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RBI - Forecast of 2019 Q3 Results

Rekomendacja: trzymaj | cena docelowa: 23,05 EUR | cena bieżąca: 23,21 EUR

RBI AV; RBIV.VI | Banki, Austria

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- RBI is scheduled to release 2019 Q3 results on 14 November.
- We expect to see net income of EUR 292.9m after a 15% fall from the previous quarter and 30% shrinkage on a year-over-year basis.
- The quarterly figures will be negatively affected by one-time charges of EUR 25m each related to legal disputes and deferred taxes.
- Total income is not likely to change much compared to Q2 with higher NII offsetting lower fee income (-1% Q/Q).
- The small rise in net interest income to an estimated EUR 848m will be accompanied by NIM contraction by 10bp compared to the same year-ago period (2.27% over avg. assets).
- Provisioning in Q3 is expected to amount to EUR 21m after net reversals of EUR 8m recognized in Q2.
- Despite the expected quarter-on-quarter slowdown in Q3, RBI looks on track to exceeding our FY2019 estimates with YTD earnings equivalent to 79% of the target. Performance-wise, the potential positive surprise is already priced in at the current level.

2019 Q3 estimates

(EUR m)	3Q'18	2Q'19	3Q'19E	Y/Y	Q/Q
Net interest income	856.2	839.8	848.2	-0.9	1.0
Fee income	455.1	437.3	432.9	-4.9	-1.0
Trading income	8.6	-18.6	-17.5	-	-5.5
Total income	1.319.9	1.258.5	1.263.6	-4.3	0.4
Other operating income	-253.8	-249.8	-274.8	8.3	10.0
Banking taxes	-16.3	-16.8	-16.8	3.1	0.0
Operating expenses	-454.0	-505.7	-495.6	9.1	-2.0
Operating income before provisioning	595.7	486.2	476.3	-20.0	-2.0
Provisioning	-33.1	7.6	-21.0	-36.6	-374.8
Pre-tax income	562.6	493.8	455.3	-19.1	-7.8
Tax	-111.0	-109.7	-129.4	16.6	18.0
Minority interests	-35.0	-38.7	-33.0	-5.8	-14.7
Net income	416.6	345.4	292.9	-29.7	-15.2

Source: RBI, E—estimates byt Dom Maklerski mBanku

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

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