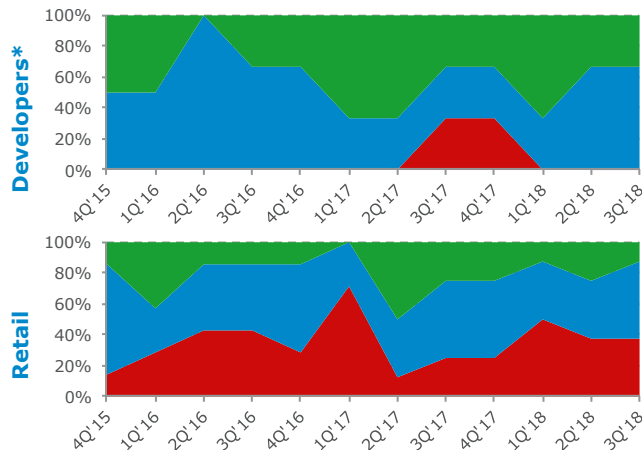
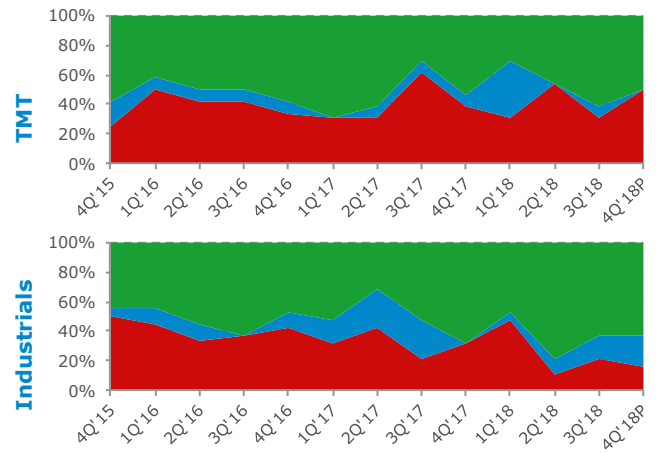
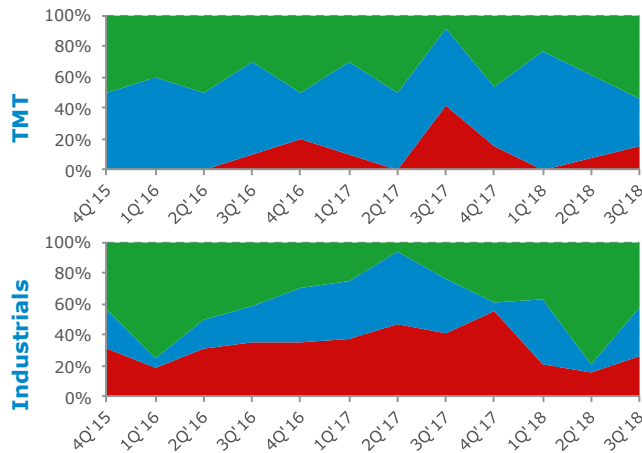
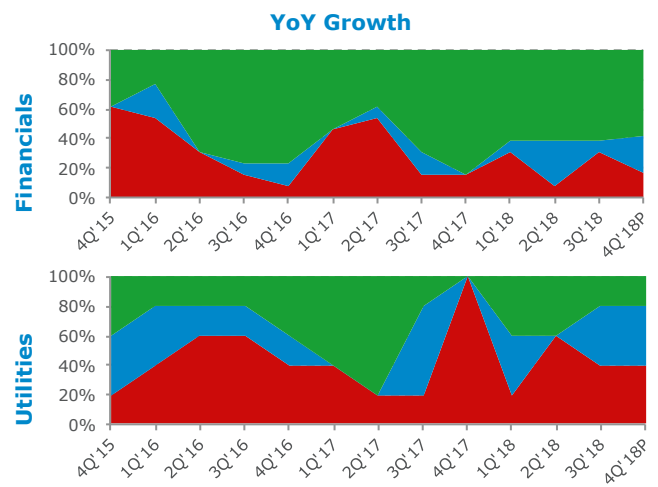
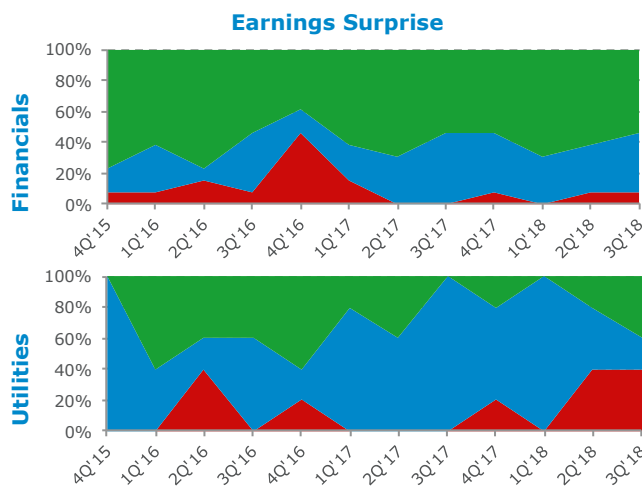
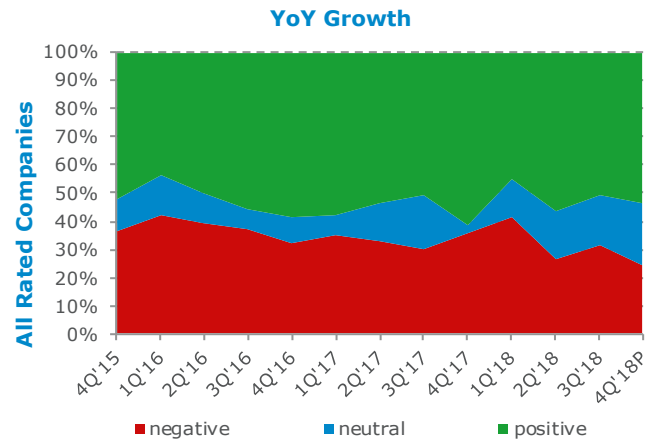
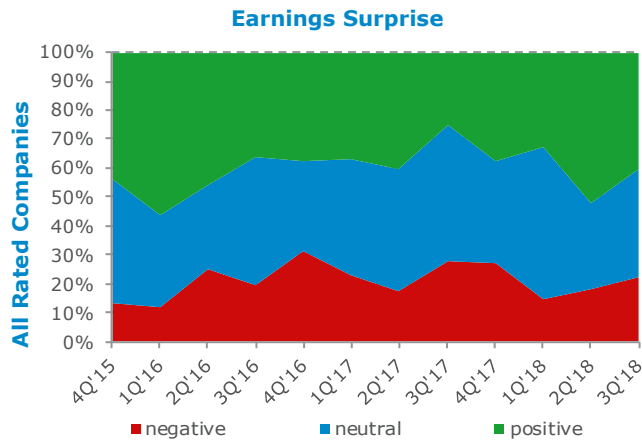
Quarterly Earnings Surprises and YoY Growth Reported By Rated Companies

vs. consensus	4Q	2016	2017	2018	+/=							
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	+/=
Financials												
Alior Bank	+	+	+	+	+	+	+	+	+	+	+	92%
Handlowy	+	+	+	+	+	+	+	+	+	+	+	75%
ING BSK	+	+	+	+	+	+	+	+	+	+	+	83%
Millennium	+	+	+	+	+	+	+	+	+	+	+	100%
Pekao	+	+	+	+	+	+	+	+	+	+	+	100%
PKO BP	+	+	+	+	+	+	+	+	+	+	+	92%
Santander BP	+	+	+	+	+	+	+	+	+	+	+	100%
Komercni	+	+	+	+	+	+	+	+	+	+	+	92%
Erste Bank	+	+	+	+	+	+	+	+	+	+	+	92%
OTP Bank	+	+	+	+	+	+	+	+	+	+	+	92%
PZU	+	+	+	+	+	+	+	+	+	+	+	83%
Kruk	+	+	+	+	+	+	+	+	+	+	+	75%
Skarbiec	+	+	+	+	+	+	+	+	+	+	+	92%
Chemicals												
Ciech	+	+	+	+	+	+	+	+	+	+	+	92%
Grupa Azoty	+	+	+	+	+	+	+	+	+	+	+	42%
Oil & Gas												
Lotos	+	+	+	+	+	+	+	+	+	+	+	92%
MOL	+	+	+	+	+	+	+	+	+	+	+	83%
PGNiG	+	+	+	+	+	+	+	+	+	+	+	50%
PKN Orlen	+	+	+	+	+	+	+	+	+	+	+	75%
Utilities												
CEZ	+	+	+	+	+	+	+	+	+	+	+	83%
Enea	+	+	+	+	+	+	+	+	+	+	+	92%
Energia	+	+	+	+	+	+	+	+	+	+	+	75%
PGE	+	+	+	+	+	+	+	+	+	+	+	83%
Tauron	+	+	+	+	+	+	+	+	+	+	+	100%
TMT												
Netia	+	+	+	+	+	+	+	+	+	+	+	100%
Orange PL	+	+	+	+	+	+	+	+	+	+	+	100%
Play	na	na	na	na	na	na	na	na	na	na	na	100%
Agora	+	+	+	+	+	+	+	+	+	+	+	100%
Cyfrowy	+	+	+	+	+	+	+	+	+	+	+	100%
Wirtualna	+	+	+	+	+	+	+	+	+	+	+	83%
Aiellon	na	na	na	na	na	na	na	na	na	na	na	60%
Asseco BS	+	+	+	+	+	+	+	+	+	+	+	100%
Asseco PL	+	+	+	+	+	+	+	+	+	+	+	75%
Asseco SEE	+	+	+	+	+	+	+	+	+	+	+	92%
Atende	na	na	na	na	na	na	na	na	na	na	na	75%
Comarch	+	+	+	+	+	+	+	+	+	+	+	75%
CD Projekt	+	+	+	+	+	+	+	+	+	+	+	83%
Industrials												
Alumet	+	+	+	+	+	+	+	+	+	+	+	83%
Amica	+	+	+	+	+	+	+	+	+	+	+	75%
Apator	+	+	+	+	+	+	+	+	+	+	+	58%
Boryszew	+	+	+	+	+	+	+	+	+	+	+	50%
Cognor	na	na	na	na	na	na	na	na	na	na	na	100%
Ergis	+	+	+	+	+	+	+	+	+	+	+	42%
Famur	+	+	+	+	+	+	+	+	+	+	+	91%
Forte	+	+	+	+	+	+	+	+	+	+	+	75%
Grupa Kęty	+	+	+	+	+	+	+	+	+	+	+	92%
Impexmetal	+	+	+	+	+	+	+	+	+	+	+	67%
JSW	+	+	+	+	+	+	+	+	+	+	+	58%
Kernel	+	+	+	+	+	+	+	+	+	+	+	50%
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Mangata	+	+	+	+	+	+	+	+	+	+	+	67%
Pfleiderer	+	+	+	+	+	+	+	+	+	+	+	58%
Pozbud	na	na	na	na	na	na	na	na	na	na	na	75%
Stelmet	na	na	na	na	na	na	na	na	na	na	na	56%
Tarczyński	+	+	+	+	+	+	+	+	+	+	+	83%
Real-Estate												
Atal	na	na	na	na	na	na	na	na	na	na	na	78%
Dom Dev.	+	+	+	+	+	+	+	+	+	+	+	100%
GTC	+	+	+	+	+	+	+	+	+	+	+	100%
Retail												
AmRest	+	+	+	+	+	+	+	+	+	+	+	75%
CCC	+	+	+	+	+	+	+	+	+	+	+	50%
Dino	na	na	na	na	na	na	na	na	na	na	na	100%
Eurocash	+	+	+	+	+	+	+	+	+	+	+	33%
Jeronimo	+	+	+	+	+	+	+	+	+	+	+	100%
LPP	+	+	+	+	+	+	+	+	+	+	+	75%
Monnari	+	+	+	+	+	+	+	+	+	+	+	58%
VRG	+	+	+	+	+	+	+	+	+	+	+	50%

vs. last year	4Q	2016	2017	2018	**	+/=							
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	+/=
Financials													
Alior Bank	+	+	+	+	+	+	+	+	+	+	+	+	50%
Handlowy	+	+	+	+	+	+	+	+	+	+	+	+	58%
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Millennium	+	+	+	+	+	+	+	+	+	+	+	+	83%
Pekao	+	+	+	+	+	+	+	+	+	+	+	+	58%
PKO BP	+	+	+	+	+	+	+	+	+	+	+	+	75%
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Komercni	+	+	+	+	+	+	+	+	+	+	+	+	58%
Erste Bank	+	+	+	+	+	+	+	+	+	+	+	+	75%
OTP Bank	+	+	+	+	+	+	+	+	+	+	+	+	100%
PZU	+	+	+	+	+	+	+	+	+	+	+	+	75%
Kruk	+	+	+	+	+	+	+	+	+	+	+	+	75%
Skarbiec	+	+	+	+	+	+	+	+	+	+	+	+	50%
Chemicals													
Ciech	+	+	+	+	+	+	+	+	+	+	+	+	67%
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Oil & Gas													
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Play	na	na	na	na	na	na	na	na	na	na	na	na	57%
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Cyfrowy	+	+	+	+	+	+	+	+	+	+	+	+	58%
Wirtualna	+	+	+	+	+	+	+	+	+	+	+	+	100%
Aiellon	+	+	+	+	+	+	+	+	+	+	+	+	67%
Asseco BS	+	+	+	+	+	+	+	+	+	+	+	+	100%
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Boryszew	+	+	+	+	+	+	+	+	+	+	+	+	58%
Cognor	+	+	+	+	+	+	+	+	+	+	+	+	83%
Ergis	+	+	+	+	+	+	+	+	+	+	+	+	50%
Famur	+	+	+	+	+	+	+	+	+	+	+	+	92%
Forte	+	+	+	+	+	+	+	+	+	+	+	+	50%
Grupa Kęty	+	+	+	+	+	+	+	+	+	+	+	+	100%
Impexmetal	+	+	+	+	+	+	+	+	+	+	+	+	92%
JSW	+	+	+	+	+	+	+	+	+	+	+	+	58%
Kernel	+	+	+	+	+	+	+	+	+	+	+	+	33%
KGHM	+	+	+	+	+	+	+	+	+	+	+	+	50%
Kruszwica	+	+	+	+	+	+	+	+	+	+	+	+	75%
Mangata	+	+	+	+	+	+	+	+	+	+	+	+	83%
Pfleiderer	+	+	+	+	+	+	+	+	+	+	+	+	83%
Pozbud	+	+	+	+	+	+	+	+	+	+	+	+	42%
Stelmet	na	na	na	na	na	na	na	na	na	na	na	na	56%
Tarczyński	+	+	+	+	+	+	+	+	+	+	+	+	67%
Real-Estate													
Atal	na	na	na	na	na	na	na	na	na	na	na	na	91%
Dom Dev.	+	+	+	+	+	+	+	+	+	+	+	+	83%
GTC	+	+	+	+	+	+	+	+	+	+	+	+	58%
Retail													
AmRest	+	+	+	+	+	+	+	+	+	+	+	+	92%
CCC	+	+	+	+	+	+	+	+	+	+	+	+	58%
Dino	na	na	na	na	na	na	na	na	na	na	na	na	100%
Eurocash	+	+	+	+	+	+	+	+	+	+	+	+	58%
Jeronimo	+	+	+	+	+	+	+	+	+	+	+	+	100%
LPP	+	+	+	+	+	+	+	+	+	+	+	+	58%
Monnari	+	+	+	+	+	+	+	+	+	+	+	+	33%
VRG	+	+	+	+	+	+	+	+	+	+	+	+	83%

'+' = 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)



Source: Companies, Bloomberg, PAP, Dom Maklerski mBanku; *Represented by 1AT, DOM & GTC

Banks

PKO BP's star shines bright...

- PKO BP will wow the market with its fourth-quarter Q4 results, in particular strong interest income and curbed operating expenses.

Alior Bank Michał Konarski	Buy PLN 92.50		Reporting Date 28 February		
(PLN m)	Q4'18E	Q3'18	Q/Q	Y/Y	18E Y/Y
Net interest income	805.7	781.4	3%	11%	9%
Net fee income	106.5	106.6	0%	-20%	-6%
Total income	1054.3	1018.2	4%	3%	8%
Operating costs	-425.9	-411.3	4%	-4%	-7%
Provisioning	-304.3	-271.2	12%	22%	17%
Net profit	176.4	172.9	2%	1%	38%

Handlowy Michał Konarski	Accumulate PLN 76.00		Reporting Date 22 March		
(PLN m)	Q4'18E	Q3'18	Q/Q	Y/Y	18E Y/Y
Net interest income	286.0	280.7	2%	-1%	3%
Net fee income	132.4	135.1	-2%	-9%	-6%
Total income	544.1	519.0	5%	-1%	5%
Operating costs	-281.8	-275.5	2%	1%	-1%
Provisioning	-20.6	-19.2	7%	-46%	-30%
Net profit	171.9	158.5	8%	5%	23%

ING BSK Michał Konarski	Accumulate PLN 199.63		Reporting Date 8 March		
(PLN m)	Q4'18E	Q3'18	Q/Q	Y/Y	18E Y/Y
Net interest income	978.6	961.2	2%	9%	10%
Net fee income	330.1	316.5	4%	9%	9%
Total income	1343.2	1306.1	3%	9%	9%
Operating costs	-576.4	-577.2	0%	9%	9%
Provisioning	-139.3	-133.9	4%	24%	29%
Net profit	403.7	379.0	7%	10%	5%

Millennium Michał Konarski	Accumulate PLN 10.10		Reporting Date 22 February		
(PLN m)	Q4'18E	Q3'18	Q/Q	Y/Y	18E Y/Y
Net interest income	472.1	463.0	2%	6%	6%
Net fee income	163.5	162.9	0%	-3%	0%
Total income	704.7	699.9	-1%	3%	4%
Operating costs	-328.0	-316.0	4%	8%	6%
Provisioning	-65.2	-58.0	12%	4%	-10%
Net profit	184.6	200.2	-8%	3%	8%

Pekao Michał Konarski	Buy PLN 136.29		Reporting Date 26 February		
(PLN m)	Q4'18E	Q3'18	Q/Q	Y/Y	18E Y/Y
Net interest income	1298.0	1258.0	3%	9%	9%
Net fee income	620.5	619.0	0%	1%	4%
Total income	2059.0	1963.3	5%	3%	7%
Operating costs	-883.6	-873.8	1%	1%	5%
Provisioning	-150.6	-155.3	-3%	-1%	7%
Net profit	672.8	605.8	11%	-36%	-11%

PKO BP Michał Konarski	Accumulate PLN 45.00		Reporting Date 4 March		
(PLN m)	Q4'18E	Q3'18	Q/Q	Y/Y	18E Y/Y
Net interest income	2428.7	2366.0	3%	8%	8%
Net fee income	759.5	760.0	0%	0%	1%
Total income	3545.9	3442.0	3%	6%	7%
Operating costs	-1465.6	-1441.0	2%	-1%	2%
Provisioning	-389.0	-328.0	19%	-13%	-12%
Net profit	1000.9	1042.0	-4%	22%	20%

Komercni Banka Michał Konarski	Accumulate CZK 1,000.00		Reporting Date 7 February		
(CZK m)	Q4'18E	Q3'18	Q/Q	Y/Y	18E Y/Y
Net interest income	5878.4	5735.0	2%	10%	7%
Net fee income	1551.7	1514.0	2%	-5%	-4%
Total income	8258.0	8335.0	-1%	4%	3%
Operating costs	-3625.7	-3421.0	6%	2%	1%
Provisioning	89.9	258.0	-65%	-46%	91%
Net profit	3899.5	4204.0	-7%	5%	7%

...but Pekao will steal the spotlight

- Though broadly in line with expectations, Pekao's Q4 earnings will show healthy and sustainable growth which should bolster market sentiment.

- An PLN 80m reserve for potential losses on the acquisition of the troubled press distributor Ruch may dent results.
- Net interest income rising 3.1% q/q and 10.8% y/y on a fast-growing loan book.
- A 3.5% q/q rise in operating expenses which in Q3 were curbed by a charge reversal.
- Provisioning at ca. PLN 220m on a recurring basis and PLN 304m after one-time boosts.

- Rebound in trading income by 17% q/q and 13% y/y on successful deals in the bond market.
- A 1.9% q/q rise in net interest income even as NIM tightened by 5bp.
- Opex 2% higher than in Q3 when, however, they were curbed by a charge reversal.
- Risk reserves ending at ca. PLN 21m, cost of risk @41bp.

- Net income @PLN 404.0m (+6.6% q/q, +10.1% y/y), just shy of the record PLN 407m of Q2'16.
- Net interest income 1.8% higher but NIM flat vs. Q3.
- Provisioning up by 4.0% q/q and 23.7% y/y, resulting in cost of risk of 54bp.
- No change in operating costs vs. Q3 but a 9.1% jump on a y/y basis driven by payroll.

- Negligible impact of the November acquisition of the SKOK Piast credit union.
- Net interest income 2% higher q/q and 6.3% y/y, stable NIM.
- Opex up 4% q/q and 8% y/y, led by the acquisition of Eurobank and SKOK Piast.
- Provisioning at PLN 65.2m would imply cost of risk of 49bp.

- NPL sales giving a boost just like in Q4'17.
- 3.2% q/q and 9% y/y growth in net interest income while NIM held steady.
- Provisioning at PLN 150.6m would imply cost of risk of 42bp.
- Net income at PLN 672.8m after an 11% q/q rebound.

- Net interest income increasing by 2.6% q/q and 8% y/y, with NIM stable at 3.14%.
- A 1.7% y/y rise in operating expenses, due mainly to higher payroll.
- A high quarterly effective tax rate of 23.6%.
- At PLN 1,000.9m, net income will have tightened 4% vs. Q3 after a 22% y/y jump.

- A 9.6% y/y rebound in net interest income led by interest rate hikes and higher volumes.
- Total income 1% lower than in Q3 as falling trading income not fully offset by 2.5% higher fee income and better net interest income.
- Seasonally higher opex (+6% q/q, +2% y/y), C/I ratio at 44%.
- Anticipating net reversals of CZK 90m.

OTP Bank		Accumulate		Reporting Date	
Michał Konarski		HUF 13,046		1 March	
(EUR m)	Q4'18E	Q3'18	Q/Q	Y/Y	18E Y/Y
Net interest income	159.9	153.9	4%	14%	10%
Net fee income	55.5	57.8	-4%	-4%	5%
Total income	231.4	228.3	1%	11%	10%
Operating costs	-138.8	-121.8	14%	12%	12%
Provisioning	-17.6	-2.5	595%	-8%	-49%
Net profit	62.4	85.9	-27%	-9%	8%

Financial Services

No surprises at PZU

- With claims back at the usual quarterly levels, a repeat of the previous quarter's PLN 1+ billion windfall is unlikely.

PZU		Accumulate		Reporting Date	
Michał Konarski		PLN 46.50		13 March	
(PLN m)	Q4'18E	Q3'18	Q/Q	Y/Y	18E Y/Y
GWP	6032.3	5377.0	12%	2%	2%
Non-Life	3894.8	3344.0	16%	21%	6%
Life	2138.9	2037.0	5%	-2%	-2%
Claims	-3622.5	-3639.0	0%	-2%	-2%
Costs	-1191.3	-1158.0	3%	-1%	3%
Income from banks	1157.1	1041.0	11%	7%	60%
Underwriting profit	686.9	870.0	-21%	12%	56%
Investment income	222.3	300.0	-26%	9%	-46%
Pre-tax income	1684.5	2005.0	-16%	4%	24%
Net profit	763.0	1007.0	-24%	1%	10%

Kruk		Buy		Reporting Date	
Michał Konarski		PLN 292.77		7 March	
(PLN m)	Q4'18E	Q3'18	Q/Q	Y/Y	18E Y/Y
Total revenue	347.2	288.6	20%	40%	18%
Purchased Debt	267.4	265.0	1%	17%	12%
Collection Svcs	16.7	16.5	1%	18%	10%
Dir. & indir. costs	127.8	115.5	11%	-13%	6%
Gross profit	162.4	170.1	-5%	59%	17%
Operating profit	117.3	126.7	-7%	122%	21%
Pre-tax income	85.7	98.4	-13%	145%	15%
Net profit	65.9	89.9	-27%	-	17%

- Recurring net income in line with guidance at HUF 63.9bn.
- A 14% y/y upswing in net interest income but fee income down 4% on the year due to a volatile market environment.
- Provisioning estimated at HUF 17.6bn.
- A 12% y/y jump in operating costs driven by payroll.

Lower valuation gains at Kruk

- Gains from receivable portfolio adjustments may have dropped to PLN 25m in Q4, but recoveries in the period reached all-time highs.
- Anticipating 2% y/y expansion in gross written premiums coupled with flat growth in net premiums earned.
- Claims will have declined 2% from the prior-year period in the absence of catastrophic events.
- Investment income at PLN 222m (+9% y/y, -26% q/q) after higher returns on fixed-income investments and lower returns on equity and FX strategies.
- Seasonally higher opex after a 2.9% q/q rise.
- Gross profit from purchased debt down 4.4% q/q but up 60% y/y.
- Valuation gains curbed to PLN 25m, higher expenses related to collections.
- Opex up 9.9% q/q, driven mainly by marketing expenses.
- Effective quarterly tax rate at 23.1%.
- Financing costs increased 12% q/q to PLN 32m.

Gas & Oil, Chemicals

Cheap crude offset by higher natgas & refining profits

- E&P profits hurt by crude declines, esp. where there is less natgas in the energy mix (MOL). Refining profits boosted by high diesel cracks and geographic premiums.

Ciech		Buy		Reporting Date	
Jakub Szkopek		PLN 77.05		26 March	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	965.2	962.3	0%	3,667.1	2%
EBITDA	187.3	270.0	-31%	671.9	-19%
EBITDA adj.	187.3	251.1	-25%	659.2	-18%
EBITDA margin	19.4%	28.1%	-	18.3%	-
EBIT	117.1	207.4	-44%	403.7	-31%
Net profit	19.2	137.9	-86%	218.5	-44%

Grupa Azoty		Hold		Reporting Date	
Jakub Szkopek		PLN 33.00		30 April	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	2,683.0	2,551.7	5%	9,884.7	3%
EBITDA	166.1	217.4	-24%	739.1	-38%
EBITDA margin	176.1	293.7	-40%	770.8	-39%
EBIT	6.2%	8.5%	-	7.5%	-
Pre-tax profit	1.6	54.6	-97%	71.7	-88%
Net profit	16.5	54.1	-70%	34.6	-92%

Lotos		Sell		Reporting Date	
Kamil Kliszcz		PLN 59.84		7 March	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	7,334	7,021	4%	29,534	22%
EBITDA LIFO adj.	1,006	753	34%	3,255	7%
LIFO effects	-211	198	-	456	-
EBITDA	793	928	-14%	3,548	15%
EBIT	611	723	-16%	2,823	27%
Financing activity	-65	12	-	-172	-
Net profit	398	485	-18%	1,886	13%

MOL		Hold		Reporting Date	
Kamil Kliszcz		HUF 3,280		22 February	
(HUF bn)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	1209.8	1125.1	8%	5015.6	21%
LIFO EBITDA adj.	188.8	151.9	24%	722.9	7%
LIFO effect	16.3	-4.5	-	25.3	-
EBITDA	170.4	164.6	4%	748.2	11%
EBIT	78.0	61.8	26%	387.5	9%
Financing activity	-1.8	8.3	-	-20.8	-
Net profit	55.5	76.6	-27%	278.7	-9%

PGNiG		Buy		Reporting Date	
Kamil Kliszcz		PLN 7.72		14 March	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	13,079	10,965	19%	41,560	16%
EBITDA adj.	2,258	2,082	8%	8,136	11%
EBITDA	2,093	1,323	58%	7,862	20%
EBIT	1,382	650	113%	5,182	33%
Financing activity	-61	-40	-	26	-
Net profit	951	456	109%	3,773	29%

Better results q/q, but y/y slowdown in Chemicals

- Chemical producers suffered contraction from the prior-year period, but quarter-to-quarter profits probably improved with a slower climb in input costs.

- Anticipating y/y shrinkage due to negative base effects, with Q4'17 results marked by stronger performance in the Soda Division, higher sales margins on pesticides, and one-time gains from EUAs.

- Much better on a q/q basis, however, with EBITDA up a projected 44%.

- With normalized production and sales of soda ash, Q4 was the best quarter of 2018 for Ciech in volume terms.

- Profits will have recovered vs. Q3 amid an improved market for nitrogen fertilizers, with lower natgas costs accompanied by stable sales prices.

- Relative to Q4'17 there is likely to be slump as the year-ago results and market conditions were more better.

- Higher adj. EBITDA LIFO from Downstream at PLN 0.72bn vs. PLN 0.52bn the year prior, driven by much higher diesel cracks boosted by disrupted shipments in Germany.

- Downstream EBITDA at PLN 0.24bn after rising y/y and q/q on stronger volumes and higher natgas prices.

- A rebound in Retail (EBITDA PLN 40m) as fuel sales margins widened to record highs in Nov. and Dec.

- A small loss on financing activity after interest payments.

- Upstream EBITDA rising to HUF 86bn from 58bn the previous quarter on higher production from legacy UK wells and Croatia acquisition, partly offset by lower prices.

- CCS EBITDA from Downstream adding HUF 7.6bn year on year at HUF 51.6bn in an improved market. Further growth in Retail EBITDA at an annual rate of 15%.

- Petchem EBITDA down y/y due to worsened market and downtime, but up by HUF 4.2bn q/q at HUF 22.7bn.

- Continuing deterioration in Gas Midstream.

- Adj. EBITDA from Upstream at PLN 1.75bn vs. PLN 1.2bn in Q4'17 on stronger volumes and higher sales prices.

- EBITDA loss from Trading curbed to PLN 100m from 468m in Q3 after the average sales price improved.

- Distribution EBITDA down at PLN 0.45bn vs. 0.53bn in Q4'17 due to tariff cuts and negative balancing effects.

- 20% y/y slump in EBITDA from Heating led by higher costs of coal and carbon allowances.

Utilities & Mining

Power sales profits & mining volumes tighten in Q4

- Profits on power sales tightened further in Q4 with rising costs of green certificates. Captive mines struggled with rising costs as they failed to reach production targets.

CEZ Kamil Kliszcz		Hold CZK 518.72		Reporting Date 19 March	
(CZK m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	54,891	55,174	-1%	184,211	-9%
EBITDA adj.	12,964	12,110	7%	51,694	-1%
EBITDA	12,964	12,910	0%	51,694	-6%
EBIT	5,979	6,190	-3%	22,704	-11%
Financing activity	-1,668	-2,911	-	-6,826	-
Net profit	3,492	2,657	31%	12,486	-33%

Enea Kamil Kliszcz		Buy PLN 15.58			
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	3,253	3,008	8%	12,637	11%
EBITDA adj.	503	606	-17%	2,443	-8%
EBITDA	503	736	-32%	2,477	-8%
EBIT	88	418	-79%	1,008	-32%
Financing activity	-70	13	-	-226	-
Net profit	33	285	-88%	617	-42%

Energa Kamil Kliszcz		Buy PLN 13.54			
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	2,742	2,817	-3%	10,343	-2%
EBITDA adj.	479	472	2%	2,066	-1%
EBITDA	479	517	-7%	2,066	-4%
EBIT	383	384	0%	1,371	13%
Financing activity	-52	-76	-	-201	-3%
Net profit	268	221	21%	946	22%

PGE Kamil Kliszcz		Buy PLN 14.82		Reporting Date 12 March	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	5,744	6,407	-10%	24,706	7%
EBITDA adj.	1,538	1,594	-4%	6,778	5%
EBITDA	1,338	1,544	-13%	6,479	-15%
EBIT	399	-195	-	2,762	-24%
Financing activity	-69	-139	-	-273	-17%
Net profit	237	-300	-	1,934	-27%

Tauron Kamil Kliszcz		Buy PLN 3.06			
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	4,927	4,545	8%	18,605	7%
EBITDA adj.	633	775	-18%	3,297	-2%
EBITDA	633	667	-5%	3,605	2%
EBIT	206	227	-9%	1,511	-16%
Financing activity	-60	49	-	-277	-
Net profit	118	188	-37%	971	-30%

JSW Jakub Szkopek		Reduce PLN 59.14		Reporting Date 21 March	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	2,378	2,193	8%	9,664	9%
EBITDA adj.	556	600	-7%	3,211	-9%
EBITDA	1,209	1,119	8%	3,619	-8%
EBITDA margin	50.8%	51.0%	-	37.4%	-
EBIT	1,024	391	162%	2,879	-8%
Net profit	816	396	106%	2,327	6%

KGHM Jakub Szkopek		Hold PLN 84.56		Reporting Date 14 March	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	5,507	5,712	-4%	20,294	0%
EBITDA adj.	1,127	1,426	-21%	4,917	-15%
EBITDA margin	20.5%	25.0%	-	24.7%	-
EBIT adj.	680	972	-30%	3,045	-27%
Net profit adj.	455	474	-4%	1,428	-12%

Miners report weak Q4 sales

- KGHM Copper and JSW Coal both reported weaker sales volumes in Q4, indicating y/y contraction in both sets of recurring earnings results.

- EBITDA from Generation @CZK 5.9bn vs. 6.3bn the year before (boosted by one-offs) and 4.2bn in the quarter prior. Adj. EBITDA up y/y on higher prices, nuclear output, and hedging.
- EBITDA from Distribution flat @CZK 4.5bn and EBITDA from Sales down 10% on lower spot market prices.
- Mining EBITDA up by CZK 0.2bn on higher sales volumes.

- EBITDA from Generation @PLN 210m after a q/q slump due to downtime and lower utilization on two generators.
- EBITDA from Distribution down 16% q/q and 11% y/y on higher opex.
- A PLN 25m EBITDA loss from Sales vs. a PLN 9m profit posted in Q3 after one-off EUA adjustments.
- Low prelim. EBITDA of PLN 65m reported by the mining unit LWB due to high operating expenses.

- A 10% y/y slump to PLN 118m in Generation EBITDA led by coal units, partly offset by renewables. EBIT boosted by one-time reversals to the tune of PLN 145m.
- A 4% drop to PLN 366m in Distribution EBITDA due to negative base effects (Q4'17 base boosted by reversals).
- A small operating profit of ca. PLN 3m on sales owed reserve draws.

- Adj. EBITDA from Generation down 6% y/y to PLN 0.68bn due to higher EUA costs, only partly offset by higher coal based output and input from the EDF unit. Reported figure depressed by a land reclamation adjustment.
- Higher EBITDA from Renewables @PLN 0.16bn after rising power and COO prices.
- Cont. 5% annual growth in Distribution EBITDA, but a 25% slump in Sales EBITDA on higher costs.

- A PLN 72m EBITDA loss from Mining due to seasonally higher costs, not mitigated by a small uptick in production.
- A PLN 27m increase to PLN 105m in Generation EBITDA owed to Renewables and higher JV contributions.
- Distribution EBITDA up by PLN 0.04bn to 0.53bn.
- Lower EBITDA from Sales at PLN 95m vs. 150m in Q4'17 and 125m in Q3'18.

- JSW missed its production targets in Q4, achieving a low proportion of coking coal in total output. At the same time, it sold coking coal at a high discount to market prices in the period. With mining costs on the rise, the recurring EBITDA for the quarter is likely to suffer a 7% decline vis-à-vis the prior-year period.
- The reported figure will have received a one-time boost of PLN 650m.

- The zloty sales prices of all of KGHM's metals ex. Mo shrunk in Q4 2018 vs. the prior-year period, with Ag down 15%. This was accompanied by a 26% slump in the volume of Au sold by the parent company in Poland, and a 33% fall in Mo sales by the Sierra Gorda mine.
- Our Q4 estimates do not take into account potential impairment charges on mining assets.

TMT

Media firms, ACP, and OPL score strong fourth quarter

- Media firms Agora and Wirtualna likely grew their core profits at respective rates of 11% and 14% in Q4.

Netia Paweł Szpigel		Hold PLN 4.70		Reporting Date 28 February	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	343.3	359.4	-4%	1373.9	-5%
EBITDA	84.4	90.4	-7%	361.5	-5%
EBITDA margin	24.6%	25.1%	-	26.3%	-
EBIT	14.2	13.4	6%	79.6	16%
Pre-tax profit	13.0	10.6	23%	77.8	27%
Net profit	10.6	-7.2	-	62.3	89%

Orange Polska Paweł Szpigel		Buy PLN 6.40		Reporting Date 19 February	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	2889.8	2910.0	-1%	11061	-3%
EBITDA	669.6	471.0	42%	2844.6	1%
EBITDA margin	23.2%	16.2%	-	25.7%	-
EBIT	50.6	-177.0	-	331.6	45%
Pre-tax profit	-16.5	-236.0	-	30.5	-
Net profit	-16.5	-198.0	-	8.5	-

Play Paweł Szpigel		Buy PLN 21.30		Reporting Date 4 March	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	1800.6	1739.5	4%	6832.6	2%
EBITDA	536.3	563.9	-5%	2153.9	13%
EBITDA margin	29.8%	32.4%	-	31.5%	-
EBIT	326.6	360.2	-9%	1355.0	22%
Pre-tax profit	232.3	265.4	-12%	978.4	55%
Net profit	178.8	142.9	25%	716.5	85%

Agora Paweł Szpigel		Buy PLN 16.00		Reporting Date 25 March	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	343.8	330.4	4%	1139.0	-2%
EBITDA	47.8	-45.8	-	97.8	278%
EBITDA margin	13.9%	-13.9%	-	8.6%	-
EBIT	25.5	-74.3	-	11.8	-
Pre-tax profit	25.2	-70.2	-	37.0	-
Net profit	18.6	-76.5	-	22.2	-

Cyfrowy Polsat Paweł Szpigel		Hold PLN 23.20		Reporting Date 14 March	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	2972.5	2579.2	15%	17639	79%
EBITDA	919.8	872.7	5%	6383.2	76%
EBITDA margin	30.9%	33.8%	-	36.2%	-
EBIT	391.2	437.9	-11%	3178.0	73%
Pre-tax profit	280.0	354.4	-21%	2363.7	77%
Net profit	61.9	167.1	-63%	1042.5	6%

Wirtualna Polska Paweł Szpigel		Buy PLN 61.50		Reporting Date 26 March	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	170.2	137.6	24%	564.1	21%
EBITDA	48.0	40.0	20%	164.0	27%
EBITDA margin	28.2%	29.1%	-	29.1%	-
EBIT	33.3	26.3	26%	108.6	38%
Pre-tax profit	29.6	14.8	100%	94.7	74%
Net profit	22.2	8.3	168%	69.6	97%

Asseco Poland Paweł Szpigel		Hold PLN 49.60		Reporting Date 25 March	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	2481.9	2427.0	2%	9160.2	17%
EBITDA	341.3	280.6	22%	1243.4	35%
EBITDA margin	13.8%	11.6%	-	13.6%	-
EBIT	231.3	158.4	46%	790.0	35%
Pre-tax profit	221.3	125.7	76%	757.8	-2%
Net profit	97.8	64.7	51%	333.1	-29%

- In telecoms, Orange Polska should stand out after posting a 5% EBITDA rebound.
- In IT, Asseco Poland might deliver 50% bottom-line growth.

- Netia lost 12k users net in fixed-line voice, and 7k in regulated broadband, but the on-network broadband user count will have increased.
- Revenue down ~5% from Q4'17.
- SG&A stable y/y at PLN 104m.
- A PLN 2m gain from other oper. vs. PLN 7m the year prior.
- All told, EBITDA likely to shrink 7% vis-a-vis the year-ago result.

- Orange added 47k net convergent B2C subscribers vs. Q3, with ARPU edging down further to PLN 103.4. 41k net adds over fiber.
- Smartphone sales up more than 11% year on year.
- Further reduction in costs at an annual rate of 3%.
- A PLN 13m gain on real-estate deals (same as in Q4'17).
- EBITDA coming in at PLN 700m (+5% y/y) under IAS 18 and PLN 670m under IFRS 15.

- Revenues up nearly 4%, driven by a 2.4% rise in smartphone sales after a 9.7% drop registered in Q3.
- This accompanied by sales margin contraction on smartphones to 15.5% from 19.1%.
- Domestic roaming endures as a major cost driver.
- An PLN 8m loss on other oper. activity due to higher costs of bill collections versus an PLN 18m gain posted in Q4'17.
- A 4% y/y decline to PLN 544.3m in adjusted EBITDA.

- A 39% y/y surge in segmental EBITDA from Film & Books after box office receipts bolstered by an est. 20%.
- Operating profit from Press positive to the tune of PLN 3.2m.
- Lower EBITDA from Radio at PLN 8.0m vs PLN 9.8m in Q4'17 due to higher advertising expenses.
- All told, there might be 11% growth in Q4 recurring EBITDA relative to the year-ago figure of PLN 43.1m.

- 50k contract pay-TV users added plus 100k new mobile postpaid accounts make for solid Q4 KPIs.
- A boost from UCL broadcast rights licensed out wholesale.
- Higher costs led by payroll (+11%), content fees (+25% or 12% ex. UCL licenses), and bill collection costs.
- EBITDA ex. Netia coming in at PLN 850m under IAS 18 (-3% y/y).
- Bottom line trimmed by a PLN 162m deferred tax liability.

- On strong online ad momentum, segmental cash revenue from e-commerce might register a y/y rebound of 27%.
- Extra lifts provided by 2018 acquisitions MyTravel & Extradam.
- Adj. online EBITDA margin reduced to 33.2% from 36.7% in Q4'17, but adjusted nominal EBITDA up by 14.2% y/y at PLN 52.2m.

- Standalone EBIT achieved by the parent up at PLN 48.7m vs. PLN 34.7m the year before.
- Comparable year-ago EBIT was weighed down by losses incurred by Asseco Data Systems, which in Q4'18 improved EBIT to an estimated PLN 6.0m.
- Same case with Sapiens in Israel, turning a year-ago EBIT loss into an operating profit of a projected PLN 30m.
- Business was good for international operations in Q4.

Asseco BS Paweł Szpigiel		Neutral		Reporting Date 27 February	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	73.5	68.7	7%	258.2	21%
EBITDA	26.8	25.4	6%	93.9	23%
EBITDA margin	36.5%	37.0%	-	36.4%	-
EBIT	22.2	20.9	6%	75.3	21%
Pre-tax profit	22.1	20.8	6%	74.9	21%
Net profit	18.1	16.9	7%	61.6	23%

Asseco SEE Paweł Szpigiel		Overweight		Reporting Date 20 February	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	1874.7	1602.3	17%	6363.4	11%
EBITDA	37.4	32.9	14%	120.8	13%
EBITDA margin	2.0%	2.1%	-	1.9%	-
EBIT	25.7	21.8	18%	75.3	14%
Pre-tax profit	24.9	22.6	10%	79.8	18%
Net profit	20.1	18.4	9%	65.2	18%

Atende Paweł Szpigiel		Overweight		Reporting Date 28 March	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	98.0	143.2	-32%	290.8	0%
EBITDA	15.9	21.5	-26%	27.5	4%
EBITDA margin	16.2%	15.0%	-	9.4%	-
EBIT	14.0	19.8	-29%	19.6	0%
Pre-tax profit	13.9	18.1	-23%	18.6	6%
Net profit	9.4	13.6	-31%	12.7	0%

CD Projekt Piotr Bogusz		Buy PLN 170.40		Reporting Date 21 March	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	111.9	123.6	-9%	347.5	68%
EBITDA	29.4	56.0	-47%	112.4	74%
EBITDA margin	26.3%	45.3%	-	32.3%	-
EBIT	28.0	54.7	-49%	107.6	74%
Pre-tax profit	29.0	56.7	-49%	115.7	75%
Net profit	23.5	45.9	-49%	91.4	74%

Comarch Paweł Szpigiel		Accumulate PLN 173.30		Reporting Date 1 March	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	393.3	350.0	12%	1342.6	22%
EBITDA	43.3	49.3	-12%	153.0	55%
EBITDA margin	11.0%	14.1%	-	11.4%	-
EBIT	25.7	31.6	-19%	87.7	154%
Pre-tax profit	30.2	42.5	-29%	80.2	27%
Net profit	23.3	35.9	-35%	45.8	6%

- 7% annual topline growth supported by strong sales in Poland.
- The gross profit margin will have pulled back somewhat from the above-average 47.7% posted in Q3, coming in at a projected 46.0%.
- No change in SG&A expenses vis-a-vis Q4'17.
- Bottom line expansion might reach 7%.

- Strong demand boosted the Q4 sales of payment industry solutions developed by the Payten unit.
- Nevertheless there might be contraction of 17% in Q4 revenue.
- This accompanied by a 1.5pp y/y decline in the gross profit margin.
- No change in SG&A expenses vis-a-vis Q4'17.
- All told, net profit might grow 9% year-over-year.

- A slump in standalone revenue to PLN 70m from PLN 120m in Q4'17, when Atende recognized major revenue from a government contract (>PLN 40m).
- The slump underpinned by delays in public contract awards and weak performance of Atende Software.
- Standalone net profit @PLN 5m vs. PLN 10m in Q4'17.
- Subsidiaries helping with a combined bottom-line boost of PLN 6.1m.

- As sales of The Witcher 3 continue to taper off, while sales of the spin-off card game Thronebreaker fall short of targets, Q4 revenue is likely to have fallen 9% to PLN 111.9m.
- Development costs related to Thronebreaker will continue to weigh to the tune of PLN 8m.
- Selling expenses lifted by additional marketing.

- Revenue up by more than 12% thanks to improved sales of TMT solutions and public contracts, combined with larger bookings from manufacturers and utilities.
- Slight contraction in sales margin to 32.9% from 34.2% in the corresponding year-ago period.
- SG&A expenses up at PLN 90.4m vs. PLN 74.9m.
- Anticipating one-time charges of PLN 13.3m.

Industrials

AC Piotr Poniatowski		Overweight		Reporting Date 12 March	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	52.7	41.9	26%	237.4	22%
EBITDA	9.8	9.5	4%	57.4	21%
EBITDA margin	18.6%	22.6%	-	24.2%	-
EBIT	7.4	7.4	0%	48.3	23%
Net profit	5.9	5.3	11%	38.4	25%

Alumetal Jakub Szkopek		Neutral			
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	388.5	371.0	5%	1683.5	16%
EBITDA	27.6	27.1	2%	126.6	31%
EBITDA margin	7.1%	7.3%	-	7.5%	-
EBIT	19.8	19.7	1%	96.1	40%
Net profit	5.3	24.4	-78%	76.0	8%

Amica Jakub Szkopek		Overweight			
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	811.7	750.0	8%	2904.1	9%
EBITDA	61.2	45.1	36%	200.6	7%
EBITDA margin	7.5%	6.0%	-	6.9%	-
EBIT	48.2	32.6	48%	147.9	6%
Net profit	43.2	27.3	58%	118.8	-19%

Apator Jakub Szkopek		Neutral		Reporting Date 27 February	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	228.2	207.5	10%	814.9	-9%
EBITDA	32.0	10.5	206%	131.3	13%
EBITDA margin	14.0%	5.0%	-	16.1%	-
EBIT	21.6	0.1	-	89.9	17%
Net profit	17.1	-2.6	-	68.8	25%

Boryszew Jakub Szkopek		Neutral			
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	1471.2	1597.4	-8%	6157.5	-2%
EBITDA	100.1	76.2	31%	411.4	-12%
EBITDA margin	6.8%	4.8%	-	6.7%	-
EBIT	62.1	43.3	43%	262.4	-22%
Net profit	33.9	-12.1	-	132.4	-24%

Cognor Jakub Szkopek		Neutral		Reporting Date 28 February	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	446.4	444.2	1%	2057.0	15%
EBITDA	42.4	42.8	-1%	218.1	50%
EBITDA margin	9.5%	9.6%	-	10.6%	-
EBIT	31.4	32.2	-2%	173.5	66%
Net profit	23.2	1.3	-	96.7	203%

Ergis Jakub Szkopek		Underweight		Reporting Date 18 April	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	185.3	174.9	6%	779.6	4%
EBITDA	9.6	7.3	31%	49.7	-12%
EBITDA margin	5.2%	4.2%	-	6.4%	-
EBIT	4.4	2.2	100%	26.5	-21%
Net profit	1.6	0.4	293%	16.8	-19%

Famur Jakub Szkopek		Buy PLN 6.41		Reporting Date 17 April	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	527.5	491.7	7%	2250.7	54%
EBITDA	110.8	95.9	16%	471.0	61%
EBITDA margin	21.0%	19.5%	-	21.0%	-
EBIT	65.8	38.1	73%	281.2	140%
Net profit	48.6	-13.7	-	202.9	319%

- Delivering sustained double-digit topline momentum.
- Less robust growth in operating profits assumed after taking into consideration the ambitious performance targets that determine future pay under the management incentive plan.

- Anticipating 4% y/y sales volume growth to 47kt.
- Supported by good pricing terms agreed with customers, the average margin on fourth-quarter deliveries is likely to be 2% higher than in Q4'17.
- There is expectation that Alumetal's capital distribution from FY2018 earnings will provide a dividend yield in the high single digits.

- Sustained positive sales trends in Poland and Western Europe supported Q4 performance.
- Sales margins will have improved, resulting in better overall profits relative to Q4'17.
- At bottom line, a likely boost of PLN 10m from deferred tax assets.

- A solid quarter owed to the electric meters division and the grid automation unit Elkomtech.
- FY guidance on track to be met.
- Y/Y growth supported by positive base effects (Q4'17 profits were curbed by one-time charges).

- Another slow quarter for the Automotive business with car registrations in Europe still low since the entry into force of the Euro 6 emission standards.
- Nevertheless the quarterly results might show improvement over the year-ago period, when profits were depressed by one-time charges.

- Compared to Q4'17, the HSJ steel smelter probably operated at a slightly higher rate in Q4, against trimmed production at the Ferrostal smelter.
- Amid a downturn in steel prices, EBITDA might fall as much as 18% from the previous quarter, establishing a downward momentum for 2019 when growth will be measured against a high year-ago base.

- Ergis said at the end a successful third quarter that it was hoping for an equally good Q4, but we are less sanguine in our predictions.
- Profits in the quarters to come are likely to tighten further under pressure from rising costs of labor and electricity.

- The segment of underground mining equipment delivered another strong quarter in Q4, with profits growing vis-a-vis the year-ago period, albeit at a slightly more measured pace.
- An announcement about the size of 2019 dividends will definitely bolster sentiment for FMF even more.

Forte		Neutral		Reporting Date	
Jakub Szkopek		PLN 324.30		4 April	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	298.1	292.2	2%	1107.9	1%
EBITDA	35.1	25.4	38%	120.4	-4%
EBITDA margin	11.8%	8.7%	-	10.9%	-
EBIT	23.9	18.1	32%	77.4	-22%
Net profit	12.7	20.1	-37%	35.1	-54%

Grupa Kęty		Hold		Reporting Date	
Jakub Szkopek		PLN 324.30		3 April	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	740.3	660.3	12%	2975.5	13%
EBITDA	89.7	81.8	10%	462.5	10%
EBITDA margin	12.1%	12.4%	-	15.5%	-
EBIT	56.9	51.3	11%	336.2	12%
Net profit	55.8	40.1	39%	264.0	11%

Impexmetal		Neutral		Reporting Date	
Jakub Szkopek		PLN 60.85		28 February	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	760.3	808.3	-6%	3326.9	-1%
EBITDA	55.2	-5.3	-	274.8	40%
EBITDA margin	7.3%	-0.7%	-	6.5%	-
EBIT	38.5	-20.7	-286%	209.1	54%
Net profit	25.9	-38.7	-167%	175.3	128%

Kernel		Buy		Reporting Date	
Jakub Szkopek		PLN 60.85		28 February	
(USD m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	1053.4	536.1	97%	3519.9	62%
EBITDA	87.9	77.1	14%	362.3	52%
EBITDA margin	8.3%	14.4%	-	15.0%	-
EBIT	65.4	55.9	17%	268.8	55%
Net profit	43.4	64.9	-33%	174.0	68%

Kruszwica		Neutral		Reporting Date	
Jakub Szkopek		PLN 60.85		29 March	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	689.3	770.5	-11%	2623.9	3%
EBITDA	34.3	34.8	-1%	130.0	63%
EBITDA margin	5.0%	4.5%	-	5.0%	-
EBIT	27.9	28.4	-2%	105.0	101%
Net profit	21.5	21.6	0%	84.1	107%

Mangata		Neutral		Reporting Date	
Jakub Szkopek		PLN 60.85		4 April	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	184.6	152.8	21%	725.6	50%
EBITDA	22.2	15.6	42%	99.3	49%
EBITDA margin	12.0%	10.2%	-	13.7%	-
EBIT	15.0	8.5	77%	70.5	49%
Net profit	10.4	6.3	65%	53.3	42%

Pfleiderer Group		Underweight		Reporting Date	
Jakub Szkopek		PLN 60.85		29 March	
(EUR m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	278.5	255.5	9%	1078.2	7%
EBITDA	37.3	23.7	57%	141.9	18%
EBITDA margin	13.4%	9.3%	-	12.9%	-
EBIT	17.8	5.0	255%	64.9	41%
Net profit	10.8	-1.9	-659%	26.4	54%

Pozbud		Overweight		Reporting Date	
Jakub Szkopek		PLN 60.85		11 April	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	52.4	32.0	64%	140.1	11%
EBITDA	5.2	4.8	8%	18.7	13%
EBITDA margin	9.8%	14.9%	-	13.4%	-
EBIT	4.0	3.6	12%	14.1	16%
Net profit	2.5	2.0	24%	7.1	-8%

Stelmet		Hold		Reporting Date	
Jakub Szkopek		PLN 7.72		26 February	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	69.0	62.0	11%	575.4	12%
EBITDA	2.1	4.2	-51%	54.5	4%
EBITDA margin	3.0%	6.8%	-	14.0%	-
EBIT	-8.6	-6.1	-	13.4	-
Net profit	-8.1	0.0	-	8.7	-

- Anticipating y/y acceleration, driven by positive base effects, alongside q/q improvement owed to shorter downtime at the fiberboard facility.
- Debt probably did not decrease much by 31 December 2018, ending at a high 5.3x EBITDA.

- Kęty released preliminary fourth-quarter results in December, with the tentative figures mostly consistent with our expectations.
- The market has had time to digest the results for 2018, and the main focus now is on the guidance for FY2019, expected to be given at the beginning of February.

- The fourth quarter of 2018 marked the beginning of a slowdown cycle at Impexmetal set to continue into 2019.
- Nevertheless the quarterly results might show improvement over the year-ago period, when profits were depressed by one-time charges.

- Kernel reported substantial improvement in sales volumes in the second quarter of fiscal 2019, ended 31 December 2018, resulting in a y/y EBITDA boost of a projected 14%.
- The bottom-line result will be shaped by FX adjustments generated by the farming segment.

- On a 2% lower sales volume (at ca. 295kt), Q4 revenue will likely post a drop of 11% relative to the prior-year period driven by an 8% slump in the average sales price.
- At the same time, the average per-tonne sales margin widened by an estimated 6%.
- Net cash balance as of 31 Dec. at ca. PLN 90m.

- A solid Q4 will probably mark the end of Mangata's positive earnings run, with momentum set to slow in 2019.
- Still, the full-year figures for FY2018 will most likely come out slightly above guidance.

- Pfleiderer is set to report a 10% y/y rebound in Q4 net sales in line with upward-trending market prices of wood-based panels.
- On improved sales margins, we see a likely 12% rebound in the adjusted EBITDA for the quarter.

- Pozbud is set recoup the sales lost in the quarter prior as far as window & door frames and building services as it starts to deliver milestones under the PLN 886m multi-year GSM-R ducting contract.

- Stelmet's pellet fuels division most likely had a good quarter in Q4 2018, which corresponds to the first quarter of fiscal 2019.
- For the core business of garden furniture, however, the period was marked by flat sales coupled with rising costs.

Tarczyński		Underweight			Reporting Date	
Jakub Szkopek					29 March	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y	
Revenue	131.2	188.4	-30%	686.6	-6%	
EBITDA	12.4	20.8	-40%	60.9	-7%	
EBITDA margin	9.4%	11.0%	-	8.9%	-	
EBIT	6.1	13.4	-55%	33.1	-10%	
Net profit	3.6	9.4	-62%	14.6	-38%	

TIM		Overweight			Reporting Date	
Piotr Poniatowski					10 April	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y	
Revenue	211.0	204.1	3%	817.4	14%	
EBITDA	6.2	1.3	367%	30.0	313%	
EBITDA margin	2.9%	0.6%	-	3.7%	-	
EBIT	3.4	-1.3	-	19.0	-	
Net profit	2.6	-1.6	-	14.3	-	

■ With the facility in Sława sold last July no longer contributing, Tarczyński's sales volume for Q4 2018 will have shrunk by a projected 40% relative to the year-ago period.

■ After an increase in marketing expenses from zero to PLN 1.8m, the quarterly results will show y/y declines for the first time in about a year.

■ TIM is set to deliver another quarter of strong earnings growth in Q4.

■ On comparable sales, profits from logistics services and online sales will be higher than in the same period in 2017.

Property Developers

- Housing completions were up 15% in 2018, yet the completions reflected in the Q4 results of 15 listed residential developers were down 10% on the year. Only 34% of the dwellings built last year were completed during the fourth quarter compared 43% in Q4 2017.

Atal		Buy		Reporting Date	
Aleksandra Szklarczyk		PLN 42.86		19 March	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	129.3	218.7	-41%	1007.8	16%
Gross profit	36.2	59.3	-39%	274.6	11%
margin	28.0%	27.1%	-	27.3%	-
EBIT	28.3	50.8	-44%	245.9	11%
Pre-tax income	27.1	49.6	-45%	240.3	11%
Net profit	22.0	38.5	-43%	188.7	10%

Dom Dev.		Buy		Reporting Date	
Aleksandra Szklarczyk		PLN 84.10		7 March	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	787.4	724.0	9%	1692.3	20%
Gross profit	202.8	201.8	1%	449.3	16%
margin	25.8%	27.9%	-	26.6%	-
EBIT	156.9	145.7	8%	280.3	19%
Pre-tax income	156.8	146.1	7%	280.4	19%
Net profit	127.0	116.7	9%	225.2	18%

GTC		Hold			
Aleksandra Szklarczyk		PLN 9.60			
(EUR m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	38.7	40.7	-5%	154.0	20%
Gross profit	29.1	27.0	8%	112.6	22%
margin	75.3%	66.5%	-	73.1%	-
EBIT ex. val.&SOP	24.0	23.3	3%	94.1	22%
Valuation effects	5.1	43.2	-88%	36.4	-75%
EBIT	29.1	64.8	-55%	132.7	-40%
Pre-tax income	21.1	54.7	-61%	103.0	-45%
Net profit	18.5	44.8	-59%	86.9	-44%

- Six of the fifteen listed firms reported higher closing numbers in Q4 than in the prior-year period. These include Dom Development (+9% y/y) and Archicom (+52% y/y), both reporting the highest quarterly closings in history.

- Atal completed 374 apartments in Q4, bringing the FY2018 yearly closings 180 units above the 2,500 target. However with fourth-quarter closings down 39% on the year this is going to make for a lower net profit.

- On the upside, the apartments completed in Q4 should have generated better margins, resulting in a q/q rebound in the gross margin from 24.3% to 28%.

- DOM closed a record number of homes in Q4 at 1,604 (+8.9% y/y), and this should make for a record-high quarterly topline of PLN 787.4m (+8.8% y/y).

- After adjustments to Tricity housing profits for the price paid for the local developer Eurostyl, Q4 gross margin should come in at 25.8% (-2.1pp y/y, +0.3pp q/q).

- GTC's Q4 report is not likely to contain major surprises.

- We expect to see 1% q/q growth and a 5% y/y fall in the quarterly revenue, with an 11% rebound in rental revenues offset by a lack of revenues from residential sales with no projects completed in the period.

- SG&A expenses will be lower than the year before, when they were boosted by costs of management incentives.

- Fair value adjustments in Q4 will produce a gain of ca. EUR 5.1m.

Retail

AmRest eyes double-digit EBITDA growth

- AmRest is expected to post a 22% EBITDA boost thanks to solid sales performance and merger synergies.

AmRest Piotr Bogusz		Buy PLN 46.00		Reporting Date 28 February	
(EUR m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	442.9	360.3	23%	1548.2	24%
Gross profit margin	72.8	58.3	25%	249.9	22%
EBITDA	16.4%	16.2%	-	16.1%	-
EBITDA margin	40.1	32.7	22%	159.1	13%
EBIT	9.0%	9.1%	-	10.3%	-
Pre-tax income	16.5	10.7	55%	69.7	10%
Net profit	13.3	6.6	101%	55.8	12%
	9.5	8.4	14%	41.9	-3%

CCC Piotr Bogusz		Buy PLN 288.00		Reporting Date 14 March	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	1658.4	1360.5	22%	4932.5	18%
Gross profit margin	859.3	708.4	21%	2503.2	16%
EBITDA	51.8%	52.1%	-	50.7%	-
EBITDA margin	102.3	212.2	-52%	324.1	-35%
EBIT	6.2%	15.6%	-	6.6%	-
Pre-tax income	62.6	188.4	-67%	190.7	-53%
Net profit	53.1	162.8	-67%	98.5	-71%
	18.1	143.2	-87%	34.9	-87%

Dino Piotr Bogusz		Accumulate PLN 106.30		Reporting Date 14 March	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	1621.5	1277.4	27%	5889.1	30%
Gross profit margin	386.9	299.7	29%	1394.4	34%
EBITDA	23.9%	23.5%	-	23.7%	-
EBITDA margin	161.8	126.2	28%	532.3	37%
EBIT	10.0%	9.9%	-	9.0%	-
Pre-tax income	131.1	102.4	28%	421.0	39%
Net profit	120.8	92.3	31%	378.8	42%
	97.9	72.9	34%	306.6	44%

Eurocash Piotr Bogusz		Hold PLN 18.20		Reporting Date 18 March	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	5724.4	5119.7	12%	22756	9%
Gross profit margin	-26.0	650.8	-104%	2046.6	-17%
EBITDA	-0.5%	12.7%	-	10.7%	-
EBITDA margin	181.0	106.7	70%	442.7	96%
EBIT	3.2%	2.1%	-	1.7%	-
Pre-tax income	134.2	56.6	137%	246.2	474%
Net profit	104.7	40.0	162%	183.6	-
	82.7	14.0	492%	140.1	-362%

Jeronimo Martins Piotr Bogusz		Buy EUR 14.50		Reporting Date 27 February	
(EUR m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	4536.0	4350.0	4%	17335	7%
Gross profit margin	989.6	931.0	6%	3758.6	9%
EBITDA	21.8%	21.4%	-	21.7%	-
EBITDA margin	255.1	253.0	1%	964.1	5%
EBIT	5.6%	5.8%	-	5.6%	-
Pre-tax income	161.6	160.0	1%	594.6	3%
Net profit	155.6	157.0	-1%	428.7	4%
	105.7	100.0	6%	397.7	3%

Monnari Piotr Bogusz		Underweight			
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	85.3	77.8	10%	245.7	-1%
Gross profit margin	52.1	47.3	10%	144.3	5%
EBITDA	61.1%	60.8%	-	58.7%	-
EBITDA margin	17.9	16.1	11%	26.4	3%
EBIT	21.0%	20.8%	-	10.7%	-
Pre-tax income	16.9	15.0	12%	22.2	5%
Net profit	36.9	21.2	74%	42.6	58%
	29.9	17.2	73%	33.2	53%

Grocery sales curbed by negative base effects

- Like-for-like growth at EUR, JMT, and DNP will be curbed by negative base effects.

- Preliminary sales figures indicate 23% revenue growth from the prior-year period.
- With contributions from newly-acquired Sushi Shop as earlier acquisitions improve sales margins, the rate of EBITDA margin contraction should have slowed.
- Nominal EBITDA will have increased 22% y/y to EUR 40.1m.
- Anticipating EUR 6m impairment of restaurant assets vs. EUR 6.2m in Q4'17.

- Slow October sales, not followed by a rebound in November, indicate a weak fourth quarter.
- Gross margin reduced by 0.3pp to 51.8%, underpinned by an increasing share of online sales.
- Per-sqm SG&A at PLN 341 (+4% y/y).
- We expect to see a **one-time charge of PLN 70m** related to German and Swiss operations.

- Dino reported that it had expanded its total store area by 27% y/y to 375.7 sqm in 2018.
- Our lfl sales estimate for Q4 is ca. 9%, with per-sqm sales likely to be 4% lower than the high unit revenues generated in Q4'17.
- As its bargaining power increases with scale, Dino may post sales margin growth of 0.4pp to 23.9% in Q4.
- Per-sqm SG&A up by 0.3p.p y/y under increased pay pressures.

- By segment, we expect to see EBITDA of PLN 132m in Wholesale (+24% y/y), PLN 24m in Retail (-PLN 24m y/y), PLN -6.5m in Projects (+PLN 6.3m y/y) and PLN -41m in Other (flat y/y)
- Anticipating a **PLN 72m one-time gain** from the PayUp divestment.
- Adj. EBITDA up only 2.1% from a low year-ago base, with Retail putting a drag on growth.

- Our Q4 estimates are based on preliminary sales figures for FY2018.
- Gross margin up by 0.42pp y/y thanks to improved trade terms and a developing sales mix.
- EBITDA margin holding stable in Poland, but edging lower for the Portuguese business (pay pressures).
- With Q4 sales up 9.7%, while the floor space grew 4.5%, this implies an increase in per-sqm revenue of 4.5%.

- A focus on margin growth even at the expense of volumes should bring the quarterly sales margin 0.3pp higher.
- We expect to see another increase in quarterly per-sqm SG&A, this time by 4.4% to PLN 324.
- Value adjustments on investment properties may produce a one-time gain of ca. PLN 20m.

VRG Piotr Bogusz	Overweight			Reporting Date 19 March	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	271.4	223.1	22%	804.9	17%
Gross profit	144.6	120.2	20%	413.0	15%
margin	53.3%	53.9%	-	51.3%	-
EBITDA	40.4	33.0	22%	87.6	12%
EBITDA margin	14.9%	14.8%	-	10.9%	-
EBIT	39.4	31.4	25%	70.5	12%
Pre-tax income	37.6	29.8	26%	64.5	17%
Net profit	30.5	23.7	29%	51.6	19%

Other

PBKM Paweł Szpigel	Accumulate PLN 66.57			Reporting Date 5 April	
(PLN m)	Q4'18E	Q4'17	Y/Y	2018E	Y/Y
Revenue	43.0	37.5	15%	156.1	5%
EBITDA	7.9	9.5	-17%	39.5	-14%
EBITDA margin	18.3%	25.3%	-	25.3%	-
EBIT	5.9	8.0	-26%	33.1	-19%
Pre-tax profit	5.6	7.4	-25%	33.1	-14%
Net profit	4.2	5.8	-27%	25.1	-14%

- The December acquisition of Bytom will boost Q4 profits.
- Based on monthly figures, sales in Q4 will have increased 22% y/y, while the gross margin probably tightened by 0.6pp to 53.3%.
- Per-sqm SG&A showing a 1.5% rise to PLN 905.
- Anticipating a one-time charge of PLN 1m vs. PLN -1.6m in Q4'17.

- PBKM acquired 5.31k cord blood units (CBU) for banking in Q4 not counting its Spanish unit, up 6% year on year. The quarterly revenue was under pressure due to a higher share of prepaid contracts, up to 45% vs. 38% in Q4'17.
- Costs of blood banking and R&D activities will increase (we assume PLN 1.2m).
- EBITDA under IAS 18 estimated at PLN 8.5m (-10% y/y), with the IFRS 15 figure at PLN 7.4m, plus ca. PLN 0.5m added by Stemlab.

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						+22.1%	12.1	11.6		
Alior Bank	buy	2018-12-05	56.65	92.50	57.55	+60.7%	9.7	7.4		
Handlowy	accumulate	2018-12-05	71.10	76.00	71.30	+6.6%	14.3	13.5		
ING BSK	accumulate	2018-12-05	183.60	199.63	190.00	+5.1%	16.3	14.6		
Millennium	accumulate	2018-11-14	9.49	10.10	8.97	+12.6%	14.9	14.7		
Pekao	buy	2018-12-05	113.25	136.29	113.45	+20.1%	13.6	11.6		
PKO BP	accumulate	2018-12-05	41.96	45.00	39.85	+12.9%	13.1	12.3		
Santander Bank Polska	accumulate	2018-12-05	364.80	400.00	371.00	+7.8%	17.0	14.4		
Komercni Banka	accumulate	2018-12-05	906.50	1,000 CZK	904.00	+10.6%	11.5	11.3		
Erste Bank	buy	2018-12-05	34.41	46.18 EUR	30.10	+53.4%	8.4	8.2		
OTP Bank	accumulate	2018-12-05	11,810	13,046 HUF	11,650	+12.0%	9.6	9.7		
PZU	accumulate	2018-12-05	43.80	46.50	44.78	+3.8%	12.1	11.8		
Kruk	buy	2018-12-05	177.10	292.77	164.70	+77.8%	8.8	7.4		
Skarbiec Holding	buy	2018-12-05	23.50	31.36	16.20	+93.6%	5.0	4.8		
Chemicals						+21.4%	12.7	17.3	6.5	6.2
Ciech	buy	2018-11-05	42.58	77.05	52.65	+46.3%	12.7	8.0	6.1	5.2
Grupa Azoty	hold	2018-11-23	32.36	33.00	36.50	-9.6%	-	26.5	6.8	7.1
Oil & Gas						-8.1%	9.1	13.8	5.1	6.3
Lotos	sell	2018-11-15	73.50	59.84	91.10	-34.3%	9.2	16.4	5.5	7.9
MOL	hold	2018-12-05	3,206	3,280 HUF	3,290	-0.3%	9.0	11.6	4.2	4.7
PGNiG	buy	2018-11-05	6.35	7.72	7.40	+4.3%	11.2	9.0	5.2	4.3
PKN Orlen	sell	2018-11-15	97.80	81.52	105.85	-23.0%	7.9	16.1	5.0	7.9
Power Utilities						+13.9%	6.3	5.4	4.2	4.0
CEZ	hold	2018-11-05	549.00	518.72 CZK	555.00	-6.5%	21.5	19.1	8.5	8.2
Enea	buy	2018-11-29	10.50	15.58	10.49	+48.5%	6.3	3.3	4.2	3.2
Energa	buy	2018-11-29	9.16	13.54	9.88	+37.0%	5.1	5.4	4.0	4.0
PGE	buy	2018-11-29	11.47	14.82	11.27	+31.5%	9.9	7.5	4.7	4.0
Tauron	buy	2018-11-29	2.21	3.06	2.34	+30.8%	4.2	3.2	3.8	3.9
Telecoms, Media, IT						-0.5%	21.2	17.3	6.4	6.2
Netia	hold	2018-11-26	4.66	4.70	5.21	-9.8%	26.3	35.0	5.4	5.9
Orange Polska	buy	2018-11-26	4.91	6.40	5.64	+13.5%	-	70.8	5.1	4.7
Play	buy	2018-11-26	16.54	21.30	21.52	-1.0%	6.9	7.6	5.6	5.5
Agora	buy	2018-11-27	9.50	16.00	10.50	+52.4%	27.1	34.9	5.6	4.8
Cyfrowy Polsat	hold	2018-11-26	22.50	23.20	23.58	-1.6%	15.3	13.6	7.1	6.5
Wirtualna Polska	buy	2018-12-05	52.20	61.50	58.00	+6.0%	23.5	18.2	11.8	9.7
Asseco Poland	hold	2018-12-05	48.30	49.60	48.76	+1.7%	13.0	14.8	8.7	8.3
CD Projekt	buy	2018-11-23	139.00	170.40	190.10	-10.4%	-	-	-	-
Comarch	accumulate	2018-12-05	160.00	173.30	155.50	+11.4%	21.2	16.3	7.8	7.1
Industrials, Mining						-1.2%	13.6	10.7	6.2	5.6
Famur	buy	2018-11-30	5.58	6.41	5.00	+28.2%	14.2	11.2	6.6	5.6
Grupa Kęty	hold	2019-01-18	336.50	324.30	340.00	-4.6%	12.3	13.5	8.7	9.0
JSW	reduce	2018-12-05	71.20	59.14	67.00	-11.7%	3.4	10.1	1.5	3.2
Kemcel	buy	2018-11-05	52.10	60.85	50.90	+19.5%	21.5	6.9	7.8	5.6
KGHM	hold	2018-12-05	92.60	84.56	92.90	-9.0%	13.0	7.9	5.0	4.2
Stelmet	hold	2018-11-05	7.50	7.72	7.44	+3.8%	14.5	25.0	5.8	6.7
Property Developers						+9.6%	7.8	8.1	6.6	7.1
Atal	buy	2018-07-04	36.40	42.86	35.80	+19.7%	7.3	7.7	6.6	7.1
Dom Development	buy	2018-12-05	66.00	84.10	73.80	+14.0%	8.3	8.5	6.7	7.1
GTC	hold	2018-04-06	9.39	9.60	9.24	+3.9%	11.1	9.6	15.2	14.3
Retail						+19.0%	30.9	21.7	14.4	10.5
AmRest	buy	2018-12-05	39.60	46.00	39.30	+17.0%	48.5	34.3	16.1	12.9
CCC	buy	2018-12-05	204.60	288.00	183.20	+57.2%	45.2	15.5	17.6	10.1
Dino	accumulate	2018-12-05	100.40	106.30	103.10	+3.1%	32.5	24.6	19.8	15.4
Eurocash	hold	2018-12-05	18.00	18.20	20.30	-10.3%	29.4	29.0	9.1	7.9
Jeronimo Martins	buy	2018-12-05	10.60	14.50 EUR	12.50	+16.0%	19.7	17.8	8.6	7.9
LPP	buy	2018-12-05	7,730	9,300	8,100	+14.8%	24.9	18.9	12.7	10.9
Other						+14.8%	8.8	10.8	6.7	7.2
PBKM	accumulate	2018-12-05	62.00	66.57	58.00	+14.8%	8.8	10.8	6.7	7.2

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						13.2	11.6	6.3	5.1
Ailleron	neutral	2018-03-28	16.20	11.75	-27.5%	15.4	13.0	6.8	5.4
Asseco BS	neutral	2018-03-28	28.00	28.50	+1.8%	15.2	14.5	10.4	9.7
Asseco SEE	overweight	2018-04-26	11.70	12.80	+9.4%	10.2	10.1	4.9	4.5
Atende	overweight	2018-03-28	4.25	4.38	+3.1%	11.1	9.4	5.8	4.8
Industrials						8.5	9.1	6.0	6.3
AC	overweight	2018-11-30	41.50	45.00	+8.4%	11.5	11.1	7.7	7.5
Alumetal	neutral	2018-08-23	51.00	39.50	-22.5%	7.9	7.6	5.7	6.1
Amica	overweight	2018-09-13	112.80	121.40	+7.6%	7.9	8.1	5.7	5.3
Apator	underweight	2018-12-05	24.20	25.40	+5.0%	13.0	14.1	7.8	8.1
Boryszew	neutral	2018-09-05	6.25	4.67	-25.3%	8.5	9.0	6.9	6.6
Cognor	neutral	2018-12-05	1.80	1.82	+1.1%	3.3	3.2	2.9	3.1
Ergis	underweight	2018-12-05	2.80	2.57	-8.2%	6.0	9.5	5.6	6.1
Forte	neutral	2018-10-31	40.60	23.55	-42.0%	15.9	13.4	9.9	9.1
Impexmetal	neutral	2018-12-05	3.40	3.40	+0.0%	3.3	3.8	4.8	5.3
Kruszwica	neutral	2018-10-16	43.90	38.70	-11.8%	10.6	14.4	6.1	7.4
Mangata	neutral	2018-10-01	65.40	58.40	-10.7%	7.3	9.1	5.6	6.3
Pfleiderer Group	neutral	2018-09-28	36.45	32.60	-10.6%	21.3	19.0	6.0	6.3
Pozbud	overweight	2018-09-04	3.57	2.15	-39.8%	8.2	2.5	6.7	2.7
Tarczyński	underweight	2018-12-05	17.50	17.35	-0.9%	13.5	10.9	5.9	6.4
TIM	overweight	2018-12-05	7.48	6.30	-15.8%	9.8	8.9	6.2	6.1
Retail						11.4	9.0	6.2	4.8
Monnari	underweight	2018-12-05	4.75	5.71	+20.2%	8.7	8.1	3.4	2.9
VRG	overweight	2018-12-05	3.83	3.88	+1.3%	14.2	10.0	9.0	6.7

List of abbreviations and ratios contained in the report.

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

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

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HOLD – we expect that the rate of return from an investment will range from -5% to +5%
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%
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Strong and weak points of valuation methods used in recommendations:

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

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

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

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

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

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