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# Monthly Market Outlook: April 2019

## Equity Market, Macroeconomics

### Equity Market

We remain positive towards the stock market – more and more likely the US-China agreement, low macro expectations (especially in Europe and EM), the fiscal package in China is starting to work, and surprisingly good data from the Polish economy.

### Sector Outlook

#### Financials

We recommend overweighting the banking sector in April. We expect that sentiment to be created by expectations of profits for Q1'19, CHF Act that may still appear in the Polish parliament, details of TLTRO3 and possible ECB reduction of negative interest rates for surplus funds and finally by figures of Italian GDP. Our top-picks in Poland remain Pekao and Alior, banks without exposure to CHF and still attractive pricing. In the region, we prefer Erste Bank, which should benefit from the bank tax change in Romania.

#### Chemicals

As prices of natural gas trend downward, both rated chemical producers, Azoty and Ciech, are well positioned to grow profits in 2019. Both companies will record a clear increase of profits in 2019. At the current levels, however, CIE offers more upside potential of the two. The large investments and the specter of the negative FCF are burdened by the sentiment towards ATT.

#### Oil & Gas

The market situation has led us to another revision of gas prices, but after recent drops, we are upgrading the PGNiG rating to accumulate. We maintain a negative attitude towards refineries, which will face the increasingly less-supporting macro and high expectations in the consensus.

#### Power Utilities

The WIG-Energy index underperformed its European benchmarks but we believe that the final regulation on compensations may reverse the negative sentiment, especially that the market expectations have been over-reduced and companies have a chance to surprise with this year's earnings.

#### Telecoms, media, IT

We count on CMR share price increase in April'19 and remain positive attitude towards ASE. We pay attention to the quite high DivYield in ACP. In telecoms, our top pick remains OPL, after good figures for Q4'18. We continue to overweight AGO, which in Q4'18 delivered an EBITDA improvement of >10% and will benefit from the boost in cinemas in 2019.

#### Industrials & Mining

The market seems to have discounted the downside risks affecting Polish industrial stocks. Our top picks for March include AMC, APT, EGS, FMF, KER, POZ, and TIM. We would underweight COG and TAR. Mining companies are struggling with rising production costs. China PMI rebound could positively affect sentiment. We stay neutral towards KGH and negative to JSW.

#### Property Developers

After the dynamic growth of DOM (YTD + 29%) and 1AT (YTD + 43%), we are downgrading the rating for both companies to hold. With record earnings in 2018 the companies will distribute high dividends (DY>11%).

#### Retail

Favorable weather conditions in III should support the y/y sales growth of the clothing and footwear sectors, yet CCC should benefit the most. The food retailers may be under pressure, where expectations of weak earnings in Q1'19 may be discounted.

#### Key Ratings

**Positive:** AMC, APT, ASE, CCC, CDR, CIE, CMR, EAT, EGS, FMF, POZ, TIM

**Negative:** COG, DNP, EUR, JSW, TAR

EU Indices	Value	1M chng	YTD chng
WIG	60,342	+0.4%	+5%
ATX	3,077	+0.7%	+12%
BUX	42,057	+4.7%	+7%
PX	1,085	+0.8%	+10%
WSE WIG Ind.	Value	1M	YTD
WIG20	2,341	+0.3%	+3%
mWIG40	4,182	+0.1%	+7%
sWIG80	12,023	+3.0%	+14%
Banking	7,621	+0.1%	+2%
Basic Materials	2,197	+9.5%	+15%
Chemicals	11,884	-6.9%	+27%
Clothes	2,356	-11.0%	-2%
Construction	3,946	+7.0%	+15%
Energy	2,264	-0.0%	+14%
Food	4,937	+3.0%	+9%
IT	2,236	+4.0%	+17%
Media	6,568	+9.1%	+9%
Oil & Gas	7,471	-3.7%	-7%
Real estate	3,516	-0.4%	+4%
Telecom	695	+3.0%	+12%

#### Rating & 9M TP Changes as of 2 Apr. 19

Company	Rating	9M TP
Amica	overweight ▶	-
AmRest	buy ▲	48.00 PLN ▲
Atal	hold ▼	41.03 PLN ▼
CCC	buy ▶	275.00 PLN ▼
CD Projekt	accumulate ▶	221.00 PLN ▲
CEZ	hold ▶	565.50 CZK ▲
Ciech	buy ▶	68.66 PLN ▼
Dino	reduce ▼	112.70 PLN ▲
Dom Dev.	hold ▼	84.40 PLN ▲
Enea	buy ▶	12.51 PLN ▼
Energia	buy ▶	12.21 PLN ▼
Eurocash	sell ▼	18.90 PLN ▲
Grupa Kęty	hold ▶	341.33 PLN ▲
Jeronimo Martins	accumulate ▲	14.10 EUR ▲
KGHM	hold ▶	105.57 PLN ▲
Kruk	buy ▶	213.65 PLN ▼
Kruszwica	neutral ▶	-
Lotos	sell ▶	65.41 PLN ▲
LPP	hold ▼	8400 PLN ▼
MOL	hold ▶	3223.00 HUF ▼
OTP Bank	hold ▼	13046 HUF ▶
PGE	buy ▶	13.66 PLN ▼
PGNiG	accumulate ▲	6.92 PLN ▼
PKN Orlen	sell ▶	79.39 PLN ▼
PZU	accumulate ▶	43.38 PLN ▼
Tauron	buy ▶	2.89 PLN ▼

## Investing Outlook

Despite high uncertainty, the largest stock market indices are slowly rising. After the information on the convergence in the US-China negotiations on technology transfer, it is difficult to assume that no final agreement will be reached in the coming weeks. Signing a trade agreement alone can be used to take short-term profits. In the coming months, we reiterate our opinion that the agreement will restore predictability in the global economy and, as a result, reverse the negative macro momentum and exceed low suspended expectations. This will be particularly evident in emerging markets and Europe, which are the most susceptible to the expected recovery in China (which may be indicated by rising PMIs - the impact of the stimulus package - and, in the future, the effect of the agreement). Despite the growing risk of a global recession - as indicated by PMIs - CDSs for emerging markets point to the opposite phenomenon. US market discounted the positive scenario more strongly, and the limiting factor for growth may be the worsening situation in technology companies - until now the main fuel for the bull market. According to Evercore ISI's research in terms of growth dynamics, Q1 may be the worst quarter in the last 6 years.

The lack of new local capital on the Warsaw Stock Exchange (in February redemption in equity investment funds amounted to PLN 179m) and lower activity of ETFs result in a persistent stagnation. For over 2.5 months WIG has been oscillating between 59.5k-61k points, i.e. in a channel 2.5% wide. Meanwhile, the domestic macro environment has changed surprisingly positively. Contrary to the weak readings of PMIs, the Polish economy records a surprisingly good beginning of the year. Strong figures on industrial production and retail sales prompted our macroeconomists to increase this year's GDP forecast to 4.5%. The effect of the fiscal package is yet to come. Moreover, signals from the companies indicate that the cost pressure may be lower than previously assumed by analysts, which in combination with the macro creates room for positive surprises. Implementation of a positive scenario for the EM should result in an inflow of foreign capital, which will lead WIG20 out of the current side trend. In the short term, it is difficult to assume a significant change in the level of capital flow to local funds (impact on valuation of SME, which paradoxically will be most affected by macro-improvement). In the medium term, in the negative scenario, there is a risk of stock supply from pension funds (so far, there are no details of changes in open-end pension funds).

### Central banks even kinder

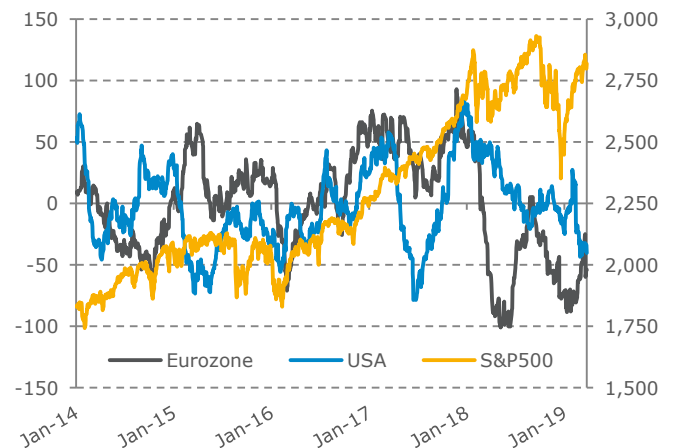
In the past month, central banks cushioned the message on monetary policy even more. Chicago Fed President stated that inflation may rise to 2.5% (currently CPI at 1.5%) before interest rates will have to be increased further. Fed funds futures indicate a 74% likelihood of a single decrease in interest rates in 2019. Draghi has announced that ECB is ready for active measures (further TLTRO) and the perspective of increases in interest rates are ebbing away. Some analysts have interpreted words of the ECB President as allowing for the possibility of the central bank's further purchases of private assets. ECB is also working on solutions that would, at least partially, mitigate the adverse impact of negative interest rates for the banking sector. More banks are decreasing inflation forecasts and Brazil is considering a decrease in interest rates.

From the perspective of Fed, current macro data is not bad enough to begin an easing cycle (3 decreases within 1-1.5 year), and the investors have already begun to capitalise on the situation. With the current macro, this may be perceived as a moderately restrictive policy. However, if Fed decides on a decrease (it would mean further decreases in the near future; an aggressive path of at least 75 basis points), it will indicate a perspective of much worse data to come in the following months, hence also a significant surprise on companies' performances. This scenario would imply at least a 15% revaluation on stock markets. Another scenario envisages one or two decreases by 25 basis points, in a long term, and in case of a strong appreciation of USD in the same time, this scenario, does not have to entail a higher economic slowdown/recession.

### Better PMI in China, Europe to bring a positive surprise

In the euro zone, the leading indicators are still showing a worsening momentum in the industry (47.5 vs. 49.3 in the previous month). The revival that we have anticipated (among others, due to production standardisation in the automotive industry) is not coming. However, there may be a breakthrough after the April PMI reading in China (50.8 vs. previous 49.9), which is starting to show an economic recovery and impact of the tax cut programme. In previous comments we have indicated that it is China that will bring the first boost and mood improvement. We maintain the opinion that the Chinese stimulus should stabilise the data on export and the condition of euro zone industry - especially in the case of Germany, which in turn will lead to a positive surprise in terms of an economic growth in 2H. This thesis is based, among others, on heavily reduced expectations.

### Citibank's surprise indices



Source: Bloomberg

### Prime Minister to confirm changes in OFE

Prime Minister Mateusz Morawiecki has confirmed that the government is working on the next phase of changes in OFE. It follows from the general information provided by the Prime Minister, that the concept of directing 25% of assets to the Demographic Reserve Fund is still evolving. New solutions are to be implemented before the parliamentary elections (November). Details of the solutions will be presented in a few months and only then will it be possible to assess their impact on the Warsaw Stock Exchange. Preliminary estimates based on the assumed scenario have been presented below.

### Structure of OFE assets at the end of February 2019

	Aegon	Allianz	Aviva	AXA	Generali	MetLife	NN	PKO BP	Pocz-tylion	PZU	Total
WSE shares	79.2%	78.2%	79.3%	73.0%	75.5%	77.8%	80.0%	78.1%	80.0%	78.3%	78.5%
Foreign shares	7.1%	3.6%	6.0%	7.2%	5.2%	5.3%	6.2%	7.8%	3.9%	10.7%	6.7%
Bonds, mortgage bonds, other	8.7%	13.5%	7.5%	8.8%	7.1%	5.6%	9.5%	2.6%	9.9%	11.0%	8.6%
Cash	5.0%	4.7%	7.2%	11.0%	12.1%	11.3%	4.2%	11.4%	6.1%	0.0%	6.1%
Excess of WSE shares above the threshold of 75% (PLN m)	-592	-232	-1,485	203	-43	-364	-2,048	-228	-146	-766	<b>-5,702</b>

Source: KNF (Polish Financial Supervision Authority), Dom Maklerski mBanku

The key question remains as to whether the "slider" mechanism is to be maintained. Earlier statements from the government representatives indicate that the "new OFE" would redistribute retirement benefits following principles similar to Employee Capital Plans. If, in the end, the "slider" is retracted, over the next few years, the "new OFE" will not record a significant capital outflow (the assets have already been partially transferred to the Social Insurance Institution (ZUS)). This would mean that in the first year after the change, a net outflow in a settlement with the Social Insurance Institution, on the level of PLN 4.75 billion, will be replaced with a net inflow of about PLN 3.3 billion. In the following years, this result will decrease by about PLN 0.8 billion per year (increasing retirement benefits).

A transfer of 25% of assets to the Demographic Reserve Fund has two major implications: 1) a potential sale of Polish stocks in a short term, 2) long-term portfolio diversification.

We do not know, whether a transfer of Polish stocks to the Demographic Reserve Fund will be possible. At the end of February, assets other than WSE listed stocks constituted 21.5% and, in the negative scenario, it may entail the need to liquidate a portion of the portfolio (for a total amount of PLN 5.7 billion). The total proportion of shares from WSE accounted for 78.5% net assets of OFE (open-ended pension fund), while for individual funds, this proportion ranged from 73% to 80% (details in the table above).

After the transfer, the entire net assets of funds will be Polish shares, which is tantamount to the need to diversify the portfolio in the long term. If the target structure of portfolio looked like it is at present (about 80% in Polish shares), the funds would have to exchange assets of the value of approx. PLN 25 billion. Due to the absence of the "slider" in the first 5 years the funds will have the positive flow from ZUS (Polish Social Insurance Institution), hence the diversification may proceed gradually. If the funds did not sell their shares, and the dividends and funds transferred from ZUS would be invested in assets other than the Polish shares, the structure of assets would be similar to the current one after 4-5 years.

### Forecast of change in the structure of assets of the "new OFE"

(PLN m)	2019	2020	2021	2022	2023
<b>Flows</b>					
Dividends		3,637	3,637	3,637	3,637
ZUS (net)		3,300	2,500	1,700	900
WSE shares*	121,238	121,238	121,238	121,238	121,238
Other assets		6,937	13,074	18,411	22,949
other share		6%	11%	15%	19%

\*share prices rise by the amount of dividends transferred  
Source: Dom Maklerski mBanku

According to our estimates, in 2018 the balance of flows in OFE (ZUS, dividends) amounted to approximately PLN -1.8 billion. The value of cash in the balance sheet decreased by PLN 620 million, which may mean the sale of other assets for the amount approx. PLN 1.2 billion.

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## Sector Strategies

### Financials

- March marks the end of the earnings season and we consider the Q1'19 to be successful. Among the institutions we rate, 5 reported figures above consensus, 3 consistent with consensus and 3 below market expectations. However, the end of the year is a good forecast for 2019, especially when it comes to the banking sector. The most important issue in Q1 will be the national deposit guarantee fund (BFG) costs, which increased by PLN 1 billion Y/Y in 2019 due to the restructuring fee. This was an expected development, with the hiked BFG charges prompting downward revisions to our 2019 net income estimates of no more than 1%-3%, except in the case of Handlowy where the higher charge might shave as much as 5% off this year's earnings. On the other hand, we expect banks to get rid of surplus deposits, which should have a positive impact on NIM, as well as lowering the cost of risk in corporations.
- The sentiment towards European banks in March was influenced by information on money laundering, mergers and ECB movements, and at the end of the month the mix was accompanied by a turmoil around the Turkish lira. Initial reports about the new TLTRO disappointed the market, but statements of ECB representatives saying the new round of financing will be adapted to macro conditions gave hope for more favorable conditions. What's more, the announcement of a possible reduction of negative interest rates for surplus funds 'parked' in the ECB gives hope for a slight improvement in profitability among Euro zone banks. According to the Bloomberg agency, those would gain up to EUR 7.3 billion if the deposit rate was increased to 0%.
- Works on the FX mortgage relief bill have slowed down again. The act was not processed in March and according to the published schedule it will not be put to a vote at the first Parliament's session in April. The next sessions on which the act may be proceeded are scheduled for April 11<sup>th</sup>, 12<sup>th</sup> and 25<sup>th</sup>. There is less and less time for the act to be introduced from July 1<sup>st</sup>, as promised by Tadeusz Cymański, head of the parliamentary finance committee. We would like to remind you that if the law came into force on July 1<sup>st</sup>, in the worst-case scenario where banks are required to pay an equivalent of 0.5% of their FX mortgage portfolios into the so-called relief fund, we assess the aftermath for the sector at PLN 1bn in 2019 and PLN 2bn in 2020. The introduction of the law is still not fixed and may depend on electoral polls and banks' pressure on the EC.
- **Key Ratings:** PEO (buy), ALR (buy), EBS.AV (buy)

### Chemicals

- MSCI Chemicals indexes remained stable in March.
- In our opinion, Ciech is in the best position on the market (expected increase in earnings in IH'19 as a result of rising soda prices, drop in gas prices, new salt investment in Q2'19, consolidation of Proplan throughout the year; 20% discount to peers).
- On Grupa Azoty's indexes, despite the expected improvement in 2019, significant capital expenditure related to the PDH project is in force. The budget of the project has already been revised upwards three times, and the Management Board has also announced that additional EUR 200 million of funding will be needed. If the Company does not obtain an investor for the project (PGNiG has already refused), the market may speculate that the necessary funds will be obtained by share issues
- **Key ratings:** CIE (buy)

### Oil & Gas

- Waivers for Iranian oil recipients that expire next month raise uncertainty in the supply of raw materials, which affects further growth in speculative positions (the highest levels since October 2018) and Brent price increases to USD 70/Bbl. OPEC members keep ignoring President Trump's Twitter calls and clear negative trend in the number of active drilling stations does not give much hope for stronger US production growth.
- The recovery in oil is not affecting the European natural gas markets, which are down more than 50% from the highs recorded last September. The downward shift is due partly to short-term factors such as seasonality, unseasonably warm weather, an inventory build-up, higher costs of seaborne LNG transport, and decreasing prices of EUAs, but there is increasing long-term downside risk created by expectations of weaker demand from China. All this, combined with the rise of trans-continental arbitrage encouraged by an increasing supply of LNG on world markets, has led us to cut our 2019-2020 natgas price forecasts by 10% and 5% respectively. With that said, we are hoping prices will start shifting upward again in the latter part of 2019.
- Refiners have seen their margins widen slightly this year, but not as much as to warrant hopes of a repeat to the high cracking spreads seen during 2018. HSFO margins cannot be expected to be as high this year, especially given the impending entry into force of the IMO sulfur caps in 2020. From the point of view of European refiners, the price discounts on high-sulfur crudes, and the Brent/WTI spread, indicate a disadvantage. With such figures, the consensus forecasts of improving profits in Orlen or Lotos look very ambitious.
- In case of petrochemicals, we see a continuation of negative trends which in our opinion will intensify with the launch of new installations.
- **Key Ratings:** LTS (sell), PGN (accumulate), PKN (sell)

### Power Utilities

- German electricity prices have stabilized at 48 EUR / MWh with clear pressure on coal prices in ARA ports. Positive sentiment towards the sector is still maintained, and YTD increases exceed 10%. Investors discount the permanent reversal of the trend in earnings this year, which raises dividend expectations.
- In Poland, energy prices oscillate around PLN 260/MWh, and decreases in February and March are mainly derived by weather conditions (lower demand and record windiness). We expect a rebound due to normalization of weather and intensification of renovation works in the following months.
- The published draft regulation on freezing energy prices still leaves many unanswered questions. At the moment, it is not possible to say whether the losses from price freeze will be 100% neutralized, especially that the government will probably need to find additional PLN 2 billion of financing (not taking into account the reduction of the transition fee in customer discounts). In our opinion, relying on a weighted average should not be harmful for large energy groups, but the doubt is raised by the introduction of the 'C' factor (taking into account transfer prices within groups) and the administrative determination of margins and costs. We hope that all these doubts will be clarified during consultations. In our opinion, the lack of ~ 100% coverage of the loss of sellers would cause a lot of chaos on the market (client contracting, bankruptcy, breaking covenants) and that is why it is difficult to assume such a scenario.

- The costs of green certificates no longer decrease since the beginning of the year and the prices of certificates will probably return to PLN 140-150/MWh after the Ministry of Energy withdrew the plan of modification of the substitution fee formula, which effectively introduced feed-in-tariff mechanism for old renewable energy sources at PLN 312/MWh.
- **Key Ratings:** ENA (buy), ENG (buy), PGE (buy), TPE (buy)

## Telecoms, Media, IT

- The Office of Electronic Communications (UKE) announced that distribution of the first frequencies in the 3.7 GHz band could take place in 2019 or 2020. The 3.7 GHz band will be distributed in blocks of 50 MHz for each operator, so that all four infrastructure providers have the opportunity to participate in the tender and simultaneously launch 5G services. The distribution will take place in the form of a tender which is a positive news for all Polish MVNOs.
- The President signed the amendment to the Telecommunications Law Act the aim of which is to facilitate the implementation of 5G technology in Poland. Amendments entitle the Minister of Digitization to determine the frequency distribution schedule. The amendment also allows the President of UKE to announce - on their own initiative - a tender for frequency reservations, not only if they have knowledge about the interest in given frequencies. Proceedings may also be announced for resources that will be available in the future provided that these frequencies can be used after being made available.
- The state-owned telecommunications company, Exatel wants providers to cooperate in one 5G network. According to Exatel's estimates, building a 5G network from scratch in Poland would cost as much as PLN 3.9-5.8bn, but thanks to the use of the existing infrastructure of cell towers the costs could be up to PLN 2-3b. Among all MVO's, Polkomtel is currently the only supporter of one network in Poland. Orange Polska is a bit skeptical. Play is quite direct, saying that the plan is unrealistic.
- TVP and Polskie Radio will receive PLN 1.26 billion as compensation for lost subscription fees in 2018-19. The amendment to the Act was signed by the President.
- According to the Zenith media research, the value of the Polish advertising market will increase by 4.2% in 2019, to reach PLN 7.9bn. Positive consumer sentiment will have a key impact on the market despite the expected drop in the growth rate of the Polish economy in 2019 and a slowdown in household spending. The growth rate of TV advertising budgets is projected to fall from the current 4.2% to 3.1% Y/Y in 2019. Nevertheless television remains the largest advertising medium in Poland, with its share exceeding 50%. The online advertising market is expected to increase by 8.4%. The increase will be visible particularly in the programmatic area, and the mobile video category is growing dynamically, by 2.7 Y/Y in 2019, outdoor +2.1%, advertisements in cinemas by 3.2%. Magazines and dailies will register Y/Y net losses of 4.5% and 6.8%, respectively.
- The WIG-Info fell 0.1% in March'19, slightly better than the broad index (vs. + 0.3% WIG). Polish IT stocks also ran 1.3pp ahead of the MSCI IT EU benchmark. The median 12M P/E for IT companies at 13.9x is currently 8.3% below the historical average for the last three years.
- The 2018 Q4 reporting season delivered EBITDA growth at a median annual rate for rated companies of 11.1%. Three of the six companies surprised positively, two

negatively. The main risk for companies remains, as in previous months, pay pressure. Some firms are unable to grow revenues at a fast-enough rate to maintain an upward momentum in profits. With this in mind, we keep a neutral view on the IT sector, and we advise selective stock picking as the best strategy.

- **Key Ratings:** OPL (buy), AGO (buy), WPL (accumulate), ASE (overweight), CMR (buy).

## Industrials

- MSCI indexes of European and Global industrial companies were stable in March, following significant growth in January 2019 and February 2019. Both indexes are currently traded at a discount in relation to their 3-year average P/E and EV/EBITDA ratios, however this decreased in March.
- In the ongoing season of results for Q4 2018, there is still room for positive surprises for FMF and TIM. Negative developments are expected, on the other hand, for TAR. So far, in Q4 2018, 21% of companies have reported improved y/y results, and 16% - worse y/y results. Around 26% of companies have reported better results than expected, while 16% - worse than expected.
- Poor German PMI reading has a negative impact on the sentiment towards industrial companies (PMI for new orders at its lowest since 2009). We expect that, in the near future, significant exporters to Germany may report a slowdown in the pace of orders at the beginning of the year (a large exposure to German customers can be identified at AML, BRS, COG, HDR, IPX, EGS, FTE, KTY, MGT, LEN, REL, PGO, PFL).
- Currently, we are most in favour of investments in shares of the following companies: Amica (potential beneficiary of the 500+ programme extension; results growth in Q4 2018 and Q1 2019), Famur (expected improved y/y results in subsequent quarters; DYield of around 9% in 2019) and Kernel (dynamic improvement of results in 2019, consolidation of oil industry in Ukraine).
- Among smaller companies, Apator, Ergis, Pozbud and TIM remain our favourites. We have a negative view of investments in shares of Cognor (costs inflation with worse climate in steel) and Tarczyński (inflation of personnel costs, significant meat prices increases in March 2019).
- In the context of furniture companies, a significant decrease of the IFO index for the sector in March 2019 should be noted. The "expectations" index fell to its lowest level since 2014, and board prices decreased significantly at the turn of 2018 and 2019 in Germany.
- In this review, we are updating our outlooks for Amica and Kruszwica (upward adjustment in both cases).
- **Key Ratings:** AMC (overweight), APT (overweight), COG (underweight) ERG (overweight), FMF (buy), POZ (overweight), TAR (underweight), TIM (overweight)

## Mining

- The rebound of leading indicators in China (PMI) positively influences the prices of metals. The rebound lets investors hope that the extensive stimulus package in China starts to work. Additionally, KGHM benefits from rising prices of gold and silver.
- On the markets, investors observe seasonally recovering monitored copper stocks. The positions of speculative investors in mid March reached their highest level since H1 2018, and started to drop afterwards. In our opinion, prices of copper may drop back in March, in particular if the investors question the U.S.-China deal. On the other hand, KGHM should benefit from the growing prices of gold and silver in such scenario.

- In the context of the steel market, the poor PMI leading data of China's steel industry should be noted in our opinion (dropping back to a value below 50 points in March).
- The prices of high-quality coking coals recovered after the losses from the turn of 2018 and 2019, rebounding in February to the level of approx. USD 220/t. Currently, the prices are under the pressure of the dropping prices of coke in China. The margins of blast furnace steel producers are at their lowest level in the last two years, and steel stock keeps growing (virtually the highest levels in the last five years). The prices of coking coal could decrease with the expected price adjustment for iron ore. In March, a Brazilian court allowed operations to be resumed at a Vale mine which was closed following a disaster at a dame in February. In addition, a cyclone in northern Australia caused no significant damage to infrastructure, and the mining operations return to normal.
- After the adjustment of the downward trend for JSW (contradiction of shares issue and payment of dividend), which we had indicated in the last monthly review, the prices will be now impacted, in our opinion, by the expected downward financial results in H1 2019. In addition, in April 2019, the company will probably release information on the terms and conditions of continued cooperation between JSW and Praire. In June 2019, the term of the present Management Board expires (a new Management Board may have a different concept as to how to invest capital surplus).
- As for KGHM, since the beginning, there has been a positive response on the market to the news of possible changes in the formula of the extraction tax. In our opinion, the Management Board may soon decide to pay out additional reward for the employees. In addition, the market will look more closely, in our opinion, at the poor production results achieved to date.
- Key Ratings:** JSW (reduce)

### Property Developers

- WIG-Real Estate Index went up another month, exceeding the level of +1 median standard deviation. In particular, the valuations among the market leaders (DOM, 1AT) went up again (~+10% m/m), closing the discount to their 2-year average values.
- Q4 2018 results: Among the housing developers that already reported their results (DOM, 1AT, BDX, JWC, RON, MVP, LKD, ECH), a decrease of the developer margin on housing activity in Q4 2018 was observed – by 2.5 percentage points y/y down to 25.3%. The margin for the entire 2018 achieved a better result, i.e. +25.7%,

with a slight decline -0.4 percentage points y/y. An increase of the yearly developer margin was achieved only by Echo and BDX Nieruchomości (and also Dom Development if it was adjusted by the impact of the Eurostyl company purchase price allocation).

- Dividend in 2019: So far, the Management Boards of four companies from the sector recommended a dividend. Among the housing developers – DOM, 1AT, LKD – DYield amounted to 11.2-12.1%. Record profits (FY18) translated into record dividends, and LKD joined the group of companies paying DY>10%; following last year's update of the dividend policy, LKD will make a payout of 49%. As for GTC, on the other hand, DYield 2018 may amount to 4%.
- In the current monthly review, we downgrade the rating for Dom Development and Atal to hold, due to the realisation of the growth potential of the share prices.
- Key Ratings:** DOM (hold), 1AT (hold)

### Retail

- Favourable weather conditions should positively influence the results growth of clothing and footwear companies in March 2019 (the strongest impacting factor on CCC results).
- The results of grocery retailers will be burdened in Q1 2019 by the base effect in connection with Easter and tightening of the restriction on Sunday trading (negative impact on **DNP, EUR, JMT**).
- AmRest** in Q4 2018 returned to double digit EBITDA growth y/y (+40% y/y). The improvement should be maintained in subsequent quarters. Nevertheless, part of the increases in the share prices was erased following the company releasing the information on the sale of Henry McGoven's and Steven Kent Winegar's share packages to the major shareholder. Considering very good mid-term outlooks for AmRest, we would make use of the temporary share price correction to buy into the EAT stock.
- CCC** should return to improvement in same store sales y/y from March 2019, which, coupled with good outlooks for the remaining part of 2019, will support the maintenance of the level of company share prices.
- Following a positive reaction of the EUR share prices on the increase in comparable sales in Q4 2018, we expect cooler sentiments following the Q1 2019 results. Throughout 2019, we expect a flat EBITDA y/y, which will be influenced by such factors as the costs of businesses integration and rising costs of wages and salaries.
- Key Ratings:** EAT (accumualte), CCC (buy), EUR (sell), DNP (reduce), JMT (hold), VRG (overweight)

### Quarterly Earnings Surprises and YoY Growth Reported By Rated Companies

Beat/Miss	2016				2017				2018				+/=	YoY	2016				2017				2018				+/=
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
miss	7	15	12	19	14	11	18	18	10	12	15	20	171	miss	27	25	24	21	23	22	20	24	28	18	21	21	274
in-line	19	17	27	19	24	26	30	23	35	20	25	22	287	in-line	9	7	5	6	5	9	13	2	9	11	12	7	95
beat	33	27	22	23	22	25	16	25	22	35	27	17	294	beat	28	32	36	38	38	36	34	41	30	38	34	31	416
<b>Σ companies</b>	<b>59</b>	<b>59</b>	<b>61</b>	<b>61</b>	<b>60</b>	<b>62</b>	<b>64</b>	<b>66</b>	<b>67</b>	<b>67</b>	<b>67</b>	<b>59</b>	<b>752</b>	<b>Σ companies</b>	<b>64</b>	<b>64</b>	<b>65</b>	<b>65</b>	<b>66</b>	<b>67</b>	<b>67</b>	<b>67</b>	<b>67</b>	<b>67</b>	<b>67</b>	<b>59</b>	<b>785</b>
miss	12%	25%	20%	31%	23%	18%	28%	27%	15%	18%	22%	34%	23%	miss	42%	39%	37%	32%	35%	33%	30%	36%	42%	27%	31%	36%	35%
beat	56%	46%	36%	38%	37%	40%	25%	38%	33%	52%	40%	29%	39%	beat	44%	50%	55%	58%	58%	54%	51%	61%	45%	57%	51%	53%	53%

\*[+/-] – The column shows the sum of 'in-line' or 'beat quarters' in the last three years as a percentage of all quarters  
Source: Companies, Bloomberg, PAP, Dom Maklerski mBanku

mBank Sentiment Watch (next 30 days, by sector)

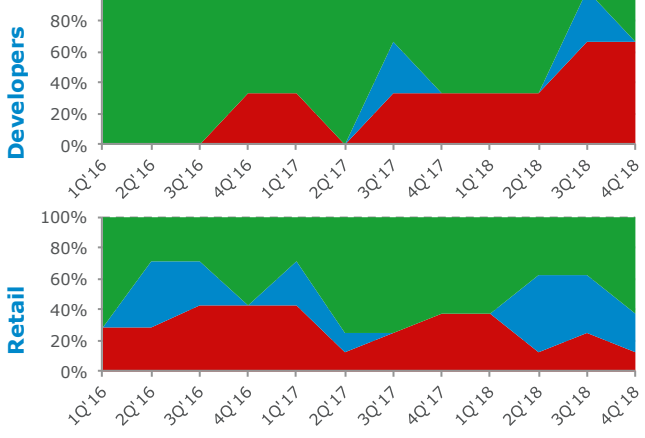
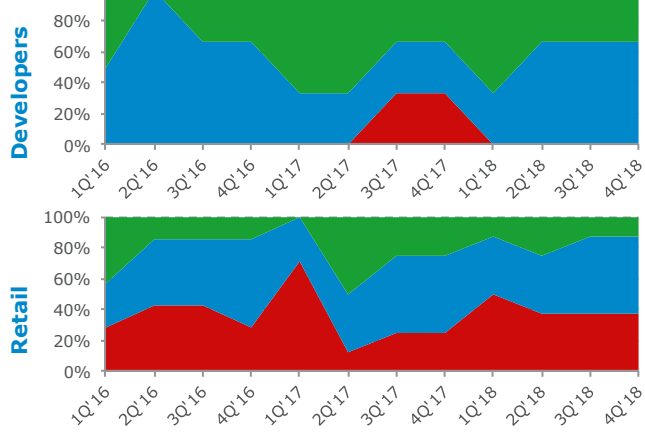
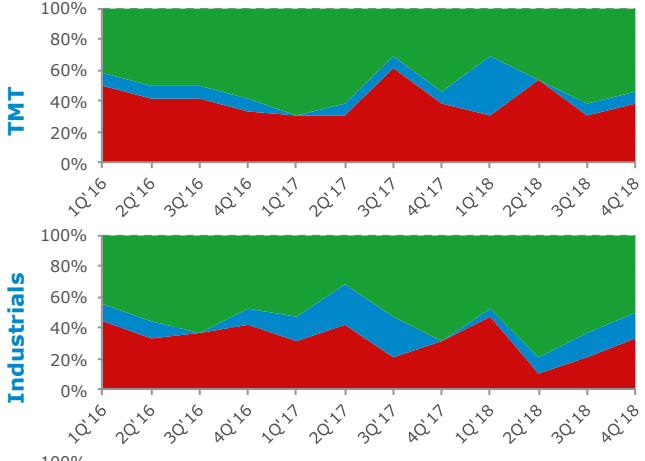
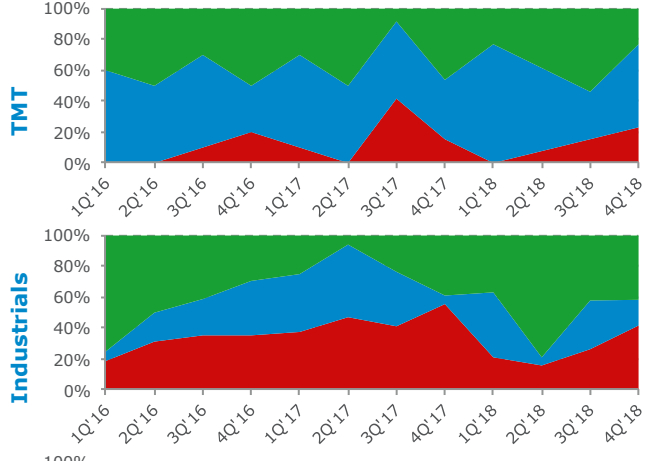
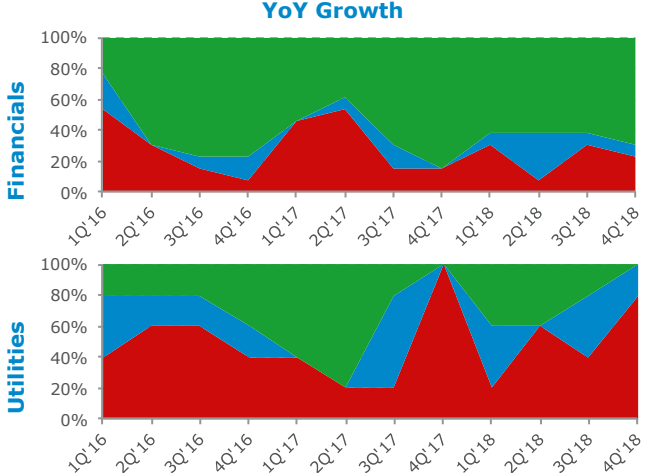
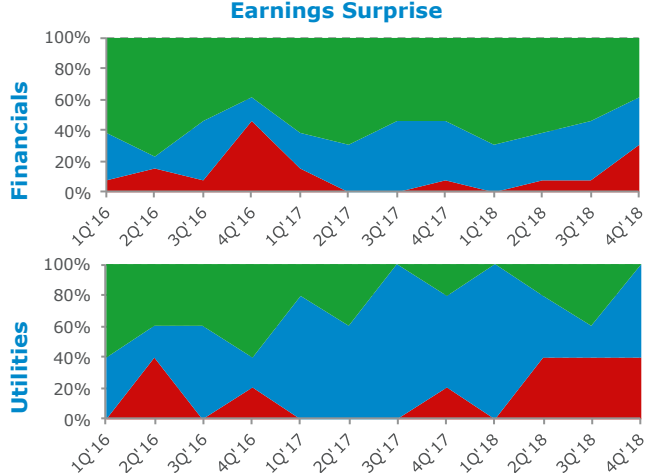
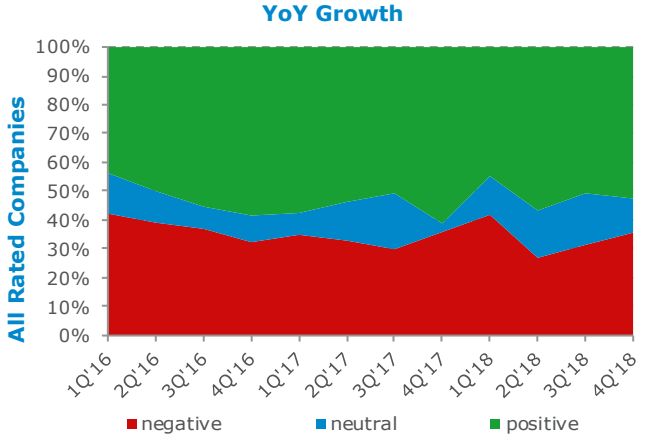
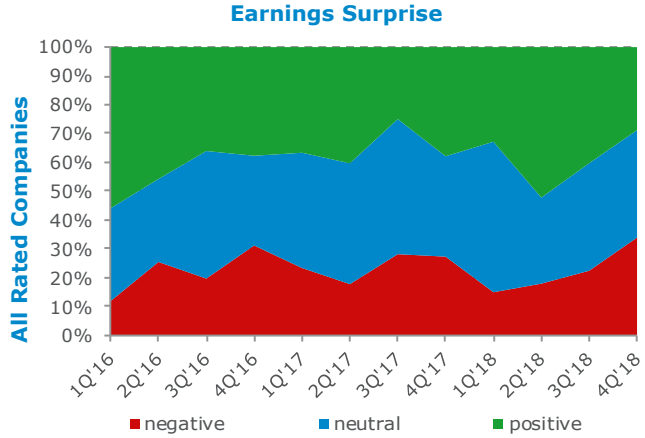
Sector		Poland	US	Germany
Banks	<b>SENTIMENT</b>	<b>BULLISH</b>	<b>NEUTRAL</b>	<b>NEUTRAL</b>
	<b>Stocks To Own</b> <b>Stocks To Avoid</b>	<b>PEO, ALR</b>	<b>BAC US, JPM US</b>	<b>PBB GY, WUW GY</b>
	Key Catalysts	2019 Q1 results	Favorable valuation, strong 4Q vs. withdrawal on profitability	ECB is analysing the possibilities&alternatives in terms of tiering
Chemicals	<b>SENTIMENT</b>	<b>BULLISH</b>		<b>BULLISH</b>
	<b>Stocks To Own</b> <b>Stocks To Avoid</b>	<b>CIE</b>		<b>LXS GY, ZDF GY, EVK GY</b> <b>DSM NA</b>
	Key Catalysts	Increase in results		Rebound in China PMIs
Real-Estate Developers	<b>SENTIMENT</b>	<b>NEUTRAL</b>	<b>NEUTRAL</b>	
	<b>Stocks To Own</b> <b>Stocks To Avoid</b>			
	Key Catalysts		Positive retirement on yields vs. economic slowdown	
Utilities	<b>SENTIMENT</b>	<b>BULLISH</b>	<b>NEUTRAL</b>	<b>NEUTRAL</b>
	<b>Stocks To Own</b> <b>Stocks To Avoid</b>	<b>PGE, ENA</b>		<b>RWE GY</b> <b>UN01 GY</b>
	Key Catalysts	Final draft of price freeze regulations	Poor EPS dynamics	Defensive sector
Retail, Consumer	<b>SENTIMENT</b>	<b>BULLISH</b>	<b>BULLISH</b>	<b>BULLISH</b>
	<b>Stocks To Own</b> <b>Stocks To Avoid</b>	<b>CCC, EAT</b> <b>EUR</b>	<b>HBI US, WEN US</b>	<b>DHERR GY, ADS GY, BOSS GY, ZAL GY</b> <b>ZO1 GY</b>
	Key Catalysts	Strong consumer	Strong labor market and real wages increase	Strong consumer
Oil&Gas, Refining	<b>SENTIMENT</b>	<b>BEARISH</b>	<b>NEUTRAL</b>	
	<b>Stocks To Own</b> <b>Stocks To Avoid</b>	<b>PGN</b> <b>LTS, PKN</b>	<b>MPC US</b>	
	Key Catalysts	Downstream margins pressure and expected natgas rebound		
Industrials	<b>SENTIMENT</b>	<b>NEUTRAL</b>	<b>NEUTRAL</b>	<b>NEUTRAL</b>
	<b>Stocks To Own</b> <b>Stocks To Avoid</b>	<b>AMC, APT, EGS, FMF, KER, POZ, TIM</b> <b>COG, TAR</b>		<b>SIE GY, JUN3 GY, AIR FP, MTU GY</b> <b>RAA GY, DUE GY</b>
	Key Catalysts	Increase in production cost discounted	USA-China deal	Low IFO, we prefer leaders
Mining	<b>SENTIMENT</b>	<b>NEUTRAL</b>	<b>BULLISH</b>	<b>BULLISH</b>
	<b>Stocks To Own</b> <b>Stocks To Avoid</b>	<b>JSW</b>	<b>BOL SS, PLZL RX, ANG SJ</b> <b>FRES LN</b>	
	Key Catalysts	Mining cost rise	Higher metal prices	Higher metal prices
Automotive	<b>SENTIMENT</b>	<b>NEUTRAL</b>	<b>BULLISH</b>	<b>BULLISH</b>
	<b>Stocks To Own</b> <b>Stocks To Avoid</b>		<b>GM US, APTV US</b>	<b>DAI GY, CON GY, VW GY, UG FP</b> <b>ZIL2GY</b>
	Key Catalysts	New regulations not a fear in 1H'19	China stimulus	Low valuation
Tech, Media	<b>SENTIMENT</b>	<b>BULLISH</b>	<b>NEUTRAL</b>	<b>BULLISH</b>
	<b>Stocks To Own</b> <b>Stocks To Avoid</b>	<b>ASE, CMR, AGO, WPL, CDR</b>	<b>DISCA US</b> <b>NFLX US</b>	<b>COK GY, WDI GY, IFX GY</b> <b>01BC GY, NEM GY</b>
	Key Catalysts		High valuations outside FAANG; the media looks better	Positive feedback from US-China trade talks
Telecoms	<b>SENTIMENT</b>	<b>NEUTRAL</b>	<b>BULLISH</b>	<b>BEARISH</b>
	<b>Stocks To Own</b> <b>Stocks To Avoid</b>	<b>OPL</b>		<b>DTE GY, DRI GY</b> <b>TC1 GY</b>
	Key Catalysts		Segment dominated by quasi-tech	Deffensive sector, Q1 results lower than expected

**Quarterly Earnings Surprises and YoY Growth Reported By Rated Companies**

Beat / Miss	2016				2017				2018				+ / =
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
<b>Financials</b>													
Alior Bank	+	+	+	+	-	+	+	+	=	+	=	=	92%
Handlowy	=	+	-	-	-	+	+	=	+	+	-	-	67%
ING BSK	+	+	+	-	+	=	=	=	=	-	=	+	83%
Millennium	+	+	=	+	+	=	+	=	+	+	=	+	100%
Pekao	+	+	+	+	+	=	+	+	=	=	+	+	100%
PKO BP	+	+	+	-	+	+	+	=	+	=	=	=	92%
Santander BP	+	+	=	+	=	+	=	=	=	+	=	-	92%
Komercni	+	+	+	=	+	+	+	+	+	+	+	+	100%
Erste Bank	+	=	=	-	=	+	=	+	+	+	+	+	92%
OTP Bank	=	+	+	-	+	+	+	+	+	+	+	=	92%
PZU	-	-	=	+	+	=	+	+	+	=	+	=	83%
Kruk	=	-	+	-	+	+	=	-	+	+	+	=	67%
Skarbiec	=	+	=	-	=	+	+	+	+	=	+	-	83%
<b>Chemicals</b>													
Ciech	=	+	=	+	=	=	+	+	=	+	=	-	92%
Grupa Azoty	-	-	=	-	+	-	=	-	=	-	-	-	36%
<b>Oil &amp; Gas</b>													
Lotos	+	=	+	=	+	+	+	=	-	+	=	-	83%
MOL	=	=	=	-	+	+	-	-	=	=	+	+	83%
PGNiG	+	-	-	+	+	-	-	-	=	+	-	-	42%
PKN Orlen	=	-	=	+	=	=	-	=	=	-	=	+	75%
<b>Utilities</b>													
CEZ	+	-	=	+	=	=	+	+	=	-	+	=	83%
Enea	+	+	+	+	=	+	=	=	=	-	=	+	92%
Energa	+	-	=	=	=	=	=	-	=	=	-	-	67%
PGE	=	=	+	-	=	=	=	=	=	=	-	-	75%
Tauron	=	+	=	+	+	+	=	=	=	+	+	=	100%
<b>TMT</b>													
Netia	=	+	=	+	=	=	+	+	=	=	=	=	100%
Orange PL	=	=	=	=	=	+	=	=	=	+	+	+	100%
Play	na	na	na	na	na	na	=	=	=	+	=	=	100%
Agora	+	=	+	+	+	+	+	+	+	+	+	=	100%
Cyfrowy	=	=	+	+	+	=	=	=	+	+	=	=	100%
Wirtualna	+	=	-	-	+	=	=	=	=	=	=	=	83%
Ailleron	na	na	na	na	na	na	-	+	=	=	-	-	50%
Asseco BS	+	+	=	=	=	=	+	+	=	=	+	+	100%
Asseco PL	=	+	+	-	=	=	-	-	+	+	+	+	75%
Asseco SEE	=	=	=	+	=	+	=	=	=	=	+	=	92%
Atende	na	na	na	na	na	na	+	+	=	-	+	-	60%
Comarch	=	+	=	+	+	+	-	-	+	+	+	+	75%
CD Projekt	+	+	+	+	+	+	-	+	=	=	-	-	75%
<b>Industrials</b>													
Alumetal	+	+	-	=	-	=	+	=	=	+	=	-	75%
Amica	+	=	=	-	=	=	-	+	-	+	+	+	75%
Apator	-	+	-	=	=	=	-	-	=	+	=	+	67%
Boryszew	+	+	+	-	+	+	+	-	=	=	=	-	55%
Cognor	na	na	na	na	na	na	na	na	+	+	=	-	75%
Ergis	-	-	+	=	+	=	-	-	-	-	-	-	33%
Famur	+	+	=	+	na	-	=	+	+	+	+	+	90%
Forte	+	+	=	=	=	=	-	-	=	+	-	-	73%
Grupa Kęty	+	+	=	=	=	=	-	-	=	+	=	+	92%
Impexmetal	+	+	+	-	-	+	-	-	+	+	+	+	64%
JSW	+	=	-	-	+	+	-	-	=	+	=	-	58%
Kernel	+	-	+	-	-	-	-	+	=	-	+	+	50%
KGHM	-	-	+	+	+	=	+	+	=	+	-	=	75%
Kruszwica	-	-	+	+	-	-	-	-	+	+	+	+	58%
Mangata	+	+	-	+	=	=	-	-	+	+	+	+	64%
Pfleiderer	=	=	+	-	na	na	-	+	=	+	+	+	55%
Pozbud	na	na	na	na	na	na	na	+	=	+	-	-	75%
Stelmet	na	na	-	=	-	=	-	+	-	+	+	=	60%
Tarczyński	+	-	-	+	=	=	+	+	+	+	+	+	83%
<b>Real-Estate</b>													
Atal	na	na	+	=	+	+	-	-	=	+	=	+	80%
Dom Dev.	+	=	=	=	+	+	=	=	+	=	+	=	100%
GTC	=	=	=	+	+	=	+	+	+	=	=	=	100%
<b>Retail</b>													
AmRest	=	=	=	+	-	+	+	+	-	-	=	+	75%
CCC	+	+	+	=	-	+	-	-	-	-	-	-	42%
Dino	na	na	na	na	na	+	+	+	+	=	=	=	100%
Eurocash	-	-	-	-	=	=	-	-	=	=	-	-	25%
Jeronimo	=	=	=	=	=	=	=	=	=	=	=	=	100%
LPP	-	=	=	=	=	=	+	+	=	+	+	+	83%
Monnari	+	-	-	-	-	+	=	=	=	+	-	-	50%
VRG	+	-	-	-	-	-	=	=	-	-	=	=	50%
<b>YoY</b>													
<b>Financials</b>													
Alior Bank	-	-	=	+	-	+	+	-	+	+	-	+	58%
Handlowy	-	+	+	+	-	-	+	+	+	+	-	-	58%
ING BSK	=	+	+	+	+	-	+	+	+	=	=	+	92%
Millennium	=	+	+	+	+	-	+	+	+	+	+	+	92%
Pekao	-	+	-	+	-	-	=	+	+	=	+	-	58%
PKO BP	=	+	-	+	-	=	+	+	+	+	+	+	83%
Santander BP	-	+	+	+	-	-	+	+	=	=	-	+	67%
Komercni	-	+	+	+	+	-	-	+	-	+	+	+	67%
Erste Bank	+	+	+	-	-	-	+	+	+	+	+	+	75%
OTP Bank	+	+	+	=	+	+	+	+	+	+	+	+	100%
PZU	-	-	+	+	+	+	+	+	-	+	+	=	75%
Kruk	+	-	+	+	+	+	=	-	-	=	+	+	75%
Skarbiec	-	-	+	=	+	+	-	+	-	-	-	-	42%
<b>Chemicals</b>													
Ciech	+	+	+	+	+	-	-	+	-	=	-	-	58%
Grupa Azoty	+	-	-	-	-	+	+	+	-	-	-	-	36%
<b>Oil &amp; Gas</b>													
Lotos	+	-	+	+	+	+	+	-	-	+	=	+	75%
MOL	-	-	-	-	+	+	-	+	-	-	+	+	42%
PGNiG	-	-	-	+	+	=	=	=	-	+	+	=	58%
PKN Orlen	=	-	-	+	+	+	+	-	-	-	-	+	50%
<b>Utilities</b>													
CEZ	=	-	-	-	-	-	-	-	-	-	+	=	25%
Enea	+	+	+	+	+	+	=	-	=	-	=	-	75%
Energa	=	=	=	=	-	+	+	-	+	+	-	-	67%
PGE	=	-	-	-	+	+	+	=	+	+	=	=	50%
Tauron	-	-	-	+	+	+	=	-	=	-	-	-	42%
<b>TMT</b>													
Netia	-	=	-	=	-	-	-	-	=	-	-	-	25%
Orange PL	-	-	-	-	-	=	-	+	=	-	+	+	42%
Play	na	na	na	na	+	+	+	=	-	-	-	-	50%
Agora	=	-	-	-	+	+	+	+	-	-	+	+	58%
Cyfrowy	-	-	+	+	+	+	-	-	=	=	=	=	58%
Wirtualna	+	+	+	+	+	+	+	+	+	+	+	+	100%
Ailleron	+	-	+	+	+	+	-	+	=	+	-	-	67%
Asseco BS	+	+	+	+	+	+	+	+	+	+	+	+	100%
Asseco PL	-	+	-	-	-	-	-	-	+	+	+	+	42%
Asseco SEE	+	+	=	+	+	+	+	+	+	+	+	+	100%
Atende	-	+	+	+	+	-	+	+	-	-	+	-	33%
Comarch	-	+	+	+	-	-	-	-	=	+	+	+	58%
CD Projekt	+	-	+	+	+	+	-	-	-	-	-	-	42%
<b>Industrials</b>													
Alumetal	+	+	-	=	-	=	-	+	+	+	+	-	50%
Amica	+	+	+	=	-	=	-	-	-	+	+	+	67%
Apator	-	+	-	+	+	-	+	-	+	-	=	+	58%
Boryszew	+	+	+	-	+	+	+	+	-	-	-	-	64%
Cognor	-	+	+	+	+	=	+	+	+	+	+	-	83%
Ergis	-	-	+	+	+	=	+	-	-	-	-	-	50%
Famur	=	+	+	+	na	=	+	+	+	+	+	+	100%
Forte	+	+	+	+	-	-	-	-	-	+	-	-	45%
Grupa Kęty	+	+	+	+	+	+	+	+	+	+	+	+	100%
Impexmetal	+	+	+	-	+	+	=	+	+	+	=	+	91%
JSW	-	-	-	+	+	+	+	+	+	=	=	-	58%
Kernel	-	-	+	-	-	-	-	-	-	+	+	+	33%
KGHM	-	-	+	+	+	+	+	-	-	+	-	=	58%
Kruszwica	-	=	-	+	=	=	+	+	+	+	+	+	83%
Mangata	+	+	+	-	=	=	=	+	+	+	+	+	82%
Pfleiderer	+	=	+	=	+	-	+	+	+	-	+	+	82%
Pozbud	=	-	-	-	-	=	+	+	+	+	+	+	45%
Stelmet	na	na	-	-	-	-	+	+	=	+	+	=	60%
Tarczyński	-	-	-	-	=	+	+	+	+	+	+	+	67%
<b>Real-Estate</b>													
Atal	+	+	+	-	+	+	=	+	+	+	=	-	83%
Dom Dev.	+	+	+	+	-	+	+	+	+	+	-	+	83%
GTC	+	+	+	+	+	+	-	-	-	-	-	-	50%
<b>Retail</b>													
AmRest	+	+	+	+	=	+	+	-	+	=	+	+	92%
CCC	-	+	+	=	+	+	+	-	-	-	-	-	50%
Dino	na	na	na	na	na	+	+	+	+	+	+	+	100%
Eurocash	+	=	-	-	=	=	-	-	+	=	=	+	58%
Jeronimo	+	=	+	+	=	+	+	+	+	=	=	+	100%
LPP	-	-	-	-	+	+	+	+	+	+	+	+	58%
Monnari	+	-	-	-	-	-	-	+	-	+	-	=	33%
VRG	+	=	=	+	-	+	+	+	+	=	+	+	92%</



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



Source: Companies, Bloomberg, PAP, Dom Maklerski mBanku

## Macroeconomic Update

### Industrial production

Industrial production grew in February by 6.9% y/y, significantly above forecasts (consensus: 4.7%, our forecast 3.9% y/y). Surprise comes partly from the good mining reading, which accelerated from 0% to about 16% y/y and added 0.8 p.p. to overall production growth. In other words, if not the mining, reading would repeat its previous result, which would have been impressive nonetheless. Manufacturing also posted respectable figures (7.0% y/y). Monthly industrial production increased by 1.7% (adjusted for seasonal and calendar effects), which pushed the momentum to the level around 1% m/m.

Even more impressive is comparison of hard data with Polish industrial sentiment, which was declining in the last few months. If the old correlations of PMI (especially concerning the production part, which reflected the short-term movements quite well) with actual production held, momentum of production would be even 2 p.p. lower than what was actually registered. This series of positive surprises needs explanation, but to tell the truth – we do not have a good one. It can be a result of export results, which in previous months were high, especially comparing to the poor external environment. Distribution of growth among the categories partly confirms this hypothesis – double-digit dynamics were registered in export-oriented industries.

### Retail sales

In February, retail sales increased by 6.5% YoY in nominal terms (5.6% in real terms). The January reading was revised in real terms to 6.1%, and this is due to the revision of CPI inflation (prices from this study are also used to deflate sales data). Better reading of retail sales perfectly and positively fits in other surprises coming from the remaining data in the real terms. However, it is difficult to draw unambiguous conclusions from the sales composition. We were surprised with unfavorable findings in relation to the sale of cars (the dynamics of this type of spendings appears around January), clothing and footwear (it is better than a month ago; however, the growth in sales in this category will not come until March, along with higher outdoor temperatures). The positive surprise are primarily sales in non-specialized stores, and there almost 10pp acceleration was noted, which compared to January is impressive). At first glance, it looks like the next issue when store chains (sales include entities with more than 9 employees) seek to destabilize smaller sellers. Of course, without exploring micro-data, it is difficult to take such a conclusion for granted, but the acceleration of food prices in February and the still vivid perception of high prices left lots of room for pre-Sunday special offers. The positive information comes also from the category of furniture, audio/video devices and household appliances. The return to peaking of consumer's optimism and the lack of signs of weakening demand in the real estate market will support strong increases in this category this year.

We already know that the beginning of the year will be good. In terms of household perception, it may seem almost identical to the fourth quarter and the entire 2018.

### Implications for GDP growth

Good readings from retail sales and industry data suggest that GDP growth in Q1 will be higher than 4.5%. However, we have revised the forecast for the whole year yesterday, and we can venture to say that the average growth will amount to 4.5% in the whole year. The surprisingly good behavior of the economy at the beginning of the year (including exports) implies the possibility of making a number of dynamic adjustments. First of all, companies will be able to handle wage increases more easily (in this context, supply continues to create its own demand, and consumer remains the driving force for economy). Second, although we would have relied on private investments even 2-3 months ago (due to declines in the results of use of production factors), the strong-growing economy automatically increases the likelihood of the stronger response in terms of building capital or other forms of building of the production potential, and although they may not be included strictly in the investment statistics, they will contribute to maintaining low price pressure basically unchanged, compared to the scenario with the slightly less optimistic GDP growth.

### Inflation

According to the flash estimate, CPI inflation rose from 1.2 in February to 1.7% y/y in March (consensus and our forecast were both at 1.6% y/y).

The acceleration in consumer prices can primarily be traced back to the behavior of food prices. These rose by 0.4% m/m in March (in line with our expectations) and were exacerbated by low statistical base from last year. According to our analysis, the increases in food inflation are now primarily driven by processed food as compared to vegetables, whose increases have garnered a lot of media attention previously. Other non-core categories behaved exactly as forecast. Core inflation, on the other hand, accelerated from 1.0 to 1.3% y/y and is now highest since 2013. No details are known in the flash estimate, but we suspect package holidays (their seasonal pattern is similar to German now) and either car insurance or communication services.

The March uptick in inflation confirms our aggressive CPI path for the year and its composition. Inflation this year will be driven by processed food and core categories. At year end expect it to reach the NBP's target. For the MPC as a whole this is still far from being a warning sign and the consensus there will hold. The hawks might not hold sway but may become emboldened, though, and market expectations are likely to become more hawkish in right circumstances.

### mBank Research

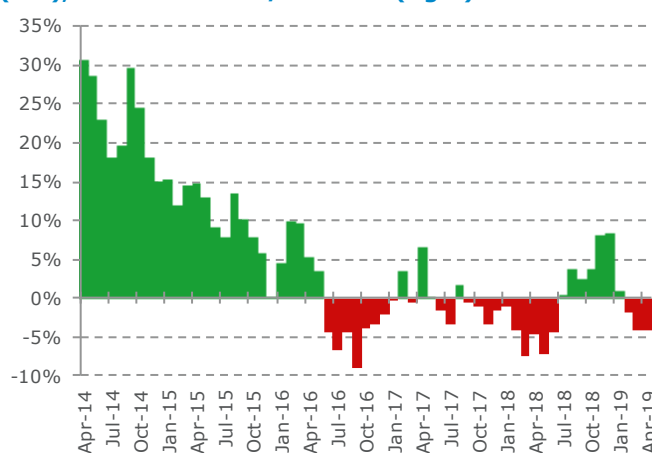
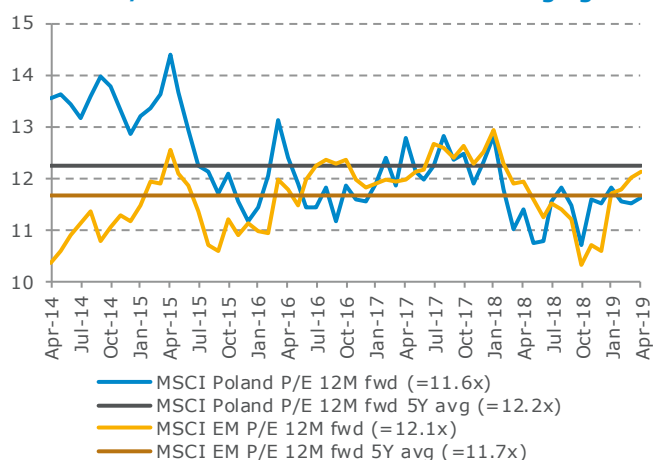
(E. Pytlarczyk, M. Mazurek, P. Bartkiewicz, K. Klimas)  
[research@mBank.pl](mailto:research@mBank.pl)

### Revisions To FY2019 Earnings Forecasts For WIG30 Companies

Mar-18=0	WIG30		Financials		Oil & Gas		Utilities		Retail		TMT		Chemicals		Commodities	
	Con.	mDM	Con	mDM	Con	mDM	Con	mDM	Con	mDM	Con	mDM	Con	mDM	Con	mDM
Apr-18	-1%	+0%	-2%	+0%	-2%	+0%	-1%	+0%	-1%	+2%	-6%	+0%	-1%	+0%	+7%	+1%
May-18	-1%	+2%	-2%	+0%	-1%	+0%	+5%	+16%	-0%	+2%	-8%	+0%	-11%	-31%	+3%	-1%
Jun-18	-1%	+2%	-2%	+0%	-0%	+9%	+5%	+16%	-3%	+5%	-6%	-10%	-11%	-31%	+2%	-3%
Jul-18	-1%	+2%	-3%	+0%	-2%	+9%	+8%	+16%	-3%	+5%	-7%	-10%	-32%	-37%	+2%	-3%
Aug-18	-3%	+1%	-3%	+0%	-3%	+7%	+7%	+16%	-3%	+5%	-11%	-11%	-23%	-41%	-4%	-7%
Sep-18	-3%	+1%	-3%	-0%	+0%	+7%	+6%	+16%	-3%	+3%	-14%	-10%	-28%	-41%	-9%	-7%
Oct-18	-4%	-7%	-5%	-5%	+0%	+5%	+3%	+16%	-5%	-3%	-21%	-23%	-49%	-62%	-5%	-44%
Nov-18	-5%	-8%	-5%	-6%	+3%	+5%	+0%	+16%	-7%	-2%	-23%	-42%	-64%	-68%	-6%	-35%
Dec-18	-6%	-8%	-5%	-6%	+1%	+5%	-1%	+16%	-8%	-3%	-22%	-42%	-72%	-68%	-12%	-35%
Jan-19	-6%	-9%	-6%	-6%	+2%	+6%	-2%	+10%	-13%	-4%	-20%	-41%	-72%	-68%	-14%	-37%
Feb-19	-7%	-10%	-7%	-6%	+1%	+1%	-4%	+10%	-15%	-4%	-24%	-41%	-78%	-46%	-13%	-37%
Mar-19	-8%	-10%	-7%	-6%	-1%	-3%	-5%	+3%	-15%	-10%	-25%	-41%	-78%	-46%	-8%	-26%

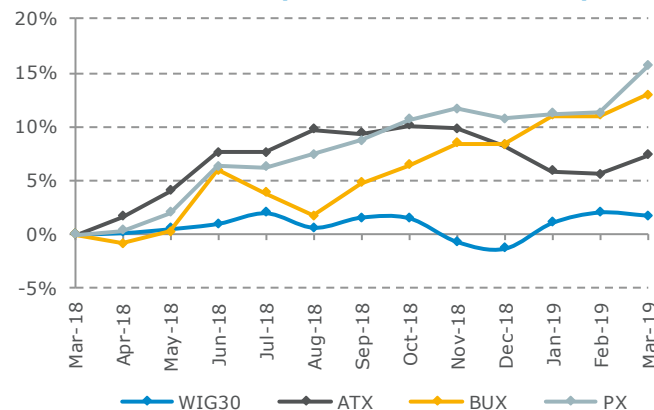
Source: "Con" - Bloomberg consensus forecasts, "mDM" - estimates by Dom Maklerski mBanku, provided ex. mBank, and PKP Cargo. The percentages indicate changes between the dates of this Monthly Outlook and the previous Monthly Outlook.

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



Source: Bloomberg, Dom Maklerski mBanku

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



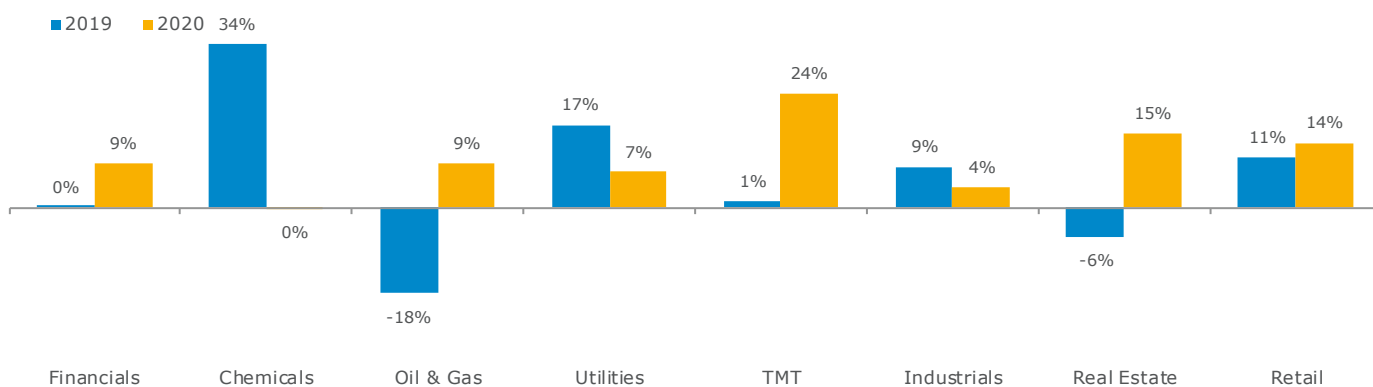
Source: Bloomberg, Dom Maklerski mBanku

### Estimated Sector Upside Potential\*



Source: Dom Maklerski mBanku; \*To mDM price targets

### Expected YoY Change in FY2019-2020E Sector Earnings\*



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



Divergence of Dom Maklerski mBanku Estimates From Consensus Estimates

Sector/Name	mDM Rating	mDM TP <sup>1</sup>	BBG Ratings <sup>2</sup>			BBG TP <sup>3</sup>	mDM v. BBG TP	mDM v. BBG Earnings			mDM v. BBG EBITDA			Analyst Count <sup>4</sup>
			▲	▶	▼			2019E	2020E	2021E	2019E	2020E	2021E	
<b>Financials</b>														
Alior Bank	buy	87.00	14	1	1	76.53	+13.7%	+15%	+14%	+13%				13
Handlowy	hold	65.50	1	9	2	70.53	-7.1%	+7%	+1%	+10%				9
ING BSK	hold	191.80	5	5	3	196.60	-2.4%	-1%	+2%	+7%				9
Millennium	accumulate	10.00	5	7	2	9.97	+0.3%	-7%	+3%	+5%				10
Pekao	buy	131.80	16	3	0	132.29	-0.4%	+6%	+5%	+5%				14
PKO BP	hold	40.92	8	9	2	42.13	-2.9%	+2%	-1%	-4%				11
Santander Bank Polska	hold	388.00	8	8	0	400.58	-3.1%	+3%	+6%	+9%				10
Komercni Banka	accumulate	1,000.0	10	6	0	1,026.1	-2.5%	+5%	+8%	-				11
Erste Bank	buy	43.72	21	4	0	40.56	+7.8%	+1%	+3%	-				15
OTP Bank	hold	13,046	11	2	3	13,037	+0.1%	-3%	-7%	-				10
PZU	accumulate	43.38	7	4	1	44.43	-2.4%	+3%	+2%	+2%				9
Kruk	buy	213.65	5	1	2	203.52	+5.0%	-10%	-12%	+7%				7
<b>Chemicals</b>														
Ciech	buy	68.66	12	0	0	66.26	+3.6%	+1%	-0%	+9%	+3%	+3%	+6%	9/9
Grupa Azoty	hold	43.20	5	3	1	47.01	-8.1%	-35%	-59%	-70%	-11%	-18%	-20%	5/5
<b>Oil &amp; Gas</b>														
Lotos	sell	65.41	8	4	3	91.23	-28.3%	-26%	-39%	-39%	-11%	-22%	-19%	11/10
MOL	hold	3,223.0	9	3	0	3,646.5	-11.6%	-44%	-31%	-24%	-16%	-10%	-4%	10/9
PGNiG	accumulate	6.92	5	2	3	7.07	-2.2%	-8%	+0%	+9%	-5%	+0%	+4%	6/5
PKN Orlen	sell	79.39	4	7	8	106.53	-25.5%	-29%	-37%	-29%	-19%	-26%	-21%	15/15
<b>Utilities</b>														
CEZ	hold	565.50	6	8	2	585.07	-3.3%	+5%	-14%	+1%	+1%	-6%	-2%	9/9
Enea	buy	12.51	6	3	1	11.05	+13.2%	+23%	+12%	+3%	+8%	+3%	-3%	6/6
Energa	buy	12.21	4	5	2	9.94	+22.9%	+6%	+2%	-6%	+2%	+3%	-5%	7/6
PGE	buy	13.66	6	4	3	11.74	+16.3%	-2%	-0%	+16%	+2%	+4%	-16%	8/7
Tauron	buy	2.89	2	7	4	2.31	+25.3%	+8%	+14%	+9%	+5%	+5%	+4%	8/7
<b>TMT</b>														
Netia	hold	4.70	3	3	2	4.85	-3.1%	-13%	-25%	-	-0%	-1%	+14%	2/4
Orange Polska	buy	6.40	7	5	4	5.48	+16.9%	+28%	+6%	+24%	-3%	-1%	-1%	8/10
Play	hold	21.30	7	6	1	23.82	-10.6%	-10%	-12%	-14%	-2%	-3%	-4%	9/6
Agora	buy	16.00	2	3	0	12.10	+32.2%	-	-	-	-2%	+3%	+12%	2/3
Cyfrowy Polsat	hold	23.20	6	8	0	26.97	-14.0%	-5%	+5%	+13%	-3%	-3%	-6%	10/9
Wirtualna Polska	accumulate	61.50	6	0	0	63.95	-3.8%	+0%	+2%	-	+0%	-4%	-	3/3
Asseco Poland	hold	53.00	3	5	0	51.20	+3.5%	-0%	-8%	-23%	-1%	-3%	-8%	3/3
Asseco BS	neutral	-	0	2	0	30.30	-	-1%	+2%	-	-1%	+1%	-	2/2
Asseco SEE	overweight	-	2	0	0	17.90	-	-1%	-1%	-	+1%	+4%	-	2/3
CD Projekt	accumulate	221.00	10	2	1	219.40	+0.7%	-92%	+38%	+93%	-92%	+19%	+69%	9/8
Comarch	buy	195.00	3	1	1	183.23	+6.4%	+1%	-6%	-3%	+0%	-2%	-4%	2/2
<b>Industrials</b>														
AC	neutral	-	2	1	0	48.10	-	+8%	+13%	-	+6%	+9%	+21%	3/3
Alumetal	neutral	-	4	2	0	53.45	-	+9%	+1%	-	+6%	-2%	-	4/4
Amica	overweight	-	3	2	0	145.70	-	+13%	+13%	-	+3%	+2%	-	4/4
Apator	overweight	-	2	2	0	-	-	+13%	-0%	-	+8%	-0%	-	2/2
Famur	buy	6.61	5	1	0	6.51	+1.6%	+2%	+8%	+2%	-3%	-2%	-9%	7/6
Forte	neutral	-	3	3	2	34.63	-	-28%	-24%	-	-11%	-9%	-	5/6
Grupa Kęty	hold	341.33	3	8	0	368.87	-7.5%	-10%	-7%	-8%	-8%	-7%	-8%	7/6
JSW	reduce	54.80	4	6	3	68.87	-20.4%	-10%	-50%	-73%	-8%	-19%	-20%	9/8
Kemel	buy	62.86	5	2	0	73.37	-14.3%	+6%	+12%	+21%	+9%	+15%	+16%	6/5
KGHM	hold	105.57	1	7	9	91.02	+16.0%	-1%	-4%	-8%	-6%	-8%	-6%	11/10
Pfleiderer Group	neutral	-	5	1	1	47.00	-	+8%	+3%	-	-4%	-4%	-	4/4
<b>Real Estate</b>														
Atal	hold	41.03	4	0	0	41.39	-0.9%	-2%	-5%	+9%	-1%	-4%	+8%	4/4
Dom Development	hold	84.40	3	3	0	85.43	-1.2%	+1%	+1%	+7%	-1%	+5%	+7%	5/4
<b>Retail</b>														
AmRest	buy	48.00	6	3	0	49.83	-3.7%	-13%	-13%	-8%	-3%	-0%	+2%	9/8
CCC	buy	275.00	8	4	1	248.84	+10.5%	+10%	+9%	-7%	+49%	+43%	+26%	8/8
Dino	reduce	112.70	11	7	2	118.52	-4.9%	-1%	-1%	-9%	+2%	-1%	-8%	12/14
Eurocash	sell	18.90	5	5	8	20.66	-8.5%	-19%	-27%	+2%	-12%	-13%	-7%	3/7
Jeronimo Martins	accumulate	14.10	14	9	3	14.05	+0.4%	-0%	-2%	-6%	+1%	+0%	-2%	17/18
LPP	hold	8,400.0	4	3	8	8,329.9	+0.8%	+14%	+15%	+18%	+4%	+4%	+6%	7/7
Monnari	underweight	-	3	0	1	7.20	-	-18%	-20%	+8%	-37%	-39%	-19%	3/3
VRG	overweight	-	6	0	0	4.86	-	+8%	+5%	-	+3%	+1%	-	3/3

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

## Current Recommendations By Dom Maklerski mBanku

Company	Recommendation	Issued On	Price At Reco.	Target Price	Current Price	Upside/Downside	P/E		EV/EBITDA	
							2019	2020	2019	2020
<b>Financial Sector</b>						<b>+13.6%</b>	<b>11.2</b>	<b>10.4</b>		
Alior Bank	buy	2019-02-01	57.50	87.00	59.75	+45.6%	7.8	6.9		
Handlowy	hold	2019-03-05	65.90	65.50	67.50	-3.0%	12.5	12.4		
ING BSK	hold	2019-02-01	191.40	191.80	192.20	-0.2%	15.1	13.5		
Millennium	accumulate	2019-02-01	8.82	10.00	8.94	+11.9%	14.7	10.6		
Pekao	buy	2019-02-01	110.60	131.80	110.00	+19.8%	11.2	10.1		
PKO BP	hold	2019-02-01	39.51	40.92	38.58	+6.1%	11.7	11.1		
Santander Bank Polska	hold	2019-02-01	373.80	388.00	381.00	+1.8%	14.7	12.3		
Komercni Banka	accumulate	2018-12-05	906.50	1,000 CZK	940.00	+6.4%	11.7	11.3		
Erste Bank	buy	2019-02-04	31.00	43.72 EUR	32.76	+33.5%	9.4	8.8		
OTP Bank	hold	2019-04-02	12,600	13,046 HUF	12,600	+3.5%	10.4	9.9		
PZU	accumulate	2019-04-02	40.79	43.38	40.50	+7.1%	10.8	10.2		
Kruk	buy	2019-04-02	152.30	213.65	152.70	+39.9%	8.5	8.3		
Skarbiec Holding	buy	2018-12-05	23.50	31.36	17.30	+81.3%	5.1	-		
<b>Chemicals</b>						<b>+15.4%</b>	<b>13.4</b>	<b>18.4</b>	<b>6.2</b>	<b>6.7</b>
Ciech	buy	2019-04-02	54.80	68.66	53.65	+28.0%	8.7	8.3	5.7	5.2
Grupa Azoty	hold	2019-03-05	43.88	43.20	41.20	+4.9%	18.0	28.5	6.7	8.1
<b>Oil &amp; Gas</b>						<b>-4.4%</b>	<b>13.4</b>	<b>11.6</b>	<b>5.8</b>	<b>5.1</b>
Lotos	sell	2019-04-02	86.22	65.41	83.40	-21.6%	14.1	12.8	6.9	5.8
MOL	hold	2019-04-02	3,278	3,223 HUF	3,278	-1.7%	14.9	10.4	5.1	4.4
PGNiG	accumulate	2019-04-02	6.31	6.92	6.26	+10.6%	10.3	9.2	4.5	4.0
PKN Orlen	sell	2019-04-02	99.94	79.39	97.64	-18.7%	12.6	13.1	6.6	6.4
<b>Power Utilities</b>						<b>+20.2%</b>	<b>5.0</b>	<b>5.3</b>	<b>4.0</b>	<b>3.6</b>
CEZ	hold	2019-04-02	540.50	565.50 CZK	540.50	+4.6%	16.4	15.7	7.6	7.3
Enea	buy	2019-04-02	8.76	12.51	8.75	+43.0%	3.2	2.9	3.2	3.0
Energa	buy	2019-04-02	8.58	12.21	8.63	+41.5%	5.0	5.3	4.0	4.3
PGE	buy	2019-04-02	10.10	13.66	9.94	+37.4%	7.6	6.5	3.9	3.5
Tauron	buy	2019-04-02	2.03	2.89	2.02	+42.8%	3.1	2.7	4.0	3.6
<b>Telecoms, Media, IT</b>						<b>+4.7%</b>	<b>18.2</b>	<b>15.3</b>	<b>6.3</b>	<b>6.3</b>
Netia	hold	2018-11-26	4.66	4.70	5.09	-7.7%	34.2	28.3	5.8	5.8
Orange Polska	buy	2018-11-26	4.91	6.40	5.13	+24.8%	64.4	23.6	4.5	4.1
Play	hold	2019-02-04	22.80	21.30	23.60	-9.7%	8.3	8.2	5.8	5.5
Agora	buy	2018-11-27	9.50	16.00	11.35	+41.0%	37.7	20.0	5.2	4.8
Cyfrowy Polsat	hold	2018-11-26	22.50	23.20	25.68	-9.7%	14.8	12.3	6.8	6.3
Wirtualna Polska	accumulate	2019-02-04	58.40	61.50	58.80	+4.6%	18.4	15.7	9.8	8.7
Asseco Poland	hold	2019-03-05	54.30	53.00	51.90	+2.1%	14.6	14.2	8.5	8.0
CD Projekt	accumulate	2019-04-02	204.00	221.00	200.00	+10.5%	-	10.2	-	7.5
Comarch	buy	2019-03-05	162.50	195.00	185.50	+5.1%	17.9	15.3	7.3	6.6
<b>Industrials, Mining</b>						<b>+5.7%</b>	<b>9.5</b>	<b>11.0</b>	<b>5.3</b>	<b>4.8</b>
Famur	buy	2019-02-04	4.98	6.61	4.66	+41.8%	10.6	9.8	5.2	5.0
Grupa Kęty	hold	2019-04-02	324.00	341.33	322.50	+5.8%	12.8	12.2	8.7	8.2
JSW	reduce	2019-03-25	62.50	54.80	61.00	-10.2%	6.8	17.9	2.1	3.3
Kemcel	buy	2019-03-05	49.20	62.86	49.20	+27.8%	5.6	5.0	5.4	4.6
KGHM	hold	2019-04-02	109.40	105.57	107.00	-1.3%	8.5	8.5	4.7	4.4
Stelmet	hold	2019-03-05	10.25	8.36	8.00	+4.5%	23.0	17.4	7.0	6.1
<b>Property Developers</b>						<b>+3.5%</b>	<b>9.1</b>	<b>8.1</b>	<b>7.6</b>	<b>7.0</b>
Atal	hold	2019-04-02	39.90	41.03	40.00	+2.6%	9.3	8.9	8.5	8.2
Dom Development	hold	2019-04-02	80.80	84.40	81.00	+4.2%	9.1	8.1	7.6	7.0
<b>Retail</b>						<b>+7.3%</b>	<b>25.0</b>	<b>20.5</b>	<b>10.3</b>	<b>8.8</b>
AmRest	buy	2019-04-02	41.20	48.00	41.60	+15.4%	39.1	28.6	13.2	10.6
CCC	buy	2019-04-02	217.00	275.00	215.20	+27.8%	20.3	16.3	7.9	6.7
Dino	reduce	2019-04-02	126.10	112.70	121.00	-6.9%	29.4	22.8	17.5	13.9
Eurocash	sell	2019-04-02	22.58	18.90	21.88	-13.6%	40.8	27.1	8.9	7.6
Jeronimo Martins	accumulate	2019-04-02	13.15	14.10 EUR	13.15	+7.2%	19.2	17.7	8.3	7.5
LPP	hold	2019-04-02	8,405	8,400	8,325	+0.9%	20.6	18.1	11.7	10.0
<b>Other</b>						<b>-1.5%</b>	<b>12.6</b>	<b>11.5</b>	<b>8.3</b>	<b>7.4</b>
PBKM	hold	2019-03-05	68.80	66.57	67.60	-1.5%	12.6	11.5	8.3	7.4



**Weighting Recommendations by Dom Maklerski mBanku**

Company	Relative Positioning	Rated On	Price At Rating	Current Price	Change	P/E		EV/EBITDA	
						2019	2020	2019	2020
<b>IT</b>						<b>11.6</b>	<b>10.8</b>	<b>4.8</b>	<b>4.6</b>
Ailleron	underweight	2019-01-31	11.75	9.44	-19.7%	12.1	11.0	4.6	3.6
Asseco BS	neutral	2019-03-29	29.50	30.00	+1.7%	15.2	14.1	10.2	9.5
Asseco SEE	overweight	2018-04-26	11.70	14.00	+19.7%	11.1	10.7	5.0	4.6
Atende	neutral	2019-01-31	4.40	3.85	-12.5%	9.7	9.0	4.6	4.5
<b>Industrials</b>						<b>9.6</b>	<b>10.0</b>	<b>6.1</b>	<b>6.1</b>
AC	neutral	2019-03-22	48.50	49.80	+2.7%	11.0	10.0	7.5	6.9
Alumetal	neutral	2019-03-28	51.00	44.65	-12.5%	8.9	9.3	6.9	7.1
Amica	overweight	2019-04-02	143.00	146.00	+2.1%	9.4	9.1	6.0	5.7
Apator	overweight	2019-03-05	26.50	25.80	-2.6%	12.0	12.4	7.7	7.7
Boryszew	neutral	2018-09-05	6.25	4.55	-27.2%	8.8	7.5	6.6	6.1
Cognor	underweight	2019-03-05	1.94	1.81	-7.0%	4.8	8.1	3.7	4.6
Ergis	overweight	2019-02-27	2.75	3.00	+9.1%	7.3	10.8	5.6	6.2
Forte	neutral	2018-10-31	40.60	25.90	-36.2%	-	11.9	52.7	8.5
Impexmetal	neutral	2018-12-05	3.40	3.94	+15.9%	4.4	4.3	5.7	5.3
Kruszwica	neutral	2019-04-02	43.90	41.10	-6.4%	11.0	10.3	5.4	5.1
Mangata	neutral	2018-10-01	65.40	65.60	+0.3%	10.2	10.2	6.8	6.8
Pfleiderer Group	neutral	2019-02-27	28.40	24.45	-13.9%	13.9	11.2	5.4	5.0
Pozbud	overweight	2018-09-04	3.57	2.33	-34.7%	2.7	2.9	2.9	1.6
Tarczyński	underweight	2018-12-05	17.50	16.15	-7.7%	10.1	10.2	6.1	5.9
TIM	overweight	2018-12-05	7.48	6.96	-7.0%	9.9	9.4	6.6	6.2
<b>Retail</b>						<b>12.2</b>	<b>11.5</b>	<b>7.6</b>	<b>6.7</b>
Monnari	underweight	2018-12-05	4.75	6.00	+26.3%	11.9	11.7	6.8	5.9
VRG	overweight	2019-03-28	4.29	4.30	+0.2%	12.5	11.3	8.5	7.6

## Recommendations Issued in March

Company	Rating	Previous Rating	Target Price	Issued on
AC	neutral	overweight	- -	2019-03-22
Alumetal	neutral	neutral	- -	2019-03-28
AmRest	accumulate	buy	46.00 PLN	2019-03-05
Apator	overweight	overweight	- -	2019-03-05
Asseco BS	neutral	overweight	- -	2019-03-29
Asseco Poland	hold	accumulate	53.00 PLN	2019-03-05
Cognor	underweight	neutral	- -	2019-03-05
Comarch	buy	hold	195.00 PLN	2019-03-05
Grupa Azoty	hold	hold	43.20 PLN	2019-03-05
GTC	suspended	hold	- -	2019-03-05
Handlowy	hold	reduce	65.50 PLN	2019-03-05
Jeronimo Martins	hold	buy	13.60 EUR	2019-03-05
JSW	reduce	hold	54.80 PLN	2019-03-25
Kernel	buy	buy	62.86 PLN	2019-03-05
Lotos	sell	sell	65.18 PLN	2019-03-05
LPP	buy	accumulate	9300.00 PLN	2019-03-05
MOL	hold	hold	3423.00 HUF	2019-03-05
PBKM	hold	accumulate	66.57 PLN	2019-03-05
PGE	buy	buy	13.77 PLN	2019-03-26
PGNiG	hold	hold	7.08 PLN	2019-03-05
PKN Orlen	sell	sell	81.22 PLN	2019-03-05
PZU	accumulate	hold	46.50 PLN	2019-03-05
Stelmet	hold	hold	8.36 PLN	2019-03-05
VRG	overweight	overweight	- -	2019-03-28

## Ratings and Valuations Changed as of 2nd April 2019

Company	Rating	Previous Rating	Target Price	Issued on
Amica	overweight	overweight	- -	2019-04-01
AmRest	buy	accumulate	48.00 PLN	2019-04-01
Atal	hold	buy	41.03 PLN	2019-04-01
CCC	buy	buy	275.00 PLN	2019-04-01
CD Projekt	accumulate	accumulate	221.00 PLN	2019-04-01
CEZ	hold	hold	565.50 CZK	2019-04-01
Ciech	buy	buy	68.66 PLN	2019-04-01
Dino	reduce	hold	112.70 PLN	2019-04-01
Dom Development	hold	accumulate	84.40 PLN	2019-04-01
Enea	buy	buy	12.51 PLN	2019-04-01
Energa	buy	buy	12.21 PLN	2019-04-01
Eurocash	sell	reduce	18.90 PLN	2019-04-01
Grupa Kęty	hold	hold	341.33 PLN	2019-04-01
Jeronimo Martins	accumulate	hold	14.10 EUR	2019-04-01
KGHM	hold	hold	105.57 PLN	2019-04-01
Kruk	buy	buy	213.65 PLN	2019-04-01
Kruszwica	neutral	neutral	- -	2019-04-01
Lotos	sell	sell	65.41 PLN	2019-04-01
LPP	hold	buy	8400.00 PLN	2019-04-01
MOL	hold	hold	3223.00 HUF	2019-04-01
OTP Bank	hold	accumulate	13046.00 HUF	2019-04-01
PGE	buy	buy	13.66 PLN	2019-04-01
PGNiG	accumulate	hold	6.92 PLN	2019-04-01
PKN Orlen	sell	sell	79.39 PLN	2019-04-01
PZU	accumulate	accumulate	43.38 PLN	2019-04-01
Tauron	buy	buy	2.89 PLN	2019-04-01

## Recommendation Statistics

Recommendation	All		For Issuers Who Are Clients of Dom Maklerski mBanku	
	Count	As pct. of total	Count	As pct. of total
sell	3	4.3%	1	3.8%
reduce	2	2.9%	0	0.0%
underweight	4	5.8%	2	7.7%
hold	19	27.5%	7	26.9%
neutral	10	14.5%	2	7.7%
accumulate	7	10.1%	4	15.4%
buy	17	24.6%	8	30.8%
overweight	7	10.1%	2	7.7%

## Corporate Events Calendar For April

Date	Time	Company	Event
2-Apr	10:00	<b>EUCO</b>	Q4'18 earnings conference (Westin Hotel, Warsaw) - canceled
2-Apr	12:00	<b>Kino Polska TV</b>	Q4'18 earnings conference (Westin Hotel, Warsaw)
2-Apr	12:00	<b>Mangata</b>	Q4'18 earnings conference (Polonia Palace Hotel, Warsaw)
2-Apr		<b>Mangata</b>	Q4'18 earnings announcement
3-Apr		<b>Grupa Kęty</b>	Q4'18 earnings announcement
3-Apr		<b>Tauron</b>	Q4'18 earnings announcement
4-Apr	10:00	<b>Radpol</b>	Q4'18 earnings conference (Atrium Tower Room H, Jana Pawła II 25, Warsaw)
4-Apr	12:00	<b>Auto Partner</b>	Q4'18 earnings conference (Sheraton Hotel, Warsaw)
4-Apr	12:00	<b>Tauron</b>	2018 earnings conference (Intercontinental Hotel, Warsaw)
4-Apr		<b>Benefit Systems</b>	Q4'18 earnings announcement
4-Apr		<b>Forte</b>	Q4'18 earnings announcement
5-Apr	12:00	<b>Forte</b>	Q4'18 earnings conference (Sheraton Hotel, Warsaw)
9-Apr		<b>Apator</b>	Investor day
9-Apr		<b>Archicom</b>	Q4'18 earnings announcement
10-Apr		<b>Pfleiderer Group</b>	Q4'18 earnings announcement
10-Apr	11:30	<b>Pfleiderer Group</b>	Investor meetings (Hotel Novotel, ul. Marszałkowska 94, Warszawa)
10-Apr		<b>TIM</b>	Q4'18 earnings announcement
10-Apr		<b>Trakcja</b>	Q4'18 earnings announcement
11-Apr		<b>LPP</b>	Q4'18 earnings announcement
11-Apr		<b>Pozbud</b>	Q4'18 earnings announcement
11-Apr		<b>Wielton</b>	Q4'18 earnings announcement
11-Apr		<b>ZEPAK</b>	Q4'18 earnings announcement
12-Apr		<b>Capital Park</b>	Q4'18 earnings announcement
16-Apr		<b>Boryszew</b>	Q4'18 earnings announcement
16-Apr	10:00	<b>Lentex</b>	Investor meetings (Hotel Mercury, ul. Krucza 28, Warszawa)
18-Apr		<b>Ergis</b>	Q4'18 earnings announcement
19-Apr		<b>Kernel</b>	Volume data for Q3'19
23-Apr		<b>TXM</b>	Q4'18 earnings announcement
24-Apr		<b>Grupa Kęty</b>	Q1'19 earnings announcement
24-Apr		<b>Apator</b>	2018 earnings announcement
24-Apr		<b>Elektrobudowa</b>	Q4'18 earnings announcement
24-Apr		<b>Jeronimo Martins</b>	Q1'18 earnings announcement (before the market opening)
25-Apr		<b>Kruk</b>	Q1'19 earnings announcement
26 kwi		<b>Getin Noble Bank</b>	Q4'18 earnings announcement
26 kwi		<b>Idea Bank</b>	Q4'18 earnings announcement
26-Apr		<b>Budimex</b>	Q1'19 earnings announcement
29-Apr		<b>GPW</b>	Q1'19 earnings announcement
29-Apr		<b>Famur</b>	Q4'18 earnings announcement
30-Apr		<b>Grupa Azoty</b>	Q4'18 earnings announcement
30-Apr		<b>LC Corp</b>	Q4'18 earnings announcement
30-Apr		<b>Cognor</b>	Q1'19 earnings announcement
30-Apr		<b>Santander</b>	Q1'19 earnings announcement
30-Apr		<b>mBank</b>	Q1'19 earnings announcement
30-Apr		<b>Polnord</b>	Q4'18 earnings announcement



**List of abbreviations and ratios contained in the report:**

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

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

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**BUY** – we expect that the rate of return from an investment will be at least 15%  
**ACCUMULATE** – we expect that the rate of return from an investment will range from 5% to 15%  
**HOLD** – we expect that the rate of return from an investment will range from -5% to +5%  
**REDUCE** – we expect that the rate of return from an investment will range from -5% to -15%  
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**Discounted Cash Flow (DCF)** – acknowledged as the most methodologically correct method of valuation; it consists in discounting financial flows generated by a company; its weak point is the significant susceptibility to a change of forecast assumptions in the model.

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

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

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

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

## Comparable Companies Used In Relative Valuation Models

<b>Agora</b>	Axel Springer, Cinemark Holdings, Cineworld, Daily Mail&General, IMAX Corp, JC Decaux, Lagardere, Sanoma, Schibsted, Stroer Media,
<b>AmRest</b>	Alsea, Autogrill, Chipotle Mexican, Collins Foods, Jack In The Box, McDonalds, Mitchells & Butlers, Panera Bread, Starbucks, Texas Roadhouse, Wendy's, Yum! Brands
<b>Asseco Poland</b>	Atos, CAP Gemini, Comarch, Computacenter, Fiserv, Indra Sistemas, Oracle, Sage Group, SAP, Software AG
<b>Atal</b>	Archicom, Dom Development, i2 Development, JWC, LC Corp, Lokum Deweloper, Polnord, Ronson
<b>CCC</b>	Adidas, Asos, Boohoo.com, Caleries, Crocs, Foot Locker, Geox, Nike, Steven Madden, Tod's, Voox Net-a-Porter, Zalando
<b>CD Projekt</b>	Activision, Blizzard, CAPCOM, Take Two Interactive, Ubisoft Entertainment, Electronic Arts
<b>CEZ, Enea, Energa, PGE, Tauron</b>	CEZ, EDF, EDP, Endesa, Enea, Enel, Energa, EON, Innogy, PGE, RWE, Tauron
<b>Ciech</b>	Akzo Nobel, BASF, Bayer, Ciner Resources, Dow Chemical, GHCL, Hongda Xindye, Huntsman, MISR Chemical, OCI, Soda Samayii, Solvay, Shandong Haihua, Qingdao, Tata Chemicals, Tangshan Sanyou Chemical, Tessenderlo Chemie, Tronox, Wacker Chemie
<b>Comarch</b>	Asseco Poland, Atos, CAP Gemini, Computacenter, Fiserv INC, Indra Sistemas, Oracle Corp, Sage Group, SAP, Software AG, Tieto
<b>Cyfrowy Polsat</b>	BT Group, Comcast, Deutsche Telekom, Hellenic Telecom, Iliad, Koninklijke KPN, Magyar Telekom, Netia, O2 Czech, Orange, Orange Polska, Shaw Communications, Talktalk Telecom, Tele2, Telecom Italia, Telefonica, Telekom Austria, Telenor, Turk Telekomunikasyon, Turkcell Iletisim Hizmet, Vodafone Group
<b>Dino</b>	Carrefour, Dixy Group, Eurocash, Jeronimo Martins, Magnit, Metro, O'Key Group, Tesco, X5
<b>Dom Development</b>	Archicom, Atal, LC Corp, Lokum Deweloper, Echo
<b>Eurocash</b>	Carrefour, Dixy Group, Jeronimo Martins, Magnit, Metro, O'Key Group, Tesco, X5
<b>Famur</b>	Epiroc, Caterpillar, Duro Felguera, Komatsu, Sandvik
<b>Grupa Azoty</b>	Acron, Agrium, CF Industries, Israel Chemicals, K+S, Mosaic, Phosagro, Potash, Yara
<b>Jeronimo Martins</b>	Carrefour, Eurocash, Magnit, Tesco, X5
<b>JSW</b>	Alliance Resource Partners, Peabody Energy, Arch Coal, Semirara Mining and Power, Bukin Asam, Henan Shenhui, Shanxi Xishan Coal & Elec, Yanzhou Coal Mining, Banpu Public, LW Bogdanka, Shaanxi Heima, China Coal, Shougang Fushan Resources, Cokal, Teck Resources, Walter Energy, Stanmore Coal, Terracom, Cloud Peak Energy, Natural Resource Partners, Rio Tinto, BHP Billiton, Warrior Met Coal
<b>Kernel</b>	Astarta, Andersnons, ADM, Avangard, Bunge, China Agri Industries, Felda Global, Golden Agri Resources, GrainCorp, IMC, MHP, Milkiland, Nisshin Oil Group, Ovostar, Wilmar
<b>Kęty</b>	Alcoa, Amag, Amcor, Bemis, Century Aluminium, China Hongoiao, Constelium, Impexmetal, Kaiser Aluminium, Mercor, Midas Holdings, Nippon Light Metal, Norsk Hydro, UACJ, United CO Rusal
<b>KGHM</b>	Anglo American, Antofagasta, BHP Billiton, Boliden, First Quantum Minerals, Freeport-McMoRan, Grupo Mexico, Hudbay, Lundin, MMC Norilsk Nickel, OZ Minerals, Rio Tinto, Sandfire Resources, Southern Copper, Vedanta Resources
<b>Lotos, MOL</b>	Aker BP, Bashneft, BP, ENI, Galp, Gazpromneft, Hellenic, Lotos, Lukoil, MOL, Motor Oil, Neste, OMV, OMV Petrom, PKN, Repsol, Rosneft, Saras, Shell, Statoil, Total, Tullow Oil, Tupras, Unipetrol
<b>LPP</b>	CCC, Gerry Weber, H&M, Hugo Boss, IC Companys, Inditex, Kappahl, Marks & Spencer, Next, Tom Tailor
<b>Netia</b>	BT Group, Cyfrowy Polsat, Deutsche Telekom, Hellenic Telecom, Koninklijke KPN, Magyar Telekom, Mobile Telesystems, O2 Czech, Orange, Orange Polska, Rostelecom, Telecom Italia, Telefonica, Telekom Austria, Telenor, Turk Telekomunikasyon, Turkcell Iletisim Hizmet, Vodafone Group
<b>Orange Polska</b>	BT Group, Cyfrowy Polsat, Deutsche Telekom, Hellenic Telecom, Koninklijke KPN, Magyar Telekom, Mobile Telesystems, Netia, O2 Czech, Orange, Rostelecom, Telecom Italia, Telefonica, Telekom Austria, Telenor, Turk Telekomunikasyon, Turkcell Iletisim Hizmet, Vodafone Group
<b>PGNiG</b>	A2A, BP, Centrica, Enagas, Endesa, Enea, Energa, Engie, ENI, EON, Galp Energia, Gas Natural, Gazprom, Hera, MOL, Novatek, OMV, Red Electrica, Romgaz, RWE, Shell, Snam, SSE, Statoil, Total
<b>PKN Orlen</b>	Braskem, Dow Chemical, Eastman, Galp, Hellenic, Huntsman, Indorama, Lotos, Lotte, Lyondellbasell, Mitsubishi, Mitsui, MOL, Motor Oil, Neste, OMV, OMV Petrom, Petronas, Saras, Tupras, Unipetrol, Westlake
<b>Play</b>	BT Group, Cyfrowy Polsat, Deutsche Telekom, Hellenic Telecom, Koninklijke KPN, Magyar Telekom, Netia, O2 Czech, Orange, Orange Belgium, Orange Polska, Telecom Italia, TalkTalk, Tele2, Telefonica, Telekom Austria, Telenor, Turk Telekomunikasyon, Turkcell Iletisim Hizmet, Vimpel, Vodafone Group
<b>Skarbiec Holding</b>	Affiliated Managers, AllianceBernstein, Ashmore Group, Blackrock, Brewin Dolphin, Eaton Vance Mgmt, Franklin Resources, GAM Holding, Invesco, Investec, Janus Henderson, Jupiter AM, Legg Mason, Liontrust AM, Och-Ziff Capital Mgmt., Schroders, Standard Life, T Rowe Price
<b>Stelmet</b>	AFG Arbonia, Canfor, Century Plyboards, Deceuninck, Duratex, Forte, Greenply Industries, Interfor, Inwido, Louisiana Pacific, Nobia, Pflaiderer, Rayonier, Uzin UTZ, Vanachai Group, Vilmorin, West Fraser
<b>Wirtualna Polska</b>	eBay, Facebook, Google, Mail.ru, Sina, Yahoo Japan, Yandex

## Recommendations Issued In the 12 Months Prior To This Publication

### AC

<b>Rating</b>	<b>neutral</b>	<b>overweight</b>
Rating date	2019-03-22	2018-11-30
Target price (PLN)	-	-
Price on rating day	48.50	41.50

### Agora

<b>Rating</b>	<b>buy</b>	<b>buy</b>	<b>buy</b>
Rating date	2018-11-27	2018-09-14	2018-04-06
Target price (PLN)	16.00	15.40	18.40
Price on rating day	9.50	8.48	14.50

### Ailleron

<b>Rating</b>	<b>underweight</b>
Rating date	2019-01-31
Target price (PLN)	-
Price on rating day	11.75

### Alior Bank

<b>Rating</b>	<b>buy</b>	<b>buy</b>	<b>buy</b>
Rating date	2019-02-01	2018-12-05	2018-10-04
Target price (PLN)	87.00	92.50	96.00
Price on rating day	57.50	56.65	62.90

### Alumetal

<b>Rating</b>	<b>neutral</b>	<b>neutral</b>
Rating date	2019-03-28	2018-08-23
Target price (PLN)	-	-
Price on rating day	51.00	51.00

### Amica

<b>Rating</b>	<b>overweight</b>	<b>overweight</b>	<b>overweight</b>
Rating date	2019-04-02	2018-09-13	2018-06-06
Target price (PLN)	-	-	-
Price on rating day	143.00	112.80	121.00

### AmRest

<b>Rating</b>	<b>buy</b>	<b>accumulate</b>	<b>buy</b>	<b>accumulate</b>	<b>hold</b>	<b>reduce</b>
Rating date	2019-04-02	2019-03-05	2018-12-05	2018-11-05	2018-09-03	2018-04-06
Target price (PLN)	48.00	46.00	46.00	41.20	42.60	426.00
Price on rating day	41.20	41.40	39.60	40.00	40.60	449.50

### Apator

<b>Rating</b>	<b>overweight</b>	<b>overweight</b>	<b>neutral</b>	<b>underweight</b>
Rating date	2019-03-05	2019-02-27	2019-01-30	2018-12-05
Target price (PLN)	-	-	-	-
Price on rating day	26.50	25.80	25.40	24.20

### Archicom

<b>Rating</b>	<b>suspended</b>	<b>overweight</b>	<b>overweight</b>
Rating date	2018-12-05	2018-06-22	2018-04-26
Target price (PLN)	-	-	-
Price on rating day	11.90	15.00	15.30

### Asseco BS

<b>Rating</b>	<b>neutral</b>	<b>overweight</b>
Rating date	2019-03-29	2019-02-28
Target price (PLN)	-	-
Price on rating day	29.50	26.60

### Asseco Poland

<b>Rating</b>	<b>hold</b>	<b>accumulate</b>	<b>hold</b>	<b>accumulate</b>	<b>hold</b>
Rating date	2019-03-05	2019-02-04	2018-12-05	2018-09-03	2018-06-06
Target price (PLN)	53.00	51.20	49.60	49.00	41.20
Price on rating day	54.30	48.00	48.30	45.90	44.00

### Asseco SEE

<b>Rating</b>	<b>overweight</b>
Rating date	2018-04-26
Target price (PLN)	-
Price on rating day	11.70

### Atal

<b>Rating</b>	<b>hold</b>	<b>buy</b>	<b>accumulate</b>	<b>accumulate</b>
Rating date	2019-04-02	2018-07-04	2018-06-22	2018-04-06
Target price (PLN)	41.03	42.86	42.86	47.00
Price on rating day	39.90	36.40	37.30	43.40

### Atende

<b>Rating</b>	<b>neutral</b>
Rating date	2019-01-31
Target price (PLN)	-
Price on rating day	4.40

### BBI Development

<b>Rating</b>	<b>suspended</b>	<b>neutral</b>
Rating date	2018-12-05	2018-04-26
Target price (PLN)	-	-
Price on rating day	0.63	0.66

### Boryszew

<b>Rating</b>	<b>neutral</b>
Rating date	2018-09-05
Target price (PLN)	-
Price on rating day	6.25



#### Budimex

Rating	suspended	hold	hold	accumulate
Rating date	2018-12-05	2018-08-02	2018-06-06	2018-04-06
Target price (PLN)	-	125.00	163.00	216.39
Price on rating day	119.40	122.60	153.00	215.00

#### Capital Park

Rating	suspended	buy
Rating date	2018-12-05	2018-04-06
Target price (PLN)	-	8.35
Price on rating day	4.60	5.95

#### CCC

Rating	buy	buy	buy	buy	buy	accumulate	buy
Rating date	2019-04-02	2019-02-04	2018-12-05	2018-11-05	2018-06-06	2018-05-09	2018-04-06
Target price (PLN)	275.00	291.00	288.00	272.00	295.00	295.00	295.00
Price on rating day	217.00	178.80	204.60	173.60	242.80	255.60	257.40

#### CD Projekt

Rating	accumulate	accumulate	buy	reduce	sell
Rating date	2019-04-02	2019-02-04	2018-11-23	2018-10-16	2018-04-06
Target price (PLN)	221.00	217.70	170.40	136.60	90.80
Price on rating day	204.00	190.00	139.00	158.60	114.90

#### CEZ

Rating	hold	hold	hold	sell	sell	sell	reduce
Rating date	2019-04-02	2019-02-04	2018-11-05	2018-07-04	2018-05-29	2018-05-09	2018-04-06
Target price (CZK)	565.50	537.80	518.72	440.96	458.38	449.51	449.51
Price on rating day	540.50	568.00	549.00	550.00	551.00	567.00	519.50

#### Ciech

Rating	buy	buy	buy	buy	buy	buy	buy	buy
Rating date	2019-04-02	2019-02-04	2018-11-05	2018-08-02	2018-07-04	2018-06-06	2018-05-09	2018-04-06
Target price (PLN)	68.66	75.82	77.05	82.52	81.14	88.64	89.71	85.40
Price on rating day	54.80	52.40	42.58	56.95	53.05	60.20	55.00	57.00

#### Cognor

Rating	underweight	neutral
Rating date	2019-03-05	2018-12-05
Target price (PLN)	-	-
Price on rating day	1.94	1.80

#### Comarch

Rating	buy	hold	accumulate	accumulate	accumulate	buy
Rating date	2019-03-05	2019-02-04	2018-12-05	2018-10-01	2018-05-09	2018-04-06
Target price (PLN)	195.00	160.80	173.30	180.50	166.50	166.50
Price on rating day	162.50	155.00	160.00	167.00	145.00	131.50

#### Cyfrowy Polsat

Rating	hold	accumulate	hold
Rating date	2018-11-26	2018-06-15	2018-04-06
Target price (PLN)	23.20	24.90	25.30
Price on rating day	22.50	22.76	24.84

#### Dino

Rating	reduce	hold	accumulate	buy	hold	accumulate	buy
Rating date	2019-04-02	2019-02-04	2018-12-05	2018-11-05	2018-06-06	2018-05-09	2018-04-04
Target price (PLN)	112.70	105.90	106.30	103.50	103.50	103.50	103.50
Price on rating day	126.10	100.30	100.40	84.70	107.40	96.65	85.10

#### Dom Development

Rating	hold	accumulate	buy	buy	accumulate
Rating date	2019-04-02	2019-02-04	2018-12-05	2018-08-02	2018-06-22
Target price (PLN)	84.40	84.10	84.10	87.80	87.80
Price on rating day	80.80	75.00	66.00	72.80	85.80

#### Echo

Rating	suspended	buy
Rating date	2018-12-05	2018-04-06
Target price (PLN)	-	5.63
Price on rating day	3.94	5.23

#### Elektrobudowa

Rating	suspended	buy	hold	buy
Rating date	2018-12-05	2018-09-26	2018-06-06	2018-04-06
Target price (PLN)	-	45.00	71.00	116.00
Price on rating day	32.00	32.80	69.00	96.40

#### Elektrotim

Rating	suspended	neutral	neutral
Rating date	2018-12-05	2018-09-27	2018-05-28
Target price (PLN)	-	-	-
Price on rating day	3.80	4.20	5.80

#### Elemental

Rating	suspended	neutral
Rating date	2018-12-05	2018-04-27
Target price (PLN)	-	-
Price on rating day	1.17	1.09

#### Enea

Rating	buy	buy	buy	buy	buy
Rating date	2019-04-02	2019-02-04	2018-11-29	2018-05-29	2018-04-06
Target price (PLN)	12.51	13.12	15.58	12.62	11.78
Price on rating day	8.76	10.73	10.50	9.57	9.10

**Energa**

<b>Rating</b>	<b>buy</b>	<b>buy</b>	<b>buy</b>	<b>buy</b>	<b>buy</b>	<b>buy</b>
Rating date	2019-04-02	2019-02-04	2018-11-29	2018-09-03	2018-05-29	2018-04-06
Target price (PLN)	12.21	13.26	13.54	15.27	15.58	14.91
Price on rating day	8.58	10.14	9.16	8.40	9.00	9.96

**Erbud**

<b>Rating</b>	<b>suspended</b>	<b>buy</b>	<b>buy</b>	<b>accumulate</b>	<b>buy</b>
Rating date	2018-12-05	2018-09-03	2018-06-06	2018-05-09	2018-04-06
Target price (PLN)	-	14.40	22.00	23.10	29.60
Price on rating day	9.64	9.60	14.90	19.40	21.60

**Ergis**

<b>Rating</b>	<b>overweight</b>	<b>underweight</b>	<b>neutral</b>
Rating date	2019-02-27	2018-12-05	2018-04-27
Target price (PLN)	-	-	-
Price on rating day	2.75	2.80	4.06

**Erste Bank**

<b>Rating</b>	<b>buy</b>	<b>buy</b>	<b>buy</b>	<b>accumulate</b>
Rating date	2019-02-04	2018-12-05	2018-08-02	2018-06-06
Target price (EUR)	43.72	46.18	43.00	40.00
Price on rating day	31.00	34.41	37.14	34.78

**Eurocash**

<b>Rating</b>	<b>sell</b>	<b>reduce</b>	<b>hold</b>	<b>buy</b>	<b>buy</b>
Rating date	2019-04-02	2019-02-04	2018-12-05	2018-10-01	2018-04-06
Target price (PLN)	18.90	17.90	18.20	26.40	30.70
Price on rating day	22.58	20.13	18.00	18.08	24.41

**Famur**

<b>Rating</b>	<b>buy</b>	<b>buy</b>	<b>buy</b>	<b>buy</b>	<b>buy</b>
Rating date	2019-02-04	2018-11-30	2018-08-02	2018-05-09	2018-04-06
Target price (PLN)	6.61	6.41	6.56	6.95	7.06
Price on rating day	4.98	5.58	5.20	5.94	6.04

**Forte**

<b>Rating</b>	<b>neutral</b>	<b>overweight</b>	<b>neutral</b>
Rating date	2018-10-31	2018-07-27	2018-04-27
Target price (PLN)	-	-	-
Price on rating day	40.60	40.60	50.70

**GetBack**

<b>Rating</b>	<b>suspended</b>
Rating date	2018-04-16
Target price (PLN)	-
Price on rating day	4.52

**Getin Noble Bank**

<b>Rating</b>	<b>suspended</b>	<b>hold</b>	<b>hold</b>
Rating date	2018-12-05	2018-10-04	2018-05-09
Target price (PLN)	-	1.00	1.40
Price on rating day	0.33	0.53	1.17

**Gino Rossi**

<b>Rating</b>	<b>suspended</b>
Rating date	2018-05-23
Target price (PLN)	-
Price on rating day	0.63

**Grupa Azoty**

<b>Rating</b>	<b>hold</b>	<b>hold</b>	<b>buy</b>	<b>hold</b>	<b>hold</b>	<b>hold</b>	<b>hold</b>
Rating date	2019-03-05	2018-11-23	2018-11-05	2018-09-03	2018-08-02	2018-05-25	2018-05-09
Target price (PLN)	43.20	33.00	31.47	41.13	42.13	44.40	60.99
Price on rating day	43.88	32.36	24.00	38.00	42.20	42.60	51.10

**GTC**

<b>Rating</b>	<b>suspended</b>	<b>hold</b>
Rating date	2019-03-05	2018-04-06
Target price (PLN)	-	9.60
Price on rating day	9.03	9.39

**Handlowy**

<b>Rating</b>	<b>hold</b>	<b>reduce</b>	<b>accumulate</b>	<b>buy</b>	<b>buy</b>
Rating date	2019-03-05	2019-02-01	2018-12-05	2018-10-04	2018-04-06
Target price (PLN)	65.50	65.50	76.00	90.00	94.00
Price on rating day	65.90	69.10	71.10	76.90	77.50

**Herkules**

<b>Rating</b>	<b>suspended</b>
Rating date	2018-12-05
Target price (PLN)	-
Price on rating day	3.10

**i2 Development**

<b>Rating</b>	<b>suspended</b>	<b>neutral</b>	<b>neutral</b>
Rating date	2018-12-05	2018-06-22	2018-05-28
Target price (PLN)	-	-	-
Price on rating day	11.30	15.40	17.30

**Impexmetal**

<b>Rating</b>	<b>neutral</b>
Rating date	2018-12-05
Target price (PLN)	-
Price on rating day	3.40



#### ING BSK

Rating	hold	accumulate	buy	accumulate	accumulate	buy
Rating date	2019-02-01	2018-12-05	2018-11-05	2018-10-04	2018-08-02	2018-07-04
Target price (PLN)	191.80	199.63	200.00	200.00	212.00	212.00
Price on rating day	191.40	183.60	166.00	181.00	190.00	178.40

#### Jerónimo Martins

Rating	accumulate	hold	buy	buy	buy	buy	accumulate
Rating date	2019-04-02	2019-03-05	2019-02-04	2018-12-05	2018-08-02	2018-06-06	2018-04-06
Target price (EUR)	14.10	13.60	14.60	14.50	15.20	16.40	16.40
Price on rating day	13.15	13.40	12.38	10.60	12.65	13.52	14.90

#### JSW

Rating	reduce	hold	reduce	reduce	sell	buy	buy	buy	buy	buy	buy
Rating date	2019-03-25	2019-02-20	2019-02-04	2018-12-05	2018-11-26	2018-09-03	2018-08-02	2018-07-04	2018-06-06	2018-05-09	2018-04-06
Target price (PLN)	54.80	60.68	60.68	59.14	59.14	98.00	108.69	107.00	115.23	109.12	108.14
Price on rating day	62.50	59.96	68.30	71.20	72.56	77.00	79.50	77.50	86.66	79.32	86.78

#### JWC

Rating	suspended	neutral
Rating date	2018-12-05	2018-06-22
Target price (PLN)	-	-
Price on rating day	2.58	3.48

#### Kemel

Rating	buy	buy	buy	hold
Rating date	2019-03-05	2018-11-05	2018-07-23	2018-05-09
Target price (PLN)	62.86	60.85	59.18	53.04
Price on rating day	49.20	52.10	50.50	50.80

#### Grupa Kęty

Rating	hold	hold	reduce	sell	hold	hold	hold	hold	hold
Rating date	2019-04-02	2019-01-18	2018-12-05	2018-10-29	2018-09-03	2018-08-02	2018-06-06	2018-05-09	2018-04-06
Target price (PLN)	341.33	324.30	309.30	309.30	367.45	355.61	371.08	363.01	357.21
Price on rating day	324.00	336.50	343.00	365.50	387.50	321.50	360.50	353.00	346.00

#### KGHM

Rating	hold	hold	hold	hold	buy	buy	buy	buy	buy
Rating date	2019-04-02	2019-02-04	2018-12-05	2018-10-15	2018-09-03	2018-08-02	2018-06-06	2018-05-09	2018-04-04
Target price (PLN)	105.57	92.41	84.56	87.99	104.21	111.08	112.92	118.98	115.43
Price on rating day	109.40	94.16	92.60	85.40	90.80	96.00	96.52	92.50	88.00

#### Komercni Banka

Rating	accumulate
Rating date	2018-12-05
Target price (CZK)	1000.00
Price on rating day	906.50

#### Kruk

Rating	buy	buy	buy	buy
Rating date	2019-04-02	2019-02-04	2018-12-05	2018-09-17
Target price (PLN)	213.65	279.32	292.77	292.77
Price on rating day	152.30	167.60	177.10	187.80

#### Kruszwica

Rating	neutral	neutral	underweight
Rating date	2019-04-02	2018-10-16	2018-08-02
Target price (PLN)	-	-	-
Price on rating day	43.90	43.90	65.40

#### LC Corp

Rating	suspended	buy	buy
Rating date	2018-12-05	2018-06-22	2018-04-06
Target price (PLN)	-	3.58	3.50
Price on rating day	2.55	2.39	2.70

#### Lokum Deweloper

Rating	suspended	overweight
Rating date	2018-12-05	2018-06-22
Target price (PLN)	-	-
Price on rating day	17.40	18.80

#### Lotos

Rating	sell	sell	sell	sell	sell	sell	hold	hold	hold
Rating date	2019-04-02	2019-03-05	2019-02-04	2018-11-15	2018-09-03	2018-08-02	2018-06-29	2018-05-09	2018-04-06
Target price (PLN)	65.41	65.18	65.36	59.84	57.21	52.51	52.51	52.81	51.73
Price on rating day	86.22	93.90	93.00	73.50	69.90	65.86	54.50	55.62	54.60

#### LPP

Rating	hold	buy	accumulate	buy	buy	accumulate	hold	accumulate
Rating date	2019-04-02	2019-03-05	2019-02-04	2018-12-05	2018-10-01	2018-06-18	2018-05-09	2018-04-06
Target price (PLN)	8400.00	9300.00	9300.00	9300.00	10200.00	10200.00	9500.00	9500.00
Price on rating day	8,405.00	7,990.00	8,370.00	7,730.00	8,625.00	9,025.00	9,260.00	8,900.00

#### Mangata

Rating	neutral	underweight	neutral
Rating date	2018-10-01	2018-09-13	2018-06-22
Target price (PLN)	-	-	-
Price on rating day	65.40	91.20	90.00

#### Millennium

Rating	accumulate	accumulate	hold	reduce	sell	reduce
Rating date	2019-02-01	2018-11-14	2018-11-05	2018-10-04	2018-08-02	2018-04-06
Target price (PLN)	10.00	10.10	8.40	8.40	7.00	7.00
Price on rating day	8.82	9.49	8.85	9.27	9.12	8.35

**MOL**

Rating	hold	hold	hold	hold	accumulate	accumulate	buy	accumulate	hold	hold
Rating date	2019-04-02	2019-03-05	2019-02-04	2018-12-05	2018-11-15	2018-11-05	2018-09-03	2018-06-29	2018-05-09	2018-04-06
Target price (HUF)	3223.00	3423.00	3433.00	3280.00	3280.00	3296.00	3296.00	2995.00	2954.00	2898.00
Price on rating day	3,278.00	3,250.00	3,284.00	3,206.00	3,088.00	3,006.00	2,870.00	2,654.00	2,790.00	2,864.00

**Monnari**

Rating	underweight	neutral	overweight
Rating date	2018-12-05	2018-07-13	2018-05-23
Target price (PLN)	-	-	-
Price on rating day	4.75	6.60	7.19

**Netia**

Rating	hold	hold	reduce	sell
Rating date	2018-11-26	2018-10-01	2018-06-06	2018-04-06
Target price (PLN)	4.70	4.30	4.30	4.30
Price on rating day	4.66	4.50	5.00	5.27

**Orange Polska**

Rating	buy	buy
Rating date	2018-11-26	2018-04-06
Target price (PLN)	6.40	7.60
Price on rating day	4.91	5.83

**OTP Bank**

Rating	hold	accumulate	buy
Rating date	2019-04-02	2018-12-05	2018-06-06
Target price (HUF)	13046.00	13046.00	12090.00
Price on rating day	12,600.00	11,810.00	10,210.00

**PA Nova**

Rating	suspended
Rating date	2018-12-05
Target price (PLN)	-
Price on rating day	17.25

**PBKM**

Rating	hold	accumulate	buy	hold	hold
Rating date	2019-03-05	2018-12-05	2018-10-01	2018-06-06	2018-04-06
Target price (PLN)	66.57	66.57	66.40	76.26	76.83
Price on rating day	68.80	62.00	57.80	73.00	77.00

**Prime Car Management**

Rating	suspended	buy	buy
Rating date	2018-08-23	2018-06-06	2018-04-06
Target price (PLN)	-	15.54	33.00
Price on rating day	7.96	12.70	23.60

**Pekao**

Rating	buy	buy	buy
Rating date	2019-02-01	2018-12-05	2018-10-04
Target price (PLN)	131.80	136.29	138.70
Price on rating day	110.60	113.25	107.20

**Pfleiderer Group**

Rating	neutral	underweight	neutral	overweight	overweight
Rating date	2019-02-27	2019-01-30	2018-09-28	2018-08-08	2018-04-27
Target price (PLN)	-	-	-	-	-
Price on rating day	28.40	32.60	36.45	37.30	37.30

**PGE**

Rating	buy	buy	buy	buy	buy	buy
Rating date	2019-04-02	2019-03-26	2019-02-04	2018-11-29	2018-05-29	2018-04-06
Target price (PLN)	13.66	13.77	14.47	14.82	13.60	12.89
Price on rating day	10.10	9.88	11.86	11.47	9.28	9.81

**PGNiG**

Rating	accumulate	hold	hold	buy	buy	buy	buy	buy
Rating date	2019-04-02	2019-03-05	2019-02-04	2018-11-05	2018-09-03	2018-06-29	2018-05-09	2018-04-06
Target price (PLN)	6.92	7.08	7.72	7.72	7.86	8.28	8.17	7.96
Price on rating day	6.31	6.58	7.63	6.35	5.82	5.53	6.20	5.71

**PKN Orlen**

Rating	sell	sell	sell	sell	reduce	sell	sell	reduce	reduce	reduce
Rating date	2019-04-02	2019-03-05	2019-02-04	2018-11-15	2018-11-05	2018-09-03	2018-08-02	2018-06-29	2018-05-09	2018-04-06
Target price (PLN)	79.39	81.22	83.43	81.52	81.38	81.38	76.84	76.84	76.73	76.89
Price on rating day	99.94	101.50	104.70	97.80	93.50	98.24	93.06	82.50	82.30	89.52

**PKO BP**

Rating	hold	accumulate	buy	accumulate	hold
Rating date	2019-02-01	2018-12-05	2018-11-05	2018-10-04	2018-04-06
Target price (PLN)	40.92	45.00	47.00	47.00	38.00
Price on rating day	39.51	41.96	40.39	42.55	39.74

**Play**

Rating	hold	buy	buy	hold	reduce	hold
Rating date	2019-02-04	2018-11-26	2018-10-17	2018-08-30	2018-07-03	2018-04-06
Target price (PLN)	21.30	21.30	21.50	22.60	23.50	30.93
Price on rating day	22.80	16.54	17.14	21.90	24.88	32.70

**Polnord**

Rating	suspended	underweight
Rating date	2018-12-05	2018-06-22
Target price (PLN)	-	-
Price on rating day	9.77	9.04



**Polwax**

Rating	suspended	buy
Rating date	2018-09-14	2018-05-09
Target price (PLN)	-	16.69
Price on rating day	7.70	7.80

**Pozbud**

Rating	overweight
Rating date	2018-09-04
Target price (PLN)	-
Price on rating day	3.57

**PZU**

Rating	accumulate	accumulate	hold	accumulate	buy	accumulate
Rating date	2019-04-02	2019-03-05	2019-02-04	2018-12-05	2018-11-05	2018-08-02
Target price (PLN)	43.38	46.50	46.50	46.50	47.50	47.50
Price on rating day	40.79	42.00	44.66	43.80	40.60	42.00

**Ronson**

Rating	suspended	neutral	neutral
Rating date	2018-12-05	2018-06-22	2018-04-03
Target price (PLN)	-	-	-
Price on rating day	0.84	1.09	1.32

**Santander Bank Polska**

Rating	hold	accumulate	buy	accumulate	accumulate
Rating date	2019-02-01	2018-12-05	2018-11-05	2018-10-04	2018-09-03
Target price (PLN)	388.00	400.00	400.00	400.00	430.00
Price on rating day	373.80	364.80	353.80	367.00	376.00

**Skarbiec Holding**

Rating	buy	buy	buy
Rating date	2018-12-05	2018-11-05	2018-08-31
Target price (PLN)	31.36	31.02	36.86
Price on rating day	23.50	21.70	25.30

**Stelmet**

Rating	hold	hold	hold	buy	buy	buy
Rating date	2019-03-05	2019-02-04	2018-11-05	2018-09-03	2018-07-04	2018-05-09
Target price (PLN)	8.36	8.39	7.72	20.45	20.24	26.48
Price on rating day	10.25	8.88	7.50	11.35	10.70	14.75

**Tarczyński**

Rating	underweight	neutral
Rating date	2018-12-05	2018-05-30
Target price (PLN)	-	-
Price on rating day	17.50	14.50

**Tauron**

Rating	buy	buy	buy	buy	buy	hold
Rating date	2019-04-02	2019-02-04	2018-11-29	2018-09-03	2018-05-29	2018-04-06
Target price (PLN)	2.89	3.12	3.06	2.77	2.76	2.73
Price on rating day	2.03	2.37	2.21	2.00	2.01	2.38

**TIM**

Rating	overweight
Rating date	2018-12-05
Target price (PLN)	-
Price on rating day	7.48

**Torpol**

Rating	suspended	neutral	neutral
Rating date	2018-12-05	2018-09-27	2018-05-28
Target price (PLN)	-	-	-
Price on rating day	4.60	5.18	6.40

**Trakcja**

Rating	suspended	underweight	underweight
Rating date	2018-12-05	2018-09-27	2018-05-18
Target price (PLN)	-	-	-
Price on rating day	3.75	3.47	3.65

**TXM**

Rating	suspended	buy	buy
Rating date	2018-10-16	2018-07-04	2018-05-09
Target price (PLN)	-	3.48	5.44
Price on rating day	0.59	1.28	2.10

**Ulma**

Rating	suspended	neutral
Rating date	2018-12-05	2018-05-28
Target price (PLN)	-	-
Price on rating day	72.00	73.00

**Unibep**

Rating	suspended	buy
Rating date	2018-12-05	2018-04-06
Target price (PLN)	-	10.10
Price on rating day	4.81	7.50

**VRG**

Rating	overweight	overweight	overweight	overweight
Rating date	2019-03-28	2018-12-05	2018-11-08	2018-05-23
Target price (PLN)	-	-	-	-
Price on rating day	4.29	3.83	4.06	4.79



**Wasko**

Rating	suspended	neutral
Rating date	2018-12-05	2018-05-30
Target price (PLN)	-	-
Price on rating day	1.27	1.68

**Wirtualna Polska**

Rating	accumulate	buy	accumulate	buy	accumulate	accumulate
Rating date	2019-02-04	2018-12-05	2018-09-03	2018-08-02	2018-04-24	2018-04-06
Target price (PLN)	61.50	61.50	60.00	60.00	60.00	56.40
Price on rating day	58.40	52.20	57.00	49.00	54.00	52.20

**ZUE**

Rating	suspended	neutral	neutral
Rating date	2018-12-05	2018-09-27	2018-05-28
Target price (PLN)	-	-	-
Price on rating day	4.64	5.56	5.86

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