

Monday, July 22, 2019 | periodical publication

Quarterly Earnings Forecast: Q2 2019

Equity Market

Financials

We expect growth of 5% in the aggregate 2019 Q2 net income of rated Polish banks relative to the year-ago quarter, with the sector fulfilling 42% of our FY forecast, a ratio which may seem low but is actually a good result given seasonal weakness in the first quarter and the additional charge-offs that selected banks had to book in Q2 on loans made to the troubled meat producer ZM Henryk Kania. Regardless, the single biggest factor shaping sentiment for Polish banks at the moment is anticipation of a ruling by the EU Court of Justice on FX mortgage loans. The top Q2 reports to watch when it comes to Financials include OTP Bank, set to deliver a record profit, alongside its Polish banking peer PKO BP and the asset manager Skarbiec.

Chemicals

A successful second quarter might prompt analysts to make upward revisions to their FY2019 earnings expectations for Grupa Azoty. On the other hand, the view on Ciech will probably turn negative after flat YoY growth in Q2.

Oil & Gas

The 2019 Q2 downstream profits of Lotos and MOL will reflect tightened model margins on refining. At PGNiG, E&P profits took a hit after a downward shift in gas prices which in case of the Hungarian peer MOL should have been mitigated by tariff regulation.

Power Utilities

Rated Generators are expected to fulfill 52% of our aggregate FY2019 adjusted EBITDA estimate in H1, with Energa out-earning others. The two laggards, PGE and Enea, however, are poised to regain momentum in the latter part of the year, owing to higher production.

Telecoms, Media, IT

In Telco, we expect PLY to deliver better 2019 Q2 figures than rivals OPL and CPS, with EBITDA up more than 12% on the year against declines anticipated at the two rivals. In Media, WPL will deliver while AGO will fall short. In IT, we expect to see YoY contraction at CMR and ACP due to negative base effects, but at ASE there might be a 16% rebound in recurring profits.

Industrials & Mining

The proportion of industrial companies reporting year-over-year profit declines at an estimated 56% is set to be the highest since we began tracking these statistics. This means that the ratio of firms delivering growth will be the lowest since Q2 2017 at just 31%. When it comes to earnings surprises, we expect Famur and Pozbud to exceed expectations by a wide margin, while Alumetal and Boryszew will most likely disappoint. The two rated Polish miners, JSW coal and KGHM copper, suffered a pullback in Q2.

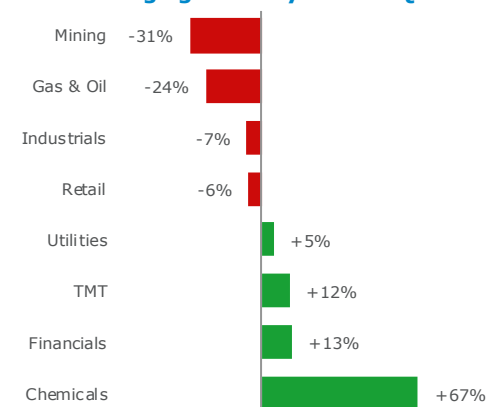
Property Developers

Listed developers handed over 9% more apartments in H1 2019 than in the same period in 2018, however closings in Q2 alone were down 9% on the year, indicating slower growth in profits at DOM, 1AT, and LCC, which, however, is fully accounted for in our FY forecasts (including the YTD/2019E net profit ratios of 47% for DOM & 35% for 1AT, which is poised for peak closings in Q4). On the other hand, ARH stood out in Q2 after hitting a record number of closings.

Retail

Strong 2019 Q2 results at AmRest and Vistula should put investors in a good mood against a letdown anticipated from CCC and Monnari. We expect strong like-for-like sales from Eurocash, Dino, and Jeronimo Martins, supported by positive calendar effects, though profits might be trimmed by high marketing expenses and increased costs.

YoY earnings growth by sector: Q2'19E*



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

Earnings Surprise Prediction	
negative	positive
Agora	AmRest
Alior Bank	Asseco SEE
Alumetal	Dom Development
Boryszew	Energa
CCC	Famur
Ciech	Grupa Azoty
Monnari	OTP Bank
Orange Polska	Play
PGNiG	Pozbud
Tauron	Skarbiec Holding
	VRG
	Wirtualna Polska

Research Department

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

Kamil Kliszcz
+48 22 438 24 02
kamil.klischcz@mbank.pl

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

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

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

Paweł Szpigiel
+48 22 438 24 06
pawel.szpigiel@mbank.pl

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

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

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

Contents

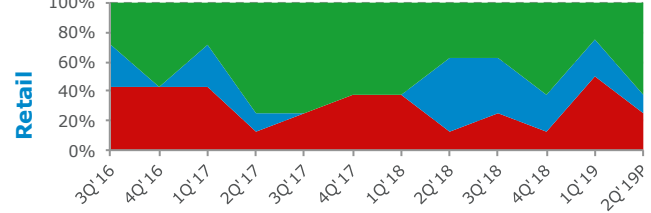
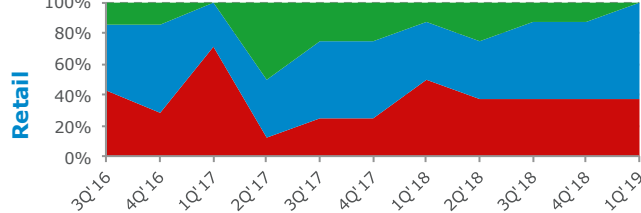
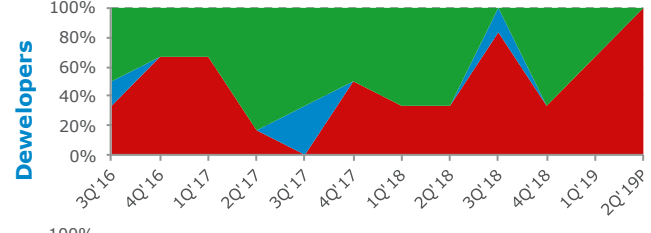
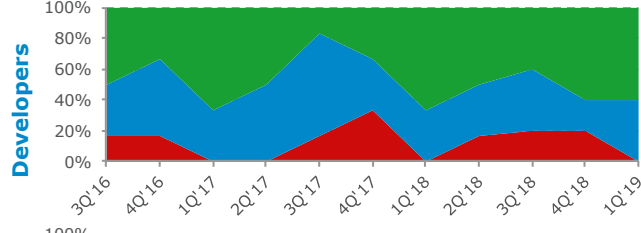
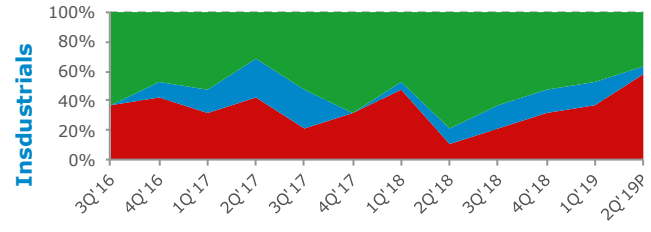
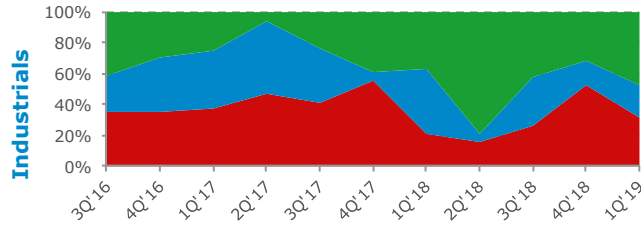
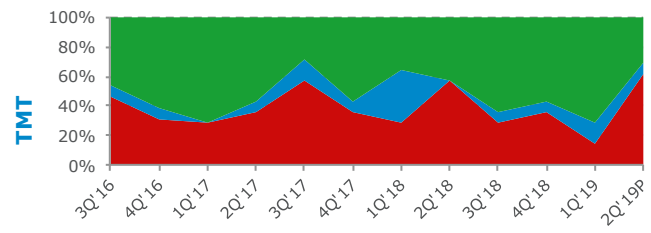
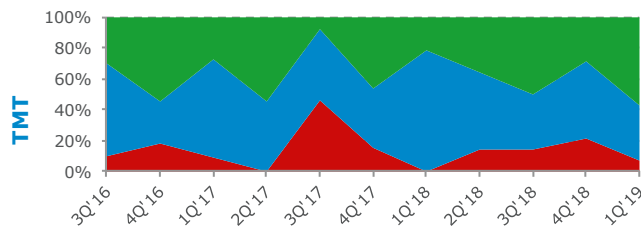
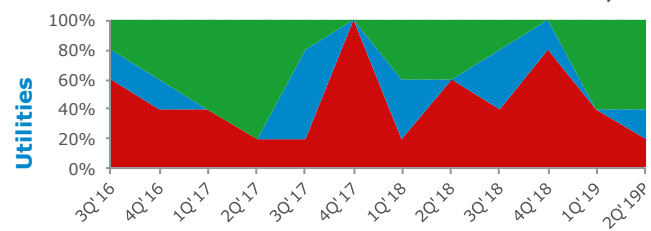
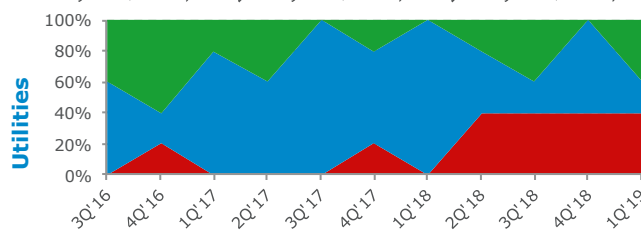
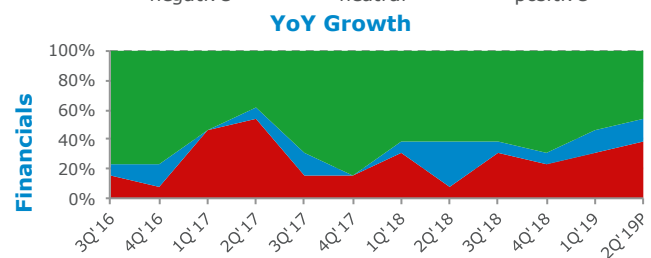
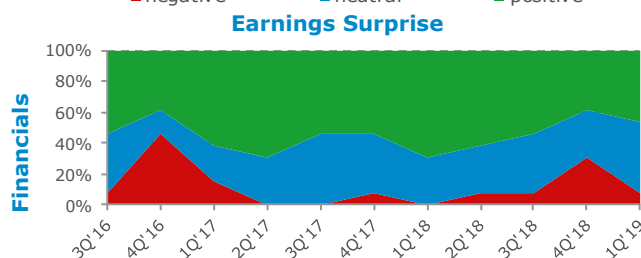
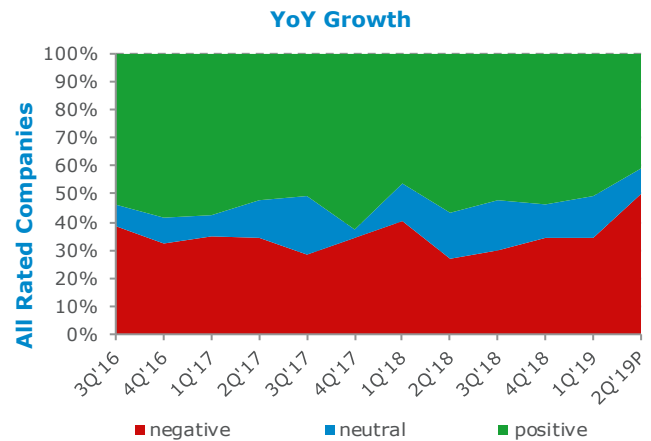
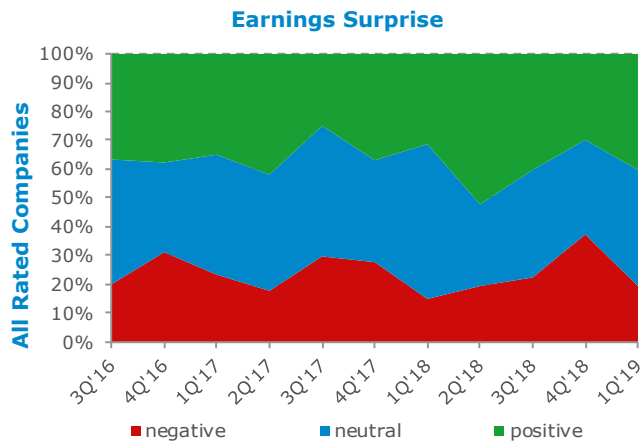
1. Earning Surprise Statistics	3	7. Industrials	11
2. Banks	5	7.1. AC	11
2.1. Alior Bank	5	7.2. Alumetal	11
2.2. Handlowy	5	7.3. Amica	11
2.3. ING BSK	5	7.4. Apator	11
2.4. Millennium	5	7.5. Boryszew	11
2.5. Pekao	5	7.6. Cognor	11
2.6. PKO BP	5	7.7. Ergis	11
2.7. Santander Bank Polska	5	7.8. Famur	11
2.8. Komercni Banka	6	7.9. Forte	12
2.9. Erste Bank	6	7.10. Grupa Kęty	12
2.10. OTP Bank	6	7.11. Impexmetal	12
3. Financial Services	6	7.12. Kernel	12
3.1. PZU	6	7.13. Kruszwica	12
3.2. Kruk	6	7.14. Mangata	12
3.3. Skarbiec	6	7.15. Pfeiderer Group	12
4. Chemicals, Gas & Oil	7	7.16. Pozbud	12
4.1. Ciech	7	7.17. Stelmet	13
4.2. Grupa Azoty	7	7.18. Tarczyński	13
4.3. Lotos	7	7.19. TIM	13
4.4. MOL	7	8. Property Developers	13
4.5. PGNiG	7	8.1. Archicom	13
5. Utilities & Mining	8	8.2. Atal	13
5.1. CEZ	8	8.3. Dom Development	13
5.2. Enea	8	8.4. LC Corp	13
5.3. Energa	8	9. Retail	14
5.4. PGE	8	9.1. AmRest	14
5.5. Tauron	8	9.2. CCC	14
5.6. JSW	8	9.3. Dino	14
5.7. KGHM	8	9.4. Eurocash	14
6. TMT	9	9.5. LPP	14
6.1. Netia	9	9.6. Monnari	15
6.2. Orange Polska	9	9.7. VRG	15
6.3. Play	9	10. Current Recommendations	16
6.4. Agora	9		
6.5. Cyfrowy Polsat	9		
6.6. Wirtualna Polska	9		
6.7. Asseco Poland	9		
6.8. Asseco Business Solutions	10		
6.9. Asseco South Eastern Europe	10		
6.11. Atende	10		
6.12. Comarch	10		
6.13. 11 bit studios	10		
6.14. CD Projekt	10		

Quarterly Earnings Surprises and YoY Growth Reported By Rated Companies

Beat / Miss	2016		2017				2018				2019		+/=
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	
Financials													
Alior Bank	+	+	-	+	+	+	=	+	=	=	=	=	91%
Handlowy	-	-	-	+	+	=	+	+	-	-	-	-	55%
ING BSK	+	-	+	=	=	=	=	-	=	+	+	+	82%
Millennium	=	+	+	=	+	+	+	+	=	+	+	+	100%
Pekao	+	+	+	=	+	+	=	=	+	+	=	=	100%
PKO BP	+	-	+	+	+	+	+	+	=	=	=	=	91%
Santander BP	=	+	=	+	=	=	=	+	=	-	=	=	91%
Komercni	+	=	+	+	+	+	+	+	+	+	+	=	100%
Erste Bank	=	-	=	+	=	+	+	+	+	+	+	+	91%
OTP Bank	+	=	+	+	+	+	+	+	+	+	=	=	91%
PZU	=	+	+	=	=	+	+	=	+	=	+	+	100%
Kruk	+	-	+	+	=	-	+	+	+	-	+	+	73%
Skarbiec	=	-	=	+	+	+	+	=	+	-	+	+	82%
Chemicals													
Ciech	=	+	=	=	=	+	=	+	=	-	=	=	91%
Grupa Azoty	=	-	+	-	=	-	=	-	-	+	+	+	55%
Oil & Gas													
Lotos	+	=	+	+	+	=	-	+	=	-	=	=	82%
MOL	=	-	+	+	-	=	=	=	+	+	=	=	82%
PGNiG	-	+	+	-	-	=	=	+	-	-	=	=	45%
PKN Orlen	=	+	=	=	=	=	=	-	=	+	=	+	83%
Utilities													
CEZ	=	+	=	=	=	+	=	-	+	=	=	=	91%
Enea	+	+	=	+	=	=	=	-	=	=	=	+	91%
Energia	=	=	=	=	=	-	=	=	-	-	-	-	64%
PGE	+	-	=	=	=	=	=	=	-	-	-	-	64%
Tauron	=	+	+	+	=	=	=	+	+	=	+	+	100%
TMT													
Netia	=	+	=	=	+	+	=	=	=	=	=	=	100%
Orange PL	=	=	=	+	=	=	=	+	+	+	=	=	100%
Play	na	na	na	na	=	=	=	+	=	=	+	+	100%
Agora	=	+	=	+	=	+	=	+	+	=	=	+	100%
Cyfrowy	+	+	=	+	=	=	=	+	=	=	=	=	100%
Wirtualna	-	-	+	=	=	=	=	=	=	=	=	=	82%
Aileron	na	na	na	na	-	+	=	=	-	-	+	+	57%
Asseco BS	=	=	=	=	=	+	=	=	+	+	=	=	100%
Asseco PL	+	=	=	=	-	-	+	+	+	+	=	+	73%
Asseco SEE	=	+	=	+	-	=	=	=	+	=	+	+	91%
Atende	na	na	na	na	na	+	=	-	+	-	+	+	67%
Comarch	=	+	-	+	=	=	-	+	+	+	+	+	73%
11 bit studios	na	+	=	+	-	na	=	-	=	+	-	-	67%
CD Projekt	+	+	+	+	-	+	=	=	-	-	+	+	73%
Industrials													
Alumetal	-	=	-	=	+	=	=	+	=	-	-	-	64%
Amica	=	-	=	=	-	+	-	+	+	+	=	=	73%
Apator	-	=	=	=	-	-	=	+	=	+	=	=	73%
Boryszew	+	-	+	-	+	=	=	=	-	-	-	-	36%
Cognor	na	na	na	na	na	na	+	+	=	-	-	-	60%
Ergis	+	+	+	=	-	-	-	-	-	-	-	-	36%
Famur	=	+	na	-	=	+	+	+	+	+	+	+	90%
Forte	=	=	=	=	-	-	=	+	-	-	+	+	64%
Grupa Kęty	=	=	=	=	=	=	=	+	=	=	=	=	91%
Impexmetal	+	-	-	-	+	+	+	+	+	+	=	=	55%
JSW	-	-	+	+	-	-	=	+	=	-	+	+	55%
KGHM	+	+	-	-	=	+	=	-	+	+	-	+	45%
KGHM	+	+	+	=	=	=	=	+	-	=	+	+	82%
Kruszwica	+	+	-	-	=	-	+	+	+	+	+	+	73%
Mangata	-	+	=	=	=	=	+	+	+	+	+	+	55%
Pfleiderer	+	+	-	-	=	=	+	+	-	+	-	-	36%
Pozbud	na	na	na	na	na	+	=	+	-	=	+	+	83%
Stelmet	-	=	-	=	=	+	-	+	+	+	=	+	64%
Tarczyński	-	+	=	=	+	+	+	+	=	+	+	+	91%
Real-Estate													
Atal	+	=	+	+	-	-	=	+	=	+	+	+	82%
Dom Dev.	=	=	=	+	+	=	+	+	+	=	=	=	100%
Retail													
AmRest	=	+	-	+	+	+	-	-	=	+	-	-	64%
CCC	+	=	=	+	-	-	-	-	-	-	-	-	27%
Dino	na	na	na	+	=	+	+	=	=	=	=	=	100%
Eurocash	-	-	-	=	-	-	=	=	-	-	=	=	36%
Jeronimo	=	=	=	=	=	=	=	=	=	=	=	=	100%
LPP	=	=	=	=	+	=	-	+	+	=	=	+	92%
Monnari	-	-	-	+	=	=	=	+	-	-	-	-	45%
VRG	-	=	-	-	=	=	-	-	=	=	=	=	55%

'+' = 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

Banks

Erste and OTP among the top earners

- The FY2019 consensus expectations for Erste and OTP Bank might go up after Q2, with both banks potentially fulfilling 50% of the FY forecasts in H1.

Alior Bank Michał Konarski	buy PLN 72.30		Reporting Date 6 August		
(PLN m)	Q2'19E	Q1'19	Q/Q	Y/Y	YTD*
Net interest income	832	804	4%	9%	49%
Net fee income	170	170	0%	356%	48%
Total income	1,063	1,047	2%	1%	48%
Operating costs	-423	-512	-18%	-2%	53%
Provisioning	-450	-275	64%	67%	59%
Net profit	42	103	-59%	-78%	20%

Handlowy Michał Konarski	accumulate PLN 59.45		Reporting Date 22 August		
(PLN m)	Q2'19E	Q1'19	Q/Q	Y/Y	YTD*
Net interest income	288	277	4%	6%	48%
Net fee income	135	134	1%	-3%	49%
Total income	554	537	3%	-1%	50%
Operating costs	-279	-384	-27%	0%	54%
Provisioning	-74	-28	161%	174%	64%
Net profit	138	59	133%	-24%	38%

ING BSK Michał Konarski	reduce PLN 191.80		Reporting Date 1 August		
(PLN m)	Q2'19E	Q1'19	Q/Q	Y/Y	YTD*
Net interest income	1,043	1,011	3%	13%	50%
Net fee income	334	328	2%	-2%	50%
Total income	1,424	1,386	3%	9%	50%
Operating costs	-596	-721	-17%	7%	54%
Provisioning	-138	-125	10%	-21%	45%
Net profit	440	325	35%	18%	46%

Millennium Michał Konarski	accumulate PLN 10.00		Reporting Date 29 July		
(PLN m)	Q2'19E	Q1'19	Q/Q	Y/Y	YTD*
Net interest income	550	484	14%	25%	45%
Net fee income	170	163	4%	3%	46%
Total income	803	757	-6%	18%	47%
Operating costs	-364	-384	5%	20%	43%
Provisioning	-180	-69	162%	226%	81%
Net profit	140	160	-12%	-27%	41%

Pekao Michał Konarski	accumulate PLN 121.00		Reporting Date 7 August		
(PLN m)	Q2'19E	Q1'19	Q/Q	Y/Y	YTD*
Net interest income	1,330	1,300	2%	8%	48%
Net fee income	625	604	3%	1%	48%
Total income	2,027	1,947	4%	6%	48%
Operating costs	-983	-1,252	-22%	5%	-55%
Provisioning	-143	-110	30%	15%	-48%
Net profit	568	242	134%	5%	35%

PKO BP Michał Konarski	accumulate PLN 47.17		Reporting Date 13 August		
(PLN m)	Q2'19E	Q1'19	Q/Q	Y/Y	YTD*
Net interest income	2,561	2,455	4%	12%	49%
Net fee income	748	746	0%	0%	50%
Total income	3,633	3,542	3%	7%	49%
Operating costs	-1,466	-1,685	-13%	2%	51%
Provisioning	-343	-325	5%	-9%	46%
Net profit	1,202	862	39%	29%	47%

Santander BP Michał Konarski	reduce PLN 337.00		Reporting Date 23 July		
(PLN m)	Q2'19E	Q1'19	Q/Q	Y/Y	YTD*
Net interest income	1,634	1,609	2%	17%	48%
Net fee income	532	520	2%	0%	49%
Total income	2,380	2,245	6%	9%	49%
Operating costs	-946	-1,209	-22%	14%	53%
Provisioning	-297	-263	13%	15%	48%
Net profit	675	351	93%	4%	44%

*as a percentage of our full-year forecast

Alior lags

- Conversely, analysts, along with the Bank itself, might be prompted to lower their outlook for Alior after increased charge-offs on commercial loans booked in Q2.

- Charge-offs of PLN 170m to manage the ZM Henryk Kania exposure will weigh on Q2 profit.
- So will a resulting higher-than-usual effective tax rate of an estimated 37%.
- Net interest income up 9% Y/Y, driven by lending and higher margins.
- Flat fee income at PLN 170m.

- Increased loan loss reserves of PLN 53m for possible default by ZM Henryk Kania will weigh on Q2 profit.
- Anticipating a 4% q/q rise in net interest income and 1% growth in fee income.
- High trading income of PLN 130m.
- We stand by our PLN 516.9m full-year net income forecast for Handlowy.

- A 3bp Q/Q rebound in NIM after a fall of 7bp recorded in the first quarter.
- This accompanied by a 2% rise in fee income and a 1.4% uptick in non-interest income.
- A 10% q/q increase in risk reserves, indicating higher cost of risk at 49bp vs. 46bp posted in Q1.
- ING BSK will fulfill 46% of our FY2019 net income forecast in H1.

- PLN 100m added to risk reserves under IFRS 9.
- Eurobank included in the consolidated Q2 accounts (spanning June only) for the first time since the merger.
- If it were not for the increased reserves, Q2 net income could be expected to show a 38% rebound from Q1 and 15% growth year-over-year, supported by strong lending, higher loan margins, and increased fee income.

- A squeeze from layoff severance pay of ca. PLN 80m.
- Pekao will fulfill only 35% of our FY net income forecast in H1, but momentum in H2 is set to pick up.
- Anticipating flat Q2 NIM (over average assets) of 2.68%.
- Recurring costs will show a reduction of 3% vs. the year-ago period.

- The bottom line will get a one-time boost of PLN 55m from negative goodwill on acquisition.
- Recurring income growth driven by robust lending, especially to individual consumers, with total income up 2.6% Q/Q and 7% Y/Y.
- PKO will fulfill 47% of our FY forecast in H1.

- Net income at PLN 675m after a PLN ~100m one-time boost from subsidiary dividends.
- Stable NIM at 3.11%.
- Normalized cost of risk at 82bp vs. 74bp in the previous quarter.
- A 2% rise vs. Q1 in recurring operating costs.

Komercni Banka Michał Konarski	buy		Reporting Date		
	CZK 1,000.00		1 August		
(CZK m)	Q2'19E	Q1'19	Q/Q	Y/Y	YTD*
Net interest income	5,951	5,892	1%	9%	48%
Net fee income	1,520	1,428	6%	-3%	47%
Total income	8,222	7,956	3%	5%	47%
Operating costs	-3,361	-4,188	-20%	-5%	51%
Provisioning	53	176	-70%	-83%	26%
Net profit	4,004	3,176	26%	7%	47%

Erste Bank Michał Konarski	buy		Reporting Date		
	43.72 EUR		31 July		
(EUR m)	Q2'19E	Q1'19	Q/Q	Y/Y	YTD*
Net interest income	1,175	1,161	1%	4%	48%
Net fee income	497	488	2%	3%	49%
Total income	1,752	1,727	1%	5%	49%
Operating costs	-1,026	-1,116	-8%	1%	50%
Provisioning	7.2	35.8	-80%	-62%	-32%
Net profit	369	377	-2%	-16%	50%

OTP Bank Michał Konarski	buy		Reporting Date		
	HUF 13,046		9 August		
(EUR m)	Q2'19E	Q1'19	Q/Q	Y/Y	YTD*
Net interest income	169	163	4%	16%	49%
Net fee income	64	57	11%	12%	50%
Total income	249	239	4%	11%	49%
Operating costs	-134	-131	2%	10%	51%
Provisioning	-6.5	-6.2	5%	215%	14%
Net profit	100	73	38%	12%	54%

Financial Services

Skarbiec back to earning success fees

- Skarbiec Holding is back to earning success fees this year.
- At an estimated PLN 21m, the 2019 first-half net income comes close to our 2020 dividend forecast, indicating

PZU Michał Konarski	hold		Reporting Date		
	PLN 43.38		29 August		
(PLN m)	Q2'19E	Q1'19	Q/Q	Y/Y	YTD*
GWP	6,015	5,901	2%	2%	50%
Non-Life	3,980	3,845	3%	24%	49%
Life	2,035	2,060	-1%	-1%	50%
Claims	-3,802	-3,958	-4%	3%	51%
Costs	-1,213	-1,200	1%	1%	49%
Income from banks	610	621	-2%	-41%	27%
Underwriting profit	706	434	63%	16%	42%
Investment income	446	686	-35%	132%	123%
Pre-tax income	1,582	1,487	6%	-7%	41%
Net profit	719	747	-4%	-7%	45%

Kruk Michał Konarski	buy		Reporting Date		
	PLN 213.65		5 September		
(PLN m)	Q2'19E	Q1'19	Q/Q	Y/Y	YTD*
Total revenue	318.3	305.7	7%	2%	50%
Purchased Debt	293.6	280.7	7%	2%	50%
Collection Svcs	17.7	17.8	-1%	3%	51%
Dir. & indir. costs	131.5	127.4	6%	5%	49%
Gross profit	186.8	178.3	7%	-1%	51%
Operating profit	136.1	126.3	11%	-5%	51%
Pre-tax income	106.5	94.1	17%	-1%	55%
Net profit	94.8	97.9	0%	-1%	58%

Skarbiec Michał Konarski	buy		Reporting Date		
	PLN 28.17		12 September		
(PLN m)	Q2'19E	Q1'19	Q/Q	Y/Y	YTD*
Total revenue	26.6	39.8	-33%	3%	105%
Management fee	17.3	18.1	-4%	-19%	100%
Success fee	9.1	21.5	-57%	204%	122%
Total costs	-18.5	-22.5	-18%	-15%	102%
Distribution costs	-7.4	-8.2	-10%	-36%	98%
Payroll	-7.1	-10.4	-32%	18%	108%
Pre-tax income	8.4	17.3	-51%	91%	113%
Net profit	6.7	13.9	-52%	92%	113%

*as a percentage of our full-year forecast

- Net interest income up 4.9% on the year, with NIM getting a 12bp lift.
- Anticipating net reversals of CZK 53m.
- Recurring operating costs might show a 1% uptick from Q1 after raised salaries partly offset by downsizing.
- A 5% q/q rebound in fee income from a seasonally slow first quarter.

- EUR 150m set aside for a lost legal case in Romania will put a dent in Q2 profit.
- Anticipating a 1.2% rise in net interest income and a 2.0% rebound in fee income vs. Q1.
- Operating costs reduced by 8% relative to Q1, but up 1.5% y/y on higher IT expenses and labor costs.
- Despite the one-time legal charges, Erste will fulfill 50% of our FY net income forecast in H1.

- OTP's reported Q2 bottom-line figure will be heavily obscured by one-time events such as consolidation of new investments, dividend received from MOL (+HUF 5.5bn), and adjustments to the Serbian loan portfolio (HUF -2bn).
- Robust, 11% q/q rebound expected in fee income, along with 3.7% growth in NIM, driven by Albanian acquisitions, favorable exchange rates, and positive base effects.
- We expect to see charge-offs of HUF 6.5bn in Q2.

potential for consensus upgrades. As a reminder, we expect Skarbiec to offer DY of nearly 19% next year.

- Seasonal rebound in gross written premiums (2% Q/Q) and net earned premiums (+2.3%).
- Claims up 2.2% on the year due to less favorable weather.
- Investment income going strong at PLN 446m (+42% Y/Y).
- A dramatic fall (-38% Y/Y) in the earnings contributions of subsidiary banks.
- PZU will fulfill 45% of our FY net income forecast in H1 2019.

- A likely 5% increase in portfolio recoveries suggests 7% higher revenue from purchased debt vs. Q1.
- A 5.6% rise in indirect costs accompanied by a 7% Q/Q rebound in indirect margin.
- Financing costs reduced by 8% vs. Q1 thanks to FX positive RON movements.
- Effective quarterly tax rate at 11.0%.

- Lower management fees (-4.0% Q/Q) after withdrawals from high-margin funds (-2%).
- Success fees at PLN 9.1m.
- Higher fund withdrawals should make for a 10.0% Q/Q decrease in distribution fees.
- A 32% Q/Q drop in labor costs driven by lower payout of success bonuses and a lack of one-time pay events.
- Total net income for H1 2019 at PLN 22m will come close to an equivalent of our 2020 dividend forecast, indicating potential for upward revisions to analysts' consensus.

Chemicals, Gas & Oil

Low natgas prices weigh on Q2 Upstream profits

- The price slump will reflect most heavily on the quarterly results of PGN and LTS while at MOL is should be mitigated by regulated sales.

Ciech		hold		Reporting Date	
Jakub Szkopek		PLN 41.72		10 September	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	981.2	933.5	5%	3,805.4	51%
EBITDA	173.6	188.2	-8%	690.4	48%
EBITDA adj.	167.6	172.1	-3%	690.4	49%
EBITDA margin	17.7%	20.2%		18.1%	
EBIT	99.9	124.2	-20%	399.6	50%
Net profit	71.0	98.6	-28%	266.5	53%

Grupa Azoty		accumulate		Reporting Date	
Jakub Szkopek		PLN 45.93		5 September	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	3,227.4	2,379.9	36%	12,483	53%
EBITDA	349.2	125.7	178%	1,560.5	61%
EBITDA adj.	349.2	142.8	145%	1,560.5	61%
EBITDA margin	10.8%	5.3%		12.5%	
EBIT	150.5	-42.0	-	809.5	69%
Net profit	82.6	-48.3	-	554.1	68%

Lotos		sell		Reporting Date	
Kamil Kliszcz		PLN 65.95		13 August	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	7,795	7,531	4%	29,085	50%
EBITDA adj.	752	822	-8%	2,667	52%
LIFO effects	177	318	-	81	-
EBITDA	932	1,082	-14%	2,748	55%
EBIT	716	898	-20%	1,864	58%
Financing activity	15	-144	-	-154	-
Net profit	533	535	0%	1,123	63%

MOL		hold		Reporting Date	
Kamil Kliszcz		HUF 3,223		2 August	
(HUF bn)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	1284.8	1343.0	-4%	4828.4	50%
LIFO EBITDA adj.	169.4	178.5	-5%	608.5	51%
LIFO effect	-20.4	17.5	-	5.1	-
EBITDA	178.8	209.7	-15%	613.6	52%
EBIT	88.0	119.4	-26%	208.8	70%
Financing activity	0.9	-18.9	-	-10.3	-
Net profit	70.9	72.9	-3%	148.6	80%

PGNiG		buy		Reporting Date	
Kamil Kliszcz		PLN 6.47		22 August	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	7,840	7,639	3%	35,386	63%
EBITDA adj.	1,091	1,667	-35%	6,964	47%
EBITDA	1,076	1,626	-34%	6,835	47%
EBIT	382	969	-61%	3,996	44%
Financing activity	40	38	-	-77	-
Net profit	317	704	-55%	2,894	48%

*as a percentage of our full-year forecast

A mixed bag in Chemicals

- Low natgas prices mean lower fuel costs of Grupa Azoty.
- At Ciech, there will be no improvement despite higher sales prices.

- Ciech experienced overall profit contraction in Q2, with growth versus the year-ago period delivered only by the segment of organic chemicals, thanks to a recent acquisition. The quarterly numbers are bound to come as a disappointment looking at the current analysts' consensus.
- On top of that, payments of back taxes cut into the quarterly cash flow.

- Grupa Azoty's fertilizer business had another successful quarter in a row in Q2, but profits from chemicals and plastics are set to show declines from the comparable year-ago period.
- The FY2019 earnings consensus for Grupa Azoty will probably be adjusted closer to PLN 1.5bn after the H1 earnings release.

- Adj. LIFO EEBITDA in Downstream down to PLN 0.48bn from PLN 0.53bn in the prior-year period on lower refining margins.
- EBITDA from Retail up from PLN 51m to PLN 71m under IFRS 16 accounting.
- Upstream EBITDA down from PLN 236m to PLN 196m due to lower prices of natural gas.
- Financing activity will have produced gains on FX differences and hedging.

- Upstream EBITDA at HUF 80.6bn vs. HUF 87bn in the year-ago quarter, when one-offs helped. Segmental production seasonally lower than in Q1, with higher oil prices offset by lower natgas prices (except sales at regulated tariffs).
- In Downstream, tighter refining margins offset by a higher geographic premium, with CCS EBITDA bouncing back to HUF 47bn from a low HUF 39.5bn posted in Q1. 10% EBITDA growth sustained in Retail, alongside flat growth in Petchem and 15% y/y weather-driven shrinkage in Gas.

- Adj. EBITDA from Upstream reduced to PLN 0.77bn from PLN 1.25bn a year ago on lower production and intercompany sales prices of oil and gas for trading.
- A lower loss in the Trading segment (PLN -0.28bn vs. -0.21bn in Q2'18) as higher import prices mitigated by the lower prices of trading fuels charged by Upstream.
- A 12% squeeze to PLN 0.55bn on Distribution EBITDA due to negative tariff effects.
- EBITDA from Heat up at PLN 0.1bn on higher volumes.

Utilities & Mining

Generators poised for more growth in H2

- Rated firms are set to fulfill 52% of our aggr. FY'19E adj. EBITDA in H1, a historically consistent ratio. ENG outpaced others in H1, but in H2 PGE and Enea should catch up.

CEZ Kamil Kliszcz		accumulate CZK 597.80		Reporting Date 13 August	
(CZK m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	43,503	40,897	6%	205,365	46%
EBITDA adj.	11,561	9,402	23%	58,629	53%
EBITDA	11,561	9,402	23%	58,629	53%
EBIT	4,488	2,278	97%	29,601	55%
Financing activity	-1,519	-1,858	-	-7,104	-
Net profit	2,405	388	-	18,036	59%

Enea Kamil Kliszcz		buy PLN 12.41		Reporting Date 30 August	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	4,180	3,051	37%	18,029	45%
EBITDA adj.	717	646	11%	3,307	45%
EBITDA	717	602	19%	3,426	44%
EBIT	322	294	9%	1,893	40%
Financing activity	-70	-43	-	-232	-
Net profit	159	190	-16%	1,283	32%

Energa Kamil Kliszcz		buy PLN 12.67		Reporting Date 7 August	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	2,760	2,392	15%	11,725	49%
EBITDA adj.	579	535	8%	2,165	60%
EBITDA	579	535	8%	2,165	52%
EBIT	319	415	-23%	1,162	52%
Financing activity	-55	-65	-	-269	46%
Net profit	214	281	-24%	734	54%

PGE Kamil Kliszcz		buy PLN 13.26		Reporting Date 12 August	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	6,412	5,734	12%	38,724	41%
EBITDA adj.	1,508	1,573	-4%	6,999	49%
EBITDA	1,358	1,461	-7%	8,168	40%
EBIT	413	516	-20%	4,086	33%
Financing activity	1,067	-75	-	-300	-
Net profit	1,191	346	-	3,054	58%

Tauron Kamil Kliszcz		buy PLN 2.52		Reporting Date 16 September	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	5,450	4,377	25%	20,810	52%
EBITDA adj.	769	902	-15%	3,566	54%
EBITDA	769	902	-15%	3,566	56%
EBIT	284	79	-	1,671	61%
Financing activity	-60	-145	-	-303	44%
Net profit	181	-69	-	1,108	64%

JSW Jakub Szkopek		accumulate PLN 50.02		Reporting Date 22 August	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	1,997	2,423	-18%	9,594	47%
EBITDA adj.	482	947	-49%	2,176	56%
EBITDA	318	631	-50%	2,176	48%
EBITDA margin	15.9%	26.1%	-	22.7%	-
EBIT	118	446	-73%	1,306	48%
Net profit	93	324	-71%	1,047	47%

KGHM Jakub Szkopek		hold PLN 98.35		Reporting Date 13 August	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	5,517	5,157	7%	22,593	49%
EBITDA adj.	1,242	1,391	-11%	5,168	52%
EBITDA margin	22.5%	27.0%	-	22.9%	-
EBIT adj.	752	815	-8%	3,315	53%
Net profit adj.	459	171	168%	2,289	44%

*as a percentage of our full-year forecast

Miners under pressure

- KGHM and JSW saw their profits fall on higher production costs and lower sales prices in Q2.

- EBITDA from Generation up at CZK 4.0bn vs. 1.6bn a year ago, driven by higher prices of power, which offset flat growth in Renewables and a lower output from nuclear reactors.
- Flat EBITDA of CZK 4.6bn in Distribution alongside a 10% drop in earnings from Sales due to higher market prices.
- EBITDA from Mining will post a seasonal decline to CZK 0.7bn.

- Generation EBITDA up @PLN 0.32bn vs. PLN 0.21bn a year ago but down from Q1 due to a seasonally low load factor.
- Distribution EBITDA up Q/Q thanks to higher tariffs but reduced vs. Q2'18 (PLN -20m) after higher balancing costs and lower one-time gains; A PLN 44m EBITDA loss from Trading on slow pass-on of high power prices to end-users.
- The coal mining unit LWB reported preliminary EBITDA of PLN 0.2bn for Q2.

- Higher Generation EBITDA (PLN 104m) owed to hydropower and increased coal plant availability vs. Q2'18.
- Distribution EBITDA down Y/Y at PLN 420m due to lower one-time gains, and down Q/Q on balancing effects.
- In Trade, EBITDA normalized at PLN 70m thanks to increased price pass-through.
- EBIT will be lower than in Q2'18, when, however, charge reversals boosted profits.

- 10% growth in reported Generation EBITDA, however on an adj. basis segmental earnings will be flat as higher CDS offset by lower use factors and actuarial losses (~PLN 150m); Renewables EBITDA up at PLN 0.14bn on higher hydropower prices & volumes.
- Distribution earnings down 2% y/y plus further shrinkage in quarterly Sales EBITDA to PLN 31m.
- 10.9mmt of free EUAs add PLN ~1.2bn to Q2 finance gains.

- Small y/y improvement to PLN 0.13bn in Generation EBITDA, driven by Renewables.
- Increasing losses in Mining (EBITDA @PLN -97m) due to continued production setbacks.
- EBITDA from Distribution down from an inflated year-ago base, underpinned by carry-over of balancing effects.
- A drop to PLN 89m in EBITDA from Trading caused by downward margin pressure and slow cost pass-through.

- Despite longwall closures, Q2 coal output should be 1% higher than in Q1 at 3.5mmt, but relative to Q2'18 there will be an 8% drop.
- Lower costs of one-off bonuses at an estimated PLN 163m vs. PLN 306m in Q2'18.
- Despite setbacks, JSW should remain on track to fulfilling FY2019 estimates after H1.

- With the zloty price of copper down 5% on the year, alongside a 4% fall in silver, this, combined with inflated production costs, on higher sales will result in lower Q2 2019 profits.
- The bottom line will show a dramatic rebound from Q2 2018 when, however, the quarterly figure before one-time factors would have come in at PLN 415m.

TMT

Solid quarter at PLY, WPL, ASE

- In Telco, we expect PLY to out-earn OPL and CPS with >12% EBITDA growth vs. declines at the two rivals.
- In Media, watch out for a solid showing from WPL and a

Netia Paweł Szpigiel	hold PLN 4.70		Reporting Date 19 August		
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	328.7	342.9	-4%	1348.0	49%
EBITDA	107.4	92.1	17%	345.3	62%
EBITDA margin	32.7%	26.9%		25.6%	
EBIT	15.2	20.3	-25%	74.3	39%
Pre-tax profit	12.4	22.0	-44%	61.9	38%
Net profit	10.0	11.7	-14%	50.2	38%

Orange Polska Paweł Szpigiel	hold PLN 7.50		Reporting Date 24 July		
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	2,956	2,706	9%	11,260	51%
EBITDA	825	709	16%	3,211	53%
EBITDA margin	27.9%	26.2%		28.5%	
EBIT	172.3	73.0	136%	598	67%
Pre-tax profit	81.3	-14.0	-	250	87%
Net profit	65.8	-16.0	-	203	87%

Play Paweł Szpigiel	hold PLN 29.00		Reporting Date 26 August		
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	1,736	1,688	3%	6,964	49%
EBITDA	610	563	8%	2,282	52%
EBITDA margin	35.2%	33.4%		32.8%	
EBIT	387	366	6%	1,472	51%
Pre-tax profit	301	267	13%	1,113	52%
Net profit	229	200	15%	839	53%

Agora Paweł Szpigiel	buy PLN 16.00		Reporting Date 6 September		
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	263.4	258.3	2%	1,168.4	49%
EBITDA	28.1	-2.3	-	104.0	63%
EBITDA margin	10.7%	-0.9%		8.9%	
EBIT	-8.9	-22.8	-	23.6	-35%
Pre-tax profit	-9.4	3.3	-	21.9	-60%
Net profit	-8.2	0.3	-	14.0	-94%

Cyfrowy Polsat Paweł Szpigiel	reduce PLN 24.15		Reporting Date 29 August		
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	2,869	2,603	10%	11,394	50%
EBITDA	1,072	946	13%	4,179	51%
EBITDA margin	37.4%	36.4%		36.7%	
EBIT	537	476	13%	1,966	52%
Pre-tax profit	437	331	32%	1,587	51%
Net profit	341	231	47%	1,224	52%

Wirtualna Polska Paweł Szpigiel	hold PLN 61.50		Reporting Date 27 August		
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	159.7	132.2	21%	624.6	51%
EBITDA	50.5	41.0	23%	196.5	46%
EBITDA margin	31.6%	31.0%		31.5%	
EBIT	31.8	27.9	14%	136.0	41%
Pre-tax profit	26.8	25.0	7%	122.1	39%
Net profit	20.9	19.4	8%	94.9	38%

Asseco Poland Paweł Szpigiel	hold PLN 50.80		Reporting Date 26 August		
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	2,585	2,311	12%	9,929	51%
EBITDA	367	316	16%	1,506	49%
EBITDA margin	14.2%	13.7%		15.2%	
EBIT	222	204	9%	847	53%
Pre-tax profit	202	197	2%	520	77%
Net profit	79	88	-11%	310	51%

*as a percentage of our full-year forecast

poor production from AGO.

- In IT, YoY contraction from a high base expected at CMR and ACP vs. robust growth at ASE.
- Reported Q2 financials impacted by the switch to IFRS 16.

- Topline shrinkage curbed to an annual rate of 4.1% vs. -5.6% in Q1 thanks to stable revenues from broadband.
- Gross profit margin @32.5%.
- A slight Y/Y rise in SG&A to PLN 99m.
- EBITDA (ex. IFRS 16 effect of ca. PLN 23.1m) down 8.5% Y/Y at PLN 84.3m.

- Mobile-only revenue @PLN 638m (-6.2% Y/Y), convergence revenue @PLN 382m, fixed-line revenue @PLN 555m.

- Revenue from mobile devices up @PLN 367m.
- A 6.6% Y/Y increase to PLN 587m in selling expenses.
- Anticipating a PLN 45m gain from real-estate deals.
- EBITDA after leasing showing 0.3% growth at PLN 693m, but EBITDAl ex. real-estate gains down 5.8% on the year.

- Further improvement in quarterly KPIs with 49k post-paid users added and 29k pre-paid users disconnected Y/Y.
- A 3.6% Y/Y rebound in revenues from smartphone sales after increased inventory and intensified marketing; sales margin stable at the 21.5% posted in Q1.
- Domestic roaming costs cut by an estimated 34% from Q2'18.
- Adj. EBITDA up more than 12% on the year-ago period.

- A disappointing set of results from the key segment of Film & Books, reporting an EBITDA loss of PLN 3.7m (vs. PLN -2.6m in Q2'18) due to a low June box office coupled with additional expenses on concession services.
- Except for Outdoor, all the remaining operating segments also experienced a slowdown in Q2.
- EBITDA ex. IFRS 16 expected to come in at PLN 10.8m, down from PLN 15.5m the year before.

- The fixed-line unit Netia will add PLN 339m to consolidated revenue and bolster EBITDA to the tune of PLN 84m on top of an IFRS 16 boost of PLN 116m.
- In recurring business, we expect lower TV ad revenue, underpinned by negative base effects.
- Higher expenses on distribution, marketing, and content.
- EBITDA ex. IFRS 16 and ex. Netia at an estimated PLN 872m represents a Y/Y fall of 6.0%.

- Strong momentum in online advertising and e-commerce will boost Q2 revenue (ex barter) by 18% vs. pro-forma Q2'18 (+12.5% ad revenue, +23% e-commerce).
- The margin on e-commerce might post a Y/Y decline of about 3pp.
- Negative impact of PLN 1.3m from the TV business, a boost of PLN 1.7m from IFRS 16.
- Adj. Online EBITDA up 18% Y/Y at PLN 50.1m.

- A 7.2% Y/Y fall in standalone revenue, with EBIT down 32.5% to PLN 29.2m, due to the loss of a major banking account and a slump in public orders.
- Formula Systems of Israel set to post a 46% Y/Y EBIT rebound to PLN 102m, alongside general improvement in the global business (EBIT PLN 78.4m, + 13% Y/Y).
- Nevertheless net profit for Q2 2019 will have shrunk more than 10% vs. Q2 2018.

Asseco BS Paweł Szpigiel		neutral		Reporting Date 1 August	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	65.4	63.6	3%	272.8	47%
EBITDA	23.9	22.6	6%	100.9	48%
EBITDA margin	36.5%	35.5%		37.0%	
EBIT	17.8	17.9	-1%	81.2	45%
Pre-tax profit	17.4	17.7	-2%	81.3	44%
Net profit	14.3	14.5	-2%	65.9	45%

Asseco SEE Paweł Szpigiel		overweight		Reporting Date 8 August	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	187.3	158.7	18%	770.1	48%
EBITDA	39.0	29.2	34%	149.2	50%
EBITDA margin	20.8%	18.4%		19.4%	
EBIT	24.2	18.0	35%	92.9	49%
Pre-tax profit	24.2	19.6	23%	89.4	51%
Net profit	19.0	15.7	21%	71.1	52%

Atende Paweł Szpigiel		neutral		Reporting Date 12 September	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	83.0	57.5	44%	320.0	49%
EBITDA	4.3	1.8	142%	30.1	34%
EBITDA margin	5.2%	3.1%		9.4%	
EBIT	0.8	0.0	-	22.3	14%
Pre-tax profit	0.3	-0.8	-	21.3	8%
Net profit	0.3	-1.2	-	14.5	11%

Comarch Paweł Szpigiel		buy PLN 230.00		Reporting Date 30 August	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	344.1	332.0	4%	1522.7	45%
EBITDA	47.7	54.7	-13%	225.8	39%
EBITDA margin	13.8%	16.5%		14.8%	
EBIT	27.4	34.4	-21%	157.3	31%
Pre-tax profit	29.4	14.7	100%	150.3	32%
Net profit	18.7	10.5	78%	98.5	26%

11 bit studios Piotr Bogusz		buy PLN 518.00		Reporting Date 29 August	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	12.2	43.8	-72%	79.6	33%
EBITDA	5.3	32.0	-84%	45.8	27%
EBITDA margin	43.3%	73.0%		57.6%	
EBIT	3.7	31.0	-88%	41.7	23%
Pre-tax profit	6.0	32.4	-82%	42.3	23%
Net profit	4.4	25.9	-83%	34.1	22%

CD Projekt Piotr Bogusz		accumulate PLN 237.50		Reporting Date 29 August	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	92.5	93.0	-1%	307.6	56%
EBITDA	21.8	34.6	-37%	44.1	116%
EBITDA margin	23.5%	37.2%		14.3%	
EBIT	16.5	33.4	-51%	38.9	95%
Pre-tax profit	17.5	37.4	-53%	48.3	83%
Net profit	14.2	29.5	-52%	38.6	83%

*as a percentage of our full-year forecast

- A modest, 3% Y/Y uptick in revenues as weak sales of the Wapro ERP solution offset by Macrologic.
- SG&A flat at the year-ago level.
- A PLN 1.3m EBITDA boost from IFRS 16 (EBITDA under IAS 17 flat @PLN 22.6m).
- Net profit compared to Q2 2018 will rise by a less-than-impressive 5.7%.

- We expect strong Q2 results from the segment of payment solutions based on 24% M1 backlog growth reported in May.
- Results from banking solutions and integration should improve as well.
- In total, we anticipate a 34% Y/Y rebound in EBITDA on 18% higher revenue (with 16% growth ex. contributions from Macrologic (+PLN 2m) and IFRS 16 (+PLN 3.3m)).

- Revenue for the quarter will be fairly high, owing mainly to noticeable improvement at the parent company.
- At the same time, standalone EBIT will show a loss of PLN 0.6m vs. PLN +0.2m in Q2'18. On the plus side, subsidiaries delivered improvement in Q2 with EBIT of PLN 1.5m vs. PLN -0.3m the year before.
- EBITDA ex. IFRS 16 (a PLN 1.6m boost) set to come in at PLN 2.7m, an improvement from PLN 1.8m a year ago.

- High revenue of PLN 344.1m after a 3.6% increase from a high year-ago base, driven by TMT.
- Slight contraction in sales margin to 24.6% from 25.9% in the corresponding year-ago period.
- SG&A flat at the year-ago level.
- EBITDA ex IFRS 16 at PLN 43.1m will show an increase of 21% compared to a low year-ago base.

- Slow sales in the absence of new releases/add-ons to existing games, but a pickup is expected in H2.
- Operating costs down to PLN 8.5m from PLN 12.8m in Q2 2018, when new releases necessitated higher marketing expenses.

- At CD Projekt RED, sales will show a 7% Y/Y drop to PLN 52.7m, while SG&A expenses will increase by PLN 9m to PLN 31m on higher C2077 marketing expenditures.
- At GOG.com, a 2.7% y/y rise in sales to PLN 40m, with SG&A at PLN 10.7m vs. PLN 9.9m in Q2 2018.
- With the ratio of H1 earnings to our FY forecast well above 50%, we will consider an upward revision after the Q2 release.

Industrials

AC Piotr Poniatowski		neutral		Reporting Date 9 August	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	57.5	67.6	-15%	266.8	45%
EBITDA	13.9	18.1	-23%	66.3	48%
EBITDA margin	24.1%	26.8%		24.9%	
EBIT	11.1	15.9	-30%	55.8	47%
Net profit	8.8	12.6	-30%	44.8	47%

Alumetal Jakub Szkopek		underweight		Reporting Date 19 August	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	376.9	450.4	-16%	1586.8	49%
EBITDA	26.9	39.8	-32%	103.1	50%
EBITDA margin	7.1%	8.8%		6.5%	
EBIT	18.8	32.2	-42%	70.3	50%
Net profit	16.6	25.0	-33%	62.3	51%

Amica Jakub Szkopek		neutral		Reporting Date 27 September	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	723.7	685.4	6%	3013.5	47%
EBITDA	44.3	41.4	7%	213.0	41%
EBITDA margin	6.1%	6.0%		7.1%	
EBIT	30.9	28.0	10%	159.3	38%
Net profit	22.2	28.9	-23%	108.7	33%

Apator Jakub Szkopek		neutral		Reporting Date 30 August	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	206.3	202.3	2%	898.5	47%
EBITDA	31.6	35.6	-11%	141.9	46%
EBITDA margin	15.3%	17.6%		15.8%	
EBIT	21.2	25.2	-16%	98.3	44%
Net profit	15.9	20.2	-21%	73.9	42%

Boryszew Jakub Szkopek		neutral		Reporting Date 17 September	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	1484.7	1626.7	-9%	5744.6	52%
EBITDA	111.5	120.3	-7%	401.5	50%
EBITDA margin	7.5%	7.4%		7.0%	
EBIT	70.8	81.7	-13%	247.4	48%
Net profit	40.4	37.0	9%	108.0	52%

Cognor Jakub Szkopek		accumulate PLN 1.84		Reporting Date 14 August	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	487.4	535.7	-9%	2004.2	50%
EBITDA	21.0	62.1	-66%	108.5	44%
EBITDA margin	4.3%	11.6%		5.4%	
EBIT	9.5	51.0	-81%	61.7	40%
Net profit	4.1	16.0	-74%	33.9	38%

Ergis Jakub Szkopek		neutral		Reporting Date 12 September	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	217.7	207.3	5%	816.2	51%
EBITDA	15.7	14.9	5%	50.9	56%
EBITDA margin	7.2%	7.2%		6.2%	
EBIT	9.6	9.0	6%	26.0	63%
Net profit	6.0	6.2	-3%	14.4	68%

Famur Jakub Szkopek		buy PLN 6.96		Reporting Date 2 September	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	547.0	570.9	-4%	2144.7	48%
EBITDA	290.4	116.4	149%	698.2	61%
EBITDA margin	53.1%	20.4%		32.6%	
EBIT	245.4	67.9	261%	541.4	62%
Net profit	194.8	56.8	243%	454.5	57%

*as a percentage of our full-year forecast

- After a 7.5% y/y rebound in Q1, AC suffered a 15% revenue slump in Q2 2019 to PLN 57.5m, driven by weak sales in Russia.

- On low sales, operating profit will be additionally squeezed by high SG&A expenses.

- The rate of earnings contraction in Q2 accelerated relative to the previous quarter.

- Alumetal will likely warn of further shrinkage in profits in the following quarter after the Q2 report.

- Amica likely experienced further growth in quarterly sales in Poland and Western Europe in Q2 2019, coupled with flat growth in Central European markets.

- Accordingly, despite higher marketing expenses, profits in the period are expected to be higher than in the same quarter in 2018.

- Sluggish orders from power generators affected the Q2 2019 sales and profits of the industry's suppliers.

- At Apator, the slowdown in business will be mitigated by positive base effects.

- Boryszew's 2019 Q2 results will be weighed down by slower growth at the listed Impexmetal unit (see below), not offset by expected improvement in the Automotive segment.

- A likely increase in net debt to PLN 1.5bn (4.3x EBITDA) as of 30 June following final stake-building in Impexmetal will put Boryszew in violation of loan covenants.

- Cognor is set to report the year's weakest quarterly results for Q2 2019, showing declines vis-à-vis the year-ago levels as well as compared to the previous quarter, led by lower sales volumes and prices, combined with higher costs of energy and labor.

- Ergis should report a pickup in earnings in Q2 after several quarters of falls thanks to reduced prices of petrochemical inputs, expected to mitigate negative base effects.

- High costs of labor and energy are still a drag on profits.

- Famur is set to post robust EBITDA growth in Q2 2019, with the core business of underground mining equipment expected to help bring the adjusted number close to PLN 140m.

- Proceeds from the divestment of the PBSz unit will boost reported EBITDA to the tune of PLN 150m.

Forte		neutral		Reporting Date	
Jakub Szkopek				12 September	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	260.6	258.0	1%	1157.7	50%
EBITDA	31.0	34.6	-10%	139.8	50%
EBITDA margin	11.9%	13.4%		12.1%	
EBIT	19.4	23.2	-17%	87.5	50%
Net profit	9.6	0.3	-	47.5	49%

Grupa Kęty		hold		Reporting Date	
Jakub Szkopek		PLN 345.32		7 August	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	820.0	748.8	10%	2957.7	54%
EBITDA	135.0	126.4	7%	459.8	53%
EBITDA margin	16.5%	16.9%		15.5%	
EBIT	102.0	94.5	8%	330.9	54%
Net profit	77.0	71.7	7%	246.5	55%

Impexmetal		underweight		Reporting Date	
Jakub Szkopek				12 September	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	776.3	856.0	-9%	3047.9	53%
EBITDA	58.8	78.8	-25%	248.0	51%
EBITDA margin	7.6%	9.2%		8.1%	
EBIT	41.8	62.2	-33%	179.8	52%
Net profit	34.9	54.3	-36%	144.4	48%

Kernel		buy		Reporting Date	
Jakub Szkopek		PLN 58.63		23 October	
(USD m)	Q4'19E	Q4'18	Y/Y	2019E	YTD*
Revenue	848.1	789.4	7%	3905.8	63%
EBITDA	55.2	26.2	111%	340.3	53%
EBITDA margin	6.5%	3.3%		9.0%	
EBIT	35.0	6.1	478%	264.4	90%
Net profit	13.8	1.4	883%	203.5	290%

Kruszwica		neutral		Reporting Date	
Jakub Szkopek				20 September	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	587.5	586.6	0%	2661.0	49%
EBITDA	15.2	17.0	-11%	137.3	44%
EBITDA margin	2.6%	2.9%	-	5.2%	
EBIT	8.2	10.7	-23%	110.8	43%
Net profit	6.9	8.9	-22%	96.0	39%

Mangata		neutral		Reporting Date	
Jakub Szkopek				12 September	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	188.7	182.4	3%	751.5	51%
EBITDA	24.9	25.4	-2%	98.6	54%
EBITDA margin	13.2%	13.9%		13.1%	
EBIT	17.5	18.1	-3%	68.6	56%
Net profit	12.6	16.7	-25%	49.7	57%

Pfleiderer Group		neutral		Reporting Date	
Jakub Szkopek				11 September	
(EUR m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	256.5	264.4	-3%	1029.1	50%
EBITDA	28.4	32.9	-14%	111.6	44%
EBITDA margin	11.1%	12.4%		10.8%	
EBIT	6.3	13.9	-55%	33.3	11%
Net profit	1.4	-1.6	-	8.2	-

Pozbud		overweight		Reporting Date	
Jakub Szkopek				30 August	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	67.4	22.6	198%	319.7	33%
EBITDA	9.9	6.7	48%	33.9	54%
EBITDA margin	14.7%	29.5%		10.6%	
EBIT	8.5	5.4	59%	28.1	55%
Net profit	6.7	2.9	134%	22.0	53%

*as a percentage of our full-year forecast

- With the 2018 Q2 year-ago comparable base boosted by extra deliveries shifted from the previous quarter, and due to this year's later timing of the Easter break, Forte is not likely to report much growth in 2019 Q2 results.

- There is a chance that the net debt/EBITDA ratio as of 30 June will reach the 4.9x covenant set by lenders.

- The preliminary 2019 Q2 earnings release of Grupa Kęty indicates improvement over the year-ago results, and, if confirmed, this makes for a potential positive surprise for the market.

- Impexmetal is set to report a dramatic fall in 2019 Q2 profits driven by weaker sales, coupled with rising costs of labor and energy and negative base effects: the year-ago EBITDA reached its highest quarterly value in several years.

- Kernel increased sales of grains and sunflower oil in the second quarter of calendar 2019, and with lower losses taken by the Avere trading unit this should drive the profits for the fourth fiscal quarter ended 30 June 2019 significantly above the year-ago figures.

- We assume sales volumes in Q2 2019 were stable.
- Crushing margins on oilseeds processed in the period might have increased slightly from the high levels posted in the year-ago period.
- Kruszwica is expected to have approximately PLN 200m (PLN 9/share) of net cash on hand as of 30 June 2019.

- Mangata is set to post lower profits for Q2 2019 than the high figures reported in the comparable period of 2018, when one-time FX gains provided a boost.
- Nevertheless the Company is on track to fulfilling our FY forecast.

- Lower prices of wood-based panels, coupled with additional expenses on staff training, put a strain on Q2 results, mitigated by savings achieved on lower costs of inputs (ex. energy).
- Pfleiderer is not likely to violate loan covenants with the expected level of debt as of 30 June.

- Extra profits earned on a residential sales in a real-estate project in Poznań-Strzeszyn will boost the overall Q2 results, as well as helping to reduce debt now that the building has been completed.

Stelmet		hold		Reporting Date	
Jakub Szkopek		PLN 7.95		29 August	
(PLN m)	Q3'19E	Q3'18	Y/Y	2019E	YTD*
Revenue	226.5	221.6	2%	591.1	83%
EBITDA	26.5	33.5	-21%	68.5	83%
EBITDA margin	11.7%	15.1%		12.0%	
EBIT	15.9	22.8	-30%	27.0	92%
Net profit	18.5	12.3	51%	19.8	75%

Tarczyński		neutral		Reporting Date	
Jakub Szkopek				27 September	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	178.9	174.7	2%	851.0	45%
EBITDA	13.7	3.6	277%	69.2	47%
EBITDA margin	7.7%	2.1%		8.1%	
EBIT	6.5	-3.6	-	40.4	45%
Net profit	3.9	-8.4	-	26.1	42%

TIM		overweight		Reporting Date	
Piotr Poniatowski				11 September	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	209.8	198.1	6%	898.1	46%
EBITDA	11.8	8.3	43%	48.3	49%
EBITDA margin	5.6%	4.2%		5.4%	
EBIT	7.1	5.6	26%	28.1	51%
Net profit	4.0	4.3	-7%	19.5	40%

Property Developers

- Residential developers listed on the WSE and Catalyst closed 9% fewer flats in Q2 2019 than in the same period in 2018, but total H1 closings were up 9% on the year. The quarterly closing numbers varied greatly from company to

Archicom		Reporting Date	
Aleksandra Szklarczyk		17 September	
(PLN m)	Q2'19E	Q2'18	Y/Y
Revenue	238.1	77.2	209%
Gross profit	65.3	19.2	240%
margin	27.4%	24.9%	-
EBIT ex. valuation	52.2	8.0	-
Valuation effects	15.0	0.0	-
EBIT	67.2	8.0	-
Pre-tax income	66.4	6.8	-
Net profit	53.5	4.9	-

Atal	accumulate			Reporting Date	
Aleksandra Szklarczyk	PLN 41.89			3 September	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	120.4	337.0	-64%	974.9	36%
Gross profit	31.7	99.0	-68%	265.8	37%
margin	26.3%	29.4%	-	27.3%	
EBIT	24.1	91.1	-74%	234.6	36%
Pre-tax income	23.3	88.6	-74%	226.1	35%
Net profit	18.6	68.9	-73%	180.8	35%

Dom Dev.		hold		Reporting Date	
Aleksandra Szklarczyk		PLN 79.80		23 August	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	233.3	435.7	-46%	1688.0	45%
Gross profit	67.8	118.1	-43%	446.4	48%
margin	29.1%	27.1%	-	26.4%	-
EBIT	25.2	72.8	-65%	277.1	47%
Pre-tax income	25.4	72.8	-65%	275.3	47%
Net profit	20.6	58.8	-65%	222.4	47%

LC Corp		Reporting Date	
Aleksandra Szklarczyk		10 September	
(PLN m)	Q2'19E	Q2'18	Y/Y
Revenue	203.3	229.7	-11%
Gross profit	70.9	93.3	-24%
margin	34.9%	40.6%	-
EBIT ex. valuation	55.9	76.5	-27%
Valuation effects	-38.8	37.1	-
EBIT	17.1	113.6	-85%
Pre-tax income	19.5	82.1	-76%
Net profit	15.8	68.8	-77%

*as a percentage of our full-year forecast

- Stelmet is set to report double-digit falls in the operating profits for the fiscal Q3 ended 30 June 2019, caused by increased costs on top of negative base effects.

- On the other hand, the bottom-line profit will show a strong rebound owed to a stronger zloty generating extra gains from exchange-rate adjustments to debt.

- Positive base effects will boost second-quarter profits as compared to Q2 2018, when Tarczyński booked one-time charges of approx. PLN 15m.

- With that said, we expect to see contraction in sales margins amid rising costs of pork inputs.

- TIM reported preliminary revenue of PLN 189m for Q2 2019, representing a 4.8% increase from Q2 2018.

- On higher sales, combined with tight cost management and IFRS 16 effects (higher D&A and financing costs, lower costs of services), we expect to see growth in the quarterly profits (growth in reported financials will be affected by a one-time boost of PLN 3.3m to the year-ago figures).

company, with LKD, ARH, and JWC, reporting over-100% growth while DOM, ECH, and 1AT posted falls of >40%.

- ARH is set to deliver stellar Q2 profits based on Q2 closings, supported by valuation gains.

- Archicom is set to report record quarterly earnings for Q2'19, with net profit fueled by a 202% surge in closings to 730 units, combined with valuation gains of ca. PLN 15m on commercial real-estate.

- The gross margin will expand as well, albeit from a low year-ago base.

- At PLN 41.3m, the adjusted net profit will come close to the record figure posted in Q4 2018.

- Q2 profits down from comparable periods due to fewer closings booked in the period (313 units, down 64% Y/Y), with more units due for completion in Q4 (compared to 2018, when Q2 was the quarter with the most closings).

- The avg. sales price per flat did not move in Q2, but the building mix at the time indicates a lower average sales margin, esp. vis-a-vis the high figures posted in Q2 2018.

- Dom closed 440 apartments in Q1, down 57% year on year, indicating a 65% drop in the nominal bottom-line profit for the period.

- Nevertheless it is important to note the improvement in the average sales prices and margins achieved on the residential building mix offered for sale in Q2.

- LC Corp closed 510 flats in Q2, down 16% y/y. The quarterly sales margin will decrease from a high year-ago base, with gross profit down by an estimated 24%.

- We see contraction in net profit, worsened by losses on value adjustments to commercial assets totaling PLN 39m, incl. PLN 17m from FX differences and PLN 22m from impairment and cost to sell.

- EBIT ex. valuation will post a y/y drop of 27% at an estimated PLN 56m, with adj. net profit coming in at PLN 41m.

Retail

AmRest & Vistula lead the Q2 earnings season

- We expect to see strong growth at EAT and VRG driven by positive calendar effects and solid monthly sales figures.
- The April timing of the 2019 Easter Holiday supported LFL

AmRest Piotr Bogusz		buy PLN 48.00		Reporting Date 28 August	
(EUR m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	473.7	364.2	30%	1988.9	46%
Gross profit	71.4	58.8	22%	319.2	43%
margin	15.1%	16.1%		16.0%	
EBITDA	51.7	40.3	28%	204.7	46%
EBITDA margin	10.9%	11.1%		10.3%	
EBIT	16.4	11.7	40%	89.5	40%
Pre-tax income	3.6	10.2	-65%	75.9	14%
Net profit	3.3	8.2	-60%	54.3	13%

CCC Piotr Bogusz		hold PLN 161.00		Reporting Date 23 August	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	1,621	1,271	28%	5,969	45%
Gross profit	834	678	23%	3,076	43%
margin	51.4%	53.3%		51.5%	
EBITDA	169.0	269.0	-37%	967.0	19%
EBITDA margin	10.4%	21.2%		16.2%	
EBIT	128.5	247.7	-48%	259.2	
Pre-tax income	105.8	219.0	-52%	166.4	
Net profit	80.7	210.9	-62%	110.2	

Dino Piotr Bogusz		reduce PLN 112.70		Reporting Date 19 August	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	1,915	1,410	36%	7,742	45%
Gross profit	457	333	37%	1,890	44%
margin	23.8%	23.6%		24.4%	
EBITDA	166.5	124.6	34%	715	42%
EBITDA margin	8.7%	8.8%		9.2%	
EBIT	129.2	97.7	32%	561	40%
Pre-tax income	114.3	87.2	31%	513	38%
Net profit	91.4	70.5	30%	404	39%

Eurocash Piotr Bogusz		reduce PLN 18.10		Reporting Date 28 August	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	6,015	5,775	4%	23,640	25%
Gross profit	770	706	9%	3,109	25%
margin	12.8%	12.2%		13.2%	
EBITDA	121.7	117.0	4%	374.7	32%
EBITDA margin	2.0%	2.0%		1.6%	
EBIT	67.2	67.6	-1%	158.0	
Pre-tax income	59.1	59.0	0%	98.2	
Net profit	36.9	36.8	0%	72.0	

LPP Piotr Bogusz		accumulate PLN 8,500.00		Reporting Date 12 September	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	2,220	2,050	8%	9,172	44%
Gross profit	1,315	1,224	7%	4,970	42%
margin	59.2%	59.7%		54.2%	
EBITDA	579.8	397.4	46%	1,920	37%
EBITDA margin	26.1%	19.4%		13.8%	
EBIT	330.0	311.8	6%	850.8	27%
Pre-tax income	305.2	296.3	3%	839.2	22%
Net profit	228.9	206.1	11%	677.2	17%

*as a percentage of our full-year forecast

sales growth at DNP, EUR, and JMT, however the margins for the period might suffer given higher marketing expenses and increased prices of pork and vegetables.

- On the other hand, CCC and MON will probably disappoint.
- On 1% higher estimated sales per location, with the total sales area expanded by 28%, the 2019 Q2 revenue of AmRest is set to post a Y/Y rebound of 30% (AmRest is due to release preliminary Q2 sales figures by the end of July).
- The quarterly EBITDA margin after adjustment for one-time charges is expected to show a decline of 0.2pp from the year-ago period, led mainly by restaurants in Spain, the Czech Republic, and Poland.
- Impairment losses on restaurants are estimated at EUR 8m vs. EUR 5m written off in Q2 2018.

- Looking at the slow annual sales momentum reported in April and May, and given discounts offered in June as part of summer sales, we expect to see Y/Y gross margin contraction by 1.5pp in Q2.
- SG&A expenses in Q2 grew at a faster rate than sales.
- All in all, according to our estimates CCC will generate a PLN 35m EBIT loss in the first half of 2019 compared to an operating profit of PLN 170m posted in H1 2018.
- Note that in Q2'18 CCC booked an PLN 80.4m one-time gain on the bargain purchase of Voegele.

- Based on an increase of an estimated 5% in average quarterly sales per square meter, we expect to see LFL growth of 16.5% in Q2'19.
- At the same time, the gross margin might show Y/Y contraction of 0.2pp, underpinned by negative base effects and higher prices of meat.
- Under pressure from increasingly expensive labor and energy, the SG&A/Sales ratio might increase by 0.4pp, resulting in a decline in EBITDA margin by 0.1pp to 8.7%.

- In Wholesale, on 3.9% higher revenue of PLN 4.8bn, we expect to see 3.4% y/y expansion in EBITDA to PLN 115m.
- In Retail, revenue will increase 7% to an estimated PLN 1.2bn (with lfl growth supported by a positive Easter effect), accompanied by a 19% rebound to PLN 37m in segmental EBITDA.
- The segments called "Projects" and "Other" are set to post respective Q2 EBITDA losses of PLN 11.5m and PLN 19m.
- Note that our Q2 estimates are pre-switch to IFRS 16.

- LPP's preliminary Q2 report indicated 8% Y/Y growth in revenue, accompanied by a 5.9% increase in EBIT.
- Factors which shaped Q2 results included a high year-ago comparable base and an unfavorable USDPLN exchange rate at the time of payment for the spring/summer collections.
- Financing activity probably produced about the same loss in Q2 (PLN 15m) as in the same period in 2018.
- We expect the Q2 2019 effective tax rate to be 25% vs. 30% in Q2'18.

Monnari		neutral		Reporting Date	
Piotr Bogusz				27 September	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	66.0	61.1	8%	247.7	50%
Gross profit	39.5	37.2	6%	145.0	48%
margin	59.9%	60.9%		58.6%	
EBITDA	5.5	8.7	-37%	16.8	26%
EBITDA margin	8.3%	14.3%		6.8%	
EBIT	4.4	7.6	-42%	12.6	18%
Pre-tax income	4.9	8.2	-40%	18.6	15%
Net profit	3.8	6.1	-38%	15.4	11%

VRG		overweight		Reporting Date	
Piotr Bogusz				28 August	
(PLN m)	Q2'19E	Q2'18	Y/Y	2019E	YTD*
Revenue	269.0	192.9	39%	1085.0	33%
Gross profit	144.5	100.6	44%	562.1	32%
margin	53.7%	52.1%		51.8%	
EBITDA	31.8	19.8	61%	122.9	24%
EBITDA margin	11.8%	10.3%		11.3%	
EBIT	31.8	19.2	66%	100.9	21%
Pre-tax income	29.0	17.6	64%	89.7	20%
Net profit	23.5	14.1	66%	74.9	19%

*as a percentage of our full-year forecast

- Monnari is set to report 8% revenue growth in Q2 2019 based on monthly sales reports. Sales in June showed a slowdown which we attribute to a heightened emphasis on margins at the expense of revenues.
 - Despite a higher USDPLN exchange rate applied to the price of the spring/summer collections, gross margin for Q2 2019 is likely to post a year-over-year decline of 1pp.
 - We anticipate a 4% rise in per-square-meter SG&A in Q2 led by pay pressures and the consolidation of Centro.
-
- Based on monthly sales reports, we expect to see 39% year-over-year topline growth in Q2 2019, along with a 44% rebound in gross profit.
 - Under an improved pricing policy implemented after the merger, the sales margin for the period should be 1.6pp higher than in Q2 2018.
 - With tightly-managed expenses, quarterly SG&A will approximate PLN 113m.
 - Note that our Q2 estimates are pre-switch to IFRS 16.

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						+11.8%	11.8	10.7		
Alior Bank	buy	2019-07-03	51.10	72.30	52.40	+38.0%	9.5	7.3		
Handlowy	accumulate	2019-07-03	53.60	59.45	53.40	+11.3%	13.5	11.1		
ING BSK	reduce	2019-07-03	203.50	191.80	197.00	-2.6%	15.5	13.8		
Millennium	accumulate	2019-02-01	8.82	10.00	8.20	+22.0%	13.5	9.7		
Pekao	accumulate	2019-07-03	112.95	121.00	106.40	+13.7%	12.2	10.7		
PKO BP	accumulate	2019-06-26	42.20	47.17	42.65	+10.6%	12.1	11.7		
Santander Bank Polska	reduce	2019-07-12	357.20	337.00	356.60	-5.5%	15.5	12.7		
Komercni Banka	buy	2019-05-09	873.00	1,000 CZK	908.00	+10.1%	11.3	10.9		
Erste Bank	buy	2019-02-04	31.00	43.72 EUR	33.04	+32.3%	9.5	8.8		
OTP Bank	buy	2019-07-03	11,790	13,046 HUF	12,830	+1.7%	10.6	10.0		
PZU	hold	2019-07-03	44.35	43.38	44.47	-2.5%	11.8	11.2		
Kruk	buy	2019-04-02	152.30	213.65	188.10	+13.6%	10.6	10.4		
Skarbiec Holding	buy	2019-06-03	16.50	28.17	17.45	+61.4%	6.0	5.2		
Chemicals						+1.8%	8.2	14.5	5.2	6.6
Ciech	hold	2019-07-03	41.60	41.72	43.05	-3.1%	8.5	8.9	5.5	5.4
Grupa Azoty	accumulate	2019-07-03	42.10	45.93	44.12	+4.1%	7.9	20.0	4.9	7.7
Oil & Gas						-0.8%	13.2	11.5	5.6	5.2
Lotos	sell	2019-06-03	87.82	65.95	88.50	-25.5%	14.6	13.4	7.3	6.1
MOL	hold	2019-06-03	3,276	3,223 HUF	3,086	+4.4%	15.3	9.9	5.0	4.2
PGNiG	buy	2019-05-28	5.58	6.47	5.42	+19.5%	10.8	8.4	4.6	3.8
PKN Orlen	sell	2019-06-03	96.78	80.01	98.84	-19.1%	11.8	13.2	6.3	6.4
Power Utilities						+26.6%	4.2	4.7	3.9	3.7
CEZ	accumulate	2019-06-25	544.00	597.80 CZK	528.50	+13.1%	15.8	13.7	7.5	7.0
Enea	buy	2019-06-25	8.53	12.41	9.27	+33.9%	3.4	3.2	3.3	3.1
Energa	buy	2019-06-25	7.33	12.67	7.47	+69.6%	4.2	4.7	3.9	4.2
PGE	buy	2019-06-25	9.00	13.26	9.37	+41.5%	5.7	6.4	3.5	3.6
Tauron	buy	2019-06-25	1.57	2.52	1.72	+46.4%	2.7	2.6	4.1	3.7
Telecoms, Media, IT						-0.1%	18.8	15.5	6.5	6.3
Netia	hold	2018-11-26	4.66	4.70	4.72	-0.4%	31.7	26.3	5.4	5.4
Orange Polska	hold	2019-06-19	7.29	7.50	6.28	+19.4%	40.6	25.5	4.9	4.7
Play	hold	2019-07-03	33.34	29.00	33.50	-13.4%	10.1	9.6	6.5	6.5
Agora	buy	2018-11-27	9.50	16.00	12.00	+33.3%	39.9	21.2	5.5	5.0
Cyfrowy Polsat	reduce	2019-05-31	26.00	24.15	30.20	-20.0%	15.8	13.5	7.4	7.2
Wirtualna Polska	hold	2019-07-03	61.20	61.50	60.00	+2.5%	18.8	16.0	10.0	8.8
Asseco Poland	hold	2019-06-03	51.10	50.80	57.10	-11.0%	15.3	14.9	4.8	4.5
Comarch	buy	2019-04-17	181.00	230.00	178.00	+29.2%	14.7	13.2	6.5	6.2
11 bit studios	buy	2019-05-20	398.00	518.00	422.50	+22.6%	28.3	40.3	19.9	24.6
CD Projekt	accumulate	2019-05-09	215.00	237.50	223.00	+6.5%	-	10.9	-	8.1
Industrials, Mining						+11.5%	7.7	10.2	4.9	4.8
Cognor	accumulate	2019-07-03	1.77	1.84	1.78	+0.8%	8.4	11.5	5.1	5.3
Famur	buy	2019-07-03	5.24	6.96	4.50	+54.7%	5.7	9.3	3.6	4.8
Grupa Kęty	hold	2019-07-03	337.00	345.32	329.50	+4.8%	12.8	12.1	8.9	8.5
JSW	accumulate	2019-07-03	47.00	50.02	43.26	+15.6%	4.9	12.7	1.1	1.9
Kemel	buy	2019-06-03	46.50	58.63	50.00	+17.3%	5.5	5.6	5.8	5.0
KGHM	hold	2019-07-03	101.70	98.35	97.26	+1.1%	10.5	10.1	4.6	4.5
Stelmet	hold	2019-07-03	7.00	7.95	6.60	+20.5%	9.8	10.3	5.1	4.8
Property Developers						+9.9%	7.9	7.6	7.4	7.0
Atal	accumulate	2019-07-03	36.60	41.89	37.00	+13.2%	7.9	8.3	7.4	7.8
Dom Development	hold	2019-07-03	77.40	79.80	74.40	+7.3%	8.4	7.6	7.6	7.0
Retail						-0.5%	36.2	25.0	10.1	9.1
AmRest	buy	2019-04-02	41.20	48.00	39.50	+21.5%	37.1	27.1	12.7	10.2
CCC	hold	2019-06-06	153.80	161.00	154.60	+4.1%	57.7	23.8	7.8	6.1
Dino	reduce	2019-04-02	126.10	112.70	146.00	-22.8%	35.4	27.5	20.9	16.7
Eurocash	reduce	2019-06-03	19.31	18.10	19.14	-5.4%	37.0	26.2	8.0	7.1
Jerónimo Martins	hold	2019-05-09	13.89	14.30 EUR	14.90	-4.0%	21.2	19.0	9.3	8.4
LPP	accumulate	2019-07-03	7,745.00	8,500.00	7,890.00	+7.7%	21.6	19.5	10.9	9.8

Current Calls by Dom Maklerski mBanku

Company	Relative Positioning	Rated On	Price At Rating	Current Price	Change	P/E		EV/EBITDA	
						2019	2020	2019	2020
IT						12.0	11.2	4.7	4.5
Ailleron	neutral	2019-06-28	8.40	8.60	+2.4%	11.1	10.1	4.0	3.1
Asseco BS	neutral	2019-03-29	29.50	27.40	-7.1%	13.9	12.9	9.3	8.7
Asseco SEE	overweight	2019-04-11	14.20	17.60	+23.9%	12.9	12.3	5.3	4.9
Atende	neutral	2019-01-31	4.40	3.48	-20.9%	8.7	8.2	4.1	4.1
Industrials						9.6	9.4	6.2	6.2
AC	neutral	2019-03-22	48.50	49.00	+1.0%	10.8	9.8	7.4	6.8
Alumetal	underweight	2019-05-29	51.00	37.10	-27.3%	9.1	9.9	6.9	7.2
Amica	neutral	2019-04-29	130.00	118.00	-9.2%	7.8	7.4	5.0	4.7
Apator	neutral	2019-04-29	25.80	24.30	-5.8%	11.5	11.3	7.3	7.1
Boryszew	neutral	2019-04-29	4.65	4.44	-4.4%	9.9	9.2	7.6	7.4
Ergis	neutral	2019-05-29	3.00	2.75	-8.3%	7.4	8.2	5.0	5.0
Forte	neutral	2019-04-29	40.60	32.60	-19.7%	16.3	14.2	9.8	9.1
Impexmetal	underweight	2019-04-25	4.16	4.23	+1.7%	5.6	5.8	5.9	5.7
Kruszwica	neutral	2019-04-02	43.90	42.80	-2.5%	10.2	9.3	5.4	5.0
Mangata	neutral	2019-05-29	69.50	69.00	-0.7%	9.3	10.5	6.2	6.8
Pfleiderer Group	neutral	2019-05-29	20.40	26.70	+30.9%	55.6	26.7	7.1	6.7
Pozbud	overweight	2019-04-29	2.37	2.14	-9.7%	2.6	2.7	2.4	1.9
Tarczyński	neutral	2019-05-29	15.40	16.50	+7.1%	7.2	6.0	5.1	4.6
TIM	overweight	2019-04-29	7.90	9.50	+20.3%	10.8	9.6	6.2	5.6
Retail						11.1	10.1	6.4	5.4
Monnari	neutral	2019-07-17	4.66	4.72	+1.3%	9.4	9.2	4.4	3.6
VRG	overweight	2019-05-29	3.90	4.09	+4.9%	12.8	10.9	8.4	7.1

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 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.

mBank S.A. as part of the Exchange's Analytical Coverage Support Programme ("Programme", https://www.gpw.pl/all-news?ph_main_01_start=show&ph_main_01_cm_n_id=108141) prepares analytical reports for the following companies: Cognor Holding, Comarch, VRG. These documents are prepared at the request of Giełda Papierów Wartościowych w Warszawie S.A. ("WSE"), which is entitled to copyrights to these materials. mBank S.A. receives remuneration from the WSE for the preparation of the reports. All documents prepared for the Programme are available at: https://www.mdm.pl/ui-pub/site/market_and_analysis/analysis_and_recommendations/analytical_coverage_support_programme

This document has been created and published by Dom Maklerski mBanku. The present report expresses the knowledge as well as opinions of the authors on day the report was prepared. The opinions and estimates contained herein constitute our best judgment at this date and time, and are subject to change without notice. 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. 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.

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 does not constitute investment, legal, accounting or other advice, and mBank is not liable for damages resulting from or related to the use of data provided in the documents. This document may not be copied, duplicated and/or be directly or indirectly distributed in the United States, Canada, Australia or Japan, nor transferred to citizens or residents of a state where its distribution may be legally restricted, which does not limit the possibility of publishing materials prepared for the Programme on Cognor Holding, Comarch, VRG, mBank or WSE websites. Persons who disseminate this document should be aware of the need to comply with such restrictions.

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.

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 about any conflicts of interest that may arise in connection with the issuance of recommendations (should such a conflict exist) is provided below, and it is valid as of the date of the most recent Monthly Report published by Dom Maklerski mBanku or as of the date of the most recent recommendation issued for an Issuer, as applicable.

This document was not transferred to the issuers prior to its publication.

mBank S.A. may have received compensation from the following companies in the last 12 months: ABC Data, Alchemia, Alior Bank, Ambra, Amica, Bank Handlowy, Bank Millennium, Bank Pekao, BGŻ BNP Paribas, BoomBIT, Boryszew, Capital Park, CD Projekt, CI Games, Echo Investment, Elemental Holding, Elzab, Enea, Energoaparatúra, Erbud, Ergis, Erste Bank, Famur, Ferrum, GetBack, Getin Holding, Getin Noble Bank, Groclin, Impexmet, INDATA, ING BSK, Kopex, Kruk, LW Bogdanka, Mangata, Mennica Polska, Mostostal Warszawa, Netia, Neuca, Oponeo.pl, Orbis, OTP Bank, PA Nova, PBKM, PEKABEX, PGE, PGNiG, PKO BP, Polenergia, Polimex-Mostostal, Polnord, Polwax, Prime Car Management, Primetech, Prochem, Projprzem, PZU, Raiffeisen Bank International, Rawplug, Santander Bank Polska, Seco/Warwick, Skarbiec Holding, Solar Company, Stelmet, Syginit, Tarczyński, TOYA, Trakcja, Unibep, Uniwheels, Vistal Gdynia, YOLO, Zastal, ZUE.

In the last 12 months mBank S.A. has acted as dealer-manager for tender or exchange offers for the shares of: ABC Data, BoomBIT, Centrum Nowoczesnych Technologii, CI Games, Globalworth Poland, Orbis, Polenergia, Prime Car Management, Primetech. 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 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.

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

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

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

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

Dom Maklerski mBanku

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

Research Department

Kamil Kliszczyk

director
+48 22 438 24 02
kamil.kliszczyk@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 Szpigiel

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

Piotr Poniąkowski

+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, gaming

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-wilim@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