

Thursday, May 09, 2019 | periodical publication

Monthly Market Outlook: May 2019

Equity Market, Macroeconomics

Equity Market

In US-China trade talks an agreement is a likely scenario. The final decision should be announced in the coming days.

Sector Outlook

Financials

The turbulent end of April put the banking sector once again under pressure. The key factors were Q4 results of Idea Bank, where the write-offs caused a significant drop in the capital position, as well as a rumor about the introduction of a banking tax in the Czech Republic. In May, the sentiment towards the sector will continue to be created by the Idea Bank situation, which is waiting for a new institutional investor or other system solution. The European banking sector may be negatively affected by the revision of the GDP forecasts of the European Union. Quarterly results of the banking sector should be decent in most of the other banks. Our best bet of the quarterly results are regional and Czech banks, where we can expect increases in consensus.

Chemicals

Good results of Q1 2019 and diversification of the company's share in the PDH project may positively affect the sentiment towards Azoty Group shares. The market is not satisfied with stable Q1 2019 results y/y of the Ciech Group. The sentiment towards the company may improve after the publication, as we expect the Company to soften its approach to this year's investment expenditures.

Oil & Gas

The results of the refineries in Q1 2019 turned out to be in line with expectations, but real challenges in the context of market consensus may appear in the following quarters (more demanding base, scenario of worse margins in downstream, consequences of interruption of supplies via the Druzha pipeline). We maintain a negative attitude towards PKN and LTS.

Power Utilities

WIG-Energia remains on the hook, which is well illustrated by the lack of market reaction to recent positive messages (TPE, LWB, CDS rebound). It seems that with such attitude it will be difficult to rebuild the sentiment towards the sector, although the final decision in the matter of compensations for freezing prices may potentially help.

Telecoms, Media, IT

In May 2019, we count on increases of CMR and ASE due to high Q1 2018 earnings (we estimate that both companies will report growth of >25% on the adjusted EBITDA line, with no impact of consolidation of acquisitions and IFRS16). After poor results in H2 2018, PLY will regain its strenght reporting better results for 1Q'19. We expect further share price increases despite the fact that since the release of our report in Oct'18, PLY gained >45%.

Industrials & Mining

Q1 2019 is going to be the worst quarter since Q2 2017 in terms of improving results. In our view, only 32% of companies will improve their results y/y in Q1 2019. Our best bets for positive surprises include EGS, FMF and TIM. On the other hand, AML, IPX and PFL will probably disappoint. We expect a good quarter in KGHM and a weak one in JSW. After a clear drop in the share price, we close our negative rating for JSW.

Property Developers

We believe that the outlook for stable results in 2019-21 and the relatively high dividends of DOM and 1AT are included in the current valuations of these companies. We keep a neutral view on DOM and 1AT.

Retail

Weak earnings in Q1 2019 should be delivered by EUR, VST and MON. For DNP, Q1' 2019 will be the last quarter with a high comparative base. EAT published solid results in Q1 2019.

Key Ratings

Positive: ALR, ASE, CIE, CMR, EBS, EGS, ENG, ENA, FMF, KER, KRU, PGE, PGN, PLY, POZ, TIM, TPE

Negative: IPX, LTS, PKN, TAR

EU Indices	Value	1M chng	YTD chng
WIG	57,522	-5.6%	-0%
ATX	3,089	-0.2%	+13%
BUX	41,350	-1.1%	+6%
PX	1,064	-0.0%	+10%
WSE WIG Ind.	Value	1M	YTD
WIG20	2,222	-5.8%	-2%
mWIG40	3,977	-6.1%	+2%
sWIG80	11,802	-3.0%	+12%
Banking	7,401	-4.6%	-1%
Basic Materials	2,050	-7.6%	+7%
Chemicals	10,188	-11.3%	+9%
Clothes	2,034	-9.9%	-16%
Construction	3,394	-14.9%	-1%
Energy	2,275	-3.2%	+14%
Food	4,954	-2.2%	+10%
IT	2,107	-5.1%	+10%
Media	6,107	-11.6%	+1%
Oil & Gas	6,771	-8.5%	-15%
Real estate	3,425	-5.4%	+1%
Telecom	693	+0.5%	+12%
Top 5 / Worst 5		1M	YTD
Tim	8.72	+32.5%	+41%
Polenergia	27.50	+15.1%	+34%
Work Service	2.26	+13.1%	+51%
AC Auto	55.00	+12.2%	+28%
Play	24.42	+10.5%	+25%
Ursus	1.09	-37.4%	-27%
Idea Bank	3.02	-37.4%	+24%
Braster	1.61	-38.3%	-20%
TXM	0.12	-40.0%	-54%
Elbudowa	16.35	-42.4%	-36%

Rating & 9M TP Changes as of 9 May

Name	Rating	9M TP
CD Projekt	accumulate ►	237.50 PLN ▲
Ciech	buy ►	68.11 PLN ▼
Cognor	neutral ▲	-
Eurocash	reduce ▲	18.90 PLN ►
Famur	buy ►	6.90 PLN ▲
Grupa Azoty	buy ▲	45.39 PLN ▲
Handlowy	buy ▲	65.50 PLN ►
Jeronimo Martins	hold ▼	14.30 EUR ▲
JSW	hold ▲	54.80 PLN ►
Komercni Banka	buy ▲	1000.00 CZK ►
Mangata	neutral ►	-
PBKM	suspended -	-
PGE	buy ►	13.38 PLN ▼
PKO BP	accumulate ▲	40.92 PLN ►
Play	accumulate ►	25.25 PLN ▼

Table of Contents

1. Investing Outlook	3
2. Sector Strategies	5
3. mBank Sentiment Watch	8
4. Quarterly Earnings Surprises	9
5. Macroeconomic Update	11
6. Overview of Updated Earnings Expectations	13
7. Current Recommendations By Dom Maklerski mBanku	15
8. Ratings Statistics	17
9. Calendar of Upcoming Corporate Events	18
10. Financial Sector	20
10.1. Alior Bank	20
10.2. Handlowy	21
10.3. ING BSK	22
10.4. Millennium.....	23
10.5. Pekao	24
10.6. PKO BP	25
10.7. Santander Bank Polska	26
10.8. Komercni Banka	27
10.9. Erste Bank.....	28
10.10. OTP Bank	29
10.11. PZU	30
10.12. Kruk	31
10.13. Skarbiec Holding.....	32
11. Chemicals	33
11.1. Ciech.....	33
11.2. Grupa Azoty	34
12. Oil & Gas	35
12.1. Lotos	35
12.2. MOL	36
12.3. PGNiG.....	37
12.4. PKN Orlen	38
13. Power Utilities	39
13.1. CEZ.....	39
13.2. Enea.....	40
13.3. Energa.....	41
13.4. PGE	42
13.5. Tauron.....	43
14. TMT	44
14.1. Netia	44
14.2. Orange Polska	45
14.3. Play.....	46
14.4. Agora	47
14.5. Cyfrowy Polsat	48
14.6. Wirtualna Polska.....	49
14.7. Asseco Poland	50
14.8. CD Projekt.....	51
14.9. Comarch	52
15. Industrials, Mining.....	53
15.1. Famur.....	53
15.2. Grupa Kęty	54
15.3. JSW	55
15.4. Kernel.....	56
15.5. KGHM	57
15.6. Stelmet.....	58
16. Property Developers	59
16.1. Atal	59
16.2. Dom Development.....	60
17. Retail	61
17.1. AmRest	61
17.2. CCC.....	62
17.3. Dino	63
17.4. Eurocash	64
17.5. Jeronimo Martins.....	65
17.6. LPP	66
18. Other	67
18.1. PBKM.....	67

Investing Outlook

On the main stock markets, April ended with a growth (S&P500 +3.9%, DAX +7.1%, Nikkei +5.0%, MSCI EM +2.0%), which was the result of hopes for a positive outcome of the USA-China trade talks, good Q1 results of American companies as well as a momentum improvement of the global macro (with the continuing slowdown in global industry). This part of our scenario has been executed. Unfortunately, the WSE once again performed relatively weak, which partly resulted from the decline in emerging markets at the end of the month, but also from internal factors (Idea Bank restructuring and risk for the entire banking sector, further redemptions in TFI, investors' skeptical approach to changes in OFE).

We maintain our positive scenario, assuming that the US-China negotiations will end with reaching a consensus – we treat Trump's recent declarations as part of hard negotiations (high stock prices in the US do not create additional pressure). This will allow the global economy to accelerate GDP growth in H2, and thus increase in purchases of risky assets. Considering the ultimatum posed by Trump (introduction of increased customs rates from May 10th), a question in which direction the markets will go should be answered in the following days. If we are wrong and the negotiations stop, the stock market will be expected to be discounted by at least 10%. In the absence of local capital and the risk for the banking sector associated with Idea Bank (foreign investors' perspective), the WSE will continue to perform worse than the base indices (additionally, rebalancing of MSCI EM takes place at the end of May - potential supply of shares worth PLN 1.5-3 billion).

US & China deal

Another deadlines in which the agreement between the parties was supposed to be signed are overdue. There is alternate information that all conditions have already been set (a new date appears) or that the talks have been terminated, do not lead to decisions, or as yesterday's news from President Trump that China broke off the talks. Further negotiations will take place on Thursday and Friday (Deputy Prime Minister Liu He arrived in Washington). At this stage, Trump's position has been tightened up (if China does not agree to the conditions set, on Friday at noon, previously announced elevated tariffs will be introduced – 25% for Chinese goods worth USD 200 billion). It is difficult to assess whether: 1) this is a form of pressure in the last phase of negotiations; 2) showing the power to the public before signing a weak, from the American interests' point of view contract; 3) a real failure of talks. We maintain our previous position, assuming a higher probability to the first two scenarios.

Good results of US companies, in a fairly weak quarter at the macro level

The Q1 earnings of US companies had a positive impact on the S&P500 performance, but also on the global sentiment towards risky assets. With low expectations, as many as 75% of companies surprised positively with the results at the level of the reported EPS (+1.8% EPS increase; the largest in the health care and new technologies sectors), with a 4.5% increase in revenues. This, in turn, allowed to raise the expectations of Q2 results. However, the Q1 GDP figures turned out to be a disappointment for investors. Although growth dynamics accelerated to 3.2% (previously 2.2%), public expenditure (+2.4%) turned out to be the main driving factor of growth, with a simultaneous decrease in consumption growth (1.2% vs. 2%) and investments (1.5% vs. 3.1%). Concerning the drop of ISM in industry from 55.3

points in March to 52.3 points in April, concerns about future data in the event of a negative outcome of negotiations with China are justified (the economy is not as strong as S&P500 level indicates).

Changes in OFE – neutral for the stock market

Assets of 15.8 million Poles (PLN 162 billion) accumulated in Open Pension Funds [pl. OFE] will be transferred to Individual Pension Accounts [pl. IKE]. After submitting relevant declarations, it is possible to transfer funds to Social Security Institution [pl. ZUS] (cash, other assets on the Demographic Reserve Fund [pl. FRD] account). Withdrawal of funds from IKE will be possible after reaching the retirement age – similarly as ZUS, but in the form of a monthly pension. The possibility of funds transfer from ZUS to OFE disappears (the entire ZUS contribution). A fee of 15% of the value will be paid from funds transferred to IKE (7.5% in 2020, 7.5% in 2021). OFE after transformation in TFI will manage IKE, they will be able to actively encourage clients to invest their savings under the 3rd pillar (the deposit limit for IKE has been kept). There will be a minimum threshold for involvement in Polish shares (no details in the first phase of the project), reduced every year by 2.5%.

It would be best if the changes in OFE never took place (with particular emphasis on 2011 and 2014). However, one month ago the base scenario was the transfer of 25% of OFE assets (PLN 40 billion) to Polish Development Fund [pl. PFR], which (as we mentioned in the April monthly outlook) generated the risk of stock supply (PLN 5.7 billion) before the transfer of funds and then the need to diversify the portfolio. In the proposed solution transfer of PLN 24 billion occurs – spread over two years. Considering the lack of a slider [pl. suwak] and small outflows (pension transfers) in the next few years, the funds will not be under much pressure to liquidate the portfolio.

In addition, there is a scheme that should limit the supply of Polish shares. A properly set threshold for minimum exposure to shares (we do not know the details) should 'induce' funds to pay tax from funds other than Polish shares. At the end of March, OFE had PLN 10 billion in deposits, PLN 11 billion in foreign shares and PLN 14 billion in bonds. In addition, by the end of 2021, the funds should raise about PLN 10 billion from dividends. We believe that in connection with the proposed changes, OFE will not have to sell Polish shares. In the case of bonds, the transfer of commercial securities meeting the conditions set by the Gov't is a possible scenario.

OFE should care about the best rate of return from the portfolio, which will revive the stock market. OFE has a base of 15.8 million clients, which they will try to convince to save in IKE. We are aware of the limitations resulting from the limits of IKE, but it is still a positive change. If 1% of people decide to start saving in IKE (maximum limit – PLN 14.3 ths. per year), it means an inflow of funds at the level PLN 2.25 billion.

Will the clients transfer funds to ZUS? They have a choice. When entering the retirement age, will they get the entire amount of savings immediately (withdrawal from IKE) or will it be paid by ZUS in the form of a monthly retirement pension. In both cases the insured person will not receive any payoff until the retirement age. Unlike the changes of 2014, the funds will be automatically transferred to IKE, i.e. those who choose ZUS will have to fill in the relevant documents. This prompts us to believe that the willingness to transfer funds to ZUS will not be high. It is also a better solution for the government to raise funds from the tax than the transfer of assets.

We assess changes in OFE in a broader view. According to our estimates, the launch of the employee capital plan [pl. PPK] should top up the stock market with PLN 3.7 billion in 2020 and PLN 5.1 billion in 2021 (71% participation, 1/3 of funds invested in shares, 80% of these amounts for Polish shares). The Ministry of Finance has prepared a strategy for capital market development, which may not be ideal (we expect changes as a result of environmental talks), but it raises important problems of the stock market. In our opinion, its implementation is an element of the Government's broader strategy aimed at persuading Poles to remain in the PPK (image-wise it will be one of the main reforms of Prime Minister Morawiecki, low participation will be a big defeat of the Prime Minister).

Michał Marczak

tel. +48 22 438 24 01

michal.marczak@mbank.pl

Sector Strategies

Financials

- We believe that the sentiment towards the Polish banking sector will be affected by the situation of Idea Bank. At the end of 2018, the bank's Tier1 solvency ratio was at the level of 1.34%, well below the CRR requirement at 6%. The bank is currently awaiting the closure of due-diligence process and initial offers. In the absence of satisfactory offers, Idea will face the challenge of raising capital by current shareholders, reducing RWA or the forced restructuring procedure in which the bridge bank seems the most likely (state-owned banks are not interested in taking over assets).
- Quarterly results of Polish banks fail to impress investors. Two out of three banks delivered results in line with expectations (ALR and SPL), and the third one below (BHW). We believe that apart from Pekao, the remaining banks should present a solid quarter that will confirm or allow to think about a 2019 consensus increase. On the other hand, we believe that the results of Erste Bank should positively affect the sentiment towards the company.
- Relatively lots of information came from Czech Republic recently. Media reports about supposed introduction of a bank tax were reflected in falling share prices. The relatively fast denials of the Czech prime minister helped to stop the declines and allowed partial recovery, but this does not mean that the issue of the banking tax will not return due to one of the government coalition partners (CSSD). According to FT, the Government is considering introducing a 20% tax on dividends, which in turn would reduce the attractiveness of investments in KB.
- **Key Ratings:** ALR (buy), KRU (buy), EBS.AV (buy)

Chemicals

- MSCI Chemicals indexes slightly increased in April. Polish chemical companies showed some of the increases recorded since the beginning of the year; the factors affecting these increases were: overcoming of the downward price trend on gas (Azoty Group) and weaker than expected by the market outlook for Q1 2019 (Ciech Group).
- In our opinion, the Polish chemical sector is likely to continue to perform better vs. the market due to the expected increase in results in the subsequent quarters. Our recommendation remains unchanged - overweight.
- Ciech remains our top-pick due to the expected increase in results in the following quarters. Moreover, in Q1 2019, the Group may deliver low investment expenditures, and the Management Board may cool down its announcements of big investments throughout 2019.
- After a clear adjustment of prices, Azoty Group looks more interesting. We expect high dynamics of improvement in results in H1 2019. Additionally, after the recent Lotos and Hyundai declarations, the share of Azoty Group in the PDH project drops to 85% (diversification of the risky project).
- **Key Ratings:** CIE (buy), ATT (buy)

Oil & Gas

- The US Declaration not to extend waivers for Iranian oil consumers (Iran still exports about 1.3-1.5 million BOE/D) has raised Brent prices above \$70/bbl. The sentiment on the raw material market remains very positive (next local peaks on speculative positions on WTI and Brent), despite growing oil stocks in the USA. Investors focus on the perspective of balancing the global

market and falling global inventories due to the decline in production in OPEC and associated countries (escalating chaos in Venezuela is an additional problem).

- Gas prices in Europe dynamically rebounded at the beginning of the month, both in annual and monthly contracts, however, in the last week we observed an adjustment of this rebound primarily on spot quotations. We still maintain our positive scenario for European gas prices, especially in the context of the recent increase in CO₂.
- Refining margins are performing worse in the more expensive oil environment, especially when it comes to HSFO cracks. On Diesel, we observe an increase in ARA inventories as well as increased export activity of China and India, which negatively affects the planned launch of new capacity in H2 2019. Profitability of petrol has returned to the levels from before the last breakdown due to better readings in the USA.
- The worse quality of Russian oil in the Druzhba pipeline and the blocking of imports by the countries of the region were the last week's headlines. This probably won't affect the continuation of production in refineries (operating stocks, mandatory and alternative supply chains), but may affect the profitability in Q2 due to the visible decline of the Ural/Brent differential (current readings show USD -0.9/bbl).
- According to POPIHN data, retail margins on the Polish market fell in March below last year levels both on petrol and diesel, which confirms our theory that the strong Q1 2019 is mainly the effect of record-high results in January related to slower transfer of lower oil prices to the quotations of petrol stations (preparation of the buffer for the environmental fee introduced in January). Also the land premium on diesel has been declining in April and is already similar to last year's figures.
- In the case of petrochemicals, we observe the continuation of negative trends (adjustment also on PTA), which in our opinion will increase due to the launch of new installations.
- **Key Ratings:** LTS (sell), PGN (accumulate), PKN (sell)

Power Utilities

- German electricity prices fluctuate around EUR 50/MWh, and the April increase is primarily the effect of more expensive CO₂ emission allowances, which already cost EUR 27/t. Certificates reached new local peaks due to assurances of possible Brexit not bringing increased supply from British installations. Under these circumstances, the prices of coal and gas perform quite strangely. The effect of warm winter should no longer distort the oil & gas market, and yet the arbitration is not working effectively and the model gas margin is higher than the CDS.
- Prices in Poland have risen above PLN 270/MWh in an annual contract, reflecting higher CO₂ costs. The model CDS for vertically integrated coal power plant has already begun to rebound after declines in Q1, which is in line with our theory that the beginning of the year was affected by weather conditions (high temperatures lowering demand & record wind shifting the merit order) as well as coal & gas discount).
- The issue of freezing energy prices and sellers' compensations remains unresolved. Recent statements of the Minister of Energy and the Minister of Digital Affairs indicate that a significant amendment to the Act will be necessary as the EC does not agree to such public help for business clients. It looks like the lower prices will be provided only to households and energy-intensive industries (separate act). Such a scenario would

significantly reduce the costs and simplify the compensation system, and as a result would not be so destructive for the energy market and would also reduce the risk to the profitability of trading companies. At the moment, companies do not lower prices for commercial customers, and the lack of a G tariff increase will be 'financed' in Q1 from provisions established in Q4 2018.

- Sentiment to energy companies in Europe slightly deteriorated and we observed the earnings drop (-2.5% m/m) after a strong Q1 (+10%). WIG-Energia invariably down (-5% in April), despite positive information for the sector and individual companies in recent weeks: very good results of LWB, free allowances for PGE (the flexible approach of the Ministry of the Environment in this case should remind potential free allocations after 2020), amendment of the Act on energy prices.
- **Key Ratings:** ENA (buy), ENG (buy), PGE (buy), TPE (buy)

Telecoms, Media, IT

- A long-term financial plan has been published on the website of the Ministry of Finance. The Ministry expects revenue from sales of 3.7 GHz (200 MHz from this range), 26 GHz and 800 MHz for PLN 3.5-5 billion 2020. After deducting ca. 1.5 billion per one 800 MHz and 26 GHz block together, the implied revenue from the 3.7 GHz offer is approx. PLN 0.5-0.9 billion for the operator. These numbers correspond to current and previous auctions in Europe. Currently, our assumption is PLN 590 million for the operator. We also emphasize that no plans to offer bandwidth 700 MHz is a plus.
- Marcin Cichy, the President of the Office of Electronic Communications (UKE), announced that the 3.7 GHz band will be distributed in 50 MHz blocks for each operator, so that all four infrastructure operators have the chance to participate in the tender and simultaneously start 5G services. The distribution will take place in the form of a tender. This is a positive news for all Polish MVNOs (an alternative is a less predictable auction).
- The President signed an amendment to the telecommunications law, which aims 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 a tender for frequency reservations on their own initiative, not only if they have knowledge of the interest in particular frequencies. Tenders may also be announced for resources that will be available in the future (in use at the current time), provided that these frequencies can be used after being made available.
- The state telecom company Exatel wants operators 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 3.9-5.8 billion, but using the existing infrastructure of cell towers, costs could amount to PLN 2-3 billion. The only supporter of one network in Poland among MVOs is currently Polkomtel, Orange Polska is a bit skeptical, and Play considers the plan to be unrealistic.
- TVP and Polskie Radio will receive PLN 1.26 billion as compensation for lost subscriptions in 2018 & 2019. The amendment to the Act was signed by the President Andrzej Duda.
- According to the Zenith media research, the value of the Polish advertising market will increase by 4.2% in 2019 and will reach PLN 7.9 billion net. The positive consumer sentiment persists despite the anticipated decline in the growth dynamics of the Polish economy in 2019 and the slowdown of households' expenditures. The rate of growth of TV advertising budgets will fall from the current

4.2% to 3.1% y/y in 2019. Television will remain the largest advertising medium in Poland, with a share exceeding 50%. The online advertising market is expected to increase by 8.4% y/y. The increases will be visible especially in the programmatic area, the video category is also growing dynamically. Radio advertising will increase by 2.7% y/y in 2019, outdoor + 2.1%, and cinema advertising by 3.2%. Magazines and dailies will register y/y net losses of 4.5% and 6.8% y/y, respectively.

- The WIG-Info increased by 4.7% in April, slightly better than the broad index (vs. +1.9% WIG). Polish IT stocks also ran 5.1pp behind of the MSCI IT EU benchmark. The median 12M P/E for IT companies at 14.2x is currently 6.3% below the historical average for the last three years.
- The 2019 Q1 reporting season is approaching. EBITDA growth at a median annual rate for rated companies should amount to ca. 21% (partly the effect of IFRS16). We believe that five of the six companies will report an increase in EBITDA. Only ALL will record a decline in results (the increase of costs in the Fintech segment). Nevertheless, we keep a neutral attitude towards the sector and we recommend a selective approach to IT companies. 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. This is partly due to the constant downtime in public sector IT orders as well as the pressure on prices in the private sector.
- **Key ratings and positioning:** OPL (buy), PLY (accumulate), AGO (buy), WPL (accumulate), ASE (overweight), CMR (buy)

Industrials

- Industrial stocks as tracked by MSCI Europe and World indices increased in April, closing discount to the average P/E and EV/EBITDA ratios for the last three years.
- Q1 2019 is going to be the worst quarter since Q2 2017 in terms of improving results. In our view, only 32% of companies will improve their results y/y in Q1 2019. Our best bets for positive surprises include EGS, FMF and TIM. On the other hand, AML, IPX and PFL will probably disappoint.
- Due to the expected decline in earnings in Q1 2019 in the last publication of 'Industrials update for April 2019': <https://tinyurl.com/y2adpzytc> we have reduced the positioning of the sector from neutral to underweight.
- Currently, our top picks are: Famur (potential improvement in y/y results in the following quarters, successful Q1 2019) and Kernel (dynamic improvement in results in 2019, possible sale of shares of port of Taman).
- The top picks among smaller caps remain Ergis, Pozbud and TIM. On the other hand, we would stay away from investing in Impexmetal (drop in results in 2019, no dividend, weak FCF) and Tarczyński (inflation of payroll costs, clear increase in meat prices in Q3 and Q4 2019).
- In this publication, we update the forecasts of results for Cognor (new EBITDA forecast PLN 115m, -20% vs. previous estimates, net profit PLN 39m, 38% vs. previously) and Mangata (new EBITDA forecast PLN 98.6m, + 7% vs. previously, net profit of PLN 49.7 million, + 11% versus previously). After the fall in Cognor quotations, we increase positioning from underweight to equal weight.
- **Key ratings and positioning:** Impexmetal (underweight), Ergis (overweight), Famur (buy), Kernel (buy), Pozbud (overweight), Tarczyński (underweight), TIM (overweight).

Mining

- Our careful approach to metals at the beginning of last month paid off. At the end of April, mining companies were under pressure of adjustment for metal, gold and silver prices. There is more and more speculation that the current prices of iron ore are impossible to maintain, especially since Vale re-opened its mine in Brazil (closed in II'19 as a result of a disaster).
- The current reporting season in mining is rather disappointing. Poor production volumes for this period was reported by BHP, Glencore and Rio Tinto. The results of FreePort McMoRan also disappointed - an increase in production costs.
- In the case of KGHM, in our opinion, the market has already discounted information on possible changes in the mining tax formula. In the near future, the Management Board is likely to decide to pay an additional employee bonus. The results of Q1 2019 may be an opportunity for the company - we expect them to increase y/y, which will stand out positively vs. peers in this period.
- In the context of the steel market, in our opinion, it is worth paying attention to the rebound of PMI ratios for the steel industry in China. PMI in May increased by 7.2 points to 52.1 points, while the subindex of new orders increased by 5.4 points m/m to 51.7 points. The data suggest a drop in inventories and a slight rebound of demand, which allows for increased production. On the other hand, the companies still point to high prices of iron ore and coking coal, which cannot be transferred to end customers due to the weaker economic situation.
- Prices of high quality coking coal vary around \$200/t. Coke producers in China in IV attempted to raise coke prices on the market, but these were not enthusiastically accepted by the market (miserable effect of increases). Coke prices in Europe in IV 2019 fell by 13% m/m and Arcelor decided to exclude 3 million tons of steel production, including the blast furnace in Kraków.
- When it comes to JSW, the market has discounted the weak expected results for Q1 2019, a drop in production volumes in H1 2019 and the expected increase in mining costs. The potential change of the members of the company's Management Board still remains a risk (the term expires in June 2019). Nevertheless, with this price level we are upgrading our rating from reduce to hold.

Property Developers

- WSE-real-estate index noted a drop by 3% in April, similar to the whole market. The valuation of residential leaders (DOM and 1AT) remained stable, which was supported by dividend expectations (DY = 11-12%).

- Q1 2019 delivered stabilization of sales volumes in relation to the previous quarter, -0.6% q/q in 6 biggest cities (*Reas*) and -1.4% among 14 residential developers listed on the WSE and Catalyst. At the same time, this figures mean 10% lower sales y/y (high base effect and lower sales as a result of housing price increase) and 20% y/y for GPW developers. It is worth to note that the real estate markets in Poznań and Łódź are doing well, with record-high sales volumes.
- In Q1, the level of the offer remained stable (+ 0.6% q/q) and high (51k flats). At the same time, the offer was higher by 14.3% compared to the relatively low offer in Q1 2018. Sales-to-inventory ratio dropped to 32% (-6 p.p. y/y and 3 p.p. q/q), still remaining at a relatively high level. As in the previous quarters, the efficiency of sales among listed developers was lower than in 6 biggest cities (-9 p.p.).
- Property prices have not changed significantly compared to Q4'18 (transaction prices: -0.7% q/q offer: + 1.6% q/q), but they remain at a high level. Year-to-year prices are higher by around 9-11%.
- **Key ratings and positioning:** DOM (hold), 1AT (hold)

Retail

- The high base effect may exert pressure on the results delivered by clothing and footwear retailers (significant impact on CCC).
- **AmRest** maintained a high rate of EBITDA improvement in Q1 2019 (+25% y/y). In the following quarters, the y/y growth rate should be supported by the base effect. Considering the very good prospects of AmRest in the medium term, we would use a temporary price correction to buy shares of the company.
- The **CCC** valuation reacted negatively after the release of the first quarter results and the sales figures in April 2019. Good prospects for sales improvement in May-June as well as the potential for significant improvement in EBITDA y/y should support the company's stock performance.
- After a positive reaction of the **EUR** share rate for positive comparable sales in Q4 2018, the sentiment worsened after Q1 2019 results publication. Throughout 2019, we expect a flat EBITDA y/y, which will be affected by the costs of business integration and rising payroll costs.
- **Key ratings and positioning:** EAT (buy), CCC (buy), EUR (reduce), DNP (reduce), VRG (overweight)

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		
miss	15	12	19		14	11	18	18	10	12	15	25	3	172
in-line	16	26	19		24	25	29	23	35	19	24	22	13	275
beat	27	22	22		21	25	16	24	21	35	27	19	6	265
Σ companies	58	60	60		59	61	63	65	66	66	66	66	22	712
miss	26%	20%	32%		24%	18%	29%	28%	15%	18%	23%	38%	14%	24%
beat	47%	37%	37%		36%	41%	25%	37%	32%	53%	41%	29%	27%	37%

YoY	2016				2017				2018				1Q	+/=
	2Q	3Q	4Q		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
miss	25	24	21		23	22	19	23	27	17	20	23	8	252
in-line	7	5	6		5	9	13	2	9	11	12	8	6	93
beat	31	35	37		37	35	34	41	30	38	34	35	8	395
Σ companies	63	64	64		65	66	66	66	66	66	66	66	22	740
miss	40%	38%	33%		35%	33%	29%	35%	41%	26%	30%	35%	36%	34%
beat	49%	55%	58%		57%	53%	52%	62%	45%	58%	52%	53%	36%	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)

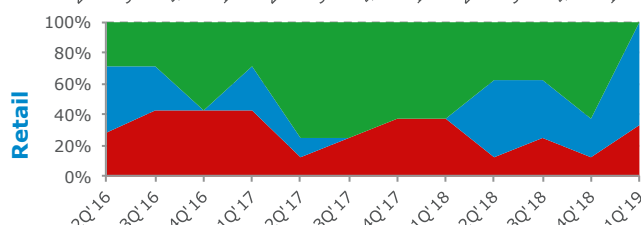
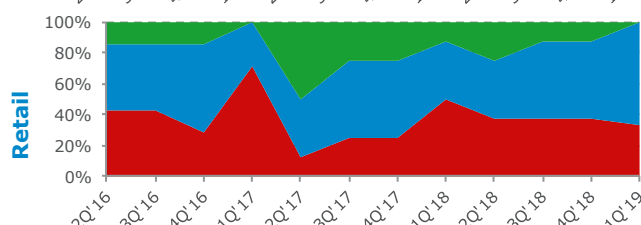
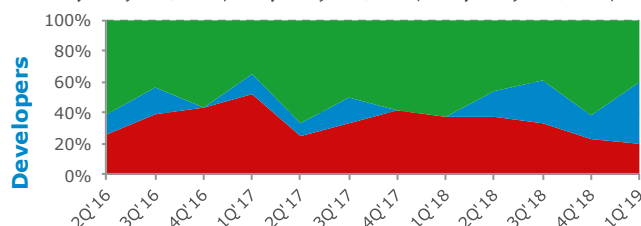
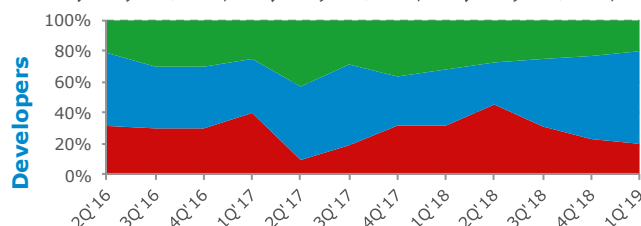
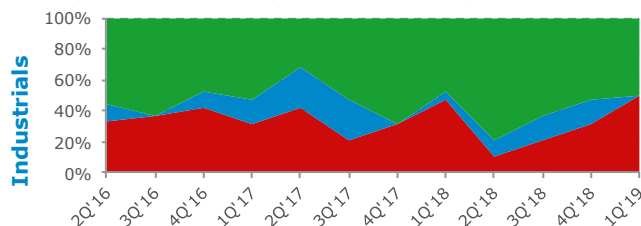
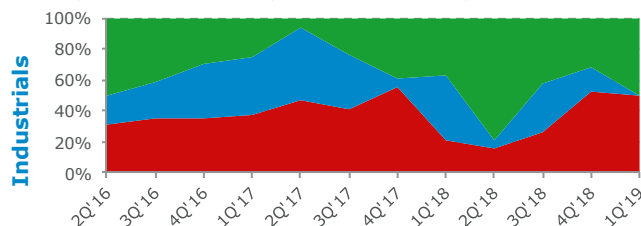
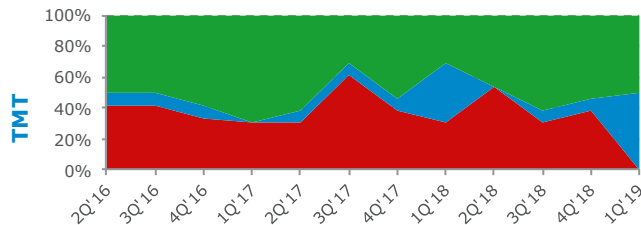
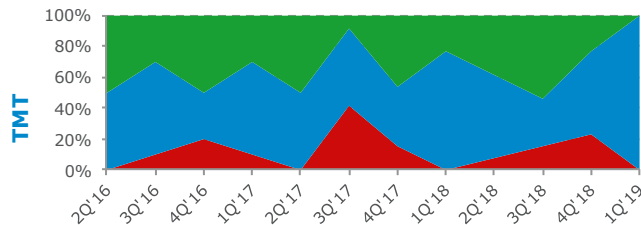
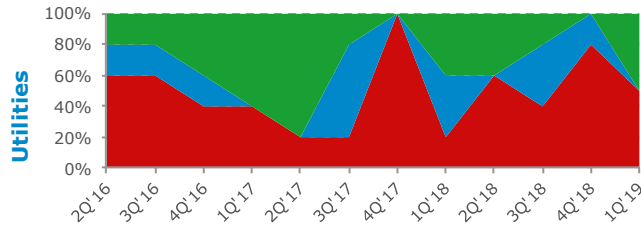
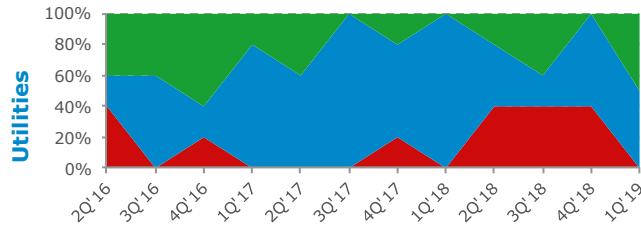
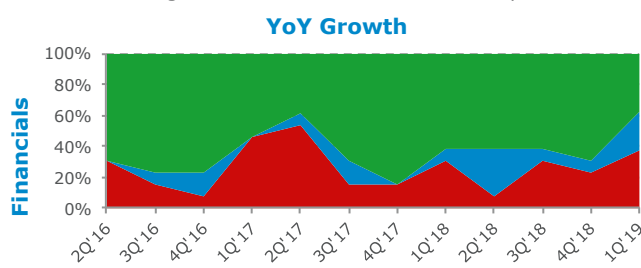
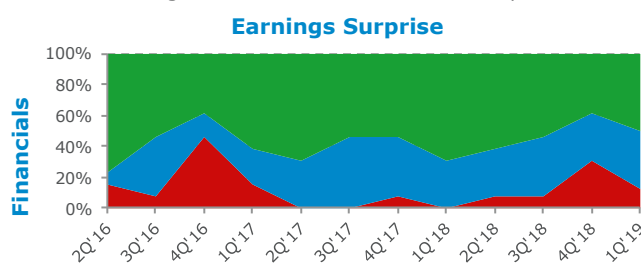
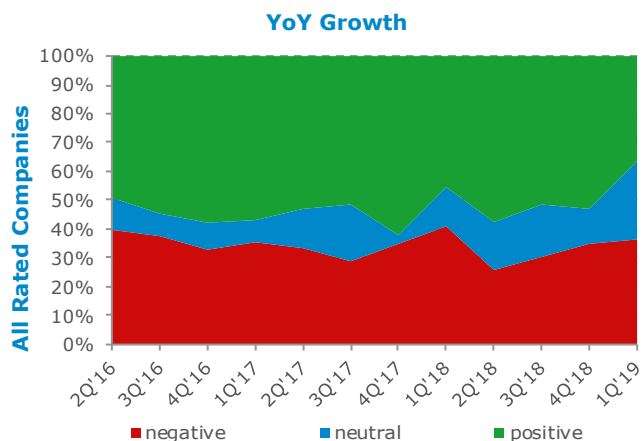
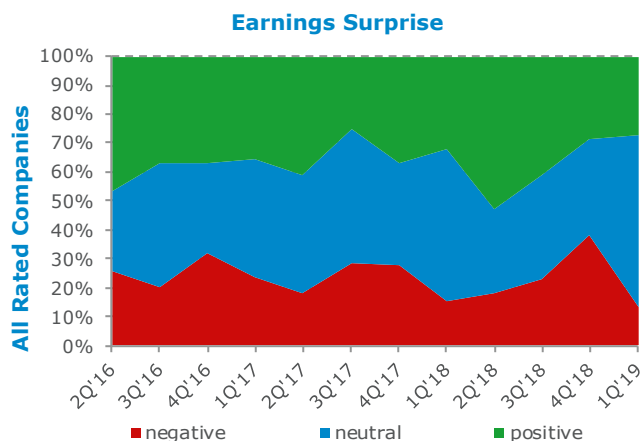
Sector		Poland	US	Germany
Banks	SENTIMENT	BEARISH	NEUTRAL	NEUTRAL
	Stocks To Own	PKO, MIL, OTP	BAC US, JPM US	PBB GY, WUW GY
	Stocks To Avoid	PEO		
	Key Catalysts		Yields upside	ECB is analysing the possibilities&alternatives in terms of tiering
Chemicals	SENTIMENT	BULLISH		NEUTRAL
	Stocks To Own	ATT, CIE		EVK GY
	Stocks To Avoid			1COV GY, LXS GY
	Key Catalysts	Increase in results		Rebound in China PMIs
Real-Estate Developers	SENTIMENT	NEUTRAL	NEUTRAL	
	Stocks To Own			
	Stocks To Avoid			
	Key Catalysts	Relatively high dividend, home sales stabilization, higher building costs (selective approach)		
Utilities	SENTIMENT	BULLISH	NEUTRAL	NEUTRAL
	Stocks To Own	PGE, ENA, TPE		RWE GY
	Stocks To Avoid			UN01 GY
	Key Catalysts	Final draft of price freeze regulations		Deffensive sector
Retail, Consumer	SENTIMENT	BULLISH	BULLISH	BULLISH
	Stocks To Own	CCC, EAT	HBI US, WEN US	DHERR GY, ADS GY, BOSS GY, ZAL GY, SAE GY
	Stocks To Avoid	EUR		Z01 GY
	Key Catalysts	Increase in results	High consumer sentiment, wages growth	Strong consumer, good quaterly results
Oil&Gas, Refining	SENTIMENT	BEARISH	NEUTRAL	
	Stocks To Own	PGNiG	MPC US	
	Stocks To Avoid	LTS, PKN		
	Key Catalysts	Further downstream margins deterioration, the Druzhba pipeline problems, natgas prices rebound		
Industrials	SENTIMENT	BEARISH	NEUTRAL	NEUTRAL
	Stocks To Own	EGS, FMF, KER, POZ, TIM		SIE GY, AIR FP, MTU GY, VAR1 GY
	Stocks To Avoid	COG, IPX, TAR		DUE GY, JUN3GR
	Key Catalysts	Week quaterly results		Low IFO, we prefer market leaders
Mining	SENTIMENT	NEUTRAL	NEUTRAL	NEUTRAL
	Stocks To Own			
	Stocks To Avoid			
	Key Catalysts	Mining cost rise	Metal prices decrease	Metal prices decrease
Automotive	SENTIMENT	BEARISH	BULLISH	BULLISH
	Stocks To Own		APTV US, GM US	DAI GY, CON GY, VW GY, UG FP, BMW GY
	Stocks To Avoid	BRS, AML		ZIL2GY
	Key Catalysts	Week quaterly results	Strong consumer/low multiples	Low valuation
Tech, Media	SENTIMENT	BULLISH	NEUTRAL	BULLISH
	Stocks To Own	ASE, CMR, AGO, WPL, CDR	DISCA US, LRCX US	COK GY, WDI GY, IFX GY, 01BC GY
	Stocks To Avoid		NFLX US	NEM GY
	Key Catalysts			Good quaterly results, positive outlook
Telecoms	SENTIMENT	NEUTRAL	BULLISH	BEARISH
	Stocks To Own	OPL, PLY		DTE GY, DRI GY
	Stocks To Avoid			TC1 GY
	Key Catalysts		Tech qualities/reasonable price	Deffensive sector, Q1 results lower than expected

Quarterly Earnings Surprises and YoY Growth Reported By Rated Companies

Beat / Miss	2016 2Q 3Q 4Q	2017 1Q 2Q 3Q 4Q	2018 1Q 2Q 3Q 4Q	1Q	+/=
Financials					
Alior Bank	+ + +	- + +	= + =	=	92%
Handlowy	+ - =	- + +	+ + -	-	58%
ING BSK	+ + -	+ = =	= - =	+	83%
Millennium	+ = +	+ = +	+ + =	+	100%
Pekao	+ + +	+ = +	= = +	+	100%
PKO BP	+ + -	+ + +	+ = =	=	91%
Santander BP	+ = +	+ = +	= + =	=	92%
Komercni	+ + =	+ + +	+ + +	=	100%
Erste Bank	= = -	= + =	+ + +	+	92%
OTP Bank	+ + -	+ + +	+ + +	=	91%
PZU	- = +	+ = +	+ = +	=	91%
Kruk	- + -	+ + =	+ + +	+	67%
Skarbiec	+ = -	= + +	+ = +	=	82%
Chemicals					
Ciech	+ = +	= = =	+ = =	=	91%
Grupa Azoty	- = -	+ - =	= - +	=	45%
Oil & Gas					
Lotos	= + =	+ + +	= - +	=	83%
MOL	= = -	+ + -	= = +	+	83%
PGNiG	- - +	+ - -	= - +	=	42%
PKN Orlen	- = +	= = =	= - =	+	75%
Utilities					
CEZ	- = +	= = =	+ = +	=	82%
Enea	+ + +	= + =	= - =	=	91%
Energia	- = =	= = =	= - =	=	64%
PGE	= + -	= = =	= - =	=	75%
Tauron	+ = +	+ + =	= + +	+	100%
TMT					
Netia	+ = +	= = +	= = =	=	100%
Orange PL	= = =	= + =	= + +	+	100%
Play	na na na	na na =	= + =	=	100%
Agora	= = +	= + =	= + =	=	100%
Cyfrowy	= + =	+ = =	= + =	=	100%
Wirtualna	= - -	+ = =	= = =	=	82%
Aileron	na na na	na na -	+ = -	-	50%
Asseco BS	+ = =	= = +	= + +	=	100%
Asseco PL	+ + -	= - =	+ + +	=	73%
Asseco SEE	= = +	= + -	= = +	=	91%
Atende	na na na	na na na	+ = -	+	60%
Comarch	+ = +	+ - -	+ + +	+	73%
CD Projekt	+ + +	+ + -	= = -	-	73%
Industrials					
Alumetal	+ - =	= = +	= + =	=	73%
Amica	= = -	= = -	+ - +	+	73%
Apator	+ - =	= = -	= + =	+	73%
Boryszew	+ + -	+ + +	= - =	-	45%
Cognor	na na na	na na na	+ + =	-	60%
Ergis	- + =	+ = -	= - -	-	36%
Famur	+ = +	na - =	+ + +	+	90%
Forte	+ = =	= = -	= + -	-	64%
Grupa Kęty	+ = =	= = =	= + =	=	91%
Impexmetal	+ + -	= - +	= + +	=	55%
JSW	= - -	+ + -	= + =	-	55%
Kernel	- + -	= - -	+ = +	+	45%
KGHM	- + +	+ = =	= + +	=	73%
Kruszwica	- + +	= = =	+ + +	+	64%
Mangata	+ - +	= - -	+ + +	+	58%
Pfleiderer	= + =	= - =	+ - +	-	45%
Pozbud	na na na	na na na	+ + =	=	80%
Stelmet	na - =	= - -	+ + +	=	60%
Tarczyński	- - +	= + +	+ + =	+	82%
Real-Estate					
Atal	na + =	+ + -	= + =	+	80%
Dom Dev.	= = =	= + +	= + =	=	100%
Retail					
AmRest	= = +	= + +	= - =	+	73%
CCC	+ + =	= + -	= - -	-	33%
Dino	na na na	na + =	+ = =	=	100%
Eurocash	= - -	= = -	= - -	=	27%
Jeronimo	= = =	= = =	= = =	=	100%
LPP	= = =	= + =	= - +	+	92%
Monnari	= - -	= + =	= + =	=	45%
VRG	= - =	= - =	= - =	=	45%
YoY	2016 2Q 3Q 4Q	2017 1Q 2Q 3Q 4Q	2018 1Q 2Q 3Q 4Q	1Q	+/=
Financials					
Alior Bank	- = +	- + +	+ + -	-	58%
Handlowy	+ + +	= - +	+ + -	-	58%
ING BSK	+ + +	+ - +	+ = =	=	92%
Millennium	+ + +	+ - +	+ + +	=	92%
Pekao	+ - +	= - =	+ + +	-	64%
PKO BP	+ - +	= + +	+ + +	+	82%
Santander BP	+ + +	= - +	= = +	-	67%
Komercni	+ + +	+ - -	= + +	+	75%
Erste Bank	+ + -	= - +	+ + +	+	75%
OTP Bank	+ + =	+ + +	+ + +	+	100%
PZU	- + +	+ + +	= + +	=	82%
Kruk	- + +	+ + =	= + +	+	75%
Skarbiec	- + =	+ + -	= - -	-	45%
Chemicals					
Ciech	+ + +	+ - -	= - -	-	55%
Grupa Azoty	- - -	= + +	= - -	-	27%
Oil & Gas					
Lotos	- + +	+ + +	= - +	+	75%
MOL	- - -	+ + =	= - +	-	42%
PGNiG	- - +	+ = =	= - +	-	58%
PKN Orlen	- - +	+ + +	= - +	=	50%
Utilities					
CEZ	- - -	= - -	= - +	=	18%
Enea	+ + +	+ + =	= - =	-	73%
Energia	= = =	= - +	+ + -	-	64%
PGE	- - -	+ + =	+ + =	-	50%
Tauron	- - +	+ + =	= - -	+	50%
TMT					
Netia	= - =	= - -	= - -	-	27%
Orange PL	- - -	= - =	= - +	=	50%
Play	na na na	+ + +	= - -	+	50%
Agora	- - -	+ + =	= - +	+	55%
Cyfrowy	= + +	+ + =	= - =	=	64%
Wirtualna	+ + +	+ + +	+ + +	+	100%
Aileron	- + +	+ + -	+ + -	-	64%
Asseco BS	+ + +	+ + +	+ + +	+	100%
Asseco PL	+ - -	= - -	+ + +	+	45%
Asseco SEE	+ = +	+ + +	+ + +	+	100%
Atende	+ - -	+ - -	+ - +	+	36%
Comarch	+ + +	= - -	= + +	+	64%
CD Projekt	- + +	+ + -	= - -	-	36%
Industrials					
Alumetal	+ - -	= - -	+ + +	-	45%
Amica	+ + =	= - -	= - +	+	64%
Apator	+ - +	+ - +	= - +	+	64%
Boryszew	+ + -	+ + +	= - -	-	55%
Cognor	+ + +	+ + =	+ + +	-	83%
Ergis	- + +	+ = =	= - -	-	55%
Famur	+ + +	+ = +	+ + +	+	100%
Forte	+ + +	= - -	= - +	+	45%
Grupa Kęty	+ + +	+ + +	+ + +	+	100%
Impexmetal	+ + -	+ + =	+ + =	+	91%
JSW	- - +	+ + +	= - =	-	64%
Kernel	- + -	= - -	= - +	+	36%
KGHM	- + +	+ = =	= - +	=	64%
Kruszwica	= - +	+ = +	+ + -	+	91%
Mangata	+ + -	= - =	+ + +	=	83%
Pfleiderer	= + =	+ - +	+ - +	+	73%
Pozbud	- - -	= - =	+ + +	+	45%
Stelmet	na - -	= - +	= + +	=	60%
Tarczyński	- - -	= + +	+ + +	+	73%
Real-Estate					
Atal	+ + -	+ + =	+ + =	-	82%
Dom Dev.	+ + +	= - +	+ + +	+	83%
Retail					
AmRest	+ + +	= + +	+ = +	+	91%
CCC	+ = +	+ + +	= - -	-	50%
Dino	na na na	na + +	+ + +	+	100%
Eurocash	= - -	= - -	+ = +	+	55%
Jeronimo	= + +	= + +	= = =	=	100%
LPP	- - -	+ + +	= - +	+	67%
Monnari	- - -	= - -	= - -	-	27%
VRG	= = +	= - +	+ + +	+	91%

'+' = positive surprise, '-' = negative surprise, '=' = in-line results vis-à-vis consensus expectations; *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

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



Source: Companies, Bloomberg, PAP, Dom Maklerski mBanku

Macroeconomic Update

Retail sales

Retail sales grew in March by 3.1% y/y (nominal) and 1.8% y/y (real). The reading was a downside surprise for the market consensus (~3%) but not for us. The magnitude of the deceleration was overstated by the difference in working days and, primarily, by the Easter effect which is always hard to predict precisely. We were lucky this time. The composition of growth reveals that it is truly the Easter effect. Food sales and non-specialized store sales dived by 10pp. A sharp turnaround is to be expected in April. We see some rebound in auto sales (7.5% y/y nominal) but is primarily driven by base effect. Other categories followed the models with rare precision. Retail sales deflator accelerated along with CPI. Due to expected growth of fuel prices in April and May, retail sales deflator may rise disproportionately more than CPI inflation as the weight of fuels in good's basket is larger than in the whole spectrum of consumption goods and services. We expect retail sales to rebound in April. However, the downward trend is clearly visible. We expect it to be arrested (at least temporarily) by additional fiscal transfers. Therefore retail sales and consumption growth would be rather horizontal in the whole year with local maxima in growth rates at the turn of 2019 and 2020.

Jobs

In March corporate employment rose by 3.0% y/y, higher than market consensus and our forecast (2.9% y/y). Monthly increase in new jobs by 15.6 thousand makes it the second best March reading in history (100 employees more than in March 2016, higher figures were recorded in 2007 only, with a completely different situation on the labor market). Another positive surprise in the employment data (last month's data also surprised positively) fits in with the set of optimistic signals from the Polish economy coming since the beginning of the year. Let's remind, however, that this is still a surprise going against the increasingly cooler employment situation indicators (especially in industry and construction). The average gross salary increased by 5.7% y/y, significantly below the consensus (7.0% y/y) and our forecast (6.7% y/y). The scale of surprise is significant this time, which is why speculations about its causes must be more speculative and perhaps related to the perception of 'normality' in a given month, which to a large extent is at least partly subjective. It can therefore be assumed that a slowdown of wages by as much as 2 pp. vs. the previous month, is the result of a high base in processing, construction and real estate services as well as a rebound after very good February in such sectors as retail and mining. The increase in inflation in March and the lower growth of nominal wages have reduced real increase in the total wage bill - it fell from 9.5% to 7.2% y/y (from 10.7 to 8.9% y/y). However, when discussing private consumption prospects in the coming quarters, such increases in wage bill are still solid, and the main contribution to the acceleration in household incomes will again provide social benefits, starting with the payoff of the 'thirteenth pension'. Meanwhile, consumer sentiment is close to a record high, and the expectations of households financial situation, that are ahead of private consumption expectations have never been so high. Pessimistic consumption narratives should not be based on a weaker increase in real wages in only one month.

Inflation

April's inflation beat our quite high forecast (2.0%) and amounted to 2.2% y/y. Partial composition presented by Statistics Poland indicates that food price is its partial reason (+1.0% m/m). But together with low fuel prices estimates (barely + 4.0% m/m, when we forecasted about 6% based on stations data) it implies that once again inflation was driven substantially also by the core component (we estimate the core inflation about 1.7-1.8% --It is a significant

acceleration compared to 1.4% in March). As usual, it is difficult to guess whether the core inflation increase is a matter of moderate but equally distributed price increases, or rather comes from just one of the categories (in the previous month the first option realized). We do not change our view that core inflation will continue to systematically accelerate in coming months. In our opinion, Statistics Poland underestimated the increase of fuel prices at stations. It means that any estimates for May should be raised to 3-4% m/m. Combined with the possible higher pork prices mainly in May, it results in another month of inflation acceleration. NBP's inflation target is within reach. Increasing inflation and a solid real sphere is a mix that will activate more hawkish MPC members. We can expect counting hawkish votes in the Council and a naive looking for the majority. Although it seems to be a waste of time, it can easily intensify market expectations for rate hikes. Obviously MPC leadership, and the governor Glapiński himself, will not be bothered by the newest data - they are not so distant from the latest projections. Moreover, the core of the Council analyzes the economy in the longer horizon, where it does slow down, therefore it cannot generate the inflation pressure forever (only temporarily). Therefore still there is a very low probability of any moves from the MPC's side.

Budget deficit

In March the state budget amounted to PLN 3.7 billion, which is a worse result vs. 2018. (PLN -1.3 billion), but similar to 2017 (PLN -3.1 billion). In fact, the 2017 similarities break through almost all details of the March execution of the budget. As in the previous month, the increase in the deficit was caused by both lower tax revenues (-3.7% y/y) and higher expenses (+ 5.1% y/y). In case of lower tax revenues, we can identify the two reasons: VAT (-8.6% y/y) and PIT (-13.8% y/y), other categories of inflows performed similar to previous months - the CIT inflows increased by 13.2% y/y, and excise tax by 0.4% y/y. In terms of PIT and VAT inflows, weak March follows the weak February. The weakness of these two categories is probably not due to only one reason. The drop in VAT inflows in the last two months is partly due to a huge base generated a year earlier, and perhaps also - traditionally - a shift of returns. The dynamics of nominal consumption was clearly lower in Q1 y/y. The performance of PIT is much more mysterious - not only is it the first year of inflow decline y/y (the last one was recorded in April 2016), but such a deep decline was not seen since 2010. This is contrary to what we know of the labor market in Poland and the only good explanation is the shift of tax refunds due to the implementation of the ePIT system. Observation of inflows in the next two months is crucial in this context. We know less about public expenditure in March than we would like. The implementation of the budget indicates that this increase cannot be associated either with higher debt servicing costs or higher subsidies to the FUS and FER, or with a larger general subsidy for local self-government units. It is therefore likely (this conclusion applies to the whole of the Q1) that the increase in budget expenditures in 2019 diffuse broadly and includes a higher contribution to the EU budget, higher wages in the public sector, slightly higher capital and the purchase of materials and services expenditures. We will be able to say something more on the issue of the expenditures after the publication of the operative implementation, ie at the beginning of the next month. Whatever the reasons, the trajectory of expenditures this year clearly reminds 2017, and the implementation of fiscal package implies that we should not rely on the discipline of the expenditures in the second half of the year, as in the end of 2017 and 2018. The data on the state budget in Q1 supports our forecast of broadening the general government deficit this year. The current forecast (GDP -

1.4%) seems to be charged with a gentle downward risk due to the increase in the deficit of the state budget vs. 2018 (the figures for the first three months probably do not include the fiscal package) – it will not be offset by the probable improvement in the results of local government units' budgets.

mBank Research

(E. Pytlarczyk, M. Mazurek, P. Bartkiewicz, K. Klimas)

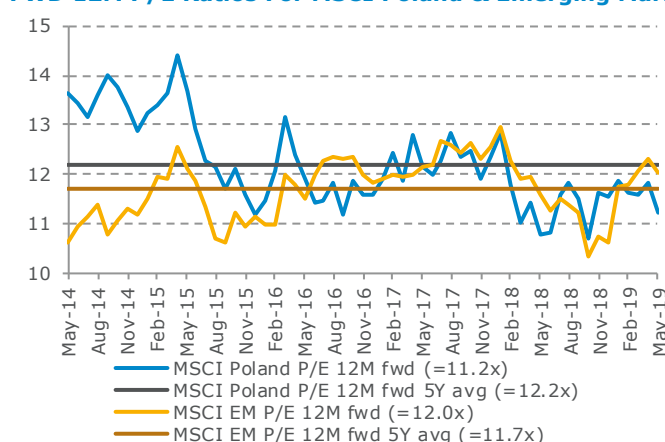
research@mBank.pl

Revisions To FY2019 Earnings Forecasts For WIG30 Companies

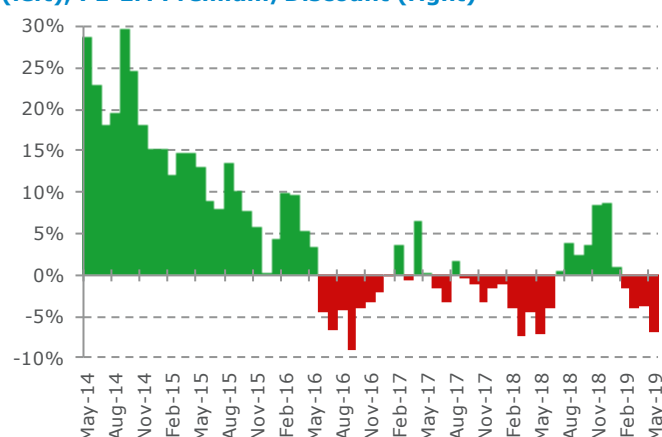
Apr-18=0	WIG30		Financials		Oil & Gas		Utilities		Retail		TMT		Chemicals		Commodities	
	Con.	mDM	Con.	mDM	Con.	mDM	Con.	mDM	Con.	mDM	Con.	mDM	Con.	mDM	Con.	mDM
May-18	+0%	+1%	-1%	+0%	+1%	+0%	+6%	+16%	+1%	+0%	-3%	+0%	-6%	-31%	-3%	-2%
Jun-18	+0%	+2%	-1%	+0%	+1%	+9%	+5%	+16%	-2%	+2%	+2%	-10%	-6%	-31%	-4%	-3%
Jul-18	+0%	+2%	-1%	+0%	+0%	+9%	+7%	+16%	-3%	+2%	+6%	-10%	-21%	-37%	-4%	-3%
Aug-18	-1%	+1%	-1%	+0%	-2%	+7%	+6%	+16%	-3%	+2%	+2%	-11%	-17%	-41%	-10%	-7%
Sep-18	-1%	+1%	-1%	-0%	+2%	+7%	+6%	+16%	-3%	+1%	-2%	-10%	-18%	-41%	-15%	-7%
Oct-18	-3%	-7%	-3%	-5%	+2%	+5%	+3%	+16%	-3%	-5%	-10%	-23%	-33%	-62%	-10%	-44%
Nov-18	-3%	-8%	-3%	-6%	+5%	+5%	-0%	+16%	-6%	-5%	-12%	-42%	-42%	-68%	-12%	-36%
Dec-18	-5%	-8%	-4%	-6%	+2%	+5%	-2%	+16%	-6%	-5%	-14%	-42%	-42%	-68%	-17%	-36%
Jan-19	-5%	-9%	-5%	-6%	+4%	+6%	-2%	+10%	-11%	-6%	-14%	-41%	-52%	-68%	-18%	-37%
Feb-19	-6%	-10%	-5%	-6%	+3%	+1%	-4%	+10%	-12%	-6%	-21%	-41%	-27%	-46%	-18%	-37%
Mar-19	-6%	-10%	-5%	-6%	+0%	-3%	-2%	+3%	-12%	-12%	-21%	-39%	-22%	-46%	-12%	-27%
Apr-19	-8%	-10%	-5%	-6%	-8%	-3%	-4%	+1%	-11%	-12%	-21%	-39%	-29%	-11%	-14%	-27%

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)

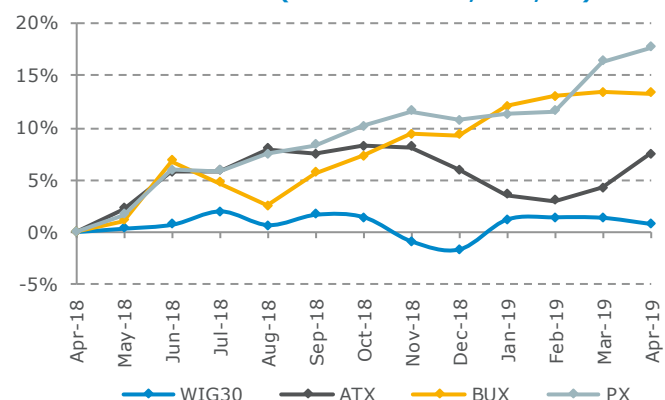


Source: Bloomberg, Dom Maklerski mBanku



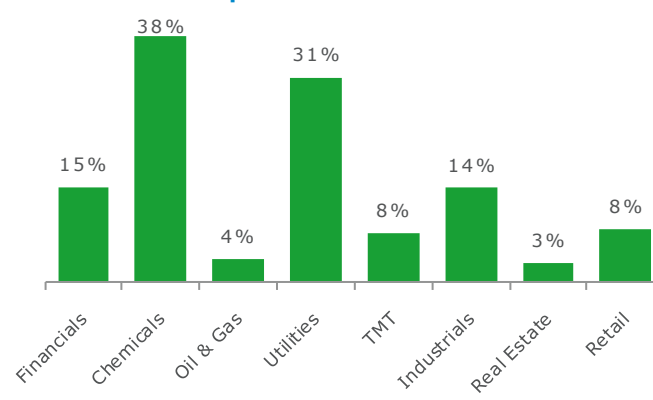
Source: Bloomberg, Dom Maklerski mBanku

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



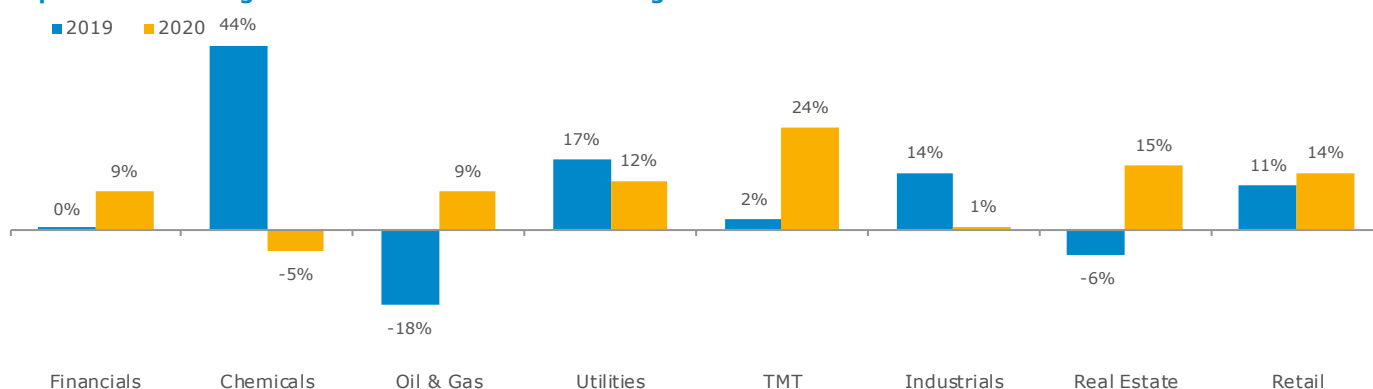
Source: Bloomberg, Dom Maklerski mBanku

Estimated Sector Upside Potential*



Source: Dom Maklerski mBanku; *To MDM price targets

Expected YoY Change in FY2018-2019E Sector Earnings*



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

Divergence of Dom Maklerski mBanku Estimates From Consensus Estimates

Sector/Name	mDM Rating	mDM TP ¹	BBG Ratings ²			BBG TP ³	mDM v. BBG TP	mDM v. BBG Earnings			mDM v. BBG EBITDA			Analyst Count ⁴
			▲	►	▼			2019E	2020E	2021E	2019E	2020E	2021E	
Financials														
Alior Bank	buy	87,00	13	1	1	72,15	+20,6%	+19%	+17%	+15%				10
Handlowy	buy	65,50	0	9	2	68,57	-4,5%	+13%	+2%	+3%				8
ING BSK	hold	191,80	3	5	4	195,23	-1,8%	-1%	+2%	+3%				8
Millennium	accumulate	10,00	5	6	2	10,34	-3,3%	-7%	+3%	+0%				10
Pekao	buy	131,80	15	3	0	133,40	-1,2%	+7%	+6%	+5%				15
PKO BP	accumulate	40,92	8	9	2	42,32	-3,3%	+0%	-1%	-4%				14
Santander Bank Polska	hold	388,00	8	7	0	416,70	-6,9%	+2%	+6%	+5%				9
Komercni Banka	buy	1 000,0	10	7	0	1 020,6	-2,0%	+4%	+6%	-				8
Erste Bank	buy	43,72	20	5	0	40,46	+8,1%	-3%	+1%	-				19
OTP Bank	hold	13 046	8	5	3	13 334	-2,2%	-2%	-4%	-				8
PZU	accumulate	43,38	7	4	1	46,23	-6,2%	+2%	+1%	+2%				9
Kruk	buy	213,65	5	1	2	198,31	+7,7%	-4%	-5%	-3%				5
Chemicals														
Ciech	buy	68,11	11	1	0	65,60	+3,8%	-3%	-3%	+3%	+0%	+0%	+1%	10/10
Grupa Azoty	buy	45,39	5	3	1	48,02	-5,5%	+17%	-18%	-28%	+6%	-7%	-7%	4/4
Oil & Gas														
Lotos	sell	65,41	8	4	3	91,19	-28,3%	-23%	-38%	-33%	-11%	-22%	-18%	12/12
MOL	hold	3 223,0	10	3	0	3 606,4	-10,6%	-41%	-27%	-17%	-14%	-8%	-3%	12/11
PGNiG	accumulate	6,92	5	1	4	6,48	+6,8%	+9%	+17%	+26%	+7%	+11%	+17%	8/7
PKN Orlen	sell	79,39	3	9	7	105,55	-24,8%	-25%	-36%	-27%	-16%	-25%	-20%	17/16
Utilities														
CEZ	hold	565,50	6	9	2	596,02	-5,1%	+3%	-9%	+1%	-0%	-4%	+0%	9/8
Enea	buy	12,51	7	2	1	10,76	+16,2%	+20%	+15%	+8%	+9%	+5%	+1%	7/6
Energa	buy	12,21	4	5	2	9,78	+24,8%	-0%	-10%	-9%	-1%	-1%	-2%	7/6
PGE	buy	13,38	5	5	3	11,43	+17,1%	-9%	+31%	+5%	+0%	+15%	+3%	6/6
Tauron	buy	2,89	2	8	3	2,20	+31,3%	+5%	+18%	+3%	+2%	+6%	+1%	8/8
TMT														
Netia	hold	4,70	3	3	2	4,20	+11,9%	-12%	-24%	-26%	-0%	-3%	+1%	2/3
Orange Polska	buy	6,40	7	6	3	5,53	+15,8%	+2%	+3%	+11%	-2%	-1%	+0%	5/9
Play	accumulate	25,25	6	7	1	25,74	-1,9%	-3%	-2%	-6%	-0%	-1%	-1%	8/7
Agora	buy	16,00	2	3	0	12,70	+26,0%	-	-	-	-5%	+1%	+7%	3/3
Cyfrowy Polsat	hold	23,20	6	7	1	26,86	-13,6%	-3%	+5%	+11%	-1%	-4%	-5%	10/9
Wirtualna Polska	accumulate	61,50	5	1	0	65,63	-6,3%	-1%	+0%	-7%	-4%	+0%	-1%	4/4
Asseco Poland	hold	53,00	3	5	0	55,18	-3,9%	-8%	-12%	-14%	-12%	-10%	-10%	5/4
Asseco BS	neutral	-	0	2	0	30,30	-	-1%	+1%	-	-0%	+1%	-	4/3
Asseco SEE	overweight	-	2	0	0	19,60	-	-1%	+3%	-	+5%	+5%	-	4/4
CD Projekt	accumulate	237,50	8	4	2	230,88	+2,9%	-80%	+28%	+60%	-81%	+14%	+43%	10/11
Comarch	buy	230,00	4	0	1	206,52	+11,4%	+9%	+0%	-3%	+7%	+4%	+3%	3/3
Industrials														
AC	neutral	-	1	2	0	49,15	-	+8%	+13%	+13%	+5%	+9%	+10%	3/3
Alumetal	neutral	-	4	2	0	56,20	-	+12%	-4%	-	+8%	-7%	-	4/4
Amica	neutral	-	2	3	0	148,37	-	+8%	+8%	-	+2%	+0%	-	4/4
Apator	neutral	-	1	3	0	28,50	-	-2%	-2%	-	-1%	-3%	-	2/2
Famur	buy	6,90	7	0	0	6,48	+6,4%	+73%	+11%	-4%	+34%	+0%	+3%	6/6
Forte	neutral	-	2	3	3	27,83	-	-21%	-21%	-	-4%	-5%	-	5/5
Grupa Kęty	hold	341,33	5	7	0	380,47	-10,3%	-9%	-5%	-9%	-7%	-5%	-8%	9/9
JSW	hold	54,80	4	4	5	63,64	-13,9%	-10%	-39%	-73%	-6%	-17%	-22%	10/9
Kemcel	buy	62,86	5	2	0	70,21	-10,5%	+6%	+12%	+15%	+9%	+15%	+12%	6/5
KGHM	hold	105,57	2	7	9	97,16	+8,7%	-1%	-3%	-5%	-7%	-8%	-4%	15/14
Pfleiderer Group	neutral	-	5	1	1	33,18	-	-12%	+6%	+42%	-1%	+1%	+1%	5/4
Real Estate														
Atal	hold	41,03	4	1	0	41,40	-0,9%	-3%	-8%	+1%	-2%	-8%	+0%	4/4
Dom Development	hold	84,40	1	5	0	85,20	-0,9%	-1%	+1%	-2%	-2%	+6%	-2%	6/5
Retail														
AmRest	buy	48,00	7	3	0	50,72	-5,4%	-12%	-11%	-5%	-3%	-1%	+1%	10/9
CCC	buy	275,00	7	4	2	256,19	+7,3%	+10%	+9%	-4%	+27%	+27%	+4%	11/10
Dino	reduce	112,70	8	8	4	129,56	-13,0%	-0%	-2%	-8%	+0%	-3%	-8%	14/14
Eurocash	reduce	18,90	5	4	9	21,35	-11,5%	-15%	-23%	+1%	-8%	-10%	-5%	6/12
Jeronimo Martins	hold	14,30	16	8	3	14,48	-1,2%	+3%	+4%	-2%	+2%	+3%	+1%	21/21
LPP	hold	8 400,0	3	5	7	8 355,9	+0,5%	+11%	+12%	+13%	+1%	+1%	+4%	8/7
Monnari	underweight	-	3	0	1	7,20	-	-8%	-7%	+5%	-24%	-25%	-14%	3/3
VRG	overweight	-	5	1	0	4,86	-	+13%	+10%	+6%	+7%	+5%	+5%	4/4

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

Current Recommendations By Dom Maklerski mBanku

Company	Recommendation	Issued On	Price At Reco.	Target Price	Current Price	Upside/Downside	P/E		EV/EBITDA	
							2019	2020	2019	2020
Financial Sector						+14.7%	10.9	9.9		
Alior Bank	buy	2019-02-01	57.50	87.00	53.60	+62.3%	7.0	6.2		
Handlowy	buy	2019-05-09	52.80	65.50	52.80	+24.1%	9.8	9.7		
ING BSK	hold	2019-02-01	191.40	191.80	195.00	-1.6%	15.3	13.7		
Millennium	accumulate	2019-02-01	8.82	10.00	9.14	+9.4%	15.1	10.8		
Pekao	buy	2019-02-01	110.60	131.80	107.45	+22.7%	11.0	9.9		
PKO BP	accumulate	2019-05-09	37.78	40.92	37.78	+8.3%	11.4	10.9		
Santander Bank Polska	hold	2019-02-01	373.80	388.00	374.80	+3.5%	14.4	12.1		
Komercni Banka	buy	2019-05-09	873.00	1,000 CZK	873.00	+14.5%	10.9	10.5		
Erste Bank	buy	2019-02-04	31.00	43.72 EUR	34.07	+28.3%	9.8	9.1		
OTP Bank	hold	2019-04-02	12,600	13,046 HUF	12,480	+4.5%	10.3	9.8		
PZU	accumulate	2019-04-02	40.79	43.38	41.04	+5.7%	10.9	10.3		
Kruk	buy	2019-04-02	152.30	213.65	168.00	+27.2%	9.3	9.2		
Skarbiec Holding	buy	2018-12-05	23.50	31.36	16.05	+95.4%	4.7	4.8		
Chemicals						+37.7%	8.7	10.5	5.3	5.8
Ciech	buy	2019-05-09	44.85	68.11	44.85	+51.9%	7.8	7.4	5.3	4.9
Grupa Azoty	buy	2019-05-09	35.92	45.39	35.92	+26.4%	9.6	13.6	5.3	6.7
Oil & Gas						+3.7%	12.4	10.8	5.5	4.8
Lotos	sell	2019-04-02	86.22	65.41	76.96	-15.0%	13.1	11.8	6.5	5.4
MOL	hold	2019-04-02	3,278	3,223 HUF	3,094	+4.2%	14.0	9.8	4.9	4.2
PGNiG	accumulate	2019-04-02	6.31	6.92	5.62	+23.1%	9.2	8.3	4.0	3.5
PKN Orlen	sell	2019-04-02	99.94	79.39	91.32	-13.1%	11.8	12.2	6.2	6.0
Power Utilities						+30.9%	4.1	4.4	3.8	3.4
CEZ	hold	2019-04-02	540.50	565.50 CZK	529.00	+6.9%	16.0	15.3	7.5	7.2
Enea	buy	2019-04-02	8.76	12.51	7.45	+67.9%	2.7	2.5	3.0	2.8
Energa	buy	2019-04-02	8.58	12.21	7.22	+69.2%	4.1	4.4	3.8	4.0
PGE	buy	2019-05-09	8.61	13.38	8.61	+55.4%	6.9	4.5	3.8	2.9
Tauron	buy	2019-04-02	2.03	2.89	1.68	+72.5%	2.6	2.2	3.9	3.4
Telecoms, Media, IT						+7.7%	16.8	14.3	6.2	6.4
Netia	hold	2018-11-26	4.66	4.70	4.85	-3.1%	32.6	27.0	5.5	5.6
Orange Polska	buy	2018-11-26	4.91	6.40	4.70	+36.2%	59.0	21.6	4.3	4.0
Play	accumulate	2019-05-09	24.42	25.25	24.42	+3.4%	7.7	7.4	5.6	5.6
Agora	buy	2018-11-27	9.50	16.00	12.50	+28.0%	41.5	22.1	5.7	5.2
Cyfrowy Polsat	hold	2018-11-26	22.50	23.20	26.00	-10.8%	15.0	12.4	6.9	6.4
Wirtualna Polska	accumulate	2019-02-04	58.40	61.50	57.60	+6.8%	18.1	15.4	9.6	8.5
Asseco Poland	hold	2019-03-05	54.30	53.00	52.25	+1.4%	14.7	14.3	8.5	8.0
CD Projekt	accumulate	2019-05-09	215.00	237.50	215.00	+10.5%	-	10.5	-	7.7
Comarch	buy	2019-04-17	181.00	230.00	187.00	+23.0%	15.4	13.9	6.8	6.5
Industrials, Mining						+14.5%	7.0	11.5	4.9	4.8
Famur	buy	2019-05-09	4.82	6.90	4.82	+43.2%	6.4	10.0	3.9	5.0
Grupa Kęty	hold	2019-04-02	324.00	341.33	343.00	-0.5%	13.6	12.9	9.1	8.6
JSW	hold	2019-05-09	49.86	54.80	49.86	+9.9%	5.6	14.7	1.5	2.5
Kemel	buy	2019-03-05	49.20	62.86	50.00	+25.7%	5.7	5.1	5.4	4.7
KGHM	hold	2019-04-02	109.40	105.57	95.90	+10.1%	7.6	7.6	4.3	4.0
Stelmet	hold	2019-03-05	10.25	8.36	7.60	+10.0%	21.9	16.5	6.8	5.9
Property Developers						+3.2%	9.2	8.2	7.7	7.1
Atal	hold	2019-04-02	39.90	41.03	39.90	+2.8%	9.2	8.9	8.5	8.2
Dom Development	hold	2019-04-02	80.80	84.40	81.60	+3.4%	9.2	8.2	7.7	7.1
Retail						+8.2%	25.1	20.6	10.0	8.8
AmRest	buy	2019-04-02	41.20	48.00	40.75	+17.8%	38.3	28.0	13.0	10.4
CCC	buy	2019-04-02	217.00	275.00	190.00	+44.7%	17.9	14.4	7.1	6.0
Dino	reduce	2019-04-02	126.10	112.70	124.90	-9.8%	30.3	23.6	18.0	14.3
Eurocash	reduce	2019-05-09	21.00	18.90	21.00	-10.0%	39.2	26.0	8.5	7.3
Jeronimo Martins	hold	2019-05-09	13.89	14.30 EUR	13.89	+3.0%	19.7	17.7	8.7	7.9
LPP	hold	2019-04-02	8,405	8,400	8,060	+4.2%	20.0	17.6	11.3	9.7
Other										
PBKM	suspended	2019-05-09	66.00	-	66.00	-	-	-	-	-

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
IT						11.1	10.3	4.5	4.3
Ailleron	underweight	2019-01-31	11.75	8.60	-26.8%	11.1	10.0	4.0	3.1
Asseco BS	neutral	2019-03-29	29.50	29.40	-0.3%	14.9	13.9	10.0	9.3
Asseco SEE	overweight	2019-04-11	14.20	15.20	+7.0%	11.1	10.6	4.5	4.1
Atende	neutral	2019-01-31	4.40	3.88	-11.8%	9.7	9.1	4.6	4.5
Industrials						9.3	9.2	5.9	5.7
AC	neutral	2019-03-22	48.50	55.00	+13.4%	12.2	11.0	8.3	7.6
Alumetal	neutral	2019-04-15	51.00	42.80	-16.1%	8.6	9.0	6.7	6.9
Amica	neutral	2019-04-29	130.00	133.60	+2.8%	8.8	8.4	5.6	5.3
Apator	neutral	2019-04-29	25.80	25.60	-0.8%	12.2	11.9	7.7	7.5
Boryszew	neutral	2019-04-29	4.65	4.44	-4.4%	9.9	9.2	7.6	7.4
Cognor	neutral	2019-05-09	1.59	1.59	+0.0%	6.6	9.3	4.5	4.8
Ergis	overweight	2019-04-29	3.00	2.94	-2.0%	6.6	9.0	4.8	5.2
Forte	neutral	2019-04-29	40.60	28.00	-31.0%	14.0	12.2	9.1	8.4
Impexmetal	underweight	2019-04-25	4.16	4.20	+1.0%	5.5	5.7	5.8	5.7
Kruszwica	neutral	2019-04-02	43.90	46.60	+6.2%	12.5	11.7	6.4	6.0
Mangata	neutral	2019-05-09	69.00	69.00	+0.0%	9.3	10.5	6.2	6.8
Pfleiderer Group	neutral	2019-04-16	25.50	24.50	-3.9%	17.8	12.8	5.7	5.4
Pozbud	overweight	2019-04-29	2.37	2.19	-7.6%	2.7	2.8	2.5	1.9
Tarczyński	underweight	2019-04-29	15.60	16.00	+2.6%	8.4	8.6	5.4	5.2
TIM	overweight	2019-04-29	7.90	8.72	+10.4%	9.9	8.8	5.9	5.2
Retail						11.2	10.6	6.8	6.0
Monnari	underweight	2018-12-05	4.75	5.38	+13.3%	10.7	10.5	5.6	4.8
VRG	overweight	2019-03-28	4.29	4.03	-6.1%	11.7	10.6	8.0	7.1

Recommendations Issued in the Past Month

Company	Rating	Previous Rating	Target Price		Issued on
Alumetal	neutral	neutral	-	-	2019-04-15
Amica	overweight	overweight	-	-	2019-04-02
Amica	neutral	overweight	-	-	2019-04-29
AmRest	buy	accumulate	48.00	PLN	2019-04-02
Apator	neutral	overweight	-	-	2019-04-29
Asseco SEE	overweight	overweight	-	-	2019-04-11
Atal	hold	buy	41.03	PLN	2019-04-02
Boryszew	neutral	neutral	-	-	2019-04-29
CCC	buy	buy	275.00	PLN	2019-04-02
CD Projekt	accumulate	accumulate	221.00	PLN	2019-04-02
CEZ	hold	hold	565.50	CZK	2019-04-02
Ciech	buy	buy	68.66	PLN	2019-04-02
Comarch	buy	buy	230.00	PLN	2019-04-17
Dino	reduce	hold	112.70	PLN	2019-04-02
Dom Development	hold	accumulate	84.40	PLN	2019-04-02
Enea	buy	buy	12.51	PLN	2019-04-02
Energa	buy	buy	12.21	PLN	2019-04-02
Ergis	overweight	overweight	-	-	2019-04-29
Eurocash	sell	reduce	18.90	PLN	2019-04-02
Forte	neutral	neutral	-	-	2019-04-29
Grupa Kęty	hold	hold	341.33	PLN	2019-04-02
Impexmetal	underweight	neutral	-	-	2019-04-25
Jeronimo Martins	accumulate	hold	14.10	EUR	2019-04-02
KGHM	hold	hold	105.57	PLN	2019-04-02
Kruk	buy	buy	213.65	PLN	2019-04-02
Kruszwica	neutral	neutral	-	-	2019-04-02
Lotos	sell	sell	65.41	PLN	2019-04-02
LPP	hold	buy	8400.00	PLN	2019-04-02
Mangata	neutral	neutral	-	-	2019-04-29
MOL	hold	hold	3223.00	HUF	2019-04-02
OTP Bank	hold	accumulate	13046.00	HUF	2019-04-02
Pfleiderer Group	neutral	neutral	-	-	2019-04-16
PGE	buy	buy	13.66	PLN	2019-04-02
PGNiG	accumulate	hold	6.92	PLN	2019-04-02
PKN Orlen	sell	sell	79.39	PLN	2019-04-02
Play	accumulate	hold	26.70	PLN	2019-04-12
Pozbud	overweight	overweight	-	-	2019-04-29
PZU	accumulate	accumulate	43.38	PLN	2019-04-02
Tarczyński	underweight	underweight	-	-	2019-04-29
Tauron	buy	buy	2.89	PLN	2019-04-02
TIM	overweight	overweight	-	-	2019-04-29

Ratings and Valuations Changed as of 9th May 2019

Company	Rating	Previous Rating	Target Price		Issued on
CD Projekt	accumulate	accumulate	237.50	PLN	2019-05-09
Ciech	buy	buy	68.11	PLN	2019-05-09
Cognor	neutral	underweight	-	-	2019-05-09
Eurocash	reduce	sell	18.90	PLN	2019-05-09
Famur	buy	buy	6.90	PLN	2019-05-09
Grupa Azoty	buy	hold	45.39	PLN	2019-05-09
Handlowy	buy	hold	65.50	PLN	2019-05-09
Jeronimo Martins	hold	accumulate	14.30	EUR	2019-05-09
JSW	hold	reduce	54.80	PLN	2019-05-09
Komercni Banka	buy	accumulate	1000.00	CZK	2019-05-09
Mangata	neutral	neutral	-	-	2019-05-09
PBKM	suspended	hold	-	-	2019-05-09
PGE	buy	buy	13.38	PLN	2019-05-09
PKO BP	accumulate	hold	40.92	PLN	2019-05-09
Play	accumulate	accumulate	25.25	PLN	2019-05-09

Recommendation Statistics

Recommendation	All		For Issuers Who Are Clients of Dom Maklerski mBanku	
	Count	As pct. of total	Count	As pct. of total
sell	2	2.9%	1	3.8%
reduce	2	2.9%	0	0.0%
underweight	4	5.9%	2	7.7%
hold	16	23.5%	5	19.2%
neutral	12	17.6%	3	11.5%
accumulate	7	10.3%	5	19.2%
buy	20	29.4%	9	34.6%
overweight	5	7.4%	1	3.8%

Corporate Events Calendar For May

Date	Time	Company	Event
9-May	11:45	ASBIS	Q1'19 earnings conference (Marriott Hotel, Warszawa)
9-May		Asseco SEE	Q1'19 earnings conference (Westin Hotel, Warszawa)
9-May		Dino	Q1'19 earnings announcement
9-May	11:00	Feerum	Q1'19 earnings conference (Marriott Hotel, Warszawa)
9-May		Netia	Q1'19 earnings announcement
9-May		Neuca	Q1'19 earnings announcement
9-May		Pekao SA	Q1'19 earnings announcement
9-May	12:00	Pekao SA	Q1'19 earnings conference (GPW, ul. Książęca 4, Warsaw)
10-May	10:00	Elektrobudowa	Q4'18 earnings conference (Regent Hotel, Warsaw)
10-May		Eurocash	Q1'19 earnings announcement
10-May		OTP Bank	Q1'19 earnings announcement
13-May		Play	Q1'19 earnings announcement
14-May		AmRest	Q1'19 earnings announcement
14-May		CEZ	Q1'19 earnings announcement
14-May	16:00	CEZ	Q1'19 earnings teleconference (+44 207 194 3759 , PIN: 90271694#)
14-May		Cyfrowy Polsat	Q1'19 earnings announcement
14-May		PZU	Q1'19 earnings announcement
14-May		Ronson	Q1'19 earnings announcement
14-May	11:30	Ronson	Q1'19 earnings conference (InterContinental Hotel, Warsaw)
15-May		Agora	Q1'19 earnings announcement
15-May		CCC	Q1'19 earnings announcement
15-May		Erbud	Q1'19 earnings announcement
15-May		GTC	Q1'19 earnings announcement
15-May		JWC	Q1'19 earnings announcement
15-May		KGHM	Q1'19 earnings announcement
15-May		Kruszwica	Q1'19 earnings announcement
15-May		LC Corp	Q1'19 earnings announcement
15-May	11:00	LC Corp	Q1'19 earnings conference (CSK Jupiter, Towarowa 22, Warsaw)
15-May		Lokum	Q1'19 earnings announcement
15-May	12:00	Lokum	Q1'19 earnings conference (InterContinental Hotel, Warsaw)
15-May		Mennica Polska	Q1'19 earnings announcement
15-May		PKO BP	Q1'19 earnings announcement
15-May	09:30	PKO BP	Q1'19 earnings conference (Puławska 22, Warsaw)
15-May	14:00	PKO BP	Q1'19 earnings teleconference (+44 20 7194 3759; PIN: 16637421#)
15-May		Polenergia	Q1'19 earnings announcement
15-May		RBI	Q1'19 earnings announcement
15-May		Skarbiec	Q3'18/19 earnings announcement
15-May		Unibep	Q1'19 earnings announcement
15-May		ZEPAK	Q1'19 earnings announcement
16-May		11 bit studios	Q1'19 earnings announcement
16-May		Alumetal	Q1'19 earnings announcement
16-May		Atende	Q1'19 earnings announcement
16-May		Benefit Systems	Q1'19 earnings announcement
16-May	12:00	KGHM	Q1'19 earnings conference (GPW, ul. Książęca 4, Warsaw)
16-May		BNP Paribas	Q1'19 earnings announcement
16-May		JSW	Q1'19 earnings announcement
16-May		PGNiG	Q1'19 earnings announcement
17-May		AC Autogaz	EGM (i.a. PLN 3.94 DPS, dividend day 17-Jun, payment 27-Jun)
17-May		Apator	Q1'19 earnings announcement
17-May		Atende	Q1'19 earnings conference (Polonia Palace Hotel)
17-May		Comarch	Q1'19 earnings announcement
17-May	13:00	JSW	Q1'19 earnings conference (GPW, ul. Książęca 4, Warsaw)
17-May		Torpol	Q1'19 earnings announcement
20-May		Comarch	Q1'19 earnings conference (Życzkowskiego 33, Cracow)
20-May		Wirtualna Polska	Q1'19 earnings announcement
21-May		Atal	Q1'19 earnings announcement
21-May		PointPack	Investor meetings (mBank HQ, ul. Senatorska 18, Warsaw) - registration required
21-May		Pozbud	Q1'19 earnings announcement
21-May		VRG	Q1'19 earnings announcement
22-May		Ailleron	Q1'19 earnings announcement
22-May		Boryszw	Q1'19 earnings announcement
22-May	11:30	Pfleiderer Group	Q1'19 earnings conference (Novotel Hotel, Warsaw)

Corporate Events Calendar For May

Date	Time	Company	Event
22-May		PBKM	Q1'19 earnings announcement
22-May		Pfleiderer Group	Q1'19 earnings announcement
22-May		Tauron	Q1'19 earnings announcement
22-May		Ten Square Games	Q1'19 earnings announcement
22-May		TIM	Q1'19 earnings announcement
22-May		TXM	Q1'19 earnings announcement
22-May		Wielton	Q1'19 earnings announcement
23-May		Asseco Poland	Q1'19 earnings announcement
23-May		CD Projekt	Q1'19 earnings announcement
23-May		Enea/LWB	Q1'19 earnings announcement
23-May		Ergis	Q1'19 earnings announcement
23-May		Forte	Q1'19 earnings announcement
23-May		Grupa Azoty	Q1'19 earnings announcement
23-May		PKP Cargo	Q1'19 earnings announcement
23-May		TIM	Investor meetings (mBank HQ, ul. Senatorska 18, Warsaw) - registration required
24-May		Capital Park	Q1'19 earnings announcement
24-May		Tarczyński	Q1'19 earnings announcement
27-May		Kernel	Q3'19 earnings announcement
28-May		Ciech	Q1'19 earnings announcement
28-May		LPP	Q1'19 earnings announcement
28-May		PGE	Q1'19 earnings announcement
29-May		Archicom	Q1'19 earnings announcement
30-May		Amica	Q1'19 earnings announcement
30-May		Echo Investment	Q1'19 earnings announcement
30-May		Elektrobudowa	Q1'19 earnings announcement
30-May		Energa	Q1'19 earnings announcement
30-May		Famur	Q1'19 earnings announcement
30-May		Polnord	Q1'19 earnings announcement
30-May		Tarczyński	Q1'19 earnings announcement
30-May		Trakcja	Q1'19 earnings announcement
31-May		Getin Noble Bank	Q1'19 earnings announcement
31-May		Idea Bank	Q1'19 earnings announcement

Financial Sector

Alior Bank

buy (no change)

Michał Konarski

+48 22 438 24 05

michal.konarski@mbank.pl

The share price of Alior Bank remained under pressure in recent weeks due to very successful beginning of the year. Investors are concerned about potentially weak Q1 and the risk of acquiring Idea Bank as part of the forced restructuring procedure. In our opinion, the Q1 results are not bad enough to justify a very low valuation, and on the other hand, Prime Minister Morawiecki announced that the state banks are not interested in acquiring Idea Bank. We also point out that the repetitive result of Alior Bank (excluding BFG restructuring contribution) was record-high at the level of PLN 225m. This means that in combination with organic growth, the annual consensus forecast is still possible to reach. The company expects the cost of risk to fall in the remaining quarters (despite a further increase in the reserve coverage ratio) and the interest margin to surprise positively. We believe that the current valuation of Alior Bank is very attractive. On the 12M forward P/E 8.15x indicator, Alior Bank is listed with a 31% discount to the WIG Bank sector, despite much better ROE & improving capital position. We recommend using the opportunity for buying Alior's shares.

Current Price

53.60 PLN

Upside

9M Target Price

87.00 PLN

+62.3%

	rating	target price	issued
unchanged	buy	87.00 PLN	2019-02-01

Key Metrics	ALR PW	1M Price Chng	ALR PW	vs. WIG
Ticker	ALR PW	1M Price Chng	-10.7%	-5.1%
ISIN	PLALIOR00045	YTD Price Chng	+0.8%	+1.1%
Outst. Stock (m)	129.3	ADTV 1M		PLN 10.5m
MC (PLN m)	6,928.2	ADTV 6M		PLN 16.4m
		P/E 12M fwd	8.1	-38.9%
Free Float	74.8%	P/E 5Y avg	13.2	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
NII	3,601	3,085	3,417	3,654	3,873
Total income	3,797	4,124	4,470	4,731	4,973
Costs	-1,930	-1,847	-1,895	-1,903	-1,940
Provisioning	-930	-1,080	-1,026	-1,095	-1,157
Net income	515	713	987	1,113	1,207
P/E	13.4	9.8	7.0	6.2	5.7
P/B	1.0	1.1	0.8	0.7	0.6
ROE	8.0%	10.8%	13.2%	12.3%	11.8%
DPS	0.00	0.00	0.00	0.00	0.00
DYield	0.0%	0.0%	0.0%	0.0%	0.0%
Projection Update (% change)	2019P	2020P	2021P		
Net interest income	0.0%	0.0%	0.0%		
Fee income	0.0%	0.0%	0.0%		
Total costs	0.0%	0.0%	0.0%		
Provisioning	0.0%	0.0%	0.0%		
Net income	0.0%	0.0%	0.0%		

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Net interest income	2,841	3,085	3,417	3,654	3,873
Fee income	453	436	434	441	447
Trading income	376	476	479	488	498
Other income	127	127	140	147	154
Noninterest income	956	1,039	1,053	1,077	1,100
Total income	3,797	4,124	4,470	4,731	4,973
Operating expenses	1,930	1,847	1,705	1,903	1,940
Operating income	1,867	2,277	2,575	2,828	3,033
Provisioning	930	1,080	1,026	1,095	1,157
Profits of associates	0	0	0	0	1
Pre-tax income	937	1,196	1,549	1,733	1,875
Tax	221	275	325	364	394
Minority interests	0	0	0	0	0
Asset tax	201	208	237	256	274
Net income	515	713	987	1,113	1,207

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Net loans	51,267	54,246	61,188	65,822	69,917
Other assets	18,227	19,174	19,450	20,385	21,402
Total assets	69,494	73,420	80,638	86,207	91,319
Deposits	57,614	62,436	64,231	68,990	74,137
Other liabilities	5,117	4,498	7,950	7,647	6,274
Minority interests	1	0	0	0	0
Equity	6,761	6,486	8,457	9,570	10,908

Key Ratios

(%)	2017	2018	2019P	2020P	2021P
NIM	4.3%	4.5%	4.5%	4.5%	4.5%
C/I	50.8%	44.8%	42.4%	40.2%	39.0%
CoR	1.8%	1.9%	1.7%	1.6%	1.6%
NPL Ratio	10.8%	10.6%	10.4%	10.2%	10.2%
Tier 1 Ratio	12.1%	12.8%	13.5%	14.8%	16.5%

Dividend Discount Model (DDM)

(PLN m)	Value	%
Explicit Forecast (2019-20)	0	0%
PV Adjustment	281	2%
Value Driver (2021-35)	10,176	74%
Fade (2036-55)	2,473	18%
Terminal Value	874	6%
Fair Value	13,804	100%
Outst. Shares (millions)	129	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	106.80	
9M Target Price (PLN)	113.60	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	6,987	53%
Explicit Forecast (2018-20)	1,235	9%
PV Adjustment	785	6%
Value Driver (2021-35)	3,582	27%
Fade (2036-55)	667	5%
Fair Value	13,255	100%
Outst. Shares (millions)	129	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	102.55	
9M Target Price (PLN)	109.08	

Valuation Summary

(PLN m)	Weight	Value
DDM	50%	13,804
Economic Profits	50%	13,255
Fair Value Avg.		13,529
Fair Value Per Share (PLN)		104.67
Asset tax		-22.88
Fair Value Per Share		81.79
Cost of equity (9M)		6.4%
9M Target Price (PLN)		87.00

Handlowy buy (upgraded)

Michał Konarski

+48 22 438 24 05

michal.konarski@mbank.pl

We are upgrading our rating from hold to buy. Bank Handlowy disappointed with the results in Q1, but on the line of provisions balance, it turned out to be just PLN 9m higher than market expectations. The bank has reported a flat cost of risk in retail and created provisions for corporate exposures with regard to balance provision reversal in Q4 2018. The cost of risk in the corporate segment (14bps in Q1 2019) is still significantly lower vs. the sector average. We believe that the weak Q1 results (mainly due to the BFG) and a disappointing strategy are the cause of the recent discount of the bank's assets. On the other hand, the company recommended the DPS payoff in the amount of PLN 3.74 per share, which at the current stock price puts the Dyield ratio at 6.6%, which is one of the highest in the sector. The date of dividend right was set at June 13th, and the date of dividend payment at June 24th, 2019. We believe that the investment in Bank Handlowy in the current situation of the Polish banking sector is relatively safe, and the offered dividend looks very attractive. Finally, we still believe that in the face of future lower dividends, low market share and falling profitability, Bank Handlowy or its retail part may be put up for sale.

Current Price

52.80 PLN

Upside

9M Target Price

65.50 PLN

+24.1%

	rating	target price	issued
new	buy	65.50 PLN	2019-05-09
old	hold	65.50 PLN	2019-03-05
Key Metrics		BHW PW	vs. WIG
Ticker	BHW PW	1M Price Chng	-20.1%
ISIN	PLBH00000012	YTD Price Chng	-23.6%
Outst. Stock (m)	130.7	ADTV 1M	PLN 4.3m
MC (PLN m)	6,898.8	ADTV 6M	PLN 2.9m
		P/E 12M fwd	10.8
Free Float	25.0%	P/E 5Y avg	15.4

Earnings Projections

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
NII	1,082	1,118	1,188	1,221	1,283
Total income	2,079	2,159	2,328	2,394	2,491
Costs	-1,192	-1,180	-1,246	-1,278	-1,305
Provisioning	-103	-64	-79	-96	-103
Net income	536	639	705	712	761
P/E	12.9	10.4	9.8	9.7	9.1
P/B	1.0	1.0	0.9	0.9	0.9
ROE	7.8%	9.1%	9.8%	9.7%	10.0%
DPS	4.60	4.10	3.74	4.05	4.09
DYield	8.7%	7.8%	7.1%	7.7%	7.7%
Projection Update (% change)			2019P	2020P	2021P
Net interest income			0.0%	0.0%	0.0%
Fee income			0.0%	0.0%	0.0%
Total costs			0.0%	0.0%	0.0%
Provisioning			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Net interest income	1,082	1,108	1,188	1,221	1,283
Fee income	581	550	568	587	606
Trading income	396	487	528	541	554
Other income	21	15	44	46	47
Noninterest income	997	1,052	1,140	1,173	1,208
Total income	2,079	2,159	2,328	2,394	2,491
Operating expenses	1,192	-1,180	1,246	1,278	1,305
Operating income	888	980	1,082	1,116	1,186
Provisioning	103	64	79	96	103
Profits of associates	0	0	0	0	0
Pre-tax income	785	916	1,002	1,021	1,082
Tax	172	190	207	211	224
Minority interests	0	0	0	0	0
Asset tax	78	87	90	97	97
Net income	536	639	705	712	761

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Net loans	17,854	19,802	21,659	23,246	24,924
Other assets	25,184	29,503	26,275	27,133	28,023
Total assets	43,038	49,305	47,934	50,379	52,947
Deposits	32,137	38,334	27,337	27,870	28,416
Other liabilities	3,962	3,914	13,324	15,053	16,778
Minority interests	0	0	0	0	0
Equity	6,939	7,057	7,273	7,456	7,752

Key Ratios

(%)	2017	2018	2019P	2020P	2021P
NIM	2.5%	2.5%	2.7%	2.6%	2.6%
C/I	57.9%	54.6%	53.5%	53.4%	52.4%
CoR	0.6%	0.3%	0.4%	0.4%	0.4%
NPL Ratio	3.5%	3.0%	3.1%	4.1%	4.1%
Tier 1 Ratio	17.9%	16.8%	16.8%	16.9%	17.0%

Dividend Discount Model (DDM)

(PLN m)	Value	%
Explicit Forecast (2019-20)	907	10%
PV Adjustment	177	2%
Value Driver (2021-35)	6,259	69%
Fade (2036-55)	1,110	12%
Terminal Value	558	6%
Fair Value	9,011	100%
Outst. Shares (millions)	131	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	68.97	
9M Target Price (PLN)	73.36	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	8,332	91%
Explicit Forecast (2018-20)	138	1%
PV Adjustment	544	6%
Value Driver (2021-35)	156	2%
Fade (2036-55)	18	0%
Fair Value	9,187	100%
Outst. Shares (millions)	131	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	70.31	
9M Target Price (PLN)	74.79	

Valuation Summary

(PLN m)	Weight	Value
DDM	50%	9,011
Economic Profits	50%	9,187
Fair Value Avg.		9,099
Fair Value Per Share (PLN)		69.64
Asset tax		-8.06
Fair Value Per Share		61.57
Cost of equity (9M)		6.4%
9M Target Price (PLN)		65.50

ING BSK hold (no change)

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

We will maintain our rating unchanged for ING BSK. We believe that the quarterly results of ING should not affect our forecasts and the consensus of annual forecasts. Our prognosis already take into account the takeover of the NN TFI (45%) package and the conservative approach to the balance of provisions. As a result, we lowered our forecasts by 1.8% for 2019 and 3.6% for 2020 in our previous report. We believe that after the 10% consensus drop for 2019, current market expectations are realistic. Our valuation still indicates the highest sector premium due to the bank's safe profile (low exposure to CHF loans), dynamic growth combined with a dividend and one of the highest profitability in the region (2019 ROE at 12.8%). In conclusion, we believe that ING deserves the highest premium of the sector, but current and forthcoming results will not justify increases in consensus, and therefore the current valuation is suitable. On top of that, the dividend for 2018 has already been paid off on May 6th.

Current Price	195.00 PLN	Downside
9M Target Price	191.80 PLN	-1.6%

	rating	target price	issued
unchanged	hold	191.80 PLN	2019-02-01

Key Metrics			ING PW	vs. WIG
Ticker	ING PW	1M Price Chng	+2.5%	+8.1%
ISIN	PLBSK0000017	YTD Price Chng	+10.5%	+10.8%
Outst. Stock (m)	130.1	ADTV 1M		PLN 0.8m
MC (PLN m)	25,369.5	ADTV 6M		PLN 2.3m
		P/E 12M fwd	14.6	-6.5%
Free Float	25.0%	P/E 5Y avg	15.6	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
NII	3,453	3,760	4,139	4,570	4,980
Total income	4,756	5,233	5,620	6,091	6,573
Costs	-2,123	-2,327	-2,429	-2,524	-2,613
Provisioning	-421	-501	-579	-642	-713
Net income	1,403	1,526	1,658	1,856	2,062
P/E	18.1	17.2	15.3	13.7	12.3
P/B	2.2	1.9	1.9	1.7	1.6
ROE	12.6%	12.1%	12.3%	13.1%	13.3%
DPS	0.00	3.20	3.50	3.82	4.28
DYield	0.0%	1.6%	1.8%	2.0%	2.2%
Projection Update (% change)	2019P	2020P	2021P		
Net interest income	0.0%	0.0%	0.0%		
Fee income	0.0%	0.0%	0.0%		
Total costs	0.0%	0.0%	0.0%		
Provisioning	0.0%	0.0%	0.0%		
Net income	0.0%	0.0%	0.0%		

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Net interest income	3,453	3,760	4,139	4,570	4,980
Fee income	1,183	1,305	1,327	1,360	1,424
Trading income	117	154	137	144	151
Other income	3	14	17	17	18
Noninterest income	1,303	1,473	1,481	1,521	1,593
Total income	4,756	5,233	5,620	6,091	6,573
Operating expenses	2,123	2,327	2,429	2,524	2,613
Operating income	2,633	2,906	3,191	3,567	3,960
Provisioning	421	501	579	642	713
Profits of associates	0	0	12	25	24
Pre-tax income	2,212	2,405	2,625	2,951	3,272
Tax	479	507	551	620	687
Minority interests	0	0	0	0	0
Asset tax	330	372	415	475	522
Net income	1,403	1,526	1,658	1,856	2,062

Dividend Discount Model (DDM)

(PLN m)	Value	%
Explicit Forecast (2019-20)	1,341	5%
PV Adjustment	871	3%
Value Driver (2021-35)	17,232	61%
Fade (2036-55)	7,165	25%
Terminal Value	1,867	7%
Fair Value	28,476	100%
Outst. Shares (millions)	130	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	218.88	
9M Target Price (PLN)	232.83	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	11,950	41%
Explicit Forecast (2018-20)	2,237	8%
PV Adjustment	1,735	6%
Value Driver (2021-35)	10,137	35%
Fade (2036-55)	3,253	11%
Fair Value	29,311	100%
Outst. Shares (millions)	130	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	225.30	
9M Target Price (PLN)	239.66	

Valuation Summary

(PLN m)	Weight	Value
DDM	50%	28,476
Economic Profits	50%	29,311
Fair Value Avg.		28,894
Fair Value Per Share (PLN)		222.09
Asset tax		-41.78
Fair Value Per Share		180.31
Cost of equity (9M)		6.4%
9M Target Price (PLN)		191.80

Millennium accumulate (no change)

Michał Konarski

+48 22 438 24 05

michal.konarski@mbank.pl

We maintain an accumulate rating for Millennium. We are still positively assessing the merger with Eurobank and believe that it was the only way out for Bank Millennium due to the surplus capital growth caused by stricter regulatory requirements. The merger will be financed with own funds, but it means, in our opinion, that the Company will not pay dividends for at least another three years. We estimate that the acquisition of Societe Generale's assets in Poland will allow to increase market share by 1.6% in retail loans and 0.9% in total loans. The year of 2019 will be relatively harder for Bank Millennium due to the costs of DB integration (we estimate PLN 200 million) and, at best, only half a year of consolidation. This will mean a flat dynamics of net profit compared to the market growth of + 14%. On the other hand, the bank expects 2019 ROE close to 10% vs. our more conservative 8.5%. The bank's listing should be positively affected by the information regarding the CHF Act, which is not being preceded by parliamentarians. If the law came into force on July 1st, its impact in the extreme case would be PLN 0.72 per share.

Current Price

9.14 PLN

Upside

9M Target Price

10.00 PLN

+9.4%

	rating	target price	issued
unchanged	accumulate	10.00 PLN	2019-02-01

Key Metrics			MIL PW	vs. WIG
Ticker	MIL PW	1M Price Chng	-3.8%	+1.8%
ISIN	PLBIG0000016	YTD Price Chng	+3.0%	+3.3%
Outst. Stock (m)	1,213.1	ADTV 1M		PLN 5.2m
MC (PLN m)	11,087.9	ADTV 6M		PLN 6.9m
		P/E 12M fwd	12.7	-0.6%
Free Float	50.0%	P/E 5Y avg	12.7	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
NII	1,696	1,817	2,282	2,783	2,950
Total income	2,650	2,778	3,322	3,913	4,114
Costs	-1,156	1,332	-1,803	-1,894	-1,887
Provisioning	-255	-222	-308	-400	-435
Net income	681	761	735	1,026	1,144
P/E	16.3	15.1	15.1	10.8	9.7
P/B	1.4	1.3	1.2	1.1	1.0
ROE	9.3%	9.4%	8.4%	10.8%	10.7%
DPS	0.00	0.00	0.00	0.00	0.00
DYield	0.0%	0.0%	0.0%	0.0%	0.0%
Projection Update (% change)		2019P	2020P	2021P	
Net interest income		0.0%	0.0%	0.0%	
Fee income		0.0%	0.0%	0.0%	
Total costs		0.0%	0.0%	0.0%	
Provisioning		0.0%	0.0%	0.0%	
Net income		0.0%	0.0%	0.0%	

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Net interest income	1,696	1,817	2,282	2,783	2,950
Fee income	664	661	717	771	801
Trading income	220	248	276	310	314
Other income	70	51	47	48	50
Noninterest income	953	960	1,039	1,130	1,165
Total income	2,650	2,778	3,322	3,913	4,114
Operating expenses	1,281	1,332	1,803	1,894	1,887
Operating income	1,369	1,445	1,519	2,019	2,228
Provisioning	255	222	308	400	435
Profits of associates	0	0	0	0	0
Pre-tax income	1,114	1,223	1,210	1,619	1,792
Tax	244	264	261	349	386
Minority interests	0	959	0	0	0
Asset tax	188	198	214	244	262
Net income	681	761	735	1,026	1,144

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Net loans	47,411	52,712	67,538	71,772	77,161
Other assets	23,730	27,747	27,632	28,597	29,598
Total assets	71,141	80,459	95,170	100,369	106,759
Deposits	57,273	66,244	69,899	71,828	73,812
Other liabilities	6,096	5,831	16,241	18,519	21,656
Minority interests	0	0	0	0	0
Equity	7,773	8,384	9,031	10,021	11,292

Key Ratios

(%)	2017	2018	2019P	2020P	2021P
NIM	2.4%	2.5%	2.7%	2.9%	2.9%
C/I	48.3%	47.9%	54.3%	48.4%	45.9%
CoR	0.5%	0.5%	0.5%	0.6%	0.6%
NPL Ratio	4.6%	4.5%	5.4%	5.2%	5.0%
Tier 1 Ratio	20.3%	19.8%	17.6%	18.3%	19.5%

Dividend Discount Model (DDM)

(PLN m)	Value	%
Explicit Forecast (2019-20)	0	0%
PV Adjustment	426	3%
Value Driver (2021-35)	10,355	71%
Fade (2036-55)	3,010	21%
Terminal Value	853	6%
Fair Value	14,644	100%
Outst. Shares (millions)	1,213	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	12.07	
9M Target Price (PLN)	12.84	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	8,029	58%
Explicit Forecast (2018-20)	776	6%
PV Adjustment	815	6%
Value Driver (2021-35)	3,061	22%
Fade (2036-55)	1,093	8%
Fair Value	13,774	100%
Outst. Shares (millions)	1,213	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	11.35	
9M Target Price (PLN)	12.08	

Valuation Summary

(PLN m)	Weight	Value
DDM	50%	14,644
Economic Profits	50%	13,774
Fair Value Avg.		14,209
Fair Value Per Share (PLN)		11.71
Asset tax		-2.31
Fair Value Per Share		9.40
Cost of equity (9M)		6.4%
9M Target Price (PLN)		10.00



Pekao buy (no change)

Michał Konarski

+48 22 438 24 05

michal.konarski@mbank.pl

We believe that after the announcement of the Q1 results, the annual consensus forecast should decrease. The biggest negative surprise is the BFG restructuring fee, which is PLN 155m higher than our original forecasts. In addition, we believe that the consensus does not include the costs of collective redundancies, which in turn will have a positive impact on 2020 results. We believe that despite the poor beginning of 2019, Pekao's valuation still looks attractive. We note that the results on revenue lines should be in line with expectations, which is a good sign for subsequent quarters. In addition, Bank Pekao will continue to offer one of the highest dividends in the sector. The nominal DPS in 2021 will be higher than 2018 (84% payout) due to the increase in ROE to 11.7% in 2021. The reduced dividend will allow the growth of loans at a rate of +9% in the following years. The dividend in the amount of PLN 6.60 per share results in DYield at the level of 5.9% (date of dividend right is set at July 10th). Finally, the CEO of Pekao Michał Krupiński stated that the bank is not interested in acquiring Idea or GNB.

Current Price

107.45 PLN

Upside

9M Target Price

131.80 PLN

+22.7%

	rating	target price	issued
unchanged	buy	131.80 PLN	2019-02-01

Key Metrics	PEO PW	1M Price Chng	PEO PW	vs. WIG
Ticker	PEO PW	1M Price Chng	-4.7%	+0.9%
ISIN	PLPEKAO000016	YTD Price Chng	-1.4%	-1.1%
Outst. Stock (m)	262.5	ADTV 1M		PLN 79.6m
MC (PLN m)	28,202.4	ADTV 6M		PLN 69.1m
		P/E 12M fwd	11.3	-25.4%
Free Float	67.2%	P/E 5Y avg	15.1	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
NII	4,593	4,994	5,559	6,052	6,523
Total income	7,278	7,830	8,329	8,915	9,493
Costs	-3,535	-3,710	-3,728	-3,843	-3,967
Provisioning	-521	-511	-641	-696	-757
Net income	2,475	2,287	2,571	2,850	3,110
P/E	11.4	12.8	11.0	9.9	9.1
P/B	1.2	1.2	1.2	1.1	1.0
ROE	10.7%	9.9%	10.9%	11.4%	11.7%
DPS	8.68	7.90	6.60	7.35	8.14
DYield	8.1%	7.4%	6.1%	6.8%	7.6%
Projection Update (% change)	2019P	2020P	2021P		
Net interest income	0.0%	0.0%	0.0%		
Fee income	0.0%	0.0%	0.0%		
Total costs	0.0%	0.0%	0.0%		
Provisioning	0.0%	0.0%	0.0%		
Net income	0.0%	0.0%	0.0%		

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Net interest income	4,593	4,994	5,559	6,052	6,523
Fee income	2,353	2,463	2,520	2,593	2,678
Trading income	255	237	173	184	195
Other income	77	137	77	87	97
Noninterest income	2,685	2,836	2,770	2,863	2,970
Total income	7,278	7,830	8,329	8,915	9,493
Operating expenses	3,535	3,710	3,728	3,843	3,967
Operating income	3,743	4,120	4,601	5,072	5,526
Provisioning	521	511	641	696	757
Profits of associates	453	0	0	0	0
Pre-tax income	3,675	3,609	3,960	4,375	4,769
Tax	677	760	752	831	906
Minority interests	-1	-1	0	0	0
Asset tax	522	562	637	694	753
Net income	2,475	2,287	2,571	2,850	3,110

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Net loans	132,301	129,297	152,507	166,359	181,056
Other assets	53,165	61,793	58,113	60,739	63,489
Total assets	185,466	191,090	210,620	227,097	244,545
Deposits	146,186	149,491	169,534	183,893	197,667
Other liabilities	16,011	18,802	16,674	17,410	19,579
Minority interests	0	0	0	0	0
Equity	23,268	22,797	24,411	25,794	27,299

Key Ratios

(%)	2017	2018	2019P	2020P	2021P
NIM	2.6%	2.8%	2.8%	2.9%	2.9%
C/I	48.6%	47.4%	46.0%	44.3%	42.9%
CoR	0.4%	0.4%	0.4%	0.4%	0.4%
NPL Ratio	5.4%	5.4%	4.7%	4.6%	4.6%
Tier 1 Ratio	16.1%	16.3%	16.5%	16.2%	16.0%

Dividend Discount Model (DDM)

(PLN m)	Value	%
Explicit Forecast (2019-20)	3,166	8%
PV Adjustment	838	2%
Value Driver (2021-35)	26,902	67%
Fade (2036-55)	7,296	18%
Terminal Value	2,114	5%
Fair Value	40,317	100%
Outst. Shares (millions)	262	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	153.69	
9M Target Price (PLN)	163.48	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	24,842	62%
Explicit Forecast (2018-20)	2,588	6%
PV Adjustment	2,410	6%
Value Driver (2021-35)	9,408	23%
Fade (2036-55)	1,458	4%
Fair Value	40,706	101%
Outst. Shares (millions)	262	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	155.09	
9M Target Price (PLN)	164.98	

Valuation Summary

(PLN m)	Weight	Value
DDM	50%	40,317
Economic Profits	50%	40,706
Fair Value Avg.		40,511
Fair Value Per Share (PLN)		154.39
Asset tax		-30.49
Fair Value Per Share		123.90
Cost of equity (9M)		6.4%
9M Target Price (PLN)		131.80

PKO BP accumulate (upgraded)

Michał Konarski

+48 22 438 24 05

michal.konarski@mbank.pl

After the recent drop in the share price, we increase our hold rating to accumulate for PKO BP. We believe that the environment of low interest rates and the latest stimulus will help maintaining intense loan sales, which will, to a certain extent, offset the negative effect on net interest income. The results alone may affect a positive revision of forecasts for the entire 2019. The recent pressure on the share price was triggered by market speculation regarding the acquisition of the Idea Bank, which was however denied by the Prime Minister of Poland. We believe that there is a slight growth potential for the PKO BP stock price additionally driven by possible increases in the consensus and dividend. We would like to remind you that with the support of the regulator, PKO BP will be able to pay an additional PLN 1.33 per share from retained earnings of 2018 in 2020.

Current Price	37.78 PLN	Upside
9M Target Price	40.92 PLN	+8.3%

	rating	target price	issued
new	accumulate	40.92 PLN	2019-05-09
old	hold	40.92 PLN	2019-02-01
Key Metrics			
Ticker	PKO PW	1M Price Chng	-5.0% +0.6%
ISIN	PLPKO0000016	YTD Price Chng	-4.3% -4.0%
Outst. Stock (m)	1,250.0	ADTV 1M	PLN 72.2m
MC (PLN m)	47,225.0	ADTV 6M	PLN 93.4m
		P/E 12M fwd	11.3 -13.5%
Free Float	70.6%	P/E 5Y avg	13.1 discount

Earnings Projections

(PLN m)	2017	2018P	2019P	2020P	2021P
NII	8,606	9,353	10,081	10,730	11,385
Total income	12,803	13,660	14,548	15,316	16,181
Costs	-6,024	6,218	-6,431	-6,640	-6,894
Provisioning	-1,620	-1,451	-1,650	-1,873	-2,127
Net income	3,104	3,741	4,132	4,344	4,551
P/E	15.2	12.7	11.4	10.9	10.4
P/B	1.3	1.2	1.1	1.1	1.0
ROE	9.0%	9.9%	10.2%	10.1%	9.8%
DPS	0.00	0.55	1.33	1.65	1.74
DYield	0.0%	1.5%	3.5%	4.4%	4.6%
Projection Update (% change)			2018	2020P	2021P
Net interest income			0.0%	0.0%	0.0%
Fee income			0.0%	0.0%	0.0%
Total costs			0.0%	0.0%	0.0%
Provisioning			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Net interest income	8,606	9,353	10,081	10,730	11,385
Fee income	2,969	3,013	3,098	3,189	3,370
Trading income	518	664	681	695	710
Other income	710	630	688	702	716
Noninterest income	4,197	4,307	4,467	4,586	4,796
Total income	12,803	13,660	14,548	15,316	16,181
Operating expenses	6,024	6,218	6,431	6,640	6,894
Operating income	6,779	7,442	8,117	8,677	9,286
Provisioning	1,620	1,451	1,650	1,873	2,127
Profits of associates	22	37	24	25	27
Pre-tax income	5,181	6,028	6,492	6,829	7,186
Tax	-1,140	-1,336	-1,363	-1,434	-1,509
Minority interests	-5	-1	-2	-2	-2
Asset tax	932	950	994	1,049	1,124
Net income	3,104	3,741	4,132	4,344	4,551

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Net loans	205,628	214,912	231,754	247,776	265,042
Other assets	91,284	109,343	99,638	103,970	108,365
Total assets	296,912	324,255	331,391	351,746	373,407
Deposits	218,800	242,816	242,291	256,414	276,217
Other liabilities	41,856	42,338	47,532	50,657	49,205
Minority interests	-11	-10	-10	-10	-11
Equity	36,267	39,111	41,578	44,685	47,996

Key Ratios

(%)	2017	2018	2019P	2020P	2021P
NIM	3.0%	3.2%	3.3%	3.3%	3.3%
C/I	47.1%	45.5%	44.2%	43.3%	42.6%
CoR	0.8%	0.6%	0.7%	0.8%	0.8%
NPL Ratio	5.5%	4.9%	4.8%	4.8%	4.8%
Tier 1 Ratio	16.5%	17.5%	17.0%	17.6%	18.1%

Dividend Discount Model (DDM)

(PLN m)	Value	%
Explicit Forecast (2019-20)	3,475	6%
PV Adjustment	134	0%
Value Driver (2021-35)	43,117	72%
Fade (2036-55)	10,831	18%
Terminal Value	2,587	4%
Fair Value	60,144	100%
Outst. Shares (millions)	1,250	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	48.12	
9M Target Price (PLN)	51.18	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	38,243	64%
Explicit Forecast (2018-20)	3,837	6%
PV Adjustment	3,493	6%
Value Driver (2021-35)	11,106	19%
Fade (2036-55)	2,757	5%
Fair Value	59,435	100%
Outst. Shares (millions)	1,250	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	47.55	
9M Target Price (PLN)	50.58	

Valuation Summary

(PLN m)	Weight	Value
DDM	50%	60,144
Economic Profits	50%	59,435
Fair Value Avg.		59,790
Fair Value Per Share (PLN)		47.83
Asset tax		-9.36
Fair Value Per Share		38.47
Cost of equity (9M)		6.4%
9M Target Price (PLN)		40.92

Santander Bank Polska hold (no change)

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

We maintain a hold rating for Santander Bank Polska. In our opinion, Q1 results will not be optimistic in the context of the whole year. Preliminary estimates indicate that the annual consensus is currently around 8% too high. Nevertheless, the bank may still positively surprise with the interest margin and possible cost savings resulting from the collective redundancies program, which in effect will allow to deliver the full-year forecast. At the same time, it should be emphasized that the results of Santander Bank Polska are in line with our expectations regarding revenues, and the current difference is mainly due to one-off costs (redundancies and a compulsory restructuring fee). The dividend will have an impact on the sentiment in May, which amounts to PLN 19.72 per share. The date of dividend right is set at May 30th, and the date of dividend payment at June 14th, 2019. In conclusion, we believe that Santander Bank Polska is currently adequately valued and the Q1 results will not cause a positive revision of market forecasts.

Current Price	374.80 PLN	Upside
9M Target Price	388.00 PLN	+3.5%

	rating	target price	issued
unchanged	hold	388.00 PLN	2019-02-01

Key Metrics	SPL PW	1M Price Chng	SPL PW	vs. WIG
Ticker	PLBZ000000044	YTD Price Chng	-2.3%	+3.3%
ISIN	102.0	ADTV 1M	+4.6%	+4.9%
Outst. Stock (m)	38,223.8	ADTV 6M		PLN 16.8m
MC (PLN m)		P/E 12M fwd	14.0	-3.1%
Free Float	31.7%	P/E 5Y avg	14.5	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
NII	5,277	5,742	6,792	7,487	8,031
Total income	7,764	8,349	9,657	10,417	11,050
Costs	-3,372	-3,769	-4,117	-4,116	-4,110
Provisioning	-690	-1,138	-1,182	-1,258	-1,359
Net income	2,213	2,365	2,648	3,155	3,557
P/E	16.8	15.9	14.4	12.1	10.7
P/B	1.7	1.5	1.4	1.3	1.2
ROE	10.6%	10.1%	10.3%	11.4%	11.9%
DPS	5.40	3.10	19.72	12.98	15.47
DYield	1.4%	0.8%	5.3%	3.5%	4.1%
Projection Update (% change)	2019P	2020P	2021P		
Net interest income	0.0%	0.0%	0.0%		
Fee income	0.0%	0.0%	0.0%		
Total costs	0.0%	0.0%	0.0%		
Provisioning	0.0%	0.0%	0.0%		
Net income	0.0%	0.0%	0.0%		

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Net interest income	5,277	5,742	6,792	7,487	8,031
Fee income	2,013	2,058	2,271	2,323	2,400
Trading income	323	335	371	375	379
Other income	151	214	222	231	241
Noninterest income	2,487	2,606	2,864	2,930	3,019
Total income	7,764	8,349	9,657	10,417	11,050
Operating expenses	3,372	3,769	4,117	4,116	4,110
Operating income	4,391	4,580	5,539	6,301	6,940
Provisioning	690	1,138	1,182	1,258	1,359
Profits of associates	58	63	63	63	63
Pre-tax income	3,759	3,892	4,420	5,105	5,644
Tax	817	727	888	1,026	1,134
Minority interests	-305	-334	-318	-320	-305
Asset tax	-424	-466	-565	-603	-648
Net income	2,213	2,365	2,648	3,155	3,557

Dividend Discount Model (DDM)

(PLN m)	Value	%
Explicit Forecast (2019-20)	4,262	10%
PV Adjustment	2,218	5%
Value Driver (2021-35)	23,554	53%
Fade (2036-55)	10,196	23%
Terminal Value	4,031	9%
Fair Value	44,262	100%
Outst. Shares (millions)	99	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	446.03	
9M Target Price (PLN)	474.47	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	24,408	58%
Explicit Forecast (2018-20)	5,051	12%
PV Adjustment	283	1%
Value Driver (2021-35)	10,470	25%
Fade (2036-55)	2,115	5%
Fair Value	42,327	100%
Outst. Shares (millions)	99	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	426.53	
9M Target Price (PLN)	453.73	

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Net loans	107,840	137,460	148,697	160,386	172,272
Other assets	44,835	68,392	71,612	75,988	80,701
Total assets	152,674	205,853	220,309	236,374	252,973
Deposits	111,481	149,617	158,759	170,347	185,107
Other liabilities	17,850	29,914	33,050	35,574	34,929
Minority interests	1,436	1,564	1,686	1,808	1,925
Equity	21,907	24,758	26,814	28,646	31,012

Key Ratios

(%)	2017	2018	2019P	2020P	2021P
NIM	3.6%	3.3%	3.3%	3.4%	3.4%
C/I	43.4%	45.1%	42.6%	39.5%	37.2%
CoR	0.6%	0.9%	0.8%	0.8%	0.8%
NPL Ratio	5.8%	4.5%	4.5%	4.4%	4.6%
Tier 1 Ratio	15.3%	14.8%	15.2%	14.8%	14.8%

Valuation Summary

(PLN m)	Weight	Value
DDM	50%	44,262
Economic Profits	50%	42,327
Fair Value Avg.		43,294
Fair Value Per Share (PLN)		436.28
Asset tax		-71.54
Fair Value Per Share		364.75
Cost of equity (9M)		6.4%
9M Target Price (PLN)		388.00

Komercni Banka buy (upgraded)

Michał Konarski

+48 22 438 24 05

michal.konarski@mbank.pl

After the share price drops, we upgrade our rating from accumulate to buy. The pressure on the share price was triggered by speculation regarding the introduction of a bank tax in the Czech Republic and the 20% tax on dividends. As long as a bank tax is quite unrealistic, dividends tax seems more likely. On the other hand, KB reported 5% higher than expected and 2% lower vs. the consensus quarterly results (Q1). The balance of provisions which once again has been dissolved draws the attention, and it may indicate the still high potential for annual contribution. The bank expects an increase in revenues driven by interest income and an increase in loans at one digital pace. Announced increase in countercyclical buffer (+25 pb since July and +25 bp since January 2020) should not be a problem, as the bank surpasses the current capital requirements. We believe that the continued high profitability of Komercnia Banka (>14% ROE) will allow the DYield ratio to remain at around 6% in the next two years. We expect KB to again be more attractive vs. the Polish banking sector in 2019 with a higher ROE (14% vs. 10%), DYield (6% vs. 3%) and no systemic risk. Therefore, Komercni Banka should be listed with a 15% premium on the P/BV ratio and in line with the P/E ratio.

Current Price

873.00 CZK

Upside

9M Target Price

1,000.00 CZK

+14.5%

	rating	target price	issued
new	buy	1,000.00 CZK	2019-05-09
old	accumulate	1,000.00 CZK	2018-12-05
Key Metrics		KOMB CP	vs. WIG
Ticker	KOMB CP	1M Price Chng	-1.8% +3.8%
ISIN	CZ0008019106	YTD Price Chng	+9.7% +10.0%
Outst. Stock (m)	188.9	ADTV 1M	CZK 141.4m
MC (CZK bn)	164.9	ADTV 6M	CZK 125.0m
		P/E 12M fwd	11.2 -18.5%
Free Float	39.6%	P/E 5Y avg	13.7 discount

Earnings Projections

(CZK m)	2017	2018	2019P	2020P
NII	20,808	22,509	24,821	26,493
Total income	31,060	32,202	34,401	36,339
Costs	-14,516	-14,495	-14,876	-15,215
Provisioning	391	643	-886	-1,758
Net income	14,930	14,846	15,119	15,728
P/E	11.0	11.1	10.9	10.5
P/B	1.7	1.6	1.5	1.4
ROE	15.0%	14.9%	14.2%	13.9%
DPS	40.00	47.00	52.00	52.00
DYield	4.6%	5.4%	6.0%	6.0%
Projection Update (% change)			2019P	2020P
Net interest income			0.0%	0.0%
Fee income			0.0%	0.0%
Total costs			0.0%	0.0%
Provisioning			0.0%	0.0%
Net income			0.0%	0.0%

Financial Highlights

(CZK m)	2016	2017	2018	2019P	2020P
Net interest income	21,067	20,808	22,509	24,821	26,493
Fee income	6,683	6,465	6,219	6,290	6,452
Trading income	3,837	3,576	3,215	3,057	3,149
Other income	170	211	259	233	244
Total income	31,757	31,060	32,202	34,401	36,339
Operating expenses	-14,033	-13,374	-14,634	-14,876	-15,215
Operating income	17,724	17,686	17,569	19,525	21,124
Provisioning	-1,818	391	643	-886	-1,758
Net oper. income	15,906	18,077	18,208	18,638	19,366
Profits of associates	967	209	308	211	221
Retirement benefits	0	0	0	0	0
Pre-tax income	16,873	18,286	18,518	18,849	19,587
Tax	-2,799	-3,012	-3,349	-3,393	-3,526
Minority interests	386	344	324	337	334
Net income	13,688	14,930	14,846	15,119	15,728

Key Balance Sheet Figures

(CZK bn)	2016	2017	2018	2019P	2020P
Net loans	580	598	625	672	707
Other assets	343	406	435	521	534
Total assets	923	1,004	1,060	1,193	1,241
Deposits	699	762	812	882	924
Other liabilities	118	142	144	197	195
Minority interests	4	4	3	4	4
Equity	102	97	100	110	117

Key Ratios

(%)	2016	2017	2018	2019P	2020P
NIM	2.4%	2.2%	2.3%	2.2%	2.2%
C/I	44.2%	43.1%	45.5%	43.2%	41.9%
CoR	0.3%	-0.1%	-0.1%	0.1%	0.2%
NPL Ratio	3.8%	3.1%	3.1%	3.3%	3.5%
Tier 1 Ratio	16.2%	18.0%	17.9%	17.6%	17.7%

Dividend Discount Model (DDM)

(CZK m)	Value	%
Explicit Forecast (2019-20)	17,868	10%
PV Adjustment	7,776	4%
Value Driver (2021-35)	120,343	64%
Fade (2036-55)	30,480	16%
Terminal Value	11,447	6%
Fair Value	187,914	100%
Outst. Shares (millions)	189	
Cost of equity	7.0%	
Fair Value Per Share (CZK)	995	
9M Target Price (CZK)	1,047	

Economic Profits Model

(CZK m)	Value	%
Opening Tangible NAV	84,228	49%
Explicit Forecast (2018-20)	24,265	14%
PV Adjustment	10,233	6%
Value Driver (2021-35)	46,287	27%
Fade (2036-55)	5,942	3%
Fair Value	170,955	100%
Outst. Shares (millions)	189	
Cost of equity	7.0%	
Fair Value Per Share (CZK)	905	
9M Target Price (CZK)	953	

Valuation Summary

(CZK m)	Weight	Value
DDM	50%	187,914
Economic Profits	50%	170,955
Fair Value Avg.		179,435
Fair Value Per Share (CZK)		950
Cost of equity (9M)		5.3%
9M Target Price (CZK)		1,000



Erste Bank buy (no change)

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

We maintain a buy rating for Erste Bank. The Q1 figures surprised positively, making up for 25% of our annual forecast and should lead to a positive revision of the consensus. The Management Board maintained the ROTE forecast at >11% despite a significantly lower tax burden in Romania (estimated by the Management Board at EUR 20m). In 2019, the company expects revenues to grow faster than costs, effective tax rate to stay below 20%, and the cost of risk to remain at a very low level (10-20 bps). Erste Bank's stock price was also recently under pressure of news regarding the tax bank in the Czech Republic. Despite the denial of the Czech Prime Minister, the share price of Erste Bank did not rebound to its original rate. In our view, Erste Bank's valuation is currently the most attractive, and it should begin to make up for some of the losses incurred as a result of negative news from Romania and the Czech Republic.

Current Price	34.07 EUR	Upside
9M Target Price	43.72 EUR	+28.3%

	rating	target price	issued
unchanged	buy	43.72 EUR	2019-02-04

Key Metrics			EBS AV	vs. WIG
Ticker	EBS AV	1M Price Chng	+0.3%	+5.9%
ISIN	AT0000652011	YTD Price Chng	+17.3%	+17.6%
Outst. Stock (m)	429.8	ADTV 1M		EUR 25.4m
MC (EUR m)	14,643.3	ADTV 6M		EUR 28.0m
		P/E 12M fwd	9.4	-16.6%
Free Float	69.5%	P/E 5Y avg	11.3	discount

Earnings Projections

(EUR m)	2017	2018	2019P	2020P
NII	4,353	4,582	4,828	5,102
Total income	6,475	6,726	7,090	7,446
Costs	-4,158	-4,201	-4,261	-4,329
Provisioning	-132	59	-135	-233
Net income	1,316	1,793	1,499	1,607
P/E	11.1	8.3	9.8	9.1
P/B	1.1	1.0	0.9	0.9
ROE	10.0%	12.7%	10.0%	10.0%
DPS	1.00	1.20	1.40	1.46
DYield	2.9%	3.5%	4.1%	4.3%
Projection Update (% change)			2019P	2020P
Net interest income			0.0%	0.0%
Fee income			0.0%	0.0%
Total costs			0.0%	0.0%
Provisioning			0.0%	0.0%
Net income			0.0%	0.0%

Financial Highlights

(EUR m)	2016	2017	2018	2019P	2020P
Net interest income	4,375	4,353	4,582	4,828	5,102
Fee income	1,783	1,852	1,908	1,998	2,051
Trading income	326	270	236	265	292
Total income	6,484	6,475	6,726	7,090	7,446
Other oper. income	79	-1	3	38	33
Asset tax	-389	-106	-112	-309	-326
Operating expenses	-4,028	-4,158	-4,181	-4,261	-4,329
Operating income	2,146	2,210	2,436	2,559	2,824
Provisioning	-196	-132	59	-135	-233
Net operating income	1,950	2,078	2,495	2,424	2,590
Extraordinary gains	0	0	0	0	0
Pre-tax income	1,950	2,078	2,495	2,424	2,590
Tax	-414	-410	-332	-518	-555
Minority interests	-272	-352	-369	-407	-428
Net income	1,265	1,316	1,793	1,499	1,607

Key Balance Sheet Figures

(EUR m)	2016	2017	2018	2019P	2020P
Net loans	135,267	139,532	143,953	165,544	176,206
Other assets	72,960	81,127	92,838	83,223	86,866
Total assets	208,227	220,659	236,792	248,766	263,071
Deposits	138,013	150,969	162,075	171,776	180,501
Other liabilities	53,612	51,402	55,848	56,107	60,449
Minority interests	4,142	4,416	4,494	5,222	5,650
Equity	12,460	13,872	14,375	15,662	16,471

Key Ratios

(%)	2016	2017	2018	2019P	2020P
NIM	2.2%	2.0%	2.3%	2.1%	2.1%
C/I	60.9%	64.2%	62.2%	59.6%	57.7%
CoR	0.1%	0.1%	-0.1%	0.1%	0.1%
NPL Ratio	4.9%	4.0%	3.2%	4.8%	4.8%
Tier 1 Ratio	13.4%	14.0%	14.4%	13.6%	13.5%

SOTP Valuation

(EUR m)	Fair Value	FVPS (EUR)	Net Income			P/E			BV	P/B
			2018	2019P	2020P	2018	2019P	2020P	2018	2018
Austria	7,422	17.27	645	567	599	11.5	13.1	12.4	4,283	1.7
Savings Banks	501	1.17	54	67	72	3.4	7.4	7.0	2,763	0.2
Erste Oesterreich	4,245	9.88	278	301	321	17.5	14.1	13.2	1,520	2.8
Other Austria	2,675	6.22	313	199	206	10.4	13.4	13.0	1,873	1.4
CEE	15,543	36.16	1,270	1,162	1,214	12.0	13.4	12.8	6,555	2.4
Czech Republic	8,631	20.08	583	608	626	13.9	14.2	13.8	2,489	3.5
Romania	1,199	2.79	220	90	92	5.2	13.3	13.1	1,334	0.9
Slovakia	3,153	7.34	189	219	246	16.3	14.4	12.8	950	3.3
Hungary	1,550	3.61	167	128	134	10.8	12.1	11.6	823	1.9
Croatia	753	1.75	96	103	101	7.5	7.3	7.5	758	1.0
Serbia	256	0.60	16	13	16	28.6	19.3	16.1	202	1.3
Other	-5,063	-11.78	-122	-230	-205	27.2	22.0	24.7	1,440	-3.5
Total Erste Group	17,901	41.65								

Valuation Summary

(EUR m)	Weight	Value
Cost of equity (12M)		6.6%
DDM	50%	20,408
Economic Profits	50%	15,394
Fair Value Avg.		17,901
Fair Value Per Share (EUR)		41.65
Cost of equity (9M)		5.0%
9M Target Price (EUR)		43.72

OTP Bank hold (no change)

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

We maintain our rating for OTP Bank unchanged. We included new OTP acquisitions in Bulgaria and Albania in our forecasts and we believe that OTP Bank will continue its acquisition policy, which we assess positively. To confirm our expectations, OTP has recently announced a new acquisition of the 4th largest bank in Montenegro, and also finalized the purchase of Slovenian Abanka. In our view, these transactions will ensure positive results in 2020+ despite the normalization of the cost of risk. The biggest risk in the acquisition policy is a sudden economic slowdown, which may result in a much longer restructuring of the assets taken over. The risks also include a significant OTP exposure to Russia and Ukraine, especially considering the geopolitical tensions. We expect a flat rate of net profit in 2019. On the one hand, the results will be supported by growing loan volumes (+16% y/y) and interest margin stabilization, and on the other hand, we expect the cost of risk, which was the lowest in at least 12 years, to be normalized. All this will cause a very high ROE, which we estimate at 16% in 2019, i.e. a level unachievable by any other bank we cover. Our forecast is in line with the company's expectations of ROE at >15%.

Current Price	12,480.00 HUF	Upside
9M Target Price	13,046.00 HUF	+4.5%

	rating	target price	issued
unchanged	hold	13,046.00 HUF	2019-04-02

Key Metrics	OTP HB	1M Price Chng	OTP HB	vs. WIG
Ticker	OTP HB	1M Price Chng	-1.3%	+4.3%
ISIN	HU00000061726	YTD Price Chng	+10.5%	+10.8%
Outst. Stock (m)	267.0	ADTV 1M		HUF 3.9bn
MC (HUF bn)	3,332.6	ADTV 6M		HUF 5.7bn
		P/E 12M fwd	9.6	-7.5%
Free Float	100.0%	P/E 5Y avg	10.4	discount

Earnings Projections

(HUF bn)	2017	2018	2019P	2020P
NII	547	600	675	700
Total income	809	886	992	1,028
Costs	-442	-490	-520	-528
Provisioning	-46	-26	-93	-100
Net income	281	318	322	341
P/E	11.9	10.3	10.3	9.8
P/B	2.0	1.8	1.5	1.3
ROE	18.4%	18.3%	15.9%	14.4%
DPS	199.22	229.63	229.63	296.56
DYield	1.6%	1.8%	1.8%	2.4%
Projection Update (% change)			2019P	2020P
Net interest income			0.0%	0.0%
Fee income			0.0%	0.0%
Total costs			0.0%	0.0%
Provisioning			0.0%	0.0%
Net income			0.0%	0.0%

Financial Highlights

(HUF bn)	2016	2017	2018	2019P	2020P
Net interest income	522	547	600	675	700
Fee income	176	209	221	243	250
Other income	40	53	65	74	77
Total income	738	809	886	992	1,028
Operating expenses	400	442	497	520	528
Operating income	338	367	389	472	500
Provisioning	93	46	26	93	100
Pre-tax income	245	321	363	379	400
Tax	44	37	37	46	47
Net income	201	284	325	334	353
Asset impairment	12	-6	-5	0	0
Asset tax	-14	-15	-15	-17	-17
Other	6	15	0	0	1
Minority interests	-3	0	0	5	4
Net income	202	281	318	322	341

Key Balance Sheet Figures

(HUF bn)	2016	2017	2018	2019P	2020P
Net loans	5,736	6,988	8,067	9,276	9,685
Other assets	5,571	6,203	6,524	7,182	7,273
Total assets	11,308	13,190	14,590	16,458	16,958
Deposits	8,541	10,219	11,285	12,757	13,330
Other liabilities	1,346	1,328	1,476	1,459	1,107
Minority interests	3	3	2	4	5
Equity	1,417	1,640	1,827	2,237	2,516

Key Ratios

(%)	2016	2017	2018	2019P	2020P
NIM	4.7%	4.5%	4.3%	4.3%	4.2%
C/I	54.2%	54.6%	56.1%	52.4%	51.3%
CoR	1.4%	0.6%	0.3%	1.0%	1.0%
NPL Ratio	15.2%	9.2%	6.3%	6.1%	7.0%
Tier 1 Ratio	13.5%	12.7%	16.5%	16.3%	17.7%

SOTP Valuation

(HUF bn)	Fair Value	FVPS (HUF)	Net Income			P/E			BV	P/B
			2018	2019P	2020P	2018	2019P	2020P	2018	2018
Hungary + Other	1,979	7,411	196.8	167.2	178.2	10.1	11.8	11.1	754	2.6
CEE	1,431	5,350	140.2	165.7	174.1	10.2	8.6	8.2	967	1.5
DSK	618	2,314	49.2	70.5	75.8	12.6	8.8	8.2	264	2.3
OBS	25	93	0.6	0.6	0.4	45.0	40.3	68.2	34	0.7
OTP Banka Hrvatska	285	1,067	27.5	26.5	27.0	10.4	10.7	10.5	278	1.0
OTP Banka Romania	127	477	7.0	10.3	10.5	18.3	12.4	12.1	56	2.3
OTP Russia	191	707	27.2	31.4	32.7	7.2	6.2	6.0	163	1.2
CJSC OTP Bank	79	296	24.7	19.7	17.6	3.2	4.0	4.5	63	1.3
OTP Banka Serbia	80	298	1.0	4.2	7.3	87.8	21.0	12.0	84	1.0
CKB	26	97	3.2	2.5	2.9	8.1	10.2	9.0	25	1.0
Total Divisions	3,410	12,761	337.1	333.0	352.3	10.1	10.2	9.7	1,722	2.0
Asset tax	-171	-642								
Total OTP Group	3,239	12,119								

Valuation Summary

(HUF bn)	Weight	Value
Cost of equity (12M)		10.2%
DDM	50%	3,229
Economic Profits	50%	3,617
Fair Value Avg.		3,423
Fair Value Per Share (HUF)		12,761
Asset tax (HUF)		-642
Minority interests (HUF)		-58
Fair Value Per Share (HUF)		12,119
Cost of equity (9M)		7.6%
9M Target Price (HUF)		13,046

PZU

accumulate (no change)

Michał Konarski

+48 22 438 24 05

michal.konarski@mbank.pl

We recommend accumulating PZU's shares with a target price of PLN 43.38 per share. We predict that in the next two years gross written premium will increase by 2.1% and 2.2% respectively, and damages by 4% and 2% respectively. We believe that the very low COR index in 2018 will be difficult to achieve in the following years, especially considering the increasing value of claims under auto insurance policies and the lack of major catastrophic events in 2018. The results from 2018 and 2019 should result in a DYield ratio of >6%, which is still one of the highest dividends in the Polish financial sector. A potential transaction involving the acquisition of a 12.8% Pekao stake from the Polish Development Fund (pl. PFR) may be a risk to the dividend payout, which has been negated by PFR for now. We expect PZU to deliver solid Q1 earnings, in which a strong investment result will be crucial.

Current Price

41.04 PLN

Upside

9M Target Price

43.38 PLN

+5.7%

	rating	target price	issued
unchanged	accumulate	43.38 PLN	2019-04-02

Key Metrics	PZU PW	vs. WIG
Ticker	PZU PW	1M Price Chng +0.1% +5.7%
ISIN	PLPZU0000011	YTD Price Chng -6.5% -6.2%
Outst. Stock (m)	863.5	ADTV 1M PLN 45.8m
MC (PLN m)	35,439.0	ADTV 6M PLN 71.6m
		P/E 12M fwd 10.9 -11.2%
Free Float	64.8%	P/E 5Y avg 12.3 discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
GWP	22,847	23,470	23,962	24,486	25,035
Claims	-14,942	-14,563	-15,108	-15,432	-15,771
Inv. income	1,895	892	924	918	836
Total costs	-4,511	-4,750	-4,957	-5,089	-5,226
Net income	2,910	3,213	3,263	3,432	3,511
P/E	12.2	11.0	10.9	10.3	10.1
P/B	2.4	2.4	2.4	2.3	2.3
ROE	21.1%	21.7%	21.8%	22.5%	22.6%
DPS	1.40	2.70	2.98	3.01	3.18
DYield	3.4%	6.6%	7.3%	7.3%	7.7%
Projection Update (% change)			2019P	2020P	2021P
Gross written premiums			0.0%	0.0%	0.0%
Claims			0.0%	0.0%	0.0%
Investment income			0.0%	0.0%	0.0%
Total costs			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Gross written premis	22,847	23,290	23,962	24,486	25,035
Net earned premiums	21,354	22,222	22,793	23,327	23,836
Claims & benefits	-14,941	-14,607	-15,108	-15,432	-15,771
Net inv. income	1,895	1,020	924	918	836
Acquisition costs	-2,901	-3,081	-3,292	-3,384	-3,479
Admin expenses	-1,614	-1,589	-1,664	-1,705	-1,746
Other oper. rev/exp	-774	-1,354	-874	-867	-862
Banking income	2,439	3,971	4,635	5,158	5,618
Operating income	5,458	6,820	7,414	8,015	8,431
Financing costs	0	0	0	0	0
Subsidiaries	-1	-1	16	-1	0
Pre-tax income	5,457	6,836	7,430	8,014	8,431
Tax	-1,289	-1,631	-1,770	-1,913	-2,012
Minority interest	1,290	2,155	2,397	2,669	2,908
Net income	2,878	3,203	3,263	3,432	3,511

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Financial assets	281,854	286,206	320,031	339,207	358,709
Other assets	35,604	42,348	43,599	44,905	46,266
Total assets	317,458	328,554	363,630	384,112	404,976
Technical provisions	44,558	45,839	50,840	51,852	52,913
Other liabilities	235,340	245,308	275,129	294,186	313,646
Minority interests	22,961	22,482	22,582	22,682	22,782
Equity	14,599	14,925	15,078	15,392	15,634

Key Ratios

(%)	2017	2018	2019P	2020P	2021P
Loss ratio	70.0	65.2	66.3	66.2	66.2
Total cost ratio	21.1	21.3	21.7	21.8	21.9
Return on inv. portf.	-5.9	-12.0	1.8	1.9	1.8
Non-Life, COR	90.5	87.8	89.2	89.0	89.0
Life, Oper. Margin	16.11	24.06	22.66	21.12	20.45

Dividend Discount Model (DDM)

(PLN m)	Value	%
Explicit Forecast (2018-20)	6,724	26%
PV Adjustment	1,123	4%
Value Driver (2021-35)	13,355	51%
Fade (2036-55)	3,890	15%
Terminal Value	850	3%
Fair Value	25,942	100%
Outst. Shares (millions)	864	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	30.04	
9M Target Price (PLN)	31.96	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	11,054	47%
Explicit Forecast (2018-20)	3,308	14%
PV Adjustment	462	2%
Value Driver (2021-35)	7,350	31%
Fade (2036-55)	1,536	6%
Fair Value	23,709	100%
Outst. Shares (millions)	864	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	27.46	
9M Target Price (PLN)	29.21	

Valuation Ex. Banks

(PLN m)	Weight	Value
DDM	50%	25,942
Economic Profits	50%	23,709
Fair Value Avg.		24,826

SOTP Valuation

(PLN m)	Value	/Share
PZU ex banks	24,826	28.75
Bank Pekao	7,303	8.46
Alior Bank	3,089	3.58
Value	35,217	40.78
9M Target Price (PLN)	43.38	

Kruk buy (no change)

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

We maintain our buy rating for Kruk. The Q1 2019 results, including expenditures and revaluations, are in line with our expectations. In 2019 and 2020, we expect the Company to spend PLN 891m and PLN 949m on new portfolios, and then accelerate to PLN 1.2bn in 2021. Lower expenditures in 2019-20 are related to the purchase caution on the Italian and Spanish market until a reliable curve is generated, thanks to which the Company will preferably value its portfolios. We assume that in the next two years, about 70% of expenditures will come from Poland, and then this figures will drop to around 50%. At the same time, we believe that the decision of the Romanian Constitutional Court has withdrawn the right to a 'double price' for good, thanks to which the Romanian market will remain open. Nevertheless, the nominal value of this market for the last 5 years has dropped significantly (-71%), which is why the Kruk expenditures do not exceed PLN 250m within our forecast, despite the dominant role of the Company in the country. In addition, further positive revaluations should be expected in Poland and Romania additionally supported by stimulus & negative revaluations in Italy (-4 million in Q1 2019). We set the revaluation balance at PLN 100m in the current year, and then gradually reduce it to PLN 34m in the final year of our forecast. Our forecasts for 2019-20 are currently 4% -5% below consensus and 6% below the company's forecast for 2019. Due to the worse forecasted earnings dynamics, we value the Company with a 10% discount to fair 2020 P/E (10x) peers. At the same time, we emphasize that the Company still looks very attractive with ROE above 17%, very low net debt/KW ratio (1.3x1.1x) and DYield ratio between 3% - 6%. We believe that the current market valuation creates over 20% growth potential.

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Rev., Purchased Debt	559	633	693	701	709
Revenue, Collections	15	15	18	19	19
Other revenue	15	16	15	16	17
Gross profit	589	664	727	736	745
Costs	148	161	178	180	182
One-time events	-2	-5	-5	-5	-5
EBITDA	439	498	544	551	558
D&A	19	20	21	23	24
EBIT	421	478	523	528	533
Financing activity	-86	-126	-145	-145	-149
Pre-tax income	335	353	378	384	384
Tax	40	22	38	38	38
Net income	295	330	340	346	346
Portfolio purchases	976	1,395	891	949	1,259
Collections	-1,369	-1,582	-1,856	-2,137	-2,003

DDM & EVA Summary

(PLN m)	DDM	EVA
Opening Tangible NAV		1,460
Explicit Forecast (2018-27)	1,496	2,041
Value Driver (2028-47)	2,383	1,034
PV TV	967	
Fair Value as of Jan. 2019	3,515	3,654
PV Adjustment	196	67
Fair Value	3,711	3,721
Outst. Shares (millions)	18.9	18.9
Cost of equity	7.8%	7.8%
Fair Value Per Share (PLN)	196.47	197.01
9M Target Price (PLN)	210.61	211.19

DCF Summary

	(PLN m)
FCF	1,312
Terminal Value (TV)	9,374
FCF perp. growth rate	3.0%
Present Value of Terminal Value	4,834
Enterprise Value	6,146
Net Debt	2,353
Minority Interest	0
Equity Value as of Jan. 2019	3,792
PV Adjustment	69
Fair Value	3,861
Outst. Shares (millions)	18.9
Value Per Share (PLN)	204.44

Current Price 168.00 PLN
9M Target Price 213.65 PLN
Upside +27.2%

	rating	target price	issued
unchanged	buy	213.65 PLN	2019-04-02

Key Metrics	KRU PW	1M Price Chng	KRU PW	vs. WIG
Ticker	KRU PW	1M Price Chng	+5.9%	+11.5%
ISIN	PLKRK0000010	YTD Price Chng	+7.2%	+7.5%
Outst. Stock (m)	18.9	ADTV 1M		PLN 10.2m
MC (PLN m)	3,173.0	ADTV 6M		PLN 9.8m
		P/E 12M fwd	9.2	-31.1%
Free float	87.0%	P/E 5Y avg	13.4	discount

Earnings Projections

Earnings Projections					
(PLN m)	2017	2018	2019P	2020P	2021P
Total revenue	1,055	1,165	1,269	1,285	1,300
Purchased debt	972	1,070	1,173	1,186	1,199
Collections	59	67	70	72	73
Total costs	-161	-178	-180	-182	0
Net income	295	330	340	346	346
P/E	10.7	9.6	9.3	9.2	9.2
P/B	2.2	1.8	1.7	1.5	1.4
ROE	21.9%	20.7%	18.7%	17.4%	16.0%
DPS	5.76	5.00	5.00	9.02	9.16
DYield	3.4%	3.0%	3.0%	5.4%	5.5%
Projection Update (% change)			2019P	2020P	2021P
Purchased debt portfolios			0.0%	0.0%	0.0%
Collections			0.0%	0.0%	0.0%
Other			0.0%	0.0%	0.0%
Total costs			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Cash	173	147	152	153	168
Purchased debt	3,169	4,157	4,286	4,285	4,741
Other assets	218	178	194	203	212
Total assets	3,560	4,482	4,633	4,640	5,121
Loans	1,897	2,500	2,548	2,368	2,635
Other liabilities	202	250	185	197	238
Equity	1,460	1,732	1,900	2,075	2,248

Key Ratios

(%)	2017	2018	2019P	2020P	2021P
Net debt / Equity	118.0	135.8	126.1	106.8	109.7
Net debt / EBITDA	392.3	472.3	440.0	401.9	442.4
EBITDA margin	41.6	42.8	42.9	42.9	42.9
EBIT margin	39.9	41.1	41.2	41.1	41.0
EV / Cash EBITDA	5.44	5.13	4.26	3.36	3.89

Valuation Summary

(PLN m)	Weight	Value
DDM	33%	3,711
Economic Profits	33%	3,721
DCF	33%	3,861

Per-Share Valuation

(PLN)	Weight	Value
DDM	33%	196.47
Economic Profits	33%	197.01
DCF	33%	204.44
Fair Value Avg.		199.31
Cost of equity (9M)		6.2%
9M Target Price (PLN)		213.65



Skarbiec Holding buy (no change)

Michał Konarski

+48 22 438 24 05

michal.konarski@mbank.pl

Our outlook for Skarbiec reflects a proposed reduction to 2.0% investment fund management fee caps in 2022 and slower growth in the market for investment funds. Skarbiec is still allowed to charge performance-based fees which, was not always included in the company's market valuation in the past. We are concerned about the changes of the Company's Management Board and the still unsolved issue of the final owner of the Aoram package which is rumored to have caused the Company's fund distributors (Santander) to back out or consider a break-up. In addition, changes to the kick-backs are significant. They mean that independent TFIs should intensify the search for new distribution sources, which in turn may mean rising costs and C/I. For the time being, we predict that Skarbiec will grow AUM at an average annual rate of 10.5% over the next nine years. With the market for investment funds set to expand by an estimated 7.0% in the period, this indicates Skarbiec can increase its market share to 3.1% in 2026 from the current 2.6%. A risk to the dividend in 2019 may be capital requirements for the PPK members. In addition, we believe that the current Management Board's strategy regarding asset growth under management seems unlikely and will be reviewed at the earliest opportunity.

Current Price

16.05 PLN

Upside

9M Target Price

31.36 PLN

+95.4%

	rating	target price	issued
unchanged	buy	31.36 PLN	2018-12-05

Key Metrics	SKH PW	vs. WIG
Ticker	SKH PW	1M Price Chng -9.8% -4.3%
ISIN	PLSKRBH00014	YTD Price Chng -23.9% -23.6%
Outst. Stock (m)	6.8	ADTV 1M PLN 0.0m
MC (PLN m)	109.5	ADTV 6M PLN 0.1m
		P/E 12M fwd 4.7 -35.4%
Free Float	25.4%	P/E 5Y avg 7.3 discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	99.7	103.7	107.7	112.7	115.3
Mgmt fees	80.0	81.8	87.3	91.8	93.5
Success fees	14.5	16.2	14.3	14.3	14.5
Costs	-76.5	-77.6	-80.3	-85.6	-85.5
Net income	19.5	21.9	23.1	22.8	25.1
P/E	5.6	5.0	4.7	4.8	4.4
P/B	1.2	1.2	1.2	1.2	1.2
ROE	20.6%	24.4%	25.3%	25.0%	27.3%
DPS	4.57	3.00	3.30	3.36	3.51
DYield	28.5%	18.7%	20.6%	21.0%	21.9%
Projection Update (% change)			2019P	2020P	2021P
Management fees			0.0%	0.0%	0.0%
Success fees			0.0%	0.0%	0.0%
Revenue			0.0%	0.0%	0.0%
Total costs			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018P	2019P	2020P	2021P
Management fees	80.9	81.8	87.3	91.8	93.5
Success fees	15.2	16.2	14.3	14.3	14.5
Other	5.4	5.6	6.1	6.6	7.3
Revenue	101.5	103.7	107.7	112.7	115.3
Distribution costs	-41.5	-42.6	-44.5	-48.6	-46.6
Payroll	-19.8	-17.5	-17.5	-17.9	-18.2
Other operating costs	-16.8	-17.5	-18.3	-19.2	-20.7
Operating expenses	-78.1	-77.6	-80.3	-85.6	-85.5
Other	0.9	1.0	1.1	1.1	1.2
Pre-tax income	24.3	27.1	28.5	28.2	31.0
Tax	-4.7	-5.1	-5.4	-5.4	-5.9
Net income	19.6	21.9	23.1	22.8	25.1
Retail AUM	4,414	4,845	5,383	6,058	6,831
Dedicated AUM	2,375	2,494	2,618	2,749	2,777
Total AUM	6,789	7,339	8,002	8,807	9,608

Key Balance Sheet Figures

(PLN m)	2017	2018P	2019P	2020P	2021P
Cash	50.1	37.2	39.1	41.6	44.6
Other assets	67.4	89.1	93.4	99.5	106.7
Total assets	117.5	126.3	132.5	141.2	151.3
Borrowing	0.1	17.4	21.9	29.6	37.3
Other liabilities	15.0	18.1	19.2	20.4	21.6
Minority interests	0.0	0.0	0.0	0.0	0.0
Equity	102.4	90.8	91.3	91.2	92.4

Relative Valuation Summary

	18P	P/E 19P	20P	Market Cap./AUM 18P	19P	20P
Minimum	7.2	7.1	6.2	0.0	0.0	0.0
Maximum	17.4	15.9	14.1	0.0	0.0	0.0
Median	11.1	11.4	10.5	0.0	0.0	0.0
Weight	17%	17%	17%	17%	17%	17%

Dividend Discount Model (DDM)

(PLN m)	Value	%
PV of Dividends (Explicit Forecast)	133	61%
PV of Dividends (Value Driver)	81	37%
PV of Terminal Value	4	2%
Fair Value as of Jul. 2017	219	100%
PV Adjustment	-2	
Fair Value	217	
Dilution (stock options)	-8	
Fair Value	209	
Outst. Shares (millions)	6.8	
Fair Value Per Share (PLN)	30.64	
9M Target Price (PLN)	33.17	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	89	41%
Explicit Forecast (2018-2025)	87	40%
Value Driver - 20 yrs	40	18%
Fair Value as of Jan. 2017	215	100%
PV Adjustment	8	
Fair Value	223	
Dilution (stock options)	-8	
Fair Value	215	
Outst. Shares (millions)	6.8	
Fair Value Per Share (PLN)	31.44	
9M Target Price (PLN)	34.04	

Valuation Summary

(PLN m)	Weight	Value
DDM	33%	209
Economic Profits	33%	214.51
Relative	33%	175.35

Per-Share Valuation

(PLN)	Weight	Value
DDM	33%	30.64
Economic Profits	33%	31.44
Relative	33%	25.70
Cost of equity (9M)		8.3%
9M Target Price (PLN)		31.36

Chemicals

Ciech

buy (reiterated)

Jakub Szkopek

+48 22 438 24 03

jakub.szkopek@mbank.pl

Soda price increases (+7% y/y) and growing demand in Central and Eastern Europe (new Guardian and Euroglas glassworks) allow optimistic assumptions of results in the subsequent quarters. Unfortunately, in Q1 2019, the Company will not report the expected improvement in its financial results, but the level of investment expenditures and cautious approach to Capex may reduce the market's concerns about free cash flow. In Q2 2019 the Company is going to start production from a new baking soda investment in Germany, and in the coming quarters the consolidation of the acquired Proplan (plant protection products) will be reflected in the results. We are updating our forecasts for expected Q1 2019 flat results. We are lowering our target price to PLN 68.11 per share (previously PLN 68.66 per share) and we maintain a buy rating.

Current Price

44.85 PLN

Upside**9M Target Price**

68.11 PLN

+51.9%

	rating	target price	issued	
new	buy	68.11 PLN	2019-05-09	
old	#ARG!	68.66 PLN	2019-04-02	
Key Metrics			CIE PW	vs. WIG
Ticker	CIE PW	1M Price Chng	-12.1%	-6.5%
ISIN	PLCIECH000018	YTD Price Chng	+1.2%	+1.5%
Outst. Stock (m)	52.7	ADTV 1M		PLN 2.0m
MC (PLN m)	2,363.6	ADTV 6M		PLN 4.8m
EV (PLN m)	3,831.1	EV/EBITDA 12M fwd	5.1	-17.2%
Free Float	33.0%	EV/EBITDA 5Y avq	6.1	discount

Earnings Projections

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	3,579	3,673	3,881	4,037	4,177
EBITDA adj.	808	633	728	770	795
EBITDA margin	22.6%	17.2%	18.8%	19.1%	19.0%
EBIT adj.	564	358	447	462	483
Net income adj.	373	166	303	318	338
P/E adj.	6.3	14.2	7.8	7.4	7.0
P/B	1.1	1.2	1.1	1.0	1.0
EV/EBITDA adj.	4.0	6.0	5.3	4.9	4.5
DPS	0.00	7.50	2.00	2.88	3.62
DYield	0.0%	16.7%	4.5%	6.4%	8.1%
Projection Update (% change)			2019P	2020P	2021P
EBITDA			-3.5%	-3.4%	-3.4%
Net income			-6.4%	-6.4%	-6.3%
Soda price (US \$/t)			0.0%	0.0%	0.0%
Soda Ciech (PLN/t)			0.0%	0.0%	0.0%
Soda vol (1,000t)			0.0%	0.0%	0.0%
Thermal Coal price (PLN/t)			0.0%	0.0%	0.0%
Coking Coal price (\$/t)			0.0%	0.0%	0.0%
Natural Gas price (PLN/m3)			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
EBITDA. Soda Div.	704	540	588	620	637
EBITDA. Organic Div.	97	76	96	102	109
EBITDA. Silicates	37	34	36	39	40
EBITDA. Other	-5	9	9	9	9
EBITDA/tonne, Soda	306	243	258	266	271
Operating cash flow	629	454	583	673	693
D&A	244	275	282	308	313
Working capital	-66	-97	-61	-9	-8
Investing cash flow	-389	-627	-421	-375	-324
CAPEX	402	595	421	375	324
Financing cash flow	-164	-125	-265	-308	-343
Dividends/Buyback	0	-395	-105	-152	-191
FCF	234	-170	163	299	371
FCF/EBITDA	28%	-26%	22%	39%	47%
OCF/EBITDA	75%	69%	80%	87%	87%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Soda Price (\$/t)	259	272	272	272	272	272	272	272	272	272	273
Soda Price (PLN/t)	855.9	860.2	860.2	860.2	860.2	860.2	860.2	860.2	860.2	860.2	863.9
Soda vol (1000t)	2,280	2,330	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,351
Revenue	3,881	4,037	4,177	4,232	4,265	4,290	4,308	4,325	4,343	4,362	4,392
EBITDA	728	770	795	829	828	822	809	797	784	770	763
EBITDA margin	18.8%	19.1%	19.0%	19.6%	19.4%	19.2%	18.8%	18.4%	18.1%	17.7%	17.4%
EBIT	447	462	483	529	535	523	506	488	472	455	444
Tax	83	87	92	103	105	103	100	97	94	91	89
CAPEX	-421	-375	-324	-284	-288	-296	-302	-307	-312	-315	-319
Working capital	-61	-9	-8	-3	-2	-2	-1	-1	-1	-1	-2
FCF	163	299	371	438	433	421	407	392	377	363	353
PV FCF	156	266	308	338	311	280	251	225	200	178	
WACC	7.1%	7.1%	7.2%	7.3%	7.4%	7.4%	7.5%	7.5%	7.6%	7.6%	7.7%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

Key Balance Sheet Figures

(PLN m)	2016	2017	2018P	2019P	2020P
Assets	4,644	4,831	4,979	5,083	5,163
Fixed assets	3,205	3,559	3,699	3,766	3,779
Equity	2,188	1,970	2,168	2,334	2,481
Minority interests	-3	0	0	0	0
Net debt	865	1,464	1,467	1,378	1,252
Net debt/EBITDA (x)	1.0	2.2	2.0	1.8	1.6
Net debt/Equity (x)	0.4	0.7	0.7	0.6	0.5

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	4.4	4.8	4.7	4.6	3.2	4.3
Maximum	107.7	18.4	16.3	14.1	12.4	11.2
Median	11.8	10.6	9.2	6.9	6.0	6.1
Weight	17%	17%	17%	17%	17%	17%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
PV FCF	2,514
Net debt	1,464
Other adj.	-67
Value per share (PLN)	76.41

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	51.72
DCF Val.	50%	76.41
Implied Price		64.07
Cost of equity (9M)		6.3%
9M Target Price		68.11

Grupa Azoty buy (upgraded)

Jakub Szkopek

+48 22 438 24 03

jakub.szkopek@mbank.pl

The improvement of the fertilizer production margin and the acquisition of Compo Expert caused an improvement in financial results in Q4 2018 & Q1 2019. Despite the observed drop in the prices of fertilizers in Q2 2019, in our opinion, with a very low base in Q2 2019, the financial results growth y/y will probably be maintained. Despite the expected improvement in earnings in 2019, the market closely observes company's intentions regarding the investment in the PDH project. Here, however, the situation is improving, as the group obtained two new investors (Lotos and Hyundai) to implement about 15% of the investment's value. In our view, Azoty Group is likely to perform better than the market in the coming months. Currently, the Company is listed at around 30% discount on P/E 2019 and EV/EBITDA 2019 ratios. We believe it is a good idea to buy shares of ZA Puławy (dividend to mother company, Puławy is unlikely to cover issue in Police) and sale the shares of Police (issue of shares + negative FCF in subsequent years). We are increasing our forecasts for 2019: the target price to PLN 45.39 per share (previously PLN 43.20 per share) and the rating from hold to buy.

Current Price

35.92 PLN

Upside

9M Target Price

45.39 PLN

+26.4%

	rating	target price	issued
new	buy	45.39 PLN	2019-05-09
old	hold	43.20 PLN	2019-03-05
Key Metrics		ATT PW	vs. WIG
Ticker	ATT PW	1M Price Chng	-14.5%
ISIN	PLZATRM00012	YTD Price Chng	+15.2%
Outst. Stock (m)	99.2	ADTV 1M	PLN 2.3m
MC (PLN m)	3,563.1	ADTV 6M	PLN 5.8m
EV (PLN m)	6,904.7	EV/EBITDA 12M fwd	5.1
Free Float	29.0%	EV/EBITDA 5Y avg	6.5 discount

Earnings Projections

(PLN m)	2017	2018P	2019P	2020P	2021P
Revenue	9,617	9,999	12,034	12,108	12,422
EBITDA adj.	1,262	805	1,314	1,169	1,178
EBITDA margin	13.1%	8.1%	10.9%	9.7%	9.5%
EBIT adj.	672	122	563	429	451
Net income adj.	550	43	372	263	260
P/E adj.	6.5	83.6	9.6	13.6	13.7
P/B	0.5	0.5	0.5	0.5	0.5
EV/EBITDA adj.	3.6	8.0	5.3	6.7	7.8
DPS	0.79	1.20	0.00	0.00	0.80
DYield	2.2%	3.3%	0.0%	0.0%	2.2%
Projection Update (% change)		2019P	2020P	2021P	
EBITDA		+18.1%	+9.7%	+9.0%	
Net income		+63.7%	+83.6%	+63.7%	
Urea price (PLN/t)		-1.9%	-1.8%	-0.5%	
Ammonium Nitrate price (PLN/t)		+0.1%	+0.1%	+1.7%	
Natural Gas price (PLN/m3)		-9.4%	-4.7%	0.0%	
Melamine (PLN/t)		-9.4%	-4.7%	0.0%	
Polyamide 6 (PLN/t)		+5.2%	+5.5%	+6.6%	
Propylene (PLN/t)		0.0%	0.0%	0.0%	

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
EBITDA, Fertilizers	484	82	676	559	582
EBITDA, Plastics	221	192	174	162	138
EBITDA, Chemicals	348	282	262	213	222
EBITDA, Energy	0.0	0.0	127.0	125.2	128.4
EBITDA, Other	134	208	75	110	107
Operating cash flow	1,087	1,043	1,060	1,121	1,121
D&A	590	683	751	740	727
Working capital	13	155	-192	-3	-13
Investing cash flow	-709	-1,761	-1,372	-1,940	-2,199
CAPEX	1,063	2,042	1,387	1,940	2,199
Financing cash flow	39	440	-119	481	1,075
Dividends/Buyback	-78	-119	0	0	-79
FCF	49	-1,158	-350	-831	-1,087
FCF/EBITDA	4%	-151%	-27%	-71%	-92%
OCF/EBITDA	92%	136%	81%	96%	95%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Assets	11,738	14,160	14,469	15,355	16,916
Fixed assets	8,070	9,886	10,553	11,758	13,236
Equity	6,856	6,703	7,072	7,335	7,516
Minority interests	588	625	630	637	644
Net debt	367	2,226	2,712	3,650	4,952
Net debt/EBITDA (x)	0.3	2.9	2.1	3.1	4.2
Net debt/Equity (x)	0.1	0.3	0.4	0.5	0.7

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	9.0	8.5	7.5	5.7	5.3	4.7
Maximum	21.8	15.7	14.3	9.8	8.4	7.8
Median	13.9	11.0	9.2	7.9	6.8	6.3
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Urea price (PLN/t)	1,572	1,547	1,586	1,585	1,583	1,582	1,580	1,579	1,578	1,576	1,585
AN price (PLN/t)	1,323	1,312	1,350	1,348	1,347	1,346	1,344	1,343	1,342	1,340	1,347
NGas cost (PLN/m3)	1,000	1,075	1,184	1,184	1,184	1,184	1,184	1,184	1,184	1,184	1,184
Revenue	12,034	12,108	12,422	13,314	14,291	14,557	14,775	14,925	15,078	15,164	15,305
EBITDA	1,314	1,169	1,178	1,476	1,637	1,691	1,667	1,655	1,642	1,626	1,640
EBITDA margin	10.9%	9.7%	9.5%	11.1%	11.5%	11.6%	11.3%	11.1%	10.9%	10.7%	10.7%
EBIT	563	429	451	523	684	748	763	780	765	734	748
Tax	86	57	53	48	67	83	89	95	94	90	94
CAPEX	-1,387	-1,940	-2,199	-943	-572	-619	-660	-814	-832	-878	-892
Working capital	-192	-3	-13	-38	-42	-11	-9	-6	-6	-4	-6
FCF	-350	-831	-1,087	447	957	977	908	740	710	655	650
PV FCF	-335	-748	-926	357	712	679	587	446	398	342	
WACC	6.8%	6.5%	6.2%	6.3%	6.5%	6.6%	6.8%	6.8%	6.9%	7.0%	7.0%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
PV FCF	8,270
Net debt	2,226
Other adjustments	-625
Value per share (PLN)	54.62

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	30.77
DCF Val.	50%	54.62
Implied Price		42.69
Cost of equity (9M)		6.3%
9M Target Price		45.39

Oil & Gas

Lotos

sell (no change)

Kamil Kliszcz

+48 22 438 24 02

kamil.kliszcz@mbank.pl

The Q1 earnings did not bring any significant surprises and we still believe that the deterioration of the macro environment in the sector will make it difficult to deliver market consensus EBITDA of ~ PLN 3 billion. We are currently observing the unfavorably weakening diesel margins (high stocks, growing imports from the US & Asia) as well as heavy fuel oil margins, also the negative Ural/Brent differential turns out to be an additional problem. It is not clear what impact the suspension of deliveries via Friendship Pipeline will bring. The companies ensure that they can use reserve and alternative channels, but this alternative has not yet been tested on such a scale and the possible perturbation may occur, both on the level of continuity of supply and profitability of processing. We maintain our skeptical approach to the positive scenarios built on the market justified by the implementation of the IMO directive, which in the case of Lotos multiply the effect of launching the DCU installation. The Company's declaration regarding interest in participating in the PDH project implemented by the Azoty Group is a negative surprise. We do not consider it rational (lack of synergy on the supply and technology side), especially that we are talking about a minority stake (providing the missing financing). As for the potential merger with PKN, no new information emerged and the final effect of negotiations with the EC cannot be prejudiced, and the electoral calendar indicates that the final decision on consolidation may shift to 2020. Orlen may still postpone the whole process, buying only 33% of Lotos shares from the Treasury in the first stage. We maintain sell rating.

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
LIFO EBITDA (adj.)	3,050	3,126	2,523	3,004	3,268
Upstream (US)	863	917	774	1,049	1,377
Downstream (DS)	2,058	2,022	1,585	1,785	1,718
Retail	139	181	164	170	174
EV/ LIFO EBITDA (adj.)	6.0	5.7	7.3	5.8	5.1
LIFO effect	171	500	81	-90	45
Other one-offs	-148	78	0	0	0
Financing activity	219	-259	-156	-89	-177
Crude thrghpt (mmt)	9.6	10.8	10.4	10.2	10.2
\$ LIFO EBITDA/bbl, DS	7.7	7.1	5.6	6.7	6.4
PLN EBITDA/tonne, Retail	119	144	130	132	135
\$ EBITDA/boe, US	26.9	34.1	29.1	37.0	40.3
US output (mboepd)	23.3	20.4	19.4	21.6	26.0
natural gas	13.4	11.5	10.7	11.2	11.6
crude oil	9.9	8.9	8.7	10.4	14.5

DCF Analysis (ex. Upstream)

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Brent	70.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0
Margin+Urals/Brent	5.8	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
USD/PLN	3.75	3.59	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60
Revenue	27,807	27,979	27,814	27,565	27,565	27,565	27,565	27,565	27,624	27,678	27,678
EBITDA	1,830	1,865	1,936	1,887	1,882	1,878	1,873	1,868	1,863	1,854	1,854
EBITDA margin	6.6%	6.7%	7.0%	6.8%	6.8%	6.8%	6.8%	6.8%	6.7%	6.7%	6.7%
EBIT	1,302	1,227	1,269	1,172	1,203	1,167	1,144	1,120	1,095	1,066	1,137
Tax	247	233	241	223	229	222	217	213	208	203	216
CAPEX	-703	-715	-717	-717	-717	-717	-717	-717	-717	-717	-717
Working capital	-772	323	-118	-2	28	21	43	10	5	2	2
FCF	108	1,240	860	946	965	960	982	948	943	937	923
PV FCF	103	1,086	699	713	674	620	587	525	484	445	
WACC	7.7%	8.0%	7.8%	7.8%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

Current Price

76.96 PLN

Downside

9M Target Price

65.41 PLN

-15.0%

	rating	target price	issued
unchanged	sell	65.41 PLN	2019-04-02

Key Metrics			LTS PW	vs. WIG
Ticker	LTS PW	1M Price Chng	-6.3%	-0.7%
ISIN	PLLOTOS000025	YTD Price Chng	-13.0%	-12.7%
Outst. Stock (m)	184.9	ADTV 1M		PLN 19.4m
MC (PLN m)	14,227.9	ADTV 6M		PLN 28.5m
EV (PLN m)	16,825.7	EV/EBITDA 12M fwd	4.7	-18.4%
Free Float	46.8%	EV/EBITDA 5Y avg	5.8	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	24,186	30,122	29,133	29,633	29,963
EBITDA	3,073	3,704	2,604	2,914	3,313
EBITDA margin	12.7%	12.3%	8.9%	9.8%	11.1%
EBIT	2,229	2,981	1,861	2,046	2,350
Net income	1,672	1,587	1,090	1,208	1,293
P/E	8.5	9.0	13.1	11.8	11.0
P/B	1.3	1.2	1.1	1.0	1.0
EV/EBITDA	5.4	4.4	6.5	5.4	4.6
DPS	1.00	1.00	2.58	1.77	1.96
DYield	1.3%	1.3%	3.3%	2.3%	2.5%
Projection Update (% change)		2019P	2020P	2021P	
LIFO EBITDA		0.0%	0.0%	0.0%	
Net income		0.0%	0.0%	0.0%	
Price of Brent crude (\$/bbl)		0.0%	0.0%	0.0%	
Margin+Urals/Brent price differ. (\$/b)		0.0%	0.0%	0.0%	
USD/PLN		0.0%	0.0%	0.0%	

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	3,127	2,328	1,530	2,641	2,319
OCF/EBITDA LIFO adj.	103%	74%	61%	88%	71%
CAPEX	1,439	967	1,588	1,325	1,046
Working capital	4,035	4,816	5,587	5,264	5,382
Equity	10,712	12,035	12,686	13,698	14,576
Net debt	2,505	1,943	2,598	1,570	893
Net debt/EBITDA (x)	0.8	0.5	1.0	0.5	0.3

Relative Valuation Summary

Relative Valuation Summary						
	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	3.0	2.9	3.3	1.9	1.7	1.6
Maximum	24.8	17.7	16.4	12.1	11.6	10.5
Median	9.9	8.5	8.9	4.6	4.1	4.0
Weight	17%	17%	17%	17%	17%	17%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	1.0%
PV FCF	12,188
Net debt	1,943
Petrobaltic	1,839
Value per share (PLN)	65.37

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	57.68
DCF Val.	50%	65.37
Implied Price		61.53
Cost of equity (9M)		6.3%
9M Target Price		65.41



MOL hold (no change)

Kamil Kliszcz

+48 22 438 24 02

kamil.kliszcz@mbank.pl

MOL was the only one to surprise negatively with the results of the refining segment in Q1 2019. As a result, the realization rate of our annual forecasts after first 3 months of the year is relatively low compared to regional peers (23.7%), but does not significantly differ from the previous year's seasonal pattern, and we also point out the reference base for the downstream segment of Lotos and Orlen is significantly more demanding in H2, especially that we expect further pressure on margins. The Company is still valued at a significant discount to Polish refineries, and its balanced business profile should be particularly valued in the more difficult phase of the cycle. The capex growth scale declared by the Company is much lower vs. Orlen, and the balance sheet is clearly stronger (0.6x DN/EBITDA), which ensures stable growth of dividends and builds a liquidity cushion for interesting acquisitions. At the same time, MOL continues to deliver strong growth in the retail segment (already 15-16% in the consolidated EBITDA). We note that the potential catalyst that would have prompted us to raise MOL's valuation may be the possible sale of INA after the arbitration is resolved (outcome expected in the middle of the year, we estimate that it could generate up to 13-14% of shareholder value).

Current Price

3,094 HUF

Upside

9M Target Price

3,223 HUF

+4.2%

	rating	target price	issued
unchanged	hold	3,223 HUF	2019-04-02

Key Metrics	MOL HB	MOL HB	vs. WIG
Ticker	MOL HB	1M Price Chng	-5.0%
ISIN	HU0000153937	YTD Price Chng	+0.5%
Outst. Stock (m)	738.1	ADTV 1M	HUF 1,961.4m
MC (HUF m)	2,283,769.5	ADTV 6M	HUF 2,034.3m
EV (HUF m)	2,995,942.5	EV/EBITDA 12M fwd	4.3
Free Float	53.5%	EV/EBITDA 5Y avg	4.3 discount

Earnings Projections

(HUF bn)	2017	2018	2019P	2020P	2021P
Revenue	4,130	5,169	4,836	5,173	5,163
EBITDA	673	764	613	714	744
EBITDA margin	16.3%	14.8%	12.7%	13.8%	14.4%
EBIT	354	353	228	311	341
Net income	307	301	163	232	256
P/E	7.4	7.6	14.0	9.8	8.9
P/B	1.3	1.1	1.1	1.1	1.0
EV/EBITDA	4.5	3.8	4.9	4.2	3.9
DPS	78.13	127.50	142.50	152.64	160.27
DYield	2.5%	4.1%	4.6%	4.9%	5.2%
Projection Update (% change)			2019P	2020P	2021P
CCS EBITDA			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
Margin+Urals/Brent price differ. (\$/b)			0.0%	0.0%	0.0%
Petchem margin (\$/t)			0.0%	0.0%	0.0%
Price of Brent crude (\$/bbl)			0.0%	0.0%	0.0%

Financial Highlights

(HUF bn)	2017	2018	2019P	2020P	2021P
LIFO EBITDA (adj.)	673	728	608	714	744
Upstream (US)	235	344	311	360	357
Downstream (DS)	198	183	127	150	167
Retail	97	115	114	122	127
Petchem	127	87	52	78	89
Gas Midstream	61	50	56	57	57
General expenses	-45	-51	-52	-52	-54
EV/LIFO EBITDA (adj.)	4.7	4.2	5.2	4.4	4.1
LIFO effect	7	19	5	0	0
Other one-offs	-7	17	0	0	0
Financing activity	11	-22	-10	-11	-10
\$ LIFO EBITDA/bbl, DS	5.3	4.9	3.4	4.0	4.5
EBITDA/boe, US	23.7	34.8	31.3	36.8	38.8
Ref. thrghpt, mmt	18.5	19.1	19.1	19.1	19.1
Upstr output, mboepd	107.4	110.6	111.1	109.6	103.6

Key Balance Sheet Figures

(HUF bn)	2017	2018	2019P	2020P	2021P
Operating cash flow	560	596	584	634	676
OCF/EBITDA LIFO adj.	83%	82%	96%	89%	91%
CAPEX	286	380	528	490	402
Working capital	248	300	281	301	300
Equity	1,741	1,994	2,035	2,139	2,262
Net debt	435	314	390	386	256
Net debt/EBITDA (x)	0.6	0.4	0.6	0.5	0.3

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	3.0	2.9	3.3	1.9	1.7	1.6
Maximum	24.8	17.7	16.4	12.1	11.6	10.5
Median	10.2	9.0	9.2	4.8	4.1	3.9
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis (ex. Upstream)

(HUF bn)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Brent	70	75	75	75	75	75	75	75	75	75	75
Margin+Urals/Brent	5.5	6.0	6.0	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
USD/HUF	265	265	265	265	265	265	265	265	265	265	265
Revenue	4,516	4,830	4,826	4,837	4,837	4,838	4,838	4,839	4,840	4,859	4,859
EBITDA	302	354	386	425	429	429	429	428	428	430	430
EBITDA margin	6.7%	7.3%	8.0%	8.8%	8.9%	8.9%	8.9%	8.8%	8.8%	8.8%	8.8%
EBIT	113	150	174	201	206	204	199	194	187	182	210
Tax	30	39	45	52	54	53	52	50	49	47	40
CAPEX	-404	-367	-280	-241	-220	-220	-220	-220	-220	-220	-220
Working capital	19	-20	1	0	1	2	1	1	1	0	0
FCF	-114	-72	63	132	156	157	158	159	161	163	170
PV FCF	-107	-63	50	98	107	99	92	85	79	74	
WACC	8.1%	8.2%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Risk-free rate	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

DCF Summary

(HUF bn)	
Beta	1.0
FCF perp. growth rate	1.0%
PV FCF	1,543
Net debt & adjustments	108
Upstream Valuation	648
Value per share (HUF)	2,985

Valuation Summary

(HUF)	Weight	Price
Relative Val.	50%	3,057
DCF Val.	50%	2,985
Implied Price		3,021
Cost of equity (9M)		6.7%
9M Target Price		3,223

PGNiG

accumulate (no change)

Kamil Kliszcz

+48 22 438 24 02

kamil.kliszcz@mbank.pl

After a promising dynamic rebound in the first half of April, gas prices in Europe have returned to lower levels again, but we are still maintaining a positive scenario for the prices of the raw material in the next quarters. Data on imports of raw material to China for March (+16%) confirm the thesis that the low figures in February (+9%) were largely the effect of the weather conditions and the dynamics in April should return to 25-30%. In such a scenario, concerns about imbalances in the LNG market should be alleviated, which will support current quotations in European hubs (we note that the annual contract is 'less pessimistic' and is listed with a premium of EUR 5/MWh). On a negative side, however, the poor results of the trading segment reported for Q1 2019 disappointed as we expected the biggest positive surprise vs. the market expectations in this segment (reversal of the natural hedging effect, noticeable price increases for commercial customers and higher G tariff). We will wait until the publication of the full quarterly report to present our final conclusion, but it looks like we need to revise our EBITDA forecast for the Group (we have probably underestimated the cost side in gas purchases). This will be partly compensated by better results in combined heat and power plants & mining (delay of tax implementation, lower cost pressure). Taking into account the above and the recent strong drop in the share price, we do not change our accumulate rating (even with forecasts adjusted by 5-10%, the implied EV/EBITDA ratio would amount to 4.3-4.6), especially that we still see positive catalysts (awaited outcome of the arbitration with Gazprom, acquisitions in Norway).

Current Price

5.62 PLN

Upside

9M Target Price

6.92 PLN

+23.1%

	rating	target price	issued
unchanged	accumulate	6.92 PLN	2019-04-02

Key Metrics			PGN PW	vs. WIG
Ticker	PGN PW	1M Price Chng	-11.6%	-6.0%
ISIN	PLPGNIG000014	YTD Price Chng	-18.7%	-18.4%
Outst. Stock (m)	5,778.3	ADTV 1M		PLN 23.8m
MC (PLN m)	32,474.1	ADTV 6M		PLN 32.8m
EV (PLN m)	30,128.5	EV/EBITDA 12M fwd	4.4	-12.7%
Free Float	28.1%	EV/EBITDA 5Y avg	5.0	discount

Earnings Projections

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	35,857	41,234	38,690	39,318	43,466
EBITDA	6,579	7,115	7,463	8,091	8,637
EBITDA margin	18.3%	17.3%	19.3%	20.6%	19.9%
EBIT	3,910	4,395	4,775	5,311	5,762
Net income	2,923	3,212	3,516	3,919	4,264
P/E	11.1	10.1	9.2	8.3	7.6
P/B	1.0	0.9	0.8	0.8	0.7
EV/EBITDA	5.0	4.5	4.0	3.5	3.2
DPS	0.20	0.07	0.10	0.18	0.27
DYield	3.6%	1.2%	1.7%	3.2%	4.8%
Projection Update (% change)			2019P	2020P	2021P
EBITDA			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
Price of Brent crude (\$/bbl)			0.0%	0.0%	0.0%
Price of EU NatGas (EUR/MWh)			0.0%	0.0%	0.0%
USD/PLN			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
EBITDA (adj.)	7,356	7,669	7,840	8,465	9,011
EBITDA	6,579	7,115	7,463	8,091	8,637
Mining	3,865	5,019	4,125	4,511	4,909
Trade	-435	-848	570	761	768
Distribution	2,493	2,385	2,169	2,216	2,225
Heat & Power	843	788	813	822	961
Other	-187	-229	-214	-220	-225
Financing activity	12	107	15	71	87
Crude output, mmt	1.27	1.41	1.25	1.24	1.21
domestic	0.79	0.82	0.80	0.80	0.80
international	0.48	0.59	0.45	0.44	0.41
NatGas output, bn m3	4.5	4.5	4.6	4.7	4.7
domestic	3.8	3.8	3.9	3.9	3.9
international	0.7	0.7	0.7	0.8	0.8
Trade mrgn, PLN/MWh	-2.4	-6.8	1.0	2.4	2.4

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	4,816	5,814	6,751	6,578	6,518
OCF/EBITDA	73%	82%	90%	81%	75%
CAPEX	3,162	4,534	4,018	4,045	4,079
Working capital	5,280	5,358	5,198	5,283	5,840
Equity	33,626	36,634	39,540	42,355	45,001
Net debt	428	-223	-2,344	-3,809	-4,693
Net debt/EBITDA (x)	0.1	0.0	-0.3	-0.5	-0.5

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	2.9	2.7	2.4	2.8	2.6	2.2
Maximum	22.6	16.8	16.0	12.8	12.7	12.4
Median	12.8	11.4	10.6	6.1	5.6	5.3
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Brent	70.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0
EU NatGas	18.7	20.5	22.8	22.8	22.8	22.8	22.8	22.8	22.8	22.8	22.8
USD/PLN	3.75	3.59	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60
Revenue	38,690	39,318	43,466	43,546	40,885	40,857	39,484	38,609	39,164	39,496	39,496
EBITDA	7,463	8,091	8,637	8,408	8,133	8,869	8,932	9,034	9,295	9,058	9,058
EBITDA margin	19.3%	20.6%	19.9%	19.3%	19.9%	21.7%	22.6%	23.4%	23.7%	22.9%	22.9%
EBIT	4,775	5,311	5,762	5,428	5,063	5,265	5,261	5,251	5,348	4,978	4,329
Tax	1,273	1,462	1,585	1,471	1,351	1,343	1,393	1,427	1,526	1,391	1,391
CAPEX	-4,018	-4,045	-4,079	-5,168	-5,198	-4,608	-4,618	-4,644	-4,695	-4,728	-4,728
Working capital	160	-84	-557	-11	358	4	184	118	-75	-45	-45
FCF	2,331	2,500	2,415	1,759	1,942	2,921	3,105	3,081	3,000	2,894	2,894
PV FCF	2,187	2,152	1,909	1,276	1,293	1,786	1,743	1,587	1,419	1,257	
WACC	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.5%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.1
FCF perp. growth rate	2.0%
PV FCF	36,079
Net debt	-223
Other adjustments	833
Value per share (PLN)	6.43

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	33%	8.14
Relative (DYield)	17%	3.33
DCF	50%	6.43
Cost of equity (9M)		6.7%
9M Target Price		6.92

PKN Orlen sell (no change)

Kamil Kliszczyk

+48 22 438 24 02

kamil.kliszczyk@mbank.pl

Orlen's Q1 earnings turned out to be close to market expectations, but it is worth noting that they were additionally supported by a change in accounting standards of approximately PLN 0.13 billion (IFRS 16). After bringing the LIFO EBITDA to full comparability, it would have been lower by PLN 0.2 billion y/y, while the annual consensus is still ambitious and assumes maintaining results from 2018 (however, it has dropped by about PLN 0.3 billion in recent weeks). This will be particularly challenging in the context of a fairly demanding reference base in subsequent periods (record-breaking Q4 retail figures, high margins on diesel caused by the low levels of Rhine in H2 2018), especially as we expect further pressure on model margins in petrochemicals and refineries. In addition, we note that the before mentioned effect of IFRS 16 on EBITDA (PLN 0.5-0.6 billion annually) is in line with an increase in financial debt by PLN 3.6 billion, which worsens the EV/EBITDA ratio. An improvement in readings on refining margins has been reported in the recent weeks & the rebound of natural gas prices was negated, but we treat this as a short-term phenomenon. With the new installations being launched, the pressure on profitability and the negative Ural/Brent differential will return. The confusion with oil supplies via the pipeline may also have a negative impact on the results of Q2, despite the fact that the company declares that it will not impact profitability. We maintain sell rating.

Current Price

91.32 PLN

Downside

9M Target Price

79.39 PLN

-13.1%

	rating	target price	issued
unchanged	sell	79.39 PLN	2019-04-02

Key Metrics	PKN PW	1M Price Chng	PKN PW	vs. WIG
Ticker	PKN PW	1M Price Chng	-8.0%	-2.4%
ISIN	PLPKN0000018	YTD Price Chng	-15.6%	-15.3%
Outst. Stock (m)	427.7	ADTV 1M		PLN 60.3m
MC (PLN m)	39,058.4	ADTV 6M		PLN 80.9m
EV (PLN m)	43,749.6	EV/EBITDA 12M fwd	4.9	-13.3%
Free Float	67.6%	EV/EBITDA 5Y avg	5.6	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	95,364	109,706	106,915	110,122	111,098
EBITDA	11,078	9,776	7,060	7,085	7,600
EBITDA margin	11.6%	8.9%	6.6%	6.4%	6.8%
EBIT	8,657	7,103	4,191	4,073	4,492
Net income	6,655	5,463	3,320	3,197	3,415
P/E	5.9	7.1	11.8	12.2	11.4
P/B	1.2	1.1	1.0	1.0	0.9
EV/EBITDA	3.9	4.6	6.2	6.0	5.4
DPS	3.00	3.00	3.50	3.00	3.00
DYield	3.3%	3.3%	3.8%	3.3%	3.3%
Projection Update (% change)			2019P	2020P	2021P
LIFO EBITDA			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
Margin+Urals/Brent price differ. (\$/b)			0.0%	0.0%	0.0%
Petchem margin (\$/t)			0.0%	0.0%	0.0%
USD/PLN			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
LIFO EBITDA (adj.)	9,581	8,344	6,661	7,220	7,532
Downstream(DS)	4,689	3,751	2,135	2,570	2,995
Petchem	3,034	2,069	2,268	2,429	2,344
Retail	2,049	2,781	2,248	2,240	2,259
Upstream	293	302	337	352	360
Electricity	129	190	401	367	325
General expenses	-613	-749	-728	-739	-750
EV/LIFO EBITDA (adj.)	4.8	5.7	7.0	6.3	5.9
LIFO effect	788	860	399	-135	68
Other one-offs	709	572	0	0	0
Financing activity	60	-104	-92	-125	-275
\$ LIFO EBITDA/bbl, DS	5.1	4.3	2.5	3.1	3.6
PLN EBITDA/tonne, Retail	232	294	234	230	229
Refinery thrghpt (mmt)	33.2	33.4	31.3	31.3	31.3
Petchem output (kt)	3,551	3,616	3,781	3,781	3,781

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	8,050	4,979	6,758	6,179	6,524
OCF/EBITDA LIFO adj.	84%	60%	101%	86%	87%
CAPEX	4,039	4,453	4,250	3,650	3,450
Working capital	7,489	10,866	10,389	10,545	10,821
Equity	32,197	35,634	37,458	39,372	41,506
Net debt	761	5,599	4,679	3,558	2,042
Net debt/EBITDA (x)	0.1	0.6	0.7	0.5	0.3

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	5.6	4.9	4.3	2.4	2.4	2.5
Maximum	18.6	17.7	16.4	19.8	19.3	10.5
Median	9.1	7.8	7.9	5.6	5.0	4.8
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Margin+Urals/Brent	4.8	5.5	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Petchem margin	354	383	343	343	343	343	343	343	343	343	342.9
USD/PLN	3.75	3.59	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60
Revenue	106,915	110,122	111,098	111,446	111,830	112,288	112,752	113,222	113,697	114,179	114,179
EBITDA	7,060	7,085	7,600	7,419	7,357	7,375	7,394	7,413	7,443	7,461	7,461
EBITDA margin	6.6%	6.4%	6.8%	6.7%	6.6%	6.6%	6.6%	6.5%	6.5%	6.5%	6.5%
EBIT	4,191	4,073	4,492	4,153	4,245	4,230	4,187	4,124	4,063	3,984	4,010
Tax	796	774	853	789	806	804	796	784	772	757	762
CAPEX	-4,250	-3,650	-3,450	-3,450	-3,450	-3,450	-3,450	-3,450	-3,450	-3,451	-3,451
Working capital	477	-156	-275	-45	-50	-60	-61	-61	-62	-63	-63
FCF	2,491	2,505	3,021	3,135	3,050	3,062	3,088	3,119	3,159	3,191	2,901
PV FCF	2,356	2,196	2,452	2,352	2,112	1,963	1,833	1,714	1,607	1,503	
WACC	7.7%	7.9%	8.0%	8.2%	8.3%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	1.0%
PV FCF	39,565
Net debt	5,599
Other adjustments	0
Value per share (PLN)	79.41

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	69.94
DCF Val.	50%	79.41
Implied Price		74.67
Cost of equity (9M)		6.3%
9M Target Price		79.39

Power Utilities

CEZ

hold (no change)

Kamil Kliszczyk

+48 22 438 24 02

kamil.kliszczyk@mbank.pl

Since the beginning of the year, CEZ shares have deviated in minus vs. European benchmark for utilities by more than 10 pp, and no major changes were seen in April, despite the upcoming publication of rather strong Q1 results. On the one hand, it may be a derivative of concerns about the next releases of the nuclear project, which under the patronage of the state is to be implemented by CEZ. Current declarations in this matter indicate that the Company will be able to exit the investment at certain parameters, but at the same time there is no guarantee that it will not partially participate in business risk (deviations from the schedule or budget). Nevertheless, the construction commencement date is quite distant (launching the tender in 2021 and the possible start of construction in 2024), so probably the more significant factor blocking the share price increases is the demanding valuation of the concern. This year's EV/EBITDA ratio amounts to around 7.6x, while the average for the last 5 years for EV/EBITDA 12M FWD is 7.1x, and this ratio for Stoxx Utilities currently amounts to 7.4x. The reason for not buying the shares is also the possibility of relatively lower dividends in 2019-20 (average Dyield 4.7% and return to around 6% not earlier than 2021).

Current Price

529.00 CZK

Upside

9M Target Price

565.50 CZK

+6.9%

	rating	target price	issued
unchanged	hold	565.50 CZK	2019-04-02

Key Metrics			CEZ CP	vs. WIG
Ticker	CEZ CP	1M Price Chng	-2.5%	+3.1%
ISIN	CZ0005112300	YTD Price Chng	-1.1%	-0.8%
Outst. Stock (m)	538.0	ADTV 1M		CZK 157.7m
MC (CZK bn)	284.6	ADTV 6M		CZK 127.5m
EV (CZK bn)	435.0	EV/EBITDA 12M fwd	7.3	+1.5%
Free Float	30.2%	EV/EBITDA 5Y avg	7.2	premium

Earnings Projections

(CZK m)	2017	2018	2019P	2020P	2021P
Revenue	205,092	184,486	198,653	215,475	223,765
EBITDA	55,155	49,664	58,284	59,898	61,840
EBITDA margin	26.9%	26.9%	29.3%	27.8%	27.6%
EBIT	25,620	19,759	29,257	30,409	32,462
Net income	18,765	10,327	17,766	18,561	19,298
P/E	15.2	27.6	16.0	15.3	14.7
P/B	1.1	1.2	1.2	1.2	1.2
EV/EBITDA	7.8	8.9	7.5	7.2	6.9
DPS	33.00	32.71	21.91	29.72	31.05
DYield	6.2%	6.2%	4.1%	5.6%	5.9%
Projection Update (% change)			2019P	2020P	2021P
EBITDA			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
Price of electricity (EUR/MWh)			0.0%	0.0%	0.0%
EUR/CZK			0.0%	0.0%	0.0%
CO2 (EUR/t)			0.0%	0.0%	0.0%

Financial Highlights

(CZK m)	2017	2018	2019P	2020P	2021P
EBITDA (adj.)	52,196	50,164	58,284	59,898	61,840
EBITDA	55,155	49,664	58,284	59,898	61,840
Generation	24,050	19,906	27,751	28,068	29,560
Mining	4,056	3,754	3,987	3,986	3,798
Distribution	19,067	19,771	19,899	20,390	20,886
Trade	4,613	4,317	4,665	4,989	5,013
Other	3,369	1,916	1,983	2,466	2,584
Financing activity	-2,867	-6,242	-7,096	-7,258	-8,390
Power output, TWh	62.9	62.9	64.2	64.3	64.3
Renewables	4.7	4.3	4.5	4.6	4.6
Trade volume, TWh	37.0	37.6	37.9	38.2	38.5
YoY pct. change	-1.2%	1.6%	0.8%	0.8%	0.8%
Trade mrgn (CZK/MWh)	124.6	114.7	123.0	130.5	130.2
RAV (CZK bn)	114.0	117.8	121.1	127.6	134.0
RAV return (EBIT)	10.4%	11.0%	10.8%	10.5%	10.2%

DCF Analysis

(CZK m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Power (EUR/MWh)	47.5	48.6	49.5	49.5	49.5	49.5	49.5	49.5	49.5	49.5	49.5
EUR/CZK	25.7	25.7	25.7	25.7	25.7	25.7	25.7	25.7	25.7	25.7	25.7
CO2 (EUR/t)	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Revenue	198,653	215,475	223,765	231,251	234,127	235,165	236,211	237,266	238,329	239,401	239,401
EBITDA	62,412	64,129	66,177	69,506	70,548	70,669	71,344	72,013	72,673	73,833	73,833
EBITDA margin	31.4%	29.8%	29.6%	30.1%	30.1%	30.1%	30.2%	30.4%	30.5%	30.8%	30.8%
EBIT	29,257	30,409	32,462	35,152	36,733	36,740	37,062	37,176	37,108	37,401	36,843
Tax	5,559	5,778	6,167	6,677	6,976	6,977	7,037	7,057	7,044	7,098	7,000
CAPEX	-33,136	-33,606	-33,218	-33,499	-34,786	-36,078	-36,376	-36,680	-36,990	-37,307	-36,990
Working capital	-151	-179	-88	-80	-31	-11	-11	-11	-11	-11	-11
FCF	23,567	24,566	26,704	29,250	28,755	27,603	27,920	28,264	28,628	29,417	29,831
PV FCF	22,601	22,274	22,884	23,679	21,984	19,928	19,032	18,189	17,390	16,864	0
WACC	5.7%	5.8%	5.8%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	6.0%	6.8%
Risk-free rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

Key Balance Sheet Figures

(CZK m)	2017	2018	2019P	2020P	2021P
Operating cash flow	45,812	35,351	57,135	58,656	60,627
OCF/EBITDA	83%	71%	98%	98%	98%
CAPEX	30,688	26,018	33,136	33,606	33,218
Working capital	54,916	112,247	120,867	131,102	136,146
Equity	250,018	234,721	240,697	243,268	245,863
Net debt	141,684	151,721	145,876	143,370	140,366
Net debt/EBITDA (x)	2.6	3.1	2.5	2.4	2.3

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	3.2	2.7	0.0	3.2	3.0	0.0
Maximum	24.8	22.5	19.7	12.2	9.9	9.7
Median	14.7	12.3	10.7	6.7	6.4	6.1
Weight	17%	17%	17%	17%	17%	17%

DCF Summary

(CZK m)	
Beta	1.0
FCF perp. growth rate	2.0%
PV FCF	561,084
Net debt	151,721
Other adjustments	-59,772
Value per share (CZK)	649.81

Valuation Summary

(CZK)	Weight	Price
Relative (Earnings)	33%	324.78
Relative (DYield)	17%	614.91
DCF	50%	649.81
Cost of equity (9M)		5.6%
9M Target Price		565.50

Enea buy (no change)

Kamil Kliszcz

+48 22 438 24 02

kamil.kliszcz@mbank.pl

In April, Enea performed the worst in the sector, despite the very good results delivered by LWB, which supported our forecasts of significant improvement of EBITDA y/y in mining (improvement in yields from exceptionally low 60% in 2018 to 63%, with an average of 64% in 2015-17). We note that it was this segment, besides generation, that was the biggest disappointment and led to a significant reduction in the 2019-20 consensus. We still maintain the scenario of a significant increase in EBITDA in the generation segment, where a supporting factor should be stabilization of the new 1000 MW unit (load factor in 2018 only ~ 60% due to planned and emergency maintenance shutdowns), greater availability of old blocks in Kozienice (return of 500 MW units after renovations), extension of CDS and no losses on trading/optimization of the portfolio (in total, this position deteriorated the segment's result in 2018 by PLN ~ 250 million due to rapid price increases and the costly compensate for losses of own production). The low reference base in turnover, where after adjusting for the EBITDA reserve it fluctuated around zero due to problems with portfolio management should be taken into account. The positive trend in results should be continued in the following years (mainly generation), which will result in strong FCF (our forecasts assume 50% consolidation of the Ostrołęka C project, and the latest announcements confirm the maximum restriction of Enea's share to PLN 1 billion). Meanwhile, Enea drops below 3.0x on the EV/EBITDA ratio in 2019-21.

Current Price

7.45 PLN

Upside

9M Target Price

12.51 PLN

+67.9%

	rating	target price	issued
unchanged	buy	12.51 PLN	2019-04-02

Key Metrics			ENA PW	vs. WIG
Ticker	ENA PW	1M Price Chng	-13.8%	-8.2%
ISIN	PLENEA000013	YTD Price Chng	-24.7%	-24.5%
Outst. Stock (m)	441.4	ADTV 1M		PLN 5.1m
MC (PLN m)	3,288.7	ADTV 6M		PLN 7.6m
EV (PLN m)	9,885.9	EV/EBITDA 12M fwd	3.3	-33.2%
Free Float	48.5%	EV/EBITDA 5Y avg	4.9	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	11,406	12,673	16,955	18,194	17,322
EBITDA	2,684	2,348	3,261	3,403	3,775
EBITDA margin	23.5%	18.5%	19.2%	18.7%	21.8%
EBIT	1,488	1,037	1,726	1,870	2,229
Net income	1,070	686	1,216	1,315	1,609
P/E	3.1	4.8	2.7	2.5	2.0
P/B	0.3	0.2	0.2	0.2	0.2
EV/EBITDA	3.6	4.2	3.0	2.8	2.6
DPS	0.28	0.00	0.00	0.00	0.60
DYield	3.7%	0.0%	0.0%	0.0%	8.0%
Projection Update (% change)			2019P	2020P	2021P
EBITDA			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
Price of electricity (PLN/MWh)			0.0%	0.0%	0.0%
Price of coal (PLN/t)			0.0%	0.0%	0.0%
Price of CO2 allowance (EUR/t)			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
EBITDA (adj.)	2,649	2,413	3,261	3,403	3,775
EBITDA	2,684	2,348	3,261	3,403	3,775
Generation	735	869	1,382	1,392	1,703
Mining	709	470	660	648	653
Distribution	1,073	1,111	1,143	1,200	1,238
Trade	178	-76	104	191	217
Other	-13	-12	-29	-28	-35
Financing activity	-21	-168	-103	-129	-124
Power output, TWh	22.7	26.5	27.7	28.2	27.7
Renewables	2.3	2.0	2.0	2.0	2.0
Trade volume, TWh	17.9	20.5	20.9	21.3	21.7
YoY pct. change	7.3%	14.4%	1.9%	1.9%	1.9%
Trade mrgn (PLN/MWh)	9.9	0.1	5.0	9.0	10.0
RAV (PLN bn)	7.5	8.0	8.3	8.6	8.9
RAV return (EBIT)	7.7%	7.2%	7.1%	7.3%	7.4%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	2,580	2,435	2,684	3,515	3,396
OCF/EBITDA	96%	104%	82%	103%	90%
CAPEX	2,058	1,979	2,505	2,873	3,046
Working capital	698	605	874	432	411
Equity	13,078	14,097	15,258	16,518	17,808
Net debt	5,523	5,566	5,546	5,090	5,183
Net debt/EBITDA (x)	2.1	2.4	1.7	1.5	1.4

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	3.2	2.7	2.4	3.9	3.4	0.9
Maximum	24.8	22.5	19.7	12.2	9.9	9.7
Median	15.3	13.0	11.0	7.6	6.8	6.1
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Power (PLN/MWh)	239.3	258.1	240.6	239.6	223.1	223.1	223.1	223.1	223.1	223.1	223.1
Coal (PLN/t)	260.0	260.0	260.7	260.7	260.7	260.7	260.7	260.7	260.7	260.7	260.7
CO2 (EUR/t)	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Revenue	16,955	18,194	17,322	17,432	16,942	17,366	17,527	17,693	17,863	18,038	18,038
EBITDA	3,261	3,403	3,775	3,791	3,431	3,563	3,604	3,485	3,532	3,594	3,594
EBITDA margin	19.2%	18.7%	21.8%	21.7%	20.2%	20.5%	20.6%	19.7%	19.8%	19.9%	19.9%
EBIT	1,726	1,870	2,229	2,233	1,835	1,902	1,910	1,755	1,762	1,781	1,089
Tax	328	355	424	424	349	361	363	333	335	338	207
CAPEX	-2,505	-2,873	-3,046	-2,886	-2,471	-2,421	-2,451	-2,479	-2,505	-2,530	-2,505
Working capital	-269	442	21	-3	12	-10	-4	-4	-4	-4	-4
FCF	159	617	326	478	623	771	786	669	688	722	878
PV FCF	151	546	268	367	445	513	488	387	370	362	
WACC	7.1%	7.3%	7.4%	7.4%	7.3%	7.3%	7.4%	7.4%	7.4%	7.4%	7.7%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.1
FCF perp. growth rate	2.0%
PV FCF	11,668
Net debt	5,566
Other adjustments	-952
Value per share (PLN)	11.67

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	0%	39.82
Relative (DYield)	0%	5.23
DCF	100%	11.67
Cost of equity (9M)		6.7%
9M Target Price		12.51

Energa buy (no change)

Kamil Kliszcz

+48 22 438 24 02

kamil.kliszcz@mbank.pl

Apart from Enea, Energa performed the worst in April despite no obvious catalysts (the increase of CO₂ prices favors the concern due to its low emission intensity, the concern is also a beneficiary of higher prices of green certificates). Probably the main reason was a relatively higher valuation based on the EV/EBITDA ratio (~ 4.0x for 2019-21 vs. the peers average ~ 3.1x). Theoretically, it is justified by the business profile (RES + distribution + regulated generation), but with the current sentiment to the sector, this is not a good argument. Uncertainty regarding the 'Ostrołęka C' project, which instead of financing specifics, still provides some bridging solutions also doesn't help. The price policy conducted by Energa is also a potential source of risk, as according to market information, the Company began to overzealously lower prices for commercial customers despite the lack of regulation on compensation (the other players charged customers at higher prices), but it looks like the company will discontinue this practice. As a result, our forecasts of turnover profits growth remain unchanged and we believe that the company will close this year with 5% increase in adjusted EBITDA (+15% on reported results). A potential source of positive surprise may be the level of utilization of blocks in Ostrołęka in subsequent quarters and the price of green certificates higher than assumed in the model (PLN 86 vs. current quotations above PLN 130/MWh). We maintain a buy rating.

Current Price

7.22 PLN

Upside

9M Target Price

12.21 PLN

+69.2%

	rating	target price	issued
unchanged	buy	12.21 PLN	2019-04-02

Key Metrics			ENG PW	vs. WIG
Ticker	ENG PW	1M Price Chng	-11.9%	-6.3%
ISIN	PLENERG00022	YTD Price Chng	-19.0%	-18.7%
Outst. Stock (m)	414.1	ADTV 1M		PLN 3.1m
MC (PLN m)	2,987.5	ADTV 6M		PLN 6.0m
EV (PLN m)	8,090.9	EV/EBITDA 12M fwd	3.7	-22.3%
Free Float	48.5%	EV/EBITDA 5Y avg	4.7	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	10,534	10,337	12,177	12,877	12,582
EBITDA	2,160	1,877	2,150	2,205	2,242
EBITDA margin	20.5%	18.2%	17.7%	17.1%	17.8%
EBIT	1,210	1,176	1,147	1,149	1,200
Net income	773	739	721	672	682
P/E	3.9	4.0	4.1	4.4	4.4
P/B	0.3	0.3	0.3	0.3	0.2
EV/EBITDA	3.3	4.0	3.8	4.0	4.2
DPS	0.19	0.00	0.00	0.00	0.00
DYield	2.6%	0.0%	0.0%	0.0%	0.0%
Projection Update (% change)			2019P	2020P	2021P
EBITDA			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
Price of electricity (PLN/MWh)			0.0%	0.0%	0.0%
Price of coal (PLN/t)			0.0%	0.0%	0.0%
Price of CO2 allowance (EUR/t)			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
EBITDA (adj.)	2,091	2,039	2,150	2,205	2,242
EBITDA	2,160	1,877	2,150	2,205	2,242
Conv. Gener./CHP	229	137	192	127	174
Renewables	169	191	252	269	235
Distribution	1,723	1,704	1,678	1,758	1,760
Trade	85	-85	100	124	147
Other	-46	-70	-71	-73	-74
Financing activity	-208	-223	-221	-285	-323
Power output, TWh	4.3	3.9	3.8	3.8	3.8
Renewables	0.7	0.5	0.6	0.6	0.6
Trade volume, TWh	20.6	19.8	20.1	20.4	20.7
YoY pct. change	5.0%	-4.1%	1.5%	1.5%	1.5%
Trade mrgn (PLN/MWh)	3.1	3.9	5.0	6.1	7.1
RAV (PLN bn)	11.7	12.2	12.7	13.1	13.5
RAV return (EBIT)	8.2%	7.7%	6.9%	6.9%	6.8%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Power (PLN/MWh)	239.3	258.1	240.6	239.6	223.1	223.1	223.1	223.1	223.1	223.1	223.1
Coal (PLN/t)	260.0	260.0	260.7	260.7	260.7	260.7	260.7	260.7	260.7	260.7	260.7
CO2 (EUR/t)	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Revenue	12,177	12,877	12,582	12,758	12,483	12,569	12,653	12,739	12,827	12,911	12,911
EBITDA	2,150	2,205	2,242	2,287	2,393	2,562	2,601	2,608	2,650	2,687	2,687
EBITDA margin	17.7%	17.1%	17.8%	17.9%	19.2%	20.4%	20.6%	20.5%	20.7%	20.8%	20.8%
EBIT	1,147	1,149	1,200	1,220	1,319	1,436	1,458	1,442	1,459	1,508	1,175
Tax	218	218	228	232	251	273	277	274	277	286	223
CAPEX	-2,009	-2,367	-2,340	-2,155	-1,709	-1,529	-1,527	-1,521	-1,512	-1,476	-1,512
Working capital	-267	-101	43	-26	40	-12	-12	-13	-13	-12	-12
FCF	-343	-482	-283	-125	474	747	786	800	848	912	940
PV FCF	-325	-426	-234	-96	341	501	491	465	458	458	
WACC	7.3%	7.2%	7.2%	7.1%	7.1%	7.3%	7.4%	7.5%	7.6%	7.7%	8.2%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	2,182	1,859	1,681	1,915	2,092
OCF/EBITDA	101%	99%	78%	87%	93%
CAPEX	1,280	1,638	2,009	2,367	2,340
Working capital	1,403	1,499	1,766	1,867	1,825
Equity	9,409	10,295	10,966	11,588	12,220
Net debt	4,064	4,441	5,040	5,828	6,449
Net debt/EBITDA (x)	1.9	2.4	2.3	2.6	2.9

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	3.2	2.7	2.4	3.2	3.0	0.9
Maximum	24.8	22.5	19.7	12.2	9.9	9.7
Median	15.3	13.0	11.0	7.6	6.8	6.1
Weight	17%	17%	17%	17%	17%	17%

DCF Summary

(PLN m)	
Beta	1.1
FCF perp. growth rate	2.0%
PV FCF	9,241
Net debt	4,441
Other adjustments	-61
Value per share (PLN)	11.44

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	0%	22.01
Relative (DYield)	0%	0.00
DCF	100%	11.44
Cost of equity (9M)		6.7%
9M Target Price		12.21

PGE buy (reiterated)

Kamil Kliszcz

+48 22 438 24 02

kamil.kliszcz@mbank.pl

The PGE valuation has returned to its minima, the final catalyst were disappointing Q1 preliminary results. Theoretically, after being adjusted of provisions for frozen energy prices compensations (probably a reversal of Q4 accounting decisions), EBITDA would be in line with the consensus, but the market reacted quite nervously anyway. Our expectations of Q1 were a bit higher and therefore we have to lower the annual estimates by about PLN 0.2 billion, as it will be hard to make up for volume losses on production in subsequent periods. At the same time, we assume that the reserves will be reversed. The Company should return to positive EBITDA dynamics y/y in the following quarters, especially that the reference base will be much less demanding (the effect of change in CO2 cost accounting-from FIFO to the average, losses on trading in generation, higher costs of green certificates, less seasonal impact of yellow certificates loss). In addition, we pay attention to the positive surprise in distribution in Q1 2019 vs. the pessimistic expectations of the company from the beginning of the year (the new tariff will be in force in Q2). We hope that the weaker CF in operations in Q1 is a temporary occurrence (the effect of financing frozen prices for households & standard seasonality). We also include 10.9 million tonnes of free allowances granted to PGE in April in our model, as well as a change of IFRS16 increasing net debt by PLN 0.9 billion. As a result, we are slightly lowering the target price to PLN 13.38 from PLN 13.66, maintaining a buy rating. A positive catalyst for the share price, though ignored for now, may also be visible rebuilding of CDS spreads on the Polish Power Exchange (pl. TGE).

Current Price

8.61 PLN

Upside

9M Target Price

13.38 PLN

+55.4%

	rating	target price	issued
new	buy	13.38 PLN	2019-05-09
old	buy	13.66 PLN	2019-04-02
Key Metrics			
	PGE PW	1M Price Chng	-10.7% -5.1%
Ticker	PLPGER000010	YTD Price Chng	-13.9% -13.6%
ISIN	1,869.8	ADTV 1M	PLN 22.3m
Outst. Stock (m)	16,098.8	ADTV 6M	PLN 26.7m
MC (PLN m)	27,594.0	EV/EBITDA 12M fwd	3.6 -24.1%
EV (PLN m)	42.6%	EV/EBITDA 5Y avg	4.8 discount
Free Float			

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	23,100	25,946	39,006	42,882	41,716
EBITDA	7,650	6,364	7,309	9,026	9,624
EBITDA margin	33.1%	24.5%	18.7%	21.0%	23.1%
EBIT	3,552	2,471	3,226	4,806	5,330
Net income	2,600	1,498	2,348	3,612	4,065
P/E	6.2	10.7	6.9	4.5	4.0
P/B	0.4	0.3	0.3	0.3	0.3
EV/EBITDA	3.2	4.2	3.8	2.9	2.5
DPS	0.00	0.00	0.00	0.31	0.48
DYield	0.0%	0.0%	0.0%	3.6%	5.6%
Projection Update (% change)			2019P	2020P	2020P
EBITDA			-2.1%	+11.6%	0.0%
Net income			-5.4%	+26.4%	+0.1%
Price of electricity (PLN/MWh)			0.0%	0.0%	0.0%
Price of coal (PLN/t)			0.0%	0.0%	0.0%
Price of CO2 allowance (EUR/t)			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
EBITDA (adj.)	6,481	6,701	7,309	9,026	9,624
EBITDA	7,650	6,364	7,309	9,026	9,624
Generation	4,099	2,938	3,875	5,400	5,890
Renewables	364	463	492	510	538
Distribution	2,333	2,463	2,443	2,524	2,602
Trade	811	263	505	598	599
Other	43	237	-6	-6	-6
Financing activity	-330	-279	-311	-331	-296
Power output, TWh	56.8	65.9	65.2	76.5	79.1
Renewables	2.4	2.0	2.2	2.2	2.4
Trade volume, TWh	40.0	40.4	41.0	41.6	42.2
YoY pct. change	-6.8%	0.9%	1.5%	1.5%	1.5%
Trade mrgn (PLN/MWh)	20.3	6.5	12.3	14.4	14.2
RAV (PLN bn)	15.6	16.3	16.7	17.2	17.7
RAV return (EBIT)	7.5%	7.9%	7.5%	7.7%	7.8%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	7,934	5,102	6,974	7,672	8,819
OCF/EBITDA	104%	80%	95%	85%	92%
CAPEX	6,071	6,393	6,704	5,679	4,551
Working capital	3,762	5,290	5,071	5,575	5,423
Equity	45,128	46,727	49,004	51,958	55,049
Net debt	7,487	9,421	10,408	9,404	6,406
Net debt/EBITDA (x)	1.0	1.5	1.4	1.0	0.7

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	2.7	2.3	2.0	3.0	2.8	2.6
Maximum	25.5	23.4	20.6	11.9	10.3	10.0
Median	14.7	12.7	11.8	7.5	6.7	6.3
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Power (PLN/MWh)	239.3	258.1	240.6	239.6	223.1	223.1	223.1	223.1	223.1	223.1	223.1
Coal (PLN/t)	260.0	260.0	260.7	260.7	260.7	260.7	260.7	260.7	260.7	260.7	260.7
CO2 (EUR/t)	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Revenue	39,006	42,882	41,716	41,942	40,219	40,406	40,609	40,811	41,026	41,440	41,440
EBITDA	7,309	9,026	9,624	9,276	7,952	7,792	7,775	7,721	7,842	7,973	7,973
EBITDA margin	18.7%	21.0%	23.1%	22.1%	19.8%	19.3%	19.1%	18.9%	19.1%	19.2%	19.2%
EBIT	3,226	4,806	5,330	4,789	3,457	3,104	2,880	2,603	2,487	2,368	3,132
Tax	613	913	1,013	910	657	590	547	495	472	450	595
CAPEX	-6,704	-5,679	-4,551	-4,506	-4,442	-4,535	-4,633	-4,736	-4,842	-4,950	-4,842
Working capital	219	-504	152	-29	224	-24	-26	-26	-28	-54	-54
FCF	211	1,930	4,212	3,831	3,077	2,643	2,568	2,465	2,500	2,519	2,483
PV FCF	200	1,696	3,413	2,862	2,120	1,678	1,504	1,330	1,244	1,156	
WACC	8.0%	8.1%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.1
FCF perp. growth rate	2.0%
PV FCF	34,824
Net debt	10,296
Other adjustments	-1,074
Value per share (PLN)	12.54

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	0%	24.71
Relative (DYield)	0%	6.24
DCF	100%	12.54
Cost of equity (9M)		6.7%
9M Target Price		13.38

Tauron buy (no change)

Kamil Kliszcz

+48 22 438 24 02

kamil.kliszcz@mbank.pl

Tauron's shares have lost more than 20% this year, and the Company surprised with the Q1 results validating our PLN 3.5bn EBITDA annual estimate (34% during the first 3 months & after adjusting for one-off events at PLN 85 million), which clearly diverge from the market consensus. This was achieved despite the poor results in mines, which should raise the extraction volumes. We note that the high earnings in distribution (especially following concerns caused by PGE forecasts) and the improvement in production margins (EBITDA of PLN 327 million vs. PLN 230 million y/y). Obviously the final resolution of the compensations topic will be very important for the Company, both due to the large share of turnover in EBITDA & high debt level. With the neutral impact of freezing electricity prices, Tauron should be able to maintain covenants at 3.5 DN/EBITDA (2.7x at the end of March), even with the negative impact of IFRS16 (estimated -0.1 DN/EBITDA). In the following years, the situation will be much more convenient due to the block in Jaworzno & implementation of the power market. In our scenario, the average FCF in 2020-21 may reach PLN ~0.9 billion, so the balance sheet will regain the dividend capacity already in 2020 (with the current capitalization to provide Dyield at the level of 5%, only PLN 0.2 billion is needed, raising DN/EBITDA by just 0.05).

Current Price

1.68 PLN

Upside

9M Target Price

2.89 PLN

+72.5%

	rating	target price	issued
unchanged	buy	2.89 PLN	2019-04-02

Key Metrics			TPE PW	vs. WIG
Ticker	TPE PW	1M Price Chng	-10.5%	-4.9%
ISIN	PLTAURN00011	YTD Price Chng	-23.5%	-23.2%
Outst. Stock (m)	1,752.5	ADTV 1M		PLN 9.1m
MC (PLN m)	2,935.5	ADTV 6M		PLN 11.1m
EV (PLN m)	13,706.9	EV/EBITDA 12M fwd	4.0	-16.1%
Free Float	59.6%	EV/EBITDA 5Y avg	4.7	discount

Earnings Projections

(PLN m)	2017	2018P	2019P	2020P	2021P
Revenue	17,416	18,122	22,825	24,858	24,336
EBITDA	3,545	3,359	3,550	3,999	4,291
EBITDA margin	20.4%	18.5%	15.6%	16.1%	17.6%
EBIT	1,806	775	1,753	2,041	2,272
Net income	1,381	194	1,128	1,330	1,508
P/E	2.1	15.1	2.6	2.2	1.9
P/B	0.2	0.2	0.2	0.1	0.1
EV/EBITDA	3.4	3.9	3.9	3.4	2.9
DPS	0.00	0.00	0.00	0.00	0.00
DYield	0.0%	0.0%	0.0%	0.0%	0.0%
Projection Update (% change)			2019P	2020P	2021P
EBITDA			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
Price of electricity (PLN/MWh)			0.0%	0.0%	0.0%
Price of coal (PLN/t)			0.0%	0.0%	0.0%
Price of CO2 allowance (EUR/t)			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
EBITDA (adj.)	3,508	3,343	3,550	3,999	4,291
EBITDA	3,545	3,359	3,550	3,999	4,291
Generation	464	715	658	977	1,131
Mining	-83	-207	-102	-34	42
Distribution	2,283	2,517	2,529	2,607	2,693
Trade	841	321	473	462	433
Other	40	14	-8	-14	-9
Financing activity	-49	-286	-319	-350	-355
Power output, TWh	18.4	16.2	15.6	18.7	18.7
Renewables	1.3	1.1	1.2	1.3	1.3
Trade volume, TWh	34.9	34.5	35.0	35.6	36.1
YoY pct. change	9.1%	-1.2%	1.5%	1.5%	1.5%
Trade mrgn (PLN/MWh)	18.3	16.2	13.5	13.0	12.0
RAV (PLN bn)	16.3	16.9	17.6	17.9	18.3
RAV return (EBIT)	7.4%	8.4%	7.8%	8.0%	8.0%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	3,559	2,057	3,436	3,582	3,897
OCF/EBITDA	100%	62%	97%	90%	91%
CAPEX	3,562	3,576	3,677	3,116	2,542
Working capital	489	816	639	696	681
Equity	18,036	18,296	19,359	20,689	22,197
Net debt	8,944	10,140	10,742	10,626	9,626
Net debt/EBITDA (x)	2.5	3.0	3.0	2.7	2.2

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	3.2	2.9	0.0	3.2	3.0	0.0
Maximum	24.8	22.5	19.7	12.2	9.9	9.7
Median	15.3	13.0	11.0	7.6	6.8	6.1
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Power (PLN/MWh)	239.3	258.1	240.6	239.6	223.1	223.1	223.1	223.1	223.1	223.1	223.1
Coal (PLN/t)	260.0	260.0	260.7	260.7	260.7	260.7	260.7	260.7	260.7	260.7	260.7
CO2 (EUR/t)	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Revenue	22,825	24,858	24,336	24,672	24,105	24,392	24,691	24,998	25,311	25,575	25,575
EBITDA	3,550	3,999	4,291	4,459	4,201	4,269	4,359	4,356	4,461	4,494	4,494
EBITDA margin	15.6%	16.1%	17.6%	18.1%	17.4%	17.5%	17.7%	17.4%	17.6%	17.6%	17.6%
EBIT	1,753	2,041	2,272	2,443	2,126	2,128	2,142	2,054	2,065	2,141	1,489
Tax	333	388	432	464	404	404	407	390	392	407	283
CAPEX	-3,677	-3,116	-2,542	-2,654	-2,723	-2,793	-2,864	-2,935	-3,005	-3,075	-3,005
Working capital	192	-57	15	-9	16	-8	-8	-9	-9	-7	-7
FCF	-268	438	1,332	1,331	1,090	1,064	1,080	1,023	1,054	1,005	1,199
PV FCF	-256	395	1,125	1,050	801	727	684	599	571	502	
WACC	6.0%	6.2%	6.7%	7.1%	7.4%	7.6%	7.8%	8.0%	8.2%	8.4%	8.5%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.1
FCF perp. growth rate	2.0%
PV FCF	15,451
Net debt	10,182
Other adjustments	-524
Value per share (PLN)	2.71

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	0%	9.24
Relative (DYield)	0%	0.00
DCF	100%	2.71
Cost of equity (9M)		6.7%
9M Target Price		2.89

TMT

Netia

hold (no change)

Paweł Szpigel

+48 22 438 24 06

pawel.szpigel@mbank.pl

Netia improved its earnings performance in 2018, with EBITDA for the year inching just 6.4% lower versus the year-ago period, and relatively strong operating cash flow at PLN 380.4m vs. PLN 347.9m generated in 2017. On the downside, Netia has allocated its total cash flow to network upgrades aimed at reaching 2.6 million households with high-speed services by 2020, with no dividend payments during the two-year period after a freeze on shareholder distributions approved by the controlling shareholder, Cyfrowy Polsat. In fact, we believe Netia might feel compelled to accelerate the infrastructure upgrades to keep up with the competition (including Orange Polska, with its plans to bring fiber to 5 million households by 2020, and T-Mobile which is preparing to launch a convergent fixed + mobile service in Q2 2019), which would entail higher debt and an increase in the net debt/EBITDA ratio from 0.53x as of December 2018. With this in mind, we do not find Netia a compelling bet, especially compared to Orange Polska. An upside catalyst will be provided if Cyfrowy decides to make a tender offer to increase its stake in Netia, although the likelihood that this will happen soon has decreased since Cyfrowy declared a dividend for 2019.

Current Price

4.85 PLN

Downside

9M Target Price

4.70 PLN

-3.1%

	rating	target price	issued
unchanged	hold	4.70 PLN	2018-11-26

Key Metrics			NET PW	vs. WIG
Ticker	NET PW	1M Price Chng	-3.8%	+1.8%
ISIN	PLNETIA00014	YTD Price Chng	-3.0%	-2.7%
Outst. Stock (m)	337.0	ADTV 1M		PLN 0.1m
MC (PLN m)	1,634.7	ADTV 6M		PLN 0.2m
EV (PLN m)	1,912.2	EV/EBITDA 12M fwd	5.4	+9.2%
Free Float	33.0%	EV/EBITDA 5Y avg	4.9	premium

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	1,442	1,373	1,348	1,348	1,372
EBITDA	383	356	345	356	371
EBITDA margin	26.6%	25.9%	25.6%	26.4%	27.0%
EBIT	72	76	74	90	106
Net income	35	65	50	61	71
P/E	46.0	25.2	32.6	27.0	23.0
P/B	0.9	0.9	0.9	0.8	0.9
EV/EBITDA	5.0	5.1	5.5	5.6	5.4
DPS	0.20	0.00	0.00	0.00	0.40
DYield	4.1%	0.0%	0.0%	0.0%	8.2%
Projection Update (% change)			2019P	2020P	2021P
Revenue			0.0%	0.0%	0.0%
EBITDA			0.0%	0.0%	0.0%
EBIT			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
CAPEX			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Voice subs (1,000)	1,014	938	880	844	825
On-Netw. Voice ARPU (PLN)	26.5	25.2	24.7	24.5	24.7
WLR+LLU Voice ARPU (PLN)	39.0	38.5	38.1	38.1	38.1
Broadband subs (1,000)	640	605	592	615	642
Broadband ARPU (PLN)	56.2	55.0	55.8	57.0	58.1
Revenue	1,442	1,373	1,348	1,348	1,372
Direct Voice	405	351	317	295	284
Data	616	581	573	586	614
Interop & Wholesale	234	237	244	249	253
Other	188	205	213	217	222
Selling expenses	275	268	270	274	278
G&A expenses	148	128	129	130	133
EBIT	72	76	74	90	106
margin	5.0%	6.2%	5.5%	6.7%	7.7%
Net income	35.5	64.8	50.2	60.5	71.1

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	346	366	342	341	354
OCF/EBITDA	90%	100%	99%	96%	95%
CAPEX	-268	-278	-390	-390	-221
Assets	2,401	2,468	2,517	2,657	2,591
Equity	1,778	1,869	1,919	1,980	1,911
Net debt	285	217	278	342	366
Net debt/EBITDA (x)	0.7	0.6	0.8	1.0	1.0

Relative Valuation Summary

	P/E			EV/EBITDA		
	18	19P	20P	18	19P	20P
Minimum	36.7	98.2	29.9	11.8	9.5	9.4
Maximum	5.6	5.3	4.4	4.0	3.6	3.3
Median	13.9	12.7	12.1	5.1	5.1	4.8
Weight	25%	45%	30%	25%	45%	30%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Revenue	1,348	1,348	1,372	1,400	1,429	1,459	1,489	1,521	1,555	1,555	1,555
EBITDA	345	356	371	378	385	392	400	408	417	417	417
EBITDA margin	25.6%	26.4%	27.0%	27.0%	26.9%	26.9%	26.9%	26.8%	26.8%	26.8%	26.8%
D&A	271	266	265	265	265	262	252	242	225	225	225
EBIT	74	90	106	113	120	130	148	166	192	192	192
Tax	14	17	20	21	23	25	28	32	37	37	37
NOPLAT	60	73	86	91	97	105	120	135	156	156	156
CAPEX	-390	-390	-221	-211	-207	-211	-216	-220	-225	-225	-225
Working capital	8	-1	0	0	0	-1	-2	-2	-3	-3	-3
FCF	-51	-52	130	145	155	156	154	154	153	153	153
PV FCF	-47	-45	103	107	107	100	92	86	79	79	
WACC	7.8%	7.6%	7.6%	7.5%	7.5%	7.4%	7.3%	7.3%	7.2%	7.2%	7.2%
Net debt / EV	15.0%	17.9%	18.9%	19.3%	20.7%	21.9%	23.3%	24.5%	25.8%	25.8%	25.8%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	0.0%
PV FCF	1,688
Net debt	225
Other adjustments	0
Value per share (PLN)	4.34

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	4.49
DCF	50%	4.34
Implied Price		4.42
Cost of equity (9M)		6.4%
9M Target Price		4.70

Orange Polska buy (no change)

Pawel Szpigel

+48 22 438 24 06

pawel.szpigel@mbank.pl

Orange Polska has reported good results for Q1 2019 in line with market consensus and our expectations. The EBITDAaL result adjusted for profits from the sale of real estate is stable y/y. This could have disappointed the expectations of investors counting on the increase in results. On the other hand, the company maintained its targets for 2019 (EBITDA increase) and emphasized the high potential for further cost cuts. Orange reduced indirect costs by 10% in the two years through 2018, which means it is ahead of the plan which assumes 12-15% reductions by 2020. Further, the Telecom continues to expand its convergent subscriber base (+186k in 2018), and it has stabilized the prices of these services and the sales over FTTx (151k in Q2 2018-Q1 2019). Looking at these achievements, we are convinced Orange can successfully bring to bear its restructuring plan and go back to delivering EBITDA growth from 2019. The FTTx upgrades are set to be finished in 2020, which means Orange can be expected to resume dividend payments in 2021. Even with such bullish prospects, OPL stock is the cheapest in the sector at the current level, trading at 4.3x 2019 EV/EBITDA. We maintain a positive approach.

Current Price

4.70 PLN

Upside

9M Target Price

6.40 PLN

+36.2%

	rating	target price	issued
unchanged	buy	6.40 PLN	2018-11-26

Key Metrics			OPL PW	vs. WIG
Ticker	OPL PW	1M Price Chng	-9.4%	-3.8%
ISIN	PLTLKPL00017	YTD Price Chng	-1.9%	-1.6%
Outst. Stock (m)	1,312.0	ADTV 1M		PLN 5.4m
MC (PLN m)	6,166.4	ADTV 6M		PLN 8.8m
EV (PLN m)	12,439.6	EV/EBITDA 12M fwd	4.3	-6.9%
Free Float	49.3%	EV/EBITDA 5Y avg	4.6	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	11,381	11,101	11,096	11,214	11,308
EBITDA adj.	3,011	2,881	2,891	3,062	3,126
EBITDA margin	26.5%	26.0%	26.1%	27.3%	27.6%
EBIT	229	345	423	632	723
Net income	-75	10	105	286	384
P/E	-	616.6	59.0	21.6	16.1
P/B	0.6	0.6	0.6	0.6	0.6
EV/EBITDA	4.5	4.5	4.3	4.0	3.7
DPS	0.00	0.00	0.00	0.00	0.25
DYield	0.0%	0.0%	0.0%	0.0%	5.3%
Projection Update (% change)			2019P	2020P	2021P
Revenue			0.0%	0.0%	0.0%
EBITDA			0.0%	0.0%	0.0%
EBIT			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
CAPEX			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Broadband lines (1,000)	2,438	2,560	2,860	3,167	3,395
Voice lines (1,000)	3,684	3,407	3,014	2,602	2,396
Revenue	11,381	11,101	11,096	11,214	11,308
Mobile	6,141	2,461	2,302	2,175	2,096
Fixed Line	4,571	1,084	925	783	671
Other	669	7,556	7,869	8,256	8,541
Costs	8,655	8,379	8,300	8,226	8,241
Payroll	1,690	1,574	1,436	1,381	1,355
Services	6,416	6,400	6,508	6,500	6,545
Other rev & exp	341	219	176	170	172
Severance benefits	208	186	180	175	170
Asset sales	81	192	95	75	60
EBITDA	2,807	2,838	2,891	3,062	3,126
margin	24.7%	25.6%	26.1%	27.3%	27.6%
Net income	-60	10	105	286	384

DCF Analysis*

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Revenue	11,096	11,214	11,308	11,408	11,517	11,599	11,666	11,708	11,720	11,720	11,720
EBITDA	2,891	3,062	3,126	3,185	3,244	3,279	3,312	3,333	3,337	3,337	3,337
EBITDA margin	26.1%	27.3%	27.6%	27.9%	28.2%	28.3%	28.4%	28.5%	28.5%	28.5%	28.5%
D&A	2,468	2,431	2,403	2,384	2,374	2,373	2,381	1,860	1,882	1,882	1,882
EBIT	423	632	723	801	869	906	931	1,473	1,455	1,455	1,455
Tax	80	120	137	152	165	172	177	280	276	276	276
NOPLAT	343	512	586	648	704	734	754	1,193	1,179	1,179	1,179
CAPEX	-1,933	-1,850	-1,683	-3,189	-1,759	-1,786	-1,824	-1,860	-1,882	-1,882	-1,882
Working capital	-156	-213	-153	-116	-115	-89	-91	-96	-101	-101	-101
FCF	721	879	1,153	-272	1,205	1,232	1,220	1,097	1,078	1,078	1,078
PV FCF	668	766	944	-209	872	837	777	655	603	603	
WACC	6.2%	6.3%	6.4%	6.3%	6.4%	6.6%	6.7%	6.7%	6.7%	6.7%	6.7%
Net debt / EV	49.3%	48.0%	45.2%	48.9%	46.0%	42.5%	40.4%	40.7%	41.1%	41.1%	41.1%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	2,064	1,670	2,672	2,858	2,574
OCF/EBITDA	74%	59%	83%	84%	82%
CAPEX	-1,643	-2,282	-2,166	-2,052	-1,743
Assets	22,933	23,295	22,667	23,062	22,467
Equity	9,936	10,503	10,838	11,301	10,529
Net debt	6,436	6,850	6,169	5,530	5,323
Net debt/EBITDA (x)	2.3	2.4	1.9	1.6	1.7

Relative Valuation Summary

	EV / EBITDA			DYield - RFR		
	18	19P	20P	18	19P	20P
Minimum	11.8	9.5	9.4	9.7%	7.1%	8.1%
Maximum	4.0	3.6	3.3	-16.9%	-10.1%	-8.2%
Median	5.1	5.1	4.8	2.6%	3.0%	3.4%
Weight	33%	33%	33%	0%	0%	100%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	0.0%
PV FCF	14,987
Net debt	6,436
Other adjustments	2
Value per share (PLN)	6.52

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	5.50
DCF Val.	50%	6.52
Implied Price		6.01
Cost of equity (9M)		6.6%
9M Target Price		6.40

Play accumulate (reiterated)

Pawel Szpigel

+48 22 438 24 06

pawel.szpigel@mbank.pl

Since the release of our report of October 2018, Play's valuation has increased by >50%. In the meantime, Play reported a fall in adjusted EBITDA for H2 2018, which triggered investor's concerns about the Company's results in 2019. We believe Play will return to higher earnings from Q1 2019 - we assume +6.1% y/y on the adjusted EBITDA line. In our opinion, the decline in domestic roaming costs and the improvement of smartphone sales will be noticeable. Play is currently listed on EV/EBITDA'19/'20=5.5x/5.4x & P/E'19/'20=7.6x/7.3x. The level of the market valuation is attractive considering the high generated cash flow (PLN 716m in 2019 implies above-average FCFE Yield=12%). Play remains the Company with the highest dividend level in the Polish telecom sector: DivYield'19=5.3% vs. 0.0% OPL and CPS=3.6%. The sentiment towards the Company in the short term may be improved by purchases of insiders in the recent weeks. We are adjusting our target price by the dividend set in May in the amount of PLN 1.45, ie to the level of PLN 25.25. We maintain a positive approach to the Company.

Current Price

24.42 PLN

Upside

9M Target Price

25.25 PLN

+3.4%

	rating	target price	issued
new	accumulate	25.25 PLN	2019-05-09
old	accumulate	26.70 PLN	2019-04-12
Key Metrics			
	PLY PW	1M Price Chng	+10.9% +16.5%
Ticker	LU1642887738	YTD Price Chng	+26.2% +26.5%
ISIN	253.7	ADTV 1M	PLN 11.5m
Outst. Stock (m)	6,195.4	ADTV 6M	PLN 15.2m
MC (PLN m)	12,445.1	EV/EBITDA 12M fwd	5.6 -4.3%
EV (PLN m)	49.4%	EV/EBITDA 5Y avg	5.8 discount
Free Float			

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	6,670	6,839	6,992	7,113	7,260
EBITDA	1,904	2,160	2,232	2,282	2,341
EBITDA margin	28.5%	31.6%	31.9%	32.1%	32.2%
EBIT	1,107	1,371	1,421	1,453	1,448
Net income	387	744	801	840	850
P/E	16.0	8.3	7.7	7.4	7.3
P/B	-	-	26.6	8.3	4.8
EV/EBITDA	6.8	5.9	5.6	5.6	5.3
DPS	0.00	2.57	1.45	1.27	1.27
DYield	0.0%	10.5%	5.9%	5.2%	5.2%
Projection Update (% change)					
Revenue			0.0%	0.0%	0.0%
EBITDA			0.0%	0.0%	0.0%
EBIT			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
CAPEX			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Active subscribers (000s)	12,394	12,653	12,775	13,034	13,209
ARPU (PLN)	32.0	32.3	32.3	32.9	33.0
Revenue	6,670	6,839	6,992	7,113	7,260
Service revenue	4,878	5,083	5,187	5,272	5,373
Sales of goods and other	1,792	1,756	1,805	1,840	1,888
Costs	4,766	4,679	4,760	4,831	4,920
Interconnection	1,729	1,922	1,830	1,811	1,804
Contract costs	429	421	453	465	473
Cost of goods sold	1,410	1,442	1,534	1,566	1,609
Employee benefits	526	255	283	292	301
External services	606	515	575	613	649
Other	65	124	85	83	83
EBITDA (adj.)	2,298	2,159	2,262	2,312	2,371
margin	34.4%	31.6%	32.4%	32.5%	32.7%
Net income	387	744	801	840	850

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	1,389	2,037	2,004	2,017	2,069
OCF/EBITDA adj.	60%	94%	89%	87%	87%
CAPEX	-650	-781	-838	-1,416	-815
Assets	8,831	8,521	8,647	9,386	9,543
Equity	-213	-201	233	751	1,279
Net debt	6,710	6,653	6,250	6,502	6,093
Net debt/EBITDA (x)	2.9	3.1	2.8	2.8	2.6

Relative Valuation Summary

Relative Valuation Summary						
	P/E			DYield - RFR		
	18	19P	20P	18	19P	20P
Minimum	28.9	21.4	17.9	505.6%	480.5%	457.8%
Maximum	113.0	27.7	23.7	1218.8%	1156.5%	1097.6%
Median	14.0	12.8	11.6	528.8%	507.6%	494.7%
Weight	33%	33%	33%	0%	0%	0%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Revenue	6,992	7,113	7,260	7,369	7,452	7,520	7,579	7,640	7,694	7,743	7,743
EBITDA	2,232	2,282	2,341	2,377	2,427	2,438	2,444	2,455	2,466	2,472	2,472
EBITDA margin	32.6%	32.6%	32.9%	32.7%	32.9%	32.7%	32.5%	32.4%	32.3%	32.1%	32.1%
D&A	810	829	892	916	979	1,004	1,014	1,007	998	987	987
EBIT	1,421	1,453	1,448	1,461	1,448	1,434	1,430	1,449	1,468	1,484	1,484
Tax	270	276	275	278	275	272	272	275	279	282	282
NOPLAT	1,151	1,177	1,173	1,183	1,173	1,162	1,158	1,173	1,189	1,202	1,202
CAPEX	-838	-1,416	-815	-1,700	-1,174	-1,007	-720	-726	-731	-736	-736
Work. cap. + other	-223	-238	-253	-262	-256	-253	-252	-254	-252	-251	-251
FCF	901	352	997	137	722	905	1,200	1,200	1,204	1,203	1,203
PV FCF	860	314	829	106	523	612	757	704	656	609	
WACC	7.2%	7.1%	7.2%	7.1%	7.1%	7.2%	7.3%	7.4%	7.6%	7.8%	0.0%
Net debt / EV	50.6%	51.6%	49.9%	52.3%	52.0%	50.9%	48.5%	45.9%	42.8%	39.5%	0.0%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	0.0%

DCF Summary

(PLN m)	
Beta	1.3
FCF perp. growth rate	0.0%
PV FCF	13,978
Net debt	6,653
Other adjustments	0
Value per share (PLN)	28.88

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	20.74
DCF Val.	50%	28.88
Implied Price		24.85
Cost of equity (9M)		7.5%
9M Target Price*		25.25

Agora buy (no change)

Pawel Szpigel

+48 22 438 24 06

pawel.szpigel@mbank.pl

Agora's stock price increased by 4.2% last month and was 9.7% better vs. the broad index. With the approaching Q1 data publication, we expect very good figures in the Film and Book segment and the weak quarter in advertising businesses. The adjusted EBITDA will amount to approx. PLN 21.6 million, which means a 10% drop vs. PLN 23.9 million adjusted result in Q1 2018. In spite of this, we maintain a positive approach to Agora, and we would use the possible adjustment to accumulate the Company's assets. Cinema business and its good condition is a key factor in Agora's assessment, which can be observed for several months, it should be a key argument for investing in the company's assets. In fact, Agora's cinema business alone according to our estimates is worth more than PLN 470m, i.e. not much less than the Company's total market capitalization at the moment. When it comes to the Press business, it is overdue for downsizing which we assume will reach 20% over the next few years as a measure to counteract falling newspaper readership and advertising revenues which would otherwise push the segment into loss-making territory as soon as this year. We positively assess the latest announcement of cost cutting in the Print segment.

Current Price

12.50 PLN

Upside

9M Target Price

16.00 PLN

+28.0%

	rating	target price	issued
unchanged	buy	16.00 PLN	2018-11-27

Key Metrics	AGO PW	1M Price Chng	AGO PW	vs. WIG
Ticker	AGO PW	1M Price Chng	+4.2%	+9.7%
ISIN	PLAGORA00067	YTD Price Chng	+25.0%	+25.3%
Outst. Stock (m)	46.6	ADTV 1M		PLN 0.3m
MC (PLN m)	582.3	ADTV 6M		PLN 0.3m
EV (PLN m)	590.5	EV/EBITDA 12M fwd	6.1	+13.0%
Free Float	76.9%	EV/EBITDA 5Y avg	5.4	premium

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	1,165	1,141	1,168	1,213	1,272
EBITDA	30	89	104	117	135
EBITDA margin	2.6%	7.8%	8.9%	9.7%	10.6%
EBIT	-73	1	24	39	58
Net income	-84	5	14	26	42
P/E	-	114.4	41.5	22.1	13.7
P/B	0.6	0.6	0.6	0.6	0.6
EV/EBITDA	20.2	6.5	5.7	5.2	4.6
DPS		0.50	0.50	0.50	0.50
DYield		4.0%	4.0%	4.0%	4.0%
Projection Update (% change)			2019P	2020P	2021P
Revenue			0.0%	0.0%	0.0%
EBITDA			0.0%	0.0%	0.0%
EBIT			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
CAPEX			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Daily circulaton (k copies)	124	104	93	87	84
Movie ticket sales (mn)	12.2	12.3	13.0	14.0	15.2
Avg. ticket price (PLN)	18.4	18.9	18.9	18.9	18.9
Conc. rev./patron (PLN)	6.8	7.1	7.2	7.4	7.5
Revenue	1,165	1,141	1,168	1,213	1,272
Press	236	214	203	200	202
Movies & Books	416	419	434	465	503
Outdoor	163	172	177	186	196
Internet	169	178	191	198	206
Radio	114	116	119	122	126
Print	102	72	70	67	65
Eliminations	-34	-29	-26	-26	-26
EBITDA	30	89	104	117	135
margin	2.6%	7.6%	8.9%	9.7%	10.6%
Net income	-83.5	5.1	14.0	26.4	42.5

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	77	69	91	101	117
OCF/EBITDA	258%	79%	87%	86%	87%
CAPEX	-70	-85	-77	-95	-96
Assets	1,406	1,382	1,389	1,410	1,444
Equity	996	962	953	956	975
Net debt	4	-24	-14	3	5
Net debt/EBITDA (x)	0.1	-0.3	-0.1	0.0	0.0

Relative Valuation Summary

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

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Revenue	1,168	1,213	1,272	1,329	1,368	1,389	1,411	1,433	1,457	1,486	1,515
EBITDA	104	117	135	151	161	163	165	166	166	169	173
EBITDA margin	8.9%	9.7%	10.6%	11.4%	11.8%	11.8%	11.7%	11.5%	11.4%	11.4%	11.4%
D&A	80	78	77	75	73	71	75	79	80	82	83
EBIT	24	39	58	77	88	92	90	87	86	88	89
Tax	4	7	11	15	17	18	17	16	16	17	17
NOPLAT	19	31	47	62	71	75	73	70	70	71	72
CAPEX	-77	-95	-96	-98	-68	-73	-76	-78	-80	-82	-83
Working capital	-8	-8	-7	-6	-4	-3	-2	-1	-1	-1	-1
FCF	15	7	22	33	72	71	70	70	69	70	71
PV FCF	14	6	17	24	47	43	39	36	33	33	
WACC	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Net debt / EV	0.0%	0.8%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
PV FCF	773
Net debt	10
Other adjustments	19
Value per share (PLN)	15.96

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	14.11
DCF Val.	50%	15.96
Implied Price		15.03
Cost of equity (9M)		6.4%
9M Target Price		16.00

Cyfrowy Polsat hold (no change)

Paweł Szpigel

+48 22 438 24 06

pawel.szpigel@mbank.pl

We maintain neutral approach towards the Company. Cyfrowy has delivered the Q4 2018 results in line with expectations and the Company is already paying dividends (PLN 0.93 per share annually in 2019-21). The implied dividend yield is 3.7%. Dividends aside, at 6.9x 2019E EV/EBITDA CPS is currently Poland's most expensive telecom stock considering the likely lack of earnings growth this year, and the fact that its FCFE Yield, though high, is not high enough compared to the yields offered by peers to justify a premium to rivals OPL and PLY. To our disappointment, instead of monopolizing the broadcast rights to UEFA Champions League, Cyfrowy opted for a slower monetization route by licensing content to its main rival, the digital TV platform nC+. The level of investment outlays in relation to revenues is expected to be higher y/y. In our view, the potential for further growth is currently limited, especially as some investors may be disappointed with the publication of Q1 2019 earnings (we expect EBITDA for IFRS15 excluding Netia to reach PLN 846m, 5.0% down y/y).

Current Price

26.00 PLN

Downside

9M Target Price

23.20 PLN

-10.8%

	rating	target price	issued
unchanged	hold	23.20 PLN	2018-11-26

Key Metrics			CPS PW	vs. WIG
Ticker	CPS PW	1M Price Chng	+2.0%	+7.5%
ISIN	PLCFRPT00013	YTD Price Chng	+15.2%	+15.5%
Outst. Stock (m)	639.5	ADTV 1M		PLN 6.6m
MC (PLN m)	16,628.1	ADTV 6M		PLN 11.3m
EV (PLN m)	26,282.0	EV/EBITDA 12M fwd	6.8	-2.1%
Free Float	33.5%	EV/EBITDA 5Y avg	7.0	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	9,829	10,764	11,458	11,623	11,796
EBITDA	3,617	3,671	3,810	3,912	3,978
EBITDA margin	36.8%	34.1%	33.3%	33.7%	33.7%
EBIT	1,834	1,693	1,825	2,018	2,188
Net income	981	985	1,111	1,337	1,486
P/E	17.0	16.9	15.0	12.4	11.2
P/B	1.4	1.2	1.2	1.1	1.0
EV/EBITDA	7.5	7.5	6.9	6.4	5.9
DPS	0.32	0.00	0.93	0.93	0.93
DYield	1.2%	0.0%	3.6%	3.6%	3.6%
Projection Update (% change)			2019P	2020P	2021P
Revenue			0.0%	0.0%	0.0%
EBITDA			0.0%	0.0%	0.0%
EBIT			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
CAPEX			0.0%	0.0%	0.0%

Financial Highlights*

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	9,829	9,955	10,110	10,275	10,424
Retail	6,068	5,921	6,002	6,087	6,160
Wholesale	2,539	2,882	2,932	2,988	3,038
Devices	1,055	971	999	1,019	1,040
Other	167	181	176	181	187
Costs	8,016	8,200	8,369	8,382	8,387
Content costs	1,154	1,317	1,456	1,490	1,535
Distrib. & marketing	894	903	891	906	919
D&A	1,783	1,777	1,714	1,629	1,526
Interop. billing	2,014	2,136	2,088	2,104	2,120
Payroll	553	611	646	668	692
Devices	1,324	1,143	1,169	1,173	1,178
Collections & charges	67	82	75	76	77
Other costs	227	232	331	336	341
Net income	981	853	1,078	1,297	1,439

Key Balance Sheet Figures**

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	3,126	2,913	3,008	3,131	3,178
OCF/EBITDA	86%	85%	87%	88%	88%
CAPEX	-739	-1,176	-1,030	-1,045	-1,110
Assets	27,756	27,833	27,175	26,638	27,184
Equity	12,074	13,038	13,913	14,932	16,037
Net debt	10,508	8,501	7,089	5,607	4,180
Net debt/EBITDA (x)	2.9	2.5	2.0	1.6	1.2

Relative Valuation Summary

	P/E			EV/EBITDA		
	18	19P	20P	18	19P	20P
Minimum	5.6	5.3	4.4	4.0	3.6	3.3
Maximum	36.7	139.9	30.5	15.7	14.6	13.2
Median	6.0	5.7	5.5	13.9	13.0	12.3
Weight	33%	33%	33%	0%	0%	0%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Revenue	11,458	11,623	11,796	11,965	12,130	12,291	12,452	12,616	12,787	12,787	12,787
EBITDA	3,810	3,912	3,978	4,017	4,048	4,073	4,095	4,117	4,139	4,139	4,139
EBITDA margin	33.3%	33.7%	33.7%	33.6%	33.4%	33.1%	32.9%	32.6%	32.4%	32.4%	32.4%
D&A	1,985	1,894	1,791	1,695	1,623	1,580	1,543	1,507	1,440	1,440	1,440
EBIT	1,825	2,018	2,188	2,322	2,425	2,493	2,552	2,610	2,699	2,699	2,699
Tax	347	383	416	441	461	474	485	496	513	513	513
NOPLAT	1,478	1,635	1,772	1,881	1,964	2,019	2,067	2,114	2,186	2,186	2,186
CAPEX	-1,420	-1,435	-1,331	-2,335	-2,998	-1,360	-1,797	-1,915	-1,440	-1,440	-1,440
Working capital	-145	-122	-93	-83	-83	-83	-83	-93	-105	-105	-105
FCF	1,899	1,972	2,139	1,158	506	2,156	1,730	1,613	2,082	2,082	2,082
PV FCF	1,753	1,703	1,725	872	356	1,418	1,061	923	1,110	1,110	
WACC	6.7%	6.9%	7.1%	7.1%	7.0%	7.1%	7.2%	7.2%	7.3%	7.3%	7.3%
Net debt / EV	38.1%	34.1%	29.6%	29.5%	31.9%	29.0%	27.4%	26.3%	25.2%	25.2%	25.2%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	0.0%
PV FCF	27,937
Net debt	11,604
Other adjustments	797
Value per share (PLN)	24.29

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	19.37
DCF Val.	50%	24.29
Implied Price		21.81
Cost of equity (9M)		6.4%
9M Target Price		23.20

*Cyfrowy Polsat only (without Netia); **Pro-forma figures assuming acquisition of a controlling stake in Netia at the end of 2017

Wirtualna Polska accumulate (no change)

Pawel Szpigel

+48 22 438 24 06

pawel.szpigel@mbank.pl

We maintain a positive approach to Wirtualna Polska. We expect the Company to deliver a 28% y/y increase in non-barter revenues. This will partly result from the consolidation of MyTravel and Extradom, but largely from a good market situation in the internet advertising market and further significant increases in e-commerce. The company generates a high CFO (the conversion of CFO/EBITDA in 2018 amounted to 89%). In addition, we note that the growth of the internet advertising market in Poland in 2019 is estimated at 7-8%, which will result in high profits of the Company (which generates more than half of the turnover from the e-commerce growing >20%). Wirtualna Polska is looking for further acquisitions in Poland as well as opportunities in the region. In the medium term, there may also be transactions abroad - in the Czech Republic, Hungary, and also in Romania. The Group has at least PLN 200m available for potential acquisitions (this amount may increase to PLN 350m after the negotiations with banks). The group assured that it does not consider the issue of shares for investment purposes.

Current Price

57.60 PLN

Upside

9M Target Price

61.50 PLN

+6.8%

	rating	target price	issued
unchanged	accumulate	61.50 PLN	2019-02-04

Key Metrics			WPL PW	vs. WIG
Ticker	WPL PW	1M Price Chng	-2.7%	+2.9%
ISIN	PLWRTPL00027	YTD Price Chng	+9.1%	+9.4%
Outst. Stock (m)	29.8	ADTV 1M		PLN 0.7m
MC (PLN m)	1,715.1	ADTV 6M		PLN 0.8m
EV (PLN m)	1,894.2	EV/EBITDA 12M fwd	9.2	-10.5%
Free Float	53.0%	EV/EBITDA 5Y avg	10.3	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	466	567	625	675	718
EBITDA	130	163	196	216	230
EBITDA margin	27.8%	28.7%	31.5%	31.9%	32.1%
EBIT	79	107	136	152	163
Net income	45	76	95	111	122
P/E	37.9	22.6	18.1	15.4	14.1
P/B	4.1	3.7	3.3	2.9	2.6
EV/EBITDA	14.7	12.5	9.6	8.5	7.7
DPS	1.10	0.96	1.00	1.66	1.95
DYield	1.9%	1.7%	1.7%	2.9%	3.4%
Projection Update (% change)			2019P	2020P	2021P
Revenue			0.0%	0.0%	0.0%
EBITDA			0.0%	0.0%	0.0%
EBIT			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
CAPEX			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	466	567	625	675	718
Cash	425	543	574	620	660
Barter	33.0	24.6	24.7	25.7	26.5
Costs	387	460	489	524	555
D&A	51.0	44.6	60.5	64.1	67.2
Materials & Utilities	5.9	6.2	6.3	6.5	6.8
Payroll	134	165	171	177	184
Other	196	223	251	276	297
EBITDA	130	163	196	216	230
margin	27.8%	29.8%	31.5%	31.9%	32.1%
EBITDA (adj.)	151	173	197	213	226
margin	32.3%	32.1%	31.5%	31.5%	31.5%
EBIT	79	107	136	152	163
margin	16.9%	19.7%	21.8%	22.4%	22.7%
Net income	35.3	76.0	94.9	111.3	125.1

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	114	156	159	176	187
OCF/EBITDA	88%	96%	81%	81%	81%
CAPEX	-42	-43	-53	-57	-62
Assets	894	1,063	924	955	990
Equity	420	457	522	584	651
Net debt	170	217	163	102	37
Net debt/EBITDA (x)	1.3	1.3	0.8	0.5	0.2

Relative Valuation Summary

	P/E			EV/EBITDA		
	18	19P	20P	18	19P	20P
Minimum	20.7	15.7	18.4	16.4	12.1	9.5
Maximum	11.4	9.9	12.7	4.5	5.2	3.8
Median	17.7	14.6	16.0	11.0	9.8	8.4
Weight	33%	33%	33%	33%	33%	33%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Revenue	625	675	718	756	791	824	855	883	910	929	947
EBITDA	196	216	230	244	254	263	270	275	280	285	291
EBITDA margin	31.5%	31.9%	32.1%	32.2%	32.2%	32.0%	31.6%	31.1%	30.7%	30.7%	30.7%
D&A	60	64	67	70	72	74	76	78	80	81	83
EBIT	136	152	163	174	182	189	194	197	200	204	208
Tax	26	29	31	33	35	36	37	37	38	39	40
NOPLAT	110	123	132	141	148	153	157	160	162	165	169
CAPEX	-53	-57	-62	-66	-70	-74	-78	-82	-85	-87	-89
Working capital	-10	-8	-8	-8	-8	-8	-8	-7	-7	-7	-8
FCF	108	121	130	137	142	145	148	149	149	152	155
PV FCF	99	103	102	99	95	90	84	78	72	73	
WACC	8.0%	8.1%	8.3%	8.4%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Net debt / EV	11.9%	8.6%	4.7%	2.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
PV FCF	1,938
Net debt	206
Other adjustments	19
Value per share (PLN)	59.42

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	56.18
DCF Val.	50%	59.42
Implied Price		57.80
Cost of equity (9M)		6.4%
9M Target Price		61.50

Asseco Poland hold (no change)

Pawel Szpigel

+48 22 438 24 06

pawel.szpigel@mbank.pl

After reporting good results in the subsequent quarters of 2018, we think that Q1 2019 figures may bring some improvement of sentiment. We expect a decrease in turnover in the parent company by - 5% y/y due to lower turnover in banking (no Deutsche Bank) and downtime in public administration. We estimate the EBIT of the parent company at PLN 31.9 million in Q1 2019, ie -31% y/y. Significant improvement of results in Formula Systems (EBIT PLN 80.7 million, + 42% y/y), improvement also in international markets (EBIT PLN 60.9 million, +12% y/y) will cause an increase in the results of the entire group (we expect a net profit of PLN 72.0 million, ie + 4% y/y), which may disappoint investors. On the other hand, the key argument supporting Asseco Poland is undoubtedly high dividend (PLN 3.07 for 2018). The date of dividend right was set at May 20. We expect an interest of investors in the near future. Nevertheless, we currently do not see any significant growth potential in Asseco Poland and maintain a neutral approach to the Company.

Current Price

52.25 PLN

Upside

9M Target Price

53.00 PLN

+1.4%

	rating	target price	issued
unchanged	hold	53.00 PLN	2019-03-05

Key Metrics			ACP PW	vs. WIG
Ticker	ACP PW	1M Price Chng	-5.3%	+0.2%
ISIN	PLSOFTB000016	YTD Price Chng	+13.3%	+13.6%
Outst. Stock (m)	83.0	ADTV 1M		PLN 3.3m
MC (PLN m)	4,336.8	ADTV 6M		PLN 4.4m
		P/E 12M fwd	12.9	+3.9%
Free Float	68.0%	P/E 5Y avg	12.5	premium

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	7,724	9,160	9,372	9,616	9,827
EBITDA	933	1,174	1,172	1,225	1,251
EBITDA margin	12.1%	12.8%	12.5%	12.7%	12.7%
EBIT	644	790	794	851	882
Net income	596	333	295	302	306
P/E	7.3	13.0	14.7	14.3	14.2
P/B	0.8	0.8	0.8	0.7	0.7
P/S	0.56	0.47	0.46	0.45	0.44
DPS	3.01	3.01	3.01	2.30	2.30
DYield	5.8%	5.8%	5.8%	4.4%	4.4%
Projection Update (% change)			2019P	2020P	2021P
Revenue			0.0%	0.0%	0.0%
EBITDA			0.0%	0.0%	0.0%
EBIT			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
CAPEX			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	7,724	9,160	9,372	9,616	9,827
change	-2.6%	18.6%	2.3%	2.6%	2.2%
Poland	1,514	1,646	1,706	1,756	1,800
South-Eastern Europe	590	637	678	711	737
Western Europe	608	703	726	741	755
Central Europe	785	949	858	875	893
Israel	4,218	5,242	5,383	5,513	5,622
Eastern Europe	10	6	20	20	20
EBIT	644	790	794	851	882
D&A	289	384	378	374	369
EBITDA	933	1,174	1,172	1,225	1,251
margin	12.1%	12.8%	12.5%	12.7%	12.7%
Associates	169	-230	-276	-316	-340
Tax	-163	-179	-176	-185	-187
Net income	596	333	295	302	306

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	793	679	953	983	1,015
OCF/EBITDA	77%	58%	81%	80%	81%
CAPEX	-233	-253	-262	-272	-282
Assets	13,044	15,714	15,861	16,189	16,532
Equity	5,520	5,664	5,709	5,821	5,936
Net debt	235	344	137	-213	-574
Net debt/EBITDA (x)	0.2	0.3	0.1	-0.2	-0.5

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

Relative Valuation Summary

	18	P/E 19P	20P
Minimum	27.6	22.1	0.0
Maximum	10.6	8.7	0.0
Median	17.3	14.3	0.0
Weight	33%	33%	0%

DCF Summary

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Asseco Poland (Standalone Figures)											
Revenue	869	891	909	927	945	964	984	1,003	1,023	1,023	1,023
EBITDA	185	180	181	183	184	185	185	185	184	184	184
NOPLAT	119	120	121	121	122	122	122	121	119	119	119
FCF	119	100	109	118	112	112	111	110	108	108	108
WACC	8.5%	8.7%	8.7%	8.7%	8.6%	8.6%	8.6%	8.6%	8.7%	8.7%	0.0%
Asseco Business Solutions											
Revenue	273	284	293	300	307	314	322	330	337	344	351
EBITDA	101	108	111	114	117	120	123	126	129	132	134
NOPLAT	66	71	73	75	77	79	81	83	85	86	88
FCF	59	63	66	68	70	71	73	75	77	78	80
WACC	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	0.0%	0.0%	0.0%
Asseco South Eastern Europe											
Revenue	678	711	737	757	773	785	794	801	806	822	838
EBITDA	129	137	143	148	152	157	161	166	170	173	177
NOPLAT	65	68	70	72	73	74	74	75	75	77	78
FCF	36	39	45	49	53	58	62	66	70	72	73
WACC	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	0.0%

SOTP Summary

(PLN m)	Method	%	Value
Asseco PL (stndln)	DCF	100%	1,512
Asseco CE	10x PE	93%	527
Asseco BS	DCF	46%	1,049
Asseco SEE	DCF	51%	859
Western Europe	10x PE	100%	340
Formula Systems	market	26%	1,992
R-Style Softlab	6x PE	100%	0
Other	10x PE	0%	276
Value			4,067
Value Per Share (PLN)			49.01

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	50.63
SOTP Val.	50%	49.01
Implied Price		49.82
Cost of equity (9M)		6.4%
9M Target Price		53.00

CD Projekt accumulate (reiterated)

Piotr Bogusz

+48 22 438 24 08

piotr.bogusz@mbank.pl

We expect a downward trend of the Company's results in Q1 2019 to continue, which will be affected by the increasingly lower income from the sale of The Witcher 3: Wild Hunt and the high expenditure on marketing. In May, the Company's stock price will discount investors' expectations regarding additional information about the Cyberpunk 2077 game, which should appear during the E3 event in Los Angeles (potential publication of the release date). The company announced an intensive marketing campaign at E3 event. In our opinion, further materials regarding Cyberpunk 2077 will increase the expectations of players and investors regarding the next production. Taking into account the gradual increase in the prices of games on the market, we slightly increase our estimates (EBITDA +4.5% / +2.3% in 2019/20 respectively). As a result of the changes, we increase our target price to PLN 237.50 per share and we maintain the accumulate rating.

Current Price	215.00 PLN	Upside
9M Target Price	237.50 PLN	+10.5%

	rating	target price	issued
new	accumulate	237.50 PLN	2019-05-09
old	accumulate	221.00 PLN	2019-04-02
Key Metrics		CDR PW	vs. WIG
Ticker	CDR PW	1M Price Chng	+5.3% +10.9%
ISIN	PLOPTTC00011	YTD Price Chng	+47.7% +48.0%
Outst. Stock (m)	96.1	ADTV 1M	PLN 42.9m
MC (PLN m)	20,665.8	ADTV 6M	PLN 53.1m
EV (PLN m)	20,129.4	EV/EBITDA 12M fwd	22.2 -4.2%
Free Float	65.3%	EV/EBITDA 5Y avg	23.2 discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	463	363	308	3,092	2,641
EBITDA	246	117	44	2,348	2,174
EBITDA margin	53.1%	32.3%	14.3%	75.9%	82.3%
EBIT	241	112	39	2,342	2,168
Net income	200	109	39	1,964	1,909
P/E	-	-	-	10.5	10.8
P/B	23.2	20.6	19.9	7.0	4.4
EV/EBITDA	80.6	170.8	456.2	7.7	7.6
DPS	1.06	0.00	0.00	0.00	0.00
DYield	0.5%	0.0%	0.0%	0.0%	0.0%
Projection Update (% change)			2019P	2020P	2021P
EBITDA			+39.0%	+6.6%	+1.8%
Net income			+37.2%	+6.6%	+2.1%
Sales of The Witcher 3			-	-	-
Sales of Gwent: The Card Game			0.0%	0.0%	0.0%
Sales of Cyberpunk 2077			-	+1.4%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Sales, Video Games	330	228	174	2,985	2,479
EBIT, VG	223	114	54	2,384	2,154
EBIT margin, VG	67.4%	49.8%	31.1%	79.9%	86.9%
Sales, GOG.com	169.6	144.3	138.1	145.0	140.2
EBIT, GOG.com	18.4	-1.1	2.0	4.2	2.7
EBIT margin, GOG	10.8%	-0.8%	1.4%	2.9%	1.9%
Operating cash flow	232	133	31	2,094	1,782
D&A	5	5	5	6	6
Working capital	34	46	-26	-118	21
Investing cash flow	-291	-106	-46	-160	-173
CAPEX	-13	-15	-9	-10	-11
Development exp.	77	98	137	150	162
FCF	144	40	-112	1,981	1,674
FCF/EBITDA	-183%	83%	77%	73%	77%
OCF/EBITDA	51%	87%	82%	81%	80%

Key Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Sales, The Witcher 3	288	174	124	108	95
Sales, Gwent	43	45	45	31	16
Sales, Cyberpunk	0	0	0	2,759	979
	0	0	0	0	0
Development exp.	142	243	370	201	290
Cash	67	104	95	2,080	3,757
Net debt	-647	-659	-550	-2,535	-4,212
Net debt/EBITDA (x)	-2.6	-5.6	-9.0	-1.1	-1.9

Relative Valuation Summary

	P/E 12M fwd 4Y avg	EV/EBIT 12M fwd 4Y avg
Minimum	15.1	5.1
Maximum	19.4	11.6
Median	19.2	8.8
Weight	50%	50%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
W3 (k copies)	1,860	1,624	1,395	1,380	1,165	0	0	0	0	0	0
C2077 (k copies)	21,000	9,977	10,525	8,375	6,300	5,225	3,575	0	0	0	0
Next AAA game (k copies)	0	10,000	6,000	21,000	13,000	23,000	14,500	9,200	11,200	0	0
Revenue	312	3,130	2,620	1,600	3,472	2,143	3,397	2,121	1,259	1,327	-
EBITDA	61	2,394	2,163	1,219	2,856	1,634	2,714	1,546	825	855	-
EBITDA margin	19.6%	76.5%	82.6%	76.2%	82.3%	76.3%	79.9%	72.9%	65.5%	64.5%	-
EBIT	56	2,388	2,157	1,213	2,850	1,628	2,708	1,540	818	849	-
Tax	11	454	410	230	542	309	514	293	155	161	-
CAPEX	-146	-160	-173	-186	-199	-209	-207	-214	-221	-228	-
Working capital	-26	-118	21	43	-78	56	-53	53	36	-3	-
FCF	-112	1,981	1,674	886	2,188	1,272	2,121	1,214	485	464	464
PV FCF	-106	1,732	1,349	658	1,497	802	1,233	650	240	211	-
WACC	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	-
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	-

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	4.0%
PV FCF	13,358
Net debt	-659
Other adjustments	0
Value per share (PLN)	231.80

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	214.80
DCF Val.	50%	231.80
Implied Price		223.30
Cost of equity (9M)		6.4%
9M Target Price		237.50

Comarch buy (no change)

Paweł Szpigel

+48 22 438 24 06

pawel.szpigel@mbank.pl

Shares in Comarch have increased by >15% since the release of our March 2019 report, and we still see the potential for growth in the coming months. The key argument is the results forecast for Q1 2019. We believe that Comarch will deliver PLN 31.2 million on the EBITDA line in the IFRS15 standard (+86% y/y), which should strengthen the sentiment towards the Company. Therefore, we increase our EBITDA forecasts for 2019 from PLN 201 million to PLN 226 million (up by 13%). Our current forecast is 12% higher than the Bloomberg consensus. Comarch is currently listed at >30% discount to peers. The level of discount is unjustified considering the growth rate of Comarch, ie +27.4% on the EBITDA line vs. median +7.5% for peers. The level of dividend payment in Comarch (DivYield'19 = 0.7%) could be higher, but it does not significantly differ from the market standards (median DivYield'19 for peer group=1.8%). We maintain a positive approach to the Company.

Current Price

187.00 PLN

Upside

9M Target Price

230.00 PLN

+23.0%

	rating	target price	issued
unchanged	buy	230.00 PLN	2019-04-17

Key Metrics			CMR PW	vs. WIG
Ticker	CMR PW	1M Price Chng	-1.1%	+4.5%
ISIN	PLCOMAR00012	YTD Price Chng	+23.0%	+23.3%
Outst. Stock (m)	8.1	ADTV 1M		PLN 0.4m
MC (PLN m)	1,520.9	ADTV 6M		PLN 0.5m
EV (PLN m)	1,539.0	EV/EBITDA 12M fwd	6.8	-8.8%
Free Float	59.2%	EV/EBITDA 5Y avg	7.4	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	1,102	1,365	1,523	1,609	1,692
EBITDA	99	177	226	238	250
EBITDA margin	9.0%	13.0%	14.8%	14.8%	14.8%
EBIT	34	112	157	167	175
Net income	43	52	99	110	117
P/E	35.3	29.4	15.4	13.9	13.0
P/B	1.0	0.9	0.8	0.8	0.7
EV/EBITDA	15.6	8.7	6.8	6.5	6.1
DPS	1.50	1.50	1.50	5.00	5.00
DYield	0.8%	0.8%	0.8%	2.7%	2.7%
Projection Update (% change)			2019P	2020P	2021P
Revenue			0.0%	0.0%	0.0%
EBITDA			0.0%	0.0%	0.0%
EBIT			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
CAPEX			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	1,102	1,365	1,523	1,609	1,692
TMT	258	313	379	398	417
Finance & Banking	186	204	235	244	254
Retail Solutions	174	201	241	265	286
Manufacturing	142	138	152	160	168
Public Sector	63	194	153	162	168
SME	236	260	297	312	327
Other	43	54	67	69	71
Gross profit	268	387	440	451	472
margin	24.3%	28.3%	28.9%	28.0%	27.9%
Selling expenses	134	138	154	159	166
G&A expenses	98	109	120	125	130
EBIT	34	112	157	167	175
margin	3.1%	8.2%	10.3%	10.3%	10.4%
Net income	43	52	99	110	117

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	61	144	140	174	182
OCF/EBITDA	62%	81%	62%	73%	73%
CAPEX	-141	-87	-87	-87	-91
Assets	1,503	1,675	1,814	1,922	2,030
Equity	880	897	984	1,053	1,129
Net debt	19	-28	-66	-110	-157
Net debt/EBITDA (x)	0.2	-0.2	-0.3	-0.5	-0.6

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	24.7	21.8	19.5	16.4	15.4	14.6
Maximum	10.1	9.3	8.8	5.0	4.7	4.7
Median	15.0	14.2	13.4	9.1	8.9	8.6
Weight	33%	33%	33%	33%	33%	33%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Revenue	1,523	1,609	1,692	1,767	1,843	1,921	1,995	2,062	2,126	2,191	2,235
EBITDA	226	238	250	260	270	279	288	296	302	309	315
EBITDA margin	14.8%	14.8%	14.8%	14.7%	14.6%	14.5%	14.4%	14.3%	14.2%	14.1%	14.1%
D&A	69	72	75	79	82	86	90	94	99	103	105
EBIT	157	167	175	181	187	193	198	201	204	206	210
Tax	54	55	56	57	58	59	60	60	60	60	62
NOPLAT	103	112	119	124	129	134	138	141	143	145	148
CAPEX	-87	-87	-91	-93	-95	-97	-99	-100	-101	-103	-105
Working capital	-30	-10	-14	-12	-12	-12	-12	-11	-10	-11	-11
FCF	55	86	90	98	104	110	117	124	130	135	137
PV FCF	52	75	72	73	71	70	68	66	64	61	
WACC	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Net debt / EV	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
PV FCF	1,633
Net debt	-28
Other adjustments	18
Value per share (PLN)	202.04

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	230.39
DCF Val.	50%	202.04
Implied Price		216.22
Cost of equity (9M)		6.4%
9M Target Price		230.00

Industrials, Mining

Famur

buy (reiterated)

Jakub Szkopek

+48 22 438 24 03

jakub.szkopek@mbank.pl

Famur delivered very good results for 2018, which were not only higher than our forecasts and consensus, the Company practically achieved the forecasts for 2019 a year earlier. In our opinion, the main driving factor behind the growth of results in 2019 will be growing profitability as a result of the increase in lease rates as well as market prices. We believe the Company will pay a minimum of PLN 0.27 per share (75% of the net result, 5.6% of Dyeld) for 2018. The amount of the dividend could increase if the sale of Przedsiębiorstwo Budowy Szybów to JSW is successful. We expect the Q1 2019 results to support Famur share price in the coming weeks (maintaining double-digit dynamics of financial results). We maintain a buy rating and rise our valuation to PLN 6.97 per share (previously PLN 6.61 per share).

Current Price

4.82 PLN

Upside**9M Target Price**

6.90 PLN

+43.2%

	rating	target price	issued
new	buy	6.90 PLN	2019-05-09
old	buy	6.61 PLN	2019-02-04
Key Metrics		FMF PW	vs. WIG
Ticker	FMF PW	1M Price Chng	-0.2% +5.4%
ISIN	PLFAMUR00012	YTD Price Chng	-10.7% -10.4%
Outst. Stock (m)	574.8	ADTV 1M	PLN 0.8m
MC (PLN m)	2,770.4	ADTV 6M	PLN 1.0m
EV (PLN m)	2,630.0	EV/EBITDA 12M fwd	5.5 -7.3%
Free Float	35.3%	EV/EBITDA 5Y avg	5.9 discount

Earnings Projections

Earnings Projections

(PLN m)	2017	2018P	2019P	2020P	2021P
Revenue	1,460	2,229	2,145	2,046	2,087
EBITDA	308	491	671	492	486
EBITDA margin	21.1%	22.0%	31.3%	24.1%	23.3%
EBIT	133	300	514	347	314
Net income	49	208	432	277	253
P/E	55.6	13.3	6.4	10.0	10.9
P/B	1.9	1.7	1.8	1.7	1.7
EV/EBITDA	9.4	6.1	3.9	5.0	4.9
DPS	0.00	0.44	0.36	0.34	0.39
DYield	0.0%	9.1%	7.5%	7.1%	8.0%
Projection Update (% change)			2019P	2020P	2021P
Revenue			+2.3%	-5.0%	-5.0%
EBITDA			+37.8%	+2.4%	+2.9%
Net income			+70.6%	+1.3%	-11.9%
Revenue, Underground			-7.2%	-7.2%	-7.2%
Revenue, Surface			+2.5%	+2.5%	+2.5%
Sales margin, UG			+4.6%	+3.4%	+0.7%
Sales margin, Surface			-2.8%	-3.3%	-2.8%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue, Underground	1,019	1,407	1,508	1,550	1,582
Revenue, Surface	292	371	381	388	396
Sales margin, UG	25.0%	30.6%	31.0%	30.2%	27.7%
Sales margin, Surface	8.3%	3.9%	7.1%	7.1%	7.1%
Operating cash flow	192	215	489	464	411
D&A	175	191	157	145	172
Working capital	-16	-127	32	37	-15
Investing cash flow	-231	-138	122	-83	-122
CAPEX	132	141	-122	83	122
Financing cash flow	287	-458	-417	-202	-223
Change in debt	-88	-213	-200	0	0
Dividends/Buyback	0	-253	-208	-197	-222
FCF	-91	173	606	382	289
FCF/EBITDA	-30%	35%	90%	78%	59%
OCF/EBITDA	44%	44%	73%	94%	85%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	+	+
Revenue	2,145	2,046	2,087	2,129	2,172	2,216	2,261	2,307	2,354	2,401	2,450
YoY % change	-3.8%	-4.6%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
EBITDA	671	492	486	490	491	491	496	503	509	511	515
EBITDA margin	31.3%	24.1%	23.3%	23.0%	22.6%	22.2%	21.9%	21.8%	21.6%	21.3%	21.0%
D&A	157	145	172	139	135	132	132	135	138	138	138
EBIT	514	347	314	352	356	360	363	367	371	373	377
Tax	67	65	59	67	68	69	70	70	71	72	73
NOPAT	446	282	255	285	288	291	294	297	300	301	304
CAPEX	122	-83	-122	-125	-127	-130	-132	-135	-138	-138	-138
Working capital	32	37	-15	-16	-16	-16	-17	-17	-17	-18	-18
FCF	606	382	289	283	280	276	277	280	283	284	288
PV FCF	574	333	232	210	191	174	161	150	139	129	
WACC	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Assets	3,138	2,880	2,592	2,647	2,689
Fixed assets	1,099	1,158	730	667	617
Goodwill	222	222	222	222	222
Equity	1,437	1,625	1,563	1,643	1,675
Minority interests	115	-37	-32	-32	-32
Net debt	80	286	-108	-288	-353
Net debt/EBITDA (x)	0.3	0.6	-0.2	-0.6	-0.7

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	9.7	9.4	9.3	6.1	5.8	5.6
Maximum	18.4	17.2	16.2	11.5	9.6	8.7
Median	13.2	12.5	11.9	8.9	8.0	7.5
Weight	17%	17%	17%	17%	17%	17%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
PV FCF	2,294
Net debt	286
Other adjustments	58
Value per share (PLN)	7.02

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	5.96
DCF Val.	50%	7.02
Implied Price		6.49
Cost of equity (9M)		6.3%
9M Target Price		6.90

Grupa Kęty hold (no change)

Jakub Szkopek

+48 22 438 24 03

jakub.szkopek@mbank.pl

Despite the positive impact of the falling aluminum prices, Kęty Group surprised negatively with the Q1 2019 results (stable results y/y). The drop in profitability in the extruded products and aluminum systems segments draws our attention. Only the packaging segment surprised positively due to the fall in prices of petrochemical products. The Ponzio plant in Płock is likely to start operations in Q2 (opening scheduled for the middle of the year, currently finalizing the investment). This may cause pressure on margins from the more profitable producer. We maintain our target price (PLN 341.3 per share) & hold rating.

Current Price

343.00 PLN

Downside

9M Target Price

341.33 PLN

-0.5%

	rating	target price	issued
unchanged	hold	341.33 PLN	2019-04-02

Key Metrics		KTY PW	vs. WIG
Ticker	KTY PW	1M Price Chng	0.0% +5.6%
ISIN	PLKETY000011	YTD Price Chng	+4.3% +4.5%
Outst. Stock (m)	9.5	ADTV 1M	PLN 0.3m
MC (PLN m)	3,274.1	ADTV 6M	PLN 0.5m
EV (PLN m)	4,139.7	EV/EBITDA 12M fwd	8.5 -9.0%
Free Float	42.0%	EV/EBITDA 5Y avg	9.3 discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	2,643	2,976	2,979	3,154	3,251
EBITDA	421	463	454	482	489
EBITDA margin	15.9%	15.5%	15.2%	15.3%	15.1%
EBIT	301	336	322	339	351
Net income	236	264	241	253	264
P/E	13.8	12.4	13.6	12.9	12.4
P/B	2.4	2.3	2.3	2.1	2.1
EV/EBITDA	9.1	8.8	9.1	8.6	8.4
DPS	30.00	23.94	21.00	17.64	23.85
DYield	8.7%	7.0%	6.1%	5.1%	7.0%
Projection Update (% change)			2019P	2020P	2021P
EBITDA			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
Aluminum price (US\$/t)			0.0%	0.0%	0.0%
Producer premium (US\$/t)			0.0%	0.0%	0.0%
EBITDA, Packaging			0.0%	0.0%	0.0%
EBITDA, Extrusions			0.0%	0.0%	0.0%
EBITDA, Al Systems			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
EBITDA, Packaging	113	117	111	130	135
EBITDA, Extrusions	150	175	180	185	187
EBITDA, Al Systems	172	180	179	184	184
EBITDA, Other	-13	-16	-16	-17	-17
EBITDA/t of Al	5	5	5	5	4
Operating cash flow	276	275	356	336	421
D&A	120	126	132	143	138
Working capital	-91	-111	-37	-81	1
Investing cash flow	-187	-230	-200	-150	-120
CAPEX	187	230	200	150	120
Financing cash flow	-85	-119	-125	-195	-303
Dividends/Buyback	-285	-229	-200	-168	-228
FCF	86	70	160	192	308
FCF/EBITDA	20%	15%	35%	40%	63%
OCF/EBITDA	66%	59%	78%	70%	86%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Assets	2,499	2,694	2,832	2,937	2,935
Fixed assets	1,439	1,560	1,632	1,644	1,633
Equity	1,363	1,398	1,438	1,523	1,559
Minority interests	1	1	1	1	2
Net debt	591	795	865	873	825
Net debt/EBITDA (x)	1.4	1.7	1.9	1.8	1.7
Net debt/Equity (x)	0.4	0.6	0.6	0.6	0.5

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	4.0	3.5	3.4	3.3	2.9	2.4
Maximum	56.7	21.4	18.9	18.8	10.2	9.1
Median	14.3	9.5	9.2	7.4	6.0	6.5
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Al price (US\$/t)	1,900	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Al premium (US\$/t)	130	150	150	150	150	150	150	150	150	150	150
Al usage (1,000 t)	100	106	110	113	115	117	117	118	118	118	118
Revenue	2,979	3,154	3,251	3,321	3,360	3,407	3,418	3,427	3,427	3,427	3,427
EBITDA	454	482	489	495	500	506	504	503	500	499	514
EBITDA margin	15.2%	15.3%	15.1%	14.9%	14.9%	14.8%	14.8%	14.7%	14.6%	14.6%	15.0%
EBIT	322	339	351	358	369	377	373	369	365	361	376
Tax	56	59	62	64	66	68	67	67	66	65	68
CAPEX	-200	-150	-120	-122	-125	-127	-130	-132	-135	-138	-138
Working capital	-37	-81	1	11	-12	-15	-8	-7	-4	-4	-4
FCF	160	192	308	320	297	295	299	297	295	292	305
PV FCF	152	169	251	242	208	192	180	166	153	141	
WACC	7.7%	7.7%	7.7%	7.7%	7.7%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
PV FCF	1,856
Net debt	795
Other adjustments	0
Value per share (PLN)	376.94

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	265.21
DCF Val.	50%	376.94
Implied Price		321.07
Cost of equity (9M)		6.3%
9M Target Price		341.33

JSW hold (upgraded)

Jakub Szkopek

+48 22 438 24 03

jakub.szkopek@mbank.pl

The market negatively discounted poor production figures for Q1 2019 in April. Although the sector sentiment is spoiled by drops in stock prices of mining companies, the rebound of PMI ratios in the steel industry in China observed in May may be positively assessed. There is a possibility of a change of the management board members after the mandates expire in VI 2019. In our opinion, there is a risk that the concept of allocating free funds and the future development of the Group may not necessarily be in line with market expectations. We believe the sentiment towards shares will improve in H2 2019 due to the launch of new mining walls and the possible increase in the volume of coal production. We are upgrading our rating for the JSW Group from reduce to hold and we leave the target price unchanged (PLN 54.80 per share).

Current Price

49.86 PLN

Upside

9M Target Price

54.80 PLN

+9.9%

	rating	target price	issued
new	hold	54.80 PLN	2019-05-09
old	reduce	54.80 PLN	2019-03-25
Key Metrics			
	JSW PW	1M Price Chng	-18.1%
Ticker	JSW PW	1M Price Chng	-12.5%
ISIN	PLJSW0000015	YTD Price Chng	-25.9%
Outst. Stock (m)	117.4	ADTV 1M	PLN 10.4m
MC (PLN m)	5,854.1	ADTV 6M	PLN 14.7m
EV (PLN m)	3,186.1	EV/EBITDA 12M fwd	1.7
Free Float	44.8%	EV/EBITDA 5Y avg	3.5 discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	8,877	9,810	9,594	9,042	8,877
EBITDA adj.	3,509	3,101	2,176	1,506	1,351
EBITDA margin	39.5%	31.6%	22.7%	16.7%	15.2%
EBIT adj.	2,684	2,335	1,306	508	229
Net income adj.	2,189	1,802	1,047	399	170
P/E adj.	2.7	3.2	5.6	14.7	34.4
P/B	0.9	0.7	0.7	0.6	0.6
EV/EBITDA adj.	1.3	0.9	1.5	2.5	3.1
DPS	0.00	0.00	1.71	1.78	1.70
DYield	0.0%	0.0%	3.4%	3.6%	3.4%
Projection Update (% change)					
EBITDA (adj.)			0.0%	0.0%	0.0%
Net income (adj.)			0.0%	0.0%	0.0%
Coking Coal price (\$/t)			0.0%	0.0%	0.0%
Thermal Coal price (PLN/t)			0.0%	0.0%	0.0%
Coke price (\$/t)			0.0%	0.0%	0.0%
Total coal output (kt)			0.0%	0.0%	0.0%
Coking coal (kt)			0.0%	0.0%	0.0%
Coke (kt)			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Total coal output (kt)	14,768	15,019	15,500	15,900	16,150
Coking coal (kt)	10,675	10,351	10,850	11,289	11,628
Coking coal (% of total)	72%	69%	70%	71%	72%
Thermal coal (kt)	4,093	4,668	4,650	4,611	4,522
Coke (kt)	3,458	3,559	3,500	3,400	3,400
Operating cash flow	2,871	2,856	2,019	1,236	1,201
D&A	825	766	870	998	1,121
Working capital	-76	338	-209	-115	-33
Investing cash flow	-2,170	-1,582	-1,750	-1,550	-1,450
CAPEX	737	1,248	1,750	1,550	1,450
Financing cash flow	-701	-755	-185	-195	-189
Dividends/Buyback	0	0	-201	-209	-200
FCF	2,129	1,754	-34	-257	-178
FCF/EBITDA (adj.)	61%	57%	-2%	-17%	-13%
OCF/EBITDA (adj.)	82%	92%	93%	82%	89%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Assets	12,090	13,763	14,538	14,547	14,464
Fixed assets	8,118	8,475	9,366	9,950	10,326
Equity	6,389	8,081	8,927	9,117	9,088
Minority interests	232	364	364	364	364
Net debt	-1,641	-3,286	-3,032	-2,523	-2,084
Net debt/EBITDA (adj.)	-0.5	-1.1	-1.4	-1.7	-1.5
Net debt/Equity (x)	-0.3	-0.4	-0.3	-0.3	-0.2

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	3.2	2.5	3.0	1.8	1.7	1.5
Maximum	22.2	23.4	45.4	8.2	8.2	8.2
Median	8.1	7.9	8.2	4.9	4.1	3.9
Weight	25%	15%	10%	25%	15%	10%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Coking coal (\$/t)	185	175	165	165	165	165	165	165	165	165	165
Thrm coal (PLN/t)	268	247	247	247	247	247	247	247	247	247	247
Coke (\$/t)	1,068	949	915	915	915	915	915	915	915	915	916
Revenue	9,594	9,042	8,877	9,060	9,228	9,316	9,417	9,528	9,640	9,753	9,812
EBITDA	2,176	1,506	1,351	1,554	1,650	1,685	1,730	1,771	1,809	1,829	1,872
EBITDA margin	22.7%	16.7%	15.2%	17.2%	17.9%	18.1%	18.4%	18.6%	18.8%	18.8%	19.1%
EBIT	1,306	508	229	308	233	327	357	378	413	431	472
Tax	251	99	46	60	46	64	69	73	80	83	91
CAPEX	-1,750	-1,550	-1,450	-1,400	-1,400	-1,400	-1,400	-1,400	-1,400	-1,400	-1,400
Working capital	-209	-115	-33	31	23	27	16	18	19	18	12
FCF	-34	-257	-178	125	228	248	277	316	348	364	394
PV FCF	-32	-225	-143	93	156	156	161	169	172	165	
WACC	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Risk-free rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	0.0%
PV FCF	672
Net debt	-3,286
Other adjustments	364
Value per share (PLN)	48.54

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	54.56
DCF Val.	50%	48.54
Implied Price		51.55
Cost of equity (9M)		6.3%
9M Target Price		54.80

Kernel buy (no change)

Jakub Szkopek +48 22 438 24 03 jakub.szkopek@mbank.pl

High cereal yields in Ukraine indicate a significant improvement in financial results in Kernel's agricultural production segment. In our opinion, it is even more probable since the Company has managed to secure high cereal selling prices for the whole season 2018/2019. On the other hand, the practically record-breaking harvest of sunflower seeds in Ukraine translates into a higher utilization of available crushing plant capacity (76% – the most since 2013/2014). We assume that the recovery in market margins on sunflower crushing may have a positive impact on EBITDA in the oil segment (result: +\$40m EBITDA on oil). Assuming it grows 2018/19 EBITDA by \$140m, Kernel will reinforce the faith of investors in its ability to deliver the \$495m EBITDA target set for 2020/21. In our opinion, further improvement in financial results y/y can be expected in the next two quarters. The change in IFRS 16 is a chance for an increase in results in the next season and the potential sale of shares of the port of Taman may release frozen cash resources (possibly over \$100m for Kernel). We leave our target price unchanged (PLN 62.86 per share) and we do not change our buy rating.

Current Price	50.00 PLN	Upside
9M Target Price	62.86 PLN	+25.7%

	rating	target price	issued
unchanged	buy	62.86 PLN	2019-03-05

Key Metrics			KER PW	vs. WIG
Ticker	KER PW	1M Price Chng	-4.9%	+0.7%
ISIN	LU0327357389	YTD Price Chng	+2.7%	+3.0%
Outst. Stock (m)	82.7	ADTV 1M		PLN 1.0m
MC (PLN m)	4,133.1	ADTV 6M		PLN 1.8m
EV (PLN m)	7,549.2	EV/EBITDA 12M fwd	5.3	+30.0%
Free Float	60.5%	EV/EBITDA 5Y avg	4.1	premium

Earnings Projections

(US\$ m)	16/17	17/18	18/19P	19/20P	20/21P
Revenue	2,169	2,403	3,520	4,564	5,085
EBITDA	319	223	362	420	480
EBITDA margin	14.7%	9.3%	10.3%	9.2%	9.4%
EBIT	265	140	269	324	376
Net income	176	52	189	213	263
P/E	6.1	20.7	5.7	5.1	4.1
P/B	0.9	0.9	0.8	0.8	0.7
EV/EBITDA	5.0	7.7	5.4	4.7	3.9
DPS	0.24	0.25	0.25	0.92	1.55
DYield	1.9%	1.9%	1.9%	7.0%	11.9%
Projection Update (% change)			18/19P	19/20P	20/21P
EBITDA			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
Margin, Sunflower Oil (\$/t)			0.0%	0.0%	0.0%
Margin, Wheat (\$/t)			0.0%	0.0%	0.0%
Margin, Corn (\$/t)			0.0%	0.0%	0.0%
Bulk sunflower oil sales (kt)			0.0%	0.0%	0.0%
Grain production (kt)			0.0%	0.0%	0.0%
Grain sales (kt)			0.0%	0.0%	0.0%

Financial Highlights

(US\$ m)	15/16	16/17	17/18	18/19P	19/20P
EBITDA, Bottled Oil	16	17	13	18	20
EBITDA, Bulk Oil	113	83	63	100	126
EBITDA, Terminals	37	48	39	43	61
EBITDA, Farming	146	144	89	164	160
EBITDA, Grain Trade	46	23	17	26	42
Operating cash flow	134	77	82	223	289
D&A	60	54	83	93	96
Working capital	-127	-212	-63	-154	-113
Investing cash flow	-61	-223	-156	-329	-108
CAPEX	61	182	179	329	108
Financing cash flow	-137	173	76	53	-193
Dividends/Buyback	-20	-20	-20	-21	-76
FCF	155	-93	-14	-122	182
FCF/EBITDA	45%	-29%	-6%	-34%	43%
OCF/EBITDA	39%	24%	37%	61%	69%

Key Balance Sheet Figures

(US\$ m)	15/16	16/17	17/18	18/19P	19/20P
Assets	1,509	2,009	2,211	2,589	2,784
Fixed assets	789	888	1,006	1,245	1,262
Equity	995	1,153	1,171	1,295	1,430
Minority interests	2	5	7	7	7
Net debt	276	508	619	884	876
Net debt/EBITDA (x)	0.8	1.6	2.8	2.4	2.1
Net debt/Equity (x)	0.3	0.4	0.5	0.7	0.6

Relative Valuation Summary

	P/E			EV/EBITDA		
	18P	19P	20P	18P	19P	20P
Minimum	4.5	5.6	3.9	3.6	3.1	3.6
Maximum	51.0	109.6	31.1	14.9	13.6	11.7
Median	18.9	13.1	13.3	8.8	8.0	7.6
Weight	0%	25%	25%	0%	25%	25%

DCF Analysis

(US\$ m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Margin, Veg Oil (\$/t)	76	90	102	111	108	104	100	96	92	91	92
Margin, Wheat (\$/t)	170	190	195	195	195	195	195	195	195	195	195
Margin, Corn (\$/t)	175	185	194	194	194	194	194	195	196	197	197
Revenue	3,520	4,564	5,085	5,344	5,412	5,501	5,584	5,667	5,756	5,852	5,942
EBITDA	362	420	480	521	501	493	484	480	478	483	490
EBITDA margin	10.3%	9.2%	9.4%	9.8%	9.3%	9.0%	8.7%	8.5%	8.3%	8.3%	8.2%
EBIT	269	324	376	416	397	390	381	371	366	358	362
Tax	2	16	20	23	22	21	21	21	47	45	46
CAPEX	-329	-108	-83	-90	-97	-104	-113	-123	-126	-127	-127
Working capital	-154	-113	-67	-39	-24	-26	-26	-26	-27	-28	-27
FCF	-122	182	310	370	359	341	324	310	279	283	289
PV FCF	-116	151	221	227	190	155	127	104	83	72	
WACC	15.7%	15.4%	15.5%	15.7%	15.8%	15.9%	16.0%	16.1%	15.7%	15.8%	15.9%
Risk-free rate	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%

DCF Summary

(US\$ m)	
Beta	1.0
FCF perp. growth rate	2.0%
PV FCF	1,214
Net debt	619
Other adjustments	7
Value per share (PLN)	47.34

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	64.57
DCF Val.	50%	47.34
Implied Price		55.95
Cost of equity (9M)		12.3%
9M Target Price		62.86

KGHM**hold (no change)**

Jakub Szkopek

+48 22 438 24 03

jakub.szkopek@mbank.pl

KGHM shares has been a beneficiary of the rising prices of silver and gold, announcements to reduce the mining tax and expectations that the USA and China will reach a trade deal. At the end of April, sentiment towards mining companies significantly deteriorated with weaker than expected financial results of mining companies and market's concerns about demand for metals from China. In the short term, the market may be negatively affected by the announcement of the payoff of an additional bonuses for KGHM employees (the parties have committed to discuss this matter if there are changes in the mining tax formula). On the other hand, the sentiment may improve with the Q1 results report which we expect to stand out positively vs. the sector. We are lowering our expectations of dividend payoff in 2019 to zero (previously PLN 1 per share). We do not change our target price of PLN 105.57 per share, maintaining a hold rating.

Current Price

95.90 PLN

Upside**9M Target Price**

105.57 PLN

+10.1%

	rating	target price	issued
unchanged	hold	105.57 PLN	2019-04-02

Key Metrics		KGH PW	vs. WIG
Ticker	KGH PW	1M Price Chng	-14.1%
ISIN	PLKGHM000017	YTD Price Chng	+7.9%
Outst. Stock (m)	200.0	ADTV 1M	+8.2%
MC (PLN m)	19,180.0	ADTV 6M	PLN 50.3m
EV (PLN m)	23,640.4	EV/EBITDA 12M fwd	PLN 55.4m
Free Float	63.2%	EV/EBITDA 5Y avg	4.2
			-14.5%
			4.9 discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	20,275	20,526	23,032	23,792	23,695
EBITDA adj.	5,753	4,972	5,464	5,576	5,360
EBITDA margin	28.4%	24.2%	23.7%	23.4%	22.6%
EBIT adj.	4,144	3,176	3,611	3,644	3,376
Net income adj.	1,792	1,888	2,514	2,530	2,321
P/E adj.	10.7	10.2	7.6	7.6	8.3
P/B	1.1	1.0	0.9	0.8	0.8
EV/EBITDA adj.	4.5	5.3	4.3	4.0	4.0
DPS	1.00	0.00	1.00	2.51	3.79
DYield	1.0%	0.0%	1.0%	2.6%	4.0%
Projection Update (% change)			2019P	2020P	2021P
EBITDA adj.			0.0%	0.0%	0.0%
Net income adj.			0.0%	0.0%	0.0%
Copper price (\$/t)			0.0%	0.0%	0.0%
Silver price (\$/oz)			0.0%	0.0%	0.0%
Molybdenum price (\$/t)			0.0%	0.0%	0.0%
Copper output (kt)			0.0%	0.0%	0.0%
Silver output (t)			0.0%	0.0%	0.0%
Molybdenum output (mmb)			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Cu Output, PL (kt)	359	385	406	402	391
Cu Output, Int (kt)	81	79	76	88	90
Sierra Gorda (kt)	53	53	59	65	69
Ag output (tonnes)	1,234	1,205	1,354	1,353	1,342
Au output (ozt k)	219	174	210	212	215
Operating cash flow	3,054	3,826	5,725	4,572	4,407
D&A	1,609	1,796	1,853	1,932	1,984
Working capital	-1,270	1,412	1,254	7	-1
Investing cash flow	-3,340	-3,539	-2,798	-2,777	-2,578
CAPEX	3,257	3,541	2,798	2,777	2,578
Financing cash flow	12	84	-103	-403	-862
Dividends/Buyback	-200	0	0	-300	-759
FCF	788	1,924	2,928	1,797	1,830
FCF/EBITDA	27%	41%	54%	32%	34%
OCF/EBITDA	1%	0%	0%	1%	4%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Assets	34,122	37,237	40,417	42,848	44,384
Fixed assets	26,515	29,375	30,319	31,164	31,758
Equity	17,694	19,133	21,647	23,876	25,438
Minority interests	91	92	92	92	92
Net debt	6,570	6,992	4,168	2,776	1,810
Net debt/EBITDA (x)	2.2	1.5	0.8	0.5	0.3
Net debt/Equity (x)	0.4	0.4	0.2	0.1	0.1

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	9.2	5.5	5.6	2.9	1.5	1.1
Maximum	28.2	17.8	15.6	9.3	8.2	7.5
Median	14.3	11.9	11.2	6.1	5.6	4.8
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Copper price (\$/t)	6,500	6,800	6,800	6,800	6,800	6,800	6,800	6,800	6,800	6,800	6,800
Silver (\$/oz)	16.0	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5
Molybdenum (\$/t)	22,400	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Revenue	23,032	23,792	23,695	23,821	23,769	23,711	23,503	22,059	22,090	22,124	22,205
EBITDA	5,464	5,576	5,360	5,319	5,244	5,106	4,849	4,725	4,693	4,357	4,330
EBITDA margin	15.7%	15.3%	14.2%	14.2%	14.0%	13.7%	12.6%	12.9%	12.7%	11.1%	11.7%
EBIT	3,611	3,644	3,376	3,382	3,330	3,241	2,971	2,841	2,806	2,460	2,605
Tax	992	1,010	951	951	940	922	870	844	837	771	798
CAPEX	-2,798	-2,777	-2,578	-1,668	-1,725	-1,754	-1,783	-1,811	-1,840	-1,869	-1,725
Working capital	1,254	7	-1	1	0	-1	-2	-13	0	0	1
FCF	2,928	1,797	1,830	2,701	2,579	2,430	2,195	2,057	2,016	1,718	1,808
PV FCF	2,769	1,572	1,477	1,995	1,750	1,520	1,266	1,093	987	775	
WACC	7.7%	7.9%	8.1%	8.4%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	0.0%
PV FCF	15,205
Net debt	6,992
Other adjustments	290
Value per share (PLN)	90.51

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	108.66
DCF Val.	50%	90.51
Implied Price		99.59
Cost of equity (9M)		6.3%
9M Target Price		105.57

Stelmet hold (no change)

Jakub Szkopek

+48 22 438 24 03

jakub.szkopek@mbank.pl

In the 2018/2019 season, Stelmet will experience a significant increase in production costs led by higher costs of energy (PLN +6.6 million), timber raw material (PLN +13.4 million) and labor (PLN +5.5 million). Consequently, with the higher costs not likely to be fully passed onto end customers, we predict the EBITDA for the year will register a 17% fall from FY2017/2018. Stelmet says it is planning to raise prices by 2%-6% depending on the region, but it said the same last year without following through. In addition to cost pressure, the Group's very weak management on export markets is a concern. The Management Board has announced that due to ineffective logistics in the previous season, products to customers from the UK were not delivered on time. As a result, the management in the local unit was changed and the company was restructured. Brexit is also a major risk factor for Stelmet, which sells about 30% of its production on the UK market. We do not change our hold rating and the target price of PLN 8.36 per share for the Stelmet Group).

Current Price

7.60 PLN

Upside

9M Target Price

8.36 PLN

+10.0%

	rating	target price	issued
unchanged	hold	8.36 PLN	2019-03-05

Key Metrics			STL PW	vs. WIG
Ticker	STL PW	1M Price Chng	-2.6%	+3.0%
ISIN	PLSTLMT00010	YTD Price Chng	+5.0%	+5.3%
Outst. Stock (m)	29.4	ADTV 1M		PLN 0.0m
MC (PLN m)	223.2	ADTV 6M		PLN 0.0m
EV (PLN m)	385.7	EV/EBITDA 12M fwd	6.3	-8.9%
Free Float	15.0%	EV/EBITDA 5Y avg	6.9	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	538	553	582	605	625
EBITDA	58	69	57	61	64
EBITDA margin	10.7%	12.4%	9.7%	10.0%	10.3%
EBIT	21	27	15	19	21
Net income	19	10	10	14	16
P/E	11.5	23.3	21.9	16.5	14.3
P/B	0.5	0.5	0.5	0.5	0.5
EV/EBITDA	7.0	5.8	6.8	5.9	5.3
DPS	0.00	0.00	0.08	0.21	0.32
DYield	0.0%	0.0%	1.1%	2.7%	4.2%
Projection Update (% change)			2019P	2020P	2021P
EBITDA			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
Sales price (PLN/m3)			0.0%	0.0%	0.0%
Sales volume (1,000 m3)			0.0%	0.0%	0.0%
Timber price (PLN/m3)			0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue, Core, PL	19	22	24	25	26
Revenue, Core, UK	158	137	145	150	154
Revenue, Core, FR	120	107	112	115	118
Revenue, Core, DE	101	113	125	131	137
Revenue, Wood Pellets	68	89	99	102	105
Operating cash flow	39	32	49	53	57
D&A	37	41	42	42	43
Working capital	-2	-30	-7	-5	-5
Investing cash flow	-62	-24	-29	-18	-27
CAPEX	62	23	29	18	27
Financing cash flow	76	-9	-31	-29	-33
Dividends/Buyback	0	0	-2	-6	-9
FCF	-11	9	19	35	30
FCF/EBITDA	-18%	13%	34%	58%	47%
OCF/EBITDA	68%	46%	86%	88%	89%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Assets	821	816	804	795	785
Fixed assets	554	522	509	486	470
Equity	454	461	469	477	483
Minority interests	0	0	0	0	0
Net debt	182	176	163	137	119
Net debt/EBITDA (x)	3.2	2.6	2.9	2.3	1.9
Net debt/Equity (x)	0.4	0.4	0.3	0.3	0.2

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	8.0	7.1	7.3	3.9	3.4	4.2
Maximum	58.4	45.9	14.3	17.4	15.9	9.3
Median	14.3	11.5	10.0	7.0	6.3	6.1
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Sales px (PLN/m3)	1,861	1,897	1,928	1,960	1,992	2,025	2,059	2,093	2,128	2,155	2,191
Volume (1,000 m3)	244	249	254	256	259	262	265	268	271	274	277
Timber px (PLN/m3)	263	268	274	279	285	290	296	302	308	314	320
Revenue	582	605	625	641	658	675	693	711	729	746	767
EBITDA	57	61	64	67	70	72	75	78	81	81	83
EBITDA margin	9.7%	10.0%	10.3%	10.4%	10.6%	10.7%	10.9%	11.0%	11.1%	10.8%	10.8%
EBIT	15	19	21	24	26	28	29	31	33	33	35
Tax	1.2	1.9	2.2	2.6	2.5	2.5	2.8	3.1	3.5	3.5	3.9
CAPEX	-29	-18	-27	-30	-32	-35	-38	-41	-45	-47	-48
Working capital	-6.7	-5.4	-4.5	-3.8	-4.0	-4.1	-4.1	-4.2	-4.3	-4.0	-4.7
FCF	19	35	30	30	31	31	30	30	29	29	29
PV FCF	19	32	25	23	22	21	19	17	15	14	
WACC	6.9%	7.1%	7.2%	7.3%	7.4%	7.6%	7.7%	7.7%	7.8%	7.8%	7.9%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
PV FCF	206
Net debt	182
Other adjustments	0
Value per share (PLN)	9.10

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	6.63
DCF Val.	50%	9.10
Implied Price		7.86
Cost of equity (9M)		6.3%
9M Target Price		8.36

Property Developers

Atal

hold (no change)

Aleksandra Szklarczyk +48 22 438 24 04 aleksandra.szklarczyk@mbank.pl

We neutrally evaluate the sales volumes in Q1. 717 units sold is the second best result in the Company's history and an increase of 2% y/y and 13% q/q, which was due to significant extension of the offer (up to 4.3 thousand in Q4 2018, + 77% y/y). In Q1 2019, Atal listed for sale another 1.2 thousand units. The sales-to-inventory ratio is lower y/y, but remains stable at 17-20% in the last four quarters. Q1 2019 accounts for just 30% of our annual sales volume forecast, therefore with a wide offer, including its rebuilding on key market and development on new, growing markets, (Łódź, Poznań, Katowice), the implementation of our sales assumptions seems to be safe. Q1 2019 is expected to show a relatively weaker momentum (we expect a 26% decline in NP y/y due to a lower level of completions). In the whole 2019, Atal plans to complete the construction of 2.6 thousand units, of which 39% falls in Q4 2019. Taking into account the risk of possible delays, we assume 2.5 thousand of completions (-6% y/y) and we estimate NP at PLN 167 million (-17% y/y). We highlight very good offer preparation as well as the potential of the land bank. Even with the conservative assumption of lower sales efficiency and the risk of possible delays, we expect stable results in 2020-21, with 2020 being slightly better due to the high completion potential (3.6 thousand units planned to handed over in 2020, we conservatively assume 2.84 thousand). In our opinion, current valuation takes into account the Company's strengths, i.e. a stable level of results in 2019-21, a high land bank that gives potential for development and dividend payment level, and therefore we do not change our hold rating.

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Closings (units)	2,308	2,678	2,530	2,835	2,639
Revenue/unit (PLN k)	375	394	370	353	380
SG&A	28	31	33	34	36
SG&A/Sales	3.3%	2.9%	3.5%	3.4%	3.6%
EBIT margin	25.6%	24.6%	23.2%	22.5%	21.5%
Net profit margin	19.8%	19.0%	17.9%	17.4%	16.5%
Cash	266	192	215	222	215
Net debt	214	333	310	303	310
Net debt/Equity	27%	39%	37%	35%	36%
Inventory	1,342	1,487	1,444	1,447	1,451
Inventory/Sales	155%	141%	154%	145%	145%
Earnest money deposits	365	225	285	272	258
Deposits/Inventory	27%	15%	20%	19%	18%
Equity	795	858	844	865	872
ROE	24.9%	25.3%	19.5%	20.6%	19.1%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Revenue	936	999	1,002	892	837	854	871	889	906	924	943
EBITDA	219	227	217	182	155	158	162	165	168	171	175
EBITDA margin	23.4%	22.7%	21.6%	20.4%	18.6%	18.6%	18.5%	18.5%	18.5%	18.5%	18.5%
D&A	1	1	1	1	1	1	1	1	1	1	1
EBIT	217	225	215	181	154	157	160	163	167	170	173
Tax	41	43	41	34	29	30	30	31	32	32	33
NOPLAT	176	182	174	146	125	127	130	132	135	138	140
CAPEX	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
Working capital	38	-15	-14	9	65	-8	-8	-5	-5	-5	-5
Other	0	0	0	0	0	0	0	0	0	0	0
FCF	214	168	160	155	190	120	122	127	130	133	135
PV FCF	202	147	130	117	132	77	73	70	67	63	
WACC	7.8%	7.8%	7.8%	7.8%	8.0%	8.0%	8.1%	8.1%	8.1%	8.1%	8.1%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

*Adj. for PLN 3.54 DPS; record day was June 25th

Current Price

39.90 PLN

Upside

9M Target Price

41.03 PLN

+2.8%

	rating	target price	issued
unchanged	hold	41.03 PLN	2019-04-02

Key Metrics	1AT PW	1M Price Chng	1AT PW	vs. WIG
Ticker	1AT PW	1M Price Chng	-1.0%	+4.6%
ISIN	PLATAL000046	YTD Price Chng	+42.5%	+42.8%
Outst. Stock (m)	38.7	ADTV 1M		PLN 0.1m
MC (PLN m)	1,544.7	ADTV 6M		PLN 0.6m
EV (PLN m)	1,853.5	EV/EBITDA 12M fwd	8.1	+2.4%
Free Float	11.6%	EV/EBITDA 5Y avg	7.9	premium

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	865.8	1,055.0	936.1	999.5	1,002.0
Gross profit	247.6	283.5	250.3	259.7	251.6
Gross margin	28.6%	26.9%	26.7%	26.0%	25.1%
EBIT	222.0	259.6	217.3	225.1	215.2
Net income	171.2	200.7	167.3	173.5	165.3
P/E	9.0	7.7	9.2	8.9	9.3
P/B	1.9	1.8	1.8	1.8	1.8
EV/EBITDA	7.8	7.2	8.5	8.2	8.6
DPS	1.68	3.54	4.70	3.94	4.08
DYield	4.2%	8.9%	11.8%	9.9%	10.2%
Projection Update (% change)	2019P	2020P	2021P		
Revenue	0.0%	0.0%	0.0%		
Gross profit margin	0.0 p.p.	0.0 p.p.	0.0 p.p.		
EBIT	0.0%	0.0%	0.0%		
Net income	0.0%	0.0%	0.0%		
Residential closings	0.0%	0.0%	0.0%		

Cash Flow Summary

(PLN m)	2016	2017	2018P	2019P	2020P
Operating cash flow	198	38	217	171	163
D&A	1	1	1	1	1
Working capital	-13	-194	38	-15	-14
Investing cash flow	1	1	3	3	4
CAPEX	-1	-1	-1	-1	-1
Financing cash flow	-121	-113	-197	-168	-174
Dividends	-67	-138	-182	-152	-158

Relative Valuation Summary

	P/BV			P/E		
	18P	19P	20P	18P	19P	20P
Minimum	0.67	0.63	0.62	4.5	4.6	6.5
Maximum	1.94	1.89	1.99	9.1	8.1	10.3
Median	0.75	0.71	0.66	5.8	5.7	7.2
Weight	17%	17%	17%	17%	17%	17%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
Enterprise value	2,138
Net debt	333
Other adjustments	-1
Value per share (PLN)	46.65

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	33%	22.27
Relative (DYield)	17%	47.08
DCF	50%	46.65
Cost of equity (9M)		6.3%
9M Target Price*		41.03



Dom Development hold (no change)

Aleksandra Szklarczyk +48 22 438 24 04 aleksandra.szklarczyk@mbank.pl

The Q1 results did not bring any major surprises. Although nominally very good and with a good 27.4% developer's margin, they were in line with our expectations and close to the market consensus. The company maintains the plan of 3.5 thousand apartments expected to be closed in 2019 (-3% y/y). Around 350 units should be handed over in Q2, 700 in Q3 and 1.200 in Q4. The average margin should amount to approximately 26% -26.5% (in line with our assumptions) and NP similar to that seen in last year. DOM plans to list for sale 3.9 thousand apartments, +8% y/y. As a result, it assumes the offer to be rebuilt to ~3 thousand in the near future (vs. 2.6 thousand in Q1), which should support the volume of sales. The current land bank (7.8 thousand) is equivalent of 2.1-year sales volume, but together with the offer fully secures our 2019-21 forecasts. In addition, the Company controls land for ~ 4.8 thousand units based on preliminary contracts. Throughout 2019, the Company plans the expenditures to amount up to PLN 500m (vs. PLN 300m in 2018 and PLN 150m in Q1). Taking into account, the good track record in launching investments on new lands, we do not see any risks to the level of investments carried out after 2020. We maintain a positive outlook for 2020, which may be record-breaking for Dom. The results should be supported by: 1) growing potential of completions (at the end of Q1 ~ 1100 units already sold and set to be closed in 2020 (>30% of our assumptions), 2) offer extension, 3) more expensive premium projects settlement (increase in the average price of settled units in 2020) and a higher margin (including Marina Mokotów, Ogrodowa). To sum up, Dom looks good in terms of operations. In the current market environment and valuation of the company, we see no reason to revise our forecasts or change our hold rating.

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Closings (units)	2,929	3,632	3,504	3,576	3,400
Revenue/unit (PLN k)	480	455	476	524	503
SG&A	138	162	161	168	175
SG&A/Sales	9.9%	9.8%	9.6%	9.0%	10.3%
EBIT margin	16.8%	17.1%	16.4%	16.6%	14.5%
Net profit margin	13.6%	13.7%	13.3%	13.3%	11.5%
Cash	331	317	350	251	240
Net debt	64	78	135	234	395
Net debt/Equity	6%	7%	13%	22%	39%
Inventory	1,989	2,114	2,207	2,300	2,393
Inventory/Sales	142%	128%	132%	123%	140%
Earnest money deposits	568	625	662	621	598
Deposits/Inventory	29%	30%	30%	27%	25%
Equity	1,002	1,046	1,042	1,070	1,017
ROE	20.5%	22.7%	21.1%	23.9%	18.3%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Revenue	1,669	1,873	1,710	1,693	1,674	1,708	1,734	1,760	1,786	1,813	1,840
EBITDA	283	321	258	230	219	221	224	228	231	234	238
EBITDA margin	17.0%	17.1%	15.1%	13.6%	13.1%	13.0%	12.9%	12.9%	12.9%	12.9%	12.9%
D&A	10	10	10	10	10	10	10	10	10	10	10
EBIT	273	311	248	219	209	211	214	217	221	224	227
Tax	52	59	47	42	40	40	41	41	42	43	43
NOPLAT	221	252	201	178	169	171	173	176	179	181	184
CAPEX	-11	-11	-11	-11	-11	-11	-11	-11	-11	-11	-11
Working capital	-51	-126	-107	-38	-9	-9	-9	-9	-9	-9	-9
Other	0	0	0	0	0	0	0	0	0	0	0
FCF	169	125	92	139	159	161	164	166	169	172	174
PV FCF	159	109	74	104	111	104	98	93	87	82	
WACC	8.2%	8.1%	7.8%	7.8%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

Current Price

81.60 PLN

Upside

9M Target Price

84.40 PLN

+3.4%

	rating	target price	issued
unchanged	hold	84.40 PLN	2019-04-02

Key Metrics	DOM PW	1M Price Chng	DOM PW	vs. WIG
Ticker	DOM PW	1M Price Chng	-1.0%	+4.6%
ISIN	PLMDVL00012	YTD Price Chng	+29.5%	+29.8%
Outst. Stock (m)	25.0	ADTV 1M		PLN 0.3m
MC (PLN m)	2,037.4	ADTV 6M		PLN 0.5m
EV (PLN m)	2,172.3	EV/EBITDA 12M fwd	7.7	-18.3%
Free Float	25.2%	EV/EBITDA 5Y avg	9.4	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	1,404.7	1,653.9	1,669.1	1,873.2	1,710.0
Gross profit	385.7	455.1	439.0	483.8	427.5
Gross margin	27.5%	27.5%	26.3%	25.8%	25.0%
EBIT	235.4	282.0	273.2	310.8	247.6
Net income	190.7	227.0	221.2	249.0	196.2
P/E	10.6	9.0	9.2	8.2	10.4
P/B	2.0	1.9	2.0	1.9	2.0
EV/EBITDA	8.6	7.3	7.7	7.1	9.4
DPS	5.05	7.60	9.05	8.86	9.97
DYield	6.2%	9.3%	11.1%	10.9%	12.2%
Projection Update (% change)			2019P	2020P	2021P
Revenue			0.0%	0.0%	0.0%
Gross profit margin			0.0 p.p.	0.0 p.p.	0.0 p.p.
EBIT			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
Closinas			0.0%	0.0%	0.0%

Cash Flow Summary

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	198	233	180	137	105
D&A	7	10	10	10	10
Working capital	-9	-1	-51	-126	-107
Investing cash flow	-213	-43	-46	9	-11
CAPEX	-8	-11	-11	-11	-11
Financing cash flow	-120	-187	-136	-225	-104
Dividends	-126	-190	-226	-221	-249

Relative Valuation Summary

	19P	P/BV	20P	21P	19P	P/E	20P	21P
Minimum	0.67	0.63	0.62	4.5	4.6	6.5		
Maximum	1.84	1.79	1.77	9.3	8.9	9.3		
Median	0.75	0.71	0.66	5.8	5.7	7.2		
Weight	17%	17%	17%	17%	17%	17%		

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
Enterprise value	2,481
Net debt*	78
Other adjustments	0
Value per share (PLN)	96

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	33%	44.00
Relative (DYield)	17%	99.42
DCF	50%	96.25
Cost of equity (9M)		6.3%
9M Target Price*		84.40

Retail

AmRest

buy (no change)

Piotr Bogusz

+48 22 438 24 08

piotr.bogusz@mbank.pl

According to published preliminary estimates, the company improved sales volumes by 28% y/y to EUR 445 million in Q1 2019. EBITDA increased by 25% y/y in Q1 2019. The company's results were supported by the consolidation of the Sushi Shop restaurant. The high dynamics of the company's results improvement should be maintained in 2-3Q 2019, which in our opinion will support the company's stock performance. The main factors supporting the high rate of improvement in results should be: i) further increase in profitability on the Company's markets (CEE, Russia); ii) continuing improvement in the profitability of the acquired businesses; iii) greater use of master franchise contracts; iv) consolidation of the results of KFC France and Sushi Shop, and v) further development of the pizzaportal.pl (reduction of EBITDA loss y/y). At the end of March, the Company announced the resignation of Henry McGovern from his function of CEO and the sale of shares by an investment vehicle linked to the founder of AmRest and Steven Kent Winegar to the main shareholder. The company's valuation has reacted negatively to this information. In our opinion, taking the position of CEO by Marek Chandler should guarantee continuation of the strategy of doubling sales in three years and maintaining EBITDA growth at a rate of at least 20% on average in the medium term.

Current Price

40.75 PLN

Upside**9M Target Price**

48.00 PLN

+17.8%

	rating	target price	issued
unchanged	buy	48.00 PLN	2019-04-02

Key Metrics			EAT PW	vs. WIG
Ticker	EAT PW	1M Price Chng	-3.2%	+2.4%
ISIN	NL0000474351	YTD Price Chng	+1.9%	+2.2%
Outst. Stock (m)	219.6	ADTV 1M		PLN 3.3m
MC (PLN m)	8,946.8	ADTV 6M		PLN 4.3m
EV (PLN m)	11,473.4	EV/EBITDA 12M fwd	11.5	+8.1%
Free Float	31.1%	EV/EBITDA 5Y avg	10.6	premium

Earnings Projections (adjusted for IFRS 16)

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	5,270	6,657	8,554	9,990	11,314
EBITDA	606	711	880	1,093	1,342
EBITDA margin	11.5%	10.7%	10.3%	10.9%	11.9%
EBIT	275	315	385	509	696
Net income	191	191	234	320	449
P/E	45.3	46.7	38.3	28.0	19.9
P/B	6.6	4.9	4.4	3.8	3.2
EV/EBITDA	16.7	15.9	13.0	10.4	8.2
DPS	0.00	0.00	0.00	0.00	0.00
DYield	0.0%	0.0%	0.0%	0.0%	0.0%
Projection Update (% change)			2019P	2020P	2021P
EBITDA			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
Revenue per restaurant			0.0%	0.0%	0.0%
EBITDA margin			0 p.p.	0 p.p.	0 p.p.
Restaurant count			0.0%	0.0%	0.0%

Financial Highlights (adjusted for IFRS 16)

(PLN m)	2017	2018	2019P	2020P	2021P
EBITDA (PL)	199	207	192	221	250
EBITDA (WE)	201	247	375	477	591
EBITDA (ES)	209	230	265	307	332
EBITDA (RU)	71.5	92.9	103.9	126.7	148.6
EBITDA (CZ)	116	151	184	210	240
Operating cash flow	635	705	784	1,011	1,191
D&A	330	396	495	584	646
Working capital	74	51	63	115	104
Investing cash flow	-980	-1,812	-937	-927	-807
CAPEX	-527	-108	-937	-927	-807
Financing cash flow	588	1,041	40	60	0
Dividends/Buyback	764	1,217	40	60	0
FCF	-405	-1,162	-112	124	425
FCF/EBITDA	-67%	-163%	-13%	11%	32%
OCF/EBITDA	105%	99%	89%	93%	89%

Key Ratios (adjusted for IFRS 16)

(%)	2017	2018	2019P	2020P	2021P
EBITDA margin (PL)	11.8%	9.9%	9.9%	9.9%	9.8%
EBITDA margin (WE)	10.6%	13.4%	13.4%	14.3%	15.6%
EBITDA margin (ES)	22.3%	22.1%	22.1%	21.9%	21.9%
EBITDA margin (RU)	11.0%	10.8%	10.8%	10.8%	10.8%
EBITDA margin (CZ)	21.5%	20.5%	20.5%	19.5%	19.4%
Net debt (PLN m)	1,422	2,338	2,491	2,408	2,024
Net debt/EBITDA (x)	2.3	3.3	2.8	2.2	1.5

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	7.7	7.4	7.0	6.3	5.9	5.5
Maximum	56.9	45.2	37.3	27.9	23.3	20.1
Median	25.1	22.6	20.1	13.2	12.0	10.9
Weight	10%	20%	20%	10%	20%	20%

DCF Analysis (adjusted for IFRS 16)

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Sales/rest., (PLN k)	885	921	918	917	918	918	918	917	917	917	917
EBITDA margin	10.7%	10.3%	10.9%	11.9%	12.5%	12.7%	12.7%	12.8%	12.8%	12.8%	12.8%
Rest. count	2,121	2,525	2,919	3,252	3,536	3,777	3,981	4,176	4,360	4,536	4,536
Revenue	6,657	8,554	9,990	11,314	12,468	13,422	14,238	14,966	15,660	16,321	16,321
EBITDA	711	880	1,093	1,342	1,552	1,707	1,815	1,911	2,003	2,091	2,091
EBITDA margin	10.7%	10.3%	10.9%	11.9%	12.5%	12.7%	12.7%	12.8%	12.8%	12.8%	12.8%
EBIT	315	385	509	696	880	1,032	1,155	1,258	1,350	1,438	1,438
Tax	86	118	156	214	270	317	355	387	415	442	442
CAPEX	-1,818	-937	-927	-807	-709	-625	-554	-653	-653	-653	-653
Working capital	32	63	115	104	87	67	54	45	40	36	36
FCF	-1,162	-112	124	425	660	832	960	916	975	1,032	1,032
PV FCF	-1,098	-99	101	320	460	536	572	504	496	484	
WACC	7.9%	7.8%	7.8%	8.0%	8.0%	8.1%	8.2%	8.3%	8.3%	8.4%	8.4%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.1
FCF perp. growth rate	2.0%
PV FCF	11,328
Net debt	2,338
Other adjustments	43
Value per share (PLN)	42.18

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	47.97
DCF Val.	50%	42.18
Implied Price		45.07
Cost of equity (9M)		6.4%
9M Target Price		48.00

CCC buy (no change)

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

After a very positive reaction of investors to good sales data for March, the company's stock rating experienced an adjustment at the turn of April/May, discounting weaker-than-expected results for Q1 2019 and a slowdown in sales growth in April 2019. CCC reported a deterioration of results y/y in Q1 despite very high sales improvement y/y in March 2019 (the most significant month of Q1). The reason for the worse than expected figures was the high cost base partially related to the consolidation of the acquired businesses (KVAG, DeeZee and Gino Rossi). A detailed cost analysis will be possible after the publication of the Q1 2019 report (15/05/2019). In our opinion, the stock price over discounted the negative factors and we pay attention to the potential of CCC to significantly improve sales in May-June (supported by the base effect). The above mentioned factors should allow the company to significantly improve its results in Q2 2019. The positive effect of the low base in monthly sales should continue until October (the effect will be partly limited in April, July and August). CCC should continue to improve the cash conversion cycle y/y in 2019, and maintain the cost discipline of CCC's own stores. The company expects the business in Austria and Voegle to generate a result close to zero in 2019 (the result of the Western Europe segment amounted to PLN -72.4 million in 2018). We expect that the prospect of accelerating the dynamics of monthly sales results y/y and a significant improvement of EBITDA y/y will support the sentiment towards CCC.

Current Price	190.00 PLN	Upside
9M Target Price	275.00 PLN	+44.7%

	rating	target price	issued
unchanged	buy	275.00 PLN	2019-04-02

Key Metrics	CCC PW	1M Price Chng	CCC PW	vs. WIG
Ticker	PLCCC0000016	YTD Price Chng	-18.9%	-13.3%
ISIN			-1.7%	-1.4%
Outst. Stock (m)	41.1	ADTV 1M		PLN 21.9m
MC (PLN m)	7,814.1	ADTV 6M		PLN 23.7m
EV (PLN m)	8,753.9	EV/EBITDA 12M fwd	9.1	-41.0%
Free Float	59.4%	EV/EBITDA 5Y avg	15.4	discount

Earnings Projections (adjusted for IFRS 16)

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	4,117	4,726	6,001	6,936	9,367
EBITDA adj.	499	328	764	910	1,051
EBITDA margin	12.1%	6.9%	12.7%	13.1%	11.2%
EBIT	412	373	610	745	829
Net income	287	59	437	544	576
P/E	27.2	-	17.9	14.4	13.6
P/B	7.1	6.8	5.9	4.3	3.4
EV/EBITDA	16.6	8.8	7.1	6.0	5.3
DPS	2.47	2.30	1.87	1.87	1.87
DYield	1.3%	1.2%	1.0%	1.0%	1.0%
Projection Update (% change)			2019P	2020P	2021P
EBITDA			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
Gross profit margin			0.0 p.p.	0.0 p.p.	0.0 p.p.
B&M sales/sqm			0.0%	0.0%	0.0%
SG&A/sqm			0.0%	0.0%	0.0%

Financial Highlights (adjusted for IFRS 16)

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue, B&M sales	3,588	3,899	4,582	5,092	7,061
EBITDA, B&M	381	438	624	718	789
Revenue, e-commerce	606	979	1,419	1,845	2,306
EBITDA, e-commerce	86.2	100.8	140.3	191.6	262.5
Gross profit margin	51.0%	50.1%	52.6%	53.5%	54.7%
Operating cash flow	78	996	889	1,105	1,053
D&A	93	602	622	677	771
Working capital	-588	244	-211	-168	-337
Investing cash flow	-222	-621	-469	-211	-416
CAPEX	-245	-439	-209	-211	-416
Financing cash flow	515	-515	-480	-437	-1,266
Dividends/Buyback	101	95	77	77	77
FCF	-146	506	208	801	1,145
FCF/EBITDA	-31%	120%	27%	88%	109%
OCF/EBITDA	17%	235%	116%	121%	100%

Key Ratios (adjusted for IFRS 16)

(PLN)	2017	2018	2019P	2020P	2021P
Sales/sqm, PL	744	644	692	698	692
Sales/sqm, CEE	538	515	547	556	552
Sales/sqm, WE	396	477	0	0	0
e-comm as % of sales	14.7%	20.7%	23.6%	26.6%	24.6%
Cash (PLN m)	512	376	432	911	282
Net debt (PLN m)	406	641	813	534	563
Net debt/EBITDA (x)	0.8	0.7	0.7	0.4	0.4

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	10.8	10.1	9.2	9.2	6.6	6.2
Maximum	35.2	27.9	23.8	23.8	23.1	20.2
Median	22.8	20.3	14.0	14.0	12.0	11.0
Weight	10%	20%	20%	10%	20%	20%

DCF Analysis (adjusted for IFRS 16)

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Sales/sqm (PLN)	534	541	575	593	592	586	580	627	669	632	0
SG&A/sqm (PLN)	249	248	344	347	343	336	331	343	372	373	0
Sales area (k sqm)	715	784	842	898	950	1,000	1,052	991	948	1,042	0
Revenue	6,001	6,936	9,367	10,223	10,831	11,384	11,803	12,215	12,620	13,020	13,346
EBITDA	764	910	1,051	1,161	1,230	1,314	1,326	1,330	1,334	1,345	1,379
EBITDA margin	12.7%	13.1%	11.2%	11.4%	11.4%	11.5%	11.2%	10.9%	10.6%	10.3%	10.3%
EBIT	596	730	809	903	923	984	1,017	1,043	1,067	1,086	1,113
Tax	119	146	162	172	175	187	193	198	203	206	211
CAPEX	209	211	416	218	815	246	114	118	121	238	238
Working capital	-211	-168	-337	-330	-169	-135	-92	-57	-50	-44	-44
FCF	208	801	1,145	1,003	1,411	837	704	714	747	880	902
PV FCF	196	694	913	736	951	518	399	371	357	386	
WACC	8.4%	8.6%	8.6%	8.8%	8.8%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

*Brick-and-mortar business only

DCF Summary

(PLN m)	
Beta	1.1
FCF perp. growth rate	2.5%
PV FCF	12,278
Net debt	756
Other adjustments	0
Value per share (PLN)	280.16

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	236.82
DCF Val.	50%	280.16
Implied Price		258.49
Cost of equity (9M)		6.5%
9M Target Price		275.00

Dino reduce (no change)

Piotr Bogusz

+48 22 438 24 08

piotr.bogusz@mbank.pl

In May, Dino published the Q1 2019 results broadly in line with market expectations. The company reported a 5% increase in comparable sales (low dynamics results from base effect and Easter shift). The negative impact of lower sales efficiency on EBITDA margin was offset by and increase of gross margin. As a result EBITDA margin increased by 0.1pp y/y in Q1 2019. In the following quarters, the lfl dynamics should be supported by the low base effect and the persistently high percentage of stores operating no longer than 3 years (stores being in the pursuit of targeted sales effectiveness). We expect the company to continue improving its purchase conditions, which will support the gross margin on sales. At the same time, we expect a sustained cost pressure and we see limited potential for further improvement of the cash conversion cycle in 2019. (the company significantly improved this ratio in 2018).

Current Price

124.90 PLN

Downside

9M Target Price

112.70 PLN

-9.8%

	rating	target price	issued
unchanged	reduce	112.70 PLN	2019-04-02

Key Metrics			DNP PW	vs. WIG
Ticker	DNP PW	1M Price Chng	-5.4%	+0.2%
ISIN	PLDINPL00011	YTD Price Chng	+30.3%	+30.6%
Outst. Stock (m)	98.0	ADTV 1M		PLN 17.2m
MC (PLN m)	12,245.2	ADTV 6M		PLN 20.3m
EV (PLN m)	12,885.1	EV/EBITDA 12M fwd	16.5	+4.6%
Free Float	48.9%	EV/EBITDA 5Y avg	15.8	premium

Earnings Projections (adjusted for IFRS 16)

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	4,463	5,839	7,742	9,622	11,172
EBITDA	389	541	715	884	1,028
EBITDA margin	8.7%	9.3%	9.2%	9.2%	9.2%
EBIT	303	429	561	697	806
Net income	214	308	404	520	619
P/E	57.3	39.8	30.3	23.6	19.8
P/B	13.5	10.1	7.5	5.7	4.4
EV/EBITDA	32.7	23.6	18.0	14.3	11.9
DPS	0.00	0.00	0.00	0.00	0.00
DYield	0.0%	0.0%	0.0%	0.0%	0.0%
Projection Update (% change)			2019P	2020P	2021P
EBITDA			0.0%	0.0%	0.0%
Net profit			0.0%	0.0%	0.0%
Store count			0.0%	0.0%	0.0%
Sales/sqm			0.0%	0.0%	0.0%
EBITDA margin			0.0 p.p.	0.0 p.p.	0.0 p.p.

Financial Highlights (adjusted for IFRS 16)

(EUR m)	2017	2018	2019P	2020P	2021P
Store count	775	977	1,221	1,453	1,613
Total store area (ksqm)	295	376	474	570	638
Avg. store area (sqm)	381	385	388	392	396
Sales margin	23.3%	24.2%	24.4%	24.4%	24.4%
Stores per distr. center	258	244	305	291	269
Operating cash flow	497	634	785	1,019	1,058
D&A	86	112	154	187	222
Working capital	131	116	162	256	177
Investing cash flow	-402	-634	-817	-747	-597
CAPEX	-411	-636	-817	-747	-597
Financing cash flow	41	82	-159	-249	-237
Dividends/Buyback	31	174	-100	-200	-203
FCF	50	-64	-52	254	446
FCF/EBITDA	13%	-12%	-7%	29%	44%
OCF/EBITDA	128%	117%	110%	115%	103%

Key Ratios (adjusted for IFRS 16)

	2017	2018	2019P	2020P	2021P
Days inventory	39.3	36.7	34.2	31.5	31.5
Days receivables	3.1	1.4	1.4	1.4	1.4
Days payables	86.5	94.2	88.2	88.2	88.2
CCC (days)	-44.1	-56.1	-52.6	-55.3	-55.3
SG&A/Sales	16.6%	16.9%	17.2%	17.2%	17.2%
Net debt (PLN m)	485	549	640	418	-9
Net debt/EBITDA (x)	1.2	1.0	0.9	0.5	0.0

Relative Valuation Summary

	PEG			P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P	19P	20P	21P
Minimum	0.5	0.5	0.4	12.3	10.7	8.1	4.9	4.7	4.4
Maximum	23.4	24.6	24.2	31.9	17.9	19.2	8.3	7.6	7.2
Median	1.0	0.9	0.8	15.3	13.4	11.8	6.1	5.6	5.1
Weight	11%	11%	11%	11%	11%	11%	11%	11%	11%

DCF Analysis (adjusted for IFRS 16)

(EUR m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Store count	1,221	1,453	1,613	1,773	1,933	2,033	2,133	2,233	2,333	2,433	2,433
Sales/sqm	1,518	1,537	1,541	1,539	1,530	1,515	1,507	1,507	1,506	1,506	1,506
SG&A/Sales	17.2%	17.2%	17.2%	17.3%	17.4%	17.4%	17.5%	17.5%	17.5%	17.5%	17.5%
Revenue	7,742	9,622	11,172	12,439	13,661	14,614	15,415	16,305	17,210	18,131	18,131
EBITDA	705	874	1,017	1,116	1,204	1,282	1,329	1,393	1,458	1,524	1,534
EBITDA margin	9.1%	9.1%	9.1%	9.0%	8.8%	8.8%	8.6%	8.5%	8.5%	8.4%	8.5%
EBIT	561	697	806	884	957	1,023	1,063	1,125	1,187	1,250	1,250
Tax	112	139	161	177	191	205	213	225	237	250	1,094
CAPEX	-817	-747	-597	-493	-501	-400	-338	-327	-318	-303	-303
Working capital	162	256	177	144	139	108	91	101	103	105	105
FCF	-52	254	446	601	660	796	879	953	1,016	1,085	1,102
PV FCF	-47	212	345	428	435	484	493	493	486	480	
WACC	8.2%	8.3%	8.4%	8.4%	8.3%	8.3%	8.3%	8.3%	8.3%	8.2%	8.2%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(EUR m)	
Beta	1.0
FCF perp. growth rate	1.5%
PV FCF	7,230
Net debt	549
Other adjustments	0
Value per share (EUR)	106.99

Valuation Summary

(EUR)	Weight	Price
Relative Val.	50%	104.90
DCF Val.	50%	106.99
Implied Price		105.95
Cost of equity (9M)		6.4%
9M Target Price		112.70

Eurocash reduce (upgraded)

Piotr Bogusz

+48 22 438 24 08

piotr.bogusz@mbank.pl

The Eurocash stock rebounded since Q4 earnings release, discounting the improvement in comparable sales recorded in most businesses. Despite the improvement of sales efficiency, the company's results are under pressure of integration costs and rising payroll costs. The impact of these factors was noticeable in Q1 2019, when EBITDA decreased y/y. In the segment decomposition, we expect EBITDA to increase in the wholesale segment and the decline in results in retail segment y/y in 2019. In line with our expectations, the publication of Q1 data negatively affected the company's stock price. Taking into account the cost pressure, we expect no improvement in EBITDA result in 2019 and a slight improvement in results in 2020. We draw attention to the potential risk of prolongation of the integration process, which could negatively impact the assumed results in subsequent years.

Current Price

21.00 PLN

Downside

9M Target Price

18.90 PLN

-10.0%

	rating	target price	issued
new	reduce	18.90 PLN	2019-05-09
old	sell	18.90 PLN	2019-04-02
Key Metrics		EUR PW	vs. WIG
Ticker	EUR PW	1M Price Chng	-4.6% +0.9%
ISIN	PLEURCH00011	YTD Price Chng	+19.3% +19.6%
Outst. Stock (m)	139.2	ADTV 1M	PLN 2.9m
MC (PLN m)	2,922.4	ADTV 6M	PLN 6.9m
EV (PLN m)	3,237.5	EV/EBITDA 12M fwd	7.7 -26.6%
Free Float	53.0%	EV/EBITDA 5Y avg	10.5 discount

Earnings Projections (adjusted for IFRS 16)

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	20,814	22,833	23,799	24,312	24,736
EBITDA adj.	361	374	379	417	459
EBITDA margin	1.7%	1.6%	1.6%	1.7%	1.9%
EBIT	38	214	161	194	230
Net income	-59	110	75	113	155
P/E	-	26.7	39.2	26.0	18.9
P/B	2.8	2.8	2.8	2.6	2.4
EV/EBITDA	15.2	8.0	8.5	7.3	6.2
DPS	0.80	0.76	0.39	0.27	0.40
DYield	3.8%	3.6%	1.9%	1.3%	1.9%
Projection Update (% change)			2019P	2020P	2021P
EBITDA			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
Wholesale (EBITDA)			0.0%	0.0%	0.0%
Retail (EBITDA)			0.0%	0.0%	0.0%
New Projects (EBITDA)			0.0%	0.0%	0.0%

Financial Highlights (adjusted for IFRS 16)

(PLN m)	2017	2018	2019P	2020P	2021P
Wholesale (S)	17,953	18,207	18,390	18,436	18,459
Retail (S)	5,018	5,277	5,518	5,643	5,664
New Projects (S)	680	680	680	680	680
Other (EBITDA)	-82	-82	-82	-82	-82
Operating cash flow	494	582	722	758	790
D&A	183	204	218	224	229
D&A (financial lease)	0	0	330	334	335
Working capital	247	196	39	40	36
Investing cash flow	-336	-462	-148	-148	-150
CAPEX	-307	-445	-148	-148	-150
Financing cash flow	-117	-126	-546	-619	-626
Dividends/Buyback	-111	-106	-55	-37	-56
FCF	-271	446	211	248	281
FCF/EBITDA	-123%	107%	56%	59%	61%
OCF/EBITDA	223%	139%	190%	182%	172%

Key Ratios (adjusted for IFRS 16)

	2017	2018	2019P	2020P	2021P
Days inventory	26.3	23.6	23.8	23.8	23.8
Days receivables	29.5	21.5	21.3	21.1	20.9
Days payables	78.4	69.8	69.8	69.8	69.8
CCC (days)	-22.7	-24.7	-24.7	-24.9	-25.1
SG&A/Sales	11%	12%	12%	12%	12%
Net debt (PLN m)	370	382	254	63	-151
Net debt/EBITDA (x)	1.7	0.9	0.7	0.2	-0.3

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	11.8	10.3	9.3	5.1	4.5	4.3
Maximum	27.8	21.7	17.2	17.0	13.5	10.8
Median	15.2	13.3	12.1	6.1	5.5	5.4
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis (adjusted for IFRS 16)

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Wholesale (EBITDA)	405	429	434	434	435	435	436	436	437	437	437
Retail (EBITDA)	107	123	161	193	222	251	251	251	251	251	251
New Projects (EBITD)	-51	-53	-54	-55	-55	-55	-55	-55	-55	-55	-55
Revenue	23,799	24,312	24,736	24,907	24,951	24,974	24,993	25,006	25,020	25,035	25,035
EBITDA	379	417	459	490	520	549	549	550	550	550	550
EBITDA margin	1.59%	1.72%	1.86%	1.97%	2.08%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%
EBIT	143	175	211	240	269	297	298	298	317	317	317
Tax	40	43	46	48	51	55	54	54	57	57	57
CAPEX	-148	-148	-150	-151	-153	-154	-156	-157	-159	-233	-233
Working capital	39	40	36	23	16	15	15	14	15	15	15
FCF	211	248	281	296	313	335	335	334	348	274	274
PV FCF	200	217	228	222	218	216	200	184	178	130	
WACC	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	1.0%
PV FCF	3,700
Net debt	382
Other adjustments	61
Value per share (PLN)	23.40

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	12.44
DCF Val.	50%	23.40
Implied Price		17.92
Cost of equity (9M)		5.7%
9M Target Price		18.90

Jeronimo Martins hold (downgraded)

Piotr Bogusz

+48 22 438 24 08

piotr.bogusz@mbank.pl

The Jeronimo Martins stock significantly increased after the publication of the Q1 2019 results (in line with the consensus), discounting the good prospects of the company for the next quarters. In Q1, Biedronka recorded a drop in comparable sales by 1.1% y/y (Easter shift, high base and extension of the Sunday trading ban). Taking into account the base effect and good macroeconomic environment, we expect a significant improvement in comparable sales in the subsequent quarters. The EBITDA margin in Biedronka network slightly decreased as a result of a weaker operating leverage. The company upholds the intention to maintain a flat EBITDA margin in 2019. We include the opening of 110 Biedronka stores in 2019 and Capex at the level of EUR 725 million in our estimates. We slightly adjust our estimates and raise the target price to EUR 14.2 per share mainly due to the increase in expected sales per sqm. on the Polish market. Considering the increase in the JMT share price since the last monthly report, we are downgrading the rating from accumulate to hold.

Current Price

13.89 EUR

Upside

9M Target Price

14.30 EUR

+3.0%

	rating	target price	issued
new	hold	14.30 EUR	2019-05-09
old	accumulate	14.10 EUR	2019-04-02
Key Metrics		JMT PL	vs. WIG
Ticker	JMT PL	1M Price Chng	+4.9% +10.5%
ISIN	PTJMT0AE0001	YTD Price Chng	+38.7% +39.0%
Outst. Stock (m)	629.3	ADTV 1M	EUR 14.1m
MC (EUR m)	8,740.9	ADTV 6M	EUR 10.0m
EV (EUR m)	9,135.4	EV/EBITDA 12M fwd	8.5 -10.1%
Free Float	43.8%	EV/EBITDA 5Y avg	9.4 discount

Earnings Projections (adjusted for IFRS 16)

(EUR m)	2017	2018	2019P	2020P	2021P
Revenue	16,276	17,336	18,440	20,039	21,251
EBITDA	922	960	1,055	1,146	1,210
EBITDA margin	5.7%	5.5%	5.7%	5.7%	5.7%
EBIT	577	588	651	710	744
Net income	386	401	443	494	518
P/E	22.6	21.8	19.7	17.7	16.9
P/B	4.9	4.9	4.5	4.1	3.8
EV/EBITDA	9.6	9.5	8.7	7.9	7.4
DPS	0.69	0.64	0.27	0.29	0.30
DYield	5.0%	4.6%	2.0%	2.1%	2.2%
Projection Update (% change)		2019P	2020P	2021P	
EBITDA		+1.2%	+1.9%	+1.9%	
Net income		+2.6%	+5.5%	+3.2%	
Y/Y sales/sqm, Biedronka		+0.2 p.p.	+2.8 p.p.	+1.4 p.p.	
Y/Y sales/sqm, Pingo Doce		+0.9 p.p.	-0.3 p.p.	-0.5 p.p.	
Y/Y sales/sqm, Recheio		+1.7 p.p.	+1.0 p.p.	+1.0 p.p.	

Financial Highlights (adjusted for IFRS 16)

(EUR m)	2017	2018	2019P	2020P	2021P
EBITDA Biedronka, PL	808	850	913	989	1,033
EBITDA Pingo Doce, PT	187	188	192	197	196
EBITDA Recheio, PT	50	53	55	57	58
EBITDA Other	-85	-80	-56	-46	-28
CCC (days)	-71	-67	-65	-65	-65
Operating cash flow	909	849	1,267	1,500	1,522
D&A	345	372	404	437	467
Working capital	0	0	303	322	340
Investing cash flow	292	-43	85	213	162
CAPEX	-658	-700	-725	-732	-739
Financing cash flow	-229	-273	-605	-670	-704
Dividends/Buyback	435	401	173	181	189
FCF	397	62	234	430	426
FCF/EBITDA	43%	6%	22%	38%	35%
OCF/EBITDA	99%	88%	120%	131%	126%

Key Ratios (adjusted for IFRS 16)

(%)	2017	2018	2019P	2020P	2021P
Gross profit margin	21.2%	21.7%	22.0%	22.1%	22.1%
SG&A/Sales	17.6%	18.2%	18.5%	18.5%	18.6%
Y/Y sales/sqm, Biedr.	9.0%	1.0%	1.9%	3.1%	0.4%
Y/Y sales/sqm, P. Doce	0.5%	3.2%	2.1%	1.4%	1.4%
Y/Y sales/sqm, Recheio	5.7%	2.8%	1.0%	-0.7%	-0.7%
Net debt (EUR m)	-144	93	156	58	-20
Net debt/EBITDA (x)	-0.2	0.1	0.1	0.1	0.0

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	14.1	12.9	11.7	5.4	5.1	4.7
Maximum	33.4	23.4	18.3	8.9	7.9	7.2
Median	15.2	13.1	12.3	8.2	7.2	6.8
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis (adjusted for IFRS 16)

(EUR m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Biedronka stores	3,004	3,114	3,174	3,234	3,294	3,354	3,414	3,474	3,534	3,594	3,534
Pingo Doce stores	440	440	440	440	440	440	440	440	440	440	440
Ara stores	681	941	1,101	1,261	1,421	1,541	1,621	1,661	1,701	1,741	1,701
Revenue	18,440	20,039	21,251	22,152	22,959	23,731	24,439	25,084	25,714	26,356	26,817
EBITDA	1,055	1,146	1,210	1,285	1,356	1,429	1,471	1,512	1,554	1,597	1,694
EBITDA margin	5.7%	5.7%	5.7%	5.8%	5.9%	6.0%	6.0%	6.0%	6.0%	6.1%	6.3%
EBIT	651	710	744	795	851	918	958	1,001	1,046	1,090	1,135
Tax	181	197	207	221	236	255	266	278	291	303	315
CAPEX	-725	-732	-739	-665	-599	-539	-512	-486	-462	-507	-507
Working capital	85	213	162	121	108	103	95	86	84	86	84
FCF	234	430	426	520	628	739	788	834	886	873	901
PV FCF	223	377	345	388	434	471	464	453	445	405	
WACC	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(EUR m)	
Beta	1.0
FCF perp. growth rate	1.8%
PV FCF	10,365
Net debt	93
Other adjustments	225
Value per share (EUR)	15.96

Valuation Summary

(EUR)	Weight	Price
Relative Val.	50%	10.98
DCF Val.	50%	15.96
Implied Price		13.47
Cost of equity (9M)		6.2%
9M Target Price		14.30

LPP hold (no change)

Piotr Bogusz

+48 22 438 24 08

piotr.bogusz@mbank.pl

The LPP share price increased to PLN 9 200 last April after the publication of earnings estimates for Q1 2019, and then moved back to PLN 8 400 after the company's comment on the outlook for Q2 2019 results. According to estimates, the EBIT loss in Q1 was close to last year's result (PLN -105 million in Q1 2019 vs. PLN -118 million in Q1 2018). LPP improved sales by 15.8% y/y in Q1 2019, delivering 11.4% increase in comparable sales. The high increase in lfi was affected by a drop in gross sales margin by 1.4pp. y/y to 43.7% in Q1 2019 (effect of intensive sales as well as unfavorable and higher price y/y of the purchase of the spring-summer collection). Taking into account the pressure on the gross margin on sales (higher collection cost y/y), unfavorable base effect (increase in sales by 20% y/y in Q2 2018) and cost pressure (we expect a rise in the SG&A per sqm y/y in Q2 2019), we expect the company's dynamics to slow down in Q2. The pressure on the gross margin on sales due to the high cost of purchasing the collection should be maintained until Q3 2019. Considering the current USDPLN rate, we do not expect any pressure on the margin in the fall -winter collection.

Current Price	8,060.00 PLN	Upside
9M Target Price	8,400.00 PLN	+4.2%

	rating	target price	issued
unchanged	hold	8,400.00 PLN	2019-04-02

Key Metrics			LPP PW	vs. WIG
Ticker	LPP PW	1M Price Chng	-7.9%	-2.4%
ISIN	PLPP0000011	YTD Price Chng	+2.7%	+3.0%
Outst. Stock (m)	1.9	ADTV 1M		PLN 13.5m
MC (PLN m)	14,930.5	ADTV 6M		PLN 18.5m
EV (PLN m)	14,240.6	EV/EBITDA 12M fwd	10.6	-23.8%
Free Float	69.5%	EV/EBITDA 5Y avg	14.0	discount

Earnings Projections (adjusted for IFRS 16)

(PLN m)	2017	2018P	2019P	2020P	2021P
Revenue	7,029	8,040	9,387	10,661	11,929
EBITDA	872	1,079	1,256	1,425	1,600
EBITDA margin	12.4%	13.4%	13.4%	13.4%	13.4%
EBIT	578	743	893	1,010	1,152
Net income	441	543	748	851	975
P/E	33.9	27.5	20.0	17.6	15.3
P/B	6.1	5.1	4.2	3.5	2.9
EV/EBITDA	16.8	13.5	11.3	9.7	8.3
DPS	35.71	39.96	44.38	61.16	69.53
DYield	0.4%	0.5%	0.6%	0.8%	0.9%
Projection Update (% change)			2019P	2020P	2021P
EBITDA			0.0%	0.0%	0.0%
Net income			0.0%	0.0%	0.0%
Sales per sqm			0.0%	0.0%	0.0%
SG&A/sqm			0.0%	0.0%	0.0%
Sales area			0.0%	0.0%	0.0%

Financial Highlights (adjusted for IFRS 16)

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue/sqm, PL (PLN)	595	607	607	614	619
Revenue/sqm, RU (PLN)	591	594	600	598	597
Revenue/sqm, CZ (PLN)	666	779	784	792	795
Revenue/sqm, DE (PLN)	502	507	518	517	517
Gross profit margin	52.8%	54.7%	53.9%	53.5%	53.5%
Operating cash flow	893	975	1,912	2,156	2,412
D&A	293	335	363	415	448
Working capital	0	0	896	978	1,056
Investing cash flow	101	-10	-95	-87	-67
CAPEX	-384	-871	-592	-636	-622
Financing cash flow	-360	33	-1,214	-1,113	-1,199
Dividends/Buyback	66	73	81	112	128
FCF	358	123	379	494	679
FCF/EBITDA	41%	11%	30%	35%	42%
OCF/EBITDA	102%	90%	80%	81%	83%

Key Ratios (adjusted for IFRS 16)

(k sqm)	2017	2018P	2019P	2020P	2020P
Salea area, PL	514	535	551	567	578
Salea area, RU	194	219	254	287	319
Sales area, CZ	44	48	53	59	64
Sales area, DE	45	46	46	47	47
Cash (PLN m)	515	652	757	1,163	1,754
Net debt (PLN m)	-316	-347	-690	-1,120	-1,725
Net debt/EBITDA (x)	-0.4	-0.3	-0.5	-0.8	-1.1

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	18.8	17.5	14.3	9.1	8.5	8.1
Maximum	23.4	21.5	20.1	15.0	12.5	11.8
Median	22.8	18.3	16.4	13.4	12.4	11.0
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis (adjusted for IFRS 16)

(PLN m)	18P	19P	20P	21P	22P	23P	24P	25P	26P	27P	+
Sales/sqm (PLN)	638	677	700	718	730	735	730	723	715	703	703
SG&A/sqm (PLN)	286	286	293	300	304	305	301	297	295	291	291
Sales area (k sqm)	1,100	1,210	1,327	1,441	1,562	1,696	1,854	2,041	2,263	2,530	2,530
Revenue	8,040	9,387	10,661	11,929	13,160	14,375	15,540	16,894	18,475	20,218	20,218
EBITDA	1,079	1,256	1,425	1,600	1,772	1,918	2,085	2,277	2,469	2,638	2,638
EBITDA margin	13.4%	13.4%	13.4%	13.4%	13.5%	13.3%	13.4%	13.5%	13.4%	13.0%	13.0%
EBIT	743	893	1,010	1,152	1,303	1,437	1,583	1,744	1,892	2,004	2,004
Tax	186	150	169	193	218	241	265	292	317	336	336
CAPEX	-749	-592	-636	-622	-562	-609	-691	-793	-918	-1,069	-1,069
Working capital	21	136	126	105	102	101	97	112	131	146	146
FCF	123	379	494	679	890	967	1,032	1,079	1,102	1,087	1,114
PV FCF	123	349	419	532	642	644	633	610	574	522	
WACC	8.4%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.5%
PV FCF	14,456
Net debt	-316
Other adjustments	0
Value per share (PLN)	8,000

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	7,500
DCF Val.	50%	8,000
Implied Price		7,900
Cost of equity (9M)		6.4%
9M Target Price		8,400

Other PBKM suspended

Paweł Szpigiel

+48 22 438 24 06

pawel.szpigiel@mbank.pl

In connection with the periodical review of recommended companies, we discontinue analytical reports & forecasts for PBKM as well as the publication of investment recommendations for the company's assets.

Current Price
9M Target Price

66.00 PLN

-

		rating	target price	issued
new		suspended		2019-05-09
old		hold	66.57 PLN	2019-03-05
Key Metrics		BKM PW vs. WIG		
Ticker	BKM PW	1M Price Chng	-1.2%	+4.4%
ISIN	PLPBKM000012	YTD Price Chng	+13.8%	+14.1%
Outst. Stock (m)	5.0	ADTV 1M		PLN 0.1m
MC (PLN m)	328.1	ADTV 6M		PLN 0.4m
EV (PLN m)	378.4	EV/EBITDA 12M fwd	7.5	+16.9%
Free Float	48.8%	EV/EBITDA 5Y avg	6.4	premium

List of abbreviations and ratios contained in the report:

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

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

Recommendations of Dom Maklerski mBanku :

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

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

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

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

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

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

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

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

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

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

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

The production of new recommendations was completed on May 9, 2019, 08:52 AM.
New recommendations were first disseminated on May 9, 2019, 08:52 AM.

mBank S.A. may have received compensation from the following companies in the last 12 months: Alchemia, Alior Bank, Ambra, Amica, Bank Handlowy, Bank Millennium, Bank Pekao, BEST, BGŻ BNP Paribas, Boryszew, Santander Bank Polska, Capital Park, CD Projekt, Cognor, Echo Investment, Elemental Holding, Elzab, Enea, Energoaparatúra, Erbud, Ergis, Erste Bank, Famur, Ferrum, Getin Holding, Getin Noble Bank, Groclin, iZ Development, Impexmetal, INDATA, ING BSK, Kopex, Kruk, LW Bogdanka, Mennica Polska, Mostostal Warszawa, Netia, Neuca, Oponeo.pl, Orbis, OTP Bank, PA Nova, PGE, PGNiG, PKN Orlen, PKO BP, Polimex-Mostostal, Polnord, Prochem, Projprzem, PZU, Raiffeisen Bank International, Rawlplug, Rubicon Partners NFI, Seco/Warwick, Skarbiec Holding, Solar Company, Stelmet, Sygnity, Tarczyński, TIM, Trakcja, Unibep, Uniwheels, Vistal Gdynia, Work Service, YOLO, Zastal, ZUE, PEKABEX.

In the last 12 months mBank S.A. has acted as dealer-manager for tender or exchange offers for the shares of: Orbis, Polenergia, Prime Car Management.

Asseco Poland provides IT services to mBank S.A.

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

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

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

Recommendations are addressed to all Clients of Dom Maklerski mBanku.

All investment recommendations and strategies issued by mBank S.A. over the last 12 months are available at:
http://www.mdm.pl/ui-pub/site/market_and_analysis/analysis_and_recommendations/fundamental_analysis/recommendations?recent_filter_active=true&lang=en

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

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

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

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

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

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

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

Strong and weak points of valuation methods used in recommendations:

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

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

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

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

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

Comparable Companies Used In Relative Valuation Models

Agora	Axel Springer, Cinemark Holdings, Cineworld, Daily Mail&General, IMAX Corp, JC Decaux, Lagardere, Sanoma, Schibsted, Stroeer Media
AmRest	Alsea, Autogrill, Chipotle Mexican, Collins Foods, Jack In The Box, McDonalds, Mitchells & Butlers, Panera Bread, Starbucks, Texas Roadhouse, Wendy's, Yum! Brands
Asseco Poland	Atos, CAP Gemini, Comarch, Computacenter, Fiserv, Indra Sistemas, Oracle, Sage Group, SAP, Software AG
Atal, Dom Development	Archicom, Atal, Dom Development, LC Corp, Lokum Deweloper, Echo
CCC	Adidas, Asos, Boohoo.com, Caleries, Crocs, Foot Locker, Geox, Nike, Steven Madden, Tod's, Voox Net-a-Porter, Zalando
CD Projekt	Activision, Blizzard, CAPCOM, Take Two Interactive, Ubisoft Entertainment, Electronic Arts
CEZ, Enea, Energa, PGE, Tauron	CEZ, EDF, EDP, Endesa, Enea, Enel, Energa, EON, Innogy, PGE, RWE, Tauron
Ciech	Akzo Nobel, BASF, Bayer, Ciner Resources, Dow Chemical, GHCL, Hongda Xindye, Huntsman, MISR Chemical, OCI, Soda Samayii, Solvay, Shandong Haihua, Qingdao, Tata Chemicals, Tangshan Sanyou Chemical, Tessenderlo Chemie, Tronox, Wacker Chemie
Comarch	Asseco Poland, Atos, CAP Gemini, Computacenter, Fiserv INC, Indra Sistemas, Oracle Corp, Sage Group, SAP, Software AG, Tieto
Cyfrowy Polsat	BT Group, Comcast, Deutsche Telekom, Hellenic Telecom, Iliad, Koninklijke KPN, Magyar Telekom, Netia, O2 Czech, Orange, Orange Polska, Shaw Communications, Talktalk Telecom, Tele2, Telecom Italia, Telefonica, Telekom Austria, Telenor, Turk Telekomunikasyon, Turkcell Iletisim Hizmet, Vodafone Group
Dino	Carrefour, Dixy Group, Eurocash, Jeronimo Martins, Magnit, Metro, O'Key Group, Tesco, X5
Eurocash	Carrefour, Dixy Group, Jeronimo Martins, Magnit, Metro, O'Key Group, Tesco, X5
Famur	Epiroc, Caterpillar, Duro Felguera, Komatsu, Sandvik
Grupa Azoty	Acron, Agrium, CF Industries, Israel Chemicals, K+S, Mosaic, Phosagro, Potash, Yara
Jeronimo Martins	Carrefour, Eurocash, Magnit, Tesco, X5
JSW	Alliance Resource Partners, Peabody Energy, Arch Coal, Semirara Mining and Power, Bukin Asam, Henan Shenhua, 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
Kernel	Astarta, Andersnons, ADM, Avangard, Bunge, China Agri Industries, Felda Global, Golden Agri Resources, GrainCorp, IMC, MHP, Milkiland, Nisshin Oillio Group, Ovostar, Wilmar
Kęty	Alcoa, Amag, Amcor, Bemis, Century Aluminium, China Hongoiao, Constelium, Impexmetal, Kaiser Aluminium, Mercor, Midas Holdings, Nippon Light Metal, Norsk Hydro, UACJ, United CO Rusal
KGHM	Anglo American, Antofagasta, BHP Billiton, Boliden, First Quantum Minerals, Freeport-McMoRan, Grupo Mexico, Hudbay, Lundin, MMC Norilsk Nickel, OZ Minerals, Rio Tinto, Sandfire Resources, Southern Copper, Vedanta Resources
Lotos, MOL	Aker BP, Bashneft, BP, ENI, Galp, Gazpromneft, Hellenic, Lotos, Lukoil, MOL, Motor Oil, Neste, OMV, OMV Petrom, PKN, Repsol, Rosneft, Saras, Shell, Statoil, Total, Tullow Oil, Tupras, Unipetrol
LPP	CCC, Gerry Weber, H&M, Hugo Boss, IC Companys, Inditex, Kappahl, Marks & Spencer, Next, Tom Tailor
Netia	BT Group, Cyfrowy Polsat, Deutsche Telekom, 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
Orange Polska	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
PGNiG	A2A, BP, Centrica, Enagas, Endesa, Enea, Energa, Engie, ENI, EON, Galp Energia, Gas Natural, Gazprom, Hera, MOL, Novatek, OMV, Red Electrica, Romgaz, RWE, Shell, Snam, SSE, Statoil, Total
PKN Orlen	Braskem, Dow Chemical, Eastman, Galp, Hellenic, Huntsman, Indorama, Lotos, Lotte, Lyondellbasell, Mitsubishi, Mitsui, MOL, Motor Oil, Neste, OMV, OMV Petrom, Petronas, Saras, Tupras, Unipetrol, Westlake
Play	BT Group, Cyfrowy Polsat, Deutsche Telekom, Hellenic Telecom, Koninklijke KPN, Magyar Telekom, Netia, O2 Czech, Orange, Orange Belgium, Orange Polska, Telecom Italia, TalkTalk, Tele2, Telefonica, Telekom Austria, Telenor, Turk Telekomunikasyon, Turkcell Iletisim Hizmet, Vimpel, Vodafone Group
Skarbiec Holding	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
Stelmet	AFG Arbonia, Canfor, Century Plyboards, Deceuninck, Duratex, Forte, Greenply Industries, Interfor, Inwido, Louisiana Pacific, Nobia, Pflaiderer, Rayonier, Uzin UTZ, Vanachai Group, Vilmorin, West Fraser
Wirtualna Polska	eBay, Facebook, Google, Mail.ru, Sina, Yahoo Japan, Yandex

Recommendations Issued In the 12 Months Prior To This Publication

AC

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

Agora

Rating	buy	buy
Rating date	2018-11-27	2018-09-14
Target price (PLN)	16.00	15.40
Price on rating day	9.50	8.48

Ailleron

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

Alior Bank

Rating	buy	buy	buy
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

Rating	neutral	neutral	neutral
Rating date	2019-04-15	2019-03-28	2018-08-23
Target price (PLN)	-	-	-
Price on rating day	51.00	51.00	51.00

Amica

Rating	neutral	overweight	overweight	overweight
Rating date	2019-04-29	2019-04-02	2018-09-13	2018-06-06
Target price (PLN)	-	-	-	-
Price on rating day	130.00	143.00	112.80	121.00

AmRest

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

Apator

Rating	neutral	overweight	overweight	neutral	underweight
Rating date	2019-04-29	2019-03-05	2019-02-27	2019-01-30	2018-12-05
Target price (PLN)	-	-	-	-	-
Price on rating day	25.80	26.50	25.80	25.40	24.20

Archicom

Rating	suspended	overweight
Rating date	2018-12-05	2018-06-22
Target price (PLN)	-	-
Price on rating day	11.90	15.00

Asseco BS

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

Asseco Poland

Rating	hold	accumulate	hold	accumulate	hold
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

Rating	overweight
Rating date	2019-04-11
Target price (PLN)	-
Price on rating day	14.20

Atal

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

Atende

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

BBi Development

Rating	suspended
Rating date	2018-12-05
Target price (PLN)	-
Price on rating day	0.63

Boryszew

Rating	neutral	neutral
Rating date	2019-04-29	2018-09-05
Target price (PLN)	-	-
Price on rating day	4.65	6.25

Budimex

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

Capital Park

Rating	suspended
Rating date	2018-12-05
Target price (PLN)	-
Price on rating day	4.60

CCC

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

CD Projekt

Rating	accumulate	accumulate	accumulate	buy	reduce
Rating date	2019-05-09	2019-04-02	2019-02-04	2018-11-23	2018-10-16
Target price (PLN)	237.50	221.00	217.70	170.40	136.60
Price on rating day	215.00	204.00	190.00	139.00	158.60

CEZ

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

Ciech

Rating	buy	buy	buy	buy	buy	buy	buy	buy
Rating date	2019-05-09	2019-04-02	2019-02-04	2018-11-05	2018-08-02	2018-07-04	2018-06-06	2018-05-09
Target price (PLN)	68.11	68.66	75.82	77.05	82.52	81.14	88.64	89.71
Price on rating day	44.85	54.80	52.40	42.58	56.95	53.05	60.20	55.00

Cognor

Rating	neutral	underweight	neutral
Rating date	2019-05-09	2019-03-05	2018-12-05
Target price (PLN)	-	-	-
Price on rating day	1.59	1.94	1.80

Comarch

Rating	buy	buy	hold	accumulate	accumulate	accumulate
Rating date	2019-04-17	2019-03-05	2019-02-04	2018-12-05	2018-10-01	2018-05-09
Target price (PLN)	230.00	195.00	160.80	173.30	180.50	166.50
Price on rating day	181.00	162.50	155.00	160.00	167.00	145.00

Cyfrowy Polsat

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

Dino

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

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
Rating date	2018-12-05
Target price (PLN)	-
Price on rating day	3.94

Elektrobudowa

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

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
Rating date	2018-12-05
Target price (PLN)	-
Price on rating day	1.17

Enea

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

Energa

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

Erbud

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

Ergis

Rating	overweight	overweight	underweight
Rating date	2019-04-29	2019-02-27	2018-12-05
Target price (PLN)	-	-	-
Price on rating day	3.00	2.75	2.80

Erste Bank

Rating	buy	buy	buy	accumulate
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

Rating	reduce	sell	reduce	hold	buy
Rating date	2019-05-09	2019-04-02	2019-02-04	2018-12-05	2018-10-01
Target price (PLN)	18.90	18.90	17.90	18.20	26.40
Price on rating day	21.00	22.58	20.13	18.00	18.08

Famur

Rating	buy	buy	buy	buy	buy
Rating date	2019-05-09	2019-02-04	2018-11-30	2018-08-02	2018-05-09
Target price (PLN)	6.90	6.61	6.41	6.56	6.95
Price on rating day	4.82	4.98	5.58	5.20	5.94

Forte

Rating	neutral	neutral	overweight
Rating date	2019-04-29	2018-10-31	2018-07-27
Target price (PLN)	-	-	-
Price on rating day	40.60	40.60	40.60

Getin Noble Bank

Rating	suspended	hold	hold
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

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

Grupa Azoty

Rating	buy	hold	hold	buy	hold	hold	hold	hold
Rating date	2019-05-09	2019-03-05	2018-11-23	2018-11-05	2018-09-03	2018-08-02	2018-05-25	2018-05-09
Target price (PLN)	45.39	43.20	33.00	31.47	41.13	42.13	44.40	60.99
Price on rating day	35.92	43.88	32.36	24.00	38.00	42.20	42.60	51.10

GTC

Rating	suspended
Rating date	2019-03-05
Target price (PLN)	-
Price on rating day	9.03

Handlowy

Rating	buy	hold	reduce	accumulate	buy
Rating date	2019-05-09	2019-03-05	2019-02-01	2018-12-05	2018-10-04
Target price (PLN)	65.50	65.50	65.50	76.00	90.00
Price on rating day	52.80	65.90	69.10	71.10	76.90

Herkules

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

i2 Development

Rating	suspended	neutral	neutral
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

Rating	underweight	neutral
Rating date	2019-04-25	2018-12-05
Target price (PLN)	-	-
Price on rating day	4.16	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

Jeronimo Martins

Rating	hold	accumulate	hold	buy	buy	buy	buy
Rating date	2019-05-09	2019-04-02	2019-03-05	2019-02-04	2018-12-05	2018-08-02	2018-06-06
Target price (EUR)	14.30	14.10	13.60	14.60	14.50	15.20	16.40
Price on rating day	13.89	13.15	13.40	12.38	10.60	12.65	13.52

JSW

Rating	hold	reduce	hold	reduce	reduce	sell	buy	buy	buy	buy	buy
Rating date	2019-05-09	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
Target price (PLN)	54.80	54.80	60.68	60.68	59.14	59.14	98.00	108.69	107.00	115.23	109.12
Price on rating day	49.86	62.50	59.96	68.30	71.20	72.56	77.00	79.50	77.50	86.66	79.32

JWC

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

Kernel

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
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
Target price (PLN)	341.33	324.30	309.30	309.30	367.45	355.61	371.08	363.01
Price on rating day	324.00	336.50	343.00	365.50	387.50	321.50	360.50	353.00

KGHM

Rating	hold	hold	hold	hold	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
Target price (PLN)	105.57	92.41	84.56	87.99	104.21	111.08	112.92	118.98
Price on rating day	109.40	94.16	92.60	85.40	90.80	96.00	96.52	92.50

Komerční Banka

Rating	buy	accumulate
Rating date	2019-05-09	2018-12-05
Target price (CZK)	1000.00	1000.00
Price on rating day	873.00	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
Rating date	2018-12-05	2018-06-22
Target price (PLN)	-	3.58
Price on rating day	2.55	2.39

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
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
Target price (PLN)	65.41	65.18	65.36	59.84	57.21	52.51	52.51	52.81
Price on rating day	86.22	93.90	93.00	73.50	69.90	65.86	54.50	55.62

LPP

Rating	hold	buy	accumulate	buy	buy	accumulate	hold
Rating date	2019-04-02	2019-03-05	2019-02-04	2018-12-05	2018-10-01	2018-06-18	2018-05-09
Target price (PLN)	8400.00	9300.00	9300.00	9300.00	10200.00	10200.00	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

Mangata

Rating	neutral	neutral	neutral	underweight	neutral
Rating date	2019-05-09	2019-04-29	2018-10-01	2018-09-13	2018-06-22
Target price (PLN)	-	-	-	-	-
Price on rating day	69.00	71.00	65.40	91.20	90.00

Millennium

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

MOL

Rating	hold	hold	hold	hold	accumulate	accumulate	buy	accumulate	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
Target price (HUF)	3223.00	3423.00	3433.00	3280.00	3280.00	3296.00	3296.00	2995.00	2954.00
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

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

Orange Polska

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

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	suspended	hold	accumulate	buy	hold
Rating date	2019-05-09	2019-03-05	2018-12-05	2018-10-01	2018-06-06
Target price (PLN)	-	66.57	66.57	66.40	76.26
Price on rating day	66.00	68.80	62.00	57.80	73.00

Prime Car Management

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

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	neutral	underweight	neutral	overweight
Rating date	2019-04-16	2019-02-27	2019-01-30	2018-09-28	2018-08-08
Target price (PLN)	-	-	-	-	-
Price on rating day	25.50	28.40	32.60	36.45	37.30

PGE

Rating	buy	buy	buy	buy	buy	buy
Rating date	2019-05-09	2019-04-02	2019-03-26	2019-02-04	2018-11-29	2018-05-29
Target price (PLN)	13.38	13.66	13.77	14.47	14.82	13.60
Price on rating day	8.61	10.10	9.88	11.86	11.47	9.28

PGNiG

Rating	accumulate	hold	hold	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
Target price (PLN)	6.92	7.08	7.72	7.72	7.86	8.28	8.17
Price on rating day	6.31	6.58	7.63	6.35	5.82	5.53	6.20

PKN Orlen

Rating	sell	sell	sell	sell	reduce	sell	sell	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
Target price (PLN)	79.39	81.22	83.43	81.52	81.38	81.38	76.84	76.84	76.73
Price on rating day	99.94	101.50	104.70	97.80	93.50	98.24	93.06	82.50	82.30

PKO BP

Rating	accumulate	hold	accumulate	buy	accumulate
Rating date	2019-05-09	2019-02-01	2018-12-05	2018-11-05	2018-10-04
Target price (PLN)	40.92	40.92	45.00	47.00	47.00
Price on rating day	37.78	39.51	41.96	40.39	42.55

Play

Rating	accumulate	accumulate	hold	buy	buy	hold	reduce
Rating date	2019-05-09	2019-04-12	2019-02-04	2018-11-26	2018-10-17	2018-08-30	2018-07-03
Target price (PLN)	25.25	26.70	21.30	21.30	21.50	22.60	23.50
Price on rating day	24.42	24.08	22.80	16.54	17.14	21.90	24.88

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	overweight
Rating date	2019-04-29	2018-09-04
Target price (PLN)	-	-
Price on rating day	2.37	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
Rating date	2018-12-05	2018-06-22
Target price (PLN)	-	-
Price on rating day	0.84	1.09

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	underweight	neutral
Rating date	2019-04-29	2018-12-05	2018-05-30
Target price (PLN)	-	-	-
Price on rating day	15.60	17.50	14.50

Tauron

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

TIM

Rating	overweight	overweight
Rating date	2019-04-29	2018-12-05
Target price (PLN)	-	-
Price on rating day	7.90	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
Rating date	2018-12-05
Target price (PLN)	-
Price on rating day	4.81

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

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

Dom Maklerski mBanku

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

Research Department

Kamil Kliszcz

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

Jakub Szkopek

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

Aleksandra Szklarczyk

+48 22 438 24 04
aleksandra.szklarczyk@mbank.pl
construction, real-estate development

Michał Marczak

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

Paweł Szpigel

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

Piotr Poniatowski

+48 22 438 24 09
piotr.poniatowski@mbank.pl
industrials

Michał Konarski

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

Piotr Bogusz

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

Mikołaj Lemańczyk

+48 22 438 24 07
mikolaj.lemanczyk@mbank.pl
financials

Sales and Trading

Traders

Piotr Gawron

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

Jędrzej Łukomski

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

Tomasz Galanciak

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

Krzysztof Bodek

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

Adam Prokop

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

Magdalena Bernacik

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

Tomasz Jakubiec

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

Andrzej Sychowski

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

Sales, Foreign Markets

Marzena Łempicka-Wilim

deputy director
+48 22 697 48 82
marzena.lempicka@mbank.pl

Bartosz Orzechowski

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

Private Client Sales

Kamil Szymański

director
+48 22 697 47 06
kamil.szymanski@mbank.pl

Jarosław Banasiak

deputy director
+48 22 697 48 70
jaroslaw.banasiak@mbank.pl