mBank Dom Maklerski

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Monthly Market Outlook: September 2019

Equity Market, Macroeconomics

Equity Market

We stand by our view that world equity markets are set for further losses amidst a global economic slowdown. In Poland, the uncertainty weighing on financial institutions, representing the biggest sector of the WSE, keeps foreign investors away from local stocks.

Sector Outlook

Financials

Our short-term preference at the moment is for CEE banks outside of Poland. Looking at their strong profits, low operational risk, and attractive valuations, we see compelling investment opportunities in Erste Group, Moneta Money Bank, and OTP Bank. Polish banks are still weighed down by the upcoming EU Court of Justice ruling on FX mortgage loans. The WIG-Banks index has dipped 14% below its average for the last 5 years, which means any earnings beats reported in the mean time will most likely be ignored, while any negative surprises will be penalized with an overreaction.

Chemicals

Rated fertilizer producer Grupa Azoty is set to generate strong earnings for Q2 and Q3 2019, which, however, are already priced in. At Ciech soda ash, most of the downside risks have now materialized, and going forward the Company is well-positioned to capitalize on decreasing prices of coal.

Oil & Gas

The third-quarter outlook for refiners has improved, especially in the case of PKN Orlen and MOL. An expected rebound in gas prices could mean more upside for PGNiG's share price.

Power Utilities

The performance of Polish utilities in September hinges on their mid-year earnings reports and expected disclosures on compensation received from the government for this year's power price freeze. We are hoping companies have been able to reverse the price freeze provisions set aside in Q4 2018.

Telecoms, Media, IT

We maintain a positive outlook for OPL while our view on CPS remains negative. The upside potential of PLY has diminished after gains driven by strong Q2 results and an upward guidance revision, prompting a downgrade to neutral. In IT, we like ASE and CMR the most. In Media, AGO shares face downward pressure due to a weak second quarter.

Industrials & Mining

75% of the industrial companies reporting so far registered deterioration in 2019 Q2 earnings relative to the same year-ago period, and our view on the sector remains an underweight. The stocks we would avoid at all cost in the coming month include AC, Alumetal, Boryszew, Kernel, and Pfleiderer. Instead, we would put our faith in Astarta, Famur, and TIM.

Property Developers

We had a positive surprise from Dom Development and a negative surprise from Atal in the Q2 2019 earnings season, owed in both cased to non-recurring developments. Both developers also handed over relatively few flats in the period. However investors can look forward to generous dividends from either of the pair with 2020-21 dividend yields projected at 11-12%.

Retail

Fashion and footwear retailers (CCC, LPP, VRG) are poised for strong third-quarter sales assuming September brings more sweater weather. AmRest restaurants and Dino supermarkets are also expected to generate further sales growth in the coming quarters.

Key Ratings

Positive: 11B, ASE, AST, CCC, CEZ, CIE, CMR, COG, EAT, EBS, ENA, ENG, FMF, JSW, LPP, MONET, OPL, OTP, PGE, PGN, PZU, TIM, TPE, VRG

Negative: ACG, AML, BRS, CPS, EUR, JMT, KER, LTS, PFL

EU Indices	Value	1M chng	YTD chng
WIG	56,176	-3.7%	-3%
ATX	2,908	-1.3%	+9%
BUX	39,753	-1.4%	+2%
PX	1,028	-1.2%	+8%
WSE WIG Ind.	**Value**	**1M**	**YTD**
WIG20	2,103	-4.3%	-5%
mWIG40	3,787	-2.4%	-0%
sWIG80	11,631	-1.6%	+13%
Banking	6,968	-3.6%	-7%
Basic Materials	2,626	-12.7%	-23%
Chemicals	9,549	-7.5%	+2%
Clothes	5,189	-3.6%	-14%
Construction	1,972	-1.5%	+3%
Energy	1,921	-6.7%	-20%
Food	3,178	-3.5%	-6%
Gaming	16,696	+7.8%	+68%
IT	2,464	-1.0%	+24%
Media	5,100	-2.4%	+13%
Oil & Gas	6,595	-9.8%	-18%
Real estate	2,314	+0.8%	+21%
Telecom	837	-3.3%	+35%
Top 5 / Worst 5		**1M**	**YTD**
Ursus	1.15	+48.8%	-23%
Elemental	1.32	+31.2%	+2%
Unimot	22.30	+25.3%	+180%
Lubawa	0.85	+21.4%	+39%
Sygnity	2.40	+20.0%	-11%
Braster	1.32	-20.2%	-34%
Getin Noble Bank	0.35	-21.1%	-4%
JSW	26.50	-21.9%	-58%
BAH	1.56	-23.7%	-2%
PCC Rokita	48.30	-26.1%	-35%

Rating & 9M TP Changes as of 5 Sep.

Name	Rating	9M TP
CCC	buy ▲	161.00 PLN ►
CD Projekt	accumulate ►	272.50 PLN ▲
Ciech	buy ▲	42.03 PLN ▲
Cognor	accumulate ▲	2.00 PLN ▲
Dom Development	hold ►	81.10 PLN ▲
Eurocash	reduce ▼	18.10 PLN ►
Grupa Azoty	hold ►	39.77 PLN ▼
Grupa Kęty	hold ►	327.11 PLN ▼
ING BSK	accumulate ▲	197.53 PLN ▲
Jeronimo Martins	reduce ▼	14.30 EUR ►
JSW	buy ▲	39.29 PLN ▼
LPP	buy ▲	8500 PLN ►
Orange Polska	buy ▲	7.50 PLN ►
PGNiG	buy ▲	6.33 PLN ►
Play	hold ▼	34.20 PLN ►
Pozbud	neutral ▼	-
PZU	buy ▲	43.38 PLN ►
Stelmet	hold ►	6.50 PLN ▼

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Investing Outlook

Not much happened on the equity front in August. Global economic expansion continues to lose momentum, and the fact that there has been no acceleration lately in the economic decline in Europe and China is perceived as a positive surprise. The tensions between the US and China still loom large, with little chance of a deal being struck before the end of the year. While treasury yields are discounting a slowdown, equity investors are betting that the Fed can get ahead of a recession by lowering interest rates. We are less optimistic, and we still anticipate further sell-offs in equity markets unless a deal is struck during the September trade talks between US and China, the opposition succeeds in stopping a no-deal Brexit in the UK, and economic prints improve across the board. In Poland, the gloom is underpinned by uncertainty as to an upcoming decision by the EU Court of Justice on CHF-denominated mortgages. Since the decision will probably not come in until after the October 13th general election, this means that the uncertainty will continue to weigh on banks, the WSE's biggest sector, throughout September.

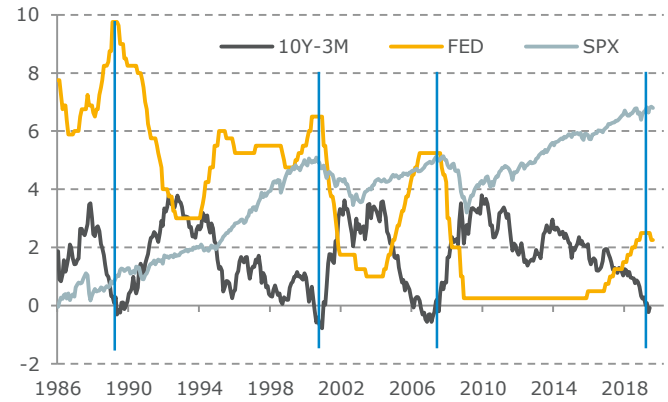
Why is there no sell-off on equities?

It is said that a business cycle is not over unless it is ended by overly-tight monetary policy, a burst stock bubble, or an unexpected wrench thrown into economic growth. The current rally in the US has been the longest in 100 years. Compared with previous cycles, in this one the Fed has begun to ease policy relatively soon, convincing investors that it can stop a recession in its tracks.

The Fed keeps consumer spending strong by reducing household debt costs. For now, only the job market seems affected by the US slowdown, however leading indicators signal weaker months ahead in the real economy. It is hard to expect businesses to hire more staff amid persistent uncertainty as to the future of trade relations with China. In addition, US capacity utilization rates are on a decline. It is worth noting the reduction in the US average workweek to 33.5 hours from 33.8 hours at the beginning of the year, a sign that businesses have started to make adjustments to adapt to the changing economic tide.

Treasury yields are already discounting a recession. We maintain that, as the global economy loses momentum, the Fed's power to counteract a downturn will weaken. We are anticipating downward revisions to economic forecasts and earnings expectations.

US Treasury yields (10Y-3M) vs. Fed funds rate and S&P500



Source: Bloomberg

ISM signals slowdown

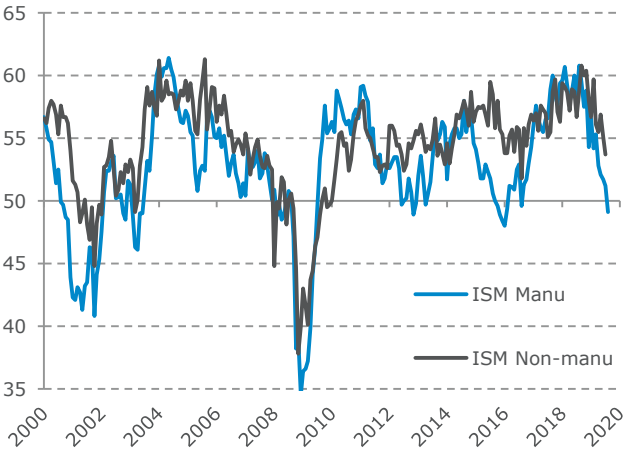
The ISM Manufacturing index before hitting bottom in the past tended to be preceded by a reversal of falls in the difference between new orders and inventories. The index hit a new low in August, falling below 50pts for the first time since 2016, and the orders-inventory difference shrunk to -2.7 points, a trend indicative of further contraction in the future.

Manufacturing ISM vs. new orders/inventories spread

Source: Bloomberg

Investors in the US tend to overlook manufacturing slowdowns as long as services hold. Looking at the history of the Manufacturing ISM vs. the Services index, assuming the manufacturing gauge continues to fall, the services sector is doomed to contract as well (its July print was 53.7pts). In this scenario, investors will see increasing risk of the sector's negative impact on the job market and hence on consumer spending.

Manufacturing vs. Non-Manufacturing ISM



Source: Bloomberg

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Sector Strategies

Financials

- **Pick other CEE over Poland:** Polish banks are much less attractively priced at the current levels than their counterparts in other CEE countries, offering average upside potential of 18% against 22.1%. Historically, banks from Poland used to be traded at substantial premiums to their regional peers, reflecting the higher growth potential of the domestic banking market (characterized by a low loan penetration rate relative to size), operational stability, and healthy capital adequacy supporting high dividends. Meanwhile banks in other countries struggled with various forms of regulatory pressures, from increasing capital requirements (Erste, RBI), to military conflict and sanctions, new types of banking levies, and forced conversion of Swiss franc-denominated loans to local currencies (OTP, Erste, RBI). Recently the situation has shifted, however, and CEE banks have become much more compelling as investment opportunities by delivering increasing profits and growing loan volumes, characterized by above-average quality, amid easing regulatory pressures.
- **Top CEE picks**: Our top CEE picks for September are Moneta Money Bank (MONET) and Erste Bank (EBS). In case of the former, we expect continued earnings expansion driven by strong economic momentum, and at Erste we see an overly-conservative guidance and underestimated analysts' expectations. We are less enthusiastic about RBI due to much higher investment risk coming, among others, from the Polish portfolio of Swiss franc-denominated loans and from the bank's dependence on the Russian business, which delivers solid profits but weighs on the SOTP valuation. We also see relatively less upside in OTP Bank (OTP) after a 15% gain in share price registered in the last 12 months, and in Komercni Banka (KOMB), which grows its profits at a comparatively slow rate.
- **ECJ ruling weighs on Polish banks:** Polish bank stocks are trading under pressure from the looming EU Court of Justice ruling on FX mortgage loans, underpinned by cases being lost in Polish courts, widely reported in the media. Since the anxiously-awaited ECJ decision might not come until after Poland's general elections on October 13th, the downward pressure could persist all through September. Keep in mind that the ruling pertains to a specific case and is not necessarily binding on all of the many FX loan contracts being questioned by individual borrowers. The stocks we like the most in the Polish bank sector are Handlowy (BHW), Pekao (PEO, which has no exposure to CHF mortgage loans), and PKO BP (PKO, whose strong capital position will help to handle the FX loan issue). On the other hand, if the ECJ rules in favor of banks, the biggest beneficiary of this will be Millennium (MIL).
- **ECB in September:** Contrary to the general feeling earlier this year, the ECB and other central banks in the region are not likely to raise interest rates in the near future due to slowing economic momentum. In fact, investors at the moment see an 87% chance of a rate reduction by the ECB in September, possibly followed by further cuts in the following months. To mitigate the impact of negative interest rates on banks in the euro area, the ECB is considering introducing a tiering system to reduce the amount of excess liquidity subject to a negative interest rate. In combination with TLTRO-III, this might ease the burden on eurozone banks like Erste and RBI.
- **Key ratings:** EBS (buy), MONET (buy), OTP (buy), PZU (buy)

Chemicals

- Grupa Azoty (ATT) might register a small gain in September after the publication of 2019 Q2 results, expected to show a strong positive momentum. On the other hand, Azoty faces a margin squeeze looking at the recovering prices of natural gas fuel. We do not anticipate any more upward revisions in the FY2019 consensus expectations for Azoty.
- Ciech (CIE) has suffered a number of setbacks this year, including a downward shift in prices of soda ash in Asia, a slow soda business, curbed production by the Romanian unit Govora, and tax claims, but at the current level the downside risk is more than priced in even considering that the analysts' consensus for FY2019 earnings probably needs to be revised lower. Accordingly, we upgrade CIE from hold to buy.
- **Key ratings**: CIE (buy)

Oil & Gas

- The price of Brent dropped below $60/bbl on concerns over trade war escalation and increasing supply from Russia, underpinned by reports of rising production in OPEC countries. Speculative traders on the one hand increased positions in WTI but on the other hand they were anxious to close long positions in Brent. The ytd average Brent price is hovering close to our $65/bbl forecast for the year.
- European gas prices on the spot market traded close to EUR 10-11/MWh in August, weighing on contracts for 2020 delivery, which have dropped below EUR 18. EU gas storages are 92% full just weeks away from the beginning of the heating season. Nevertheless we expect a rebound in gas prices in the coming months in keeping with higher demand from power generators and from China, where gas imports in July were 7% higher than in the same month in 2018, representing stronger growth than the 2% -3% registered in May and June.
- Refining margins edged lower in August, but they are still high despite no risk of disruptions in Rhine navigability this year, and even as the crack spreads on HSFO plummet in anticipation of IMO 2020.
- Margins on retail fuel sales also remain high in Poland, giving rise to expectations of strong third-quarter profits from service stations.
- In petrochemicals, model margins have temporarily expanded in response to falling costs of naphtha, but they will soon head back down.
- **Key ratings:** LTS (sell), MOL (accumulate), PGN (buy)

Power Utilities

- German electricity prices are down to EUR 47/MWh after falls triggered by a downward shift in EUA prices (EUR 25//t) and gas and coal prices as generators increasingly switch to gas and renewables in pursuit of lower emissions. The market continues to ignore the shift in emissions prices even though it will most likely persist for months to come.
- In Poland, prices of 2020 power have dropped to PLN 273/MWh, but the model margin for a vertically-integrated power station remains stable at PLN 174/MWh. With POLPX volumes still low, it is hard to predict bookings at the end of the year, but it is worth noting that spot prices are slowly recovering with the average for August at PLN 267/MWh compared to an average for the seven preceding months of PLN 233/MWh. This bodes well for

generators amid a downward trend in coal, gas, and emission costs.

- Polish utilities will disclose the amount of compensation they are owed from the government for this year's price freeze in September, and this will provide a catalyst for their shares after months of trading under pressure even as market conditions have been turning more positive and as counterparts in the US and other EU hit all-time highs.
- **Key Ratings:** CEZ (accumulate), ENA (buy), ENG (buy), PGE (buy), TPE (buy)

Telecoms, Media, IT

- Polish telecoms are raising prices of mobile plans, with price hike announcements, first by Play and Orange Polska, followed by Cyfrowy, set to raise rates this autumn. There is no doubt that higher sales prices will make for higher earnings over the long term, however keep in mind that it will take several quarters for the hikes to be reflected in telecom profits. We are currently positive on OPL and PLY, and we remain bearish on CPS.
- Poland's telecoms regulator UKE in August confirmed it was going to distribute 5G spectrum via an auction rather than a comparative tendering procedure. The concern from the point of view of telecoms is that an auction process will be dragged out and more costly than a regular tender, and from an investor's standpoint this indicates potentially higher capital expenditures.
- Poland and the US have just signed an agreement on 5G network security which aims to protect the next-generation communication networks from disruption or manipulation, and ensure the privacy and individual liberties of all citizens — a declaration which can be interpreted as banishing Chinese vendors like Huawei and ZTE from bidding for Polish 5G contracts. This in turn could boost the costs of RAN infrastructure for local telecoms, most notably Play, which had bought most of its 2-4G equipment from Huawei. On the other hand, Cyfrowy Polsat usually does business with Scandinavian vendors.
- The UKE's decisions regulating access to the residential cable infrastructure owned by six providers: Netia, UPC, Multimedia, Vectra, Toya, and Inea aim for cable providers to make their networks available to competitors, meaning that these entities could provide their services based on the infrastructure of those cable providers. For customers, this can mean making it easy to change the provider – without the need to replace cables. In addition, customers living in new buildings built after 2012 will be able to choose each service from a different provider. It is worth pointing out though that regulatory decisions are not immediately enforceable, meaning they will enter into force when infrastructure owners are ready for it.
- In March, Zenith media agency increased the growth forecast for the Polish advertising market in 2019 to 5.3% from 4.2%. According to the agency, "Kaczynski's five" programme as announced by the government will promote high consumption, which has an impact on the advertising market. According to Zenith's estimates, due to the lower-than-planned GDP growth and a high base last year (up by 6.8%), the TV advertising market growth in 2019 will be lower than in 2018, and will amount to 3.1%. This will be the first year where television's share of the advertising market is to fall below the 50% threshold. Online advertising expenditure will increase by 12.1% this year. This will be due mostly to the increase in prices of advertisements purchased as part of programmatic model, caused by Google's announced shift to first price auction by the end of 2019.
- The WIG-Info index did not move much in August, but it still outperformed the local WIG broad market benchmark by 6.0%. Polish tech stocks also ran slightly (i.e. by about 5.3pp) ahead of the MSCI IT EU counterpart. The median 12M P/E for IT companies at 12.7x is currently 15.8% below the historical average for the last three years.
- **Key ratings**: 11BIT (buy), ASE (overweight), CDR (accumulate), CMR (buy), CPS (reduce), OPL (buy)

Industrials

- A whopping 73% of the industrial companies that have reported 2019 Q2 earnings to date suffered earnings declines, with only 27% registering improvement over the same year-ago period. We expect the negative trend to continue through to the end of the reporting season. Of rated companies that have yet to file, Boryszew will most likely disappoint with Q2 results.
- In some cases, profits for the second quarter might reflect savings on utilities under Poland's electricity price freeze law. So far, only Cognor and PKP Cargo recognized a reduction in Q2 power costs as a one-off development.
- Among more liquid rated stocks, we have the most faith in Famur (FMF), set to report solid growth in the profits for Q2 and Q3 2019 while trading at low 2020E earnings multiples. Among smaller caps, we see strong earnings momentum in Astarta (AST) and TIM.
- We would steer clear of AC (ACG), facing a weak third quarter and a challenging environment in its key market of Russia, and we would watch out for Alumetal (AML), with its dismal earnings prospects for Q3. Other stocks to avoid in the weeks ahead include Boryszew (BRS), expected to report weak results for Q2 and potentially violate loan covenants as of 30 June; the Company also faces lower demand with the introduction of the EURO 6 Temp emission standards. Further, Kernel faces lower profits in FY2019/20 alongside increasing debt and record-high capital expenditures. Finally, stay away from Pfleiderer (PFL), currently struggling with falling prices of its products and lower demand from the furniture industry.
- We have revised lower our FY2019 outlook for Pozbud (POZ) by cutting estimated EBITDA from PLN 34m to 27m, and reducing expected net profit from PLN 22m to 14m. As a result we downgrade POZ from overweight to neutral.
- **Key ratings:** ACG (underweight), AML (underweight), AST (overweight), BRS (underweight), COG (accumulate) FMF (buy), KER (reduce), PFL (underweight), TIM (overweight)

Mining

- As the US-China trade tensions escalate, this is having a negative impact on mining stocks, reflected in a sell-off in August on producers of industrial metals as well as iron ore in line with the falling prices of their outputs.
- On the other hand, precious metals, most notably gold, enjoyed extended gains in the past month, supported by an announcement of new tariffs by US President Trump amid heightened recession worries.
- The Federal Reserve has made no indication of policy change so far, and central banks are showing dovish bias toward monetary easing. The trade war rhetoric between China and the US sounds more restrained in recent days.
- Latest PMI prints in Europe and China signal a possible reversal of downward trends, but investors to not seem to believe in a rebound in the foreseeable future.
- At the same time, weak PMI prints for the steel industry are putting downward pressure on the prices of iron ore (down to $80/t in August from $120 the previous month) and coking coal (down from $200 to $150-155/t). Iron ore is expected to fall further looking at planned new projects and low Mining Cash Costs. Prices of coking coal are expected to stay above $150/t but are not likely to bounce back to $200 in the absence of upside catalysts.

- The 2019 Q2 earnings of EU steel companies reflected the downward pressure, with profit warnings issued by the likes of Kloeckner and VoestAlpine, and a toned-down business outlook presented by ArcelorMittal. The falling prices of iron ore and coking coal significantly boosted the profitability of BOF steelmakers Including VoestAlpine and Arcelor Mittal.
- **Key Ratings:** JSW (buy)

Property Developers

- Residential developers who have filed so far (DOM, 1AT, BDX, JWC, RON, LKD, I2D) experienced 26% shrinkage in the aggregate gross profit for Q2 2019 relative to the comparable year-ago period, led by fewer handovers. Seven companies (DOM, ROB, BDX,1AT, ARH, LKD, ECH) are guiding for FY2019 handovers comparable to 2018, indicating improvement in numbers in the second half of the year.
- Gross margins remained stable in the second quarter, falling in the range of 26.5-26.8%.
- Dom Development delivered a positive surprise in Q2 2019 with a net profit beat of a staggering 150%, supported by improved margins aside from one-off gains. On the other hand, Atal disappointed with Q2 figures after recognizing additional costs.
- We expect a strong Q2 showing from Archicom.
- Some companies are reporting administrative bottlenecks which keep them from starting new residential developments, thus diminishing the future sales potential (LKD, LCC).
- By contrast, Atal signed a preliminary agreement in August to buy a land lot in Dresden, Germany, for EUR 44m (ca. PLN 194m), set to be finalized in January 2020. An expansion beyond Poland seems like a smart move, and although few details have been shared we assume based on Atal's track record that it has secured reasonable margins on German project.
- Archicom has finalized the sale of a West House office building in 1A Wrocław for EUR 14.6m (PLN 18.8m), and it plans to sell another commercial development, the City Forum 1, potentially still this year.
- **Key Ratings:** 1AT (accumulate)

Retail

- The amendment to Poland's original retail tax bill proposing that companies file tax returns from September 2019 has not been passed as of this writing, and we expect a new iteration of the tax legislation to emerge in the coming weeks.
- **AmRest** experienced an acceleration in lfl growth in Q2 2019 resulting in a robust, 26.9% rebound in EBITDA. In Q3, profits will continue on their fast-paced upward momentum, supported by base effects and acquisitions. AmRest is our top retail pick.
- **CCC** stock has moved sharply higher since the 21 August second-quarter earnings release. The footwear retailer is expected to grow profits further in H2 2019, and aside from positive base effects this will be achieved through the tight approach to cost management which proved so successful in the second quarter. Looking at the weather so far, many Poles might be inclined to shop new autumn shoe collections at full prices in September.
- **VRG** reported strong results for Q2 2019, with sales up 40% on the year alongside 48% growth in EBITDA. The fashion retailer also improved the quarterly gross margin by 1.6pp to 53.5% despite higher costs in dollars of spring/summer collections. In H2 2019, margin improvement will be additionally supported by sourcing synergies and favorable USDPLN shifts. Accordingly, we expect VRG to raise its FY2019 sales margin growth guidance from the current 1p.p.
- **Key ratings**: EAT (buy), CCC (buy), EUR (reduce), JMT (reduce), LPP (buy), VRG (buy)

mBank Sentiment Watch (next 30 days, by sector)

Sector		Poland	US	Germany
Banks	SENTIMENT	BEARISH	NEUTRAL	NEUTRAL
	Stocks To Own	EBS AV, MONET CP, OTP HB	JPM US, BAC US, MS US, BLK US	
	Stocks To Avoid	MIL, SPL, GNB, PKO		
	Key Catalysts	ECJ ruling for CHF banks	Strong capital levels, big buybacks, dividend yields	
Chemicals	SENTIMENT	NEUTRAL		NEUTRAL
	Stocks To Own	CIE		1COV GY, EVK GY, LXS GY
	Stocks To Avoid			FPE GY
	Key Catalysts	Coal price decrease		
Real-Estate Developers	SENTIMENT	NEUTRAL	NEUTRAL	NEUTRAL
	Stocks To Own	1AT	FPH US, KBH US, LEN US, MDC US	
	Stocks To Avoid		TPH US	
	Key Catalysts	sales volume vs. home price increase, housing inventory potential (selective approach)	Easy 2H order comparisons, declining rates, forthcoming acceleration in housing starts	
Utilities	SENTIMENT	BULLISH	NEUTRAL	BULLISH
	Stocks To Own	ENA, ENG, PGE, TPE	NRG US, VST US, EXC US, PEG US	EOAN GY
	Stocks To Avoid		ED US	UN01 GY
	Key Catalysts	Power prices freeze compensations in Q2 results and expected CO2 decline	Compelling cash flow valuations	Value rotation
Retail, Consumer	SENTIMENT	BULLISH	BULLISH	NEUTRAL
	Stocks To Own	CCC, LPP, VRG	AMZN US, NKE US, HD US	ADS GY, BOSS GY
	Stocks To Avoid			
	Key Catalysts	We expect strong sales in September	Strong consumer, supportive 2Q	
Oil&Gas, Refining	SENTIMENT	BULLISH	NEUTRAL	NEUTRAL
	Stocks To Own	MOL, PGN	MPC US, PSX US, VLO US, CXO US, SLB US	
	Stocks To Avoid	LTS		
	Key Catalysts	Strong refining margins and expected natgas prices rebound	Strengthening of global gross margins, current valuation of record low	
Industrials	SENTIMENT	BEARISH	BEARISH	BEARISH
	Stocks To Own	AST, COG, FMF, STP, TIM	CAT US, ETN US	NDX1 GY, SIE GY, RHM GY, KGX GY
	Stocks To Avoid	ACG, AML, BRS, KER, KTY, PFL	TEX US, DE US, URI US	AAG GY, G1A GY
	Key Catalysts	Cost inflation	US-China trade war, current macro uncertainty	
Mining	SENTIMENT	NEUTRAL	BEARISH	BEARISH
	Stocks To Own	JSW	MNOD LI	
	Stocks To Avoid		ANG JS, BHP AU, RIO LN	
	Key Catalysts		Iron ore price decrease, nickiel increase	
Automotive	SENTIMENT	BEARISH	NEUTRAL	NEUTRAL
	Stocks To Own		APTV US, GM US	VOW3 GY
	Stocks To Avoid	AML, BRS, SNK	ALV US	BMW GY, UG FP
	Key Catalysts	EURO 6 Temp regulation	Tariffs threat, potential impairments	
Tech, Media	SENTIMENT	NEUTRAL	NEUTRAL	BULLISH
	Stocks To Own	ASE, CMR	MA US, DISCA US, MSFT US, CRM US	SAX GY, SAP GY, WDI GY, VAR1 GY
	Stocks To Avoid			CYR GY
	Key Catalysts		Demand for cloud services, robust IT spending environment	
Telecoms	SENTIMENT	NEUTRAL	BULLISH	BULLISH
	Stocks To Own	OPL		DTE GY, DRI GY, FNTN GY
	Stocks To Avoid	CPS		TC1 GY
	Key Catalysts			5G technology

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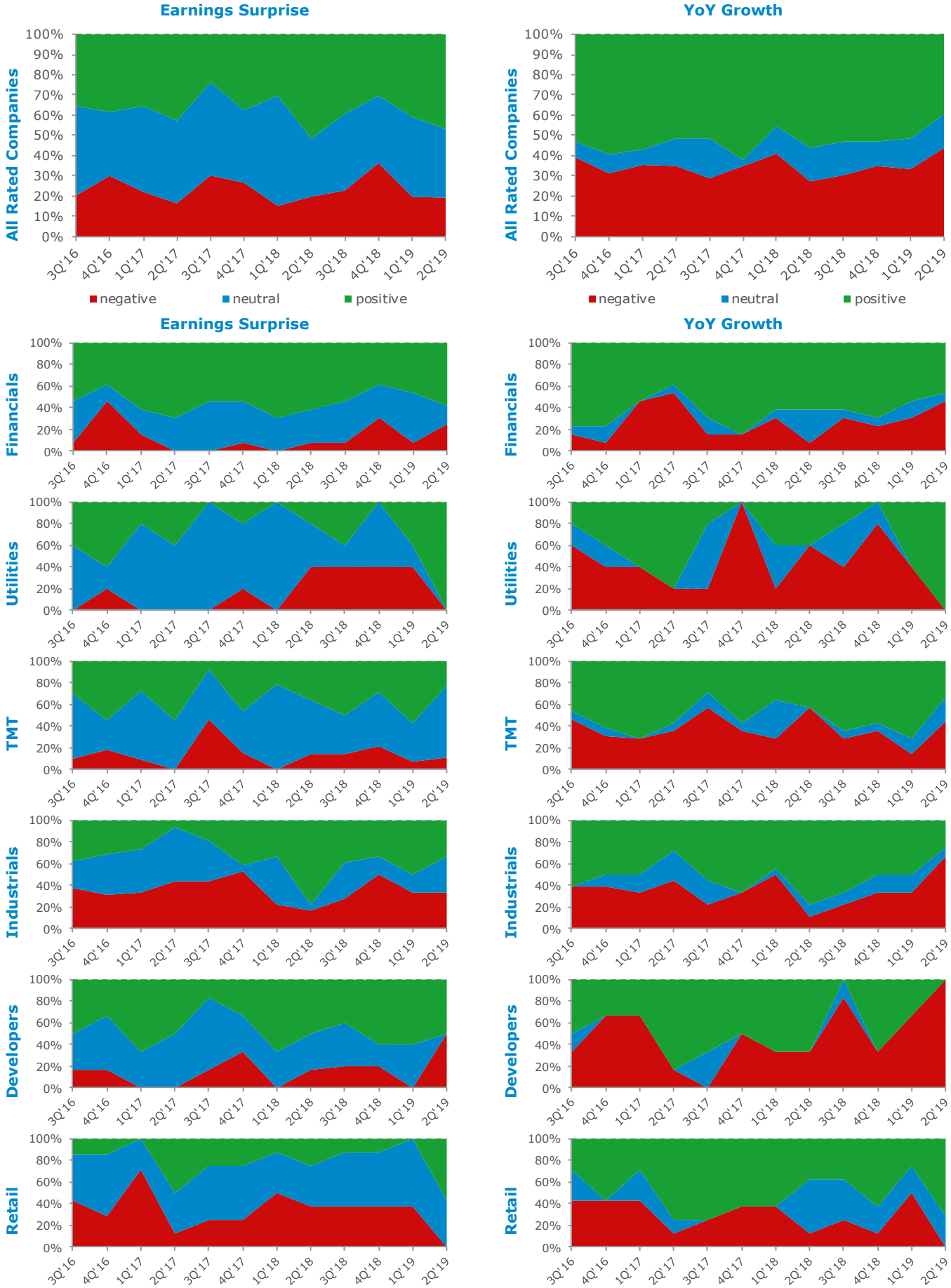
Quarterly Earnings Surprises and YoY Growth Reported By Rated Companies

Beat/Miss	2016 3Q	2016 4Q	2017 1Q	2017 2Q	2017 3Q	2017 4Q	2018 1Q	2018 2Q	2018 3Q	2018 4Q	2019 1Q	2019 2Q	+/=
Financials													
Alior Bank	+	+	-	+	+	+	=	+	=	=	=	-	83%
Handlowy	-	=	-	+	+	=	+	+	-	-	-	-	50%
ING BSK	+	-	+	=	=	=	=	-	=	+	+	+	83%
Millennium	=	+	+	=	+	=	+	+	=	+	+	+	100%
Pekao	+	+	+	=	=	+	=	=	+	+	=	=	100%
PKO BP	+	-	+	+	+	=	+	=	=	=	=	+	92%
Santander BP	=	+	=	+	=	=	=	+	=	-	=	-	83%
Komercni	+	=	+	+	+	+	+	+	+	+	=	+	100%
Moneta													
Erste Group	=	-	=	+	=	+	+	+	+	+	+	+	92%
RBI												+	100%
OTP Bank	+	-	+	+	+	+	+	+	+	=	=	+	92%
PZU	=	+	+	=	=	+	+	=	+	=	+	=	100%
Kruk	+	-	+	+	=	-	+	+	+	-	+		73%
Skarbiec	=	-	=	+	+	+	+	=	+	-	+		82%
Chemicals													
Ciech	=	+	=	=	=	+	=	+	=	-	=		91%
Grupa Azoty	=	-	+	-	=	-	=	-	-	+	+		55%
Oil & Gas													
Lotos	+	=	+	+	+	=	-	+	=	-	=	=	83%
MOL	=	-	+	+	-	=	=	=	+	+	=	+	83%
PGNiG	-	+	+	-	-	=	-	+	-	-	=	+	50%
PKN Orlen	=	+	=	=	-	=	=	-	=	+	=	+	83%
Utilities													
CEZ	=	+	=	=	=	+	=	-	+	=	=	+	92%
Enea	+	+	=	+	=	=	=	-	=	=	+		91%
Energa	=	=	=	=	=	-	=	=	-	-	-		64%
PGE	+	-	=	=	=	=	=	=	-	-	-		64%
Tauron	=	+	+	+	=	=	=	+	+	=	+		100%
TMT													
Netia	=	+	=	=	+	+	=	=	=	=	=	+	100%
Orange PL	=	=	=	+	=	=	=	+	+	+	=	=	100%
Play	na	na	na	na	=	=	=	+	=	=	+	+	100%
Agora	=	+	=	+	=	+	=	+	+	=	+		100%
Cyfrowy	+	=	+	=	=	=	+	=	=	=	=	=	100%
Wirtualna	-	-	+	=	=	=	=	=	=	=	=	=	83%
Ailleron	na	na	na	na	-	+	=	=	-	-	+		57%
Asseco BS	=	=	=	=	=	+	=	=	+	+	=	=	100%
Asseco PL	+	-	=	=	-	-	+	+	+	=	+	=	75%
Asseco SEE	=	+	=	+	-	=	=	=	+	=	+	=	92%
Atende	na	na	na	na	na	+	=	-	+	-	+		67%
Comarch	=	+	-	+	-	-	+	+	+	+	+	-	67%
11 bit studios	na	+	=	+	-	na	=	-	=	+	-		67%
CD Projekt	+	+	+	+	-	+	=	=	-	-	+		73%
Industrials													
Alumetal	-	=	-	=	+	=	=	+	=	-	-	=	67%
Amica	=	-	=	=	-	+	-	+	+	+	=		73%
Apator	-	=	=	-	=	-	=	+	=	+	=	=	75%
Boryszew	+	-	+	-	+	-	-	=	-	-	-		36%
Cognor	na	na	na	na	na	na	+	+	=	-	-	+	67%
Ergis	+	=	+	=	-	-	-	-	-	-	-	-	33%
Famur	=	+	na	-	=	+	+	+	+	+	+	+	91%
Forte	=	=	=	=	-	-	=	+	-	-	+	-	58%
Grupa Kęty	=	=	=	=	=	-	=	+	=	=	=	=	92%
JSW	-	-	+	+	-	-	=	+	=	-	+	+	58%
Kernel	+	-	-	-	-	+	=	-	+	+	-		45%
KGHM	+	+	+	=	=	+	=	+	-	-	+	=	83%
Kruszwica	+	+	-	-	=	-	+	+	+	+	+		73%
Mangata	-	+	=	-	-	-	+	+	+	-	+		55%
Pfleiderer	+	-	-	-	=	-	+	-	+	-	-	-	33%
Pozbud	na	na	na	na	na	+	=	+	-	=	+	-	71%
Stelmet	-	=	-	=	-	+	-	+	+	=	+	+	67%
Tarczyński	-	+	=	=	+	+	+	+	=	+	+		91%
Real-Estate													
Atal	+	=	+	+	-	-	=	+	=	+	+	-	75%
Dom Dev.	=	=	=	+	+	=	+	=	+	=	=	+	100%
Retail													
AmRest	=	+	-	+	+	+	-	-	=	+	-	+	67%
CCC	+	=	-	+	-	-	-	-	-	-	-	+	33%
Dino	na	na	na	+	=	+	+	=	=	=	=	+	100%
Eurocash	-	-	-	=	-	-	=	=	-	-	=	=	42%
Jeronimo	=	=	=	=	=	=	=	=	=	=	=	=	100%
LPP	=	=	=	=	+	=	-	+	+	=	=	+	92%
Monnari	-	-	-	+	=	=	=	+	-	-	-		45%
VRG	-	=	-	-	=	=	-	-	=	=	=	=	58%

YoY	2016 3Q	2016 4Q	2017 1Q	2017 2Q	2017 3Q	2017 4Q	2018 1Q	2018 2Q	2018 3Q	2018 4Q	2019 1Q	2019 2Q	+/=
Financials													
Alior Bank	=	+	-	+	+	-	+	+	-	+	-	-	58%
Handlowy	+	+	-	-	+	+	+	+	-	-	-	-	50%
ING BSK	+	+	+	-	+	+	+	=	=	+	=	+	92%
Millennium	+	+	+	-	+	+	+	+	+	+	=	-	83%
Pekao	-	+	-	-	=	+	+	=	+	-	-	+	58%
PKO BP	-	+	-	=	+	+	+	+	+	+	+	+	83%
Santander BP	+	+	-	-	+	+	=	=	-	+	-	-	58%
Komercni	+	+	+	-	-	+	-	+	+	+	+	+	75%
Moneta												+	100%
Erste Group	+	-	-	-	+	+	+	+	+	+	+	-	67%
RBI												=	100%
OTP Bank	+	=	+	+	+	+	+	+	+	+	+	+	100%
PZU	+	+	+	+	+	+	-	+	+	=	+	-	83%
Kruk	+	+	+	+	=	-	-	=	+	+	+		82%
Skarbiec	+	=	+	+	-	+	-	-	-	-	+		55%
Chemicals													
Ciech	+	+	+	-	-	+	-	=	-	-	-		45%
Grupa Azoty	-	-	-	+	+	+	-	-	-	-	+		36%
Oil & Gas													
Lotos	+	+	+	+	+	-	-	+	=	+	+	=	83%
MOL	-	-	+	+	-	+	-	-	+	+	-	=	50%
PGNiG	-	+	+	=	=	=	-	+	+	-	-	-	58%
PKN Orlen	-	+	+	+	+	-	-	-	-	+	=	+	58%
Utilities													
CEZ	-	-	-	-	-	-	-	-	+	=	+	+	33%
Enea	+	+	+	+	=	-	=	-	=	-	+		73%
Energa	=	=	-	+	+	-	+	+	-	-	-		55%
PGE	-	-	+	+	=	-	+	+	=	-	-		55%
Tauron	-	+	+	+	=	-	=	-	-	-	+		55%
TMT													
Netia	-	=	-	-	-	-	=	-	-	-	-	-	17%
Orange PL	-	-	-	=	-	+	=	-	+	+	=	=	58%
Play	na	na	+	+	+	=	-	-	-	-	+	+	60%
Agora	-	-	+	+	=	+	-	-	+	+	+		64%
Cyfrowy	+	+	+	+	-	-	=	-	=	=	=	=	75%
Wirtualna	+	+	+	+	+	+	+	+	+	+	+	+	100%
Ailleron	+	+	+	+	-	+	=	+	-	-	+		73%
Asseco BS	+	+	+	+	+	+	+	+	+	+	+	-	92%
Asseco PL	-	-	-	-	-	-	+	+	+	+	+	-	42%
Asseco SEE	=	+	+	+	+	+	+	+	+	+	+	+	100%
Atende	-	-	+	-	-	+	-	-	+	-	+		36%
Comarch	+	+	-	-	-	-	=	+	+	+	+	-	58%
11 bit studios	-	+	+	-	=	+	+	-	+	+	+		73%
CD Projekt	+	+	+	+	-	-	-	-	-	-	-		36%
Industrials													
Alumetal	-	-	-	-	-	+	+	+	+	-	-	-	33%
Amica	+	=	-	=	-	-	-	+	+	+	=		64%
Apator	-	+	+	-	+	-	-	+	=	+	+	-	58%
Boryszew	+	-	+	+	+	+	-	-	-	-	-		45%
Cognor	+	+	+	=	+	+	+	+	+	-	-	-	75%
Ergis	+	+	+	=	=	-	-	=	-	-	=	-	58%
Famur	+	+	+	=	+	+	+	+	+	+	+	+	100%
Forte	+	+	-	-	-	-	-	+	-	+	+	-	42%
Grupa Kęty	+	+	+	+	+	+	+	+	+	+	=	+	100%
JSW	-	+	+	+	+	+	-	=	=	-	-	=	67%
Kernel	+	-	-	-	-	-	-	+	+	+	-		36%
KGHM	+	+	+	+	+	-	-	+	-	=	+	-	67%
Kruszwica	-	+	=	=	=	+	+	+	+	+	+		91%
Mangata	+	-	=	-	=	+	+	+	+	=	+		82%
Pfleiderer	+	=	+	-	+	+	+	-	+	-	-	-	58%
Pozbud	-	-	-	-	=	+	-	+	+	+	+	+	58%
Stelmet	-	-	-	-	+	+	=	+	+	=	+	-	58%
Tarczyński	-	-	=	+	+	+	+	+	+	+	+		82%
Real-Estate													
Atal	+	-	+	+	=	+	+	+	=	-	-	-	67%
Dom Dev.	+	+	-	+	+	+	+	+	-	+	+	-	75%
Retail													
AmRest	+	+	=	+	+	-	+	=	+	+	+	+	92%
CCC	=	+	+	+	+	-	-	-	-	-	-	+	50%
Dino	na	na	na	+	+	+	+	+	+	+	+	+	100%
Eurocash	-	-	-	=	-	-	+	=	=	+	-	=	50%
Jeronimo	+	+	=	+	+	+	+	=	=	=	=	+	100%
LPP	-	-	+	+	+	+	-	+	+	+	=	=	75%
Monnari	-	-	-	-	-	+	-	+	-	=	-		27%
VRG	=	+	-	+	+	+	+	=	=	+	-	+	83%

'+' = 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

GDP

Polish GDP rose by 4.5% y/y in the second quarter after all, matching our forecast and beating the flash estimate of 4.4% y/y. In sequential terms, GDP rose by 0.8% q/q, underscoring lower overall momentum of the Polish economy. So far this year, the economy is slowing down almost exactly as soft and hard monthly data are indicating

There are very few surprises in the data. Household consumption accelerated from 3.9 to 4.4%, beating the forecasts (4.0-4.1% y/y). In hindsight, the sharp rebound in retail sales in the second quarter was significant and stronger consumption of leisure and accommodation services due to unusually warm weather in June might have contributed as well. Curiously, this positive surprise matched the disappointment in public consumption (down from 6.4 to 3.4% y/y) and total consumption evolved exactly as forecast. Investment rose by 9% y/y, marginally above forecasts (market consensus and our estimate both at 8.5% y/y). This is consistent with the data on local government and nonfinancial corporations' investment outlays published earlier this month. It is also indicative of the changing structure of investment growth this year – the slowdown in public investment (as the EU-financed investment cycle is turning) is cushioned by stronger private investment. Finally, net exports subtracted 0.2 p.p. from headline GDP growth, whereas monthly data indicated on a small, but positive contribution.

As we repeatedly claimed, the second half of the year will be marked by faster household consumption growth and today's data raise the likelihood of such a path materializing. The more so, if sky-high consumer sentiment is factored in. It is entirely possible that Q2 growth marked a local bottom – preliminary third quarter nowcasts point to 4.4-4.5% y/y range for Q3 GDP. At the turn of the year consumption will be boosted by social spending. Our current forecast (4.6% on average this year) sits comfortably with the latest data.

Retail sales

July retail sales growth in constant prices accelerated to an annual rate of 5.7% from 3.7% the month before, however the expansion pace still missed market expectations for a 6.2% rebound and our 7.5% forecast. The negative surprise came from a combination of several factors: First, auto sales ignored positive trading-day differences and increased 4.4% versus July 2018 after rising 1.7% the previous month. General stores also increased sales less than expected at 12% vs. 9.6% given more shopping days. Otherwise, July sales performed as expected, with fashion stores registering 0.1% contraction after an 11.2% surge in June driven probably by sales shifted from May when the weather was extremely hot. On the other hand, "other" sales bounced back after a June disappointment. Generally speaking, the overall trends in Polish retail sales have not changed much over the recent months. An August survey of consumer confidence showed a slight negative shift in sentiment but demand is still close to all-time highs. What is more, the relationship between stated confidence and actual actions (i.e. spend) indicates an acceleration in consumer spending in the second half of the year, ensuring stable economic growth at the very least in the coming quarters. Keep in mind that most of the latest stimulus furnished by the government, including personal income tax cuts, has yet to be received by the beneficiaries.

Industrial Production

In July industrial output rebounded from its June slump, but the scale of the rebound fell short of expectations. After a surprising 2.7% y/y drop in June, industrial output rose by 5.8% y/y in June (consensus 6.3% y/y; our forecast 7.2% y/y). On a seasonally adjusted basis output rose by 0.9% m/m, but this probably overstates the near-term momentum of industry due to a sharp acceleration in energy output in July (by 8 pp., i.e. ~0.2 pp. contribution to total IO growth). Averaged over three month periods, the IO momentum still looks rather bleak.

Why hasn't industrial output grown stronger in July? In our comments to June data we pointed to a plethora of transitory effects that dampened production in June – these have mostly reversed in July (in particular, the impact of calendar is symmetric in both months), but production has not returned to May levels. The 1-1.5 p.p. shortfall is, in our view, the true measure of weakness in July data. It can by primarily traced back to weaker global growth. Polish industry has never been completely immune to global trends and the slowdown in hard and soft indicators alike began in early 2018. Its course has, however, been much more gentle than the one in German industry and the large difference in growth rates between Polish and German industrial output likely persisted in July as well.

Construction output also accelerated less than we forecast (from -0.7% y/y in June to 6.6% y/y in July; forecast +10.8% y/y). Again, calendar effects did not disappoint, but the overall output levels remain in stagnation at best (and below cyclical Q1 peak). The reasons for this slowdown should not come as a surprise to our readers – the waning infrastructural impulse and troubles in road investment are enough to explain recent construction figures. On the other hand, the rebound in private investment this year will not be found in construction data due to high role of machinery and equipment spending in private investment. In national accounts investment growth for Q2 and Q3 will look much more perkier.

Producer price growth matched our expectations (+0.6% y/y), with a slight revision to June reading (from 0.6 to 0.5% y/y). Core manufacturing prices are essentially flat on annual basis, which is consistent with exchange rate developments. There is no meaningful acceleration in energy prices, despite the media interest in the subject. In the coming months, PPI will be impacted by weaker PLN, but commodity prices are likely to weigh on the index considerably. No meaningful change in manufactured goods prices continues to be a salient feature of current equilibrium.

Jobs

The employment growth in July slowed down to 2.7% y/y from 2.8% a month before, in line with our forecast and the general picture of the economy implied by business climate indicators. Current economic growth resulting in supply problems with finding employees is probably a key factor in a decline of employment growth. Over time (rather the 2020+ scenario), demand effects will also be more visible, i.e. lower labor demand due to lower economic activity. Therefore, slight decline in employment growth is still the baseline scenario.

The increase in wage growth to 7.4% from 5.3% in the last month (our forecast 7.8%) clearly shows that the weak June reading was the effect of negative working days difference. As every month, we do not know the details yet, but the 7-8% range is mainly a result of a rebound in manufacturing. There could be also some base effects in mining sector, but

with minor impact. High wage growth makes a positive surprise in manufacturing more probable. Even though the correlation between employment and production is not such high, this case is about confirming the hypothesis about the impact of working days. That is why we consider this signal as important one – if production had decreased it would be also seen in number of hours worked and translated into wages.

Inflation

Inflation surprised and rose by 2.9% y/y in July (increase from 2.6% y/y last month) above our forecast (2.7% y/y) and market consensus (2.6-2.7% y/y). Food prices have beaten the historical all-time July high with +0.3% m/m growth (following a string of strong readings – momentum here is close to the record). Energy prices did not change, while fuel price decreased by 1.6% m/m. Our estimates of those categories were extremely correct. Once again, like a month ago, the inflation surprise was an effect of rising core inflation, which likely increased to 2.2% y/y, the level last seen in 2012.

What exactly were the reasons of the increase in core inflation? There are many candidates, the most probable ones are: health (pharmaceuticals), airplane tickets (some downside correction from last month's spike might not have realized), recreation and culture (package holidays – same reason as in previous category). For details, as always, we need to wait until the final reading.

After two months of stable prices, inflation is going to creep higher with maximum in H1 close to 4% y/y. Food prices and base effects (energy prices) are to blame. We also see a positive contribution of core inflation although this factor is going to fade over time. We assume gas price cuts in the beginning of 2020. Inflation profile is set to slowly fall thereafter towards NBP target.

The market is rather short-sighted, though. We think that slight improvement in GDP data (fiscal transfers), possible thaw in global economy connected with expected effects of low rates after over-delivery of central banks in September would constitute a good reason to reprice expectations for rate cuts in Poland.

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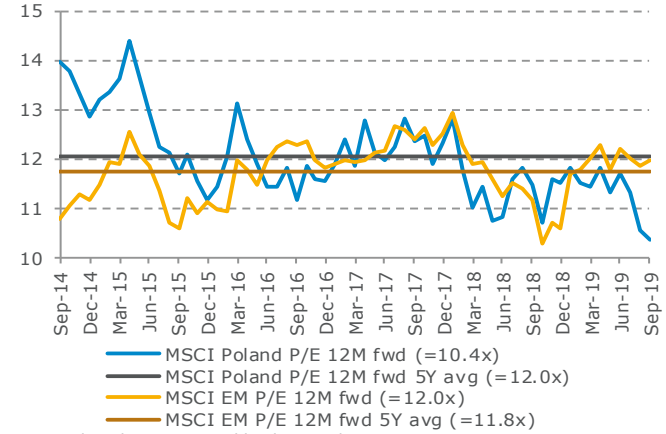
Revisions To FY2019 Earnings Forecasts For WIG30 Companies

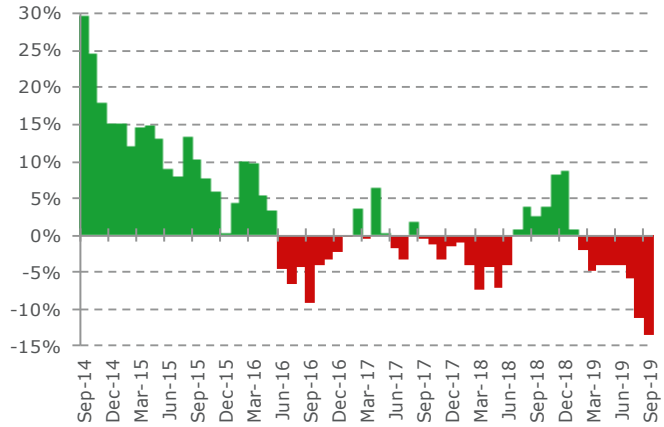
Aug-18=0	WIG30		Financials		Oil & Gas		Utilities		Retail		TMT		Chemicals		Commodities	
	Con.	mDM	Con	mDM	Con	mDM	Con	mDM	Con	mDM	Con	mDM	Con	mDM	Con	mDM
Sep-18	+0%	-0%	+0%	-0%	+4%	+0%	+0%	+0%	+0%	-2%	-4%	+1%	-1%	+0%	-5%	+0%
Oct-18	-1%	-9%	-2%	-5%	+4%	-2%	-4%	+0%	-1%	-7%	-12%	-14%	-19%	-36%	-0%	-40%
Nov-18	-2%	-9%	-2%	-6%	+6%	-2%	-7%	+1%	-3%	-7%	-14%	-34%	-30%	-45%	-2%	-31%
Dec-18	-3%	-9%	-3%	-6%	+4%	-2%	-8%	+1%	-3%	-7%	-15%	-34%	-30%	-45%	-8%	-31%
Jan-19	-3%	-10%	-3%	-6%	+7%	-1%	-8%	-5%	-7%	-8%	-16%	-34%	-42%	-45%	-9%	-32%
Feb-19	-5%	-11%	-4%	-6%	+4%	-6%	-9%	-5%	-9%	-8%	-22%	-34%	-11%	-9%	-8%	-32%
Mar-19	-4%	-11%	-4%	-6%	+3%	-10%	-7%	-11%	-9%	-14%	-22%	-32%	-5%	-9%	-1%	-21%
Apr-19	-7%	-11%	-4%	-6%	-7%	-10%	-10%	-13%	-7%	-14%	-26%	-32%	-19%	+50%	-3%	-21%
May-19	-7%	-11%	-4%	-8%	-10%	-13%	-6%	-1%	-12%	-18%	-26%	-27%	+6%	+90%	-8%	-27%
Jun-19	-9%	-12%	-4%	-7%	-14%	-13%	-6%	-2%	-16%	-35%	-25%	-24%	+15%	+123%	-12%	-36%
Jul-19	-10%	-12%	-5%	-9%	-15%	-7%	-5%	-2%	-18%	-35%	-25%	-23%	+28%	+123%	-14%	-36%
Aug-19	-9%	-11%	-5%	-9%	-14%	-7%	-5%	-2%	-19%	-35%	-21%	-22%	+31%	+123%	-17%	-34%

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)

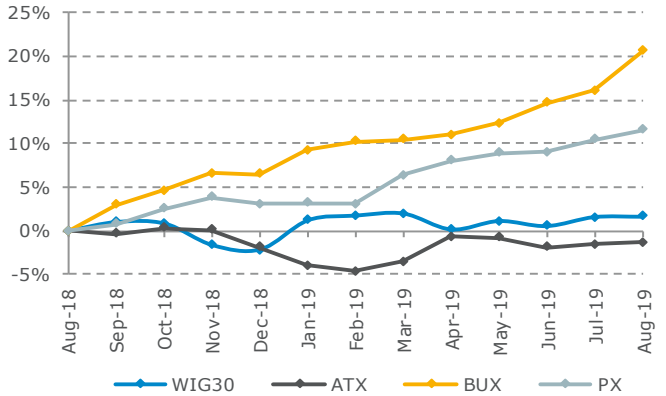


Source: Bloomberg, Dom Maklerski mBanku



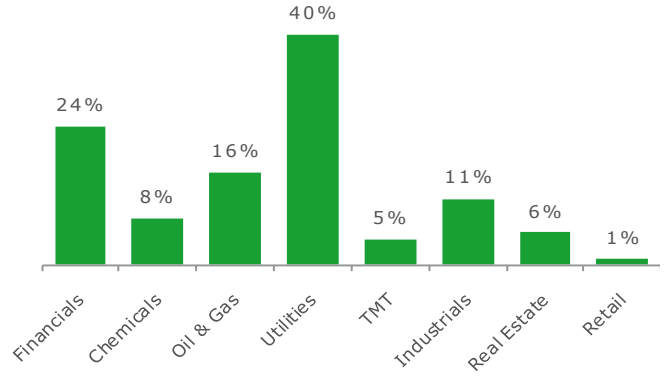
Source: Bloomberg, Dom Maklerski mBanku

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



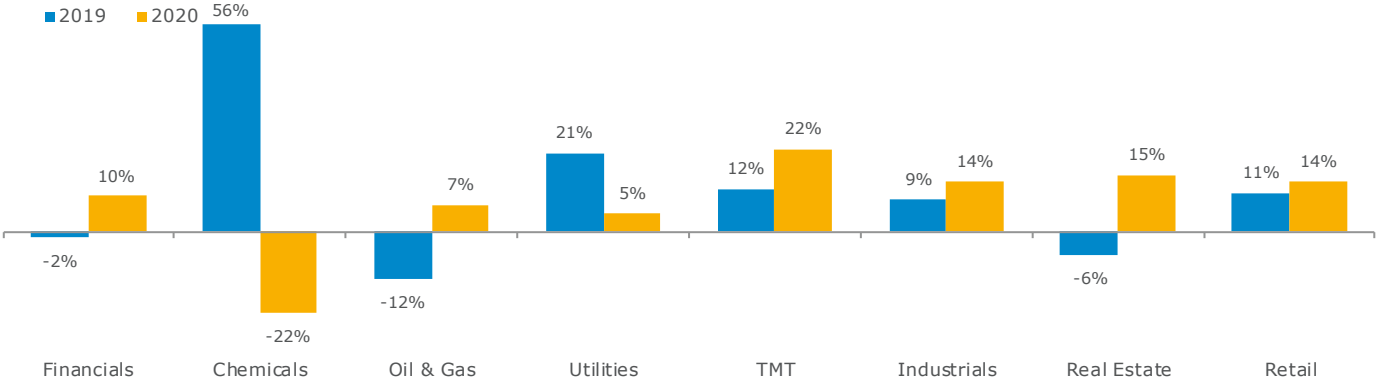
Source: Bloomberg, Dom Maklerski mBanku

Estimated Sector Upside Potential*



Source: Dom Maklerski mBanku; *To mDM price targets

Expected YoY Change in FY2019-2020E Sector Earnings*



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

Divergence of Dom Maklerski mBanku Estimates From Consensus Estimates

Sector/Name	mDM Rating	mDM TP[1]	BBG Ratings[2] ▲	►	▼	BBG TP[3]	mDM v. BBG TP	mDM v. BBG Earnings 2019E	2020E	2021E	mDM v. BBG EBITDA 2019E	2020E	2021E	Analyst Count[4]
Financials														
Alior Bank	buy	72.30	10	4	1	65.02	+11.2%	+11%	+11%	+18%				14
Handlowy	accumulate	59.45	7	2	1	63.39	-6.2%	-9%	-5%	-4%				8
ING BSK	accumulate	197.53	4	4	3	199.92	-1.2%	+3%	+2%	+0%				8
Millennium	buy	10.00	4	7	1	9.44	+6.0%	-2%	+4%	-2%				9
Pekao	buy	119.75	15	3	0	131.82	-9.2%	-1%	-2%	-4%				16
PKO BP	buy	47.17	11	6	0	44.81	+5.3%	+1%	-1%	-3%				13
Santander Bank Polska	hold	337.00	6	8	1	375.15	-10.2%	-4%	+1%	-2%				12
Komercni Banka	buy	945.02	8	8	0	983.50	-3.9%	+2%	-1%	+1%				9
Moneta Money Bank	buy	94.33	11	2	0	95.10	-0.8%	+1%	+6%	+2%				7
Erste Group	buy	40.38	20	4	1	38.97	+3.6%	+3%	+6%	+8%				14
RBI	accumulate	23.05	13	7	1	26.86	-14.2%	-3%	-1%	+2%				11
OTP Bank	buy	14,681	10	4	2	13,543	+8.4%	+8%	+12%	-				10
PZU	buy	43.38	5	6	1	45.46	-4.6%	+1%	+2%	+5%				7
Kruk	buy	213.65	4	2	2	195.25	+9.4%	-4%	-5%	-6%				6
Chemicals														
Ciech	buy	42.03	7	4	0	53.31	-21.2%	-10%	-23%	-23%	-8%	-8%	-9%	7/7
Grupa Azoty	hold	39.77	5	3	0	48.18	-17.5%	+15%	-55%	-57%	+5%	-21%	-21%	4/4
Oil & Gas														
Lotos	sell	72.31	8	3	1	96.25	-24.9%	-17%	-37%	-26%	-8%	-17%	-9%	10/9
MOL	accumulate	3,258.0	11	3	0	3,626.0	-10.1%	-22%	-27%	-14%	-5%	-9%	-2%	12/12
PGNiG	buy	6.33	3	4	2	5.77	+9.6%	-2%	+27%	+33%	-0%	+12%	+25%	7/7
PKN Orlen	hold	92.82	4	10	2	104.24	-11.0%	-1%	-21%	-18%	+0%	-15%	-12%	12/11
Utilities														
CEZ	accumulate	597.80	8	7	2	596.68	+0.2%	-1%	-2%	-2%	+0%	-1%	+1%	9/9
Enea	buy	12.41	8	1	1	12.27	+1.1%	+6%	+5%	-10%	+4%	+3%	-7%	5/4
Energa	buy	12.67	2	7	2	9.70	+30.6%	-1%	-21%	-22%	-1%	-5%	-9%	6/5
PGE	buy	13.26	5	5	3	10.80	+22.8%	+13%	+1%	+9%	+9%	+2%	+5%	9/8
Tauron	buy	2.52	3	8	2	2.08	+21.2%	+4%	+8%	-1%	+1%	+6%	-1%	7/6
TMT														
Netia	hold	4.70	4	2	2	5.08	-7.5%	-3%	-3%	-8%	-4%	-4%	-3%	5/5
Orange Polska	buy	7.50	3	9	3	6.50	+15.3%	+112%	+13%	+8%	+7%	+5%	+5%	5/11
Play	hold	34.20	5	6	3	31.99	+6.9%	-2%	+3%	-1%	-1%	-0%	-1%	11/11
Agora	buy	16.00	3	2	0	14.10	+13.5%	-	-	-	-3%	-0%	+4%	3/3
Cyfrowy Polsat	reduce	24.15	4	8	2	29.33	-17.7%	+1%	+5%	+8%	+1%	-0%	-2%	10/8
Wirtualna Polska	hold	61.50	7	1	0	67.69	-9.1%	+1%	+2%	+0%	+1%	+1%	-0%	6/5
Asseco Poland	hold	50.80	2	6	0	58.80	-13.6%	-10%	-12%	-16%	+7%	+5%	+0%	7/7
Asseco BS	neutral	-	0	2	0	28.80	-	-1%	+54%	-	-1%	+1%	-	3/3
Asseco SEE	overweight	-	3	0	0	21.25	-	-6%	-4%	-	+0%	-3%	-	4/4
Comarch	buy	231.00	5	0	0	225.95	+2.2%	+6%	-1%	-1%	+7%	+4%	+2%	5/5
11 bit studios	buy	518.00	8	1	0	467.18	+10.9%	+6%	+9%	+4%	+8%	+6%	+12%	8/8
CD Projekt	accumulate	272.50	13	2	3	246.05	+10.7%	-23%	+30%	+72%	-40%	-0%	+25%	12/13
Industrials														
AC	underweight	-	2	1	1	50.80	-	-10%	-11%	-6%	-6%	-7%	-3%	4/4
Alumetal	underweight	-	3	2	1	48.95	-	-1%	-14%	-19%	+3%	-9%	-15%	5/5
Amica	neutral	-	2	3	0	141.25	-	+16%	+13%	-	+4%	+2%	-	6/6
Apator	neutral	-	1	3	0	28.00	-	-1%	+0%	-	-1%	-1%	-	2/2
Famur	buy	5.33	6	0	0	6.23	-14.5%	+62%	-6%	-30%	+1%	-6%	-17%	4/5
Forte	neutral	-	2	3	3	29.83	-	-16%	-20%	-	-2%	-5%	-	5/5
Grupa Kęty	hold	327.11	5	7	0	361.40	-9.5%	-6%	-5%	-6%	-5%	-5%	-7%	8/8
JSW	buy	39.29	5	2	4	54.74	-28.2%	-37%	-	-65%	-21%	-42%	-12%	10/9
Kernel	reduce	42.70	5	1	1	59.17	-27.8%	+11%	-27%	-26%	-1%	-6%	-8%	4/3
KGHM	hold	77.51	1	6	10	85.41	-9.3%	+6%	-23%	-17%	-3%	-18%	-14%	16/15
Pfleiderer Group	underweight	-	3	2	1	36.13	-	-56%	-30%	+66%	-4%	-10%	-11%	3/2
Real Estate														
Atal	accumulate	41.89	5	0	0	41.83	+0.1%	+1%	-6%	+6%	+3%	-4%	+8%	3/3
Dom Development	hold	81.10	1	5	0	82.55	-1.8%	+5%	+9%	+11%	+6%	+10%	+11%	5/5
Retail														
AmRest	buy	48.00	9	2	0	47.85	+0.3%	+3%	+4%	+17%	-0%	+13%	+18%	9/9
CCC	buy	161.00	3	7	4	159.79	+0.8%	-45%	-11%	-21%	+5%	+10%	+0%	12/13
Dino	hold	149.20	8	7	4	140.25	+6.4%	-2%	+3%	+6%	+2%	+5%	+6%	14/14
Eurocash	reduce	18.10	6	7	5	22.15	-18.3%	-21%	-21%	-5%	-8%	-9%	-9%	8/12
Jeronimo Martins	reduce	14.30	15	9	3	15.00	-4.7%	+2%	+6%	+1%	+1%	+3%	+0%	18/20
LPP	buy	8,500.0	4	8	4	8,259.5	+2.9%	-0%	-4%	-3%	-7%	-5%	-5%	12/12
Monnari	neutral	-	1	3	0	6.10	-	-1%	-2%	+9%	-22%	-25%	-16%	4/4
VRG	buy	5.20	6	0	0	5.13	+1.3%	+2%	+0%	-1%	-14%	-15%	-17%	7/7

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

mBank Dom Maklerski

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						**+23.8%**	**10.3**	**9.3**		
Alior Bank	buy	2019-07-03	51.10	72.30	40.22	+79.8%	7.3	5.6		
Handlowy	accumulate	2019-07-03	53.60	59.45	50.80	+17.0%	12.8	10.5		
ING BSK	accumulate	2019-09-05	187.40	197.53	187.40	+5.4%	13.9	12.8		
Millennium	buy	2019-08-02	7.51	10.00	6.64	+50.6%	11.0	7.8		
Pekao	buy	2019-08-02	99.88	119.75	98.74	+21.3%	11.4	9.9		
PKO BP	buy	2019-08-02	39.34	47.17	38.58	+22.3%	10.9	10.6		
Santander Bank Polska	hold	2019-08-02	319.60	337.00	296.20	+13.8%	12.9	10.6		
Komercni Banka	buy	2019-08-28	817.00	945.02 CZK	838.00	+12.8%	10.5	10.9		
Moneta Money Bank	buy	2019-08-28	75.95	94.33 CZK	76.60	+23.1%	10.3	9.6		
Erste Group	buy	2019-08-28	30.03	40.38 EUR	29.03	+39.1%	8.1	7.5		
RBI	accumulate	2019-08-28	20.44	23.05 EUR	19.72	+16.9%	6.0	5.7		
OTP Bank	buy	2019-08-28	12,000	14,681 HUF	12,260	+19.7%	8.4	7.7		
PZU	buy	2019-09-05	36.59	43.38	36.59	+18.6%	9.7	9.2		
Kruk	buy	2019-04-02	152.30	213.65	168.20	+27.0%	9.5	9.3		
Skarbiec Holding	buy	2019-06-03	16.50	28.17	16.90	+66.7%	5.8	5.0		
Chemicals						**+8.2%**	**7.4**	**16.4**	**4.9**	**6.5**
Ciech	buy	2019-09-05	34.00	42.03	34.00	+23.6%	7.7	8.0	5.2	5.1
Grupa Azoty	hold	2019-09-05	39.98	39.77	39.98	-0.5%	7.2	24.7	4.6	7.9
Oil & Gas						**+16.1%**	**10.6**	**9.5**	**4.7**	**4.7**
Lotos	sell	2019-08-02	88.66	72.31	85.80	-15.7%	13.1	12.0	6.7	5.6
MOL	accumulate	2019-08-02	3,004	3,258 HUF	2,880	+13.1%	10.4	9.2	4.3	4.1
PGNiG	buy	2019-09-05	4.49	6.33	4.49	+40.9%	10.8	7.5	4.2	3.2
PKN Orlen	hold	2019-08-01	97.36	92.82	87.34	+6.3%	8.3	9.8	5.0	5.2
Power Utilities						**+39.0%**	**3.8**	**4.2**	**3.7**	**3.6**
CEZ	accumulate	2019-06-25	544.00	597.80 CZK	514.00	+16.3%	15.3	13.3	7.4	6.8
Enea	buy	2019-06-25	8.53	12.41	8.52	+45.7%	3.2	2.9	3.2	3.0
Energa	buy	2019-06-25	7.33	12.67	6.68	+89.8%	3.8	4.2	3.7	4.1
PGE	buy	2019-06-25	9.00	13.26	7.74	+71.4%	4.7	5.3	3.1	3.2
Tauron	buy	2019-06-25	1.57	2.52	1.52	+65.4%	2.4	2.3	4.0	3.6
Telecoms, Media, IT						**+4.6%**	**19.6**	**15.5**	**6.3**	**6.1**
Netia	hold	2018-11-26	4.66	4.70	4.51	+4.2%	30.3	25.1	5.2	5.2
Orange Polska	buy	2019-09-05	6.12	7.50	6.12	+22.5%	39.6	24.8	4.8	4.7
Play	hold	2019-09-05	33.34	34.20	33.34	+2.6%	9.7	8.8	6.3	6.2
Agora	buy	2018-11-27	9.50	16.00	10.75	+48.8%	35.7	19.0	4.9	4.5
Cyfrowy Polsat	reduce	2019-05-31	26.00	24.15	28.50	-15.3%	14.9	12.7	7.1	6.9
Wirtualna Polska	hold	2019-07-03	61.20	61.50	62.60	-1.8%	19.6	16.7	10.4	9.2
Asseco Poland	hold	2019-06-03	51.10	50.80	54.45	-6.7%	14.6	14.2	4.7	4.4
Comarch	buy	2019-07-25	178.50	231.00	179.50	+28.7%	15.5	14.0	6.5	5.9
11 bit studios	buy	2019-05-20	398.00	518.00	414.00	+25.1%	27.8	39.5	19.5	24.1
CD Projekt	accumulate	2019-09-05	251.30	272.50	251.30	+8.4%	-	10.4	-	9.2
Industrials, Mining						**+11.4%**	**6.0**	**10.1**	**4.2**	**4.9**
Cognor	accumulate	2019-09-05	1.65	2.00	1.65	+0.0%	6.0	10.7	4.2	5.1
Famur	buy	2019-08-07	4.42	5.33	3.93	+35.8%	5.0	9.1	4.1	4.7
Grupa Kęty	hold	2019-09-05	310.00	327.11	310.00	+5.5%	12.0	11.3	8.5	8.1
JSW	buy	2019-09-05	26.50	39.29	26.50	+48.3%	4.5	-	0.6	2.1
Kernel	reduce	2019-08-19	48.60	42.70	44.60	-4.3%	4.6	8.4	5.1	5.8
KGHM	hold	2019-08-22	74.90	77.51	77.16	+0.5%	6.7	9.5	3.8	4.4
Stelmet	hold	2019-09-05	6.70	6.50	6.70	-3.0%	9.1	12.4	4.7	4.9
Property Developers						**+5.6%**	**8.3**	**8.2**	**7.5**	**7.6**
Atal	accumulate	2019-07-03	36.60	41.89	35.80	+17.0%	7.7	8.0	7.2	7.6
Dom Development	hold	2019-09-05	84.00	81.10	84.00	-3.5%	8.9	8.4	7.9	7.6
Retail						**+1.1%**	**37.9**	**20.3**	**9.8**	**9.0**
AmRest	buy	2019-04-02	41.20	48.00	41.70	+15.1%	39.2	28.6	13.3	10.6
CCC	buy	2019-09-05	131.90	161.00	131.90	+22.1%	49.2	20.3	6.8	5.4
Dino	hold	2019-08-23	149.60	149.20	157.60	-5.3%	37.9	27.6	21.9	16.4
Eurocash	reduce	2019-09-05	20.62	18.10	20.62	-12.2%	39.9	28.2	8.5	7.6
Jeronimo Martins	reduce	2019-09-05	15.88	14.30 EUR	15.88	-9.9%	22.6	20.2	9.8	9.0
LPP	buy	2019-09-05	7,280.00	8,500.00	7,280.00	+16.8%	19.9	18.0	10.1	9.0
VRG	buy	2019-07-26	4.20	5.20	4.30	+20.9%	13.7	11.9	8.6	7.3

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						**11.4**	**10.6**	**4.8**	**4.6**
Ailleron	neutral	2019-06-28	8.40	7.40	-11.9%	9.6	8.7	3.3	2.4
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	18.10	+27.5%	13.2	12.6	5.5	5.0
Atende	neutral	2019-01-31	4.40	3.50	-20.5%	8.8	8.2	4.2	4.1
Industrials						**10.3**	**9.5**	**6.5**	**6.0**
AC	underweight	2019-08-30	43.60	40.00	-8.3%	11.9	11.3	7.7	7.2
Alumetal	underweight	2019-08-30	51.00	34.90	-31.6%	11.1	10.9	7.6	7.6
Amica	neutral	2019-04-29	130.00	112.80	-13.2%	7.4	7.1	4.8	4.5
Apator	neutral	2019-04-29	25.80	23.30	-9.7%	11.1	10.8	7.1	6.9
Astarta	overweight	2019-09-05	23.00	23.00	+0.0%	-	4.3	7.0	4.1
Boryszew	underweight	2019-07-26	4.49	4.04	-10.1%	9.0	8.4	7.3	7.1
Ergis	neutral	2019-08-30	2.48	2.54	+2.4%	10.4	11.7	5.4	5.5
Forte	neutral	2019-04-29	40.60	24.90	-38.7%	12.5	10.9	8.5	7.9
Kruszwica	neutral	2019-04-02	43.90	40.00	-8.9%	9.6	8.7	4.9	4.5
Mangata	neutral	2019-05-29	69.50	65.00	-6.5%	8.7	9.9	6.0	6.5
Pfleiderer Group	underweight	2019-07-29	28.00	26.30	-6.1%	53.7	25.4	7.1	6.6
Pozbud	neutral	2019-09-05	2.14	2.14	+0.0%	4.1	4.4	3.1	3.8
Tarczyński	neutral	2019-05-29	15.40	15.80	+2.6%	6.9	5.8	4.9	4.5
TIM	overweight	2019-04-29	7.90	9.04	+14.4%	10.3	9.1	6.0	5.4
Retail						**8.9**	**8.8**	**4.0**	**3.2**
Monnari	neutral	2019-07-17	4.66	4.48	-3.9%	8.9	8.8	4.0	3.2

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Recommendations Issued in the Past Month

Company	Rating	Previous Rating	Target Price		Issued on
AC	underweight	neutral	-	PLN	2019-08-30
Alumetal	underweight	underweight	-	PLN	2019-08-30
Astarta	overweight	suspended	-	PLN	2019-09-05
Dino	sell	reduce	112.70	PLN	2019-08-02
Dino	sell	sell	111.20	PLN	2019-08-13
Dino	hold	sell	149.20	PLN	2019-08-23
Ergis	neutral	neutral	-	PLN	2019-08-30
Erste Group	buy	buy	40.38	EUR	2019-08-28
Eurocash	hold	reduce	18.10	PLN	2019-08-02
Famur	buy	buy	6.71	PLN	2019-08-02
Famur	buy	buy	5.33	PLN	2019-08-07
Grupa Azoty	hold	accumulate	45.93	PLN	2019-08-02
Impexmetal	suspended	underweight	-	PLN	2019-08-30
ING BSK	hold	reduce	191.80	PLN	2019-08-02
Kernel	reduce	buy	42.70	PLN	2019-08-19
KGHM	reduce	hold	80.38	PLN	2019-08-05
KGHM	hold	reduce	77.51	PLN	2019-08-22
Komercni Banka	accumulate	buy	1000.00	CZK	2019-08-02
Komercni Banka	buy	accumulate	945.02	CZK	2019-08-28
Lotos	sell	sell	72.31	PLN	2019-08-02
Millennium	buy	accumulate	10.00	PLN	2019-08-02
MOL	accumulate	hold	3258.00	HUF	2019-08-02
Moneta Money Bank	buy		94.33	CZK	2019-08-28
Orange Polska	accumulate	hold	7.50	PLN	2019-08-02
OTP Bank	hold	buy	13046.00	HUF	2019-08-02
OTP Bank	buy	hold	14681.00	HUF	2019-08-28
Pekao	buy	accumulate	119.75	PLN	2019-08-02
PGNiG	accumulate	buy	6.33	PLN	2019-08-02
PKO BP	buy	accumulate	47.17	PLN	2019-08-02
Play	accumulate	hold	34.20	PLN	2019-08-02
RBI	accumulate	suspended	23.05	EUR	2019-08-28
Santander Bank Polska	hold	reduce	337.00	PLN	2019-08-02

Ratings and Valuations Changed as of 5th September 2019

Company	Rating	Previous Rating	Target Price		Issued on
CCC	buy	hold	161.00	PLN	2019-09-05
CD Projekt	accumulate	accumulate	272.50	PLN	2019-09-05
Ciech	buy	hold	42.03	PLN	2019-09-05
Cognor	accumulate	hold	2.00	PLN	2019-09-05
Dom Development	hold	hold	81.10	PLN	2019-09-05
Eurocash	reduce	hold	18.10	PLN	2019-09-05
Grupa Azoty	hold	hold	39.77	PLN	2019-09-05
Grupa Kęty	hold	hold	327.11	PLN	2019-09-05
ING BSK	accumulate	hold	197.53	PLN	2019-09-05
Jeronimo Martins	reduce	hold	14.30	EUR	2019-09-05
JSW	buy	accumulate	39.29	PLN	2019-09-05
LPP	buy	accumulate	8500.00	PLN	2019-09-05
Orange Polska	buy	accumulate	7.50	PLN	2019-09-05
PGNiG	buy	accumulate	6.33	PLN	2019-09-05
Play	hold	accumulate	34.20	PLN	2019-09-05
Pozbud	neutral	overweight	-	-	2019-09-05
PZU	buy	hold	43.38	PLN	2019-09-05
Stelmet	hold	hold	6.50	PLN	2019-09-05

Recommendation Statistics

Recommendation	All		For Issuers Who Are Clients of Dom Maklerski mBanku	
	Count	As pct. of total	Count	As pct. of total
sell	1	1.4%	0	0.0%
reduce	4	5.6%	0	0.0%
underweight	4	5.6%	2	8.0%
hold	12	16.9%	2	8.0%
neutral	12	16.9%	4	16.0%
accumulate	8	11.3%	4	16.0%
buy	27	38.0%	13	52.0%
overweight	3	4.2%	0	0.0%

Corporate Events Calendar For September

Date	Time	Company	Event
5-Sep	10:30	**Grupa Azoty**	Q2'19 earnings announcement and conference (GPW, ul. Książęca 4, Warsaw)
5-Sep	13:00	**Erbud**	Q2'19 earnings announcement and conference (Westin Hotel, Warsaw)
5-Sep		**Apator**	Investor meetings (CC Group, ul. Marszałkowska 89, Warsaw)
5-Sep		**Grupa Azoty**	Q2'19 earnings announcement
5-Sep		**Kruk**	Q2'19 earnings announcement
5-Sep		**Projprzem**	Q2'19 earnings conference (WTT, ul. Chłodna 51, Warsaw)
5-Sep		**TXM**	Q2'19 earnings announcement
6-Sep	9:00	**MCI Capital**	Investor meeting (Warsaw Spire, Plac Europejski 1, 35 floor, Warsaw)
6-Sep	11:00	**Agora**	Q2'19 earnings announcement and conference (Czerska 8/10, Warsaw)
6-Sep	12:30	**Kruk**	Q2'19 earnings announcement and conference (Novotel Warsaw Center Hotel, Warsaw)
6-Sep		**Agora**	Q2'19 earnings announcement
6-Sep		**Ergis**	Q2'19 earnings announcement
6-Sep		**Torpol**	Q2'19 earnings announcement
10-Sep		**Mangata**	Investor meetings (Hotel Polonia Palace, Warsaw)
10-Sep		**Atal**	Investor meeting (Hotel Hilton, Grzybowska 63, Room 2, Warsaw)
10-Sep		**Ciech**	Q2'19 earnings announcement
10-Sep		**LC Corp**	Q2'19 earnings announcement
10-Sep		**Mangata**	Q2'19 earnings announcement
10-Sep		**Trakcja**	Q2'19 earnings announcement
11-Sep			**mBank's European Top Picks Event** (PGE Narodowy, Warsaw) - registration required
11-Sep	11:00	**Ciech**	Q2 2019 earnings conference (ul. Wspólna 62, Warsaw)
11-Sep	13:00	**LC Corp**	Investor meeting (Leonardo Royal Hotel, Grzybowska 45, Warsaw)
11-Sep		**TIM**	Q2'19 earnings announcement
11-Sep		**Wielton**	Q2'19 earnings announcement
12-Sep		**Atende**	Q2'19 earnings announcement
12-Sep		**Forte**	Q2'19 earnings announcement
12-Sep		**LPP**	Q2'19 earnings announcement
12-Sep		**Skarbiec**	Q4'18/19 earnings announcement
13-Sep	12:00	**Atende**	Q2'19 earnings announcement (Polonia Palace Hotel, Warsaw)
13-Sep	12:00	**Forte**	Q2'19 earnings conference (Sheraton Hotel, Warsaw)
17-Sep	10:30	**Echo Investment**	Q2'19 earnings announcement & conference (Warsaw Brawery, Willa Fabrykanta)
17-Sep		**Archicom**	Q2'19 earnings announcement
17-Sep		**Boryszew**	Q2'19 earnings announcement
19-Sep		**ZEPAK**	Q2'19 earnings announcement
20-Sep		**Kruszwica**	Q2'19 earnings announcement
24-Sep		**PGE**	Q2'19 earnings announcement
25-Sep		**Pfleiderer Group**	Q2'19 earnings announcement
27-Sep		**Energa**	Q2'19 earnings announcement
27-Sep		**Getin Noble Bank**	Q2'19 earnings announcement
27-Sep		**Idea Bank**	Q2'19 earnings announcement
27-Sep		**Monnari**	Q2'19 earnings announcement
27-Sep		**Tarczyński**	Q2'19 earnings announcement
30-Sep		**Ailleron**	Q2'19 earnings announcement
30-Sep		**Elektrobudowa**	Q2'19 earnings announcement
30-Sep		**Enea**	Q2'19 earnings announcement
30-Sep		**Polnord**	Q2'19 earnings announcement
30-Sep		**Tauron**	Q2'19 earnings announcement
1-2 Oct			**mBank's European Financials Conference** (PGE Narodowy, Warsaw) - registration required

mBank Dom Maklerski

Financial Sector

Alior Bank

buy (no change)

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We leave our recommendation and the target price unchanged. Alior Bank remained under pressure after the results were announced, which, in our opinion, is related to the expectations regarding the CJEU ruling. Although Alior Bank does not have any CHF indexed loans, the CJEU ruling may affect the condition of the whole banking sector. In Q2 2019, Alior Bank recorded PLN 160 million of exposure to ZM Henryk Kania out of PLN 235 million. At the same time, in accordance with our expectations, the bank increased the risk cost forecast for the entire year from 1.8% to 2.3%, which means that the average balance of provisions in Q3 and Q4 should amount to approx. PLN 317 million or 200 bps. At the same time, the Management Board gave a clear sign that the strategy for 2020 may be modified. On the other hand, Alior may positively surprise by releasing the provisions for Ruch thanks to the court approval for the restructuring programme. However, the future of ZM Henryk Kania and Onico is still uncertain. If Alior successfully creates provisions for exposures in the corporate segment and if there are no higher risk cost fluctuations, 2020 P/E at the level of 5.7x and 12% ROE are particularly appealing.

Current Price	40.22 PLN	**Upside**
9M Target Price	72.30 PLN	+79.8%

	rating	target price	issued
unchanged	**buy**	**72.30 PLN**	**2019-07-03**

Key Metrics			ALR PW	vs. WIG
Ticker	ALR PW	1M Price Chng	-9.9%	-6.2%
ISIN	PLALIOR00045	YTD Price Chng	-24.3%	-21.7%
Outst. Stock (m)	129.3	ADTV 1M		PLN 12.5m
MC (PLN m)	5,198.7	ADTV 6M		PLN 12.5m
		P/E 12M fwd	6.9	-45.7%
Free Float	74.8%	P/E 5Y avg	12.8	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
NII	3,601	3,085	3,359	3,593	3,821
Total income	3,797	4,124	4,377	4,640	4,904
Costs	-1,930	-1,847	-1,910	-1,907	-1,963
Provisioning	-930	-1,080	-1,234	-1,255	-1,249
Net income	515	713	716	924	1,073
P/E	10.1	7.3	7.3	5.6	4.8
P/B	0.8	0.8	0.7	0.6	0.6
ROE	8.0%	10.8%	10.4%	12.0%	12.3%
DPS	0.00	0.00	0.00	0.00	0.00
DYield	0.0%	0.0%	0.0%	0.0%	0.0%

Forecast 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	3,359	3,593	3,821
Fee income	453	436	709	729	754
Trading income	376	476	181	185	188
Other income	127	127	127	133	140
Noninterest income	**956**	**1,039**	**1,017**	**1,047**	**1,083**
Total income	**3,797**	**4,124**	**4,377**	**4,640**	**4,904**
Operating expenses	1,930	1,847	1,705	1,907	1,963
Operating income	**1,867**	**2,277**	**2,467**	**2,733**	**2,941**
Provisioning	930	1,080	1,234	1,255	1,249
Profits of associates	0	0	0	0	1
Pre-tax income	**937**	**1,196**	**1,233**	**1,478**	**1,692**
Tax	221	275	293	310	355
Minority interests	0	0	0	0	0
Asset tax	201	208	224	244	264
Net income	**515**	**713**	**716**	**924**	**1,073**

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Net loans	**51,267**	**54,246**	**59,053**	**63,934**	**68,894**
Other assets	18,227	19,174	20,434	21,777	23,213
Total assets	**69,494**	**73,420**	**79,488**	**85,712**	**92,107**
Deposits	**57,614**	**62,436**	**66,945**	**71,828**	**76,854**
Other liabilities	5,117	4,498	5,291	5,709	6,004
Minority interests	1	0	0	0	0
Equity	**6,761**	**6,486**	**7,252**	**8,175**	**9,249**

Key Ratios

(%)	2017	2018	2019P	2020P	2021P
NIM	4.3%	4.5%	4.7%	4.6%	4.5%
C/I	50.8%	44.8%	43.6%	41.1%	40.0%
CoR	1.8%	1.9%	2.0%	1.9%	1.7%
NPL Ratio	10.8%	10.6%	10.4%	10.2%	10.2%
Tier 1 Ratio	12.1%	12.8%	13.8%	14.5%	15.6%

Dividend Discount Model (DDM)

(PLN m)	Value	%
Explicit Forecast (2019-20)	0	0%
PV Adjustment	-8	0%
Value Driver (2021-35)	8,657	72%
Fade (2036-55)	2,126	18%
Terminal Value	1,298	11%
Fair Value	**12,073**	**100%**
Outst. Shares (millions)	129	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	**93.40**	
9M Target Price (PLN)	**99.36**	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	6,920	60%
Explicit Forecast (2018-20)	1,234	11%
PV Adjustment	455	4%
Value Driver (2021-35)	2,889	25%
Fade (2036-55)	98	1%
Fair Value	**11,596**	**100%**
Outst. Shares (millions)	129	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	**89.72**	
9M Target Price (PLN)	**95.43**	

Valuation Summary

(PLN m)	Weight	Value
DDM	50%	12,073
Economic Profits	50%	11,596
Fair Value Avg.		11,835
Fair Value Per Share (PLN)		91.56
Asset tax		-23.59
Fair Value Per Share		67.97
Cost of equity (9M)		6.4%
9M Target Price (PLN)		**72.30**

Handlowy

accumulate (no change)

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We leave our recommendation and target price unchanged. The results of the second quarter were burdened with one-off negative events in the line of risk costs (PLN -69 million) and supported by a one-off transaction which increased the commission result (PLN +12 million). When cleaning, Handlowy would report almost PLN 180 million in Q2 2019, which would be one of the best quarters in the last four years. Looking at H2, we expect that the risk costs in the corporate segment will normalise and the interest margin will continue to increase. The credit process launched in August, involving biometrics, which should support the acquisition of new customers and the sale of retail loans, is a big unknown and also an opportunity. We maintain our 2019 net profit forecast in the amount of PLN 517 million due to the risk of subsequent write-downs of ZM Henryk Kania's exposures and due to the potentially worse commercial result in H2 2019. As a result of the sector's uncertainty associated with the CJEU ruling, Handlowy seems to be one of the few safe havens in the sector.

Current Price	50.80 PLN	**Upside**
9M Target Price	59.45 PLN	+17.0%

	rating	target price	issued
unchanged	**accumulate**	**59.45 PLN**	**2019-07-03**

Key Metrics			**BHW PW**	**vs. WIG**
Ticker	BHW PW	1M Price Chng	-0.6%	+3.2%
ISIN	PLBH00000012	YTD Price Chng	-22.3%	-19.7%
Outst. Stock (m)	130.7	ADTV 1M		PLN 2.7m
MC (PLN m)	6,637.5	ADTV 6M		PLN 5.8m
		P/E 12M fwd	10.7	-28.9%
Free Float	25.0%	P/E 5Y avg	15.1	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
NII	1,082	1,108	1,179	1,273	1,353
Total income	2,079	2,159	2,210	2,321	2,427
Costs	-1,192	-1,180	-1,267	-1,294	-1,319
Provisioning	-103	-64	-159	-84	-92
Net income	536	639	517	631	675
P/E	12.4	10.4	12.8	10.5	9.8
P/B	1.0	0.9	0.9	0.9	0.9
ROE	7.8%	9.1%	7.3%	8.9%	9.2%
DPS	4.60	4.10	3.74	4.22	3.62
DYield	9.1%	8.1%	7.4%	8.3%	7.1%

Forecast 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	1,179	1,274	1,355
Fee income	581	550	547	553	565
Trading income	396	487	443	454	465
Other income	21	15	41	42	44
Noninterest income	**997**	**1,052**	**1,031**	**1,049**	**1,074**
Total income	**2,079**	**2,159**	**2,210**	**2,323**	**2,429**
Operating expenses	1,192	1,180	1,267	1,294	1,319
Operating income	**888**	**980**	**943**	**1,029**	**1,110**
Provisioning	103	64	159	84	92
Profits of associates	0	0	0	0	0
Pre-tax income	**785**	**916**	**784**	**945**	**1,018**
Tax	172	190	176	212	228
Minority interests	0	0	0	0	0
Asset tax	78	87	91	101	113
Net income	**536**	**639**	**517**	**632**	**677**

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Net loans	**17,854**	**19,802**	**21,570**	**23,165**	**25,204**
Other assets	25,184	29,503	30,401	31,624	32,909
Total assets	**43,038**	**49,305**	**51,971**	**54,789**	**58,113**
Deposits	**27,284**	**31,057**	**31,649**	**31,844**	**32,163**
Other liabilities	8,815	11,191	13,237	15,615	18,349
Minority interests	0	0	0	0	0
Equity	**6,939**	**7,057**	**7,085**	**7,329**	**7,601**

Key Ratios

(%)	2017	2018	2019P	2020P	2021P
NIM	2.5%	2.5%	2.4%	2.5%	2.5%
C/I	57.9%	54.6%	57.3%	55.7%	54.3%
CoR	0.6%	0.3%	0.7%	0.4%	0.4%
NPL Ratio	3.5%	3.0%	3.1%	4.1%	4.1%
Tier 1 Ratio	17.9%	16.8%	16.9%	16.8%	16.8%

Dividend Discount Model (DDM)

(PLN m)	Value	%
Explicit Forecast (2020-21)	910	11%
PV Adjustment	26	0%
Value Driver (2022-36)	6,646	79%
Fade (2037-56)	705	8%
Terminal Value	156	2%
Fair Value	**8,442**	**100%**
Outst. Shares (millions)	131	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	**64.61**	
9M Target Price (PLN)	**68.73**	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	8,537	100%
Explicit Forecast (2019-21)	-82	-1%
PV Adjustment	335	4%
Value Driver (2022-36)	-220	-3%
Fade (2037-56)	-24	0%
Fair Value	**8,546**	**100%**
Outst. Shares (millions)	131	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	**65.40**	
9M Target Price (PLN)	**69.57**	

Valuation Summary

(PLN m)	Weight	Value
DDM	50%	8,442
Economic Profits	50%	8,546
Fair Value Avg.		8,494
Fair Value Per Share (PLN)		65.01
Asset tax		-9.13
Fair Value Per Share		55.88
Cost of equity (9M)		6.4%
9M Target Price (PLN)		**59.45**

mBank Dom Maklerski

ING BSK

accumulate (upgraded)

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We upgrade our recommendation for ING BSK to accumulate and increase the target price to PLN 197.53. Our higher target price results from the upgraded forecasts for the years 2019–20 by 6% and 3%, respectively. Results for Q2 2019 were better than market expectations and our expectations by 7%, mainly due to low cost of risk. In our forecasts, we have taken into account a decrease in the costs of financing, but also a slight increase in the balance of provisions in subsequent years. As a result of the review, our forecasts are currently 3%–2% above the consensus. We still believe that ING BSK should be quoted with the highest sector premium due to its strong capital base, the highest ROE and dynamic growth. At the same time, we note that the growth potential in ING is the lowest in the entire CEE sector, which results from a relatively better behaviour of the share price in relation to the benchmark group. ING is currently quoted with more than 20% P/E premium and approx. 40% P/BV premium. We believe that such a high premium results mainly from the revaluation of the other banks in the Polish sector, which is threatened by the currency conversion of foreign-currency mortgage loans. At the same time, we note that from the pair of ING–Komercni Banka (banks of a similar profile) we currently prefer Komercni Banka due to its even stronger capital standing, higher dividends, higher ROE and significantly lower systemic risk.

Current Price	187.40 PLN	**Upside**
9M Target Price	197.53 PLN	+5.4%

	rating	target price	issued
new	**accumulate**	**197.53 PLN**	**2019-09-05**
old	hold	191.80 PLN	2019-08-02

Key Metrics			**ING PW**	**vs. WIG**
Ticker	ING PW	1M Price Chng	-2.4%	+1.3%
ISIN	PLBSK0000017	YTD Price Chng	+6.2%	+8.8%
Outst. Stock (m)	130.1	ADTV 1M		PLN 0.8m
MC (PLN m)	24,380.7	ADTV 6M		PLN 1.4m
		P/E 12M fwd	13.2	-14.8%
Free Float	25.0%	P/E 5Y avg	15.5	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
NII	3,453	3,760	4,275	4,728	5,092
Total income	4,756	5,233	5,792	6,301	6,749
Costs	-2,123	-2,327	-2,506	-2,614	-2,727
Provisioning	-421	-501	-535	-672	-776
Net income	1,403	1,526	1,750	1,910	2,045
P/E	17.4	16.0	13.9	12.8	11.9
P/B	2.1	1.8	1.7	1.6	1.5
ROE	12.6%	12.1%	12.8%	13.1%	12.8%
DPS	0.00	3.20	3.50	4.04	4.40
DYield	0.0%	1.7%	1.9%	2.2%	2.4%

Forecast Update (% change)	**2019P**	**2020P**	**2021P**
Net interest income	+3.3%	+3.5%	+2.2%
Fee income	+1.8%	+2.9%	+3.6%
Total costs	+3.2%	+3.6%	+4.4%
Provisioning	-7.5%	+4.8%	+8.8%
Net income	+5.6%	+2.9%	-0.9%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Net interest income	3,453	3,760	4,275	4,728	5,092
Fee income	1,183	1,305	1,351	1,400	1,476
Trading income	117	154	151	159	166
Other income	3	14	15	15	15
Noninterest income	**1,303**	**1,473**	**1,516**	**1,573**	**1,657**
Total income	**4,756**	**5,233**	**5,792**	**6,301**	**6,749**
Operating expenses	2,123	2,327	2,506	2,614	2,727
Operating income	**2,633**	**2,906**	**3,286**	**3,687**	**4,022**
Provisioning	421	501	535	672	776
Profits of associates	0	0	12	25	24
Pre-tax income	**2,212**	**2,405**	**2,763**	**3,039**	**3,271**
Tax	479	507	583	641	690
Minority interests	0	0	0	0	0
Asset tax	330	372	430	488	536
Net income	**1,403**	**1,526**	**1,750**	**1,910**	**2,045**

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Net loans	**91,088**	**103,126**	**116,276**	**129,537**	**141,162**
Other assets	34,926	38,477	41,171	44,139	47,354
Total assets	**126,014**	**141,603**	**157,447**	**173,676**	**188,517**
Deposits	**104,503**	**117,683**	**129,968**	**144,293**	**157,539**
Other liabilities	9,716	10,584	13,527	14,128	14,349
Minority interests	0	0	0	0	0
Equity	**11,795**	**13,336**	**13,952**	**15,254**	**16,629**

Key Ratios

(%)	2017	2018	2019P	2020P	2021P
NIM	2.9%	2.9%	2.9%	2.9%	2.9%
C/I	44.6%	44.5%	43.3%	41.5%	40.4%
CoR	0.5%	0.5%	0.5%	0.5%	0.6%
NPL Ratio	2.8%	2.8%	3.0%	3.3%	3.6%
Tier 1 Ratio	15.8%	14.8%	15.0%	15.1%	15.5%

Dividend Discount Model (DDM)

(PLN m)	Value	%
Explicit Forecast (2019-20)	971	3%
PV Adjustment	-1,609	-5%
Value Driver (2021-35)	20,563	67%
Fade (2036-55)	8,662	28%
Terminal Value	2,324	8%
Fair Value	**30,911**	**100%**
Outst. Shares (millions)	130	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	**237.59**	
9M Target Price (PLN)	**252.74**	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	13,585	46%
Explicit Forecast (2018-20)	2,566	9%
PV Adjustment	-618	-2%
Value Driver (2021-35)	10,746	36%
Fade (2036-55)	3,465	12%
Fair Value	**29,744**	**100%**
Outst. Shares (millions)	130	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	**228.63**	
9M Target Price (PLN)	**243.20**	

Valuation Summary

(PLN m)	Weight	Value
DDM	50%	30,911
Economic Profits	50%	29,744
Fair Value Avg.		30,328
Fair Value Per Share (PLN)		233.11
Asset tax		-47.42
Fair Value Per Share		185.69
Cost of equity (9M)		6.4%
9M Target Price (PLN)		**197.53**

Millennium

buy (no change)

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We maintain our buy recommendation and target price unchanged. August is another month when Millennium's shares were devaluated in fear of the CJEU's negative ruling on indexed loans. Over the last 3 months, the bank's share price decreased by approx. 30% despite solid results for Q2 2019. The published study by the Supreme Court, which largely repeats the remark of the CJEU spokesperson which was negative for the banks, pushed the market segment to even lower levels. Excluding the mortgage loans portfolio taken over from Eurobank, whose legal risk is borne by Societe Generale, Millennium has the balance of approx. PLN 14 billion of foreign currency mortgage loans, with nearly 100% being indexed loans. This means that if the CJEU ruling is negative for the bank, Millennium must take into account the inflow of further lawsuits and significant write-downs, which, in the extreme case, may have a serious impact on the bank's capital standing. On the other hand, at the performance conference, the Management Board stated that it did not see a larger number of lawsuits related to CHF loans, and the previous final judgements were largely settled in favour of the bank, therefore, in the case of a more lenient CJEU ruling, Bank Millennium presents the largest potential to rebound.

Current Price	6.64 PLN	**Upside**
9M Target Price	10.00 PLN	+50.6%

	rating	target price	issued
unchanged	**buy**	**10.00 PLN**	**2019-08-02**

Key Metrics			MIL PW	vs. WIG
Ticker	MIL PW	1M Price Chng	-11.1%	-7.4%
ISIN	PLBIG0000016	YTD Price Chng	-25.1%	-22.5%
Outst. Stock (m)	1,213.1	ADTV 1M		PLN 7.0m
MC (PLN m)	8,055.1	ADTV 6M		PLN 6.5m
		P/E 12M fwd	8.8	-30.1%
Free Float	50.0%	P/E 5Y avg	12.6	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	11.8	11.0	11.0	7.8	7.0
P/B	1.0	1.0	0.9	0.8	0.7
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%

Forecast 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**

mBank Dom Maklerski

Pekao

buy (no change)

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We maintain our buy recommendation and target price unchanged. Bank Pekao presented results consistent with the expectations, indicating that their composition indicated high quality. Although in the first half of the year the bank implemented only 36% of our forecast and consensus, we believe that meeting market expectations at the end of the year is still within reach. On the one hand, the first half of the year was burdened with negative one-off events, and on the other hand, cleared results seemed to be solid. Due to the small portfolio of CHF loans, in which indexed loans constitute a small fraction, Bank Pekao should be relatively safer in view of the upcoming CJEU ruling. In the 2020/21 P/E ratio, Bank Pekao is quoted at 6% and 5% discount to the average and at 6% and 6% discount to PKO BP.

Current Price	98.74 PLN	**Upside**
9M Target Price	119.75 PLN	+21.3%

	rating	target price	issued
unchanged	**buy**	**119.75 PLN**	**2019-08-02**

Key Metrics			PEO PW	vs. WIG
Ticker	PEO PW	1M Price Chng	-1.6%	+2.1%
ISIN	PLPEKAO00016	YTD Price Chng	-3.6%	-0.9%
Outst. Stock (m)	262.5	ADTV 1M		PLN 67.8m
MC (PLN m)	25,916.3	ADTV 6M		PLN 70.2m
		P/E 12M fwd	10.2	-31.2%
Free Float	67.2%	P/E 5Y avg	14.9	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
NII	4,593	4,994	5,493	5,881	6,271
Total income	7,278	7,830	8,337	8,807	9,283
Costs	-3,535	-3,710	-4,094	-3,971	-4,089
Provisioning	-521	-511	-526	-660	-742
Net income	2,475	2,287	2,282	2,609	2,772
P/E	10.5	11.3	11.4	9.9	9.4
P/B	1.1	1.1	1.1	1.1	1.0
ROE	10.7%	9.9%	9.9%	10.9%	11.2%
DPS	8.68	7.90	6.60	6.52	7.46
DYield	8.8%	8.0%	6.7%	6.6%	7.6%

Forecast 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	5,493	5,881	6,271
Fee income	2,353	2,463	2,554	2,621	2,692
Trading income	255	237	204	210	217
Other income	77	137	86	94	103
Noninterest income	**2,685**	**2,836**	**2,844**	**2,926**	**3,012**
Total income	**7,278**	**7,830**	**8,337**	**8,807**	**9,283**
Operating expenses	3,535	3,710	4,094	3,971	4,089
Operating income	**3,743**	**4,120**	**4,243**	**4,835**	**5,194**
Provisioning	521	511	526	660	742
Profits of associates	453	0	0	0	0
Pre-tax income	**3,675**	**3,609**	**3,718**	**4,175**	**4,453**
Tax	677	760	818	898	957
Minority interests	-1	-1	-1	-1	-1
Asset tax	522	562	617	668	723
Net income	**2,475**	**2,287**	**2,282**	**2,609**	**2,772**

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Net loans	**132,301**	**129,297**	**141,856**	**154,846**	**168,102**
Other assets	53,165	61,793	64,193	66,774	69,479
Total assets	**185,466**	**191,090**	**206,049**	**221,620**	**237,581**
Deposits	**146,186**	**149,491**	**161,450**	**173,454**	**184,619**
Other liabilities	16,011	18,791	21,205	23,823	27,761
Minority interests	0	11	12	13	14
Equity	**23,268**	**22,797**	**23,382**	**24,330**	**25,187**

Key Ratios

(%)	2017	2018	2019P	2020P	2021P
NIM	2.6%	2.8%	2.9%	2.8%	2.8%
C/I	48.6%	47.4%	49.9%	46.0%	44.9%
CoR	0.4%	0.4%	0.4%	0.4%	0.4%
NPL Ratio	5.4%	5.4%	5.4%	5.4%	6.0%
Tier 1 Ratio	16.1%	16.3%	16.8%	16.2%	15.8%

Dividend Discount Model (DDM)

(PLN m)	Value	%
Explicit Forecast (2019-21)	3,240	8%
PV Adjustment	171	0%
Value Driver (2022-36)	24,898	65%
Fade (2037-56)	7,385	19%
Terminal Value	2,661	7%
Fair Value	**38,354**	**100%**
Outst. Shares (millions)	262	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	**146.21**	
9M Target Price (PLN)	**155.53**	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	24,966	65%
Explicit Forecast (2019-21)	2,662	7%
PV Adjustment	1,785	5%
Value Driver (2022-36)	8,165	21%
Fade (2037-56)	996	3%
Fair Value	**38,574**	**100%**
Outst. Shares (millions)	262	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	**146.96**	
9M Target Price (PLN)	**156.33**	

Valuation Summary

(PLN m)	Weight	Value
DDM	50%	38,354
Economic Profits	50%	38,574
Fair Value Avg.		38,464
Fair Value Per Share (PLN)		146.59
Asset tax		-34.01
Fair Value Per Share		112.58
Cost of equity (9M)		6.4%
9M Target Price (PLN)		**119.75**

PKO BP

buy (no change)

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We maintain our buy recommendation target price. In accordance with the expectations, the bank reported a record -breaking result of PLN 1,217 million, which, even after cleaning from one-off events (a bargain acquisition of PCM and a release of provisions for the penalty from the Office for Competition and Consumer Protection [UOKiK]), is impressive. The bank's quotations were under pressure, especially after the publication of the Supreme Court's studies on CHF loans. The bank draws attention to a small share of loans indexed to CHF in its portfolio, which should speak in its favour. However, we would not overestimate the bank's safety in this matter. We believe that although the upcoming CJEU ruling applies to indexed loans, it is not excluded that it would also apply to loans denominated in francs. In our forecasts, we assume the payment of dividend from undistributed capital and repeating such a scenario also in 2021. We believe that PKO BP's solvency ratios allow for such an operation and that the newly-created Capital Investment Fund [Fundusz Inwestycji Kapitałowych], ultimately supported by dividends of the State Treasury companies, may be an additional incentive.

Current Price	38.58 PLN	**Upside**
9M Target Price	47.17 PLN	+22.3%

	rating	target price	issued
unchanged	**buy**	**47.17 PLN**	**2019-08-02**

Key Metrics			PKO PW	vs. WIG
Ticker	PKO PW	1M Price Chng	-1.6%	+2.2%
ISIN	PLPKO0000016	YTD Price Chng	+1.2%	+3.8%
Outst. Stock (m)	1,250.0	ADTV 1M		PLN 104.4m
MC (PLN m)	48,225.0	ADTV 6M		PLN 92.4m
		P/E 12M fwd	10.8	-17.4%
Free Float	70.6%	P/E 5Y avg	13.0	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
NII	8,606	9,353	10,290	10,975	11,616
Total income	12,803	13,660	14,643	15,389	16,159
Costs	-6,050	6,218	-6,421	-6,553	-6,731
Provisioning	-1,617	-1,451	-1,455	-1,737	-1,876
Net income	3,104	3,741	4,409	4,551	4,833
P/E	15.5	12.9	10.9	10.6	10.0
P/B	1.3	1.2	1.2	1.1	1.1
ROE	9.0%	9.9%	10.9%	10.7%	11.0%
DPS	0.00	0.55	1.33	3.10	3.75
DYield	0.0%	1.4%	3.4%	8.0%	9.7%

Forecast 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	8,606	9,353	10,290	10,975	11,616
Fee income	2,969	3,013	2,997	3,079	3,157
Trading income	518	664	758	706	727
Other income	733	630	599	628	660
Noninterest income	**4,220**	**4,307**	**4,354**	**4,414**	**4,543**
Total income	**12,826**	**13,660**	**14,643**	**15,389**	**16,159**
Operating expenses	6,050	6,218	6,421	6,553	6,731
Operating income	**6,776**	**7,442**	**8,222**	**8,836**	**9,427**
Provisioning	1,617	1,451	1,455	1,737	1,876
Profits of associates	22	37	39	41	43
Pre-tax income	**5,181**	**6,028**	**6,866**	**7,140**	**7,594**
Tax	-1,140	-1,336	-1,442	-1,499	-1,595
Minority interests	-5	-1	-1	-1	-1
Asset tax	932	950	1,014	1,089	1,165
Net income	**3,104**	**3,741**	**4,409**	**4,551**	**4,833**

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Net loans	**205,628**	**214,912**	**226,071**	**245,842**	**259,870**
Other assets	91,284	109,343	114,103	119,262	124,669
Total assets	**296,912**	**324,255**	**340,175**	**365,104**	**384,539**
Deposits	**218,800**	**242,816**	**243,611**	**259,587**	**272,849**
Other liabilities	41,856	42,338	54,716	62,161	67,261
Minority interests	-11	-10	-10	-11	-11
Equity	**36,267**	**39,111**	**41,859**	**43,367**	**44,440**

Key Ratios

(%)	2017	2018	2019P	2020P	2021P
NIM	3.0%	3.2%	3.2%	3.2%	3.2%
C/I	47.1%	45.5%	43.8%	42.6%	41.7%
CoR	0.8%	0.6%	0.6%	0.7%	0.7%
NPL Ratio	5.5%	4.9%	4.8%	4.8%	4.8%
Tier 1 Ratio	16.5%	17.5%	17.6%	17.3%	16.9%

Dividend Discount Model (DDM)

(PLN m)	Value	%
Explicit Forecast (2019-20)	8,686	12%
PV Adjustment	4,144	6%
Value Driver (2021-35)	44,455	64%
Fade (2036-55)	10,418	15%
Terminal Value	2,059	3%
Fair Value	**69,762**	**100%**
Outst. Shares (millions)	1,250	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	**55.81**	
9M Target Price (PLN)	**59.37**	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	42,477	62%
Explicit Forecast (2018-20)	4,639	7%
PV Adjustment	2,539	4%
Value Driver (2021-35)	14,878	22%
Fade (2036-55)	3,569	5%
Fair Value	**68,102**	**100%**
Outst. Shares (millions)	1,250	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	**54.48**	
9M Target Price (PLN)	**57.95**	

Valuation Summary

(PLN m)	Weight	Value
DDM	50%	69,762
Economic Profits	50%	68,102
Fair Value Avg.		68,932
Fair Value Per Share (PLN)		55.15
Asset tax		-10.80
Fair Value Per Share		44.34
Cost of equity (9M)		6.4%
9M Target Price (PLN)		**47.17**

mBank Dom Maklerski

Santander Bank Polska

hold (no change)

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We maintain our recommendation and the target price unchanged. In the second half of the year, we expect an increase in the interest margin and a decrease in the cost of risk in relation to Q2, but in our opinion a margin rebound, although observable (+16 bps), will not be as strong as suggested by the management board's aspirations (+34 bps). The Management Board presented forecasts concerning the costs of integration and cost synergies resulting from the acquisition of DB, showing that our cost forecast for 2020 may be too optimistic. Currently, we expect a decrease in costs in the amount of PLN 229 million (of which PLN 149 million is attributable to collective redundancies and integration costs, and PLN 50 million is cost synergies). Due to CHF portfolio of approx. PLN 10 billion, of which 80% is indexed loans, the bank's quotations are under pressure. However, we believe that the revaulation, although significant, should not be entirely allocated to the risk associated with CHF loans. In our opinion, the second part of the downturn was the gradual decrease of the consensus, which still has some room for a decrease by 4–5%.

Current Price	296.20 PLN	**Upside**
9M Target Price	337.00 PLN	+13.8%

	rating	target price	issued
unchanged	**hold**	**337.00 PLN**	**2019-08-02**

Key Metrics			SPL PW	vs. WIG
Ticker	SPL PW	1M Price Chng	-6.9%	-3.1%
ISIN	PLBZ00000044	YTD Price Chng	-12.5%	-9.9%
Outst. Stock (m)	102.1	ADTV 1M		PLN 20.6m
MC (PLN m)	30,238.6	ADTV 6M		PLN 18.6m
		P/E 12M fwd	11.3	-21.2%
Free Float	31.7%	P/E 5Y avg	14.4	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
NII	5,277	5,742	6,716	7,260	7,654
Total income	7,764	8,296	9,382	10,019	10,499
Costs	-3,372	-3,769	-4,229	-4,020	-4,059
Provisioning	-690	-1,085	-1,172	-1,338	-1,443
Net income	2,213	2,365	2,352	2,865	3,099
P/E	13.3	12.6	12.9	10.6	9.8
P/B	1.3	1.2	1.2	1.1	1.0
ROE	10.6%	10.1%	9.3%	10.9%	11.0%
DPS	5.40	3.10	19.72	11.52	14.03
DYield	1.8%	1.0%	6.7%	3.9%	4.7%

Forecast 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	6,716	7,260	7,654
Fee income	2,013	2,058	2,132	2,215	2,291
Trading income	323	282	395	399	403
Other income	151	214	139	145	150
Noninterest income	**2,487**	**2,554**	**2,666**	**2,759**	**2,845**
Total income	**7,764**	**8,296**	**9,382**	**10,019**	**10,499**
Operating expenses	3,372	3,769	4,229	4,020	4,059
Operating income	**4,391**	**4,527**	**5,153**	**5,999**	**6,440**
Provisioning	690	1,085	1,172	1,338	1,443
Profits of associates	58	63	63	63	63
Pre-tax income	**3,759**	**3,892**	**4,044**	**4,724**	**5,059**
Tax	817	727	813	949	1,017
Minority interests	-305	-334	-297	-292	-296
Asset tax	-424	-466	-581	-618	-648
Net income	**2,213**	**2,365**	**2,352**	**2,865**	**3,099**

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Net loans	**107,840**	**137,460**	**147,852**	**156,700**	**164,675**
Other assets	44,835	68,392	72,561	74,922	77,365
Total assets	**152,674**	**205,853**	**220,413**	**231,622**	**242,040**
Deposits	**111,481**	**149,617**	**155,830**	**162,656**	**170,747**
Other liabilities	17,850	29,568	37,462	40,045	40,205
Minority interests	1,436	1,564	1,678	1,789	1,902
Equity	**21,907**	**25,104**	**25,444**	**27,132**	**29,186**

Key Ratios

(%)	2017	2018	2019P	2020P	2021P
NIM	3.6%	3.3%	3.3%	3.3%	3.3%
C/I	43.4%	45.4%	45.1%	40.1%	38.7%
CoR	0.6%	0.9%	0.8%	0.9%	0.9%
NPL Ratio	5.8%	4.5%	4.5%	4.4%	4.6%
Tier 1 Ratio	15.3%	14.1%	13.4%	13.4%	13.8%

Dividend Discount Model (DDM)

(PLN m)	Value	%
Explicit Forecast (2020-21)	2,301	6%
PV Adjustment	215	1%
Value Driver (2022-36)	26,823	70%
Fade (2037-56)	7,519	19%
Terminal Value	1,707	4%
Fair Value	**38,564**	**100%**
Outst. Shares (millions)	99	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	**388.62**	
9M Target Price (PLN)	**413.39**	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	24,751	64%
Explicit Forecast (2019-21)	3,005	8%
PV Adjustment	1,622	4%
Value Driver (2022-36)	8,000	21%
Fade (2037-56)	1,444	4%
Fair Value	**38,822**	**100%**
Outst. Shares (millions)	99	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	**391.22**	
9M Target Price (PLN)	**416.16**	

Valuation Summary

(PLN m)	Weight	Value
DDM	50%	38,564
Economic Profits	50%	38,822
Fair Value Avg.		38,693
Fair Value Per Share (PLN)		389.92
Asset tax		-73.11
Fair Value Per Share		316.80
Cost of equity (9M)		6.4%
9M Target Price (PLN)		**337.00**

Komercni Banka

buy (no change)

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We leave our target price at the level of CZK 945.02 per share for Komercni Banka unchanged with a recommendation to buy. The price of KB's shares was revaluated by 12% over the last 12 months, despite the fact that during the last two years there was a consensus (except for the result consistent with the expectations in Q1 2019). We believe that some of the responsibility for the revaluation of bank assets rests with the politicians who kept mentioning the implementation of the tax in various forms, which ultimately is not going to happen. In our last report (28.08.2019), we reduced our forecasts by 1% for 2019 and by 7% for 2020, mainly due to the disappointing projection of the net interest income. During the last 2 years, the Czech National Bank (CNB) has increased the reference rate by 100 bps. (195 bps from the 2012 lows), and KB's interest margin increased by only 4 bps. We believe that the lack of effects of these increases is attributable not only to the structure of loans with fixed interest rates, but primarily to the competition which caused a significant decrease in margins on newly granted loans. However, we expect that the quarterly interest margin in 2020 and 2021 should slightly rebound. We continue to perceive KB as a safe haven in the region, with a strong capital standing, stable operating environment, high profitability and relatively high dividend.

Current Price	838.00 CZK	**Upside**
9M Target Price	945.02 CZK	+12.8%

	rating	target price	issued
unchanged	**buy**	**945.02 CZK**	**2019-08-28**

Key Metrics			KOMB CP	vs. WIG
Ticker	KOMB CP	1M Price Chng	-3.4%	+0.3%
ISIN	CZ0008019106	YTD Price Chng	+5.3%	+7.9%
Outst. Stock (m)	188.9	ADTV 1M		CZK 96.7m
MC (CZK bn)	158.3	ADTV 6M		CZK 104.2m
		P/E 12M fwd	10.8	-20.3%
Free Float	39.6%	P/E 5Y avg	13.6	discount

Earnings Projections

(CZK m)	2017	2018	2019P	2020P	2021P
NII	20,808	22,509	23,767	24,355	25,728
Total income	31,060	32,202	32,867	33,610	35,178
Costs	-14,516	-14,635	-15,113	-15,278	-15,674
Provisioning	391	643	576	-502	-922
Net income	14,930	14,846	15,022	14,571	15,205
P/E	10.6	10.7	10.5	10.9	10.4
P/B	1.6	1.5	1.5	1.5	1.4
ROE	15.0%	14.9%	14.4%	13.6%	13.6%
DPS	1.60	47.00	51.00	51.00	51.00
DYield	0.2%	5.6%	6.1%	6.1%	6.1%

Forecast 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

(CZK m)	2017	2018P	2019P	2020P	2021P
Net interest income	20,808	22,509	23,767	24,355	25,728
Fee income	6,465	6,219	6,210	6,333	6,497
Trading income	3,576	3,215	2,631	2,658	2,684
Other income	211	259	259	264	269
Total income	**31,060**	**32,202**	**32,867**	**33,610**	**35,178**
Operating expenses	-13,374	-14,634	-15,113	-15,278	-15,674
Operating income	**17,686**	**17,569**	**17,754**	**18,332**	**19,504**
Provisioning	391	643	576	-502	-922
Net oper. income	**18,077**	**18,209**	**18,330**	**17,830**	**18,583**
Profits of associates	209	308	311	327	343
Retirement benefits	0	0	69	0	0
Pre-tax income	**18,286**	**18,518**	**18,710**	**18,156**	**18,926**
Tax	-3,012	-3,349	-3,368	-3,268	-3,407
Minority interests	344	324	321	318	314
Net income	**14,930**	**14,846**	**15,022**	**14,571**	**15,205**

Key Balance Sheet Figures

(CZK bn)	2017	2018P	2019P	2020P	2021P
Net loans	**598**	**625**	**648**	**675**	**703**
Other assets	406	435	506	530	555
Total assets	**1,004**	**1,060**	**1,155**	**1,205**	**1,258**
Deposits	**762**	**812**	**882**	**924**	**969**
Other liabilities	142	144	164	168	172
Minority interests	4	3	4	4	4
Equity	**97**	**100**	**105**	**109**	**114**

Key Ratios

(%)	2017	2018P	2019P	2020P	2021P
NIM	2.2%	2.3%	2.2%	2.1%	2.2%
C/I	43.1%	45.4%	46.0%	45.5%	44.6%
CoR	-0.1%	-0.1%	-0.1%	0.1%	0.1%
NPL Ratio	3.1%	2.6%	2.7%	3.0%	3.1%
Tier 1 Ratio	18.0%	17.9%	17.7%	17.8%	17.7%

Dividend Discount Model (DDM)

(CZK m)	Value	%
Explicit Forecast (2020-21)	17,524	10%
PV Adjustment	4,034	2%
Value Driver (2022-36)	107,075	62%
Fade (2037-56)	31,755	18%
Terminal Value	11,672	7%
Fair Value	**172,061**	**100%**
Outst. Shares (millions)	189	
Cost of equity	7.0%	
Fair Value Per Share (CZK)	**911**	
9M Target Price (CZK)	**959**	

Economic Profits Model

(CZK m)	Value	%
Opening Tangible NAV	86,848	52%
Explicit Forecast (2019-21)	19,309	12%
PV Adjustment	7,092	4%
Value Driver (2022-36)	46,746	28%
Fade (2037-56)	7,083	4%
Fair Value	**167,079**	**100%**
Outst. Shares (millions)	189	
Cost of equity	7.0%	
Fair Value Per Share (CZK)	**885**	
9M Target Price (CZK)	**931**	

Valuation Summary

(CZK m)	Weight	Value
DDM	50%	172,061
Economic Profits	50%	167,079
Fair Value Avg.		169,570
Fair Value Per Share (CZK)		897.88
Cost of equity (9M)		5.3%
9M Target Price (CZK)		**945.02**

mBank Dom Maklerski

Moneta Money Bank

buy (no change)

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We maintain the recommendation to buy and the target price of CZK 94.33 per share for Moneta Money Bank unchanged. Moneta Money Bank is oriented at retail clients and SMEs (consumer loans, mortgage loans and investment credit facilities make up 76% of the credit portfolio). Despite a considerable share of risky loans, Moneta is distinguished by above-average quality of the portfolio, with the NPL ratio at 1.8%, supported by repeated sales of debt claim portfolios. On the other hand, the risky credit portfolio supports the interest margin (3.7% to average assets) and the profitability of the entire bank at >15%. This allows the bank to pay hefty dividend; we expect the dividend rate to be over 5% in the next 3 years. We believe that currently Moneta presents a much higher growth potential for its share price than Komercni Banka. On the other hand, due to the portfolio structure, Moneta should be much more sensitive to economic slowdown, although at the present moment we believe that it will continue to benefit from the favourable operating environment.

Current Price	76.60 CZK	**Upside**
9M Target Price	94.33 CZK	+23.1%

	rating	target price	issued
unchanged	**buy**	**94.33 CZK**	**2019-08-28**

Key Metrics			MONET CP	vs. WIG
Ticker	MONET CP	1M Price Chng	-1.5%	+2.2%
ISIN	CZ0008040318	YTD Price Chng	+15.4%	+18.1%
Outst. Stock (m)	511.0	ADTV 1M		CZK 54.2m
MC (CZK bn)	39.1	ADTV 6M		CZK 72.4m
		P/E 12M fwd	10.2	-11.0%
Free Float	100.0%	P/E 5Y avg	11.4	discount

Earnings Projections

(CZK m)	2017	2018	2019P	2020P	2021P
NII	7,364	7,409	7,965	8,675	9,358
Total income	10,335	10,162	10,514	11,334	12,112
Costs	-4,763	-4,580	-4,662	-4,643	-4,813
Provisioning	-381	-274	-604	-1,063	-1,606
Net income	3,923	4,200	3,808	4,098	4,139
P/E	10.0	9.3	10.3	9.6	9.5
P/B	1.5	1.6	1.5	1.5	1.5
ROE	14.8%	16.5%	15.0%	15.8%	15.5%
DPS	9.80	8.00	6.15	5.59	6.01
DYield	12.8%	10.4%	8.0%	7.3%	7.9%

Forecast 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

(CZK m)	2017	2018	2019P	2020P	2021P
Net interest income	7,364	7,409	7,965	8,675	9,358
Fee income	1,933	1,892	1,942	2,074	2,168
Trading income	709	399	478	454	452
Other income	329	462	129	131	135
Total income	**10,335**	**10,162**	**10,514**	**11,334**	**12,112**
Operating expenses	-4,763	-4,580	-4,662	-4,643	-4,813
Operating income	**5,388**	**5,310**	**5,364**	**6,185**	**6,780**
Provisioning	-381	-274	-604	-1,063	-1,606
Pre-tax income	**4,903**	**5,036**	**4,760**	**5,123**	**5,174**
Tax	-980	-836	-952	-1,025	-1,035
Minority interests	0	0	0	0	0
Net income	**3,923**	**4,200**	**3,808**	**4,098**	**4,139**

Key Balance Sheet Figures

(CZK bn)	2017	2018	2019P	2020P	2021P
Net loans	**123,680**	**140,123**	**156,550**	**174,395**	**190,656**
Total assets	**199,734**	**206,932**	**227,527**	**249,208**	**269,458**
Deposits	**141,469**	**168,792**	**181,154**	**194,436**	**205,883**
Minority interests	0	0	0	0	0
Equity	**25,763**	**25,237**	**25,483**	**26,305**	**26,950**

Key Ratios

(%)	2017	2018	2019P	2020P	2021P
NIM	4.3%	3.7%	3.8%	3.7%	3.7%
C/I	47.9%	47.7%	49.0%	45.4%	44.0%
CoR	0.3%	0.2%	0.4%	0.6%	0.9%
Tier 1 Ratio	17.4%	16.4%	15.2%	14.4%	13.9%

Dividend Discount Model (DDM)

(CZK m)	Value	%
Explicit Forecast (2020-21)	5,354	12%
PV Adjustment	426	1%
Value Driver (2022-36)	22,786	51%
Fade (2037-56)	8,677	20%
Terminal Value	7,187	16%
Fair Value	**44,430**	**100%**
Outst. Shares (millions)	511	
Cost of equity	7.0%	
Fair Value Per Share (CZK)	**87**	
9M Target Price (CZK)	**92**	

Economic Profits Model

(CZK m)	Value	%
Opening Tangible NAV	25,237	54%
Explicit Forecast (2019-21)	5,806	12%
PV Adjustment	2,002	4%
Value Driver (2022-36)	13,672	29%
Fade (2037-56)	453	1%
Fair Value	**47,170**	**100%**
Outst. Shares (millions)	511	
Cost of equity	7.0%	
Fair Value Per Share (CZK)	**92**	
9M Target Price (CZK)	**97**	

Valuation Summary

(CZK m)	weight	Value
DDM	50%	86.95
Economic Profit	50%	92.31
Fair value avg.		**89.63**
9M Target Price (CZK)		**94.33**

Erste Group

buy (no change)

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We maintain our recommendation to buy for Erste Group and the target price at the level of EUR 40.38. Erste Group again is on its way to significantly surpass the Management Board's forecast, which is evidenced by the results for H1 2019. Erste's Management Board is conservative in its forecasts as demonstrated by the results for the last two years: 2018 ROTE at 15.2% (the Management Board assumed >10%) and 2017 ROTE at 11.5% (the Management Board assumed >10%). For 2019, the Management Board assumes ROTE at >11%, again too conservative in our opinion (our forecast: 12.7%). At the same time, like other banks, Erste benefits from the macro-economic situation in the region, and this, in turn, translates into very low risk cost. Due to gradual normalisation of the risk cost, we think that in the next years, the performance growth rate will be on average in single digits. The share price went back 15% over the last 12 months, while the MSCI EME Financials index went up by +2%. We believe that this situation creates an investment opportunity. On the one hand, the performance consensus for 2019 and 2020 has been growing again for the past 3 months, on the other hand, however, the bank's valuation is at its lowest in the last 3 years (12M forward P/E 8.6x as compared to 3Y average of 10.6x).

Current Price	29.03 EUR	**Upside**
9M Target Price	40.38 EUR	+39.1%

	rating	target price	issued
unchanged	**buy**	**40.38 EUR**	**2019-08-28**

Key Metrics			**EBS AV**	**vs. WIG**
Ticker	EBS AV	1M Price Chng	-7.4%	-3.6%
ISIN	AT0000652011	YTD Price Chng	+5.0%	+7.6%
Outst. Stock (m)	429.8	ADTV 1M		EUR 19.8m
MC (EUR m)	12,477.1	ADTV 6M		EUR 23.6m
		P/E 12M fwd	8.1	-24.4%
Free Float	69.5%	P/E 5Y avg	10.7	discount

Earnings Projections

(EUR m)	2017	2018	2019P	2020P	2021P
NII	4,353	4,582	4,741	4,925	5,197
Total income	6,475	6,726	7,007	7,268	7,607
Costs	-4,158	-4,181	-4,338	-4,450	-4,550
Provisioning	-132	59	-13	-209	-286
Net income	1,316	1,793	1,534	1,667	1,773
P/E	9.5	7.0	8.1	7.5	7.0
P/B	0.9	0.9	0.8	0.8	0.8
ROE	10.0%	12.7%	10.5%	11.0%	11.3%
DPS	1.00	1.20	1.30	1.50	1.63
DYield	3.4%	4.1%	4.5%	5.2%	5.6%

Forecast 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

(EUR m)	2017	2018	2019P	2020P	2021P
Net interest income	4,353	4,582	4,741	4,925	5,197
Fee income	1,852	1,908	1,981	2,033	2,086
Trading income	270	236	286	310	324
Total income	**6,475**	**6,726**	**7,007**	**7,268**	**7,607**
Other oper. income	-1	3	-164	-20	-13
Asset tax	-106	-112	-137	-142	-147
Operating expenses	-4,158	-4,181	-4,338	-4,450	-4,550
Operating income	**2,210**	**2,436**	**2,368**	**2,657**	**2,897**
Provisioning	-132	59	-13	-209	-286
Net operating income	**2,078**	**2,495**	**2,355**	**2,447**	**2,611**
Extraordinary gains	0	0	0	0	0
Pre-tax income	**2,078**	**2,495**	**2,355**	**2,447**	**2,611**
Tax	-410	-332	-396	-388	-423
Minority interests	-352	-369	-425	-393	-415
Net income	**1,316**	**1,793**	**1,534**	**1,667**	**1,773**

Key Balance Sheet Figures

(EUR m)	2017	2018	2019P	2020P	2021P
Net loans	**139,532**	**143,953**	**165,789**	**175,512**	**186,601**
Other assets	81,127	92,838	87,325	91,700	96,358
Total assets	**220,659**	**236,792**	**253,115**	**267,212**	**282,959**
Deposits	**150,969**	**162,638**	**177,121**	**187,918**	**197,600**
Total liabilities	51,402	55,285	56,225	58,605	63,674
Minority interests	4,416	4,494	4,919	5,312	5,727
Equity	**13,872**	**14,375**	**14,849**	**15,377**	**15,958**

Key Ratios

(%)	2017	2018	2019P	2020P	2021P
NIM	2.0%	2.3%	2.0%	1.9%	1.9%
C/I	64.2%	62.2%	64.2%	61.5%	60.0%
CoR	0.1%	-0.1%	0.0%	0.1%	0.2%
NPL Ratio	4.0%	3.2%	4.8%	4.8%	4.8%
Tier 1 Ratio	14.0%	14.4%	14.1%	13.7%	13.4%

SOTP Valuation

(EUR m)	Fair Value	FVPS (EUR)	Net Income 2019P	Net Income 2020P	Net Income 2021P	P/E 2019P	P/E 2020P	P/E 2021P	BV 2019	P/B 2019
Austria	**5,507**	**12.81**	**541**	**491**	**510**	**10.2**	**11.2**	**10.8**	**5,327**	**1.0**
Savings Banks	383	0.89	67	59	63	5.8	6.4	6.1	3,459	0.1
Erste Oesterreich	2,545	5.92	249	229	239	10.2	11.1	10.6	1,868	1.4
Other Austria	2,578	6.00	225	202	208	11.4	12.8	12.4	2,311	1.1
CEE	**16,396**	**38.15**	**1,164**	**1,342**	**1,427**	**14.1**	**12.2**	**11.5**	**7,367**	**2.2**
Czech Republic	8,443	19.64	629	667	698	13.4	12.7	12.1	2,581	3.3
Romania	1,999	4.65	74	195	212	27.0	10.3	9.4	1,561	1.3
Slovakia	2,643	6.15	207	220	242	12.8	12.0	10.9	1,106	2.4
Hungary	1,625	3.78	155	150	158	10.5	10.8	10.3	1,048	1.5
Croatia	1,506	3.50	86	98	106	17.5	15.3	14.2	819	1.8
Serbia	180	0.42	13	12	12	14.2	15.1	14.4	252	0.7
Other	**-5,391**	**-12.54**	**-177**	**-172**	**-170**	**30.4**	**31.3**	**31.7**	**-15,005**	**0.3**
Total Erste Group	**16,512**	**38.42**								

Valuation Summary

(EUR m)	Weight	Value
Cost of equity (12M)		6.8%
DDM	50%	17,179
Economic Profits	50%	15,845
Fair Value Avg.		16,512
Fair Value Per Share (EUR)		38.42
Cost of equity (9M)		5.1%
9M Target Price (EUR)		**40.38**

mBank Dom Maklerski

RBI

accumulate (no change)

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We leave our recommendation and target price for RBI unchanged. Raiffeisen Bank International is an Austrian regional bank with its presence all over emerging Europe and banks in over 15 countries. RBI's strategy includes a mid-term return on equity at 11%, increase in loans at the average one-digit rate, risk cost below 45 bps in 2019 and C/I at about 55% in 2021. The Management Board also plans to pay dividend between 20% and 50% of the net profit, while keeping CET1 at >13%. Both us and the consensus are more skeptical than the Management Board. In the next three years, we expect ROE of approx. 9%, C/I at 59%, but also the risk cost below 40 bps in 2021. RBI is exposed to the highest risk from regional banks due to its CHF loan portfolio in Poland (we estimate the portfolio at PLN 8 billion). We believe that soon-to-be-announced ruling of the CJEU regarding CHF loans may, in extreme case, end with class actions, currency conversion of CHF loans at the rate applicable when the loan was granted, and consequently — with considerable write-downs. Under the worst-case scenario, which anticipates actions also from those clients who have already repaid their loans as well as a one-off recording of the loss, the write-down allocated to RBI would be 5 billion EUR i.e. approx. 1.15 billion EUR, devouring the net result for the entire year. Our valuation of RBI for 2020 is fair P/E 6.6x and P/BV 0.6x i.e. with a discount to peer companies. We believe that this valuation is justified due to definitively lowest profitability among the regional banks and the entire CEE sector, as well as due to the risk associated with the CHF portfolio.

Current Price	19.72 EUR	**Upside**
9M Target Price	23.05 EUR	+16.9%

	rating	target price	issued
unchanged	**accumulate**	**23.05 EUR**	**2019-08-28**

Key Metrics			RBI AV	vs. WIG
Ticker	RBI AV	1M Price Chng	-4.6%	-0.8%
ISIN	AT0000606306	YTD Price Chng	-7.3%	-4.7%
Outst. Stock (m)	328.9	ADTV 1M		EUR 9.2m
MC (EUR m)	6,485.1	ADTV 6M		EUR 10.9m
		P/E 12M fwd	5.7	-35.0%
Free Float	41.2%	P/E 5Y avg	8.8	discount

Earnings Projections

(EUR m)	2017	2018	2019P	2020P	2021P
NII	3,225	3,362	3,420	3,722	3,943
Total income	4,999	5,210	4,831	5,185	5,465
Costs	-2,994	-3,237	-3,067	-3,173	-3,239
Provisioning	-392	-220	-131	-306	-388
Net income	1,116	1,270	1,087	1,147	1,254
P/E	4.9	4.6	6.0	5.7	5.2
P/B	0.6	0.6	0.5	0.5	0.5
ROE	11.3%	11.4%	9.0%	8.9%	9.2%
DPS	0.00	0.80	1.16	0.99	1.05
DYield	0.0%	4.1%	5.9%	5.0%	5.3%

Forecast 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

(EUR m)	2017	2018	2019P	2020P	2021P
Net interest income	3,225	3,362	3,420	3,722	3,943
Fee income	1,718	1,791	1,740	1,789	1,846
Trading income	56	57	-329	-326	-325
Total income	**4,999**	**5,210**	**4,831**	**5,185**	**5,465**
Total costs	-2,994	-3,237	-3,067	-3,173	-3,239
Operating income	**2,004**	**1,973**	**1,765**	**2,012**	**2,225**
Provisioning	-392	-220	-131	-306	-388
Gross income	**1,612**	**1,753**	**1,633**	**1,706**	**1,837**
Income tax	-366	-355	-402	-418	-438
Net income	**1,246**	**1,398**	**1,231**	**1,288**	**1,399**
Minority interests	-130	-128	-144	-141	-145
Net income after minor	**1,116**	**1,270**	**1,087**	**1,147**	**1,254**

Key Balance Sheet Figures

(EUR m)	2017	2018	2019P	2020P	2021P
Net loans	**77,745**	**80,866**	**88,470**	**94,256**	**99,905**
Total assets	**135,146**	**140,115**	**153,937**	**160,824**	**167,664**
Deposits	**84,974**	**87,038**	**94,440**	**100,221**	**106,403**
Total assets	123,905	127,702	140,758	146,773	152,659
Minority interests	660	701	760	811	856
Equity	**10,582**	**11,713**	**12,419**	**13,240**	**14,150**

Key Ratios

(%)	2017	2018	2019P	2020P	2021P
NIM	2.5%	2.5%	2.4%	2.5%	2.5%
C/I	59.9%	62.1%	63.5%	61.2%	59.3%
CoR	0.5%	0.3%	0.2%	0.3%	0.4%

SOTP Valuation

(EUR m)	Fair Value	FVPS (EUR)	Net Income 2019P	Net Income 2020P	Net Income 2021P	P/E 2019P	P/E 2020P	P/E 2021P	BV 2019P	P/B 2019P
CEE	4,479	13.62	451	423	442	9.9	10.6	10.1	12.2	1.1
SEE	3,621	11.01	432	425	415	8.4	8.5	8.7	7.9	1.4
EE	4,422	13.44	703	757	802	6.3	5.8	5.5	7.7	1.7
Corporate Center	3,004	9.13	192	214	226	15.7	14.0	13.3	8.8	1.0
Corporates and Markets	4,212	12.81	304	324	353	13.9	13.0	11.9	11.8	1.1
Reconciliation	-12,650	-38.46	-848	-853	-838	14.9	14.8	15.1	-10.7	3.6
Raiffeisen Group	**7,090**	**21.55**	**1233**	**1290**	**1401**	**5.7**	**5.5**	**5.1**	**37.8**	**0.6**

Valuation Summary

(EUR m)	Weight	Value
DDM	50%	20.80
Economic profit	50%	22.30
Fair value avg.		**21.55**
9M Target Price (EUR)		**23.05**

OTP Bank

buy (no change)

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We leave our target price at the level of HUF 14,681 and the recommendation for OTP Bank unchanged. We preliminarily assess that the takeover of their business in CEE from Societe Generale was a very good move. Newly acquired banks will fuel the group's results, which is important since on the other hand, we expect the economic growth to slow down and, as a consequence, the cost of risk to normalise. Despite the increasing consolidation of businesses, the capital standing of OTP Bank remains solid. As at the end of Q2 2019, OTP Bank reported the CET1 solvency ratio of 15.9% and TCR at 17.4%. OTP does not plan any new major acquisitions, and this makes the Management Board inclined to increase the flow of dividend to shareholders or other forms, such as buyback of own shares. OTP Bank is quoted at 18–13% premium on the ratio of 2020–21 P/BV to the average CEE. We believe that the premium is justified due to the conservative balance sheet (low L/D) and the highest ROE among the banks analysed by us (>17%). The high premium should also be justified by the prospect of high dividends with the DY ratio above 4% in 2021. Although the prospect of results is very promising, the price of OTP's shares remained better than that of peer companies, and thus, we can see a limited growth potential in relation to Austrian banks.

Current Price	12,260.00 HUF	**Upside**
9M Target Price	14,681.00 HUF	+19.7%

	rating	target price	issued
unchanged	**buy**	**14,681.00 HUF**	**2019-08-28**

Key Metrics			OTP HB	vs. WIG
Ticker	OTP HB	1M Price Chng	+1.6%	+5.3%
ISIN	HU0000061726	YTD Price Chng	+10.8%	+13.4%
Outst. Stock (m)	267.0	ADTV 1M		HUF 5.0bn
MC (HUF bn)	3,273.9	ADTV 6M		HUF 5.3bn
		P/E 12M fwd	8.7	-16.7%
Free Float	100.0%	P/E 5Y avg	10.4	discount

Earnings Projections

(HUF bn)	2017	2018	2019P	2020P	2021P
NII	547	600	702	803	843
Total income	809	886	1,054	1,189	1,243
Costs	442	497	560	621	641
Provisioning	46	26	46	102	124
Net income	281	318	388	425	435
P/E	11.6	10.3	8.4	7.7	7.5
P/B	2.0	1.8	1.5	1.3	1.2
ROE	18.4%	18.4%	19.6%	18.4%	16.6%
DPS	199.22	229.63	228.94	237.45	548.51
DYield	1.6%	1.9%	1.9%	1.9%	4.5%

Forecast 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

(HUF bn)	2017	2018	2019P	2020P	2021P
Net interest income	547	600	702	803	843
Fee income	209	221	262	284	293
Other income	53	65	90	102	107
Total income	**809**	**886**	**1,054**	**1,189**	**1,243**
Operating expenses	442	497	560	621	641
Operating income	**367**	**389**	**494**	**568**	**602**
Provisioning	46	26	46	102	124
Pre-tax income	**321**	**363**	**448**	**466**	**478**
Tax	37	37	52	57	59
Net income	**284**	**325**	**396**	**410**	**419**
Asset impairment	-6	-5	0	0	0
Asset tax	-15	-15	-17	-18	-19
Other	15	0	0	1	2
Minority interests	0	0	9	32	32
Net income	**281**	**318**	**388**	**425**	**435**

Key Balance Sheet Figures

(HUF bn)	2017	2018	2019P	2020P	2021P
Net loans	**6,988**	**8,067**	**11,331**	**12,175**	**12,845**
Other assets	6,203	6,524	7,830	8,076	8,199
Total assets	**13,190**	**14,590**	**19,161**	**20,251**	**21,044**
Deposits	**10,219**	**11,285**	**14,303**	**15,288**	**16,090**
Other liabilities	1,328	1,476	2,725	2,478	2,183
Minority interests	3	2	3	3	3
Equity	**1,640**	**1,827**	**2,130**	**2,481**	**2,769**

Key Ratios

(%)	2017	2018	2019P	2020P	2021P
NIM	4.5%	4.3%	4.2%	4.1%	4.1%
C/I	54.6%	56.1%	53.2%	52.2%	51.6%
CoR	0.6%	0.3%	0.4%	0.8%	0.9%
NPL Ratio	9.2%	6.3%	7.1%	6.6%	6.7%
Tier 1 Ratio	12.7%	16.5%	15.5%	16.9%	17.9%

SOTP Valuation

(HUF bn)	Fair Value	FVPS (HUF)	Net Income 2019P	Net Income 2020P	Net Income 2021P	P/E 2019P	P/E 2020P	P/E 2021P	BV 2019	P/B 2019
Hungary + Other	**1,959**	**7,338**	**205.4**	**176.6**	**172.7**	**9.5**	**11.1**	**11.3**	**1,164**	**6.3**
CEE	**1,915**	**7,158**	**203.8**	**233.0**	**246.5**	**9.4**	**8.2**	**7.8**	**6,289**	**1.1**
DSK	710	2,657	67.9	70.1	72.4	10.5	10.1	9.8	2,218	1.2
OBS	22	84	0.7	0.5	0.5	35.0	43.7	46.3	105	0.8
OTP Banka Hrvatska	331	1,241	31.3	29.7	32.7	10.6	11.2	10.1	1,105	1.1
OTP Banka Romania	86	321	5.6	5.1	5.7	15.2	17.0	15.0	333	1.0
OTP Russia	248	916	30.4	35.8	38.3	8.3	7.1	6.6	629	1.5
CJSC OTP Bank	84	313	32.4	32.9	36.1	2.6	2.5	2.3	256	1.2
OTP Banka Serbia	233	872	12.2	30.8	31.7	20.9	8.3	8.0	833	1.1
CKB	35	132	3.2	6.1	6.3	10.9	5.8	5.6	218	0.6
OTP Albania	41	153	3.6	5.2	5.1	11.3	7.9	7.9	99	1.5
OTP Moldova	39	146	4.7	4.8	5.1	8.3	8.1	7.7	107	1.4
OTP Slovenia	86	322	11.6	12.1	12.5	7.4	7.1	6.9	386	0.8
Total Divisions	**3,874**	**14,496**	**409.2**	**409.6**	**419.2**	**9.3**	**9.3**	**9.1**	**7,453**	**2.2**
Asset tax	-204	-763								
Total OTP Group	**3,671**	**13,733**								

Valuation Summary

(HUF bn)	Weight	Value
Cost of equity (12M)		9.2%
DDM	50%	3,967
Economic Profits	50%	3,839
Fair Value Avg.		3,903
Fair Value Per Share (HUF)		14,496
Asset tax (HUF)		-763
Minority interests (HUF)		-121
Fair Value Per Share (HUF)		13,733
Cost of equity (9M)		6.9%
9M Target Price (HUF)		**14,681**

mBank Dom Maklerski

PZU

buy (upgraded)

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Due to the decrease of the share price, we increase our recommendation for PZU to buy, leaving our target price unchanged. The results for the second quarter turned out to be consistent with the consensus and 2% higher than our expectations. H1 results constitute 45% of our annual forecast, but it is too early to assess whether it will be necessary to review our expectations. We expect that in the second half of the year the contribution from banks will be higher, which will clearly support the implementation of the annual forecast. At the performance conference, the Management Board maintained its willingness to increase DPS each year, despite the demanding environment. In our opinion, an increase in compensations may pose a threat to the dividend. In our opinion, it will be difficult to repeat in the following years the very low COR of 2018, especially considering the increasing value of automotive damage and unfavourable weather conditions in 2019. Since the beginning of the year, Poland has been experiencing drought, floods and soaring temperatures which translate into violent storms and tornadoes. We would like to point out that in light of the CJEU ruling, PZU seems to be a relatively safe value among Polish financial companies.

Current Price	36.59 PLN	**Upside**
9M Target Price	43.38 PLN	+18.6%

	rating	target price	issued
new	**buy**	**43.38 PLN**	**2019-09-05**
old	hold	43.38 PLN	2019-07-03

Key Metrics			**PZU PW**	**vs. WIG**
Ticker	PZU PW	1M Price Chng	-4.2%	-0.5%
ISIN	PLPZU0000011	YTD Price Chng	-11.0%	-8.3%
Outst. Stock (m)	863.5	ADTV 1M		PLN 73.5m
MC (PLN m)	31,596.3	ADTV 6M		PLN 67.3m
		P/E 12M fwd	9.5	-21.0%
Free Float	64.8%	P/E 5Y avg	12.1	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	10.9	9.8	9.7	9.2	9.0
P/B	2.2	2.1	2.1	2.1	2.0
ROE	21.1%	21.7%	21.8%	22.5%	22.6%
DPS	1.40	2.70	2.98	3.01	3.18
DYield	3.8%	7.4%	8.1%	8.2%	8.7%

Forecast 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 prems	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, net	-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
Claims 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	16.1%	24.1%	22.7%	21.1%	20.4%

Dividend Discount Model (DDM)

(PLN m)	Value	%
Explicit Forecast (2019-21)	6,724	26%
PV Adjustment	1,123	4%
Value Driver (2022-36)	13,355	51%
Fade (2037-56)	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 (2019-21)	3,308	14%
PV Adjustment	462	2%
Value Driver (2022-36)	7,350	31%
Fade (2037-56)	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)

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We leave our recommendation to buy Kruk unchanged. Stable repayments and the low price of portfolios purchased in Q2 speak in favour of Kruk. It is noteworthy in this respect that the flow of repayments in Romania and Poland is growing and, at the same time, the share of the Italian market is growing in the repayment structure. The Management Board's statements indicate that the profitability of the recently acquired portfolios should be higher than the returns observed in the last two years. We expect that the results in Q2 will be slightly supported by a favourable change in the EURRON exchange rate, and after the first six months of the year, Kruk will execute 58% of our forecast. The level of repayments in the Italian market remains the most important issue at present, especially in July, as according to the Management Board's statements, the repayment curve is soaring this month. We will have to wait until the September performance conference for the first indications concerning repayments in the Italian market in the summer period. We would like to draw your attention to the short position on peer companies (Arrow Global and Hoist Finance) which was growing over the last month. It seems that after a temporary thaw, the bet against debt collection companies is growing again.

Current Price	168.20 PLN	**Upside**
9M Target Price	213.65 PLN	+27.0%

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

Key Metrics			KRU PW	vs. WIG
Ticker	KRU PW	1M Price Chng	-9.8%	-6.0%
ISIN	PLKRK0000010	YTD Price Chng	+10.9%	+13.5%
Outst. Stock (m)	18.9	ADTV 1M		PLN 4.1m
MC (PLN m)	3,176.8	ADTV 6M		PLN 7.5m
		P/E 12M fwd	9.1	-31.2%
Free float	87.0%	P/E 5Y avg	13.3	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Total revenue	1,055	1,165	1,257	1,276	1,294
Purchased debt	972	1,070	1,161	1,177	1,193
Collections	59	67	70	72	73
Total costs	-148	-161	-176	-179	-181
Net income	295	330	336	342	343
P/E	10.7	9.6	9.5	9.3	9.3
P/B	2.2	1.8	1.7	1.5	1.4
ROE	21.9%	20.7%	18.5%	17.2%	15.9%
DPS	5.76	5.00	5.00	8.90	9.06
DYield	3.4%	3.0%	3.0%	5.3%	5.4%

Forecast Update (% change)	2019P	2020P	2021P
Purchased debt portfoliis	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%

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

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	1.2	1.4	1.3	1.1	1.1
Net debt /EBITDA	3.9	4.7	4.4	4.0	4.4
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	5.4	5.1	4.3	3.4	3.9

DDM & EVA Summary

(PLN m)	DDM	EVA
Opening Tangible NAV		1,460
Explicit Forecast (2019-28)	1,496	2,041
Value Driver (2029-48)	2,383	1,034
PV TV	967	
Fair Value as of Apr. 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 Apr. 2019	**3,792**
PV Adjustment	69
Fair Value	**3,861**
Outst. Shares (millions)	18.9
Value Per Share (PLN)	**204.44**

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**

mBank Dom Maklerski

Skarbiec Holding

buy (no change)

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We leave our recommendation to buy unchanged. We expect that in Q2 Skarbiec again will show a solid variable fee, which will compensate for a decrease in the management fee resulting from a further decrease in AuM. Currently, we forecast an increase in the market for the next 5 years at the annual average rate of 6.5%. We believe that the Management Board of SKH definitely abandoned its strategic objective of achieving PLN 8 billion of assets under management at the end of 2020. We expect the AuM of Skarbiec to grow over the next 5 years at the annual average rate of 5.5%, additionally supported by PLN 550 million related to the PPK programme in the financial year 2019/20. At the same time, the accession to the PPK programme will have a negative impact on the dividend in the current year. According to the PPK Act, the funds joining the programme should have equity of at least PLN 25 million. This means that Skarbiec may pay at the maximum approx. PLN 12 million in the form of a dividend. We are conservatively assuming a payout of PLN 10 million (DPS of PLN 1.47, DY of 9%) and then normalisation of the payout up to approx. 100% of the net profit (on average 20% of DY in the next 9 years). We believe that the position on the company is still unclear as regards the shareholder structure, which may indirectly translate into relations with distributors. The achievement of our target price by Skarbiec is still guaranteed by a high DY ratio (>10%), which will not be achievable for other financial companies.

Current Price	16.90 PLN	**Upside**
9M Target Price	28.17 PLN	+66.7%

	rating	target price	issued
unchanged	**buy**	**28.17 PLN**	**2019-06-03**

Key Metrics			SKH PW	vs. WIG
Ticker	SKH PW	1M Price Chng	-5.8%	-2.1%
ISIN	PLSKRBH00014	YTD Price Chng	-19.9%	-17.3%
Outst. Stock (m)	6.8	ADTV 1M		PLN 0.0m
MC (PLN m)	115.3	ADTV 6M		PLN 0.1m
		P/E 12M fwd	5.6	-22.6%
Free Float	25.4%	P/E 5Y avg	7.3	discount

Earnings Projections

(PLN m)	2017	2018P	2019P	2020P	2021P
Revenue	101.5	105.1	92.7	101.9	104.5
Mgmt fees	80.9	78.5	76.9	83.5	83.9
Success fees	15.2	25.6	14.7	17.3	19.5
Costs	-78.1	-76.1	-68.8	-74.3	-78.4
Net income	19.6	24.0	19.9	23.0	21.8
P/E	5.9	4.8	5.8	5.0	5.3
P/B	1.1	1.2	1.1	1.1	1.1
ROE	19.3%	24.2%	19.7%	21.6%	20.3%
DPS	2.62	4.45	1.47	3.22	3.15
DYield	15.5%	26.3%	8.7%	19.1%	18.6%

Forecast 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	78.5	76.9	83.5	83.9
Success fees	15.2	25.6	14.7	17.3	19.5
Other	5.4	1.0	1.0	1.0	1.1
Revenue	**101.5**	**105.1**	**92.7**	**101.9**	**104.5**
Distribution costs	-41.5	-35.8	-34.4	-38.4	-41.1
Payroll	-19.8	-24.4	-17.9	-18.8	-19.7
Other operating costs	-16.8	-15.8	-16.5	-17.1	-17.6
Operating expenses	**-78.1**	**-76.1**	**-68.8**	**-74.3**	**-78.4**
Other	0.9	0.8	0.8	0.8	0.9
Pre-tax income	**24.3**	**29.8**	**24.6**	**28.4**	**26.9**
Tax	-4.7	-5.8	-4.7	-5.4	-5.1
Net income	**19.6**	**24.0**	**19.9**	**23.0**	**21.8**
Retail AUM	4,414	3,462	4,099	4,778	5,231
Dedicated AUM	2,375	339	339	339	339
Total AUM	6,789	3,802	4,439	5,117	5,570

Key Balance Sheet Figures

(PLN m)	2017	2018P	2019P	2020P	2021P
Cash	**50.1**	**34.0**	**36.5**	**36.9**	**37.2**
Other assets	67.4	88.7	95.3	96.2	97.0
Total assets	**117.5**	**122.7**	**131.8**	**133.1**	**134.2**
Borrowing	**0.1**	**1.5**	**1.6**	**1.8**	**1.7**
Other liabilities	15.0	25.1	24.2	24.2	25.2
Minority interests	0.0	0.0	0.0	0.0	0.0
Equity	**102.4**	**96.1**	**106.0**	**107.0**	**107.4**

Relative Valuation Summary

	P/E			Market Cap./AUM		
	18P	19P	20P	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)	110	61%
PV of Dividends (Value Driver)	67	37%
PV of Terminal Value	5	3%
Fair Value as of Jul. 2017	**182**	**100%**
PV Adjustment	10	
Fair Value	**192**	
Dilution (stock options)	-7	
Fair Value	**185**	
Outst. Shares (millions)	6.8	
Fair Value Per Share (PLN)	**27.09**	
9M Target Price (PLN)	**29.33**	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	102	53%
Explicit Forecast (2018-2025)	64	33%
Value Driver - 20 yrs	25	13%
Fair Value as of Jan. 2017	**191**	**100%**
PV Adjustment	19	
Fair Value	**210**	
Dilution (stock options)	-8	
Fair Value	**202**	
Outst. Shares (millions)	6.8	
Fair Value Per Share (PLN)	**29.66**	
9M Target Price (PLN)	**32.11**	

Valuation Summary

(PLN m)	Weight	Value
DDM	33%	185
Economic Profits	33%	202
Relative	33%	151

Per-Share Valuation

(PLN)	Weight	Value
DDM	33%	27.09
Economic Profits	33%	29.66
Relative	33%	22.09
Cost of equity (9M)		8.3%
9M Target Price (PLN)		**28.17**

Chemicals

Ciech

buy (upgraded)

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Most of the downside risks that have weighed on Ciech's performance since March 2019 have materialized, the last of which was the temporary closure in August of the Romanian soda ash unit, Govora. Despite its inactivity, the least efficient of Ciech's assets will continue to generate costs in H2 2019 with quarterly overheads estimated at PLN 19m. With risks now more than priced in, Ciech's future prospects are seen to be improving with the downward shift observed in the prices of thermal and metallurgical coal, at the current rate indicating savings potential of PLN 16m and PLN 42m, respectively, in 2020. Even after adjusting our valuation of Ciech to factor in Govora' closure, potentially forever, we see over-20% upside potential in CIE stock and we upgrade it by two notches from hold to buy after a hike in the target price from PLN 41.72 to 42.03.

Current Price	34.00 PLN	**Upside**
9M Target Price	42.03 PLN	+23.6%

	rating	target price	issued
new	**buy**	**42.03 PLN**	**2019-09-05**
old	hold	41.72 PLN	2019-07-03

Key Metrics			**CIE PW**	**vs. WIG**
Ticker	CIE PW	1M Price Chng	-10.5%	-6.8%
ISIN	PLCIECH00018	YTD Price Chng	-23.3%	-20.6%
Outst. Stock (m)	52.7	ADTV 1M		PLN 1.7m
MC (PLN m)	1,791.8	ADTV 6M		PLN 2.9m
EV (PLN m)	3,386.8	EV/EBITDA 12M fwd	4.8	-21.1%
Free Float	33.0%	EV/EBITDA 5Y avg	6.0	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	3,579	3,673	3,805	3,626	3,792
EBITDA adj.	808	633	648	685	695
EBITDA margin	22.6%	17.2%	17.0%	18.9%	18.3%
EBIT adj.	564	358	357	346	351
Net income adj.	373	166	232	221	225
P/E adj.	4.8	10.8	7.7	8.1	8.0
P/B	0.8	0.9	0.8	0.7	0.7
EV/EBITDA adj.	3.3	5.1	5.2	5.1	4.9
DPS	0.00	7.50	0.00	0.00	2.12
DYield	0.0%	22.1%	0.0%	0.0%	6.2%

Forecast Update (% change)	**2019P**	**2020P**	**2021P**
EBITDA	-6.2%	-5.5%	-2.7%
Net income	-12.5%	-12.3%	-6.3%
Soda price (US $/t)	0.0%	+0.1%	+0.1%
Soda Ciech (PLN/t)	0.0%	+0.1%	+0.1%
Soda vol (1,000t)	0.0%	-12.1%	-18.9%
Thermal Coal price (PLN/t)	0.0%	0.0%	0.0%
Coking Coal price ($/t)	-5.4%	-11.4%	-3.0%
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	506	535	538
EBITDA, Organic Div.	97	76	96	102	109
EBITDA, Silicates	37	34	37	39	39
EBITDA, Other	-5	9	9	9	9
EBITDA/tonne, Soda	306	243	239	301	295
Operating cash flow	**629**	**454**	**474**	**635**	**619**
D&A	244	275	291	339	344
Working capital	-66	-97	-110	13	-12
Investing cash flow	**-389**	**-627**	**-545**	**-678**	**-331**
CAPEX	402	595	545	678	331
Financing cash flow	**-164**	**-125**	**-160**	**39**	**-272**
Dividends/Buyback	0	-395	0	0	-112
FCF	234	-170	-70	-41	291
FCF/EBITDA	28%	-26%	-11%	-6%	42%
OCF/EBITDA	75%	69%	73%	93%	89%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Assets	4,644	4,831	4,996	5,277	5,333
Fixed assets	3,205	3,559	3,813	4,154	4,142
Equity	2,188	1,970	2,203	2,427	2,543
Minority interests	-3	0	0	0	0
Net debt	865	1,464	1,595	1,699	1,582
Net debt/EBITDA (x)	1.0	2.2	2.5	2.5	2.3
Net debt/Equity (x)	0.4	0.7	0.7	0.7	0.6

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	4.3	4.4	3.9	3.8	3.1	3.4
Maximum	26.4	19.8	17.6	13.5	11.8	10.7
Median	13.5	11.9	9.4	7.4	5.7	5.9
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Soda Price ($/t)	235	235	235	235	235	235	235	235	235	235	235
Soda Price (PLN/t)	881.1	893.9	893.9	893.9	893.9	893.9	893.9	893.9	893.9	893.9	893.9
Soda vol (1000t)	2,115	1,775	1,825	1,825	1,825	1,825	1,825	1,825	1,825	1,825	1,826
Revenue	3,805	3,626	3,792	3,845	3,877	3,901	3,917	3,932	3,949	3,966	3,984
EBITDA	648	685	695	703	702	697	686	675	663	652	640
EBITDA margin	17.0%	18.9%	18.3%	18.3%	18.1%	17.9%	17.5%	17.2%	16.8%	16.4%	16.1%
EBIT	357	346	351	370	373	360	341	322	304	287	273
Tax	63	61	62	67	68	66	62	58	55	51	49
CAPEX	-545	-678	-331	-313	-319	-332	-340	-348	-356	-363	-368
Working capital	-110	13	-12	-4	-2	-2	-1	-1	-1	-1	-1
FCF	-70	-41	291	319	312	297	283	267	251	236	223
PV FCF	-69	-38	251	257	235	209	185	164	144	126	
WACC	6.8%	6.7%	6.8%	6.9%	6.9%	6.9%	7.0%	7.0%	7.0%	7.1%	7.1%
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%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
PV FCF	1,464
Net debt	1,464
Other adj.	-201
Value per share (PLN)	40.41

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	38.67
DCF Val.	50%	40.41
Implied Price		39.54
Cost of equity (9M)		6.3%
9M Target Price		**42.03**

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Grupa Azoty

hold (reiterated)

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Azoty's 2019 Q2 results should reflect the decline in prices of natural gas observed in the period, accompanied by slower falls in local market prices of fertilizers. After a strong second quarter, given that fertilizer inventories currently held by distributors are 20% lower than this time last year, and considering the potential hikes in UAN import duties in H2'19, the third-quarter outlook is also robust. With that said, analysts have been prevented from raising their expectations for FY2019 earnings by a series of production stoppages at Azoty facilities. Gas prices have no more room to fall in our view, and they might rebound ahead of the new winter heating season, putting renewed pressure on profit margins. After updating our outlook to reflect a less favorable market conditions in plastics and chemicals, we maintain a hold rating for ATT but we lower our target price from PLN 45.93 to PLN 39.77.

Current Price	39.98 PLN	**Downside**
9M Target Price	39.77 PLN	-0.5%

	rating	target price	issued
new	**hold**	**39.77 PLN**	**2019-09-05**
old	hold	45.93 PLN	2019-08-02

Key Metrics			**ATT PW**	**vs. WIG**
Ticker	ATT PW	1M Price Chng	-4.4%	-0.6%
ISIN	PLZATRM00012	YTD Price Chng	+28.2%	+30.8%
Outst. Stock (m)	99.2	ADTV 1M		PLN 2.0m
MC (PLN m)	3,965.8	ADTV 6M		PLN 3.6m
EV (PLN m)	7,162.7	EV/EBITDA 12M fwd	4.8	-25.4%
Free Float	29.0%	EV/EBITDA 5Y avg	6.4	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	9,617	9,999	12,483	12,284	12,613
EBITDA adj.	1,262	805	1,560	1,047	1,063
EBITDA margin	13.1%	8.1%	12.5%	8.5%	8.4%
EBIT adj.	672	122	810	304	333
Net income adj.	550	43	554	160	162
P/E adj.	7.2	93.0	7.2	24.7	24.5
P/B	0.6	0.6	0.5	0.5	0.5
EV/EBITDA adj.	3.9	8.5	4.6	7.9	9.1
DPS	0.79	1.20	0.00	0.00	0.48
DYield	2.0%	3.0%	0.0%	0.0%	1.2%

Forecast Update (% change)	**2019P**	**2020P**	**2021P**
EBITDA	0.0%	-6.4%	-6.0%
Net income	0.0%	-26.6%	-25.3%
Urea price (PLN/t)	0.0%	0.0%	0.0%
Ammonium Nitrate price (PLN/t)	0.0%	0.0%	0.0%
Natural Gas price (PLN/m3)	0.0%	0.0%	0.0%
Melamine (PLN/t)	0.0%	-0.9%	0.0%
Polyamide 6 (PLN/t)	0.0%	-1.9%	-1.9%
Propylene (PLN/t)	0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
EBITDA, Fertilizers	484	82	889	549	570
EBITDA, Plastics	221	192	183	123	101
EBITDA, Chemicals	348	282	295	207	219
EBITDA, Energy	0.0	0.0	127.0	121.3	124.4
EBITDA, Other	134	208	66	47	48
Operating cash flow	**1,087**	**1,043**	**1,225**	**1,033**	**1,026**
D&A	590	683	751	743	731
Working capital	13	155	-230	9	-14
Investing cash flow	**-709**	**-1,761**	**-1,372**	**-2,040**	**-2,199**
CAPEX	1,063	2,042	1,387	2,040	2,199
Financing cash flow	**39**	**440**	**-118**	**482**	**1,105**
Dividends/Buyback	-78	-119	0	0	-48
FCF	49	-1,158	-189	-1,017	-1,181
FCF/EBITDA	4%	-151%	-12%	-97%	-111%
OCF/EBITDA	92%	136%	79%	99%	97%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Assets	11,738	14,160	14,775	15,497	16,994
Fixed assets	8,070	9,886	10,553	11,855	13,330
Equity	6,856	6,703	7,254	7,414	7,528
Minority interests	588	625	652	659	667
Net debt	367	2,226	2,545	3,670	5,039
Net debt/EBITDA (x)	0.3	2.9	1.6	3.5	4.7
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	9.1	8.7	7.1	6.1	4.8	4.2
Maximum	19.8	16.1	13.9	9.4	8.3	7.6
Median	12.8	10.0	9.6	7.4	6.3	6.0
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)	1,627	1,568	1,607	1,606	1,604	1,603	1,601	1,600	1,599	1,597	1,606
AN price (PLN/t)	1,369	1,324	1,363	1,361	1,360	1,358	1,357	1,356	1,354	1,353	1,360
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	12,483	12,284	12,613	13,506	14,486	14,753	14,974	15,126	15,281	15,370	15,516
EBITDA	1,560	1,047	1,063	1,406	1,547	1,612	1,584	1,576	1,563	1,546	1,562
EBITDA margin	12.5%	8.5%	8.4%	10.4%	10.7%	10.9%	10.6%	10.4%	10.2%	10.1%	10.1%
EBIT	810	304	333	454	595	669	680	701	685	654	670
Tax	133	33	30	35	50	68	74	81	80	75	79
CAPEX	-1,387	-2,040	-2,199	-844	-572	-619	-660	-814	-832	-878	-892
Working capital	-230	9	-14	-39	-43	-12	-10	-7	-7	-4	-6
FCF	-189	-1,017	-1,181	488	882	912	840	675	645	589	585
PV FCF	-183	-925	-1,016	393	662	640	549	411	366	311	
WACC	6.9%	6.5%	6.2%	6.4%	6.6%	6.7%	6.8%	6.8%	6.9%	6.9%	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	7,393
Net debt	2,226
Other adjustments	-625
Value per share (PLN)	45.78

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	29.04
DCF Val.	50%	45.78
Implied Price		37.41
Cost of equity (9M)		6.3%
9M Target Price		**39.77**

Oil & Gas

Lotos

sell (no change)

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On August 26, Lotos signed a trilateral agreement with PKN Orlen and the Polish government regarding its takeover by PKN. The news gave rise to renewed speculation about PKN's potential tender offer, with the market ignoring the fact that the agreement is not binding and subject to change, that the merger is being reviewed by the European Commission over competition concerns, and that the Commission has until the beginning of 2020 to give its verdict. What is more, even though no actual details have been given so far as to the size and timing of the potential tender, it continues to provide an upside catalyst for LTS stock. In August, the upward pressure was additionally reinforced by calculations released by the Company concerning the positive impact of the EFRA capacity ramp-up on future EBITDA, estimated at $2-4/bbl. The expectations of analysts as to 2020-2021 earnings are already high at over PLN 4bn annual LIFO EBITDA. However the incremental increase in model margins after the launch of the new delayed coking unit (DCU) should be adjusted for a decrease in the "old" benchmark (pressure on HSFO not fully offset by higher margins on diesel, combined with possible oversupply on the heels of increased capacity). Moreover, keep in mind that the improvement in refining profits seen this year is owed in a large part to low prices of natural gas. Finally, Lotos says it is working on new capital projects for the future, but since it has not shared specifics the impact of these projects on future cash flows is not being taken into consideration by analysts.

Current Price	85.80 PLN	**Downside**
9M Target Price	72.31 PLN	-15.7%

	rating	target price	issued
unchanged	**sell**	**72.31 PLN**	**2019-08-02**

Key Metrics			LTS PW	vs. WIG
Ticker	LTS PW	1M Price Chng	-0.6%	+3.1%
ISIN	PLLOTOS00025	YTD Price Chng	-3.1%	-0.4%
Outst. Stock (m)	184.9	ADTV 1M		PLN 24.0m
MC (PLN m)	15,862.1	ADTV 6M		PLN 24.4m
EV (PLN m)	18,793.3	EV/EBITDA 12M fwd	4.9	-15.6%
Free Float	46.8%	EV/EBITDA 5Y avg	5.7	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	24,186	30,122	27,325	27,786	29,963
EBITDA	3,073	3,704	2,804	3,169	3,549
EBITDA margin	12.7%	12.3%	10.3%	11.4%	11.8%
EBIT	2,229	2,981	1,921	2,176	2,469
Net income	1,672	1,587	1,215	1,317	1,444
P/E	9.5	10.0	13.1	12.0	11.0
P/B	1.5	1.3	1.2	1.2	1.1
EV/EBITDA	6.0	4.8	6.7	5.6	4.9
DPS	1.00	1.00	3.00	1.97	2.14
DYield	1.2%	1.2%	3.5%	2.3%	2.5%

Forecast 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%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
LIFO EBITDA (adj.)	**3,050**	**3,126**	**2,844**	**3,119**	**3,438**
Upstream (US)	863	917	651	956	1,377
Downstream (DS)	2,058	2,022	1,988	1,954	1,848
Retail	139	181	204	210	214
EV/ LIFO EBITDA (adj.)	**6.1**	**5.8**	**6.7**	**5.8**	**5.1**
LIFO effect	171	500	-40	50	111
Other one-offs	-148	78	0	0	0
Financing activity	**219**	**-259**	**-139**	**-142**	**-110**
Crude thrghpt (mmt)	**9.6**	**10.8**	**10.4**	**10.2**	**10.2**
$ LIFO EBITDA/bbl, DS	7.7	7.1	7.0	7.3	6.9
PLN EBITDA/tonne, Retail	119	144	130	132	135
$ EBITDA/boe, US	26.9	34.1	24.5	33.7	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

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	**3,127**	**2,328**	**2,333**	**2,599**	**2,165**
OCF/EBITDA LIFO adj.	103%	74%	82%	83%	63%
CAPEX	**1,439**	**967**	**1,571**	**1,289**	**1,046**
Working capital	4,035	4,816	5,018	5,106	5,579
Equity	10,712	12,035	12,733	13,790	14,798
Net debt	**2,505**	**1,943**	**2,931**	**2,026**	**1,456**
Net debt/EBITDA (x)	0.8	0.5	1.0	0.6	0.4

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	2.9	2.8	2.4	1.9	1.8	1.7
Maximum	26.4	18.3	29.5	11.6	10.7	10.2
Median	10.1	7.5	7.9	5.0	4.5	4.4
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis (ex. Upstream)

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Brent	65.0	70.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0
Margin+Urals/Brent	6.1	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	26,139	26,241	27,814	27,565	27,565	27,565	27,565	27,565	27,624	27,678	27,678
EBITDA	2,152	2,213	2,172	2,057	2,052	2,048	2,043	2,038	2,033	2,024	2,024
EBITDA margin	8.2%	8.4%	7.8%	7.5%	7.4%	7.4%	7.4%	7.4%	7.4%	7.3%	7.3%
EBIT	1,485	1,449	1,388	1,233	1,270	1,240	1,221	1,203	1,184	1,160	1,307
Tax	282	275	264	234	241	236	232	229	225	220	248
CAPEX	-686	-679	-717	-717	-717	-717	-717	-717	-717	-717	-717
Working capital	-202	-89	-473	-2	30	23	46	11	5	3	3
FCF	982	1,170	719	1,104	1,124	1,118	1,140	1,103	1,096	1,089	1,061
PV FCF	952	1,047	598	851	803	739	698	625	575	529	
WACC	7.9%	8.2%	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%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	1.0%
PV FCF	14,761
Net debt	3,034
Petrobaltic	1,839
Value per share (PLN)	73.38

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	62.66
DCF Val.	50%	73.38
Implied Price		68.02
Cost of equity (9M)		6.3%
9M Target Price		**72.31**

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MOL

accumulate (no change)

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MOL is still trading at a discount to Polish refiners even though it has delivered strong quarterly results this year, confirming their limited negative exposure to shifts in spot gas markets (owed to price regulation in Croatia and Hungary). The outlook for Q3 2019 is even better thanks to increased production as installations come back from maintenance, coupled with high sales margins registered by fuel stations across Europe. The forint's weakening against other currencies might provide an extra catalyst in the quarters ahead. We maintain an accumulate rating for MOL, offering a much more attractive EV/EBITDA LIFO ratio than its Polish peers, as well as generating more steady FCF owing to a balanced capital investment program. The risk of downward revisions to 2020-2021 analysts' expectations is also lower in case of MOL than it is in case of Lotos and PKN Orlen.

Current Price	2,880 HUF	**Upside**
9M Target Price	3,258 HUF	+13.1%

	rating	target price	issued
unchanged	**accumulate**	**3,258 HUF**	**2019-08-02**

Key Metrics			MOL HB	vs. WIG
Ticker	MOL HB	1M Price Chng	-3.0%	+0.7%
ISIN	HU0000153937	YTD Price Chng	-3.5%	-0.8%
Outst. Stock (m)	750.3	ADTV 1M	HUF 1,713.5m	
MC (HUF m)	2,160,778.9	ADTV 6M	HUF 1,945.6m	
EV (HUF m)	2,895,321.5	EV/EBITDA 12M fwd	4.0	-6.1%
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	4,598	4,883	5,169
EBITDA	673	764	668	709	755
EBITDA margin	16.3%	14.8%	14.5%	14.5%	14.6%
EBIT	354	353	290	315	362
Net income	307	301	207	236	272
P/E	7.0	7.2	10.4	9.2	7.9
P/B	1.2	1.1	1.0	1.0	0.9
EV/EBITDA	4.3	3.7	4.3	4.1	3.7
DPS	78.13	127.50	142.44	150.17	157.67
DYield	2.7%	4.4%	4.9%	5.2%	5.5%

Forecast 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**	**672**	**706**	**752**
Upstream (US)	235	344	299	343	357
Downstream (DS)	198	183	155	148	166
Retail	97	115	128	127	133
Petchem	127	87	85	83	94
Gas Midtsream	61	50	56	57	57
General expenses	-45	-51	-52	-52	-54
EV/LIFO EBITDA (adj.)	**4.3**	**3.8**	**4.3**	**4.1**	**3.7**
LIFO effect	7	19	-4	3	3
Other one-offs	-7	17	0	0	0
Financing activity	**11**	**-22**	**-10**	**-10**	**-9**
$ LIFO EBITDA/bbl, DS	5.3	4.9	4.2	4.0	4.5
EBITDA/boe, US	23.7	34.8	29.0	33.5	36.5
Ref. thrghpt, mmt	**18.5**	**19.1**	**19.1**	**19.1**	**19.1**
Upstr output, mboepd	**107.4**	**110.6**	**114.7**	**114.3**	**109.4**

Key Balance Sheet Figures

(HUF bn)	2017	2018	2019P	2020P	2021P
Operating cash flow	**560**	**596**	**636**	**631**	**663**
OCF/EBITDA LIFO adj.	83%	82%	95%	89%	88%
CAPEX	**286**	**380**	**528**	**490**	**402**
Working capital	248	300	267	284	300
Equity	1,741	1,994	2,080	2,188	2,326
Net debt	**435**	**314**	**412**	**410**	**291**
Net debt/EBITDA (x)	0.6	0.4	0.6	0.6	0.4

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	2.9	2.8	2.4	1.9	1.8	1.7
Maximum	26.4	18.3	29.5	11.6	10.7	10.2
Median	10.3	7.7	7.9	4.9	4.4	4.4
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis (ex. Upstream)

(HUF bn)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Brent	65	70	75	75	75	75	75	75	75	75	75
Margin+Urals/Brent	6.3	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	4,282	4,545	4,826	4,836	4,837	4,838	4,838	4,839	4,840	4,841	4,841
EBITDA	369	366	398	434	438	438	437	437	437	437	437
EBITDA margin	8.6%	8.1%	8.2%	9.0%	9.1%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
EBIT	161	145	170	196	203	202	198	193	188	182	217
Tax	42	37	43	51	52	52	51	50	48	46	41
CAPEX	-404	-367	-280	-241	-220	-220	-220	-220	-220	-220	-220
Working capital	33	-17	-17	0	1	2	1	1	1	1	1
FCF	-44	-55	59	143	167	168	168	169	170	171	176
PV FCF	-42	-49	48	108	117	108	100	93	86	80	
WACC	8.3%	8.3%	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	1,742
Net debt & adjustments	296
Upstream Valuation	594
Value per share (HUF)	2,873

Valuation Summary

(HUF)	Weight	Price
Relative Val.	50%	3,235
DCF Val.	50%	2,873
Implied Price		3,054
Cost of equity (9M)		6.7%
9M Target Price		**3,258**

PGNiG

buy (upgraded)

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PGNiG has underperformed all comparable gas producers by a wide margin over the last few months. Investors seem intent on tying PGN's value to spot gas market prices without any regard to price seasonality, which means the stock should start posting gains very soon. In our view the prospects of the natural gas market cannot be judged just based on current prices, which are largely a result of an unseasonably warm 2018/19 heating season. This upcoming season, prices are expected to go up on higher demand from gas-fired power stations and from China, where gas imports in July increased 7% from the same month in 2018 after rising just 2-3% in May and June. Further, PGNiG's trading business seems to be recovering from a weak first half of the year contrary to the losses anticipated by some analysts. We upgrade PGN to buy after the recent price declines, with an unchanged target price. The stock trades at less than 3.5x 2020E EV/EBITDA on our estimates, an attractive level even if we consider that 60% of annual EBITDA is generated by the E&P segment.

Current Price	4.49 PLN	**Upside**
9M Target Price	6.33 PLN	+40.9%

	rating	target price	issued
new	**buy**	**6.33 PLN**	**2019-09-05**
old	accumulate	6.33 PLN	2019-08-02

Key Metrics			**PGN PW**	**vs. WIG**
Ticker	PGN PW	1M Price Chng	-18.4%	-14.7%
ISIN	PLPGNIG00014	YTD Price Chng	-33.9%	-31.3%
Outst. Stock (m)	5,778.3	ADTV 1M		PLN 29.2m
MC (PLN m)	25,956.2	ADTV 6M		PLN 29.2m
EV (PLN m)	26,050.2	EV/EBITDA 12M fwd	3.7	-26.5%
Free Float	28.1%	EV/EBITDA 5Y avg	5.0	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	35,857	41,234	33,754	37,055	43,313
EBITDA	6,579	7,115	6,172	8,017	9,349
EBITDA margin	18.3%	17.3%	18.3%	21.6%	21.6%
EBIT	3,910	4,395	3,303	4,872	6,022
Net income	2,923	3,212	2,395	3,472	4,186
P/E	8.9	8.1	10.8	7.5	6.2
P/B	0.8	0.7	0.7	0.6	0.6
EV/EBITDA	4.0	3.6	4.2	3.2	2.7
DPS	0.20	0.07	0.11	0.17	0.24
DYield	4.5%	1.6%	2.5%	3.7%	5.4%

Forecast 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.)	**7,261**	**7,511**	**6,377**	**7,919**	**9,289**
EBITDA	6,579	7,115	6,172	8,017	9,349
Mining	3,865	5,019	3,405	4,373	5,562
Trade	-435	-848	73	616	620
Distribution	2,493	2,385	2,035	2,138	2,151
Heat & Power	843	788	894	1,099	1,231
Other	-187	-229	-234	-209	-215
Financing activity	**12**	**107**	**-9**	**0**	**-1**
Crude output, mmt	**1.27**	**1.41**	**1.25**	**1.36**	**1.40**
domestic	0.79	0.82	0.78	0.75	0.73
international	0.48	0.59	0.48	0.61	0.67
NatGas output, bn m3	**4.5**	**4.5**	**4.6**	**4.8**	**5.2**
domestic	3.8	3.8	3.9	3.9	4.0
international	0.7	0.7	0.7	0.9	1.2
Trade mrgn, PLN/MWh	**-2.2**	**-6.6**	**-1.6**	**1.7**	**1.7**

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	**4,816**	**5,814**	**6,391**	**5,823**	**6,353**
OCF/EBITDA	73%	82%	104%	73%	68%
CAPEX	**3,162**	**4,534**	**4,903**	**4,452**	**4,078**
Working capital	5,280	5,358	4,093	4,493	5,252
Equity	33,626	36,634	38,343	40,807	43,554
Net debt	**428**	**-223**	**96**	**-214**	**-1,010**
Net debt/EBITDA (x)	0.1	0.0	0.0	0.0	-0.1

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	3.0	2.8	2.3	2.8	2.4	2.2
Maximum	23.8	16.4	16.3	15.8	12.3	12.7
Median	11.8	10.5	9.6	6.0	5.6	5.4
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Brent	65.0	70.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0
EU NatGas	15.6	19.1	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	33,754	37,055	43,313	43,450	40,775	40,663	39,272	38,380	38,860	39,164	39,164
EBITDA	5,898	7,571	8,907	8,715	8,396	8,990	9,031	9,115	9,284	9,036	9,036
EBITDA margin	17.5%	20.4%	20.6%	20.1%	20.6%	22.1%	23.0%	23.8%	23.9%	23.1%	23.1%
EBIT	3,303	4,872	6,022	5,768	5,394	5,501	5,491	5,481	5,521	5,150	4,555
Tax	899	1,399	1,835	1,703	1,565	1,500	1,530	1,550	1,604	1,460	1,460
CAPEX	-4,903	-4,452	-4,078	-4,746	-4,845	-4,389	-4,398	-4,426	-4,489	-4,481	-4,481
Working capital	1,265	-400	-759	-17	324	14	169	108	-58	-37	-37
FCF	1,362	1,319	2,235	2,249	2,311	3,115	3,272	3,247	3,133	3,059	3,059
PV FCF	1,315	1,169	1,817	1,679	1,584	1,960	1,890	1,722	1,525	1,367	
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	37,196
Net debt	1,493
Other adjustments	833
Value per share (PLN)	6.32

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	33%	6.85
Relative (DYield)	17%	2.90
DCF	50%	6.32
Cost of equity (9M)		6.7%
9M Target Price		**6.33**

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PKN Orlen

hold (no change)

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PKN stock underperformed regional peers in August even as margins on petrochemicals widened and service stations continued to register high profits on fuel sales, giving rise to expectations of a record third-quarter profit in the retail business. Part of the falls might have been due to the preliminary merger deal signed with Lotos, reflecting a shift in the market's view on the transaction, previously seen as a potential source of value and synergies. Going forward, PKN's valuation should grow on a number of positive drivers including high refining margin benchmarks observed this far into the third quarter, combined with strong consumer demand in Poland, reflected high retail fuel margins, low gas prices, and high refinery throughput promised this quarter. The longer-term picture is more cloudy, however, looking at the scale of planned global refinery expansions, and considering that PKN is talking about significantly increasing capital expenditures (with no specifics as regards the potential future projects given so far, we do not factor the higher CAPEX into our outlook at this point) on top of the steep price it is poised to pay for Lotos. With this in mind, we remain neutral on PKN.

Current Price	87.34 PLN	**Upside**
9M Target Price	92.82 PLN	+6.3%

	rating	target price	issued
unchanged	**hold**	**92.82 PLN**	**2019-08-01**

Key Metrics			PKN PW	vs. WIG
Ticker	PKN PW	1M Price Chng	-9.8%	-6.1%
ISIN	PLPKN0000018	YTD Price Chng	-16.5%	-13.9%
Outst. Stock (m)	427.7	ADTV 1M		PLN 68.5m
MC (PLN m)	37,356.1	ADTV 6M		PLN 73.1m
EV (PLN m)	45,081.9	EV/EBITDA 12M fwd	4.5	-18.8%
Free Float	67.6%	EV/EBITDA 5Y avg	5.5	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	95,364	109,706	105,333	106,606	113,874
EBITDA	11,078	9,776	9,077	8,319	8,408
EBITDA margin	11.6%	8.9%	8.6%	7.8%	7.4%
EBIT	8,657	7,103	5,638	4,812	4,869
Net income	6,655	5,463	4,497	3,820	3,747
P/E	5.6	6.8	8.3	9.8	10.0
P/B	1.2	1.0	1.0	0.9	0.9
EV/EBITDA	3.7	4.4	5.0	5.2	5.1
DPS	3.00	3.00	3.50	3.00	3.00
DYield	3.4%	3.4%	4.0%	3.4%	3.4%

Forecast 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**	**9,077**	**8,082**	**7,875**
Downstream(DS)	4,689	3,751	3,189	3,101	3,115
Petchem	3,034	2,069	2,713	2,267	2,111
Retail	2,049	2,781	3,087	2,758	2,714
Upstream	293	302	310	327	360
Electricity	129	190	505	367	325
General expenses	-613	-749	-728	-739	-750
EV/LIFO EBITDA (adj.)	**4.4**	**5.2**	**5.0**	**5.5**	**5.5**
LIFO effect	788	860	-240	238	533
Other one-offs	709	572	240	0	0
Financing activity	**60**	**-104**	**-86**	**-96**	**-242**
$ LIFO EBITDA/bbl, DS	5.1	4.3	3.5	3.6	3.6
PLN EBITDA/tonne, Retail	232	294	316	279	271
Refinery thrghpt (mmt)	**33.2**	**33.4**	**33.4**	**32.5**	**32.5**
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**	**7,574**	**6,954**	**6,551**
OCF/EBITDA LIFO adj.	84%	60%	83%	86%	83%
CAPEX	**4,039**	**4,453**	**4,450**	**4,050**	**3,950**
Working capital	7,489	10,866	11,314	11,784	12,762
Equity	32,197	35,634	38,634	41,171	43,635
Net debt	**761**	**5,599**	**7,714**	**6,189**	**5,114**
Net debt/EBITDA (x)	0.1	0.6	0.8	0.7	0.6

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	0.0	0.0	0.0	0.0	0.0	0.0
Maximum	18.1	16.1	15.3	18.4	17.0	16.8
Median	10.5	7.8	7.9	6.1	5.5	5.3
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Margin+Urals/Brent	5.7	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Petchem margin	374	388	342	342	342	342	342	342	342	342	342.3
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	105,333	106,606	113,874	114,234	114,622	115,087	115,557	116,034	116,517	117,006	117,006
EBITDA	9,077	8,319	8,408	7,909	7,991	8,064	8,144	8,231	8,334	8,432	8,432
EBITDA margin	8.6%	7.8%	7.4%	6.9%	7.0%	7.0%	7.0%	7.1%	7.2%	7.2%	7.2%
EBIT	5,638	4,812	4,869	4,223	4,505	4,586	4,639	4,675	4,714	4,740	4,881
Tax	1,071	914	925	802	856	871	881	888	896	901	927
CAPEX	-4,450	-4,050	-3,950	-3,950	-3,550	-3,550	-3,550	-3,550	-3,550	-3,551	-3,551
Working capital	-448	-469	-978	-53	-199	-68	-69	-70	-71	-72	-72
FCF	3,108	2,886	2,555	3,104	3,385	3,574	3,643	3,723	3,817	3,909	3,598
PV FCF	3,012	2,590	2,121	2,381	2,395	2,341	2,209	2,090	1,984	1,881	
WACC	7.8%	8.0%	8.1%	8.2%	8.4%	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	47,687
Net debt	10,752
Other adjustments	0
Value per share (PLN)	86.36

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	88.26
DCF Val.	50%	86.36
Implied Price		87.31
Cost of equity (9M)		6.3%
9M Target Price		**92.82**

Power Utilities

CEZ

accumulate (no change)

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CEZ stock continues to trade sideways even after the sharp fall in European electricity prices observed in August, showing over-20% discount to EU peers even after the mitigation of risks connected with the nuclear project, and a noticeable recovery in EBITDA after nine years of steady falls. CEZ's effective sales price this year is set to be EUR 5+ higher per MWh than the average for last year, and by 2022 it is poised to rise by another EUR 13, led by market trends and the Company's internal hedging policy. CEZ has plans for capital investment to the tune of about CZK 30bn a year, and this, combined with plans to divest foreign assets and free up cash in a combined amount estimated roughly at CZK 30-40bn, if we add to this the withdrawal from renewable energy projects in Western Europe, indicates substantial dividend potential. CEZ is currently trading at an 8% discount to benchmark EV/EBITDA compared to premiums of 5% at worst during the last three years. Meanwhile, as its profits improve, the Company offers increasingly higher absolute and relative (vs. Stoxx Utilities) dividend yields. We maintain an accumulate rating for CEZ.

Current Price	514.00 CZK	**Upside**
9M Target Price	597.80 CZK	+16.3%

	rating	target price	issued
unchanged	**accumulate**	**597.80 CZK**	**2019-06-25**

Key Metrics			**CEZ CP**	**vs. WIG**
Ticker	CEZ CP	1M Price Chng	-0.8%	+3.0%
ISIN	CZ0005112300	YTD Price Chng	+0.6%	+3.2%
Outst. Stock (m)	538.0	ADTV 1M		CZK 128.6m
MC (CZK bn)	276.5	ADTV 6M		CZK 133.1m
EV (CZK bn)	432.9	EV/EBITDA 12M fwd	7.0	-2.9%
Free Float	30.2%	EV/EBITDA 5Y avg	7.2	discount

Earnings Projections

(CZK m)	**2017**	**2018**	**2019P**	**2020P**	**2021P**
Revenue	205,092	184,486	205,365	223,463	234,528
EBITDA	55,155	49,664	58,629	62,640	63,454
EBITDA margin	26.9%	26.9%	28.5%	28.0%	27.1%
EBIT	25,620	19,759	29,601	33,151	34,076
Net income	18,765	10,327	18,036	20,761	20,614
P/E	14.7	26.8	15.3	13.3	13.4
P/B	1.1	1.2	1.2	1.1	1.1
EV/EBITDA	7.7	8.7	7.4	6.8	6.7
DPS	33.00	32.71	24.00	30.17	34.73
DYield	6.4%	6.4%	4.7%	5.9%	6.8%

Forecast 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**	**58,629**	**62,640**	**63,454**
EBITDA	55,155	49,664	58,629	62,640	63,454
Generation	24,050	19,906	28,151	30,865	31,039
Mining	4,056	3,754	3,931	3,928	3,897
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	2,469	2,620
Financing activity	**-2,867**	**-6,242**	**-7,104**	**-7,255**	**-8,363**
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%

Key Balance Sheet Figures

(CZK m)	**2017**	**2018**	**2019P**	**2020P**	**2021P**
Operating cash flow	**45,812**	**35,351**	**57,352**	**60,853**	**61,904**
OCF/EBITDA	83%	71%	98%	97%	98%
CAPEX	**30,688**	**26,018**	**33,136**	**33,606**	**33,218**
Working capital	54,916	112,247	124,950	135,962	142,694
Equity	250,018	234,721	239,846	244,375	246,304
Net debt	**141,684**	**151,721**	**151,794**	**147,344**	**145,035**
Net debt/EBITDA (x)	2.6	3.1	2.6	2.4	2.3

Relative Valuation Summary

	P/E			**EV/EBITDA**		
	19P	**20P**	**21P**	**19P**	**20P**	**21P**
Minimum	2.5	2.3	2.0	3.2	3.0	2.6
Maximum	27.2	24.8	21.6	15.6	10.5	10.0
Median	14.1	12.2	11.1	7.1	6.8	6.5
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(CZK m)	**19P**	**20P**	**21P**	**22P**	**23P**	**24P**	**25P**	**26P**	**27P**	**28P**	**+**
Power (EUR/MWh)	47.9	50.0	51.8	51.8	51.8	51.8	51.8	51.8	51.8	51.8	51.8
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)	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Revenue	205,365	223,463	234,528	245,413	249,102	249,684	249,536	249,174	250,252	251,339	251,339
EBITDA	62,756	66,871	67,791	71,177	71,588	71,622	72,069	72,467	73,129	73,777	73,777
EBITDA margin	30.6%	29.9%	28.9%	29.0%	28.7%	28.7%	28.9%	29.1%	29.2%	29.4%	29.4%
EBIT	29,601	33,151	34,076	36,823	37,774	37,693	37,786	37,630	37,564	37,345	36,787
Tax	5,624	6,299	6,473	6,994	7,174	7,158	7,174	7,144	7,130	7,087	6,990
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	-222	-192	-118	-116	-39	-6	2	4	-11	-12	-12
FCF	23,774	26,774	27,982	30,568	29,589	28,380	28,520	28,647	28,997	29,372	29,786
PV FCF	23,121	24,615	24,313	25,089	22,935	20,772	19,710	18,691	17,858	17,072	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%

DCF Summary

(CZK m)	
Beta	1.0
FCF perp. growth rate	2.0%
PV FCF	574,846
Net debt	156,717
Other adjustments	-59,772
Value per share (CZK)	666.10

Valuation Summary

(CZK)	**Weight**	**Price**
Relative (Earnings)	33%	368.97
Relative (DYield)	17%	661.31
DCF	50%	666.10
Cost of equity (9M)		5.6%
9M Target Price		**597.82**

mBank Dom Maklerski

Enea

buy (no change)

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ENA stock outperformed its Polish peers in August, but at the current level its valuation is extremely low relative to the fundamentals and the growth potential seen in the second half of the year (stemming from positive base effects and better generator availability). The performance of Polish utilities in September hinges on their mid-year earnings reports, expected to contain disclosures on refunds received from the government for this year's power price freeze. At the moment the market is pricing losses due to insufficient refunds, so if it turns out that they are enough to allow reversal of the charges recognized in Q4 the sentiment should shift. Enea has less negative exposure to high EUA prices than the rivals PGE and Tauron owing to its relatively low-emission assets, and yet it is trading at a 20% discount to peer EV/EBITDA ratios. After the rebound anticipated in 2019, Enea is also expected to continue growing profits in subsequent years owing to improved power plant productivity and capacity payments. We maintain a buy rating for PGE.

Current Price	8.52 PLN	**Upside**
9M Target Price	12.41 PLN	+45.7%

	rating	target price	issued
unchanged	**buy**	**12.41 PLN**	**2019-06-25**

Key Metrics			ENA PW	vs. WIG
Ticker	ENA PW	1M Price Chng	+3.6%	+7.4%
ISIN	PLENEA000013	YTD Price Chng	-13.9%	-11.3%
Outst. Stock (m)	441.4	ADTV 1M		PLN 1.9m
MC (PLN m)	3,761.1	ADTV 6M		PLN 5.2m
EV (PLN m)	10,577.5	EV/EBITDA 12M fwd	3.2	-32.7%
Free Float	48.5%	EV/EBITDA 5Y avg	4.7	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	11,406	12,673	16,179	18,029	17,210
EBITDA	2,684	2,348	3,307	3,426	3,794
EBITDA margin	23.5%	18.5%	20.4%	19.0%	22.0%
EBIT	1,488	1,037	1,772	1,893	2,248
Net income	1,070	686	1,188	1,283	1,574
P/E	3.5	5.5	3.2	2.9	2.4
P/B	0.3	0.3	0.2	0.2	0.2
EV/EBITDA	3.8	4.4	3.2	3.0	2.7
DPS	0.28	0.00	0.00	0.00	0.29
DYield	3.3%	0.0%	0.0%	0.0%	3.4%

Forecast 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**	**3,307**	**3,426**	**3,794**
EBITDA	2,684	2,348	3,307	3,426	3,794
Generation	735	869	1,394	1,470	1,785
Mining	709	470	705	648	653
Distribution	1,073	1,111	1,136	1,150	1,180
Trade	178	-76	100	184	208
Other	-13	-12	-29	-26	-33
Financing activity	**-21**	**-168**	**-165**	**-192**	**-186**
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**	**20.1**	**20.4**	**20.8**
YoY pct. change	7.3%	14.4%	-2.0%	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%	7.0%	6.7%	6.7%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	**2,580**	**2,435**	**2,773**	**3,509**	**3,422**
OCF/EBITDA	96%	104%	84%	102%	90%
CAPEX	**2,058**	**1,979**	**2,505**	**2,873**	**3,046**
Working capital	698	605	834	428	408
Equity	13,078	14,097	15,245	16,488	17,894
Net debt	**5,523**	**5,566**	**5,751**	**5,347**	**5,326**
Net debt/EBITDA (x)	2.1	2.4	1.7	1.6	1.4

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	2.4	2.2	1.9	3.8	3.5	2.6
Maximum	26.9	24.6	21.5	16.5	10.5	10.0
Median	15.5	13.5	11.9	7.5	7.0	6.9
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	272.7	255.0	254.0	235.0	235.0	235.0	235.0	235.0	235.0	235.0
Coal (PLN/t)	266.0	260.0	260.7	260.7	260.7	260.7	260.7	260.7	260.7	260.7	260.7
CO2 (EUR/t)	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Revenue	16,179	18,029	17,210	17,315	16,780	17,173	17,287	17,409	17,538	17,715	17,715
EBITDA	3,307	3,426	3,794	3,798	3,421	3,539	3,564	3,433	3,469	3,534	3,534
EBITDA margin	20.4%	19.0%	22.0%	21.9%	20.4%	20.6%	20.6%	19.7%	19.8%	20.0%	20.0%
EBIT	1,772	1,893	2,248	2,243	1,832	1,888	1,886	1,722	1,720	1,742	1,076
Tax	337	360	427	426	348	359	358	327	327	331	205
CAPEX	-2,505	-2,873	-3,046	-2,847	-2,404	-2,341	-2,368	-2,412	-2,458	-2,505	-2,458
Working capital	-229	406	19	-3	13	-9	-3	-3	-3	-4	-4
FCF	236	600	340	523	681	829	835	691	682	694	868
PV FCF	228	540	285	407	494	559	524	403	369	349	
WACC	7.1%	7.3%	7.5%	7.5%	7.5%	7.5%	7.6%	7.6%	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%

DCF Summary

(PLN m)	
Beta	1.1
FCF perp. growth rate	2.0%
PV FCF	11,875
Net debt	5,813
Other adjustments	-952
Value per share (PLN)	11.58

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	0%	41.56
Relative (DYield)	0%	2.43
DCF	100%	11.58
Cost of equity (9M)		6.7%
9M Target Price		**12.41**

Energa

buy (no change)

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Energa was the second-worst underperformer in the utilities sector in August after PGE despite offering low sensitivity to high EUA prices thanks to a high share of renewables and RMR generation. The performance of Polish utilities in September hinges on their mid-year earnings reports, expected to contain disclosures on refunds received from the government for this year's power price freeze. Energa is expected to deliver the sector's best 2019 Q2 results, demonstrating sustained improvement in recurring profits from trading and generation, potentially boosted by charge reversals to the tune of PLN 170m depending on the size of the refunds. We currently have a buy call for ENG. Energa is set to generate over 90% of annual EBITDA from distribution and renewables over the next four years, and the two segments account for over 60% of the capital spend planned for the future. Nevertheless ENG stock is trading at a 30% discount to the Regulatory Asset Base not counting renewable power plants which generate about PLN 0.3bn in annual EBITDA. The negative value attributed to coal-based power plants more than exceeds the total spend on the new coal generator in Ostrołęka, confirming that Energa is grossly undervalued.

Current Price	6.68 PLN	**Upside**
9M Target Price	12.67 PLN	+89.8%

	rating	target price	issued
unchanged	**buy**	**12.67 PLN**	**2019-06-25**

Key Metrics			ENG PW	vs. WIG
Ticker	ENG PW	1M Price Chng	-7.8%	-4.1%
ISIN	PLENERG00022	YTD Price Chng	-25.1%	-22.5%
Outst. Stock (m)	414.1	ADTV 1M		PLN 2.2m
MC (PLN m)	2,763.9	ADTV 6M		PLN 4.0m
EV (PLN m)	8,054.0	EV/EBITDA 12M fwd	3.7	-19.7%
Free Float	48.5%	EV/EBITDA 5Y avg	4.6	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	10,534	10,337	11,725	12,678	12,394
EBITDA	2,160	1,877	2,165	2,179	2,211
EBITDA margin	20.5%	18.2%	18.5%	17.2%	17.8%
EBIT	1,210	1,176	1,162	1,122	1,170
Net income	773	739	734	654	660
P/E	3.6	3.7	3.8	4.2	4.2
P/B	0.3	0.3	0.3	0.2	0.2
EV/EBITDA	3.2	3.9	3.7	4.1	4.3
DPS	0.19	0.00	0.00	0.00	0.00
DYield	2.9%	0.0%	0.0%	0.0%	0.0%

Forecast 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**	**2,165**	**2,179**	**2,211**
EBITDA	2,160	1,877	2,165	2,179	2,211
Conv. Gener./CHP	229	137	190	124	167
Renewables	169	191	275	320	296
Distribution	1,723	1,704	1,678	1,692	1,685
Trade	85	-85	94	116	137
Other	-46	-70	-71	-73	-74
Financing activity	**-208**	**-223**	**-219**	**-282**	**-322**
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**	**18.8**	**19.1**	**19.4**
YoY pct. change	5.0%	-4.1%	-5.0%	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%	6.4%	6.2%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	**2,182**	**1,859**	**1,757**	**1,857**	**2,066**
OCF/EBITDA	101%	99%	81%	85%	93%
CAPEX	**1,280**	**1,638**	**2,009**	**2,367**	**2,320**
Working capital	1,403	1,499	1,700	1,838	1,797
Equity	9,409	10,295	10,979	11,583	12,192
Net debt	**4,064**	**4,441**	**5,227**	**6,070**	**6,696**
Net debt/EBITDA (x)	1.9	2.4	2.4	2.8	3.0

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	2.4	2.2	1.9	3.2	3.0	2.6
Maximum	26.9	24.6	21.5	16.5	10.5	10.0
Median	15.5	13.5	11.9	7.5	7.0	6.9
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	272.7	255.0	254.0	235.0	235.0	235.0	235.0	235.0	235.0	235.0
Coal (PLN/t)	266.0	260.0	260.7	260.7	260.7	260.7	260.7	260.7	260.7	260.7	260.7
CO2 (EUR/t)	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Revenue	11,725	12,678	12,394	12,561	12,319	12,400	12,484	12,571	12,658	12,743	12,743
EBITDA	2,165	2,179	2,211	2,250	2,407	2,569	2,609	2,616	2,658	2,695	2,695
EBITDA margin	18.5%	17.2%	17.8%	17.9%	19.5%	20.7%	20.9%	20.8%	21.0%	21.2%	21.2%
EBIT	1,162	1,122	1,170	1,185	1,337	1,449	1,472	1,457	1,474	1,524	1,203
Tax	221	213	222	225	254	275	280	277	280	290	229
CAPEX	-2,009	-2,367	-2,320	-2,135	-1,689	-1,509	-1,507	-1,501	-1,492	-1,456	-1,492
Working capital	-201	-138	41	-24	35	-12	-12	-13	-13	-12	-12
FCF	-266	-539	-291	-134	499	773	811	825	873	937	962
PV FCF	-256	-486	-244	-106	366	528	515	488	480	478	
WACC	7.3%	7.2%	7.2%	7.1%	7.2%	7.3%	7.4%	7.5%	7.6%	7.8%	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

(PLN m)	
Beta	1.1
FCF perp. growth rate	2.0%
PV FCF	9,683
Net debt	4,706
Other adjustments	-61
Value per share (PLN)	11.87

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	0%	22.78
Relative (DYield)	0%	0.00
DCF	100%	11.87
Cost of equity (9M)		6.7%
9M Target Price		**12.67**

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PGE

buy (no change)

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PGE was the worst-underperforming Polish utility in August, falling on July generation statistics which showed a drop in output by lignite-fired installations. The market seems to have overlooked the fact that most of that drop was due to negative base effects and planned generator closures, and although the current production forecasts might have to be revised lower the issue should not be weighing on PGE's valuation to the extent that it has. The downward shift recently in EUA prices did not manage to bring back more positive sentiment, and the results for Q2 2019 are not likely to be of help unless the power price freeze refund turns out higher than currently priced by the market. PGE's new approach to accounting for EUA costs should help margins and growth in H2 2019, possibly convincing analysts to start discounting a rebound in profits in 2020-21. The average sales price of electricity next year will be much higher than this year based on the Company's modified hedging policy, while costs of coal fuel will be flat. The new generators being added in the Opole power station will start contributing fully by 2020, potentially adding as much as PLN 1bn to the year's EBITDA plus PLN 0.3bn in additional profits possibly coming from another new generator We maintain a buy rating for PGE.

Current Price	7.74 PLN	**Upside**
9M Target Price	13.26 PLN	+71.4%

	rating	target price	issued
unchanged	**buy**	**13.26 PLN**	**2019-06-25**

Key Metrics			PGE PW	vs. WIG
Ticker	PGE PW	1M Price Chng	-11.1%	-7.3%
ISIN	PLPGER000010	YTD Price Chng	-22.6%	-20.0%
Outst. Stock (m)	1,869.8	ADTV 1M		PLN 13.5m
MC (PLN m)	14,468.4	ADTV 6M		PLN 17.3m
EV (PLN m)	25,224.3	EV/EBITDA 12M fwd	3.4	-26.2%
Free Float	42.6%	EV/EBITDA 5Y avg	4.7	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	23,100	25,946	38,724	44,290	43,162
EBITDA	7,650	6,364	8,168	7,925	9,468
EBITDA margin	33.1%	24.5%	21.1%	17.9%	21.9%
EBIT	3,552	2,471	4,086	3,705	5,174
Net income	2,600	1,498	3,054	2,722	3,926
P/E	5.6	9.7	4.7	5.3	3.7
P/B	0.3	0.3	0.3	0.3	0.3
EV/EBITDA	3.0	3.9	3.1	3.2	2.4
DPS	0.00	0.00	0.00	0.41	0.36
DYield	0.0%	0.0%	0.0%	5.3%	4.7%

Forecast 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.)	**6,481**	**6,701**	**6,999**	**7,925**	**9,468**
EBITDA	7,650	6,364	8,168	7,925	9,468
Generation	4,099	2,938	4,884	4,288	5,693
Renewables	364	463	543	608	679
Distribution	2,333	2,463	2,443	2,438	2,503
Trade	811	263	305	598	599
Other	43	237	-6	-6	-6
Financing activity	**-330**	**-279**	**-300**	**-328**	**-311**
Power output, TWh	**56.8**	**65.9**	**64.7**	**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	7.4	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%	7.2%	7.2%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	**7,934**	**5,102**	**7,705**	**6,560**	**8,691**
OCF/EBITDA	104%	80%	94%	83%	92%
CAPEX	**6,071**	**6,393**	**6,704**	**5,679**	**4,551**
Working capital	3,762	5,290	5,034	5,758	5,611
Equity	45,128	46,727	49,710	51,598	54,772
Net debt	**7,487**	**9,421**	**9,669**	**9,951**	**6,874**
Net debt/EBITDA (x)	1.0	1.5	1.2	1.3	0.7

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	2.4	2.2	1.9	3.2	3.0	2.7
Maximum	26.9	24.6	21.5	16.5	10.5	10.0
Median	15.5	13.5	11.9	7.5	7.0	6.9
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	272.7	255.0	254.0	235.0	235.0	235.0	235.0	235.0	235.0	235.0
Coal (PLN/t)	266.0	260.0	260.7	260.7	260.7	260.7	260.7	260.7	260.7	260.7	260.7
CO2 (EUR/t)	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Revenue	38,724	44,290	43,162	43,356	41,424	41,556	41,724	41,887	42,063	42,445	42,445
EBITDA	8,168	7,925	9,468	9,117	7,664	7,441	7,388	7,295	7,376	7,466	7,466
EBITDA margin	21.1%	17.9%	21.9%	21.0%	18.5%	17.9%	17.7%	17.4%	17.5%	17.6%	17.6%
EBIT	4,086	3,705	5,174	4,645	3,202	2,807	2,567	2,273	2,140	2,004	3,043
Tax	776	704	983	883	608	533	488	432	407	381	578
CAPEX	-6,704	-5,679	-4,551	-4,260	-4,165	-4,225	-4,289	-4,355	-4,423	-4,492	-4,423
Working capital	256	-723	147	-25	251	-17	-22	-21	-23	-50	-50
FCF	944	818	4,081	3,949	3,142	2,665	2,590	2,486	2,523	2,543	2,415
PV FCF	908	728	3,351	2,990	2,193	1,715	1,537	1,360	1,272	1,183	
WACC	8.1%	8.1%	8.4%	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	34,607
Net debt	10,299
Other adjustments	-1,074
Value per share (PLN)	12.43

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	0%	23.13
Relative (DYield)	0%	6.45
DCF	100%	12.43
Cost of equity (9M)		6.7%
9M Target Price		**13.26**

Tauron

buy (no change)

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Tauron stock has consistently underperformed its local sector benchmark this year, with the discount fully justified by large negative exposure to coal prices, the dismal earnings generated by subsidiary coal mines, and a stretched balance sheet. We maintain that, once the power freeze issue gets handled in 2019 Q2 results, Tauron's future prospects look cautiously optimistic, especially if it sells one of its loss-making coal mines as planned. We view the market's fears over future earnings and debt as over-exaggerated, and we believe the weaker Q1 2019 cash flow was a temporary setback created by one-time events. By the end of the year, after working capital cash flow normalizes, we expect the net debt/EBITDA ratio to decrease to 2.5x from the current 2.7x, followed by further reduction to 2.3x in 2021. After it completes the project in Jaworzno, which will be soon, Tauron's average annual CAPEX in 2020-2023 will be almost 20% (or PLN 0.8bn) lower than in the 2016-19 period. Further, we think the Company can capitalize on Poland's shifting energy policy and possibly start closing coal-based generators in favor of renewables.

Current Price	1.52 PLN	**Upside**
9M Target Price	2.52 PLN	+65.4%

	rating	target price	issued
unchanged	**buy**	**2.52 PLN**	**2019-06-25**

Key Metrics			TPE PW	vs. WIG
Ticker	TPE PW	1M Price Chng	-2.4%	+1.4%
ISIN	PLTAURN00011	YTD Price Chng	-30.4%	-27.8%
Outst. Stock (m)	1,752.5	ADTV 1M		PLN 5.7m
MC (PLN m)	2,670.9	ADTV 6M		PLN 9.1m
EV (PLN m)	14,400.5	EV/EBITDA 12M fwd	3.9	-16.4%
Free Float	59.6%	EV/EBITDA 5Y avg	4.7	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	17,425	18,122	20,810	23,219	22,745
EBITDA	3,618	3,375	3,566	3,968	4,235
EBITDA margin	20.8%	18.6%	17.1%	17.1%	18.6%
EBIT	1,879	791	1,671	1,855	2,120
Net income	1,381	205	1,108	1,175	1,383
P/E	1.9	13.0	2.4	2.3	1.9
P/B	0.1	0.1	0.1	0.1	0.1
EV/EBITDA	3.2	3.8	4.0	3.6	3.2
DPS	0.00	0.00	0.00	0.00	0.00
DYield	0.0%	0.0%	0.0%	0.0%	0.0%

Forecast 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.)	**3,581**	**3,359**	**3,566**	**3,968**	**4,235**
EBITDA	3,618	3,375	3,566	3,968	4,235
Generation	537	731	734	1,091	1,267
Mining	-83	-207	-121	-89	-18
Distribution	2,283	2,517	2,499	2,532	2,574
Trade	841	321	452	442	414
Other	40	13	2	-8	-2
Financing activity	**-122**	**-286**	**-303**	**-404**	**-412**
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**	**33.5**	**34.0**	**34.5**
YoY pct. change	9.1%	-1.2%	-3.0%	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**	**17.9**	**18.3**	**18.7**
RAV return (EBIT)	7.4%	8.4%	7.6%	7.2%	7.2%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	**3,559**	**2,057**	**3,185**	**3,584**	**3,932**
OCF/EBITDA	98%	61%	89%	90%	93%
CAPEX	**3,562**	**3,576**	**3,712**	**3,165**	**2,580**
Working capital	489	817	938	1,046	1,025
Equity	18,036	18,296	19,404	20,579	21,963
Net debt	**8,944**	**10,140**	**11,599**	**11,583**	**10,643**
Net debt/EBITDA (x)	2.5	3.0	3.3	2.9	2.5

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	3.2	2.9	2.4	3.2	3.0	2.6
Maximum	27.2	24.8	21.6	15.6	10.5	10.0
Median	15.4	12.5	11.6	7.6	7.0	6.9
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	272.7	255.0	254.0	235.0	235.0	235.0	235.0	235.0	235.0	235.0
Coal (PLN/t)	266.0	260.0	260.7	260.7	260.7	260.7	260.7	260.7	260.7	260.7	260.7
CO2 (EUR/t)	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Revenue	20,810	23,219	22,745	23,078	22,502	22,770	23,056	23,351	23,654	23,964	23,964
EBITDA	3,566	3,968	4,235	4,435	4,196	4,248	4,337	4,336	4,443	4,596	4,596
EBITDA margin	17.1%	17.1%	18.6%	19.2%	18.6%	18.7%	18.8%	18.6%	18.8%	19.2%	19.2%
EBIT	1,671	1,855	2,120	2,260	2,035	2,032	2,057	1,980	2,002	2,067	1,534
Tax	318	352	403	429	387	386	391	376	380	393	291
CAPEX	-3,712	-3,165	-2,580	-2,697	-2,763	-2,836	-2,910	-2,986	-3,061	-3,137	-3,061
Working capital	-121	-109	21	-15	26	-12	-13	-13	-14	-14	-14
FCF	-584	343	1,274	1,294	1,072	1,014	1,023	961	988	1,052	1,229
PV FCF	-568	314	1,094	1,039	803	706	662	576	548	539	
WACC	6.0%	6.1%	6.6%	6.9%	7.2%	7.5%	7.7%	7.9%	8.1%	8.3%	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	15,448
Net debt	10,767
Other adjustments	-534
Value per share (PLN)	2.37

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	0%	9.00
Relative (DYield)	0%	0.00
DCF	100%	2.37
Cost of equity (9M)		6.7%
9M Target Price		**2.52**

mBank Dom Maklerski

TMT

Netia

hold (no change)

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Netia reported the Q2 2019 results slightly above our expectations thanks to a restrictive cost policy. The results have been improving for several quarters now, and some investors count on the potential call for the rest of the block by Cyfrowy Polsat. However, we are skeptical about the call itself (we believe that from the business point of view, it makes more sense for Cyfrowy Polsat to wait with the call for some time). We are also slightly disappointed with the pace of improvement of revenue trends and modernization of the Netia network. We emphasize that the entire generated cash flow will be allocated to the continuation of the plan to modernize the network in the coming years (the Company wants to cover 2.6 million households with the modern network by 2020). We do not expect the dividend payment from Netia in the coming years (after taking over the majority stake in Netia, Cyfrowy Polsat declared a freeze on dividend payments). With this in mind, we do not find Netia a compelling bet, in particular if compared to Orange Polska. Therefore, we uphold our neutral approach.

Current Price	4.51 PLN	**Upside**
9M Target Price	4.70 PLN	+4.2%

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

Key Metrics			NET PW	vs. WIG
Ticker	NET PW	1M Price Chng	-3.0%	+0.7%
ISIN	PLNETIA00014	YTD Price Chng	-9.8%	-7.2%
Outst. Stock (m)	337.0	ADTV 1M		PLN 0.1m
MC (PLN m)	1,520.1	ADTV 6M		PLN 0.1m
EV (PLN m)	1,797.6	EV/EBITDA 12M fwd	5.0	-0.1%
Free Float	33.0%	EV/EBITDA 5Y avg	5.0	discount

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	42.8	23.4	30.3	25.1	21.4
P/B	0.9	0.8	0.8	0.8	0.8
EV/EBITDA	4.7	4.8	5.2	5.2	5.1
DPS	0.20	0.00	0.00	0.00	0.40
DYield	4.4%	0.0%	0.0%	0.0%	8.9%

Forecast 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**	**25,946**	**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**	**2,471**	**74**	**90**	**106**
margin	5.0%	6.2%	5.5%	6.7%	7.7%
Net income	**35.5**	**1498.0**	**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		
	19P	20P	21P	19P	20P	21P
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%	7.4%	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 (upgraded)

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We maintain a positive approach to Orange Polska but we upgrade the recommendation to buy from accumulate due to 23% upside potential (after the recent declines in telecom stocks). After relatively poor results for Q2 2019, the company again has a chance to increase its results from Q3 2019. We assume that throughout the entire H2 2019, the EBITDaL result will be 5.4% higher Y/Y, despite high sales of real property assets in the same period of the previous year. This will result from stabilization of the direct margin and further reductions of indirect costs. Additionally, at the conference after Q2 2019, the company announced further sales of receivables, which will have a positive impact on the balance sheet (including the sale of real estate). In recent, Orange Polska also announced the sale of its office complex at the corner of Św. Barbary and Nowogrodzka streets in Warsaw, for which it will receive as much as EUR 81 million. We emphasize that the company still has real estate for sale at a significant price.

Current Price	6.12 PLN	**Upside**
9M Target Price	7.50 PLN	+22.5%

	rating	target price	issued
new	**buy**	**7.50 PLN**	**2019-09-05**
old	accumulate	7.50 PLN	2019-08-02

Key Metrics			**OPL PW**	**vs. WIG**
Ticker	OPL PW	1M Price Chng	-8.0%	-4.2%
ISIN	PLTLKPL00017	YTD Price Chng	+27.8%	+30.4%
Outst. Stock (m)	1,312.0	ADTV 1M		PLN 9.8m
MC (PLN m)	8,029.4	ADTV 6M		PLN 11.7m
EV (PLN m)	15,512.5	EV/EBITDA 12M fwd	5.0	+8.3%
Free Float	49.3%	EV/EBITDA 5Y avg	4.6	premium

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	11,381	11,087	11,260	11,428	11,625
EBITDA adj.	2,807	2,886	3,211	3,310	3,403
EBITDA margin	24.7%	26.0%	28.5%	29.0%	29.3%
EBIT	229	345	598	743	882
Net income	-60	10	203	323	453
P/E	-	802.9	39.6	24.8	17.7
P/B	0.8	0.8	0.8	0.7	0.7
EV/EBITDA	5.2	5.2	4.8	4.7	4.4
DPS	0.00	0.00	0.00	0.00	0.25
DYield	0.0%	0.0%	0.0%	0.0%	4.1%

Forecast 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)	1,306	1,547	1,732	1,936	2,136
Voice lines (1,000)	2,438	2,560	2,698	2,883	3,087
Revenue	**11,381**	**11,087**	**11,260**	**11,428**	**11,625**
Mobile	3,373	2,726	2,559	2,485	2,415
Fixed Line	2,748	2,441	2,203	2,056	1,982
Other	5,260	5,920	6,498	6,888	7,228
Costs	**-**	**7,980**	**7,976**	**8,029**	**8,122**
Payroll	-	-1,577	-1,476	-1,440	-1,413
External services	-	-6,200	-6,296	-6,381	-6,498
Other rev & exp	-	-203	-204	-207	-211
Real estate sale	-	192	95	75	60
Other	-	-490	-502	-498	-494
EBITDAaL	**-**	**2,809**	**2,876**	**2,977**	**3,069**
margin	-	25.3%	25.5%	26.0%	26.4%
Net income	**-60**	**10**	**203**	**323**	**453**

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	**2,064**	**1,812**	**2,581**	**2,556**	**2,572**
OCF/EBITDAaL	-	65%	90%	86%	84%
CAPEX	**1,933**	**2,282**	**2,134**	**2,613**	**1,804**
Assets	23,486	23,295	24,194	24,470	24,553
Equity	10,521	10,494	10,697	11,020	11,145
Net debt	**6,478**	**6,939**	**7,481**	**7,388**	**6,828**
Net debt/EBITDA (x)	2.3	2.4	2.3	2.2	2.0

Relative Valuation Summary

	EV/EBITDA			DYield - RFR		
	19P	20P	21P	19P	20P	21P
Minimum	12.5	12.0	11.4	9.6%	7.6%	7.5%
Maximum	3.4	3.0	2.7	-12.2%	-8.3%	-6.9%
Median	5.6	5.4	5.3	3.0%	3.4%	3.9%
Weight	33%	33%	33%	0%	0%	100%

DCF Analysis*

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Revenue	11,260	11,428	11,625	11,831	12,041	12,227	12,402	12,560	12,701	12,837	12,837
EBIT + D&A ex. IFRS16	2,930	3,029	3,122	3,217	3,308	3,379	3,433	3,452	3,459	3,459	3,459
EBITDA margin	26.0%	26.5%	26.9%	27.2%	27.5%	27.6%	27.7%	27.5%	27.2%	26.9%	26.9%
D&A	2,332	2,285	2,240	2,195	2,151	2,086	2,024	1,963	1,904	1,847	1,847
EBIT	598	743	882	1,022	1,157	1,292	1,409	1,489	1,555	1,612	1,612
Tax	114	141	168	194	220	246	268	283	295	306	306
NOPLAT	**484**	**602**	**715**	**828**	**937**	**1,047**	**1,141**	**1,206**	**1,259**	**1,306**	**1,306**
CAPEX	-1,858	-2,538	-1,744	-3,237	-1,807	-1,865	-1,876	-1,888	-2,240	-1,925	-1,925
Working capital	146	22	-61	-62	-61	-60	-60	-59	-59	-59	-59
FCF	**1,104**	**372**	**1,150**	**-275**	**1,220**	**1,208**	**1,229**	**1,222**	**865**	**1,170**	**1,170**
PV FCF	1,066	338	980	-221	919	854	815	760	505	641	
WACC	6.4%	6.4%	6.5%	6.3%	6.4%	6.6%	6.6%	6.6%	6.5%	6.5%	6.5%
Net debt / EV	43.9%	43.6%	41.7%	44.7%	42.6%	40.4%	39.1%	39.1%	40.6%	40.8%	40.8%
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	0.0
FCF perp. growth rate	0.0%
PV FCF	16,464
Net debt	6,867
Other adjustments	2
Value per share (PLN)	7.31

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	6.79
DCF Val.	50%	7.31
Implied Price		7.05
Cost of equity (9M)		6.4%
9M Target Price		**7.50**

mBank Dom Maklerski

Play

hold (downgraded)

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Play reported a set of very good results for Q2 2019 and improved forecasts at the EBITDA line for the entire year. Thus, two events assumed by us have occurred (see: Special Commentary of 15 July this year). Moreover, the positive surprise largely results from higher revenue (big contributor: a Y/Y increase in ARPU after four quarters of stagnation), and at the same time, the company generated high margins on the sales of equipment and reduced the expenditure on advertising and marketing. Play's results show an improvement in the mobile market. On the other hand, recently there have been two potentially negative news for Play's investors: (1) Office of Electronic Communications [UKE] announced an auction instead of tender, which in our opinion may increase the expenditure on the 3.6-3.8 GHz bands, and (2) the United States and Poland have signed a declaration on the 5G network security, as a result of which there is a higher probability that Chinese providers, Huawei and ZTE, will be excluded from tenders for RAN 5G equipment (the largest stock of 2–4G devices at Play comes from Huawei, which will cause a greater CAPEX for 5G and a prolonged integration of the new network). At present, we don't have reasons to change our forecasts, both for CAPEX and EBITDA, but the growth potential to our target price is only 2.6%, therefore, we downgrade our recommendation to hold from accumulate.

Current Price	33.34 PLN	**Upside**
9M Target Price	34.20 PLN	+2.6%

	rating	target price	issued
new	**hold**	**34.20 PLN**	**2019-09-05**
old	accumulate	34.20 PLN	2019-08-02

Key Metrics			**PLY PW**	**vs. WIG**
Ticker	PLY PW	1M Price Chng	+5.0%	+8.8%
ISIN	LU1642887738	YTD Price Chng	+72.3%	+74.9%
Outst. Stock (m)	253.7	ADTV 1M		PLN 15.7m
MC (PLN m)	8,458.4	ADTV 6M		PLN 17.2m
EV (PLN m)	14,683.4	EV/EBITDA 12M fwd	6.3	+7.8%
Free Float	49.4%	EV/EBITDA 5Y avg	5.9	premium

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	6,670	6,839	6,977	7,138	7,309
EBITDA	1,904	2,160	2,326	2,447	2,541
EBITDA margin	28.5%	31.6%	33.3%	34.3%	34.8%
EBIT	1,107	1,371	1,515	1,618	1,622
Net income	387	744	872	966	976
P/E	21.8	11.4	9.7	8.8	8.7
P/B	-	-	27.8	9.0	5.5
EV/EBITDA	8.0	7.0	6.3	6.2	5.8
DPS	0.00	2.57	1.45	1.31	1.45
DYield	0.0%	7.7%	4.3%	3.9%	4.3%

Forecast 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
Active subscribers (000s)	12,394	12,653	12,707	12,848	12,989
ARPU (PLN)	32.0	32.3	32.8	33.4	33.9
Revenue	**6,670**	**6,839**	**6,977**	**7,138**	**7,309**
Service revenue	4,878	5,083	5,170	5,301	5,434
Sales of goodsand other	1,792	1,756	1,807	1,837	1,876
Costs	**4,766**	**4,679**	**4,651**	**4,691**	**4,768**
Interconnection	1,729	1,922	1,767	1,747	1,725
Contract costs	429	421	434	445	457
Cost of goods sold	1,410	1,442	1,462	1,491	1,528
Employee benefits	526	255	282	291	300
External services	606	515	579	620	669
Other	65	124	128	96	89
EBITDA (adj.)	**2,298**	**2,159**	**2,356**	**2,477**	**2,571**
margin	34.4%	31.6%	33.8%	34.7%	35.2%
Net income	**387**	**744**	**872**	**966**	**976**

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	**1,389**	**2,037**	**2,028**	**2,118**	**2,217**
OCF/EBITDA adj.	60%	94%	86%	86%	86%
CAPEX	**-650**	**-781**	**-837**	**-1,828**	**-820**
Assets	8,831	8,521	8,667	9,519	9,751
Equity	-213	-201	304	936	1,545
Net debt	**6,710**	**6,653**	**6,225**	**6,798**	**6,301**
Net debt/EBITDA (x)	2.9	3.1	2.6	2.7	2.5

Relative Valuation Summary

	P/E			DYield - RFR		
	19P	20P	21P	19P	20P	21P
Minimum	7.2	5.8	4.7	353.9%	314.9%	287.7%
Maximum	36.1	28.8	21.3	1249.6%	1187.3%	1131.9%
Median	12.9	12.8	11.5	546.9%	535.3%	529.2%
Weight	33%	33%	33%	0%	0%	0%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Revenue	6,977	7,138	7,309	7,457	7,577	7,677	7,763	7,839	7,906	7,968	7,968
EBITDA	2,326	2,447	2,541	2,599	2,662	2,681	2,694	2,700	2,706	2,712	2,712
EBITDA margin	34.0%	35.1%	35.6%	35.6%	35.7%	35.4%	35.1%	34.8%	34.5%	34.3%	34.3%
D&A	810	829	919	942	1,003	1,027	1,037	1,030	1,020	1,010	1,010
EBIT	1,515	1,618	1,622	1,658	1,658	1,654	1,657	1,671	1,686	1,703	1,703
Tax	288	307	308	315	315	314	315	317	320	323	323
NOPLAT	**1,227**	**1,310**	**1,314**	**1,343**	**1,343**	**1,340**	**1,342**	**1,353**	**1,365**	**1,379**	**1,379**
CAPEX	-837	-1,828	-820	-1,709	-1,186	-1,022	-737	-745	-751	-1,429	-728
Work. cap. + other	-270	-262	-268	-277	-267	-261	-258	-255	-253	-252	-252
FCF	**931**	**49**	**1,145**	**299**	**894**	**1,084**	**1,384**	**1,384**	**1,382**	**707**	**1,379**
PV FCF	903	45	959	233	648	729	865	802	742	352	
WACC	7.7%	7.5%	7.6%	7.5%	7.6%	7.6%	7.7%	7.8%	7.9%	7.8%	
Net debt / EV	42.6%	44.8%	42.9%	44.8%	44.4%	43.6%	41.7%	40.0%	38.5%	40.2%	
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	1.3
FCF perp. growth rate	0.0%
PV FCF	14,978
Net debt	6,034
Other adjustments	0
Value per share (PLN)	35.25

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	28.28
DCF Val.	50%	35.25
Implied Price		31.80
Cost of equity (9M)		7.5%
9M Target Price		**34.20**

Agora

buy (no change)

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We expect Agora to present a set of weak results for Q2 2019. We estimate that the key segment of Movies and Books generated a loss on EBITDA in Q2 2019 (without the impact of IFRS16) of PLN 3.7 million (against PLN -2.6 million in the previous year) due to very poor ticket sales in June 2019 and additional costs of food services activities. We also expect a decline in the results in the segments of Radio, Print, Internet and Press, and an increase only in the case of Outdoor. EBITDA net of IFRS16 is estimated at PLN 10.8 million for Q2 2019, which means a significant decrease from PLN 15.5 million, adjusted for the previous year. Therefore, shares in Agora may be under pressure in September 2019. On the other hand, the company is defended by business diversification, attractive valuation, high cash generation and a good balance sheet standing. We would use any price weakness to buy AGO.

Current Price	10.75 PLN	**Upside**
9M Target Price	16.00 PLN	+48.8%

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

Key Metrics			AGO PW	vs. WIG
Ticker	AGO PW	1M Price Chng	-11.2%	-7.4%
ISIN	PLAGORA00067	YTD Price Chng	+13.2%	+15.8%
Outst. Stock (m)	46.6	ADTV 1M		PLN 0.0m
MC (PLN m)	500.7	ADTV 6M		PLN 0.2m
EV (PLN m)	509.0	EV/EBITDA 12M fwd	5.3	-2.5%
Free Float	76.9%	EV/EBITDA 5Y avg	5.5	discount

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	-	98.4	35.7	19.0	11.8
P/B	0.5	0.5	0.5	0.5	0.5
EV/EBITDA	17.5	5.6	4.9	4.5	4.0
DPS	0.00	0.50	0.50	0.50	0.50
DYield	0.0%	4.7%	4.7%	4.7%	4.7%

Forecast 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		
	19P	20P	21P	19P	20P	21P
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**

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Cyfrowy Polsat

reduce (no change)

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Cyfrowy Polsat reported results for Q2 2019 in line with our expectations and market consensus. This does not change the fact that EBITDA, net of IFRS16 and the consolidation of Netia, decreased by 3.5%, which is not impressive if compared to the 13.6% improvement in Play. An improvement in the contractual mobile RGUs is visible, and on the other hand, the second quarter of the decline in the RGU of paid TV is alarming. Looking at the financial indicators of Cyfrowy Polsat (both on DYield'19=3.3% and EV/EBITDA'19 = 7.1x), the stock looks quite expensive. Therefore, we uphold a negative approach, especially as the company's price strengthened in the last months along with the raid on the Polish telecoms which was directly due to price increases in the case of Play and Orange Polska (with Cyfrowy Polsat also responding — the price increases are to be introduced from this autumn). Only the lack of risk related to the declaration of 5G network security signed by the United States and Poland may be the argument supporting the quotations in the nearest future. As a result, there is a higher probability that Chinese providers, Huawei and ZTE, will be excluded from tenders for RAN 5G equipment. Ericsson is the main supplier of equipment for Cyfrowy, which reduces the risk of prolonged integration of the equipment from various suppliers within the framework of the 5G network development. However, it should be borne in mind that the limitation of bidders from China may still result in higher prices of equipment from the Scandinavian companies.

Current Price	28.50 PLN	**Downside**
9M Target Price	24.15 PLN	-15.3%

	rating	target price	issued
unchanged	**reduce**	**24.15 PLN**	**2019-05-31**

Key Metrics			CPS PW	vs. WIG
Ticker	CPS PW	1M Price Chng	-3.7%	+0.0%
ISIN	PLCFRPT00013	YTD Price Chng	+28.9%	+31.5%
Outst. Stock (m)	639.5	ADTV 1M		PLN 14.8m
MC (PLN m)	18,227.0	ADTV 6M		PLN 12.8m
EV (PLN m)	29,858.0	EV/EBITDA 12M fwd	6.9	-1.5%
Free Float	33.5%	EV/EBITDA 5Y avg	7.0	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	9,829	10,686	11,394	11,548	11,759
EBITDA	3,617	3,698	4,179	4,255	4,356
EBITDA margin	36.8%	34.6%	36.7%	36.9%	37.0%
EBIT	1,834	1,727	1,966	2,127	2,317
Net income	981	834	1,224	1,431	1,595
P/E	18.6	21.9	14.9	12.7	11.4
P/B	1.5	1.4	1.3	1.2	1.1
EV/EBITDA	8.0	7.8	7.1	6.9	6.5
DPS	0.32	0.00	0.93	0.93	0.93
DYield	1.1%	0.0%	3.3%	3.3%	3.3%

Forecast 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
RGUs pospaid	**16.52**	**16.91**	**17.32**	**17.44**	**17.51**
incl. Pay TV	4.94	5.10	5.13	5.17	5.20
incl. mobile	6.93	7.35	7.60	7.65	7.66
Sales	**9,829**	**10,686**	**11,394**	**11,548**	**11,759**
YoY		8.7%	6.6%	1.3%	1.8%
EBIT	**1,834**	**1,727**	**1,966**	**2,127**	**2,317**
margin	18.7%	16.2%	17.3%	18.4%	19.7%
EBITDA	**3,617**	**3,698**	**4,179**	**4,255**	**4,356**
margin	36.8%	34.6%	36.7%	36.9%	37.0%
Financial costs, net	-509	-387	-379	-342	-323
Other	10	-34	0	0	0
PBT	**1,335**	**1,306**	**1,587**	**1,785**	**1,994**
Tax	-390	-490	-347	-339	-379
Miniorities	-35	-18	15	15	20
Net income	**981**	**834**	**1,224**	**1,431**	**1,595**

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	**2,941**	**2,915**	**3,134**	**3,329**	**3,453**
OCF/EBITDA	81%	79%	75%	78%	79%
CAPEX	**-739**	**-928**	**-1,380**	**-1,984**	**-1,306**
Assets	27,756	30,697	30,350	28,249	28,712
Equity	12,074	13,227	14,128	14,963	15,963
Net debt	**10,518**	**10,092**	**10,839**	**10,431**	**9,342**
Net debt/EBITDA (x)	2.9	2.7	2.6	2.5	2.1

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	7.0	4.9	3.7	3.3	2.9	2.6
Maximum	73.9	108.8	168.2	30.7	18.1	17.3
Median	6.0	5.8	5.7	13.1	13.0	11.6
Weight	33%	33%	33%	0%	0%	0%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Revenue	11,394	11,548	11,759	11,946	12,132	12,301	12,473	12,649	12,832	13,013	
EBITDA	3,749	3,825	3,926	3,981	4,030	4,061	4,091	4,119	4,145	4,168	
EBITDA margin	32.9%	33.1%	33.4%	33.3%	33.2%	33.0%	32.8%	32.6%	32.3%	32.0%	
D&A	1,783	1,699	1,609	1,523	1,453	1,411	1,382	1,353	1,449	1,458	
EBIT	1,966	2,127	2,317	2,458	2,577	2,650	2,709	2,765	2,696	2,710	
Tax	373	404	440	467	490	504	515	525	512	515	
NOPLAT	**1,592**	**1,723**	**1,877**	**1,991**	**2,087**	**2,147**	**2,195**	**2,240**	**2,184**	**2,195**	
CAPEX	-1,380	-1,984	-1,306	-2,325	-2,670	-1,674	-1,396	-1,983	-1,440	-1,458	
Working capital	-267	-158	-94	-84	-85	-85	-83	-92	-103	-116	
FCF	**1,728**	**1,279**	**2,086**	**1,105**	**785**	**1,799**	**2,097**	**1,518**	**2,090**	**2,080**	**2,080**
PV FCF	1,662	1,152	1,756	870	578	1,239	1,348	912	1,170	1,085	
WACC	6.8%	6.8%	6.9%	7.0%	6.9%	7.0%	7.1%	7.1%	7.2%	7.3%	
Net debt / EV	36.0%	35.0%	32.1%	31.9%	33.1%	31.7%	29.4%	28.9%	26.6%	24.3%	
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	

*Cyfrowy Polsat only (without Netia)

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	0.0%
PV FCF	26,596
Net debt	10,092
Other adjustments	797
Value per share (PLN)	24.56

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	21.70
DCF Val.	50%	24.56
Implied Price		23.13
Cost of equity (9M)		6.4%
9M Target Price		**24.15**

Wirtualna Polska

hold (no change)

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Wirtualna Polska reported results for Q2 2019 in line with the expectations. There are continuous good market conditions in the online advertising market; it is also visible that the e-commerce segment is significantly growing. The Group's sales revenue in Q2 2019 in the online segment increased by 35.3% Y/Y. This segment generated PLN 50.1 million of adjusted EBITDA in accordance with IAS 17, which represents an increase by 16.7% Y/Y. Adjusted EBITDA in accordance with IFRS 16 amounted to PLN 52.2 million. Wirtualna Polska is engaged in negotiations on potential acquisitions, but the president of the company, Jacek Świderski, does not want to declare whether they would be finalised this year. In terms of the situation on the Polish market, Q3 2019 is to be comparable to the first half of the year, and there is no visible slowdown in the advertising market. We uphold our forecasts for 2019. Our target price does not imply significant growth potential, therefore, we maintain neutral approach to the company.

Current Price	62.60 PLN	**Downside**
9M Target Price	61.50 PLN	-1.8%

	rating	target price	issued
unchanged	**hold**	**61.50 PLN**	**2019-07-03**

Key Metrics			WPL PW	vs. WIG
Ticker	WPL PW	1M Price Chng	+1.0%	+4.7%
ISIN	PLWRTPL00027	YTD Price Chng	+20.8%	+23.5%
Outst. Stock (m)	29.8	ADTV 1M		PLN 0.4m
MC (PLN m)	1,863.9	ADTV 6M		PLN 0.8m
EV (PLN m)	2,043.1	EV/EBITDA 12M fwd	9.8	-3.7%
Free Float	53.0%	EV/EBITDA 5Y avg	10.2	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	41.2	24.5	19.6	16.7	15.3
P/B	4.4	4.0	3.6	3.2	2.9
EV/EBITDA	15.8	13.4	10.4	9.2	8.3
DPS	1.10	0.96	1.00	1.66	1.95
DYield	1.8%	1.5%	1.6%	2.7%	3.1%

Forecast 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		
	19P	20P	21P	19P	20P	21P
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**

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Asseco Poland

hold (no change)

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Since the beginning of the year, the share price of Asseco Poland has increased by >25%. We believe that it may be the reaction to the recent increased interest in the less cyclical dividend companies. However, the investors should be cautioned against excessive optimism about the rest of the year in ACP. The company's results for Q2 2019 were in line with the market's expectations, but significant decreases in results are observed in the parent company and in other companies on the Polish market. Due to lower turnover in banking (no Deutsche Bank) and the standstill in public administration, the results of the parent company should be weak until the end of the year. The key argument supporting Asseco Poland is the high level of dividend. However, the dividend date for 2018 is behind us. ACP is currently trading at P/E'19 = 14.6x, i.e. at a premium to the Polish IT companies and a 5% discount to the western peer companies. The discount to the western companies historically was much higher (approx. 18–21%). We maintain a neutral approach.

Current Price	54.45 PLN	**Downside**
9M Target Price	50.80 PLN	-6.7%

	rating	target price	issued
unchanged	**hold**	**50.80 PLN**	**2019-06-03**

Key Metrics			ACP PW	vs. WIG
Ticker	ACP PW	1M Price Chng	-2.5%	+1.2%
ISIN	PLSOFTB00016	YTD Price Chng	+26.5%	+29.1%
Outst. Stock (m)	83.0	ADTV 1M		PLN 2.3m
MC (PLN m)	4,519.4	ADTV 6M		PLN 3.6m
		P/E 12M fwd	12.4	-2.1%
Free Float	68.0%	P/E 5Y avg	12.7	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	7,829	9,329	9,929	10,288	10,581
EBITDA	922	1,256	1,506	1,546	1,576
EBITDA margin	11.8%	13.5%	15.2%	15.0%	14.9%
EBIT	585	797	847	881	909
Net income	467	333	310	318	322
P/E	9.7	13.6	14.6	14.2	14.0
P/B	0.8	0.8	0.8	0.8	0.7
P/S	0.58	0.48	0.46	0.44	0.43
DPS	3.01	3.01	3.07	2.29	2.27
DYield	5.5%	5.5%	5.6%	4.2%	4.2%

Forecast 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	**7,829**	**9,329**	**9,929**	**10,288**	**10,581**
change	0.0%	19.1%	6.4%	3.6%	2.8%
Poland	1,558	1,614	1,571	1,614	1,653
South-Eastern Europe	571	670	770	820	846
Western Europe	638	705	762	800	816
Central Europe	791	957	1,024	1,055	1,087
Israel	5,161	5,403	5,798	5,995	6,175
Eastern Europe	19	4	4	4	4
EBIT	**585**	**797**	**847**	**881**	**909**
D&A	337	460	659	665	668
EBITDA	**922**	**1,256**	**1,506**	**1,546**	**1,576**
margin	11.8%	13.5%	15.2%	15.0%	14.9%
Associates	-150	-260	-371	-392	-413
Tax	-122	-182	-209	-212	-214
Net income	**467**	**333**	**310**	**318**	**322**

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	**691**	**1,001**	**405**	**1,113**	**1,151**
OCF/EBITDA	75%	80%	27%	72%	73%
CAPEX	**-226**	**-240**	**-298**	**-360**	**-423**
Assets	11,882	12,642	13,610	14,062	14,522
Equity	5,601	5,718	5,773	5,901	6,035
Net debt	**360**	**305**	**600**	**117**	**-333**
Net debt/EBITDA (x)	0.4	0.2	0.4	0.1	-0.2

Relative Valuation Summary

	P/E		
	19P	20P	21P
Minimum	25.1	21.1	0.0
Maximum	7.7	6.9	0.0
Median	15.4	12.8	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	907	827	847	864	881	899	917	935	954	973	973
EBITDA	242	182	176	177	179	180	181	183	186	188	188
NOPLAT	150	117	118	118	119	120	120	121	123	123	123
FCF	**108**	**124**	**106**	**112**	**118**	**115**	**116**	**116**	**117**	**118**	**118**
WACC	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	0.0%
Asseco Business Solutions											
Revenue	258	273	284	293	300	307	314	322	330	337	344
EBITDA	94	101	108	111	114	117	120	123	126	129	132
NOPLAT	61	66	71	73	75	77	79	81	83	85	86
FCF	**48**	**59**	**63**	**66**	**68**	**70**	**71**	**73**	**75**	**77**	**78**
WACC	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	0.0%	0.0%
Asseco South Eastern Europe											
Revenue	637	678	711	737	757	773	785	794	801	806	822
EBITDA	121	129	137	143	148	152	157	161	166	170	173
NOPLAT	61	65	68	70	72	73	74	74	75	75	77
FCF	**31**	**36**	**39**	**45**	**49**	**53**	**58**	**62**	**66**	**70**	**72**
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%	1,280
Asseco CE	10x PE	93%	755
Asseco BS	DCF	22%	959
Asseco SEE	DCF	51%	1,110
Western Europe	10x PE	100%	361
Formula Systems	market	26%	2,689
Other	10x PE	0%	187
Value			**4,009**
Value Per Share (PLN)			48.30

*net debt adj. for paid dividend

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	47.21
SOTP Val.	50%	48.30
Implied Price		47.75
Cost of equity (9M)		6.4%
9M Target Price		**50.80**

Comarch

buy (no change)

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In 2019, Comarch should generate record-breaking turnover of PLN 1.50 billion, which means an increase in the scale of business by nearly 40% over two years. This results from consistent investments in own products, increasing recognition of the Comarch brand abroad and a long list of prestigious customers. Comarch is responsible for market trends, it focuses on subscription sales, development of data centers and cloud solutions. We estimate that the average annual increase in EBITDA in 2018–21 (excluding IFRS16 for comparability reasons) will amount to 9.6%. Apart from the increase in results, we would like to draw your attention to a strong balance sheet. At the end of Q2 2019, Comarch had net cash of PLN 4.0 million, which should be appreciated, especially as in 2018 the company completed the implementation of a large real property investment program (construction of data centers and office buildings), and investments in own products. Meanwhile, the company is valued at EV/EBITDA'19 with a significant discount to the benchmark group. We maintain a positive approach, despite a drop of Y/Y results in Q2 2019 (the main reason for the decrease is the base effect: in Q2 2018, a large part of the extensive contract for the Ministry of Justice was recorded).

Current Price	179.50 PLN	**Upside**
9M Target Price	231.00 PLN	+28.7%

	rating	target price	issued
unchanged	**buy**	**231.00 PLN**	**2019-07-25**

Key Metrics			CMR PW	vs. WIG
Ticker	CMR PW	1M Price Chng	+3.8%	+7.5%
ISIN	PLCOMAR00012	YTD Price Chng	+19.3%	+21.9%
Outst. Stock (m)	8.1	ADTV 1M		PLN 0.2m
MC (PLN m)	1,459.9	ADTV 6M		PLN 0.6m
EV (PLN m)	1,477.5	EV/EBITDA 12M fwd	6.4	-15.0%
Free Float	59.2%	EV/EBITDA 5Y avg	7.6	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	1,102	1,365	1,501	1,606	1,690
EBITDA	99	177	226	241	251
EBITDA margin	9.0%	13.0%	15.0%	15.0%	14.9%
EBIT	34	112	141	154	160
Net income	43	52	94	104	110
P/E	33.9	28.3	15.5	14.0	13.2
P/B	1.7	1.7	1.5	1.4	1.3
EV/EBITDA	15.0	8.6	6.5	5.9	5.5
DPS	1.50	1.50	1.50	1.50	1.50
DYield	0.8%	0.8%	0.8%	0.8%	0.8%

Forecast 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**	**1,501**	**1,606**	**1,690**
TMT	258	313	379	405	425
Finance & Banking	186	204	235	244	254
Retail Solutions	174	201	241	272	294
Manufacturing	142	138	152	164	172
Public Sector	63	194	131	139	145
SME	236	260	297	312	327
Other	43	54	67	69	71
Gross profit	268	387	425	440	461
margin	24.3%	28.3%	28.3%	27.4%	27.3%
Selling expenses	134	138	145	156	164
G&A expenses	98	109	123	131	137
EBIT	**34**	**112**	**141**	**154**	**160**
margin	3.1%	8.2%	9.4%	9.6%	9.5%
Net income	**43**	**52**	**94**	**104**	**110**

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	**61**	**181**	**156**	**179**	**185**
OCF/EBITDA	62%	102%	69%	74%	74%
CAPEX	**-141**	**-87**	**-77**	**-88**	**-115**
Assets	1,503	1,740	1,870	2,005	2,132
Equity	880	876	958	1,050	1,148
Net debt	**19**	**-28**	**-75**	**-134**	**-172**
Net debt/EBITDA (x)	0.2	-0.2	0.0	-0.2	-0.4

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	28.2	25.3	23.3	18.4	17.2	16.0
Maximum	9.2	8.6	8.0	5.6	5.3	5.0
Median	16.7	15.5	14.4	9.4	9.0	8.7
Weight	33%	33%	33%	33%	33%	33%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Revenue	1,501	1,606	1,690	1,764	1,840	1,918	1,992	2,058	2,122	2,187	2,231
EBITDA	226	241	251	260	269	278	286	292	298	303	309
EBITDA margin	15.0%	15.0%	14.9%	14.7%	14.6%	14.5%	14.3%	14.2%	14.0%	13.9%	14.1%
D&A	85	88	91	94	97	101	105	109	113	117	119
EBIT	141	154	160	166	171	177	181	183	185	186	190
Tax	46	48	49	50	51	52	52	52	52	52	53
NOPLAT	**95**	**105**	**112**	**116**	**121**	**125**	**129**	**131**	**133**	**134**	**137**
CAPEX	-77	-88	-115	-112	-94	-87	-91	-93	-96	-99	-101
Working capital	-24	-14	-18	-17	-18	-19	-19	-19	-19	-20	-20
FCF	**78**	**91**	**69**	**81**	**106**	**120**	**124**	**128**	**131**	**132**	**135**
PV FCF	76	81	57	61	74	77	73	70	66	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	1,659
Net debt	46
Other adjustments	18
Value per share (PLN)	196.10

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	238.22
DCF Val.	50%	196.10
Implied Price		217.16
Cost of equity (9M)		6.4%
9M Target Price		**231.00**

mBank Dom Maklerski

11 bit studios

buy (no change)

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The company's results for Q2 2019 were below our expectations and market expectations. The nominal difference in relation to our expectations was low and did not exceed PLN 1 million at the EBITDA level (this was caused by slightly higher than expected SG&A costs). We would like to draw your attention to the continued high sales of the Moonlighter game (the company has posted PLN 8.6 million of costs of third-party services, most of which are royalties paid to the developer of the Moonlighter game). On 27 August 2019, the company issued the Season Pass for Frostpunk at the price of EUR/USD 25 (three add-ons are offered within the product) against EUR/USD 29 of the basic price for Frostpunk at the launch of the game. On 3 September, the Children of Morta game was launched, whose wishlist on the Steam platform amounted to 200 thousand according to the information provided by the company. Potential sales success may be an incentive to increase the company's share price. The launch of Frostpunk for consoles is planned for Q3 2019. Taking into account the much higher number of product launches in H2 2019, we expect significantly better performance of the company in this period than in H1 2019, which may positively support the share price of 11 bit studios.

Current Price	414.00 PLN	**Upside**
9M Target Price	518.00 PLN	+25.1%

	rating	target price	issued
unchanged	**buy**	**518.00 PLN**	**2019-05-20**

Key Metrics			11B PW	vs. WIG
Ticker	11B PW	1M Price Chng	+3.0%	+6.7%
ISIN	PL11BTS00015	YTD Price Chng	+69.7%	+72.3%
Outst. Stock (m)	2.3	ADTV 1M		PLN 2.4m
MC (PLN m)	946.9	ADTV 6M		PLN 3.0m
EV (PLN m)	893.5	EV/EBITDA 12M fwd	23.4	+101.6%
Free Float	81.6%	EV/EBITDA 5Y avg	11.6	premium

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	19	82	80	87	195
EBITDA	9	51	46	36	128
EBITDA margin	48.2%	62.6%	57.6%	41.7%	65.8%
EBIT	8	47	42	29	118
Net income	4	38	34	24	97
P/E	-	25.2	27.8	39.5	9.8
P/B	20.5	10.5	7.6	6.3	3.8
EV/EBITDA	99.4	17.9	19.5	24.1	6.2
DPS	0.00	0.00	0.00	0.00	0.00
DYield	0.0%	0.0%	0.0%	0.0%	0.0%

Forecast Update (% change)	2019P	2020P	2021P
EBITDA	0.0%	0.0%	0.0%
Net income	0.0%	0.0%	0.0%
Frostpunk (S)	0.0%	0.0%	0.0%
Projekt 8 (S)	0.0%	0.0%	0.0%
Publishing (S)	0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
TWOM (S)	17.6	18.3	16.4	16.4	15.6
Frostpunk (S)	0.0	53.8	50.9	44.4	43.7
Project 8 (S)	0.0	0.0	0.0	0.0	90.3
Publishing (S)	1.9	14.8	22.5	47.4	82.6
External services	-5.9	-16.5	-24.3	-40.9	-56.8
OCF/EBITDA	87.3%	75.9%	86.2%	85.3%	69.3%
Operating cash flow	**8.1**	**39.0**	**39.5**	**30.9**	**89.0**
D&A	1.7	4.5	4.2	7.5	10.9
Working capital	2.6	-8.0	0.4	-1.3	-19.2
Investing cash flow	**-10.0**	**-55.6**	**-9.1**	**-10.1**	**-11.1**
CAPEX	-7.4	-26.6	-9.1	-10.1	-11.1
Development exp.	**1.0**	**12.6**	**-1.3**	**-1.3**	**-1.3**
FCF	-1.5	10.1	24.6	13.2	84.1
FCF/EBITDA	-16%	20%	54%	36%	65%
FCF Yield	0%	1%	3%	1%	9%

Balance sheet

(PLN m)	2017	2018	2019P	2020P	2021P
Tangible assets	17.2	41.3	46.3	48.9	49.1
Receivables	2.7	14.6	14.1	15.4	34.6
Production in progress	13.1	17.1	22.1	24.6	24.8
Cash	28.2	24.3	53.4	73.0	149.6
Cash deposit	0.0	27.0	27.0	27.0	27.0
Net debt	-28.2	-24.3	-53.4	-73.0	-149.6
Net debt/EBITDA (x)	-3.0	-0.5	-1.2	-2.0	-1.2

Relative Valuation Summary

	P/E 12M fwd 4Y avg	EV/EBIT 12M fwd 4Y avg
Minimum	15.1	6.0
Maximum	26.0	17.8
Median	19.2	12.2
Weight	50%	50%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
TWOW (k copies)	420	420	399	379	360	0	0	0	0	0	0
Frostpunk (k copies)		1,000	950	903	677	508	381	247	247	247	0
Next games (k copies)		0	1,359	1,200	2,695	2,460	2,403	3,710	3,252	2,802	0
Revenue	80	87	195	197	262	223	196	257	248	209	-
EBITDA	46	36	128	119	178	136	106	166	158	118	-
EBITDA margin	57.6%	41.7%	65.8%	60.6%	68.0%	60.8%	54.4%	64.8%	63.5%	56.6%	-
EBIT	42	29	118	104	160	121	93	152	143	114	-
Tax	8	5	22	20	30	23	18	29	27	22	-
CAPEX	-9	-10	-11	-12	-14	-15	-16	-18	-20	-22	-
Working capital	-4	-8	-11	-16	-19	-15	-13	-14	-14	-4	-
FCF	25	13	84	72	116	83	59	105	96	70	72
PV FCF	25	12	71	56	83	55	36	60	50	34	
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	1,252
Net debt	-24
Other adjustments	0
Value per share (PLN)	558.10

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	416.50
DCF Val.	50%	558.10
Implied Price		487.30
Cost of equity (9M)		6.4%
9M Target Price		**518.00**

CD Projekt

accumulate (reiterated)

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The Q2 2019 CDR results were significantly above the expectations mainly due to the settlement of additional revenue from services resulting from advance payments for Cyberpunk 2077, paid by business partners. The company does not expect such an event repeating in subsequent quarters. In August, CD Project continued the C2077 marketing campaign at the Gamescom trade fair. The Cyberpunk game remains to take the first place on the Steam Wishlist and approx. 30th position on the Steam Global Top Sellers (Steam TOP) list — data covers the second half of August. After the publication of a 15-minute long gameplay on 30 August, C2077 advanced to 10+ position at Steam TOP. The above-average interest of players indicates a very high sales potential of another large production of CD Project. In view of the above, we increase our sales estimates from 22 million pieces to 24 million pieces in the first year of sales. Moreover, in our estimates we take into account the use of the IP Box tax relief, which reduces the effective tax rate assumed by us from 19% to 6.2% during the forecast period. We slightly increase our sales estimates for another games by CDR. In 2020, we take into account the issue of 6 million shares due to the implementation of the incentive plan for 2016–19. In 2019, the company's results may be additionally supported by the launch of the "Witcher 3" title for Nintendo Switch consoles and the "Gwent" title for iOS. Taking into account the above factors and the increase in the company's price since the issue of the last monthly review, we raise our target price for CDR to PLN 272.59 with an unchanged accumulate rating.

Current Price	251.30 PLN	**Upside**
9M Target Price	272.50 PLN	+8.4%

	rating	target price	issued
new	**accumulate**	**272.50 PLN**	**2019-09-05**
old	accumulate	237.50 PLN	2019-05-09

Key Metrics			**CDR PW**	**vs. WIG**
Ticker	CDR PW	1M Price Chng	+11.4%	+15.2%
ISIN	PLOPTTC00011	YTD Price Chng	+73.8%	+76.5%
Outst. Stock (m)	96.1	ADTV 1M		PLN 75.6m
MC (PLN m)	24,155.0	ADTV 6M		PLN 63.4m
EV (PLN m)	23,653.0	EV/EBITDA 12M fwd	13.0	-44.0%
Free Float	65.3%	EV/EBITDA 5Y avg	23.2	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	463	363	376	3,254	2,559
EBITDA	246	117	79	2,471	2,052
EBITDA margin	53.1%	32.3%	20.9%	75.9%	80.2%
EBIT	241	112	72	2,464	2,045
Net income	200	109	65	2,458	2,187
P/E	-	-	-	10.4	11.7
P/B	27.1	24.1	24.4	7.7	4.9
EV/EBITDA	94.7	200.5	300.9	9.2	10.2
DPS	1.06	0.00	1.05	0.00	0.00
DYield	0.4%	0.0%	0.4%	0.0%	0.0%

Forecast Update (% change)	**2019P**	**2020P**	**2021P**
EBITDA	+78.7%	+5.2%	-5.6%
Net income	+67.9%	+25.2%	+14.5%
Sales of The Witcher 3	-	-	-
Sales of Gwent: The Card Game	0.0%	0.0%	0.0%
Sales of Cyberpunk 2077	-	+2.9%	-4.3%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Sales, Video Games	330	228	227	3,095	2,406
EBIT, VG	223	114	75	2,465	2,047
EBIT margin, VG	67.4%	49.8%	33.0%	79.6%	85.1%
Sales, GOG.com	169.6	144.3	154.5	158.3	152.8
EBIT, GOG.com	18.4	-1.1	-2.9	-0.7	-2.4
EBIT margin, GOG	10.8%	-0.8%	-1.9%	-0.5%	-1.6%
Operating cash flow	**232**	**133**	**89**	**2,540**	**2,039**
D&A	5	5	7	7	7
Working capital	34	46	-49	-121	29
Investing cash flow	**-291**	**-106**	**-616**	**-160**	**-173**
CAPEX	-13	-15	-10	-10	-11
Development exp.	**77**	**98**	**129**	**150**	**162**
FCF	144	40	-108	2,386	1,878
FCF/EBITDA	-138%	97%	92%	86%	90%
OCF/EBITDA	114%	103%	99%	100%	96%

Key Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Sales, The Witcher 3	288	174	144	135	95
Sales, Gwent	43	45	45	31	16
Sales, Cyberpunk	0	0	0	2,839	937
	0	0	0	0	0
Development exp.	142	243	363	194	283
Cash	67	104	41	2,425	4,295
Net debt	-647	-659	-496	-2,880	-4,750
Net debt/EBITDA (x)	-2.6	-5.6	-6.3	-1.2	-2.3

Relative Valuation Summary

	P/E 12M fwd 4Y avg	EV/EBIT 12M fwd 4Y avg
Minimum	15.1	5.6
Maximum	19.8	11.8
Median	19.5	9.3
Weight	50%	50%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
W3 (k copies)	1,896	1,687	1,395	1,380	1,165	0	0	0	0	0	0
C2077 (k copies)		24,000	9,977	10,525	8,375	6,300	5,225	3,575	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
Revenue	376	3,254	2,559	1,623	4,031	2,593	4,232	2,550	1,609	1,188	-
EBITDA	79	2,471	2,052	1,163	3,270	1,895	3,299	1,739	934	496	-
EBITDA margin	20.9%	75.9%	80.2%	71.6%	81.1%	73.1%	78.0%	68.2%	58.0%	41.7%	-
EBIT	72	2,464	2,045	1,156	3,263	1,888	3,292	1,732	927	488	-
Tax	12	123	102	58	163	95	165	87	47	25	-
CAPEX	-140	-160	-173	-186	-199	-209	-208	-215	-222	-229	-
Working capital	-49	-121	29	39	-101	60	-69	70	39	18	-
FCF	-108	2,386	1,878	999	2,957	1,753	3,038	1,629	706	261	1,550
PV FCF	-105	2,142	1,554	762	2,078	1,135	1,813	896	358	122	
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	17,462
Net debt	-659
Other adjustments	0
Value per share (PLN)	282.80

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	229.60
DCF Val.	50%	282.80
Implied Price		256.20
Cost of equity (9M)		6.4%
9M Target Price		**272.50**

mBank Dom Maklerski

Industrials, Mining

Cognor

accumulate (upgraded)

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Cognor's shareholders approved the Management Board's recommendation for a 2019 dividend payout in a total amount of PLN 36m, representing per-share dividends of PLN 0.29 and implying dividend yield close to 17%. The date of record has been pushed back to 23 October, with the payout the now scheduled for 17 January 2020. As the WSE's top high-yield dividend stock, COG looks poised for gains throughout September and October. On top of that, Cognor generated 2019 Q2 results well ahead of our expectations owing to a one-time boost of PLN 14m after receiving state compensation for this year's electricity price increases. As a result, we have raised our FY2019 EBITDA estimate for the Company from PLN 109m to PLN 123m, resulting in an upward target price revision from PLN 1.84 to PLN 2.00 per share, and a rating upgrade from hold to accumulate.

Current Price	1.65 PLN	**Upside**
9M Target Price	2.00 PLN	+21.2%

	rating	target price	issued
new	**accumulate**	**2.00 PLN**	**2019-09-05**
old	hold	1.84 PLN	2019-07-25

Key Metrics			**COG PW**	**vs. WIG**
Ticker	COG PW	1M Price Chng	-1.2%	+2.5%
ISIN	PLCNTSL00014	YTD Price Chng	+3.1%	+5.7%
Outst. Stock (m)	175.0	ADTV 1M		PLN 0.1m
MC (PLN m)	288.7	ADTV 6M		PLN 0.2m
EV (PLN m)	519.7	EV/EBITDA 12M fwd	3.9	+15.0%
Free Float	-	EV/EBITDA 5Y avg	3.4	premium

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	1,789	2,082	2,004	1,900	2,086
EBITDA adj.	146	200	122	100	106
EBITDA margin	8.1%	9.6%	6.1%	5.3%	5.1%
EBIT adj.	104	156	76	50	57
Net income adj.	32	94	45	27	35
P/E adj.	9.0	3.1	6.4	10.7	8.2
P/B	0.9	1.4	1.4	1.5	1.7
EV/EBITDA adj.	4.3	2.6	4.2	5.1	4.5
DPS	0.00	0.07	0.21	0.17	0.11
DYield	0.0%	4.1%	12.5%	10.0%	6.5%

Forecast Update (% change)	**2019P**	**2020P**	**2021P**
Revenue	0.0%	0.0%	0.0%
EBITDA	+12.9%	0.0%	0.0%
Net income	+33.4%	0.0%	0.0%
Sales volume	0.0%	0.0%	0.0%
Product prices	0.0%	0.0%	0.0%
Scrap prices	0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Ferrostal volume (k tons)	426	401	393	361	432
HSJ volume (k tons)	231	237	232	253	268
Złomrex volume (k tons)	131	173	176	180	183
Ferrostal spread (PLN/t)	953	1,191	1,147	1,159	1,189
HSJ spread (PLN/t)	1,272	1,723	1,680	1,610	1,598
Operating cash flow	**145**	**232**	**102**	**110**	**92**
D&A	41	44	47	50	49
Working capital	11	44	15	17	-5
Investing cash flow	**-15**	**-38**	**-50**	**-50**	**-35**
CAPEX	16	38	50	50	35
Financing cash flow	**-53**	**-196**	**-9**	**-95**	**-68**
Dividends/Buyback	0	-12	-36	-29	-19
FCF	123	179	77	60	58
FCF/EBITDA	87%	90%	63%	60%	55%
OCF/EBITDA	103%	116%	83%	110%	86%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Assets	951	1,001	1,046	975	990
Fixed assets	398	379	401	393	370
Equity	225	278	290	288	305
Minority interests	225	278	290	288	305
Net debt	325	209	213	199	174
Net debt/EBITDA (x)	2.3	1.0	1.7	2.0	1.6
Net debt/Equity (x)	1.4	0.8	0.7	0.7	0.6

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	4.2	4.3	3.8	2.5	2.3	2.6
Maximum	239.2	25.7	15.6	7.7	7.0	7.3
Median	9.5	9.0	8.2	5.7	5.5	5.0
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Sales volume	625	614	700	749	778	804	820	836	836	836	836
Product prices	2,304.4	2,213.3	2,198.3	2,209.6	2,220.4	2,231.6	2,243.7	2,255.8	2,267.8	2,279.9	2,291.9
Scrap prices	1,088	1,005	990	990	990	990	990	990	990	990	990
Revenue	2,004	1,900	2,086	2,207	2,286	2,358	2,409	2,462	2,478	2,494	2,510
EBITDA	122	100	106	94	90	86	83	81	81	83	85
EBITDA margin	6.1%	5.3%	5.1%	4.3%	3.9%	3.6%	3.5%	3.3%	3.3%	3.3%	3.4%
EBIT	76	50	57	47	43	40	38	35	34	35	37
Tax	10	6	8	6	6	5	5	5	5	5	5
CAPEX	-50	-50	-35	-36	-37	-39	-40	-43	-46	-47	-47
Working capital	15	17	-5	-5	-6	-5	-4	-4	-1	-1	-1
FCF	77	60	58	47	40	36	34	29	29	31	33
PV FCF	76	55	49	37	29	24	21	17	15	15	
WACC	7.6%	7.7%	7.8%	7.9%	7.9%	8.0%	8.0%	8.0%	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%

DCF Summary

(PLN m)	
Beta	1.2
FCF perp. growth rate	2.0%
PV FCF	338
Net debt	209
Other adj.	18
Value per share (PLN)	2.12

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	1.61
DCF Val.	50%	2.12
Implied Price		1.87
Cost of equity (9M)		7.0%
9M Target Price		**2.00**

Famur

buy (no change)

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The inventory of hard coal held by Polish mines is increasing, and as prices of thermal and metallurgical coal fall worldwide this is putting downward pressure on the sales profits of domestic producers. As a result, the earnings of coal mines are probably poised to tighten next year, underpinned by higher costs of labor, possibly prompting cutbacks in capital expenditures from the highest spend in seven years seen in 2019 at PLN 5 billion to a projected PLN 4.4bn (-12% y/y). Reduced mine investment means fewer bookings for the industry's suppliers like Famur, whose revenue next year is expected by us to be 17% lower than this year at a projected PLN 1.8 billion, with EBITDA likely to post a 15% drop to PLN 469m. The impact of lower sales on sales margins should be mitigated by a higher share of aftermarket equipment and lower costs of production thanks to declines in the costs of steel and services, resulting in a higher 2020 EBITDA margin of 26.6% (+0.6 pp). Famur has a dominant position in the Polish market for mining equipment since the takeover of former rival Kopex in 2017, and as such we believe it can successfully navigate a more competitive environment. The Company is expected to generate FCF/EV ratio over 10% in 2020 and 2021, while offering dividend yields upward of 10%. We maintain a buy rating for Famur.

Current Price	3.93 PLN	**Upside**
9M Target Price	5.33 PLN	+35.8%

	rating	target price	issued
unchanged	**buy**	**5.33 PLN**	**2019-08-07**

Key Metrics			FMF PW	vs. WIG
Ticker	FMF PW	1M Price Chng	-10.8%	-7.1%
ISIN	PLFAMUR00012	YTD Price Chng	-19.4%	-16.8%
Outst. Stock (m)	574.8	ADTV 1M		PLN 1.0m
MC (PLN m)	2,255.9	ADTV 6M		PLN 0.9m
EV (PLN m)	2,249.8	EV/EBITDA 12M fwd	4.3	-24.9%
Free Float	52.3%	EV/EBITDA 5Y avg	5.7	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	1,460	2,229	2,125	1,765	1,661
EBITDA	308	491	553	469	394
EBITDA margin	21.1%	22.0%	26.0%	26.6%	23.7%
EBIT	133	300	390	314	248
Net income	49	208	452	249	196
P/E	45.2	10.9	5.0	9.1	11.5
P/B	1.5	1.4	1.4	1.4	1.4
EV/EBITDA	7.8	5.1	4.1	4.7	5.5
DPS	0.00	0.44	0.53	0.39	0.33
DYield	0.0%	11.2%	13.5%	10.0%	8.3%

Forecast Update (% change)	2019P	2020P	2021P
Revenue	0.0%	0.0%	0.0%
EBITDA	0.0%	0.0%	0.0%
Net income	0.0%	0.0%	0.0%
Revenue, Underground	0.0%	0.0%	0.0%
Revenue, Surface	0.0%	0.0%	0.0%
Sales margin, UG	0.0%	0.0%	0.0%
Sales margin, Surface	0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue, Underground	1,019	1,407	1,508	1,319	1,214
Revenue, Surface	292	371	361	346	350
Sales margin, UG	25.0%	30.6%	32.8%	33.3%	30.8%
Sales margin, Surface	8.3%	3.9%	7.1%	6.2%	6.6%
Operating cash flow	**192**	**215**	**466**	**354**	**350**
D&A	175	191	162	155	145
Working capital	-16	-127	-29	-57	2
Investing cash flow	**-231**	**-138**	**109**	**-95**	**-95**
CAPEX	132	141	-109	95	95
Financing cash flow	**287**	**-458**	**-516**	**-332**	**-193**
Change in debt	-88	-213	-200	-100	0
Dividends/Buyback	0	-253	-305	-226	-187
FCF	-91	173	581	259	255
FCF/EBITDA	-30%	35%	105%	55%	65%
OCF/EBITDA	44%	44%	84%	75%	89%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Assets	3,138	2,880	2,671	2,503	2,486
Fixed assets	1,099	1,158	887	826	776
Goodwill	222	222	222	222	222
Equity	1,437	1,625	1,637	1,660	1,669
Minority interests	115	-37	-32	-32	-32
Net debt	80	286	26	0	-62
Net debt/EBITDA (x)	0.3	0.6	0.0	0.0	-0.2

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	8.7	9.3	9.2	5.8	5.9	5.7
Maximum	18.0	16.8	15.9	11.4	10.4	9.8
Median	11.7	11.0	10.5	7.9	7.5	6.8
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	+	+
Revenue	2,125	1,765	1,661	1,727	1,793	1,829	1,866	1,904	1,943	1,982	2,022
YoY % change	-4.7%	-16.9%	-5.9%	4.0%	3.8%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
EBITDA	553	469	394	407	406	405	404	410	420	422	429
EBITDA margin	26.0%	26.6%	23.7%	23.6%	22.6%	22.2%	21.7%	21.5%	21.6%	21.3%	21.2%
D&A	162	155	145	137	129	125	121	123	130	132	135
EBIT	390	314	248	270	277	280	284	287	290	290	293
Tax	52	58	46	50	52	53	54	55	56	56	57
NOPAT	339	255	202	219	225	227	230	232	234	234	237
CAPEX	109	-95	-95	-122	-125	-127	-130	-132	-135	-135	-135
Working capital	-29	-57	2	15	-35	-19	-19	-20	-20	-21	-21
FCF	581	259	255	249	195	206	201	203	209	211	218
PV FCF	565	232	211	190	137	133	120	112	106	99	
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%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
PV FCF	1,904
Net debt	590
Other adjustments	58
Value per share (PLN)	5.03

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	4.99
DCF Val.	50%	5.03
Implied Price		5.01
Cost of equity (9M)		6.3%
9M Target Price		**5.33**

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Grupa Kęty

hold (reiterated)

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Grupa Kety generated 2019 Q2 results in line with market expectations, with EBITDA up 7% on the year, but the Q3 guidance targeting stable profits came as a disappointment to the market. Grupa Kęty is observing a slowdown in the auto industry, combined with increasing costs of production. With focus shifted away from dividends since the ex-date has passed, it is clear that the Company's large debt makes it vulnerable in the event of any setback. After adjusting our outlook for dividends and updated peer valuations, we maintain a hold rating for KTY, but we lower our target price from PLN 345.32 to PLN 327.11 per share.

Current Price	310.00 PLN	**Upside**
9M Target Price	327.11 PLN	+5.5%

	rating	target price	issued
new	**hold**	**327.11 PLN**	**2019-09-05**
old	hold	345.32 PLN	2019-07-03

Key Metrics			**KTY PW**	**vs. WIG**
Ticker	KTY PW	1M Price Chng	-6.1%	-2.3%
ISIN	PLKETY000011	YTD Price Chng	-3.7%	-1.1%
Outst. Stock (m)	9.5	ADTV 1M		PLN 0.8m
MC (PLN m)	2,959.1	ADTV 6M		PLN 0.5m
EV (PLN m)	3,893.9	EV/EBITDA 12M fwd	7.8	-15.9%
Free Float	42.0%	EV/EBITDA 5Y avg	9.3	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	2,643	2,994	2,958	3,150	3,248
EBITDA	421	463	460	486	490
EBITDA margin	15.9%	15.5%	15.5%	15.4%	15.1%
EBIT	301	338	331	351	360
Net income	236	268	246	261	268
P/E	12.4	11.0	12.0	11.3	11.0
P/B	2.2	2.1	2.1	2.0	1.9
EV/EBITDA	8.4	8.1	8.5	8.1	8.0
DPS	30.00	23.94	24.00	20.66	21.85
DYield	9.7%	7.7%	7.7%	6.7%	7.0%

Forecast 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	2018P	2019P	2020P	2021P
EBITDA, Packaging	113	119	112	133	138
EBITDA, Extrusions	150	163	166	167	166
EBITDA, Al Systems	172	190	189	194	195
EBITDA, Other	-13	-8	-8	-8	-8
EBITDA/t of Al	5	5	5	5	5
Operating cash flow	**276**	**293**	**296**	**338**	**389**
D&A	120	126	129	135	130
Working capital	-91	-114	-30	-83	-33
Investing cash flow	**-187**	**-229**	**-200**	**-150**	**-120**
CAPEX	187	229	200	150	120
Financing cash flow	**-85**	**-43**	**-155**	**-206**	**-258**
Dividends/Buyback	-285	-229	-229	-197	-209
FCF	86	72	172	191	274
FCF/EBITDA	20%	15%	37%	39%	56%
OCF/EBITDA	66%	63%	64%	70%	79%

Key Balance Sheet Figures

(PLN m)	2017	2018P	2019P	2020P	2021P
Assets	2,499	2,780	2,892	3,000	3,051
Fixed assets	1,439	1,575	1,722	1,741	1,735
Equity	1,363	1,396	1,414	1,477	1,537
Minority interests	1	1	1	1	1
Net debt	591	774	934	972	940
Net debt/EBITDA (x)	1.4	1.7	2.0	2.0	1.9
Net debt/Equity (x)	0.4	0.6	0.7	0.7	0.6

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	5.1	4.1	3.7	3.4	3.0	2.4
Maximum	42.7	18.4	17.6	603.7	10.5	9.9
Median	13.6	11.7	9.2	7.4	5.6	5.1
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)	99	104	108	111	113	115	117	118	118	118	118
Revenue	2,958	3,150	3,248	3,318	3,356	3,403	3,447	3,459	3,459	3,459	3,459
EBITDA	460	486	490	496	501	506	510	508	505	505	505
EBITDA margin	15.5%	15.4%	15.1%	15.0%	14.9%	14.9%	14.8%	14.7%	14.6%	14.6%	14.6%
EBIT	331	351	360	368	376	379	379	376	370	367	367
Tax	58	61	63	65	66	67	67	67	66	65	66
CAPEX	-200	-150	-120	-122	-125	-127	-130	-132	-135	-138	-138
Working capital	-30	-83	-33	-23	-13	-16	-15	-7	-4	-4	-4
FCF	172	191	274	286	297	296	298	302	300	298	298
PV FCF	169	175	232	225	217	201	187	176	162	148	
WACC	7.6%	7.6%	7.6%	7.6%	7.7%	7.7%	7.7%	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	1,892
Net debt	1,003
Other adjustments	0
Value per share (PLN)	360.04

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	255.34
DCF Val.	50%	360.04
Implied Price		307.69
Cost of equity (9M)		6.3%
9M Target Price		**327.11**

JSW

buy (upgraded)

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JSW experienced a production stoppage in June, at this point fully priced into the market's earnings expectations for the quarter, as is the appointment of the new Management Board, which declared it had no intention of changing the Company's business strategy. There are plans to add two new longwall panels in H2 2019 which will drive coal volumes and the share in these volumes of coking coal. On the downside, prices for seaborne coking coal in August dropped from $200 to $150-155/t, and they are not likely to bounce back soon amid weak sentiment and after a number of 2019 Q2 profit warnings. Nevertheless we consider the recent fall in JSW's share price as an overreaction looking at the Company's substantial net cash position, estimated at PLN 21 per share. After lowering our 2020 and 2021 coking coal price expectations to $155 and $160, respectively, we adjust our target price for JSW from PLN 50.02 to PLN 39.29 per share, and we upgrade the stock from accumulate to buy.

Current Price	26.50 PLN	**Upside**
9M Target Price	39.29 PLN	+48.3%

	rating	target price	issued
new	**buy**	**39.29 PLN**	**2019-09-05**
old	accumulate	50.02 PLN	2019-07-03

Key Metrics			**JSW PW**	**vs. WIG**
Ticker	JSW PW	1M Price Chng	-22.5%	-18.8%
ISIN	PLJSW0000015	YTD Price Chng	-59.6%	-56.9%
Outst. Stock (m)	117.4	ADTV 1M		PLN 13.7m
MC (PLN m)	3,111.4	ADTV 6M		PLN 12.6m
EV (PLN m)	1,113.8	EV/EBITDA 12M fwd	0.5	-83.9%
Free Float	44.8%	EV/EBITDA 5Y avg	3.1	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	8,877	9,810	9,231	8,309	8,685
EBITDA adj.	3,509	3,101	1,940	1,024	1,394
EBITDA margin	39.5%	31.6%	21.0%	12.3%	16.1%
EBIT adj.	2,684	2,335	1,027	-54	194
Net income adj.	2,189	1,802	819	-62	135
P/E adj.	1.4	1.7	3.8	-	23.0
P/B	0.5	0.4	0.4	0.4	0.4
EV/EBITDA adj.	0.5	0.1	0.6	2.1	1.6
DPS	0.00	0.00	1.71	0.00	0.00
DYield	0.0%	0.0%	6.5%	0.0%	0.0%

Forecast Update (% change)	**2019P**	**2020P**	**2021P**
EBITDA (adj.)	-10.9%	-32.0%	+3.2%
Net income (adj.)	-21.7%	-115.5%	-20.6%
Coking Coal price ($/t)	-5.4%	-11.4%	-3.0%
Thermal Coal price (PLN/t)	0.0%	+1.0%	0.0%
Coke price ($/t)	-3.5%	-7.5%	-1.9%
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**	**1,651**	**800**	**1,351**
D&A	825	766	912	1,078	1,201
Working capital	-76	338	-268	-176	65
Investing cash flow	**-2,170**	**-1,582**	**-2,050**	**-1,800**	**-1,450**
CAPEX	737	1,248	2,050	1,800	1,450
Financing cash flow	**-701**	**-755**	**-188**	**7**	**3**
Dividends/Buyback	0	0	-201	0	0
FCF	2,129	1,754	-546	-943	-28
FCF/EBITDA (adj.)	61%	57%	-28%	-92%	-2%
OCF/EBITDA (adj.)	82%	92%	85%	78%	97%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Assets	12,090	13,763	14,068	13,709	13,973
Fixed assets	8,118	8,475	9,626	10,386	10,689
Equity	6,389	8,081	8,574	8,512	8,648
Minority interests	232	364	364	364	364
Net debt	-1,641	-3,286	-2,362	-1,368	-1,272
Net debt/EBITDA (adj.)	-0.5	-1.1	-1.2	-1.3	-0.9
Net debt/Equity (x)	-0.3	-0.4	-0.3	-0.2	-0.1

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	3.2	2.2	2.9	0.9	0.5	0.2
Maximum	22.5	13.4	216.8	10.6	11.0	10.2
Median	6.6	6.8	7.5	3.9	4.2	4.0
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Coking coal ($/t)	175	155	160	160	160	160	160	160	160	160	160
Thrml coal (PLN/t)	268	250	247	247	247	247	247	247	247	247	247
Coke ($/t)	1,031	878	897	897	897	897	897	897	897	897	898
Revenue	9,231	8,309	8,685	8,861	9,022	9,105	9,202	9,309	9,416	9,524	9,582
EBITDA	1,784	1,024	1,394	1,598	1,695	1,730	1,776	1,818	1,857	1,878	1,926
EBITDA margin	19.3%	12.3%	16.1%	18.0%	18.8%	19.0%	19.3%	19.5%	19.7%	19.7%	20.1%
EBIT	872	-54	194	273	198	329	390	412	448	467	526
Tax	168	-9	37	52	38	63	75	79	85	89	100
CAPEX	-2,050	-1,800	-1,450	-1,400	-1,400	-1,400	-1,400	-1,400	-1,400	-1,400	-1,400
Working capital	-268	-176	65	30	22	29	18	17	18	17	13
FCF	-546	-943	-28	176	279	296	319	356	390	406	439
PV FCF	-535	-852	-23	135	197	193	192	197	199	191	
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%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	0.0%
PV FCF	-107
Net debt	-3,085
Other adjustments	364
Value per share (PLN)	42.96

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	30.97
DCF Val.	50%	42.96
Implied Price		36.96
Cost of equity (9M)		6.3%
9M Target Price		**39.29**

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Kernel

reduce (no change)

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Ukraine is expected to harvest 6% less of sunflower seeds in the 2019/2020 season than in the season before, indicating tightened access to seeds for domestic sunflower oil producers, with the ratio of seed supply to crushing capacity expected to drop to 71% from 76% last year. Consequently, on a 2% lower crush volume, we believe Kernel is facing contraction in the FY2019/2020 EBITDA of the Vegetable Oil segment to $99 million from $107 million posted in FY2018/2019. Furthermore, Kernel's Farming business in the season ahead is also facing downward margin pressure stemming from a 5% lower total crop (due mainly to a lower corn harvest), combined with a 9% rise in costs. As a result, we anticipate a drop in segmental EBITDA from $162m to $97m (ex-IFRS16 effects), underpinned by a lower volume of crops protected by price hedging (16% of total vs. 62% this time last year) despite a recent retreat in grain prices in the wake of mounting trade tensions between the US and China. With 2019/2020 CAPEX budgeted at $300m, after an 11% drop in EBITDA, Kernel is set for zero free cash flow this reporting year, and faces an increase in the net debt/EBITDA ratio to 2.7x. We maintain a reduce rating for KER, with the target price intact at PLN 42.70 per share.

Current Price	44.60 PLN	**Downside**
9M Target Price	42.70 PLN	-4.3%

	rating	target price	issued
unchanged	**reduce**	**42.70 PLN**	**2019-08-19**

Key Metrics			KER PW	vs. WIG
Ticker	KER PW	1M Price Chng	-7.3%	-3.5%
ISIN	LU0327357389	YTD Price Chng	-8.4%	-5.8%
Outst. Stock (m)	82.7	ADTV 1M		PLN 1.9m
MC (PLN m)	3,686.7	ADTV 6M		PLN 2.0m
EV (PLN m)	6,790.7	EV/EBITDA 12M fwd	5.2	+23.8%
Free Float	60.5%	EV/EBITDA 5Y avg	4.2	premium

Earnings Projections

(US$ m)	16/17	17/18	18/19P	19/20P	20/21P
Revenue	2,169	2,403	3,966	4,360	4,925
EBITDA	319	223	340	304	332
EBITDA margin	14.7%	9.3%	8.6%	7.0%	6.7%
EBIT	265	140	265	207	220
Net income	176	52	202	111	125
P/E	5.3	18.0	4.6	8.4	7.5
P/B	0.8	0.8	0.7	0.7	0.6
EV/EBITDA	4.5	7.0	5.1	5.8	5.2
DPS	0.24	0.25	0.25	0.25	0.74
DYield	2.1%	2.2%	2.2%	2.2%	6.5%

Forecast Update (% change)	19/20P	20/21P	21/22P
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)	16/17	17/18	18/19P	19/20P	20/21P
EBITDA, Bottled Oil	17	13	13	12	13
EBITDA, Bulk Oil	83	63	94	87	97
EBITDA, Terminals	48	39	34	40	51
EBITDA, Farming	144	89	162	97	97
EBITDA, Grain Trade	23	17	41	52	60
Operating cash flow	**77**	**82**	**238**	**370**	**274**
D&A	54	83	76	97	112
Working capital	-212	-63	27	-5	-36
Investing cash flow	**-223**	**-156**	**-248**	**-300**	**-94**
CAPEX	182	179	248	300	94
Financing cash flow	**173**	**76**	**38**	**-159**	**-198**
Dividends/Buyback	-20	-20	-21	-21	-61
FCF	-93	-14	117	-10	192
FCF/EBITDA	-29%	-6%	34%	-3%	58%
OCF/EBITDA	24%	37%	70%	122%	82%

Key Balance Sheet Figures

(US$ m)	16/17	17/18	18/19P	19/20P	20/21P
Assets	2,009	2,211	2,625	2,695	2,752
Fixed assets	888	1,006	1,181	1,390	1,378
Equity	1,153	1,171	1,319	1,410	1,475
Minority interests	5	7	7	7	7
Net debt	508	619	783	821	790
Net debt/EBITDA (x)	1.6	2.8	2.3	2.7	2.4
Net debt/Equity (x)	0.4	0.5	0.6	0.6	0.5

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	4.1	3.3	2.9	3.0	3.8	3.0
Maximum	262.5	47.7	21.9	29.5	13.8	13.0
Median	12.8	13.1	12.1	8.5	7.8	6.9
Weight	0%	25%	25%	0%	25%	25%

DCF Analysis

(US$ m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Margin, Veg Oil ($/t)	62	61	63	66	64	61	60	57	55	52	50
Margin, Wheat ($/t)	217	180	195	195	195	195	195	195	195	195	195
Margin, Corn ($/t)	170	180	185	185	185	185	185	185	185	185	185
Revenue	3,966	4,360	4,925	5,318	5,392	5,481	5,556	5,635	5,698	5,762	5,827
EBITDA	340	304	332	364	351	348	364	359	355	352	351
EBITDA margin	8.6%	7.0%	6.7%	6.8%	6.5%	6.3%	6.5%	6.4%	6.2%	6.1%	6.0%
EBIT	265	207	220	249	234	231	246	241	235	231	230
Tax	2	8	9	11	10	10	11	11	24	23	23
CAPEX	-248	-300	-94	-98	-102	-105	-109	-113	-118	-122	-121
Working capital	27	-5	-36	-39	-17	-18	-17	-18	-16	-17	-17
FCF	117	-10	192	216	222	214	226	217	197	191	191
PV FCF	120	-9	148	144	128	107	97	81	65	55	
WACC	15.8%	15.4%	15.4%	15.5%	15.5%	15.6%	15.6%	15.6%	15.2%	15.2%	15.2%
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	934
Net debt	619
Other adjustments	7
Value per share (PLN)	32.43

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	43.68
DCF Val.	50%	32.43
Implied Price		38.05
Cost of equity (9M)		12.3%
9M Target Price		**42.70**

KGHM

hold (no change)

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The escalation of the US-China trade tensions hurt copper and the valuations of its producers, including KGHM, which generates higher costs and lower free cash flow than most of its global peers. This month, with the trade war rhetoric more restrained so far, and with better August PMI data coming out of Europe and China, industrial metals might be poised for a short-lived rebound in September. We maintain a hold rating for KGH.

Current Price	77.16 PLN	**Upside**
9M Target Price	77.51 PLN	+0.5%

	rating	target price	issued
unchanged	**hold**	**77.51 PLN**	**2019-08-22**

Key Metrics			KGH PW	vs. WIG
Ticker	KGH PW	1M Price Chng	-12.1%	-8.4%
ISIN	PLKGHM000017	YTD Price Chng	-13.2%	-10.6%
Outst. Stock (m)	200.0	ADTV 1M		PLN 55.6m
MC (PLN m)	15,432.0	ADTV 6M		PLN 53.3m
EV (PLN m)	19,876.9	EV/EBITDA 12M fwd	4.1	-15.4%
Free Float	63.2%	EV/EBITDA 5Y avg	4.8	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	20,275	20,526	22,544	21,998	22,867
EBITDA adj.	5,753	4,972	5,184	4,385	4,827
EBITDA margin	28.4%	24.2%	23.0%	19.9%	21.1%
EBIT adj.	4,144	3,176	3,331	2,453	2,843
Net income adj.	1,792	1,888	2,304	1,619	1,915
P/E adj.	8.6	8.2	6.7	9.5	8.1
P/B	0.9	0.8	0.7	0.7	0.6
EV/EBITDA adj.	3.8	4.5	3.8	4.4	3.8
DPS	1.00	0.00	0.00	1.50	2.43
DYield	1.3%	0.0%	0.0%	1.9%	3.1%

Forecast 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**	**5,540**	**3,650**	**4,011**
D&A	1,609	1,796	1,853	1,932	1,984
Working capital	-1,270	1,412	1,279	-6	9
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**	**-589**
Dividends/Buyback	-200	0	0	-300	-486
FCF	788	1,924	2,743	874	1,434
FCF/EBITDA	27%	41%	53%	20%	30%
OCF/EBITDA	53%	77%	107%	83%	83%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Assets	34,122	37,237	40,077	41,252	42,912
Fixed assets	26,515	29,375	30,319	31,164	31,758
Equity	17,694	19,133	21,437	22,757	24,186
Minority interests	91	92	92	92	92
Net debt	6,570	6,992	4,353	3,883	3,040
Net debt/EBITDA (x)	2.2	1.5	0.8	0.9	0.6
Net debt/Equity (x)	0.4	0.4	0.2	0.2	0.1

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	4.9	4.7	4.3	2.3	1.5	1.0
Maximum	63.9	20.8	13.4	10.2	7.4	7.0
Median	12.6	9.3	8.2	5.2	4.5	4.3
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Copper price ($/t)	6,100	6,300	6,650	6,700	6,700	6,700	6,700	6,700	6,700	6,700	6,700
Silver ($/oz)	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
Molybdenum ($/t)	22,500	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Revenue	22,544	21,998	22,867	23,118	23,066	23,009	22,802	21,400	21,430	21,463	21,541
EBITDA	5,184	4,385	4,827	4,870	4,799	4,664	4,411	4,333	4,301	3,967	3,940
EBITDA margin	14.8%	11.1%	12.4%	12.7%	12.5%	12.2%	11.1%	11.4%	11.3%	9.6%	10.3%
EBIT	3,331	2,453	2,843	2,933	2,885	2,799	2,533	2,449	2,415	2,069	2,215
Tax	922	729	824	843	833	816	764	748	741	675	702
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	1,279	-6	9	3	-1	-1	-2	-15	0	0	1
FCF	2,743	874	1,434	2,362	2,240	2,094	1,863	1,760	1,721	1,424	1,513
PV FCF	2,679	794	1,207	1,828	1,589	1,359	1,111	967	872	665	
WACC	7.4%	7.5%	7.7%	8.0%	8.2%	8.4%	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	13,071
Net debt	6,992
Other adjustments	290
Value per share (PLN)	73.42

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	72.40
DCF Val.	50%	73.42
Implied Price		72.91
Cost of equity (9M)		6.3%
9M Target Price		**77.51**

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Stelmet

hold (reiterated)

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Stelmet generated better-than-expected results in the third quarter of fiscal 2019 ended 30 June, however the sales and profits for the period still showed declines compared to Q3 2018 which more likely than not will recur in the following quarter. Stelmet has not been able to raise the prices of its products in an of the core markets this fiscal year, as evidenced by flat average LCU prices in the UK and Germany and the fact that prices in France managed to go up slightly only after the Company withdrew loss-making products from local stores. Sales in the UK are not likely to grow much in the near term given Brexit, and the outlook for the periods ahead is additionally depressed by expected further growth in the costs of labor, transport, timber, and electricity, which Stelmet again may not be able to pass onto its chain store customers. We maintain a hold rating for STL, but we lower our target price from PLN 7.95 to PLN 6.50 per share.

Current Price	6.70 PLN	**Downside**
9M Target Price	6.50 PLN	-3.0%

	rating	target price	issued
new	**hold**	**6.50 PLN**	**2019-09-05**
old	hold	7.95 PLN	2019-07-03

Key Metrics			**STL PW**	**vs. WIG**
Ticker	STL PW	1M Price Chng	+5.5%	+9.3%
ISIN	PLSTLMT00010	YTD Price Chng	-7.5%	-4.8%
Outst. Stock (m)	29.4	ADTV 1M		PLN 0.0m
MC (PLN m)	196.7	ADTV 6M		PLN 0.0m
EV (PLN m)	344.1	EV/EBITDA 12M fwd	4.9	-27.6%
Free Float	15.0%	EV/EBITDA 5Y avg	6.7	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	538	553	581	593	612
EBITDA	58	69	74	64	66
EBITDA margin	10.7%	12.4%	12.7%	10.8%	10.7%
EBIT	21	27	31	22	21
Net income	19	10	22	16	16
P/E	10.1	20.5	9.1	12.4	12.1
P/B	0.4	0.4	0.4	0.4	0.4
EV/EBITDA	6.6	5.4	4.7	4.9	4.5
DPS	0.00	0.00	0.00	0.22	0.27
DYield	0.0%	0.0%	0.0%	3.3%	4.0%

Forecast Update (% change)	**2019P**	**2020P**	**2021P**
EBITDA	+7.8%	-4.4%	-4.0%
Net income	+9.5%	-16.1%	-15.0%
Sales price (PLN/m3)	+0.4%	+0.2%	+0.2%
Sales volume (1,000 m3)	+0.3%	-1.8%	-1.7%
Timber price (PLN/m3)	0.0%	+2.0%	+2.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue, Core, PL	19	22	27	28	28
Revenue, Core, UK	158	137	113	102	104
Revenue, Core, FR	120	107	102	101	103
Revenue, Core, DE	101	113	155	165	172
Revenue, Wood Pellets	68	89	90	94	97
Operating cash flow	**39**	**32**	**61**	**59**	**59**
D&A	37	41	42	43	44
Working capital	-2	-30	-6	-3	-4
Investing cash flow	**-62**	**-24**	**-29**	**-19**	**-28**
CAPEX	62	23	29	19	28
Financing cash flow	**76**	**-9**	**-29**	**-30**	**-31**
Dividends/Buyback	0	0	0	-7	-8
FCF	-11	9	34	40	31
FCF/EBITDA	-18%	13%	46%	63%	48%
OCF/EBITDA	68%	46%	83%	91%	90%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Assets	821	816	818	809	801
Fixed assets	554	522	509	485	468
Equity	454	461	483	492	501
Minority interests	0	0	0	0	0
Net debt	182	176	147	117	97
Net debt/EBITDA (x)	3.2	2.6	2.0	1.8	1.5
Net debt/Equity (x)	0.4	0.4	0.3	0.2	0.2

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	7.1	6.9	6.6	5.4	4.9	4.5
Maximum	123.3	44.6	26.9	17.5	15.2	8.3
Median	19.1	15.2	12.8	10.6	5.9	5.6
Weight	0%	25%	25%	0%	25%	25%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Sales px (PLN/m3)	1,792	1,803	1,827	1,852	1,877	1,903	1,929	1,956	1,983	2,010	2,038
Volume (1,000 m3)	255	255	259	262	265	268	271	274	277	281	284
Timber px (PLN/m3)	260	271	276	282	287	293	299	305	311	317	324
Revenue	581	593	612	627	642	657	673	689	706	723	741
EBITDA	74	64	66	66	66	66	66	65	65	63	62
EBITDA margin	12.7%	10.8%	10.7%	10.5%	10.3%	10.0%	9.8%	9.5%	9.2%	8.7%	8.3%
EBIT	31	22	21	22	21	21	19	17	16	14	13
Tax	4.2	2.4	2.3	2.3	1.7	1.1	0.9	0.5	0.3	0.0	-0.3
CAPEX	-29	-19	-28	-31	-33	-36	-39	-42	-46	-48	-49
Working capital	-6.3	-2.9	-4.4	-3.5	-3.6	-3.7	-3.7	-3.7	-3.8	-4.1	-4.2
FCF	34	40	31	29	28	26	23	19	16	14	12
PV FCF	34	37	27	24	21	18	14	11	9	7	
WACC	6.7%	6.9%	7.1%	7.3%	7.4%	7.6%	7.7%	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	201
Net debt	182
Other adjustments	0
Value per share (PLN)	4.12

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	8.11
DCF Val.	50%	4.12
Implied Price		6.11
Cost of equity (9M)		6.3%
9M Target Price		**6.50**

Property Developers

Atal

accumulate (no change)

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After surprisingly good margins in Q1, Atal disappointed in Q2'19 with a margin of 22%, the lowest since the Company's WSE debut, resulting from additional one-off costs incurred on one of the projects. Throughout the entire H1, gross margin reached 26.1%, and the results of Q2 2019, due to the low volume of transfers, are relatively insignificant for annual results and their potential impact on the decrease of our net profit 2019 forecast is not high. 36% of the executed forecast for transfers is consistent with the expectations, as the construction projects schedule assumes their largest number in Q4. Therefore, the completion of the investment project within the time limit assumed by the Company will be of greater importance for the annual results. Against administrative problems of other developers, Atal stands out for its efficiency in launching new projects. Its offer at the end of Q1 was higher by over 50% Y/Y, which translates into very good sales dynamics and supports the forecast of stable profits in 2019–21 (PLN 170-190 million). We would like to remind you that in Q2 Atal presented the best sales dynamics in its history (+57% Y/Y, +27% Q/Q). Our forecasts imply a conservative scenario of a relatively low rate of sales (<20% vs. on average 24% in 2015–18), while the offer potential itself is much higher (the number of commenced construction projects in the last 12M was 80% higher than the average sales in 2017/18). Germany may become another step in expanding the offer. In August, Atal informed about the purchase of land (for ~PLN 194 million) for the construction of the housing investment in Dresden, which we regard as strategically positive.

Current Price	35.80 PLN	**Upside**
9M Target Price	41.89 PLN	+17.0%

	rating	target price	issued
unchanged	**accumulate**	**41.89 PLN**	**2019-07-03**

Key Metrics			**1AT PW**	**vs. WIG**
Ticker	1AT PW	1M Price Chng	-3.5%	+0.2%
ISIN	PLATAL000046	YTD Price Chng	+39.6%	+42.2%
Outst. Stock (m)	38.7	ADTV 1M		PLN 1.2m
MC (PLN m)	1,386.0	ADTV 6M		PLN 0.4m
EV (PLN m)	1,704.7	EV/EBITDA 12M fwd	7.3	-7.2%
Free Float	11.6%	EV/EBITDA 5Y avg	7.9	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	866	1,055	975	999	1,110
Gross profit	248	284	266	262	288
Gross margin	28.6%	26.9%	27.3%	26.2%	26.0%
EBIT	222	260	235	227	252
Net income	171	201	181	172	192
P/E	8.1	6.9	7.7	8.0	7.2
P/B	1.7	1.6	1.6	1.6	1.5
EV/EBITDA	7.1	6.6	7.2	7.6	6.8
DPS	1.68	3.54	4.70	4.26	4.06
DYield	4.7%	9.9%	13.1%	11.9%	11.3%

Forecast 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%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Closings (units)	2,308	2,678	2,574	2,819	2,874
Revenue/unit (PLN k)	375	394	379	354	386
SG&A	28	31	32	34	36
SG&A/Sales	**3.3%**	**2.9%**	**3.3%**	**3.4%**	**3.2%**
EBIT margin	25.6%	24.6%	24.1%	22.8%	22.7%
Net profit margin	19.8%	19.0%	18.5%	17.3%	17.3%
Cash	266	192	242	214	207
Net debt	214	333	451	480	476
Net debt/Equity	**27%**	**39%**	**37%**	**40%**	**39%**
Inventory	1,342	1,487	1,638	1,658	1,697
Inventory/Sales	**155%**	**141%**	**155%**	**153%**	**143%**
Earnest money deposits	365	225	314	294	302
Deposits/Inventory	**27%**	**15%**	**19%**	**18%**	**18%**
Equity	795	858	857	865	899
ROE	**24.9%**	**25.3%**	**21.1%**	**20.1%**	**22.1%**

Cash Flow Summary

(PLN m)	2016	2017	2018	2019P	2020P
Operating cash flow	**198**	**38**	**199**	**152**	**166**
D&A	1	1	2	2	2
Working capital	-13	-194	34	-36	-43
Investing cash flow	**1**	**1**	**14**	**4**	**3**
CAPEX	-1	-1	-2	-2	-2
Financing cash flow	**-121**	**-113**	**-164**	**-183**	**-176**
Dividends	-65	-137	-182	-165	-157

Relative Valuation Summary

	P/BV			P/E		
	19P	20P	21P	19P	20P	21P
Minimum	0.69	0.65	0.62	5.1	5.7	6.7
Maximum	1.84	1.79	1.83	8.6	8.5	9.2
Median	0.99	0.97	0.98	5.5	7.6	8.5
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Revenue	975	999	1,110	936	879	896	914	932	951	970	989
EBITDA	237	229	254	194	166	169	172	176	179	183	186
EBITDA margin	24.3%	23.0%	22.9%	20.7%	18.9%	18.9%	18.9%	18.9%	18.8%	18.8%	18.8%
D&A	1	2	2	2	2	2	2	2	2	2	2
EBIT	235	227	252	192	164	167	170	174	177	181	184
Tax	45	43	48	36	31	32	32	33	34	34	35
NOPLAT	**190**	**184**	**204**	**155**	**133**	**135**	**138**	**141**	**144**	**146**	**149**
CAPEX	10	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2
Working capital	34	-36	-43	12	58	-9	-8	-5	-5	-5	-5
Other	0	0	0	0	0	0	0	0	0	0	0
FCF	**235**	**148**	**161**	**167**	**191**	**127**	**130**	**136**	**139**	**141**	**144**
PV FCF	227	132	134	129	136	84	80	77	73	69	
WACC	7.8%	7.7%	7.7%	7.7%	7.8%	7.9%	7.9%	7.9%	7.9%	7.9%	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%
Enterprise value	2,338
Adj. net debt*	515
Other adjustments	-1
Value per share (PLN)	47.12

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	33%	27.86
Relative (DYield)	17%	39.31
DCF	50%	47.12
Cost of equity (9M)		6.3%
9M Target Price		**41.89**

mBank Dom Maklerski

Dom Development

hold (reiterated)

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The financial results for Q2 2019 reported by the Company turned out to be significantly better than the market consensus (+153%) and our expectations (+51%). In nominal terms, Q2 was of relatively low significance for the annual results of the Company (low volume of transfers), but taking into account surprisingly good margins, we increase our net profit forecasts for 2019 by 5.9% (+4% Y/Y). After H1 our new forecast is implemented in 49%. Based on the construction schedule in H2, we expect a slightly higher level of apartment transfers (+13% H/H), however at a lower margin (impact of such projects as Regaty, Beauforta). As regards the scale of housing investments currently carried out by DOM, it supports the forecast of stable results over the period 2019–21 at the level of approx. PLN 230 million, with a record result in 2020 (>PLN 250 million). At the conference, the Management Board confirmed the goal of putting for sale a record-breaking number of 3.9 thousand premises. The execution in 53% confirms its operating capacity in this respect. However, the plans for acquisition of new land (in Q2 2019, DOM did not purchase any new land) are not so promising as regards the potential in Warsaw (land bank + offer). Nonetheless, we count on the finalization of agreements underlying controlled land and on the increase in the Warsaw bank diversification in 2020. We maintain a hold recommendation for Dom Development with a new target price of PLN 81.1/share.

Current Price	84.00 PLN	**Downside**
9M Target Price	81.10 PLN	-3.5%

	rating	target price	issued
new	**hold**	**81.10 PLN**	**2019-09-05**
old	hold	79.80 PLN	2019-07-03

Key Metrics			**DOM PW**	**vs. WIG**
Ticker	DOM PW	1M Price Chng	+9.7%	+13.4%
ISIN	PLDMDVL00012	YTD Price Chng	+55.7%	+58.3%
Outst. Stock (m)	25.1	ADTV 1M		PLN 0.2m
MC (PLN m)	2,105.7	ADTV 6M		PLN 0.4m
EV (PLN m)	2,405.7	EV/EBITDA 12M fwd	7.6	-14.9%
Free Float	25.2%	EV/EBITDA 5Y avg	9.0	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	1,405	1,654	1,690	1,816	1,784
Gross profit	386	455	461	489	467
Gross margin	27.5%	27.5%	27.3%	26.9%	26.2%
EBIT	235	282	293	313	285
Net income	191	227	236	251	228
P/E	11.0	9.2	8.9	8.4	9.3
P/B	2.1	2.0	2.0	2.0	2.0
EV/EBITDA	8.9	7.5	7.9	7.6	8.6
DPS	5.05	7.60	9.05	9.40	10.02
DYield	6.0%	9.0%	10.8%	11.2%	11.9%

Forecast Update (% change)	**2019P**	**2020P**	**2021P**
Revenue	+0.1%	+0.6%	+0.2%
Gross profit margin	+0.8 p.p.	+0.0 p.p.	+0.0 p.p.
EBIT	+5.6%	+1.5%	+0.7%
Net income	+5.9%	+1.8%	+1.0%
Closings	-0.4%	+0.4%	-0.2%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Closings (units)	2,929	3,633	3,525	3,414	3,784
Revenue/unit (PLN k)	480	455	479	532	471
SG&A	138	162	160	167	173
SG&A/Sales	**9.9%**	**9.8%**	**9.5%**	**9.2%**	**9.7%**
EBIT margin	16.8%	17.1%	17.3%	17.2%	16.0%
Net profit margin	13.6%	13.7%	13.9%	13.8%	12.8%
Cash	331	317	276	266	254
Net debt	64	78	300	374	437
Net debt/Equity	**6%**	**7%**	**28%**	**35%**	**42%**
Inventory	1,989	2,114	2,594	2,601	2,587
Inventory/Sales	**142%**	**128%**	**154%**	**143%**	**145%**
Earnest money deposits	568	625	765	665	615
Deposits/Inventory	**29%**	**30%**	**29%**	**26%**	**24%**
Equity	1,002	1,046	1,060	1,075	1,052
ROE	**20.5%**	**22.7%**	**22.5%**	**23.7%**	**21.2%**

Cash Flow Summary

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	**198**	**233**	**12**	**174**	**202**
D&A	7	10	13	12	12
Working capital	-9	-1	-226	-93	-41
Investing cash flow	**-213**	**-43**	**-34**	**0**	**-10**
CAPEX	-8	-11	-10	-10	-10
Financing cash flow	**-120**	**-187**	**-45**	**-173**	**-205**
Dividends	-126	-190	-227	-236	-251

Relative Valuation Summary

	P/BV			P/E		
	19P	20P	21P	19P	20P	21P
Minimum	0.67	0.63	0.61	5.0	5.5	6.6
Maximum	1.61	1.60	1.54	7.6	8.0	9.2
Median	0.99	0.97	0.98	5.9	7.3	7.2
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Revenue	1,690	1,816	1,784	1,683	1,616	1,648	1,681	1,714	1,749	1,784	1,819
EBITDA	302	323	294	233	211	213	217	221	226	230	234
EBITDA margin	17.9%	17.8%	16.5%	13.8%	13.0%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%
D&A	10	10	10	10	10	10	10	10	10	10	10
EBIT	293	313	285	223	201	204	208	212	216	220	225
Tax	56	59	54	42	38	39	39	40	41	42	43
NOPLAT	**237**	**254**	**231**	**181**	**163**	**165**	**168**	**172**	**175**	**179**	**182**
CAPEX	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10
Working capital	-226	-93	-41	21	21	-9	-9	-9	-9	-9	-9
Other	0	0	0	0	0	0	0	0	0	0	0
FCF	**11**	**161**	**189**	**202**	**184**	**156**	**159**	**163**	**166**	**170**	**173**
PV FCF	10	146	159	157	133	104	99	94	89	84	
WACC	8.0%	7.9%	7.8%	7.8%	7.8%	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%
Enterprise value	2,564
Adj. net debt*	305
Other adjustments	227
Value per share (PLN)	90

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	33%	53.20
Relative (DYield)	17%	80.90
DCF	50%	90.12
Cost of equity (9M)		6.3%
9M Target Price		**81.10**

Retail

AmRest

buy (no change)

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The company published very good results for Q2 2019, which were above market expectations. Comparable sales improved in most markets, which was implied by preliminary results published at the end of July. Continuous efforts on the cost optimization and improvement of sales performance allowed AmRest to improve its profitability in Poland, Hungary and China. The high base effect and pressure from remuneration costs contributed to the deterioration of profitability in Spain and in the Czech Republic. In Q2 2019, the company reported EUR 8 million write-downs for the restaurant against EUR 5 million in Q2 2018; however, an increase in the Y/Y amount results from the implementation of IFRS16. Excluding the impact of the new accounting standard, write-downs amounted to EUR 3.5 million in Q2 2019. According to the company's announcements, optimization activities in the acquired Sushi Shop network are to be completed in 2019 (according to the published presentation, the chain's EBITDA profitability was 15% in 2018, above the average Amrest EBITDA profitability). We expect that the positive sales trends will continue in Q3 2019, which, along with the favorable base effect, should allow the company to maintain high dynamics of EBITDA result improvement Y/Y. Taking into account the solid foundations for the increase of Y/Y results in the medium term, we believe AmRest to be one of the more interesting investment options from the sector.

Current Price	41.70 PLN	**Upside**
9M Target Price	48.00 PLN	+15.1%

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

Key Metrics			EAT PW	vs. WIG
Ticker	EAT PW	1M Price Chng	+4.3%	+8.0%
ISIN	ES0105375002	YTD Price Chng	+4.3%	+6.9%
Outst. Stock (m)	219.6	ADTV 1M		PLN 1.8m
MC (PLN m)	9,155.4	ADTV 6M		PLN 3.3m
EV (PLN m)	11,682.0	EV/EBITDA 12M fwd	11.4	+4.7%
Free Float	31.1%	EV/EBITDA 5Y avg	10.9	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	46.4	47.8	39.2	28.6	20.4
P/B	6.8	5.1	4.5	3.9	3.3
EV/EBITDA	17.0	16.2	13.3	10.6	8.3
DPS	0.00	0.00	0.00	0.00	0.00
DYield	0.0%	0.0%	0.0%	0.0%	0.0%

Forecast 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	-584	-757	-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	17%	17%	17%	17%	17%	17%

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	8,554	9,990	11,314	12,468	13,422	14,238	14,966	15,660	16,321	16,951	16,951
EBITDA	880	1,093	1,342	1,552	1,707	1,815	1,911	2,003	2,091	2,175	2,175
EBITDA margin	10.3%	10.9%	11.9%	12.5%	12.7%	12.7%	12.8%	12.8%	12.8%	12.8%	12.8%
EBIT	385	509	696	880	1,032	1,155	1,258	1,350	1,438	1,522	1,522
Tax	118	156	214	270	317	355	387	415	442	467	467
CAPEX	-937	-927	-807	-709	-625	-554	-653	-653	-653	-653	-653
Working capital	63	115	104	87	67	54	45	40	36	32	32
FCF	-112	124	425	660	832	960	916	975	1,032	1,086	1,086
PV FCF	-101	103	328	472	550	586	517	508	496	482	
WACC	7.8%	7.8%	8.0%	8.0%	8.1%	8.2%	8.3%	8.3%	8.4%	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**

mBank Dom Maklerski

CCC

buy (upgraded)

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CCC's share price was significantly adjusted in August 2019, discounting low results for Q2 2019. The company's preliminary results for Q2 2019 were 49% above market expectations at the EBIT level, and the final results for Q2 2019, burdened with the provision for tax on civil law transactions in the amount of PLN 21 million, were also above our expectations and market expectations. The surprise was mainly due to the good SG&A cost discipline, despite over-average marketing costs. The improvement in costs resulted from: 1) reduction of costs for stores (positive impact of PLN 21 million), 2) discipline of G&A costs and 3) no recognition of the incentive plan costs (approx. 10 million per quarter). Moreover, the result in Q2 2019 was supported by good sales in June and no increased loss of the WE segment despite the consolidation of the KVAG business throughout the entire quarter (vs. approx. 1 month in Q2 2018). At the earnings conference, the company announced a reduction in the pace of expansion and a focus on optimizing the sales space in order to maximize the result/sqm. Moreover, the Management Board announced further optimization of the costs of stores/sqm, maintaining the SG&A cost discipline (the cleared costs decreased by PLN 2m Y/Y) and the marketing costs discipline. Maintenance of good discipline of stores, positive effects of the expansion of the offer in the autumn-winter collection as well as the low base effect in the key September-October period should support the company's results in Q3–Q4 2019. Taking into account the decline in the company's share price and good prospects for improving results in subsequent quarters, we upgrade our recommendation from hold to buy without changing the target price.

		Upside
Current Price	131.90 PLN	
9M Target Price	161.00 PLN	+22.1%

	rating	target price	issued
new	**buy**	**161.00 PLN**	**2019-09-05**
old	hold	161.00 PLN	2019-06-06

Key Metrics			**CCC PW**	**vs. WIG**
Ticker	CCC PW	1M Price Chng	-3.8%	-0.1%
ISIN	PLCCC0000016	YTD Price Chng	-31.8%	-29.1%
Outst. Stock (m)	41.1	ADTV 1M		PLN 19.1m
MC (PLN m)	5,424.7	ADTV 6M		PLN 22.2m
EV (PLN m)	6,597.1	EV/EBITDA 12M fwd	7.0	-53.0%
Free Float	59.4%	EV/EBITDA 5Y avg	14.9	discount

Earnings Projections (adjusted for IFRS 16)

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	4,194	4,726	5,969	6,914	8,020
EBITDA adj.	499	328	421	623	807
EBITDA margin	11.9%	6.9%	7.1%	9.0%	10.1%
EBIT	405	-204	-287	-155	-21
Net income	284	134	123	267	302
P/E	19.1	40.4	44.1	20.3	18.0
P/B	4.9	5.3	4.9	4.2	4.0
EV/EBITDA	11.8	18.9	15.7	10.6	8.2
DPS	2.47	2.30	0.48	2.00	2.00
DYield	1.9%	1.7%	0.4%	1.5%	1.5%

Forecast 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	3,747	4,568	5,120	7,085
EBITDA, B&M	381	225	290	443	379
Revenue, e-commerce	606	979	1,463	1,902	2,378
EBITDA, e-commerce	86.2	103.0	130.8	179.5	248.2
Gross profit margin	51.3%	50.1%	51.5%	50.9%	50.4%
Operating cash flow	**78**	**598**	**197**	**365**	**325**
D&A	93	133	708	778	828
Working capital	-588	244	-103	-138	-218
Investing cash flow	**-222**	**-621**	**-523**	**-212**	**-200**
CAPEX	-245	-439	-379	-212	-200
Financing cash flow	**515**	**-515**	**-112**	**-540**	**-982**
Dividends/Buyback	101	95	20	82	82
FCF	-420	147	-192	169	140
FCF/EBITDA	-90%	45%	-46%	27%	22%
OCF/EBITDA	17%	182%	47%	59%	52%

Key Ratios (adjusted for IFRS 16)

(PLN)	2017	2018	2019P	2020P	2021P
Sales/sqm, PL	744	633	679	686	680
Sales/sqm, CEE	538	464	495	503	500
Sales/sqm, WE	396	276	0	0	0
e-comm as % of sales	14.4%	20.7%	24.5%	27.5%	29.6%
Cash (PLN m)	512	376	481	694	480
Net debt (PLN m)	406	641	1,052	1,039	1,052
Net debt/EBITDA (x)	0.8	1.3	1.1	0.8	0.8

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	8.4	8.0	7.0	7.0	6.5	5.2
Maximum	34.5	29.0	25.2	25.2	22.7	19.8
Median	26.3	17.2	13.1	13.1	12.6	11.6
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)	523	534	568	591	589	582	575	627	635	638	
SG&A/sqm (PLN)	255	237	331	337	332	325	319	332	351	354	
Sales area (k sqm)	727	798	857	914	969	1,021	1,073	1,002	1,019	1,044	
Revenue	5,969	6,914	8,020	8,782	9,495	10,157	10,788	11,429	12,125	12,899	13,222
EBITDA	421	623	627	923	1,010	1,036	1,059	1,081	1,120	1,187	1,217
EBITDA margin	7.1%	9.0%	7.8%	10.5%	10.6%	10.2%	9.8%	9.5%	9.2%	9.2%	9.2%
EBIT	245	429	426	718	802	823	850	883	931	1,002	1,027
Tax	70	86	85	137	152	156	161	168	177	190	195
CAPEX	423	212	200	206	1,163	237	106	111	117	170	170
Working capital	-103	-138	-218	-201	-157	-148	-140	-139	-147	-162	-162
FCF	-192	169	140	402	-439	517	678	690	707	693	711
PV FCF	-185	150	115	306	-310	337	407	380	357	321	
WACC	8.0%	8.1%	8.1%	8.3%	7.8%	8.1%	8.6%	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%

DCF Summary

(PLN m)	
Beta	1.1
FCF perp. growth rate	2.5%
PV FCF	6,948
Net debt	641
Other adjustments	0
Value per share (PLN)	153.40

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	149.70
DCF Val.	50%	153.40
Implied Price		151.55
Cost of equity (9M)		6.5%
9M Target Price		**161.00**

Dino

hold (no change)

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Dino's share price increased significantly after the quarterly results were published. In Q2 2019, the high dynamics of comparable sales and the improved gross margin on sales (improvement of purchase conditions) more than offset the pressure of costs of materials and energy. As a result, the company improved its EBITDA margin (without IFRS 16) by a record-breaking 0.36 p.p. Y/Y in Q2 2019. Taking into account the favorable market environment and the supporting base effect, we expect that the low two-digit dynamics of sales comparable in subsequent quarters, until Q1 2020, will be maintained. This should allow the company to further improve its profitability at the EBITDA level (improved purchasing conditions and diluted SG&A costs). In 2019, we expect an increase in the EBITDA margin by 0.2 p.p. Y/Y to 9.5% and an increase in the EBITDA result by 34.6% Y/Y to PLN 728 million. We maintain that in 2020 the company's results may be under pressure from an expected significant increase in the costs of remuneration and energy, however, we assume that an increase in the sales performance would allow to continue improving the EBITDA margin in this period. In our opinion, the current share price of the company adequately discounts the growth prospects of Dino's results.

Current Price	157.60 PLN	**Downside**
9M Target Price	149.20 PLN	-5.3%

	rating	target price	issued
unchanged	**hold**	**149.20 PLN**	**2019-08-23**

Key Metrics			DNP PW	vs. WIG
Ticker	DNP PW	1M Price Chng	+6.8%	+10.6%
ISIN	PLDINPL00011	YTD Price Chng	+64.4%	+67.0%
Outst. Stock (m)	98.0	ADTV 1M		PLN 25.1m
MC (PLN m)	15,451.1	ADTV 6M		PLN 22.6m
EV (PLN m)	16,148.8	EV/EBITDA 12M fwd	18.7	+17.2%
Free Float	48.9%	EV/EBITDA 5Y avg	16.0	premium

Earnings Projections (adjusted for IFRS 16)

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	4,463	5,839	7,698	10,072	12,616
EBITDA	389	541	738	974	1,228
EBITDA margin	8.7%	9.3%	9.6%	9.7%	9.7%
EBIT	303	429	582	784	993
Net income	214	308	407	560	730
P/E	72.3	50.2	37.9	27.6	21.2
P/B	17.1	12.7	9.5	7.0	5.3
EV/EBITDA	41.0	29.6	21.9	16.4	12.8
DPS	0.00	0.00	0.00	0.00	0.00
DYield	0.0%	0.0%	0.0%	0.0%	0.0%

Forecast 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	1,514	1,814
Total store area (ksqm)	295	376	474	593	716
Avg. store area (sqm)	381	385	388	391	395
Sales margin	23.3%	24.2%	24.8%	25.0%	25.1%
Stores per distr, center	258	244	305	303	302
Operating cash flow	**497**	**643**	**889**	**1,138**	**1,364**
D&A	86	112	157	190	235
Working capital	131	125	280	295	310
Investing cash flow	**-402**	**-634**	**-862**	**-906**	**-1,050**
CAPEX	-411	-636	-862	-906	-1,050
Financing cash flow	**41**	**82**	**213**	**-186**	**-36**
Dividends/Buyback	31	174	141	0	47
FCF	50	-55	45	206	290
FCF/EBITDA	13%	-10%	6%	21%	24%
OCF/EBITDA	128%	119%	120%	117%	111%

Key Ratios (adjusted for IFRS 16)

	2017	2018	2019P	2020P	2021P
Days inventory	39.3	36.7	37.0	37.1	37.2
Days receivables	3.1	2.4	3.2	3.2	3.2
Days payables	86.5	94.2	94.2	96.2	97.2
CCC (days)	-44.1	-55.0	-54.0	-55.9	-56.9
SG&A/Sales	16.6%	16.9%	17.2%	17.2%	17.2%
Net debt (PLN m)	485	565	698	552	321
Net debt/EBITDA (x)	1.2	1.0	0.9	0.6	0.3

Relative Valuation Summary

	PEG			P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P	19P	20P	21P
Minimum	-72.3	-74.9	-74.5	10.7	8.1	8.3	5.5	4.8	4.6
Maximum	1.4	1.3	1.2	28.8	20.2	18.2	13.0	12.1	11.0
Median	1.1	1.0	0.9	14.5	12.8	11.9	7.9	7.1	6.9
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	1,514	1,814	2,134	2,414	2,654	2,894	3,134	3,374	3,614	3,614
Sales/sqm	1,510	1,574	1,606	1,603	1,587	1,573	1,563	1,562	1,561	1,560	1,560
SG&A/Sales	17.2%	17.2%	17.2%	17.2%	17.2%	17.2%	17.3%	17.3%	17.3%	17.3%	17.3%
Revenue	7,698	10,072	12,616	15,062	17,328	19,310	21,196	23,212	25,261	27,345	27,345
EBITDA	728	964	1,218	1,458	1,680	1,878	2,049	2,248	2,453	2,642	2,652
EBITDA margin	9.5%	9.6%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%
EBIT	582	784	993	1,185	1,362	1,516	1,643	1,799	1,957	2,118	2,118
Tax	111	157	199	237	272	303	329	360	391	424	1,854
CAPEX	-862	-906	-1,050	-1,120	-1,069	-1,182	-1,145	-1,257	-1,343	-534	-534
Working capital	280	295	310	311	264	231	220	235	239	-318	-318
FCF	45	206	290	422	613	634	805	876	968	1,376	1,417
PV FCF	41	171	221	297	396	377	440	440	447	584	
WACC	8.6%	8.6%	8.7%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%
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

(EUR m)	
Beta	1.0
FCF perp. growth rate	3.0%
PV FCF	10,385
Net debt	565
Other adjustments	0
Value per share (EUR)	134.97

Valuation Summary

(EUR)	Weight	Price
Relative Val.	50%	145.20
DCF Val.	50%	134.97
Implied Price		140.09
Cost of equity (9M)		6.5%
9M Target Price		**149.20**

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Eurocash

reduce (downgraded)

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Eurocash shares bounced back after the results for Q2 2019 which were slightly above market expectations. Similarly to the previous quarters, the high dynamics of the Y/Y EBITDA result were reported by the wholesale segment. The Easter effect supported comparable sales and the result in the consumer segment. The growth rate of EBITDA Y/Y was offset by a decrease in the results in the "other" segment (provisions related to bonuses for employees) and in the "new projects" segment (expenses incurred in connection with the development of the network of the Duży Ben liquor stores). In Q3 2019, the base effect should support the improvement of EBITDA Y/Y (+3.6% Y/Y growth in Q3 2018). However, we would like to draw your attention to the negative impact of the termination of the contract with PKN Orlen since September 2019 (the estimated loss of sales in this respect is approx. PLN 600 million per year and 3–4% of the annual EBITDA). In subsequent quarters, we expect to maintain a positive trend in the wholesale segment. The completion of reorganization activities in the retail segment in 2019 should allow the company to gradually improve the segment's EBITDA margin in 2020. However, the conducted reorganization activities in the retail network, continuing cost pressure and the loss of contract with PKN Orlen should translate into no improved result in 2019 Y/Y. In 2020, the company's result may be affected by (1) a potential increased pressure due to the increase in remuneration, (2) a negative impact of loss of the contract with PKN Orlen and (3) a potential negative effect of the introduction of the tax on retail sales. Taking into account the recent share price gains, we downgrade our recommendation from hold to reduce without changing the target price.

Current Price	20.62 PLN	**Downside**
9M Target Price	18.10 PLN	-12.2%

	rating	target price	issued
new	**reduce**	**18.10 PLN**	**2019-09-05**
old	hold	18.10 PLN	2019-08-02

Key Metrics			**EUR PW**	**vs. WIG**
Ticker	EUR PW	1M Price Chng	+12.0%	+15.7%
ISIN	PLEURCH00011	YTD Price Chng	+24.2%	+26.8%
Outst. Stock (m)	139.2	ADTV 1M		PLN 3.5m
MC (PLN m)	2,869.5	ADTV 6M		PLN 4.4m
EV (PLN m)	3,196.1	EV/EBITDA 12M fwd	7.6	-25.6%
Free Float	53.0%	EV/EBITDA 5Y avg	10.2	discount

Earnings Projections (adjusted for IFRS 16)

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	20,814	22,833	23,640	23,711	24,135
EBITDA adj.	440	361	374	375	401
EBITDA margin	2.1%	1.6%	1.6%	1.6%	1.7%
EBIT	257	156	157	154	175
Net income	85	67	72	102	144
P/E	33.8	42.9	39.9	28.2	19.9
P/B	2.8	2.8	2.7	2.6	2.4
EV/EBITDA	7.5	9.2	8.5	8.1	7.1
DPS	0.80	0.76	1.00	0.26	0.37
DYield	3.9%	3.7%	4.8%	1.3%	1.8%

Forecast 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)	17,794	17,606	17,789	17,833	17,856
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**	**710**	**715**	**770**
D&A	183	204	217	220	226
D&A (financial lease)	0	0	330	328	330
Working capital	247	196	31	16	36
Investing cash flow	**-336**	**-462**	**-148**	**-148**	**-150**
CAPEX	-307	-445	-148	-148	-150
Financing cash flow	**-117**	**-126**	**-630**	**-613**	**-616**
Dividends/Buyback	-111	-106	-139	-36	-51
FCF	-271	446	200	211	266
FCF/EBITDA	-123%	107%	53%	53%	60%
OCF/EBITDA	223%	139%	190%	178%	174%

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	350	195	-10
Net debt/EBITDA (x)	1.7	0.9	0.9	0.5	0.0

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	12.8	11.9	10.6	5.4	4.7	4.5
Maximum	28.5	21.8	17.4	17.8	13.9	11.3
Median	16.1	13.1	11.9	7.8	6.5	6.2
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)	401	413	417	418	418	419	419	420	420	420	420
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	23,640	23,711	24,135	24,304	24,347	24,371	24,389	24,403	24,417	24,432	24,432
EBITDA	375	401	442	474	503	532	533	533	533	534	534
EBITDA margin	1.58%	1.69%	1.83%	1.95%	2.07%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%
EBIT	140	163	198	227	256	284	285	285	304	304	304
Tax	40	40	44	46	49	53	52	52	55	55	55
CAPEX	-148	-148	-150	-151	-153	-154	-156	-157	-159	-229	-229
Working capital	31	16	36	22	16	15	14	14	14	14	14
FCF	200	211	266	281	299	320	321	319	333	263	263
PV FCF	191	187	218	213	210	209	193	178	173	126	
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	3,559
Net debt	521
Other adjustments	61
Value per share (PLN)	21.39

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	12.77
DCF Val.	50%	21.39
Implied Price		17.08
Cost of equity (9M)		5.7%
9M Target Price		**18.10**

Jeronimo Martins

reduce (downgraded)

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JMT stock positively responded to the publication of results for Q2 2019. The company improved its comparable sales in all its businesses. The Polish Biedronka supermarkets recorded an acceleration in lfl growth against the previous quarters to 8.6% in Q2 2019, which was supported by the base effect and the calendar effect. The gross margin on sales slightly decreased Y/Y, which was caused by increased promotional activity at Biedronka and Ara stores. The increased sales performance in all businesses allowed the company to slightly improve the Group's EBITDA margin, despite the continuing cost pressure. Taking into account the base effect and good macroeconomic environment, we expect to maintain high, one-digit improvement dynamics of comparable sales in subsequent quarters. The EBITDA margin in the Biedronka network should slightly improve Y/Y in H2 2019. After Q2 2019, the company's management board maintained its expectations regarding the expansion of the Biedronka network by 110 stores net and the Group's investment outlays at the level of EUR 700–750 million. We believe that the current valuation of the company is too optimistic in discounting the future growth prospects, and we downgrade our recommendation from hold to reduce without changing the target price.

Current Price	15.88 EUR	**Downside**
9M Target Price	14.30 EUR	-9.9%

	rating	target price	issued
new	**reduce**	**14.30 EUR**	**2019-09-05**
old	hold	14.30 EUR	2019-05-09

Key Metrics			**JMT PL**	**vs. WIG**
Ticker	JMT PL	1M Price Chng	+12.1%	+15.8%
ISIN	PTJMT0AE0001	YTD Price Chng	+58.6%	+61.2%
Outst. Stock (m)	629.3	ADTV 1M		EUR 11.3m
MC (EUR m)	9,993.2	ADTV 6M		EUR 11.9m
EV (EUR m)	10,387.7	EV/EBITDA 12M fwd	9.4	-0.2%
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	25.9	24.9	22.6	20.2	19.3
P/B	5.6	5.6	5.1	4.7	4.3
EV/EBITDA	10.9	10.8	9.8	9.0	8.4
DPS	0.69	0.64	0.27	0.29	0.30
DYield	4.3%	4.0%	1.7%	1.8%	1.9%

Forecast Update (% change)	**2019P**	**2020P**	**2021P**
EBITDA	0.0%	0.0%	0.0%
Net income	0.0%	0.0%	0.0%
Y/Y sales/sqm, Biedronka	0.0 p.p.	0.0 p.p.	0.0 p.p.
Y/Y sales/sqm, Pingo Doce	0.0 p.p.	0.0 p.p.	0.0 p.p.
Y/Y sales/sqm, Recheio	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
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**

mBank Dom Maklerski

LPP

buy (upgraded)

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In August, LPP's share price decreased probably in response to the increasingly stronger Y/Y USD/PLN exchange rate, which may translate into the achieved profitability in the future. However, we would like to point out that the purchase of most of the autumn–winter 2020 collection was paid by the company at the turn of June and July at a slightly higher Y/Y USD/PLN exchange rate. In the reported estimates for Q2 2019, the company improved its EBIT by 5.9% Y/Y to PLN 330 million. The main reason for the slowdown in the result improvement in the quarter Y/Y was low sales dynamics at the level of +8.3% Y/Y (negative base effect +20% Y/Y in Q2 2018). LPP managed to reduce the scale of decrease in gross margin on sales as compared to the previous quarter Y/Y, despite the sales of goods purchased at a significantly higher USD/PLN exchange rate (probably positive impact of lower write-downs on inventories Y/Y). In September, LPP shall publish a full report for Q2 2019. We would like to point out that the potential favorable weather conditions in September (fall of the temperatures, rainy weather) may have a significant impact on the company's results in Q3 2019 (in 2018, September it was warm, which did not support high-margin sales). We would like to draw your attention to the company's very good prospects to improve its results in H2 2019, which should be driven by an increase in comparable sales (the low base effect in September–October) and a more favorable USD/PLN exchange rate at the purchase of autumn–winter collection as compared with the spring–summer collection. Due to the decrease in the share price, we upgrade the recommendation to buy without changing the target price.

Current Price	7,280.00 PLN	Upside
9M Target Price	8,500.00 PLN	+16.8%

	rating	target price	issued
new	**buy**	**8,500.00 PLN**	**2019-09-05**
old	accumulate	8,500.00 PLN	2019-07-03

Key Metrics			LPP PW	vs. WIG
Ticker	LPP PW	1M Price Chng	-4.0%	-0.2%
ISIN	PLLPP0000011	YTD Price Chng	-6.5%	-3.9%
Outst. Stock (m)	1.9	ADTV 1M		PLN 17.7m
MC (PLN m)	13,485.6	ADTV 6M		PLN 17.1m
EV (PLN m)	12,747.7	EV/EBITDA 12M fwd	8.6	-36.7%
Free Float	69.5%	EV/EBITDA 5Y avg	13.6	discount

Earnings Projections (adjusted for IFRS 16)

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	7,029	8,047	9,172	10,375	11,623
EBITDA	872	1,106	1,259	1,408	1,569
EBITDA margin	12.4%	13.7%	13.7%	13.6%	13.5%
EBIT	578	757	842	916	999
Net income	441	505	677	750	820
P/E	30.6	26.7	19.9	18.0	16.4
P/B	5.5	4.7	3.9	3.3	2.8
EV/EBITDA	15.1	11.5	10.1	9.0	7.8
DPS	35.71	39.96	59.97	78.34	61.29
DYield	0.5%	0.5%	0.8%	1.1%	0.8%

Forecast 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	557	587	569	563
Revenue/sqm, RU (PLN)	591	590	609	592	585
Revenue/sqm, CZ (PLN)	666	759	777	754	745
Revenue/sqm, DE (PLN)	502	500	530	514	508
Gross profit margin	52.9%	54.7%	54.2%	54.1%	54.1%
Operating cash flow	**893**	**1,212**	**1,398**	**1,821**	**2,035**
D&A	293	349	417	491	570
Working capital	0	0	575	640	700
Investing cash flow	**101**	**125**	**-24**	**-61**	**-55**
CAPEX	-384	-704	-702	-983	-823
Financing cash flow	**-360**	**21**	**-942**	**-808**	**-828**
Dividends/Buyback	66	73	110	144	112
FCF	358	92	112	154	464
FCF/EBITDA	41%	8%	9%	11%	30%
OCF/EBITDA	102%	110%	73%	84%	85%

Key Ratios (adjusted for IFRS 16)

(k sqm)	2017	2018	2019P	2020P	2020P
Salea area, PL	514	529	542	559	570
Salea area, RU	194	206	229	258	287
Sales area, CZ	44	48	54	62	68
Sales area, DE	45	46	46	47	47
Cash (PLN m)	515	1,045	805	834	1,218
Net debt (PLN m)	-316	-753	-738	-792	-1,192
Net debt/EBITDA (x)	-0.4	-0.7	-0.6	-0.6	-0.8

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	21.7	17.8	14.7	10.6	8.9	7.5
Maximum	24.0	21.7	20.2	14.8	11.0	10.3
Median	23.6	20.2	19.2	10.6	10.0	9.5
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)	641	660	671	682	689	693	691	689	689	685	685
SG&A/sqm (PLN)	287	291	296	304	307	311	309	307	306	305	305
Sales area (k sqm)	1,091	1,223	1,354	1,488	1,592	1,695	1,804	1,918	2,037	2,161	2,161
Revenue	8,047	9,172	10,375	11,623	12,731	13,667	14,505	15,396	16,342	17,247	18,649
EBITDA	1,106	1,259	1,408	1,569	1,685	1,688	1,752	1,857	1,950	2,198	2,177
EBITDA margin	13.7%	13.7%	13.6%	13.5%	13.2%	12.4%	12.1%	12.1%	11.9%	12.7%	11.7%
EBIT	757	851	916	999	1,099	1,121	1,197	1,306	1,400	1,643	1,560
Tax	228	182	174	190	209	213	227	248	266	312	296
CAPEX	-799	-870	-983	-823	-512	-518	-540	-562	-584	-605	-617
Working capital	-14	103	97	93	84	70	63	67	71	68	72
FCF	92	112	154	464	880	887	922	980	1,030	1,213	1,192
PV FCF	0	107	135	376	657	610	585	573	555	602	
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	13,820
Net debt	-753
Other adjustments	0
Value per share (PLN)	7,900

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	8,300
DCF Val.	50%	7,900
Implied Price		7,980
Cost of equity (9M)		6.4%
9M Target Price		**8,500**

VRG

buy (no change)

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VRG reported very good results for Q2 2019, which were slightly above market expectations. The company improved its gross margin on sales by 1.4 p.p. Y/Y to 53.5% in Q2 2019, which was affected by the introduced modification of the price policy in the fashion segment and an increase in the share of sales of silver products in the jewelry segment. We expect that a positive trend in the improvement of the gross margin on sales should be supported in H2 2019 by additional purchasing synergies and a favorable relation of the USD/PLN exchange rate Y/Y against the exchange rate at the purchase of the spring–summer 2019 collection, as well as by an increase in the price of gold and silver. In our opinion, the continuation of a dynamic increase in the return on sales in the following months may force the company management board to increase the target +1 p.p. Y/Y as set for 2019. In August, we expect the company to maintain a high sales dynamics and a temporary slowdown in profitability increase due to intensive sales. We expect that further improvement of the organic business performance, consolidation of the Bytom results and positive synergy effects should allow the company to generate a record-breaking result in 2019 and to maintain a double-digit rate of the EBITDA growth Y/Y in 2020.

Current Price	4.30 PLN	**Upside**
9M Target Price	5.20 PLN	+20.9%

	rating	target price	issued
unchanged	**buy**	**5.20 PLN**	**2019-07-26**

Key Metrics			**VRG PW**	**vs. WIG**
Ticker	VRG PW	1M Price Chng	-0.6%	+3.2%
ISIN	PLVSTLA00011	YTD Price Chng	+6.4%	+9.1%
Outst. Stock (m)	234.5	ADTV 1M		PLN 0.7m
MC (PLN m)	1,008.2	ADTV 6M		PLN 1.0m
EV (PLN m)	1,059.6	EV/EBITDA 12M fwd	6.9	-21.2%
Free Float	46.5%	EV/EBITDA 5Y avg	8.7	discount

Earnings Projections (adjusted for IFRS 16)

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	689	806	1,035	1,133	1,239
EBITDA adj.	78	89	124	138	149
EBITDA margin	11.4%	11.1%	11.9%	12.2%	12.0%
EBIT	63	72	101	116	126
Net income	43	54	74	85	94
P/E	17.3	18.8	13.7	11.9	10.7
P/B	1.4	1.3	1.1	1.0	1.0
EV/EBITDA	10.8	12.0	8.6	7.3	6.4
DPS	0.00	0.00	0.00	0.00	0.00
DYield	0.0%	0.0%	0.0%	0.0%	0.0%

Forecast 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
Fashion Sales	420	483	660	720	784
Fashion EBIT	32	35	53	64	72
Jewelry Sales	271	323	369	413	455
Jewelry EBIT	34.0	39.8	45.9	51.6	54.4
Gross profit margin	52.2%	51.2%	51.9%	52.2%	52.0%
Operating cash flow	**21**	**54**	**119**	**167**	**169**
D&A	16	17	22	23	23
D&A (IFRS 16)	0	0	82	87	92
Working capital	-27	-21	-51	-28	-41
Investing cash flow	**-15**	**-19**	**-25**	**-24**	**-24**
Financing cash flow	**-5**	**-18**	**-29**	**-99**	**-104**
Credit/loans	-8	8	54	-12	-12
FCF	19	37	29	65	60
FCF/EBITDA	25%	41%	24%	47%	40%
OCF/EBITDA	26%	60%	30%	58%	51%

Key Ratios (adj. for IFRS 16)

(PLN)	2017	2018	2019P	2020P	2021P
Sales/sqm, Fashion	1,495	1,207	1,264	1,294	1,329
Sales/sqm, Jewelry	2,602	2,814	2,951	3,061	3,178
SG&A/sqm, Fashion	618	420	530	541	553
SG&A/sqm, Jewelry	1,062	1,118	1,175	1,219	1,266
Cash (PLN m)	16	34	99	143	183
Net debt (PLN m)	99	63	51	-5	-57
Net debt/EBITDA (x)	1.3	0.7	0.4	0.0	-0.4

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	6.4	6.4	5.9	4.8	4.5	4.2
Maximum	25.4	22.6	21.2	15.4	12.3	11.4
Median	15.4	13.8	12.6	9.0	8.0	7.0
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis (adj. for IFRS 16)

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Sales/sqm (PLN)	1,612	1,651	1,699	1,719	1,720	1,725	1,740	1,756	1,771	1,787	
SG&A/sqm (PLN)	677	691	709	716	725	732	734	741	748	755	
Sales area (ksqm)	55	59	63	66	69	72	75	79	82	86	
Revenue	1,035	1,133	1,239	1,328	1,397	1,463	1,540	1,623	1,709	1,800	1,836
EBITDA	124	138	149	159	161	163	175	183	192	201	205
EBITDA margin	11.9%	12.2%	12.0%	12.0%	11.5%	11.2%	11.4%	11.3%	11.2%	11.1%	11.1%
EBIT	101	116	126	136	136	139	150	158	166	174	178
Tax	18	22	24	26	26	26	28	30	31	33	34
CAPEX	25	24	24	25	26	26	27	27	28	26	27
Working capital	-51	-28	-41	-34	-28	-27	-32	-34	-36	-39	-39
FCF	29	65	60	74	80	83	88	92	96	102	104
PV FCF	28	57	49	55	55	52	50	49	47	46	
WACC	8.8%	9.1%	9.0%	9.0%	8.9%	8.9%	8.8%	8.8%	8.7%	8.7%	8.7%
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	1,189
Net debt	63
Other adjustments	0
Value per share (PLN)	4.80

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	5.00
DCF Val.	50%	4.80
Implied Price		4.90
Cost of equity (9M)		6.4%
9M Target Price		**5.20**

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

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

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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.

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

11 bit studios	Activision, Blizzard, CAPCOM, Take Two Interactive, Ubisoft Entertainment, Electronic Arts, Paradox Interactive
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	Archicom, Dom Development, i2 Development, JWC, LC Corp, Lokum Deweloper, Polnord, Ronson
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
Cognor	AK Steel, Alumetal, ArcelorMittal, Baoshan Iron & Steel, Commercial Metals, HeSteel, Hitachi Metals, Hyundai Steel, JFE Holdings, JSW Steel, Kloeckner & Co, Metalurgica Gerdau, Nippon Yakin Kogyo, Nucor, Olympic Steel, Outokumpu, POSCO, Salzgitter, SSAB, Steel Authority Of India, Steel Dynamics, Tata Steel, thyssenkrupp, United States Steel Corp, voestalpine
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
Dom Development	Archicom, Atal, LC Corp, Lokum Deweloper, Echo
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 Shenhou, Shanxi Xishan Coal & Elec, Yanzhou Coal Mining, Banpu Public, LW Bogdanka, Shaanxi Heimao, 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	Affilated 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
VRG	H&M, Inditex, Kappahl, Marks & Spencer, Next, Hugo Boss, CCC, LPP, Tiffany, Pandora, Lao Feng, Chow Sang, Luk Fook, Chow Tai Fook, Lao Fen Xiang

Recommendations Issued In the 12 Months Prior To This Publication

11 bit studios

Rating	buy
Rating date	2019-05-20
Target price (PLN)	518.00
Price on rating day	398.00

AC

Rating	underweight	neutral	overweight
Rating date	2019-08-30	2019-03-22	2018-11-30
Target price (PLN)	-	-	-
Price on rating day	43.60	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	neutral	underweight
Rating date	2019-06-28	2019-01-31
Target price (PLN)	-	-
Price on rating day	8.40	11.75

Alior Bank

Rating	buy	buy	buy	buy	buy
Rating date	2019-07-03	2019-06-03	2019-02-01	2018-12-05	2018-10-04
Target price (PLN)	72.30	77.00	87.00	92.50	96.00
Price on rating day	51.10	52.80	57.50	56.65	62.90

Alumetal

Rating	underweight	underweight	neutral	neutral
Rating date	2019-08-30	2019-05-29	2019-04-15	2019-03-28
Target price (PLN)	-	-	-	-
Price on rating day	51.00	51.00	51.00	51.00

Amica

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

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
Rating date	2018-12-05
Target price (PLN)	-
Price on rating day	11.90

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	hold	accumulate	hold	accumulate
Rating date	2019-06-03	2019-03-05	2019-02-04	2018-12-05	2018-09-03
Target price (PLN)	50.80	53.00	51.20	49.60	49.00
Price on rating day	51.10	54.30	48.00	48.30	45.90

Asseco SEE

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

Astarta

Rating	overweight
Rating date	2019-09-05
Target price (PLN)	-
Price on rating day	23.00

Atal

Rating	accumulate	accumulate	hold
Rating date	2019-07-03	2019-06-06	2019-04-02
Target price (PLN)	41.89	43.16	41.03
Price on rating day	36.60	39.10	39.90

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	underweight	neutral	neutral
Rating date	2019-07-26	2019-04-29	2018-09-05
Target price (PLN)	-	-	-
Price on rating day	4.49	4.65	6.25

Budimex

Rating	suspended
Rating date	2018-12-05
Target price (PLN)	-
Price on rating day	119.40

Capital Park

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

CCC

Rating	buy	hold	buy	buy	buy	buy
Rating date	2019-09-05	2019-06-06	2019-04-02	2019-02-04	2018-12-05	2018-11-05
Target price (PLN)	161.00	161.00	275.00	291.00	288.00	272.00
Price on rating day	131.90	153.80	217.00	178.80	204.60	173.60

CD Projekt

Rating	accumulate	accumulate	accumulate	accumulate	buy	reduce
Rating date	2019-09-05	2019-05-09	2019-04-02	2019-02-04	2018-11-23	2018-10-16
Target price (PLN)	272.50	237.50	221.00	217.70	170.40	136.60
Price on rating day	251.30	215.00	204.00	190.00	139.00	158.60

CEZ

Rating	accumulate	hold	hold	hold
Rating date	2019-06-25	2019-04-02	2019-02-04	2018-11-05
Target price (CZK)	597.80	565.50	537.80	518.72
Price on rating day	544.00	540.50	568.00	549.00

Ciech

Rating	buy	hold	buy	buy	buy	buy	buy
Rating date	2019-09-05	2019-07-03	2019-06-03	2019-05-09	2019-04-02	2019-02-04	2018-11-05
Target price (PLN)	42.03	41.72	55.00	68.11	68.66	75.82	77.05
Price on rating day	34.00	41.60	42.65	44.85	54.80	52.40	42.58

Cognor

Rating	accumulate	hold	accumulate	accumulate	overweight	neutral	underweight	neutral
Rating date	2019-09-05	2019-07-25	2019-07-03	2019-06-14	2019-06-03	2019-05-09	2019-03-05	2018-12-05
Target price (PLN)	2.00	1.84	1.84	1.79	-	-	-	-
Price on rating day	1.65	1.75	1.77	1.64	1.60	1.59	1.94	1.80

Comarch

Rating	buy	buy	buy	hold	accumulate	accumulate
Rating date	2019-07-25	2019-04-17	2019-03-05	2019-02-04	2018-12-05	2018-10-01
Target price (PLN)	231.00	230.00	195.00	160.80	173.30	180.50
Price on rating day	178.50	181.00	162.50	155.00	160.00	167.00

Cyfrowy Polsat

Rating	reduce	hold
Rating date	2019-05-31	2018-11-26
Target price (PLN)	24.15	23.20
Price on rating day	26.00	22.50

Dino

Rating	hold	sell	sell	reduce	hold	accumulate	buy
Rating date	2019-08-23	2019-08-13	2019-08-02	2019-04-02	2019-02-04	2018-12-05	2018-11-05
Target price (PLN)	149.20	111.20	112.70	112.70	105.90	106.30	103.50
Price on rating day	149.60	135.90	143.80	126.10	100.30	100.40	84.70

Dom Development

Rating	hold	hold	hold	hold	accumulate	buy
Rating date	2019-09-05	2019-07-03	2019-06-06	2019-04-02	2019-02-04	2018-12-05
Target price (PLN)	81.10	79.80	82.65	84.40	84.10	84.10
Price on rating day	84.00	77.40	82.00	80.80	75.00	66.00

Echo

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

Elektrobudowa

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

Elektrotim

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

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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	2019-06-25	2019-04-02	2019-02-04	2018-11-29
Target price (PLN)	12.41	12.51	13.12	15.58
Price on rating day	8.53	8.76	10.73	10.50

Energa

Rating	buy	buy	buy	buy	buy
Rating date	2019-06-25	2019-04-02	2019-02-04	2018-11-29	2018-09-03
Target price (PLN)	12.67	12.21	13.26	13.54	15.27
Price on rating day	7.33	8.58	10.14	9.16	8.40

Erbud

Rating	suspended	buy
Rating date	2018-12-05	2018-09-03
Target price (PLN)	-	14.40
Price on rating day	9.64	9.60

Ergis

Rating	neutral	neutral	overweight	overweight	underweight
Rating date	2019-08-30	2019-05-29	2019-04-29	2019-02-27	2018-12-05
Target price (PLN)	-	-	-	-	-
Price on rating day	2.48	3.00	3.00	2.75	2.80

Erste Group

Rating	buy	buy	buy
Rating date	2019-08-28	2019-02-04	2018-12-05
Target price (EUR)	40.38	43.72	46.18
Price on rating day	30.03	31.00	34.41

Eurocash

Rating	reduce	hold	reduce	reduce	sell	reduce	hold	buy
Rating date	2019-09-05	2019-08-02	2019-06-03	2019-05-09	2019-04-02	2019-02-04	2018-12-05	2018-10-01
Target price (PLN)	18.10	18.10	18.10	18.90	18.90	17.90	18.20	26.40
Price on rating day	20.62	18.60	19.31	21.00	22.58	20.13	18.00	18.08

Famur

Rating	buy	buy	buy	buy	buy	buy	buy
Rating date	2019-08-07	2019-08-02	2019-07-03	2019-06-03	2019-05-09	2019-02-04	2018-11-30
Target price (PLN)	5.33	6.71	6.96	6.67	6.90	6.61	6.41
Price on rating day	4.42	4.47	5.24	4.85	4.82	4.98	5.58

Forte

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

Getin Noble Bank

Rating	suspended	hold
Rating date	2018-12-05	2018-10-04
Target price (PLN)	-	1.00
Price on rating day	0.33	0.53

Grupa Azoty

Rating	hold	hold	accumulate	accumulate	buy	hold	hold	buy	hold
Rating date	2019-09-05	2019-08-02	2019-07-03	2019-06-03	2019-05-09	2019-03-05	2018-11-23	2018-11-05	2018-09-03
Target price (PLN)	39.77	45.93	45.93	44.42	45.39	43.20	33.00	31.47	41.13
Price on rating day	39.98	42.30	42.10	39.86	35.92	43.88	32.36	24.00	38.00

GTC

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

Handlowy

Rating	accumulate	accumulate	buy	buy	hold	reduce	accumulate	buy
Rating date	2019-07-03	2019-06-03	2019-05-21	2019-05-09	2019-03-05	2019-02-01	2018-12-05	2018-10-04
Target price (PLN)	59.45	61.00	61.00	65.50	65.50	65.50	76.00	90.00
Price on rating day	53.60	53.70	52.40	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
Rating date	2018-12-05
Target price (PLN)	-
Price on rating day	11.30

Impexmetal

Rating	suspended	underweight	neutral
Rating date	2019-08-30	2019-04-25	2018-12-05
Target price (PLN)	-	-	-
Price on rating day	4.22	4.16	3.40

ING BSK

Rating	accumulate	hold	reduce	hold	accumulate	buy	accumulate
Rating date	2019-09-05	2019-08-02	2019-07-03	2019-02-01	2018-12-05	2018-11-05	2018-10-04
Target price (PLN)	197.53	191.80	191.80	191.80	199.63	200.00	200.00
Price on rating day	187.40	189.80	203.50	191.40	183.60	166.00	181.00

Jeronimo Martins

Rating	reduce	hold	accumulate	hold	buy	buy
Rating date	2019-09-05	2019-05-09	2019-04-02	2019-03-05	2019-02-04	2018-12-05
Target price (EUR)	14.30	14.30	14.10	13.60	14.60	14.50
Price on rating day	15.88	13.89	13.15	13.40	12.38	10.60

JSW

Rating	buy	accumulate	hold	reduce	hold	reduce	reduce	sell	buy
Rating date	2019-09-05	2019-07-03	2019-05-09	2019-03-25	2019-02-20	2019-02-04	2018-12-05	2018-11-26	2018-09-03
Target price (PLN)	39.29	50.02	54.80	54.80	60.68	60.68	59.14	59.14	98.00
Price on rating day	26.50	47.00	49.86	62.50	59.96	68.30	71.20	72.56	77.00

JWC

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

Kernel

Rating	reduce	buy	buy	buy
Rating date	2019-08-19	2019-06-03	2019-03-05	2018-11-05
Target price (PLN)	42.70	58.63	62.86	60.85
Price on rating day	48.60	46.50	49.20	52.10

Grupa Kęty

Rating	hold	hold	reduce	hold	hold	reduce	sell	hold
Rating date	2019-09-05	2019-07-03	2019-06-03	2019-04-02	2019-01-18	2018-12-05	2018-10-29	2018-09-03
Target price (PLN)	327.11	345.32	326.37	341.33	324.30	309.30	309.30	367.45
Price on rating day	310.00	337.00	347.50	324.00	336.50	343.00	365.50	387.50

KGHM

Rating	hold	reduce	hold	hold	hold	hold	hold	hold	buy
Rating date	2019-08-22	2019-08-05	2019-07-03	2019-06-03	2019-04-02	2019-02-04	2018-12-05	2018-10-15	2018-09-03
Target price (PLN)	77.51	80.38	98.35	91.71	105.57	92.41	84.56	87.99	104.21
Price on rating day	74.90	87.78	101.70	95.00	109.40	94.16	92.60	85.40	90.80

Komercni Banka

Rating	buy	accumulate	buy	accumulate
Rating date	2019-08-28	2019-08-02	2019-05-09	2018-12-05
Target price (CZK)	945.02	1000.00	1000.00	1000.00
Price on rating day	817.00	872.00	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
Rating date	2019-04-02	2018-10-16
Target price (PLN)	-	-
Price on rating day	43.90	43.90

LC Corp

Rating	suspended
Rating date	2018-12-05
Target price (PLN)	-
Price on rating day	2.55

Lokum Deweloper

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

Lotos

Rating	sell	sell	sell	sell	sell	sell	sell
Rating date	2019-08-02	2019-06-03	2019-04-02	2019-03-05	2019-02-04	2018-11-15	2018-09-03
Target price (PLN)	72.31	65.95	65.41	65.18	65.36	59.84	57.21
Price on rating day	88.66	87.82	86.22	93.90	93.00	73.50	69.90

LPP

Rating	buy	accumulate	accumulate	hold	buy	accumulate	buy	buy
Rating date	2019-09-05	2019-07-03	2019-06-03	2019-04-02	2019-03-05	2019-02-04	2018-12-05	2018-10-01
Target price (PLN)	8,500.00	8,500.00	8,300.00	8,400.00	9,300.00	9,300.00	9,300.00	10,200.00
Price on rating day	7,280.00	7,745.00	7,335.00	8,405.00	7,990.00	8,370.00	7,730.00	8,625.00

Mangata

Rating	neutral	neutral	neutral	neutral	underweight
Rating date	2019-05-29	2019-05-09	2019-04-29	2018-10-01	2018-09-13
Target price (PLN)	-	-	-	-	-
Price on rating day	69.50	69.00	71.00	65.40	91.20

Millennium

Rating	buy	accumulate	accumulate	hold	reduce
Rating date	2019-08-02	2019-02-01	2018-11-14	2018-11-05	2018-10-04
Target price (PLN)	10.00	10.00	10.10	8.40	8.40
Price on rating day	7.51	8.82	9.49	8.85	9.27

MOL

Rating	accumulate	hold	hold	hold	hold	hold	accumulate	accumulate	buy
Rating date	2019-08-02	2019-06-03	2019-04-02	2019-03-05	2019-02-04	2018-12-05	2018-11-15	2018-11-05	2018-09-03
Target price (HUF)	3,258.00	3,223.00	3,223.00	3,423.00	3,433.00	3,280.00	3,280.00	3,296.00	3,296.00
Price on rating day	3,004.00	3,276.00	3,278.00	3,250.00	3,284.00	3,206.00	3,088.00	3,006.00	2,870.00

Moneta Money Bank

Rating	buy
Rating date	2019-08-28
Target price (CZK)	94.33
Price on rating day	75.95

Monnari

Rating	neutral	underweight
Rating date	2019-07-17	2018-12-05
Target price (PLN)	-	-
Price on rating day	4.66	4.75

Netia

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

Orange Polska

Rating	buy	accumulate	hold	buy
Rating date	2019-09-05	2019-08-02	2019-06-19	2018-11-26
Target price (PLN)	7.50	7.50	7.50	6.40
Price on rating day	6.12	6.70	7.29	4.91

OTP Bank

Rating	buy	hold	buy	hold	accumulate
Rating date	2019-08-28	2019-08-02	2019-07-03	2019-04-02	2018-12-05
Target price (HUF)	14,681.00	13,046.00	13,046.00	13,046.00	13,046.00
Price on rating day	12,000.00	12,080.00	11,790.00	12,600.00	11,810.00

PA Nova

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

PBKM

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

Prime Car Management

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

Pekao

Rating	buy	accumulate	buy	buy	buy	buy
Rating date	2019-08-02	2019-07-03	2019-05-30	2019-02-01	2018-12-05	2018-10-04
Target price (PLN)	119.75	121.00	121.00	131.80	136.29	138.70
Price on rating day	99.88	112.95	103.75	110.60	113.25	107.20

Pfleiderer Group

Rating	underweight	underweight	neutral	neutral	neutral	underweight	neutral
Rating date	2019-07-29	2019-07-26	2019-05-29	2019-04-16	2019-02-27	2019-01-30	2018-09-28
Target price (PLN)	-	-	-	-	-	-	-
Price on rating day	28.00	28.00	20.40	25.50	28.40	32.60	36.45

PGE

Rating	buy	buy	buy	buy	buy	buy	buy
Rating date	2019-06-25	2019-06-03	2019-05-09	2019-04-02	2019-03-26	2019-02-04	2018-11-29
Target price (PLN)	13.26	13.39	13.38	13.66	13.77	14.47	14.82
Price on rating day	9.00	9.23	8.61	10.10	9.88	11.86	11.47

PGNiG

Rating	buy	accumulate	buy	accumulate	hold	hold	buy	buy
Rating date	2019-09-05	2019-08-02	2019-05-28	2019-04-02	2019-03-05	2019-02-04	2018-11-05	2018-09-03
Target price (PLN)	6.33	6.33	6.47	6.92	7.08	7.72	7.72	7.86
Price on rating day	4.49	5.62	5.58	6.31	6.58	7.63	6.35	5.82

PKN Orlen

Rating	hold	sell	sell	sell	sell	sell	reduce	sell
Rating date	2019-08-01	2019-06-03	2019-04-02	2019-03-05	2019-02-04	2018-11-15	2018-11-05	2018-09-03
Target price (PLN)	92.82	80.01	79.39	81.22	83.43	81.52	81.38	81.38
Price on rating day	97.36	96.78	99.94	101.50	104.70	97.80	93.50	98.24

PKO BP

Rating	buy	accumulate	accumulate	hold	accumulate	buy	accumulate
Rating date	2019-08-02	2019-06-26	2019-05-09	2019-02-01	2018-12-05	2018-11-05	2018-10-04
Target price (PLN)	47.17	47.17	40.92	40.92	45.00	47.00	47.00
Price on rating day	39.34	42.20	37.78	39.51	41.96	40.39	42.55

Play

Rating	hold	accumulate	hold	buy	accumulate	accumulate	hold	buy	buy
Rating date	2019-09-05	2019-08-02	2019-07-03	2019-05-31	2019-05-09	2019-04-12	2019-02-04	2018-11-26	2018-10-17
Target price (PLN)	34.20	34.20	29.00	29.00	25.25	26.70	21.30	21.30	21.50
Price on rating day	33.34	31.22	33.34	25.08	24.42	24.08	22.80	16.54	17.14

Polnord

Rating	**suspended**
Rating date	2018-12-05
Target price (PLN)	-
Price on rating day	9.77

Polwax

Rating	**suspended**
Rating date	2018-09-14
Target price (PLN)	-
Price on rating day	7.70

Pozbud

Rating	**neutral**	**overweight**	**overweight**
Rating date	2019-09-05	2019-04-29	2018-09-04
Target price (PLN)	-	-	-
Price on rating day	2.14	2.37	3.57

PZU

Rating	**buy**	**hold**	**accumulate**	**accumulate**	**hold**	**accumulate**	**buy**
Rating date	2019-09-05	2019-07-03	2019-04-02	2019-03-05	2019-02-04	2018-12-05	2018-11-05
Target price (PLN)	43.38	43.38	43.38	46.50	46.50	46.50	47.50
Price on rating day	36.59	44.35	40.79	42.00	44.66	43.80	40.60

RBI

Rating	**accumulate**
Rating date	2019-08-28
Target price (EUR)	23.05
Price on rating day	20.44

Ronson

Rating	**suspended**
Rating date	2018-12-05
Target price (PLN)	-
Price on rating day	0.84

Santander Bank Polska

Rating	**hold**	**reduce**	**hold**	**hold**	**accumulate**	**buy**	**accumulate**	**accumulate**
Rating date	2019-08-02	2019-07-12	2019-06-03	2019-02-01	2018-12-05	2018-11-05	2018-10-04	2018-09-03
Target price (PLN)	337.00	337.00	377.27	388.00	400.00	400.00	400.00	430.00
Price on rating day	319.60	357.20	365.20	373.80	364.80	353.80	367.00	376.00

Skarbiec Holding

Rating	**buy**	**buy**	**buy**
Rating date	2019-06-03	2018-12-05	2018-11-05
Target price (PLN)	28.17	31.36	31.02
Price on rating day	16.50	23.50	21.70

Stelmet

Rating	**hold**	**hold**	**hold**	**hold**	**hold**	**buy**
Rating date	2019-09-05	2019-07-03	2019-03-05	2019-02-04	2018-11-05	2018-09-03
Target price (PLN)	6.50	7.95	8.36	8.39	7.72	20.45
Price on rating day	6.70	7.00	10.25	8.88	7.50	11.35

Tarczyński

Rating	**neutral**	**underweight**	**underweight**
Rating date	2019-05-29	2019-04-29	2018-12-05
Target price (PLN)	-	-	-
Price on rating day	15.40	15.60	17.50

Tauron

Rating	**buy**	**buy**	**buy**	**buy**	**buy**
Rating date	2019-06-25	2019-04-02	2019-02-04	2018-11-29	2018-09-03
Target price (PLN)	2.52	2.89	3.12	3.06	2.77
Price on rating day	1.57	2.03	2.37	2.21	2.00

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**
Rating date	2018-12-05	2018-09-27
Target price (PLN)	-	-
Price on rating day	4.60	5.18

Trakcja

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

TXM

Rating	**suspended**
Rating date	2018-10-16
Target price (PLN)	-
Price on rating day	0.59

Ulma

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

Unibep

Rating	suspended
Rating date	2018-12-05
Target price (PLN)	-
Price on rating day	4.81

VRG

Rating	buy	overweight	overweight	overweight	overweight
Rating date	2019-07-26	2019-05-29	2019-03-28	2018-12-05	2018-11-08
Target price (PLN)	5.20	-	-	-	-
Price on rating day	4.20	3.90	4.29	3.83	4.06

Wasko

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

Wirtualna Polska

Rating	hold	accumulate	buy	accumulate
Rating date	2019-07-03	2019-02-04	2018-12-05	2018-09-03
Target price (PLN)	61.50	61.50	61.50	60.00
Price on rating day	61.20	58.40	52.20	57.00

ZUE

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

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