mBank Dom Maklerski

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Monthly Market Outlook: November 2019

Equity Market, Macroeconomics

Equity Market

As US and China make progress in their trade talks, there is increasing hope for a reversal in the global economic momentum, and the optimism is lifting equity markets, particularly in the EU. As the rally continues, we would hold off buying until a final resolution is reached.

Sector Outlook

Financials

Polish banks had an extremely challenging month in October after the EU Justice Court issued two unfavorable rulings, one regarding FX mortgage loans, followed by a ruling on cost refunds for prematurely paid-off consumer loans. This while economists downgraded their growth outlook. November is not likely to bring much relief to banks with the Dziubak vs. RBI FX loan case, which served as the basis for the CJEU's October ruling, postponed to January. On the other hand, CEE banks outside of Poland have been doing very well this year, with their ytd earnings through September likely to prompt upward revisions to FY forecasts. Among non-bank financials, PZU and Kruk are both trading at attractive multiples.

Chemicals

Ciech is expected to report strong results for 2019 Q3, indicating upside potential, while the performance of Grupa Azoty will most likely be stable in November.

Oil & Gas

High refining margins are already priced into oil stocks, and in a changing market profits in the final months of the year will most likely tighten. There is potential for positive surprises in upstream, stemming from recovering prices of hydrocarbons and recently-reduced earnings expectations.

Power Utilities

Utilities reported strong 2019 Q3 results. At PGE, increasing profits and positive FCF expected in 2020 are a positive catalyst.

Telecoms, Media, IT

We maintain a bullish view on Orange Polska despite the recent 20% share price rally. We see upside potential in Play. In media, we prefer Agora based on expectations of strong Q3 results. In IT, we like ASE even after a >80% share price surge, and we also like CMR.

Industrials & Mining

Polish industrial companies by and large experienced a deterioration in profits in Q3 2019. We anticipate the biggest improvement from AMC, AST, and FMF, while APT, KER, STL, and TAR will most likely report the worst falls. Our top picks for November are Astarta, Famur, Kruszwica, and TIM. We would avoid Apator and Kernel. The two rated miners, JSW and KGHM, stand to benefit from a possible US-China trade agreement.

Property Developers

Residential developers generated strong sales results in Q3 2019, but on fewer overall handovers (with five exceptions: ARH, DOM, ECH, PND, and BDX) the sector's aggregate quarterly profits will most likely show a decline on a y/y basis. We maintain a selective approach to residential stocks, and we continue to recommend Atal (1AT) as our top pick reporting a high inventory and strong sales.

Retail

We expect strong 2019 Q3 results from EAT, EUR, and DNP. At EAT, Q3 was probably the last quarter of fast-paced earnings growth this year. We are overweight CCC after the recent share price decline based on strong earnings potential.

Key Ratings

Positive: 11B, AST, CCC, CDR, CIE, ENA, ENG, JSW, EBS, FMF, KGH, KSW, MOL, MONET, PGE, PGN, PZU, TIM, TPE
Negative: APT, EUR, KER, LTS, MIL

EU Indices	Value	1M chng	YTD chng
WIG	59,518	+6.3%	+3%
ATX	3,246	+11.1%	+21%
BUX	43,237	+8.6%	+10%
PX	1,077	+7.2%	+14%
WSE WIG Ind.	**Value**	**1M**	**YTD**
WIG20	2,272	+7.1%	+3%
mWIG40	3,774	+5.1%	-1%
sWIG80	11,421	+0.3%	+12%
Banking	7,294	+6.1%	-2%
Basic Materials	2,982	+19.9%	-13%
Chemicals	9,124	+13.7%	-2%
Clothes	5,497	+0.9%	-9%
Construction	1,958	+3.9%	+2%
Energy	2,039	+6.8%	-15%
Food	3,034	-1.0%	-10%
Gaming	16,312	+3.0%	+64%
IT	2,465	+4.1%	+24%
Media	5,084	-0.6%	+13%
Oil & Gas	7,981	+8.0%	-0%
Real estate	2,349	+1.8%	+23%
Telecom	836	+9.2%	+35%
Top 5 / Worst 5		**1M**	**YTD**
ML System	30.90	+43.1%	+12%
Ten Square G	171.00	+29.5%	+120%
ES-System	3.46	+28.1%	+65%
Unimot	30.10	+23.4%	+278%
KGHM	91.64	+22.3%	+3%
Elektrobudowa	4.80	-16.1%	-81%
Monnari	2.91	-16.4%	-31%
Alior Bank	29.34	-18.0%	-45%
Work Service	0.64	-22.1%	-57%
Polnord	3.02	-25.4%	-65%

Rating & 9M TP Changes as of 6 Nov.

Name	Rating	9M TP
11 bit studios	buy ►	483.00 PLN ▼
Alior Bank	hold ▼	31.00 PLN ▼
AmRest	hold ▼	48.00 PLN ►
CCC	buy ►	160.00 PLN ▼
CD Projekt	accumulate ►	276.40 PLN ▲
Enea	buy ►	11.53 PLN ▼
Energa	buy ►	11.67 PLN ▼
Eurocash	sell ▼	18.10 PLN ►
Grupa Azoty	hold ►	37.12 PLN ▲
Grupa Kęty	hold ►	333.45 PLN ▲
KGHM	accumulate ►	96.14 PLN ▲
Millennium	sell ▼	5.18 PLN ►
MOL	accumulate ▼	3258.00 HUF ►
OTP Bank	accumulate ▼	14681 HUF ►
PGNiG	buy ►	5.64 PLN ▼
RBI	hold ▼	23.05 EUR ►
Santander BP	reduce ▼	276.55 PLN ►
Tauron	buy ►	2.45 PLN ▼

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Investing Outlook

The good news this month is no bad news. Last month, we underestimated the positive effects of a US-China trade deal scenario. The reports on a possible extension of the "phase 1" agreement to include partial removal of existing tariffs, combined with stabilizing economic indicators, propel expectations of a global economic recovery following the "third mini-recession" in a long expansion. Looking at the current economic situation, considering that the DAX has moved just a hair below its all-time high, it would seem that there is already a lot priced into the stock market (the most likely near-term scenario is profit taking after the trade deal, followed by a holding pattern in anticipation of better economic prints). This was possible among others thanks to the huge liquidity injections provided by central banks: the Fed, ECB, and BoJ between them are buying $95 billion worth of assets a month. Given the magnitude of the equity rally in recent weeks, any breakdown in the trade talks could send the market into a tailspin. In Poland, the WIG trading volumes are still being fueled mainly by passive ETFs. Looking at the prevailing trade war optimism, which should be sustained over the coming weeks amidst hopes of a resolution, we decided to slightly raise our recommended equity allocation from 50% to 60%.

Positive surprises and unresolved issues

We have been positively surprised by the preliminary agreement reached by China and the US, and the expectations of the "phase-1" accord being extended to include partial removal of tariffs. A second positive surprise came with the postponement of Brexit until the end of January 2020 at the earliest, followed up by improved economic prints in Europe, the US, and China (where the Caixin PMI was reported to have risen, driven most likely by the latest stimulus).

The Federal Reserve cut rates by 25 basis points in October, but signaled it had finished monetary easing for the time being unless economic data worsens significantly or in the unlikely event of a substantial rise in inflation. The stimulus already at work globally through central bank measures amounts to monthly asset purchases totaling $95 billion (Fed: $46bn, BoJ: $27bn, ECB: $22bn) for the next six months. The Fed has begun to expand its balance sheet again after trimming from $4.4bn to $3.8bn over the last two years.

A month ago, it was assumed that the eventual deal between US and China would stop the imposition as of 15 December of 15% tariffs on $160bn Chinese goods in return for agricultural purchases. Today, there are reports that it might also include the removal of the existing 15% tariffs on $125bn-worth of imports imposed in September. Analysts have also noticed a change in the way the negotiations are covered in the Chinese media, with the former confrontational tone replaced by messages about the benefits of the deal for both sides. The meeting between Chinese President Xi Jinping and Hong Kong's Chief Carrie Lam is also widely received as a nod to the US's hopes of a peaceful resolution of the conflict between the two countries.

When and how the trade war will end is impossible to say given the bumpy history of the talks so far. Investors have been playing out another economic expansion for weeks, so the most likely scenario for the short term is profit taking after a deal is reached, followed by downtime in anticipation of better economic prints, generating expectations of better company earnings. In the unlikely event that the trade talks collapse, we can assume that President Trump will retaliate by re-imposing the suspended tariff hike from 25% to 30% on $250bn-worth of Chinese imports originally set for 15 October. The failure to reach an agreement would send markets reeling with renewed fears of a recession.

The EU has agreed to delay Brexit until 31 January 2020 but stressed that the withdrawal agreement will not be renegotiated. The extended timeline only extends the period of uncertainty.

Economic prints for October signaled improvement at a time when any further deterioration would be received as the start of a recession. The trade talks, the Brexit extension, and the improving data have created an opportunity for investors to play out the end of the third mini-recession of a long expansion cycle. Whether this is justified remains to be seen. Note that the October prints do not signal a reversal, but merely a deceleration of the downward trend. The Eurozone PMI was up to 50.2 from 50.1 the previous month. In the US, the Manufacturing ISM rose from 47.8 to 48.3, but remained below the recession threshold. ISM Services registered a bigger improvement from 52.6 to 54.7. November data will reflect the US-China deal optimism and the Brexit delay, and if they do not improve the market is in for a downward correction.

Not much cause for optimism on the WSE

Polish company earnings have been less than ideal this year despite favorable economic fundamentals. The Manufacturing PMI in October at 45.6 was the lowest since the 2009 crisis. Orders and production are falling, resulting in an inventory build-up. Real economic activity in Poland is not as bad as the PMI would have it, but if the worsening trend in prints continues this will squeeze further the already-tight operating margins of Polish manufacturers, possibly triggering a new wave of downward revisions. The PMI trends confirm the deceleration expectations of the Polish central bank, with mBank economists anticipating GDP growth of just 3.2% next year.

The single-biggest driver that can restore volumes to the WSE is the PPK pension savings scheme. The 50% participation rate targeted by the government is disappointing compared to what was touted a few months ago, however there is no doubt that the PPK money will significantly improve equity inflows. At 50%, we estimate that, in its first full year, which is 2021, PPK could generate inflows as high as PLN 4-4.5bn.

PPK is a kind of a barometer of how much confidence Poles have in their capital market, and the fear is as the government steps up efforts to bring the OFE reform to completion that more people than thought will move their OFE savings to the state pension vehicle, ZUS, rather than to individual retirement accounts. The proportion could be as high as 30-40% is we take the PPK numbers so far as the benchmark, with many individuals unwilling to put their money into the hands of privately-managed savings vehicles. With more of the nationwide pension savings moved to the ZUS, the state might become a principal shareholder in a large number of companies listed on the WSE - something which is not likely to be received well by foreign investors.

Emerging market ETFs remain the only source of value-driving inflows for the WSE as local investment funds continue to suffer withdrawals (PLN 554m pulled in September and PLN 3.1bn YTD from equity and absolute return funds). After a series of positive recommendations from global investment banks, EM funds received $1bn net in

fresh inflows over the past month according to Bloomberg, of which $0.6bn just in the past week. Actively-managed global funds are discouraged by the FX mortgage-related risks weighing on the Polish bank sector amid a slowing economy. A good indication of where the WSE receives money from is an 8% difference in the monthly rates of return on the WIG20 index vs. SWIG80.

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Sector Strategies

Financials

- Polish courts ruled against banks and in favor of FX mortgage borrowers in several cases resolved in October, apparently taking guidance from the CJEU verdict given at the beginning of the month, and thus paving the way for more cases in the future. Under these circumstances, we can expect to see increasing provisioning weighing on the future profits of Polish banks. In our baseline scenario, the CJEU verdict opens the door for mass action by borrowers to have their loan contracts annulled, resulting in total charges to the Polish bank sector of roughly PLN 42bn over the next seven years assuming lenders can successfully recover the costs of principal on the canceled loans in counter-claims against their customers. If they cannot, in the worst-case scenario the losses could ultimately double to PLN 85bn. In yet another scenario where Polish courts allow FX-indexed loans to be converted to zlotys at the exchange rates prevailing at the time of origination, while keeping them tied to LIBOR, our calculations point to estimated losses of PLN 45.5bn.
- A second CJEU verdict set to take an unexpectedly harsh toll on bank bottom lines concerns reimbursement of borrowing fees to consumers repaying their loans early before the end of term. According to our calculations, such refunds will set Polish banks back from a few to a few dozen million zlotys per quarter on a regular basis until all the loans are paid off.
- Against this backdrop, our advice remains to pick CEE over Poland, with Moneta Money Bank and Erste Bank reiterated as our top picks for the month ahead.
- Mario Draghi ended his term as President of the European Central Bank, but not before announcing a fresh round of stimulus measures to bolster the eurozone, including a reboot of quantitative easing and tiered deposit rates on top of interest rate cuts. The two-tier deposit rate system will help reduce costs of central bank deposits by about EUR 4bn a year, and Erste Group, alongside Raiffeisen Bank International, are positioned to benefit from this. A negative side effect of TLTRO III could be additional downward NIM pressure generated in a more competitive lending market.
- **Key Ratings:** EBS (buy), MONET (buy), MIL (sell)

Chemicals

- The 2019 Q3 reporting season is looking good for chemical companies, with Ciech and Grupa Azoty both delivering improvement in core earnings results relative to the year-ago period.
- At the same time, profits from fertilizer production (AN, UAN, CAN, DAP) are currently seen to contract in line with declining prices. This is accompanied by increasing competition in plastics and chemicals. As a result, Grupa Azoty's profits in 2020 are expected to shrink, accompanied by high debt.
- On the other hand, Ciech is likely to capitalize on falling prices of coal with 2020 savings in excess of PLN 50m. Looking at recovering prices of soda ash in Asian markets, the outlook for next year is looking increasingly better.
- **Key ratings**: CIE (buy)

Oil & Gas

- Oil market moods seem to be getting more bullish over the recent days, buoyed by progress in US-China trade talks which makes investors more hopeful about next year's demand growth. This is also reflected in a rise in bullish speculator positions in Brent and WTI crude oil futures, though at the current level the contract volumes are well below the average for the last twelve months.
- Sentiment is also shaped by the forthcoming IPO of Saudi Aramco, with investors again eager to buy into energy stocks.
- Refining margins have retreated from the October highs as weak HSFO cracking spreads are no longer offset by high diesel cracks. Gasoline margins have expanded on strong US demand, but this might be a short-lived improvement. The Urals-Brent differential has turned negative against all the high expectations associated with the introduction of the IMO 2020 rules.
- Petrochemical margins are on a decline again across the whole product slate (olefins, polymers, PTA) due to increasing supply combined with concerns over waning demand amid a global slowdown. The rebounding crude prices are not helping, either.
- In the gas market, spot prices in Europe are poised for a mid-November rebound assuming larger inventory draws as usual this time of the year. Prices of 2020 deliveries are slightly higher at ~EUR 17/MWh, but nevertheless we see a need to cut our future expectations by 10% for 2020 prices and by 21% for 2021 rates.
- **Key Ratings:** LTS (sell), MOL (accumulate), PGN (buy)

Power Utilities

- German electricity prices are down to EUR 47/MWh again after falls led by a downward shift in coal prices. Prices of carbon emissions are holding in the EUR 25-26/t range, and we still do not see them rebounding any time soon amid widespread fuel switching from coal to gas.
- In Poland, prices of 2020 power have dropped to PLN 265/MWh, and the model margin for a vertically-integrated power station is about PLN 167/MWh after declining from PLN 172 at the beginning of October. TGE trading volumes recovered October to a level only slightly lower than in the same month last year (in September volumes were still down a whopping 26% on the year), and as such they can be viewed as a reliable measure of 2020 demand. The spot power market has been on a downward trend since August, with the price of a megawatt-hour falling from PLN 267 to PLN 244 in September and PLN 226 in October. Consequently, we are prompted to lower our 2020-21 price forecasts by PLN 5.7 and PLN 3.1/MWh, respectively, with the expectations as to clean-dark spreads adjusted accordingly.
- Poland's next big policy move when it comes to utilities will be the approval of the final version of the national energy framework until 2040 (the 'PEP40' framework) by the newly-elected cabinet.
- The 2019 Q3 earnings season is proving successful for listed generators, and with investors reassured as to solid 2020-2021 earnings prospects the WIG-Energy index is seen to be moving higher. Next, once the market also notices their huge cash flow-generating potential, Polish utilities should close the huge performance gap relative to their EU peers.
- **Key Ratings:** CEZ (accumulate), ENA (buy), ENG (buy), PGE (buy), TPE (buy)

Telecoms, Media, IT

- Poland's telecoms regulator UKE in August confirmed it was going to distribute 5G spectrum via an auction rather than a competitive tendering procedure. According to the Deputy Digitization Minister, the auction should raise about PLN 1 billion.
- Recently the UKE announced it would be distributing a block of the 800 MHz band next year, but it has not specified yet whether through an auction or a tender. Keep in mind that at the moment Orange Polska and T-Mobile already control one-third of the 800 MHz spectrum, which means if any of them win next year's bid they will gain dominance over the frequencies – something the UKE is not likely to agree to. We expect the 800 MHz block to go to Play for a price similar to that paid in the 2015 auction.
- In October, Poland signed a memorandum with three private telecoms: Orange, T-Mobile, and Pokomtel, to look into the possibility of developing 5G networks jointly with two state entities. The partners have agreed to establish a single company to build the 5G infrastructure.
- The CEO of Orange Polska, Jean-Francois Fallacher, revealed during the Q3 earnings conference that the recent hikes in mobile plan prices have gone over well with the customers. The urban markets for fixed-line broadband have become more competitive recently according to Orange.
- Cyfrowy Polsat has partnered with Discovery Communications Europe and TVN to launch a joint-venture OTT streaming media service in Poland.
- Zenith media agency has cut its 2019 growth forecast for the Polish advertising from 3.9% to 3.1%. Zenith's global adspend growth projection for the year is $640 billion after a likely 4.4% increase from 2018.
- For the first time in history, TV adspend in Poland might drop slightly below 50% of total this year according to Zenith, with the ratio set to continue decreasing to 48% by 2021. Of all offline advertising media, only cinemas have a chance of seeing an increase in expenditures this year beyond 2%. Otherwise, TV, radio, and OOH channels experienced falling ad revenues in H1 after a slow first quarter and a late timing of the Easter holidays, and their revenues for the year are set to grow at annual rates of 1.4% TV, 1.5% radio, and 1.8% OOH.
- The WIG-Info index edged 1.1% higher in October, narrowly underperforming the WIG broad market benchmark by 0.2pp and trailing MSCI IT EU by 1.2pp. At 13.3x, the median 12M fwd P/E ratio for Polish IT stocks is currently 11.0% below its 3-year average.
- **Key Ratings**: OPL (buy), PLY (buy), AGO (buy), ASE (overweight), CMR (buy)

Industrials

- The industrial stocks that make up the MSCI's World and Europe indexes are currently trading at small premiums to their respective 3-year averages after recent gains. This includes automotive manufacturers with their newly-reduced earnings estimates.
- European manufacturers are struggling with weaker demand and increasing competition from outside the EU, but market sentiment is being buoyed by expectations of monetary easing and hopes for a trade deal between the US and China.
- In Poland, as the third-quarter earnings season gets underway, we expect roughly 56% of rated industrial companies to report year-over-year earnings declines compared to 50% the quarter before. We anticipate the biggest improvement from AMC, AST, and FMF, while APT, KER, STL, and TAR will most likely report the worst falls.
- Among the most liquid rated stocks, we still have the most faith in Famur (FMF), with its low debt and potential to generate increasing profits and strong cash flow while trading at low 2020E earnings multiples. Among smaller stocks, we prefer Astarta (AST), which currently benefits from rising sugar prices in its home market of Ukraine due to undersupply, and TIM, experiencing robust improvement in profits this year.
- We would avoid Apator, expected to fall short of FY guidance after what is likely to be a dismal third quarter of low profits and high labor costs, and we would steer clear of Kernel, which faces weaker profits in FY2019/20 combined with increasing debt and record capital spend.
- Stalprodukt is benefitting from rising prices of zinc, which at the current level indicate the Company's share price should move toward PLN 300.
- **Key Ratings:** APT (underweight), AST (overweight), FMF (buy), KER (reduce), KSW (overweight), TIM (overweight)

Mining

- Mining stocks are recovering on trade negotiation news. Metal speculators have created a big short position, and once they unwind amid shifting market trends prices are bound to move higher. The accelerating expansion of the manufacturing sector in China, signaled by Caixin PMI, combined with robust investment, indicate increasing demand for infrastructure.
- In Poland, KGHM is benefitting from recovering copper prices and high silver prices, underpinned by solid production and sales results for September.
- The Company is also profiting from the zloty's depreciation against the dollar, and JSW coal stands to benefit even more from the weakness.
- Prices of coking coal rebounded to $150/t in mid-October, only to move lower again at the end of the month, with current prices at $130-140/t.
- JSW delivered good production figures for Q3 2019, but this was widely ignored by the market as investors focus on negative cash flow anticipated in 2020 and on the possibility of JSW leaving the MSCI index.
- **Key Ratings:** JSW (buy), KGH (accumulate)

Property Developers

- **Sales:** Housing developers reported better-than-expected off-plan sales results for October, with the volumes tracked in Poland's six biggest cities up 13% on the year (resulting in a y/y decline of just 1% in the year to 30 September). Listed homebuilders achieved similar rates of annual sales growth at 11% and -3%, respectively. On the whole, Polish demand for new homes remains strong.
- **Supply**: The rising sales volumes are driven by an expanding inventory of new homes for sale, which is up 14% among listed developers and 7% overall, underpinned by positive base effects. This is the case with 1AT, ECH, and BDX, which grew their inventories by 60%-80% between 30 June 2018 and 30 June 2019, resulting in quarterly sales rebounds at respective annual rates of 36%, 81%, and 84%. ARH also expanded its inventory by about 20% y/y in Q3, with sales for the quarter up 13% on the year.
- **Prices**: Closing prices were 9.8% higher in Q3 2019 than in the same year-ago quarter according to REAS, and with list prices up 10% y/y developers are able to pass rising construction costs onto homebuyers. However the rate of appreciation in listing prices versus the final sales prices has levelled off after nine quarters of the former outpacing the latter (+0.2%), potentially signaling a slowdown. On the other hand, sales efficiency in the

housing market remains high at ca. 30%, supporting further appreciation in prices.

- Shares in Archicom, Echo, and Dom Development moved higher in October, driven by strong sales and growing inventories, and at Develia the upward trend was additionally supported by high dividend expectations. It is worth noting the low multiples of Atal, trading at ~7.5x 2019-21E P/E, and offering average dividend yield of ~12%; Atal has generated high off-plan sales this year which indicate strong profits in 2020-2021. Among developers who mix residential with commercial, we prefer ECH over GTC.
- **Key Ratings:** 1AT (accumulate)

Retail

- **AmRest** generated stronger sales growth in Q2 2019 than in previous quarters, accompanied by a robust, 26.9% rebound in EBITDA. In Q3 profits will continue on their fast-paced momentum, supported by base effects and acquisitions. However in Q4 we might see a slowdown considering the slow pace of organic restaurant expansion achieved in Q3 (5% y/y not including Sushi Shop). We downgrade EAT from accumulate to hold after recent share price gains
- **CCC** suffered a dramatic fall in share price in October on news of potential divestment of the Swiss business. At the Q3 earnings call, the Company said it was considering the sale as a last resort unless the Vogele stores can reach EBITDA breakeven in 2020 as the baseline scenario. CCC is "satisfied" with its sales results for October given unfavorable weather, lower marketing expenses, and a lack of additional sales offers. This might be a sign that the 2020 autumn/winter collections were received well by consumers. Monthly sales in Q4 2019 will be supported by positive base effects, potentially resulting in higher profits assuming moderate price markdowns and continued cost discipline.
- **Eurocash** saw its shares rise in October on expectations of good third-quarter results. EBITDA growth did accelerate in the period, but going forward the Company faces increasing cost pressures with the impending minimum wage hikes in Poland, affecting the profit margins of the retail business, and potentially deterring potential franchisees. We downgrade EUR from reduce to sell after the October share price rally.
- **Key Ratings**: EAT (hold), CCC (buy), EUR (sell), JMT (hold), LPP (hold), VRG (buy)

Quarterly Earnings Surprises and YoY Growth Reported By Rated Companies

Beat/Miss		2017				2018				2019			+/=
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	
miss	17	12	9	19	16	10	12	15	23	12	16	6	167
in-line	19	25	25	28	23	36	19	25	22	26	24	12	284
beat	23	21	26	15	24	19	34	25	20	27	26	11	271
Σ companies	**59**	**58**	**60**	**62**	**63**	**65**	**65**	**65**	**65**	**65**	**66**	**29**	**722**
miss	29%	21%	15%	31%	25%	15%	18%	23%	35%	18%	24%	21%	23%
beat	39%	36%	43%	24%	38%	29%	52%	38%	31%	42%	39%	38%	38%

YoY		2017				2018				2019			+/=
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	
miss	21	24	23	19	24	28	19	21	24	24	29	8	264
in-line	5	5	9	14	2	9	12	11	8	10	11	3	99
beat	39	37	35	35	42	31	37	36	36	34	28	18	408
Σ companies	**65**	**66**	**67**	**68**	**68**	**68**	**68**	**68**	**68**	**68**	**68**	**29**	**771**
miss	32%	36%	34%	28%	35%	41%	28%	31%	35%	35%	43%	28%	34%
beat	60%	56%	52%	51%	62%	46%	54%	53%	53%	50%	41%	62%	53%

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

mBank Dom Maklerski

mBank Sentiment Watch (next 30 days, by sector)

Sector		Poland	US	Germany
Banks	SENTIMENT	NEUTRAL	NEUTRAL	BULLISH
	Stocks To Own	PEO, PZU	BX US	ALV GY, BG AV, EBS AV, RBI AV
	Stocks To Avoid	MIL, SPL		
	Key Catalysts	Q3'19 results	Mediocre Q3 vs bond yields recovery	
Chemicals	SENTIMENT	NEUTRAL	NEUTRAL	NEUTRAL
	Stocks To Own	CIE	AVTR US	1COV GE
	Stocks To Avoid	ATT		BAYN GY, FPE DE
	Key Catalysts	Good Q3'19 results		
Real-Estate Developers	SENTIMENT	NEUTRAL	BEARISH	BEARISH
	Stocks To Own	ARH, ECH	ALEX US	
	Stocks To Avoid			DWNI GY
	Key Catalysts		Bond yield recovery	
Utilities	SENTIMENT	BULLISH	NEUTRAL	NEUTRAL
	Stocks To Own	ENA, ENG, PGE, TPE		
	Stocks To Avoid			
	Key Catalysts	Strong Q3 results and expected publication of long term energy policy	Value rotation on hold	
Retail, Consumer	SENTIMENT	BULLISH	BULLISH	BULLISH
	Stocks To Own	DNP, EAT, LPP	NKE US, HD US	BOSS GY
	Stocks To Avoid			ZAL GY
	Key Catalysts	Strong Q3'19 results	Supportive labor market	
Oil&Gas, Refining	SENTIMENT	NEUTRAL	NEUTRAL	NEUTRAL
	Stocks To Own	PGN, MOL	MPC US	
	Stocks To Avoid	LTS		
	Key Catalysts	Hydrocarbon prices rebound vs macro environment deterioration in downstream	Slower global growth vs US-China detante	
Industrials	SENTIMENT	BEARISH	NEUTRAL	NEUTRAL
	Stocks To Own	AST, FMF, KSW, STP, TIM	CAT US, URI US	MTX GY
	Stocks To Avoid	APT, COG, KER		
	Key Catalysts	Cost inflation	Slower global growth vs US-China detente	
Mining	SENTIMENT	BULLISH	BULLISH	BULLISH
	Stocks To Own	JSW, KGH	BOL SS, FM CN, HBM CT, LUN CN, KAZ LN, MNOD LI, OZL AU, SCCO US	
	Stocks To Avoid		AAL LN, ANG SJ, BHP AU, GFI SJ, FRES LN, POLY LN, PLZL RX, RIO LN	
	Key Catalysts	Metal price rebound	Industrial metals up, nickel up, gold and iron ore down	
Automotive	SENTIMENT	BEARISH	BULLISH	BULLISH
	Stocks To Own		APTV US, CRNC US	VOW3 GY, BMW GY, CON GY
	Stocks To Avoid	AML, BRS, SNK		
	Key Catalysts	Cost inflation	Attractive valuations	
Tech, Media	SENTIMENT	NEUTRAL	NEUTRAL	NEUTRAL
	Stocks To Own	ASE, CMR	CRM US, PYPL US, MSFT US, DISCA US	SAP GY, WDI GY, SIE GY
	Stocks To Avoid			PSM GY
	Key Catalysts		Demanding multiples, negative dynamics in Semis numbers	
Telecoms	SENTIMENT	NEUTRAL	BULLISH	BULLISH
	Stocks To Own	PLY, OPL		
	Stocks To Avoid	CPS		
	Key Catalysts		New paradigm: telco is cheap tech	

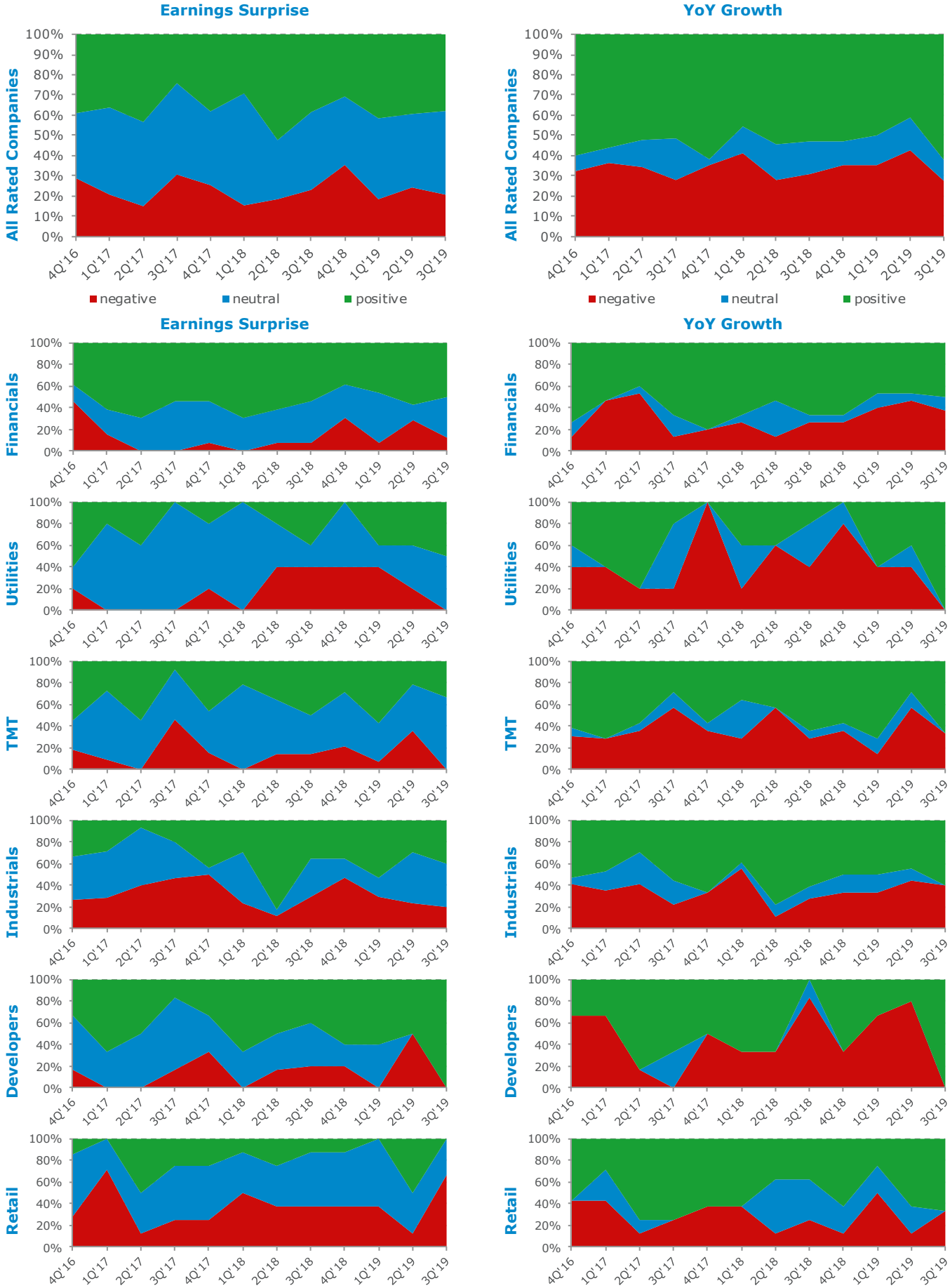
Quarterly Earnings Surprises and YoY Growth Reported By Rated Companies

Beat/Miss	4Q	2017 1Q	2017 2Q	2017 3Q	2017 4Q	2018 1Q	2018 2Q	2018 3Q	2018 4Q	2019 1Q	2019 2Q	2019 3Q	+/=
Financials													
Alior Bank	+	-	+	+	+	=	+	=	=	=	-	+	83%
Handlowy	=	-	+	+	=	+	+	-	-	-	-		55%
ING BSK	-	+	=	=	=	=	-	=	+	+	+	-	75%
Millennium	+	+	=	+	=	+	+	=	+	+	+	+	100%
Pekao	+	+	=	=	+	=	=	+	+	=	=	=	100%
PKO BP	-	+	+	+	=	+	=	=	=	=	+		91%
Santander BP	+	=	+	=	=	=	+	=	-	=	-	=	83%
Komercni	=	+	+	+	+	+	+	+	+	=	+	=	100%
Moneta	na	na	na	na	na	na	na	na	na	na	na	+	100%
Erste Group	-	=	+	=	+	+	+	+	+	+	+		91%
RBI	na	na	na	na	na	na	na	na	na	na	+		100%
OTP Bank	-	+	+	+	+	+	+	+	=	=	+		91%
PZU	+	+	=	=	+	+	=	+	=	+	=		100%
Kruk	-	+	+	=	-	+	+	+	-	+	-	+	67%
Skarbiec	-	=	+	+	+	+	=	+	-	+	+		82%
Chemicals													
Ciech	+	=	=	=	+	=	+	=	-	=	=		91%
Grupa Azoty	-	+	-	=	-	=	-	-	+	+	=	+	58%
Oil & Gas													
Lotos	=	+	+	+	=	-	+	=	-	=	=	-	75%
MOL	-	+	+	-	=	=	=	+	+	=	+	=	83%
PGNiG	+	+	-	-	=	-	+	-	-	=	+	-	50%
PKN Orlen	+	=	=	-	=	=	-	=	+	=	+	=	83%
Utilities													
CEZ	+	=	=	=	+	=	-	+	=	=	+		91%
Enea	+	=	+	=	=	=	-	=	=	+	+	+	92%
Energa	=	=	=	=	-	=	=	-	-	-	-	=	58%
PGE	-	=	=	=	=	=	=	-	-	-	=	=	67%
Tauron	+	+	+	=	=	=	+	+	=	+	=	+	100%
TMT													
Netia	+	=	=	+	+	=	=	=	=	=	+	=	100%
Orange PL	=	=	+	=	=	=	+	+	+	=	=	=	100%
Play	na	na	na	=	=	=	+	=	=	+	+		100%
Agora	+	=	+	=	+	=	+	+	=	+	-		91%
Cyfrowy	=	+	=	=	=	+	=	=	=	=	=		100%
Wirtualna	-	+	=	=	=	=	=	=	=	=	=		91%
Ailleron	na	na	na	-	+	=	=	-	-	+	-		50%
Asseco BS	=	=	=	=	+	=	=	+	+	=	=	+	100%
Asseco PL	-	=	=	-	-	+	+	+	=	+	=		73%
Asseco SEE	+	=	+	-	=	=	=	+	=	+	=		91%
Atende	na	na	na	na	+	=	-	+	-	+	-		57%
Comarch	+	-	+	-	-	+	+	+	+	+	-		64%
11 bit studios	+	=	+	-	na	=	-	=	+	-	-		60%
CD Projekt	+	+	+	-	+	=	=	-	-	+	+		73%
Industrials													
Alumetal	=	-	=	+	=	=	+	=	-	-	=		73%
Amica	-	=	=	-	+	-	+	+	+	=	=		73%
Apator	=	=	-	=	-	=	+	=	+	=	=		82%
Astarta	na	na	na	na	na	na	na	na	na	na	na		
Boryszew	-	+	-	+	-	-	=	-	-	-	=		36%
Cognor	na	na	na	na	na	+	+	=	-	-	+	-	57%
Ergis	=	+	=	-	-	-	-	-	-	-	-	+	33%
Famur	+	na	-	=	+	+	+	+	+	+	+		90%
Forte	=	=	=	-	-	=	+	-	-	+	-	+	58%
Grupa Kęty	=	=	=	=	-	=	+	=	=	=	=	=	92%
JSW	-	+	+	-	-	=	+	=	-	+	+		64%
Kernel	-	-	-	-	+	=	-	+	+	-	=		45%
KGHM	+	+	=	=	+	=	+	-	-	+	=		82%
Kruszwica	+	-	-	=	-	+	+	+	+	+	+		73%
Mangata	+	=	-	-	-	+	+	+	-	+	=	=	67%
Pozbud	na	na	na	na	+	=	+	-	=	+	-		71%
Stelmet	=	-	=	-	+	-	+	+	=	+	+		73%
Tarczyński	+	=	=	+	+	+	+	=	+	+	-		91%
Real-Estate													
Atal	=	+	+	-	-	=	+	=	+	+	-		73%
Dom Dev.	=	=	+	+	=	+	=	+	=	=	+	+	100%
Retail													
AmRest	+	-	+	+	+	-	-	=	+	-	+		64%
CCC	=	-	+	-	-	-	-	-	-	-	+	-	25%
Dino	na	na	+	=	+	+	=	=	=	=	+		100%
Eurocash	-	-	=	-	-	=	=	-	-	=	=		45%
Jeronimo	=	=	=	=	=	=	=	=	=	=	=	=	100%
LPP	=	=	=	+	=	-	+	+	=	=	+	-	83%
Monnari	-	-	+	=	=	=	+	-	-	-	-		45%
VRG	=	-	-	=	=	-	-	=	=	=	=		64%

YoY	4Q	2017 1Q	2017 2Q	2017 3Q	2017 4Q	2018 1Q	2018 2Q	2018 3Q	2018 4Q	2019 1Q	2019 2Q	2019 3Q	+/=
Financials													
Alior Bank	+	-	+	+	-	+	+	-	+	-	-	-	50%
Handlowy	+	-	-	+	+	+	+	-	-	-	-		45%
ING BSK	+	+	-	+	+	+	=	=	+	=	+	+	92%
Millennium	+	+	-	+	+	+	+	+	+	=	-	=	83%
Pekao	+	-	-	=	+	+	=	+	-	-	+	+	67%
PKO BP	+	-	=	+	+	+	+	+	+	+	+		91%
Santander BP	+	-	-	+	+	=	=	-	+	-	-	+	58%
Komercni	+	+	-	-	+	-	+	+	+	+	+	-	67%
Moneta	-	-	-	=	-	+	-	+	+	-	+	+	50%
Erste Group	-	-	-	+	+	+	+	+	+	+	-		64%
RBI	+	+	+	+	+	+	=	+	-	-	=		82%
OTP Bank	=	+	+	+	+	+	+	+	+	+	+		100%
PZU	+	+	+	+	+	-	+	+	=	+	-		82%
Kruk	+	+	+	=	-	-	=	+	+	+	-	-	67%
Skarbiec	=	+	+	-	+	-	-	-	-	+	+		55%
Chemicals													
Ciech	+	+	-	-	+	-	=	-	-	-	=		45%
Grupa Azoty	-	-	+	+	+	-	-	-	-	+	+	+	50%
Oil & Gas													
Lotos	+	+	+	+	-	-	+	=	+	+	=	=	83%
MOL	-	+	+	-	+	-	-	+	+	-	=	=	58%
PGNiG	+	+	=	=	=	-	+	+	-	-	-	-	58%
PKN Orlen	+	+	+	+	-	-	-	-	+	=	+	+	67%
Utilities													
CEZ	-	-	-	-	-	-	-	+	=	+	+		36%
Enea	+	+	+	=	-	=	-	=	-	+	+	+	75%
Energa	=	-	+	+	-	+	+	-	-	-	=	+	58%
PGE	-	+	+	=	-	+	+	=	-	-	-	+	58%
Tauron	+	+	+	=	-	=	-	-	-	+	-	+	58%
TMT													
Netia	=	-	-	-	-	=	-	-	-	-	-	-	17%
Orange PL	-	-	=	-	+	=	-	+	+	=	=	+	67%
Play	na	+	+	+	=	-	-	-	-	+	+		60%
Agora	-	+	+	=	+	-	-	+	+	+	-		64%
Cyfrowy	+	+	+	-	-	=	-	=	=	=	=		73%
Wirtualna	+	+	+	+	+	+	+	+	+	+	+		100%
Ailleron	+	+	+	-	+	=	+	-	-	+	-		64%
Asseco BS	+	+	+	+	+	+	+	+	+	+	-	+	92%
Asseco PL	-	-	-	-	-	+	+	+	+	+	-		45%
Asseco SEE	+	+	+	+	+	+	+	+	+	+	+		100%
Atende	-	+	-	-	+	-	-	+	-	+	-		36%
Comarch	+	-	-	-	-	=	+	+	+	+	-		55%
11 bit studios	+	+	-	=	+	+	-	+	+	+	-		73%
CD Projekt	+	+	+	-	-	-	-	-	-	-	+		36%
Industrials													
Alumetal	-	-	-	-	+	+	+	+	-	-	-		36%
Amica	=	-	=	-	-	-	+	+	+	=	+		64%
Apator	+	+	-	+	-	-	+	=	+	+	-		64%
Astarta				+	+	-	-	-	-	-	+		38%
Boryszew	-	+	+	+	+	-	-	-	-	-	-		36%
Cognor	+	+	=	+	+	+	+	+	-	-	-	-	67%
Ergis	+	+	=	=	-	-	=	-	-	=	-	+	58%
Famur	+	+	=	+	+	+	+	+	+	+	+		100%
Forte	+	-	-	-	-	-	+	-	+	+	-	+	42%
Grupa Kęty	+	+	+	+	+	+	+	+	+	=	+	+	100%
JSW	+	+	+	+	+	-	=	=	-	-	=		73%
Kernel	-	-	-	-	-	-	+	+	+	-	+		36%
KGHM	+	+	+	+	-	-	+	-	=	+	-		64%
Kruszwica	+	=	=	=	+	+	+	+	+	+	+		100%
Mangata	-	=	-	=	+	+	+	+	=	+	=	-	75%
Pozbud	-	-	-	=	+	-	+	+	+	+	+		64%
Stelmet	-	-	-	+	+	=	+	+	=	+	-		64%
Tarczyński	-	=	+	+	+	+	+	+	+	+	+		91%
Real-Estate													
Atal	-	+	+	=	+	+	+	=	-	-	-		64%
Dom Dev.	+	-	+	+	+	+	+	-	+	+	-	+	75%
Retail													
AmRest	+	=	+	+	-	+	=	+	+	+	+		91%
CCC	+	+	+	+	-	-	-	-	-	-	+	-	42%
Dino	na	na	+	+	+	+	+	+	+	+	+		100%
Eurocash	-	-	=	-	-	+	=	=	+	-	=		55%
Jeronimo	+	=	+	+	+	+	=	=	=	=	+	+	100%
LPP	-	+	+	+	+	-	+	+	+	=	=	+	83%
Monnari	-	-	-	-	+	-	+	-	=	-	-		27%
VRG	+	-	+	+	+	+	=	=	+	-	+		82%

'+' = positive surprise, '-' = negative surprise, '=' = in-line results vis-à-vis consensus expectations; *The column shows the sum of 'in-line' or 'beat quarters' in the last three years as a percentage of all quarters. Source: Companies, Bloomberg, PAP, Dom Maklerski mBanku

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



Source: Companies, Bloomberg, PAP, Dom Maklerski mBanku

Macroeconomic Update

Retail Sales

Retail sales increased in September by 4.3% y/y in real terms. Our forecast was a big miss (6.7% y/y) but a major part of the surprise can be attributed to poor food sales (only +2.2% y/y in nominal terms) that constitute almost 1/6th of total retail sales. As usual, negative surprise in food prices entailed a negative surprise in non-specialized store sales (hypermarkets). Other categories were almost in line with our assumptions. Therefore, stripped retail aggregates move roughly at an unchanged pace.

The good news is that usually big surprises in food sales are corrected next month. Another good news follows quite naturally: it is rather not possible to witness large, structural change in one single drop in monthly sales. It would take time. The bad news is that we do not know (still) what causes such shifts in food sales and they are neither regular nor seasonal. We can come up with some hypotheses and they rely on seasonality of agricultural production (mostly vegetables). What they need is thorough verification whether they really coincide only with unexpected supply of cheap food that not only is barely visible in prices but drives away consumers from shops towards some other markets.

Last but not least, retail sales confirms that prices of goods are falling like a stone. Retail sales deflator dropped to 1.0% y/y whereas CPI inflation is running at 2.6%. We argued for some time that the period of high goods' prices is over and the only factor that makes inflation sticky are services. The last straw will come as the economy decelerates in 2020.

Industrial Production

Industrial production increased by 5.6% y/y in real terms in September, close to our forecast. The seasonally adjusted index also improved (+1.5% m/m).

Acceleration (compared to the negative reading from last month) is the result of working days difference, a positive base from previous year, and normalization in certain categories, which poorly behaved in the previous month (like other transport equipment). We expected rebound in those categories and the actual reading confirmed our estimates.

Momentum in manufacturing improved slightly (or at least stabilized). Weak business climate indicators will weaken readings in the coming months, but one can still be optimistic about the end of the year, mostly due to domestic factors (private investments, consumption). Moreover, Polish production falls slowly which allows enterprises to adopt to the macroeconomic environment. It also makes the narrative of strong and optimistic consumer impact reasonable. Without a new negative shock, the scenario from 2012-2013 and strong contraction of the entire economy is very unlikely. It also explains quite smooth GDP path for the next quarters. After the September reading, forecasts for the GDP in 3Q are still in the 4.1-4.3% range.

More surprising is the producer price index which unexpectedly increased to 0.9% y/y from 0.7% y/y in the previous month. It is not the effect of changes in some price processes in production (neither manufacturing, nor the energy producers), but the revision of the previous reading to 0.9%. Core prices in manufacturing are still close to declines and there are currently no factors that could change it. With every month, the story of the impact of electricity prices on prices in industrial production, falsifies.

Employment

Employment in the enterprise sector stabilized in September at 2.6 y/y, matching both our and consensus forecasts. Although the dynamics were at the same level as month ago, there were almost 4 thousand jobs lost monthly, which is in line with the long-established downward trend in employment growth. The reasons are mostly the same as in previous months. There is an increasing impact of slowing labor demand (indicated by lower industrial production or business climate indicators), but on the other hand supply barriers still exist (problems with staffing). There are no signals that those tendencies will change soon, so in the coming months we should expect further slowdown in the employment growth.

Average gross wage rose in September by 6.6% y/y, which is a lower result than both our forecast (7.0%) and consensus estimate (7.1%). The main suspects of the negative surprise are categories Information and Communication and Manufacturing. Trend implies further slowdown in wage dynamics. There can be a slight positive impact of introducing higher minimum wage in January, but it should not change the overall long-term behavior of wages. This reading is in line with the labor market situation described by enterprises in the Quick Monitoring Survey by NBP (slowdown of employment due to lower aggregate demand and less intense wage pressure).

Inflation

According to the flash reading, October inflation fell from 2.6 to 2.5% y/y, in line with our forecast and market consensus. Available details indicate that food price increased by 0.3% m/m (exactly as our estimate), fuel price decreased by 0.9% m/m (also exactly in line with our estimate) and energy price increased by 0.2% m/m (our estimate +0.1% m/m). This reading implies core inflation rising to 2.5% y/y, but the estimate is on a knife-edge and we would not be surprised if it will remain at 2.4% y/y.

October reading is a local minimum in inflation. Next months should come with further increases. The precise inflation level in 1st quarter will depend on the decision on (un)freezing energy price for households (for now we assume that this price will not change) and expected natural gas price decreases (regulator did not provide any details on providers price applications, we will know more in December). However, it does not matter if inflation at the beginning of the year is closer to 3 or 4%. More important is its trajectory – there we expect quick decrease. None of models in NBP will show a permanent effect of inflationary shock as a result of utilities or food prices.

What about core inflation? It is at a quite high level, compared to its empirical distribution since 2003 (see graph above). However, one needs to remember that: 1) core inflation finally normalized after periods of low levels and 2) it has historically been kept quite low due to the restrictive central bank policy, which reacted to the negative supply shocks.

The structure of the Polish economy (more stable exchange rate, structure of debt in foreign currencies and investors of debt denominated in PLN), as well as foreign investors' perception (it is no longer a classic EM, but on its way to be a DM), makes the relatively loose monetary policy (compared to previous standards) more sustainable. So far, MPC recognized those changes quite well. Global low interest rates is also supporting the current NBP policy, making current Polish monetary policy appear as quite a restrictive one (compared e.g. to the euro area).

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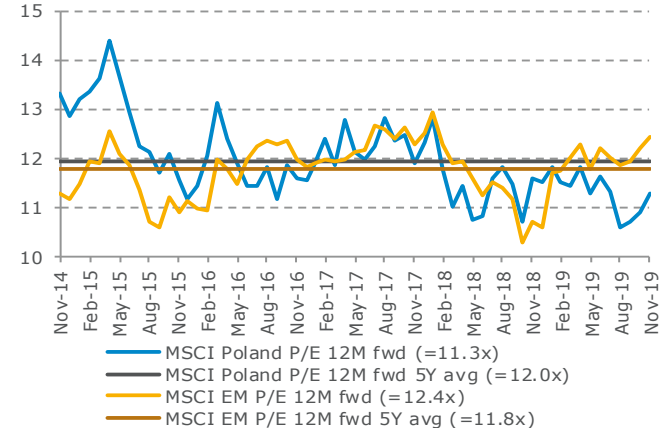
Revisions To FY2019 Earnings Forecasts For WIG30 Companies

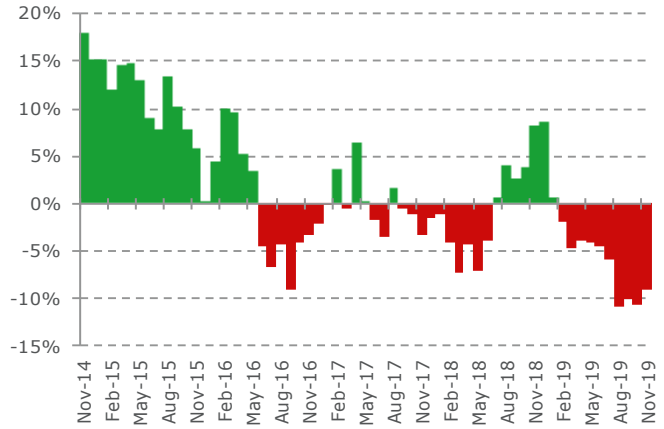
Oct-18=0	WIG30		Financials		Oil & Gas		Utilities		Retail		TMT		Chemicals		Commodities	
	Con.	mDM	Con	mDM	Con	mDM	Con	mDM	Con	mDM	Con	mDM	Con	mDM	Con	mDM
Nov-18	-1%	-1%	-0%	-0%	+2%	+0%	-4%	+1%	-2%	+0%	-2%	-24%	-13%	-14%	-1%	+15%
Dec-18	-2%	-1%	-1%	-0%	+0%	+0%	-5%	+1%	-3%	-1%	-4%	-24%	-13%	-14%	-7%	+15%
Jan-19	-2%	-2%	-1%	-0%	+3%	+1%	-4%	-5%	-7%	-1%	-4%	-23%	-29%	-14%	-8%	+13%
Feb-19	-4%	-3%	-2%	-0%	+0%	-4%	-6%	-5%	-8%	-1%	-12%	-23%	+10%	+42%	-8%	+13%
Mar-19	-3%	-3%	-2%	-0%	-1%	-8%	-4%	-11%	-8%	-8%	-12%	-20%	+18%	+42%	-1%	+31%
Apr-19	-6%	-3%	-2%	-0%	-11%	-8%	-7%	-13%	-7%	-8%	-16%	-20%	+0%	+133%	-3%	+31%
May-19	-7%	-3%	-3%	-3%	-13%	-11%	-2%	-1%	-11%	-12%	-16%	-15%	+32%	+196%	-7%	+22%
Jun-19	-8%	-4%	-3%	-2%	-17%	-11%	-2%	-2%	-15%	-30%	-17%	-12%	+43%	+247%	-10%	+7%
Jul-19	-9%	-4%	-3%	-4%	-18%	-5%	-4%	-2%	-16%	-30%	-15%	-10%	+78%	+247%	-15%	+7%
Aug-19	-9%	-3%	-3%	-3%	-17%	-5%	-4%	-2%	-18%	-30%	-12%	-9%	+94%	+247%	-19%	+11%
Sep-19	-10%	-3%	-3%	-3%	-16%	-5%	-11%	-2%	-20%	-30%	-11%	-11%	+94%	+214%	-21%	+11%
Oct-19	-11%	-7%	-5%	-5%	-15%	-11%	-12%	-15%	-21%	-32%	-10%	-11%	+69%	+230%	-24%	+15%

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)

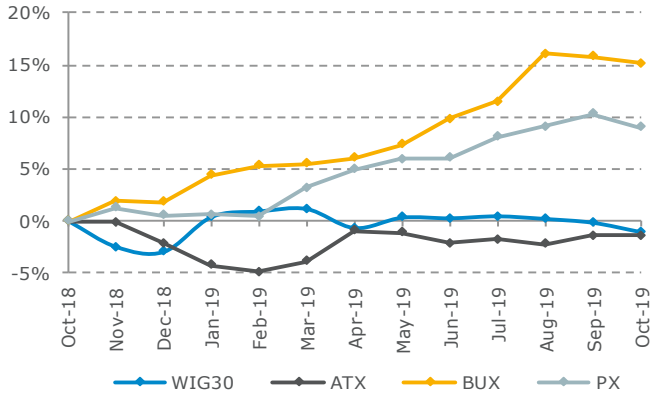


Source: Bloomberg, Dom Maklerski mBanku



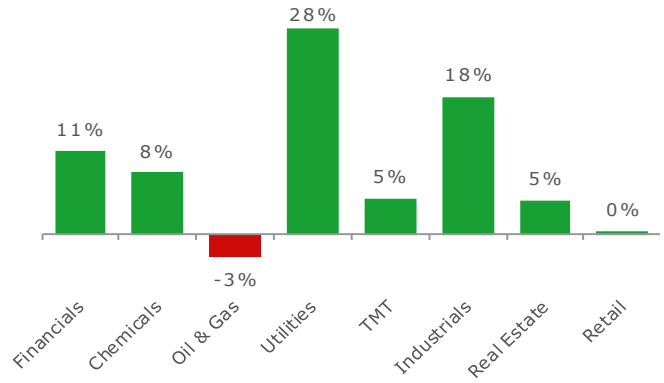
Source: Bloomberg, Dom Maklerski mBanku

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



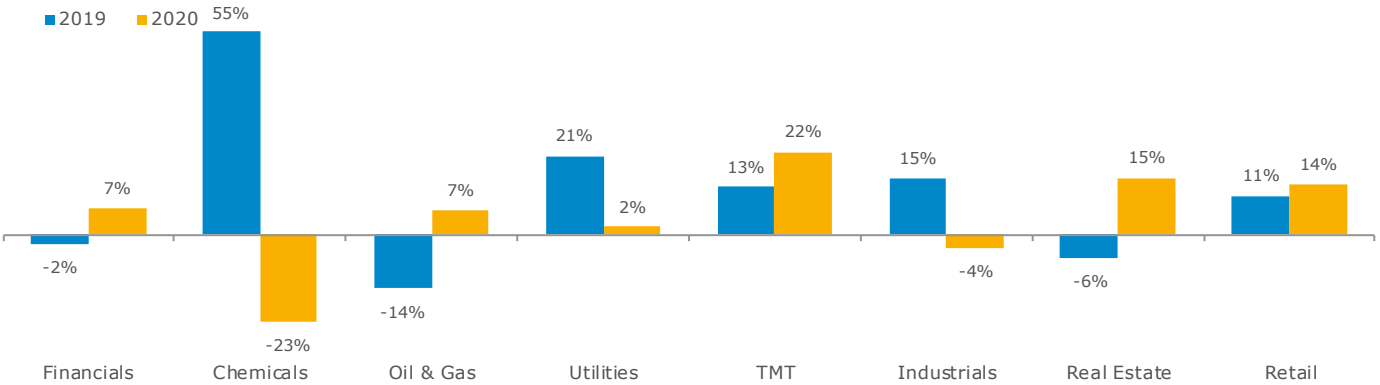
Source: Bloomberg, Dom Maklerski mBanku

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	hold	31.00	10	2	2	47.52	-34.8%	-18%	-31%	-37%				12
Handlowy	accumulate	59.45	10	1	0	60.81	-2.2%	-4%	+0%	+2%				8
ING BSK	hold	197.53	4	3	5	202.89	-2.6%	+1%	+2%	+2%				9
Millennium	sell	5.18	4	5	4	7.20	-28.0%	+13%	-40%	-62%				10
Pekao	buy	119.75	15	5	0	130.64	-8.3%	+1%	-1%	-3%				16
PKO BP	buy	47.17	9	10	1	42.77	+10.3%	-0%	-1%	-0%				14
Santander Bank Polska	reduce	276.55	7	9	1	351.16	-21.2%	-2%	-1%	-14%				14
Komercni Banka	buy	945.02	8	9	1	928.59	+1.8%	+1%	+2%	+4%				10
Moneta Money Bank	buy	94.33	13	1	0	94.93	-0.6%	+1%	+7%	+5%				8
Erste Group	buy	40.38	21	3	1	37.94	+6.4%	-1%	+6%	+10%				14
RBI	hold	23.05	12	8	1	26.46	-12.9%	-0%	+4%	+10%				9
OTP Bank	accumulate	14,681	12	3	2	14,057	+4.4%	+2%	+8%	-				8
PZU	buy	43.38	6	6	0	44.35	-2.2%	+1%	+5%	+7%				8
Kruk	buy	213.65	3	2	2	169.00	+26.4%	-1%	-0%	+0%				5
Chemicals														
Ciech	buy	42.03	10	1	0	51.28	-18.0%	+10%	-11%	-14%	-2%	-4%	-6%	6/6
Grupa Azoty	hold	37.12	4	3	0	41.42	-10.4%	+6%	-60%	-40%	+1%	-21%	-15%	4/4
Oil & Gas														
Lotos	sell	72.31	11	2	1	101.86	-29.0%	-19%	-39%	-28%	-9%	-18%	-11%	11/10
MOL	accumulate	3,258.0	9	3	1	3,488.7	-6.6%	-21%	-22%	-8%	-5%	-6%	+1%	13/13
PGNiG	buy	5.64	3	6	1	5.25	+7.4%	-12%	+28%	+19%	-2%	+12%	+16%	9/8
PKN Orlen	hold	92.82	6	10	2	107.15	-13.4%	-8%	-24%	-23%	-7%	-17%	-14%	15/14
Utilities														
CEZ	accumulate	597.80	8	7	2	602.91	-0.8%	-1%	-2%	-3%	+1%	-0%	+3%	9/9
Enea	buy	11.53	8	1	1	11.81	-2.3%	+13%	-3%	-8%	+12%	+2%	-1%	5/5
Energa	buy	11.67	1	8	2	7.67	+52.2%	-20%	-24%	-13%	+6%	-2%	-3%	4/4
PGE	buy	12.20	5	5	3	11.01	+10.8%	+15%	-4%	-0%	+12%	+0%	+1%	6/6
Tauron	buy	2.45	6	5	2	2.05	+19.3%	-12%	+3%	-2%	+2%	+4%	-1%	6/6
TMT														
Netia	hold	4.70	4	2	2	4.78	-1.7%	-1%	+5%	+1%	-14%	-12%	-13%	5/7
Orange Polska	buy	7.50	4	10	1	6.51	+15.2%	+35%	+11%	+39%	+4%	+5%	+5%	6/14
Play	buy	33.10	10	2	3	32.40	+2.2%	-9%	-4%	-7%	-0%	+2%	+1%	13/13
Agora	buy	17.00	3	2	0	14.67	+15.9%	-	-	-	+47%	-11%	-27%	4/4
Cyfrowy Polsat	reduce	24.15	3	9	2	28.80	-16.1%	+4%	+5%	+9%	+3%	+2%	+2%	12/11
Wirtualna Polska	hold	61.50	6	2	0	70.32	-12.5%	+7%	+13%	+7%	+2%	+9%	+3%	4/3
Asseco Poland	hold	50.80	3	5	0	58.25	-12.8%	-6%	-6%	-8%	+0%	-0%	-2%	4/4
Asseco BS	neutral	-	0	3	0	29.30	-	+3%	+68%	-	-2%	+3%	-	3/2
Asseco SEE	overweight	-	4	0	0	24.10	-	+4%	+6%	-	-0%	+2%	-	5/5
Comarch	buy	231.00	5	0	0	218.29	+5.8%	-9%	+1%	-3%	-5%	+4%	+1%	3/3
11 bit studios	buy	483.00	8	1	1	467.81	+3.2%	-6%	+10%	+31%	+17%	+14%	+35%	5/4
CD Projekt	accumulate	276.40	10	7	3	261.93	+5.5%	-20%	+32%	+69%	-33%	-0%	+26%	12/12
Industrials														
AC	neutral	-	2	2	0	45.20	-	-8%	-10%	-5%	-5%	-6%	-2%	4/4
Alumetal	neutral	-	3	3	0	50.40	-	-2%	-14%	-19%	+1%	-9%	-14%	4/4
Amica	neutral	-	2	3	0	143.87	-	+5%	+3%	+1%	+1%	-2%	-3%	5/5
Apator	underweight	-	1	2	1	28.00	-	-7%	-4%	+5%	-4%	-4%	-1%	3/3
Astarta	overweight	-	3	2	0	28.72	-	+202%	+3%	-13%	-7%	-4%	+2%	3/3
Famur	buy	5.33	6	0	0	5.94	-10.3%	+67%	+1%	-13%	+3%	-2%	-8%	5/5
Forte	neutral	-	2	4	2	29.63	-	-30%	-29%	-33%	-8%	-10%	-13%	5/5
Grupa Kęty	hold	333.45	4	8	0	345.34	-3.4%	+5%	-9%	-9%	+3%	-7%	-9%	7/7
JSW	buy	39.29	4	3	4	40.28	-2.5%	-17%	-	-39%	-10%	-6%	-4%	8/7
Kernel	reduce	40.76	4	1	1	58.18	-29.9%	+2%	-25%	-32%	-1%	-4%	+0%	4/3
KGHM	accumulate	96.14	2	8	7	78.71	+22.1%	+15%	-5%	-3%	+1%	-8%	-7%	15/12
Real Estate														
Atal	accumulate	41.89	5	0	0	43.38	-3.4%	+18%	-8%	-8%	+17%	-7%	-6%	3/3
Dom Development	hold	81.10	2	4	0	87.65	-7.5%	+3%	+9%	+9%	+2%	+1%	-6%	4/3
Retail														
AmRest	hold	48.00	9	3	0	49.43	-2.9%	-0%	+3%	+13%	-3%	-0%	+3%	8/6
CCC	buy	160.00	4	9	5	142.28	+12.5%	-60%	-16%	-7%	+5%	+16%	+17%	15/14
Dino	hold	149.20	8	7	3	145.39	+2.6%	-2%	+2%	+6%	+2%	+4%	+6%	15/15
Eurocash	sell	18.10	8	5	5	22.36	-19.0%	-22%	-18%	-0%	-16%	-17%	-15%	10/12
Jeronimo Martins	hold	14.30	15	10	5	15.21	-6.0%	+3%	+6%	+1%	+1%	+2%	-1%	15/17
LPP	hold	8,500.0	7	8	3	8,853.8	-4.0%	+1%	-5%	-5%	-12%	-13%	-13%	13/12
Monnari	neutral	-	1	3	0	-	-	+2%	-0%	+9%	-22%	-22%	-15%	2/2
VRG	buy	5.20	7	0	0	4.85	+7.2%	+7%	+7%	+7%	-23%	-20%	-23%	4/4

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						**+11.2%**	**9.9**	**9.6**		
Alior Bank	hold	2019-11-06	29.34	31.00	29.34	+5.7%	9.2	8.5		
Handlowy	accumulate	2019-07-03	53.60	59.45	49.85	+19.3%	12.6	10.3		
ING BSK	hold	2019-10-07	194.80	197.53	196.20	+0.7%	14.6	13.4		
Millennium	sell	2019-11-06	6.40	5.18	6.40	-19.0%	9.2	13.7		
Pekao	buy	2019-08-02	99.88	119.75	108.55	+10.3%	12.5	10.9		
PKO BP	buy	2019-08-02	39.34	47.17	39.87	+18.3%	11.3	11.0		
Santander Bank Polska	reduce	2019-11-06	317.40	276.55	317.40	-12.9%	14.1	12.3		
Komercni Banka	buy	2019-08-28	817.00	945.02 CZK	791.00	+19.5%	9.9	10.3		
Moneta Money Bank	buy	2019-08-28	75.95	94.33 CZK	77.00	+22.5%	10.3	9.6		
Erste Group	buy	2019-08-28	30.03	40.38 EUR	33.68	+19.9%	9.4	8.7		
RBI	hold	2019-11-06	22.83	23.05 EUR	22.83	+1.0%	6.9	6.5		
OTP Bank	accumulate	2019-11-06	13,860	14,681 HUF	13,860	+5.9%	9.5	8.7		
PZU	buy	2019-09-05	36.59	43.38	37.59	+15.4%	10.0	9.5		
Kruk	buy	2019-04-02	152.30	213.65	142.40	+50.0%	8.0	7.9		
Skarbiec Holding	buy	2019-06-03	16.50	28.17	17.30	+62.8%	5.9	5.1		
Chemicals						**+8.3%**	**7.4**	**19.7**	**4.9**	**6.6**
Ciech	buy	2019-09-05	34.00	42.03	35.15	+19.6%	7.9	8.3	5.3	5.2
Grupa Azoty	hold	2019-11-06	36.58	37.12	36.58	+1.5%	6.9	31.2	4.4	8.0
Oil & Gas						**-3.0%**	**13.0**	**11.1**	**5.7**	**5.3**
Lotos	sell	2019-08-02	88.66	72.31	98.30	-26.4%	15.0	13.8	7.5	6.4
MOL	accumulate	2019-11-06	3,042	3,258 HUF	3,042	+7.1%	11.0	9.7	4.5	4.3
PGNiG	buy	2019-11-06	5.07	5.64	5.07	+11.2%	15.2	10.0	5.5	4.2
PKN Orlen	hold	2019-08-01	97.36	92.82	109.05	-14.9%	10.4	12.2	6.0	6.4
Power Utilities						**+27.3%**	**5.0**	**4.8**	**3.5**	**3.8**
CEZ	accumulate	2019-06-25	544.00	597.80 CZK	526.00	+13.7%	15.7	13.6	7.5	6.9
Enea	buy	2019-11-06	8.59	11.53	8.59	+34.2%	3.6	3.5	3.3	3.2
Energa	buy	2019-11-06	6.37	11.67	6.37	+83.2%	5.0	4.8	3.5	4.1
PGE	buy	2019-10-24	8.42	12.20	8.50	+43.6%	5.7	7.3	3.4	3.8
Tauron	buy	2019-11-06	1.73	2.45	1.73	+41.3%	3.4	2.8	4.2	3.8
Telecoms, Media, IT						**+5.0%**	**20.5**	**15.7**	**6.5**	**6.2**
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	6.54	+14.7%	42.3	26.5	5.0	4.8
Play	buy	2019-09-12	27.16	33.10	30.00	+10.3%	9.2	8.5	6.0	6.0
Agora	buy	2019-10-30	9.50	17.00	10.20	+66.7%	48.6	26.0	6.8	6.4
Cyfrowy Polsat	reduce	2019-05-31	26.00	24.15	28.54	-15.4%	14.9	12.8	7.2	6.9
Wirtualna Polska	hold	2019-07-03	61.20	61.50	65.20	-5.7%	20.5	17.4	10.8	9.6
Asseco Poland	hold	2019-06-03	51.10	50.80	53.15	-4.4%	14.2	13.9	4.6	4.3
Comarch	buy	2019-07-25	178.50	231.00	178.50	+29.4%	15.4	14.0	6.5	5.8
11 bit studios	buy	2019-11-06	332.00	483.00	332.00	+45.5%	27.1	32.2	17.5	19.6
CD Projekt	accumulate	2019-11-06	255.20	276.40	255.20	+8.3%	-	10.6	-	9.4
Industrials, Mining						**+18.5%**	**6.2**	**9.2**	**4.3**	**4.6**
Cognor	hold	2019-11-04	1.52	1.55	1.36	+14.0%	6.2	9.0	4.3	4.6
Famur	buy	2019-08-07	4.42	5.33	3.68	+44.8%	4.7	8.5	3.8	4.4
Grupa Kęty	hold	2019-11-06	313.50	333.45	313.50	+6.4%	10.6	12.2	7.7	8.3
JSW	buy	2019-09-05	26.50	39.29	21.42	+83.4%	3.6	-	0.3	1.5
Kernel	reduce	2019-10-07	42.90	40.76	42.50	-4.1%	4.8	7.8	4.6	5.7
KGHM	accumulate	2019-11-06	91.64	96.14	91.64	+4.9%	7.6	9.4	4.2	4.5
Stelmet	hold	2019-10-07	7.90	8.10	8.35	-3.0%	11.3	12.8	5.3	5.3
Property Developers						**+4.7%**	**8.4**	**8.3**	**7.6**	**7.7**
Atal	accumulate	2019-07-03	36.60	41.89	34.80	+20.4%	7.5	7.8	7.0	7.4
Dom Development	hold	2019-09-05	84.00	81.10	88.00	-7.8%	9.4	8.8	8.2	7.9
Retail						**+0.5%**	**37.1**	**21.4**	**9.7**	**8.7**
AmRest	hold	2019-11-06	47.20	48.00	47.20	+1.7%	44.4	32.4	14.6	11.7
CCC	buy	2019-11-06	112.20	160.00	112.20	+42.6%	75.0	21.4	5.9	4.5
Dino	hold	2019-08-23	149.60	149.20	154.00	-3.1%	37.1	26.9	21.4	16.1
Eurocash	sell	2019-11-06	23.80	18.10	23.80	-23.9%	46.0	32.5	9.7	8.7
Jeronimo Martins	hold	2019-10-07	14.92	14.30 EUR	15.10	-5.3%	21.4	19.2	9.4	8.5
LPP	hold	2019-10-07	7,950.00	8,500.00	8,405.00	+1.1%	23.0	20.8	11.7	10.5
VRG	buy	2019-07-26	4.20	5.20	4.11	+26.7%	13.0	11.3	8.2	6.9

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						**13.0**	**10.9**	**5.6**	**4.7**
Ailleron	neutral	2019-10-31	7.16	6.94	-3.1%	12.5	9.5	4.9	3.8
Asseco BS	neutral	2019-03-29	29.50	27.80	-5.8%	14.1	13.1	9.4	8.8
Asseco SEE	overweight	2019-10-10	19.40	20.80	+7.2%	13.6	12.3	6.3	5.4
Atende	neutral	2019-10-31	3.14	3.16	+0.6%	9.9	9.4	4.2	4.0
Industrials						**10.6**	**10.1**	**6.3**	**6.1**
AC	neutral	2019-10-30	41.00	40.80	-0.5%	12.1	11.6	7.9	7.3
Alumetal	neutral	2019-10-07	51.00	36.50	-28.4%	11.6	11.4	7.9	7.9
Amica	neutral	2019-09-20	118.00	123.60	+4.7%	9.1	8.8	5.8	5.8
Apator	underweight	2019-10-18	22.00	21.00	-4.5%	11.3	11.2	6.6	6.6
Astarta	overweight	2019-10-30	16.85	17.60	+4.5%	11.9	3.3	5.5	3.6
Boryszew	neutral	2019-10-30	4.29	4.24	-1.1%	10.6	10.1	7.2	7.3
Ergis	neutral	2019-10-30	3.20	3.17	-0.9%	9.7	15.9	5.6	6.1
Forte	neutral	2019-09-20	40.60	26.40	-35.0%	17.2	13.5	9.5	8.7
Kruszwica	overweight	2019-10-07	44.40	46.80	+5.4%	10.1	9.8	5.1	5.0
Mangata	neutral	2019-09-20	66.00	72.50	+9.8%	10.0	10.8	6.5	6.9
Pozbud	neutral	2019-09-05	2.14	2.09	-2.3%	4.0	4.8	3.1	5.6
Tarczyński	neutral	2019-10-07	16.30	16.10	-1.2%	10.7	6.4	6.3	4.9
TIM	overweight	2019-04-29	7.90	9.08	+14.9%	10.3	9.1	6.0	5.4
Retail						**5.8**	**5.7**	**1.1**	**0.4**
Monnari	neutral	2019-07-17	4.66	2.91	-37.6%	5.8	5.7	1.1	0.4

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Recommendations Issued in the Past Month

Company	Rating	Previous Rating	Target Price		Issued on
AC	neutral	underweight	-	-	2019-10-30
Agora	buy	buy	17.00	PLN	2019-10-30
Ailleron	neutral	neutral	-	-	2019-10-31
Alumetal	neutral	underweight	-	-	2019-10-07
AmRest	accumulate	buy	48.00	PLN	2019-10-07
Apator	underweight	neutral	-	-	2019-10-18
Asseco SEE	overweight	overweight	-	-	2019-10-10
Astarta	overweight	overweight	-	-	2019-10-30
Atende	neutral	neutral	-	-	2019-10-31
Boryszew	neutral	underweight	-	-	2019-10-30
Cognor	hold	accumulate	1.55	PLN	2019-11-04
Ergis	neutral	neutral	-	-	2019-10-30
Grupa Azoty	hold	hold	34.09	PLN	2019-10-07
Grupa Kęty	hold	hold	298.64	PLN	2019-10-07
ING BSK	hold	accumulate	197.53	PLN	2019-10-07
Jeronimo Martins	hold	reduce	14.30	EUR	2019-10-07
Kernel	reduce	reduce	40.76	PLN	2019-10-07
KGHM	accumulate	hold	90.12	PLN	2019-10-14
Kruszwica	overweight	overweight	-	-	2019-10-07
LPP	hold	buy	8500.00	PLN	2019-10-07
Millennium	reduce	buy	5.18	PLN	2019-10-07
MOL	buy	accumulate	3258.00	HUF	2019-10-07
PGE	buy	buy	12.20	PLN	2019-10-24
Santander Bank Polska	hold	hold	276.55	PLN	2019-10-07
Stelmet	hold	hold	8.10	PLN	2019-10-07
Tarczyński	neutral	neutral	-	-	2019-10-07

Ratings and Valuations Changed as of 6 November 2019

Company	Rating	Previous Rating	Target Price		Issued on
11 bit studios	buy	buy	483.00	PLN	2019-11-06
Alior Bank	hold	buy	31.00	PLN	2019-11-06
AmRest	hold	accumulate	48.00	PLN	2019-11-06
CCC	buy	buy	160.00	PLN	2019-11-06
CD Projekt	accumulate	accumulate	276.40	PLN	2019-11-06
Enea	buy	buy	11.53	PLN	2019-11-06
Energa	buy	buy	11.67	PLN	2019-11-06
Eurocash	sell	reduce	18.10	PLN	2019-11-06
Grupa Azoty	hold	hold	37.12	PLN	2019-11-06
Grupa Kęty	hold	hold	333.45	PLN	2019-11-06
KGHM	accumulate	accumulate	96.14	PLN	2019-11-06
Millennium	sell	reduce	5.18	PLN	2019-11-06
MOL	accumulate	buy	3258.00	HUF	2019-11-06
OTP Bank	accumulate	buy	14681.00	HUF	2019-11-06
PGNiG	buy	buy	5.64	PLN	2019-11-06
RBI	hold	accumulate	23.05	EUR	2019-11-06
Santander Bank Polska	reduce	hold	276.55	PLN	2019-11-06
Tauron	buy	buy	2.45	PLN	2019-11-06

Recommendation Statistics

Recommendation	All		For Issuers Who Are Clients of Dom Maklerski mBanku	
	Count	As pct. of total	Count	As pct. of total
sell	3	4.3%	1	4.3%
reduce	3	4.3%	1	4.3%
underweight	1	1.4%	0	0.0%
hold	16	22.9%	4	17.4%
neutral	13	18.6%	5	21.7%
accumulate	7	10.0%	3	13.0%
buy	23	32.9%	9	39.1%
overweight	4	5.7%	0	0.0%

Corporate Events Calendar For November

Date	Time	Company	Event
6-Nov	11:45	**ASBIS**	Q3'19 earnings conference (Marriott Hotel, Warszawa)
6-Nov		**Komercni Banka**	Q3'19 earnings announcement (registration: https://tinyurl.com/y5b8qwjg)
6-Nov		**Moneta Money**	Q3'19 earnings announcement
6-Nov		**Pekao**	Q3'19 earnings announcement
6-Nov	12:00	**Pekao**	Q3'19 earnings conference (Żwirki i Wigury 31, Warsaw, http://infostrefa.tv/pekaoa/en)
6-Nov	14:00	**Komercni Banka**	Q3'19 earnings conference (https://tinyurl.com/y5b8qwjg)
6-Nov		**Boryszew**	Q3'19 earnings announcement
7-Nov		**AmRest**	Q3'19 earnings announcement
7-Nov		**Asseco SEE**	Q3'19 earnings announcement
7-Nov		**Benefit Systems**	Q3'19 earnings announcement
7-Nov		**BNP Paribas**	Q3'19 earnings announcement
7-Nov	11:30	**BNP Paribas**	Q3'19 earnings conference (HQ, Grzybowska 78, Warsaw)
7-Nov	8:30	**Creval**	Q3'19 earnings teleconference (https://87399.choruscall.eu/links/creval191107.html)
7-Nov		**Cyfrowy Polsat**	Q3'19 earnings announcement
7-Nov	10:00	**Cyfrowy Polsat**	Q3'19 earnings conference (Intercontinental Hotel, Warsaw)
7-Nov		**Dino**	Q3'19 earnings announcement
7-Nov		**Ergis**	Q3'19 earnings announcement
7-Nov		**PKO BP**	Q3'19 earnings announcement
7-Nov	11:30	**Ronson**	Q3'19 earnings announcement and conference (Sheraton Hotel, Prusa 2, Warsaw)
8-Nov		**AC**	Q3'19 earnings announcement
8-Nov		**Agora**	Q3'19 earnings announcement
8-Nov	9:00	**Agora**	Q3'19 earnings conference (Czerska 8/10, Warsaw)
8-Nov	13:30	**AmRest**	Q3'19 earnings teleconference (registration required)
8-Nov	9:30	**Asseco SEE**	Q3'19 earnings conference (Westin Hotel, Warsaw)
8-Nov		**Capital Park**	Q3'19 earnings announcement
8-Nov	10:00	**Dino**	Q3'19 earnings teleconference (registration required)
8-Nov		**OTP Bank**	Q3'19 earnings announcement
12-Nov	16:00	**CEZ**	Q3'19 earnings conference call (+44 207 194 3759; ID: 35633588#)
12-Nov		**PGE**	Q3'19 earnings announcement
12-Nov		**Play**	Q3'19 earnings announcement
13-Nov		**AmRest**	Investor meeting (mBank HQ, ul. Senatorska 18, Warsaw) - registration required
13-Nov		**Eurocash**	Q3'19 earnings announcement
13-Nov		**Grupa Azoty**	Q3'19 earnings announcement
13-Nov		**Neuca**	Q3'19 earnings announcement
13-Nov		**Polenergia**	Q3'19 earnings announcement
13-Nov		**Tauron**	Q3'19 earnings announcement
13-Nov		**VRG**	Q3'19 earnings announcement
14-Nov		**11 bit studios**	Q3'19 earnings announcement
14-Nov		**Atende**	Q3'19 earnings announcement
14-Nov		**Citi Handlowy**	Q3'19 earnings announcement
14-Nov		**Erbud**	Q3'19 earnings announcement
14-Nov	11:00	**GTC**	Q3'19 earnings announcement and conference (Westin Hotel, Jana Pawła II, Warsaw)
14-Nov	16:00	**GTC**	Q3'19 earnings conference call (+44 (0) 2071 928 000; ID: 1981564)
14-Nov		**JWC**	Q3'19 earnings announcement
14-Nov		**Develia**	Q3'19 earnings announcement
14-Nov		**PGNiG**	Q3'19 earnings announcement
14-Nov		**PZU**	Q3'19 earnings announcement
14-Nov		**RBI**	Q3'19 earnings announcement
14-Nov		**Trakcja**	Q3'19 earnings announcement
14-Nov		**ZEPAK**	Q3'19 earnings announcement
15-Nov		**Energa**	Q3'19 earnings announcement
15-Nov		**Apator**	Q3'19 earnings announcement
15-Nov		**Comarch**	Q3'19 earnings announcement
15-Nov	12:00	**Develia**	Q3'19 earnings conference (Leonardo Royal Hotel Warsaw, Grzybowska 45, Warsaw)
15-Nov		**Kruszwica**	Q3'19 earnings announcement
15-Nov		**Pozbud**	Q3'19 earnings announcement
15-Nov		**Unibep**	Q3'19 earnings announcement
18-Nov		**Alumetal**	Q3'19 earnings announcement

mBank Dom Maklerski

Corporate Events Calendar For November

Date	Time	Company	Event
19-Nov		**Atal**	Q3'19 earnings announcement
19-Nov		**Ciech**	Q3'19 earnings announcement
19-Nov		**LPP**	Q3'19 earnings announcement
19-Nov		**Wirtualna Polska**	Q3'19 earnings announcement
20-Nov		**Asseco Poland**	Q3'19 earnings announcement
20-Nov		**KGHM**	Q3'19 earnings announcement
20-Nov		**Lokum**	Q3'19 earnings announcement
20-Nov		**TIM**	Q3'19 earnings announcement
20-Nov		**TXM**	Q3'19 earnings announcement
20-Nov		**Wielton**	Q3'19 earnings announcement
21-Nov		**CD Projekt**	Q3'19 earnings announcement
21-Nov		**Enea/LWB**	Q3'19 earnings announcement
21-Nov		**JSW**	Q3'19 earnings announcement
21-Nov		**PKP Cargo**	Q3'19 earnings announcement
22-Nov		**Energa**	Investor meeting (mBank HQ, ul. Senatorska 18, Warsaw) - registration required
22-Nov		**Torpol**	Q3'19 earnings announcement
25-Nov		**Forte**	Q3'19 earnings announcement
26-Nov		**Elektrobudowa**	Q3'19 earnings announcement
26-Nov		**Monnari**	Q3'19 earnings announcement
26-Nov		**Ten Square G**	Q3'19 earnings announcement
27-Nov		**Echo Investment**	Q3'19 earnings announcement
28-Nov		**Archicom**	Q3'19 earnings announcement
28-Nov		**Commerzbank**	Investor meeting (mBank HQ, ul. Senatorska 18, Warsaw) - registration required
29-Nov		**Ailleron**	Q3'19 earnings announcement
29-Nov		**Amica**	Q3'19 earnings announcement
29-Nov		**Boryszew**	Q3'19 earnings announcement
29-Nov		**Famur**	Q3'19 earnings announcement
29-Nov		**Famur**	Q3'19 earnings announcement
29-Nov		**Getin Noble B**	Q3'19 earnings announcement
29-Nov		**Idea Bank**	Q3'19 earnings announcement
29-Nov		**Polnord**	Q3'19 earnings announcement
29-Nov		**Tarczyński**	Q3'19 earnings announcement

Financial Sector

Alior Bank

hold (downgraded)

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We downgrade Alior Bank from buy to hold, and we cut the target price to PLN 31.00 per share. We have had to curtail our 2020 and 2021 earnings estimates for Alior by over 50% to reflect expected charges related to cost refunds on early loan repayment by consumers in the wake of the October EU court ruling. Alior estimates that the potential refunds might reduce its interest income by PLN 80m per quarter on a recurring basis. The Bank is preparing measures aimed at fully offsetting the losses by the end of 2021. Our updated forecasts also assume conservatively high provisioning levels with annual cost of risk at 220bp. Further, we have reduced our annual lending expectations from PLN 5bn to about PLN 4bn so that the Tier1 ratio can be maintained at the safe level of 14.2%. Consequently, we now expect ROE in 2020 and 2021 to be 6%, indicating returns below the cost of capital (8.5%). Nevertheless Alior is not going to need additional capital in the coming years with the a 14% Tier1 ratio versus a minimum requirement of 11.5%. Again, we are being conservative with our updated outlook, and we see potential for positive surprises in the future led by lower-than -assumed cost of risk and faster expansion in interest income. On our estimates, ALR is trading at 0.5x P/B, showing discounts of nearly 60% to the whole peer group and 30% to Bank Millennium, which faces an even more challenging earnings outlook.

Current Price	29.34 PLN	**Upside**
9M Target Price	31.00 PLN	+5.7%

	rating	target price	issued
new	**hold**	**31.00 PLN**	**2019-11-06**
old	buy	72.30 PLN	2019-07-03

Key Metrics			**ALR PW**	**vs. WIG**
Ticker	ALR PW	1M Price Chng	-18.0%	-24.4%
ISIN	PLALIOR00045	YTD Price Chng	-44.8%	-48.0%
Outst. Stock (m)	129.3	ADTV 1M		PLN 31.0m
MC (PLN m)	3,792.4	ADTV 6M		PLN 16.6m
		P/E 12M fwd	6.1	-51.2%
Free Float	74.8%	P/E 5Y avg	12.5	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
NII	3,601	3,085	3,210	3,210	3,369
Total income	3,797	4,124	4,119	4,147	4,333
Costs	-1,930	-1,847	-1,815	-1,816	-1,860
Provisioning	-930	-1,080	-1,432	-1,449	-1,540
Net income	515	713	412	446	471
P/E	7.4	5.3	9.2	8.5	8.0
P/B	0.6	0.6	0.5	0.5	0.5
ROE	8.0%	10.8%	6.1%	6.2%	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**
Net interest income	-4.5%	-10.7%	-11.8%
Fee income	-5.3%	-5.3%	-6.2%
Total costs	-5.0%	-4.7%	-5.3%
Provisioning	+16.1%	+15.5%	+23.3%
Net income	-42.4%	-51.7%	-56.1%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Net interest income	2,841	3,085	3,210	3,210	3,369
Fee income	453	436	671	691	708
Trading income	376	476	100	102	104
Other income	127	127	137	144	151
Noninterest income	**956**	**1,039**	**909**	**937**	**963**
Total income	**3,797**	**4,124**	**4,119**	**4,147**	**4,333**
Operating expenses	1,930	1,847	1,705	1,816	1,860
Operating income	**1,867**	**2,277**	**2,304**	**2,330**	**2,473**
Provisioning	930	1,080	1,432	1,449	1,540
Profits of associates	0	0	0	0	1
Pre-tax income	**937**	**1,196**	**872**	**882**	**934**
Tax	221	275	231	185	196
Minority interests	0	0	0	0	0
Asset tax	201	208	229	250	266
Net income	**515**	**713**	**412**	**446**	**471**

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Net loans	**51,267**	**54,246**	**59,053**	**62,564**	**66,208**
Other assets	18,227	19,174	20,434	21,777	23,213
Total assets	**69,494**	**73,420**	**79,488**	**84,341**	**89,421**
Deposits	**57,614**	**62,436**	**66,945**	**70,870**	**75,046**
Other liabilities	5,117	4,498	5,594	6,077	6,509
Minority interests	1	0	0	0	0
Equity	**6,761**	**6,486**	**6,948**	**7,395**	**7,866**

Key Ratios

(%)	2017	2018	2019P	2020P	2021P
NIM	4.3%	4.5%	4.4%	4.1%	4.1%
C/I	50.8%	44.8%	44.1%	43.8%	42.9%
CoR	1.8%	1.9%	2.3%	2.2%	2.2%
NPL Ratio	10.8%	10.6%	10.4%	10.2%	10.2%
Tier 1 Ratio	12.1%	12.8%	14.2%	14.2%	14.2%

Dividend Discount Model (DDM)

(PLN m)	Value	%
Explicit Forecast (2019-20)	0	0%
PV Adjustment	196	3%
Value Driver (2021-35)	4,515	65%
Fade (2036-55)	992	14%
Terminal Value	1,287	18%
Fair Value	**6,989**	**100%**
Outst. Shares (millions)	129	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	**54.07**	
9M Target Price (PLN)	**57.52**	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	6,920	103%
Explicit Forecast (2018-20)	161	2%
PV Adjustment	448	7%
Value Driver (2021-35)	114	2%
Fade (2036-55)	-930	-14%
Fair Value	**6,713**	**100%**
Outst. Shares (millions)	129	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	**51.93**	
9M Target Price (PLN)	**55.24**	

Valuation Summary

(PLN m)	Weight	Value
DDM	50%	6,989
Economic Profits	50%	6,713
Fair Value Avg.		6,851
Fair Value Per Share (PLN)		53.00
Asset tax		-23.86
Fair Value Per Share		29.14
Cost of equity (9M)		6.4%
9M Target Price (PLN)		**31.00**

mBank Dom Maklerski

Handlowy

accumulate (no change)

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We maintain a hold rating for Handlowy. The Bank's 2019 Q2 results were affected by one-time charge-offs of PLN 69m on the one hand, and boosted by one-off fees in the amount of PLN 12m on the other hand, and the adjusted quarterly net income at nearly PLN 180m was one of the highest in the last four years. In the third quarter, we expect to see elevated cost of risk again after a one-time charge-off of PLN 54m on the corporate portfolio, and we anticipate further expansion in net interest margin. Handlowy is set to fulfill 63% of our FY net income forecast in the year to 30 September, a ratio consistent with market averages and fully justified by one-time charges. The Bank is relatively mildly impacted by the CJEU verdict on early loan fee reimbursement because of its focus on credit cards. It is reinforcing its position as the Polish leader in securitization (in September, Handlowy co-managed deals with a total value of PLN 2.5bn). We view Handlowy as one of the safest bets at the moment in the Polish bank sector.

Current Price	49.85 PLN	**Upside**
9M Target Price	59.45 PLN	+19.3%

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

Key Metrics			BHW PW	vs. WIG
Ticker	BHW PW	1M Price Chng	-0.3%	-6.6%
ISIN	PLBH00000012	YTD Price Chng	-23.7%	-26.9%
Outst. Stock (m)	130.7	ADTV 1M		PLN 1.5m
MC (PLN m)	6,513.4	ADTV 6M		PLN 5.2m
		P/E 12M fwd	10.6	-28.9%
Free Float	25.0%	P/E 5Y avg	14.9	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	12.2	10.2	12.6	10.3	9.7
P/B	0.9	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	9.2%	8.2%	7.5%	8.5%	7.3%

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

(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**

ING BSK

hold (no change)

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We maintain a hold rating for ING BSK. The Bank's net income for 2019 Q3 showed an 8.5% miss on 13.1% higher-than-expected provisioning; otherwise, income in the period was 1.5% stronger than forecast. ING has recognized a PLN 17.1m partial reserve for the potential costs of early loan fee refunds, which in the years ahead are expected to reduce annual NII by about PLN 30m per year. This is a very low estimate compared to the calculations offered so far by other banks, indicating that either ING is underestimating the risk or the competition is overestimating the potential charges. ING intends to more effectively manage cost of risk on corporate loans going forward by taking a more selective approach to borrowers to mitigate potential economic slowdown. At the same time, however, the retail portfolio is extremely sensitive to economic shifts according to the Bank, implying rising cost of risk in the future. ING stock has the least upside potential in the CEE sector after a period of outperformance. Relative to the Polish peer group, ING is currently trading at an over-20% premium on P/E and a 40% on P/B after a sell-off on Polish banks with large FX loan exposures.

Current Price	196.20 PLN	**Upside**
9M Target Price	197.53 PLN	+0.7%

	rating	target price	issued
unchanged	**hold**	**197.53 PLN**	**2019-10-07**

Key Metrics			ING PW	vs. WIG
Ticker	ING PW	1M Price Chng	+0.7%	-5.6%
ISIN	PLBSK0000017	YTD Price Chng	+11.2%	+8.0%
Outst. Stock (m)	130.1	ADTV 1M		PLN 1.0m
MC (PLN m)	25,525.6	ADTV 6M		PLN 1.7m
		P/E 12M fwd	13.8	-10.6%
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	18.2	16.7	14.6	13.4	12.5
P/B	2.2	1.9	1.8	1.7	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%	1.6%	1.8%	2.1%	2.2%

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	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**

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Millennium

sell (downgraded)

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We downgrade Millennium to sell, with the price target unchanged at PLN 5.18. The Bank delivered an 11.8% earnings beat in Q3 2019, but this was owed solely to a one-time gain on a value adjustment to the investment in the BLIK mobile payments platform. Millennium recognized a provision of PLN 53m for potential future early loan fee refunds in Q3, and it expects to have to set aside PLN 21m for this purpose on a quarterly basis in the coming periods. At the same time, the Bank refrained from adjusting its FX loan risk reserves to reflect the potential costs of borrower litigation, saying it needed more time to calculate the risk. Compared to the previous quarter, sales of payday loans fell 7% in Q3 as Millennium focused on post-merger integration with Eurobank, whose costs are turning out lower than the original estimate of PLN 350m. Not including Eurobank, Millennium's FX mortgage book approximates PLN 14bn, with nearly 100% of the loans indexed to the Swiss franc. With Polish courts seemingly inclined to follow the CJEU's guidance, the Bank has to eventually start raising its risk reserves to adequate levels.

Current Price	6.40 PLN	**Downside**
9M Target Price	5.18 PLN	-19.0%

	rating	target price	issued
new	**sell**	**5.18 PLN**	**2019-11-06**
old	reduce	5.18 PLN	2019-10-07

Key Metrics			**MIL PW**	**vs. WIG**
Ticker	MIL PW	1M Price Chng	+16.8%	+10.5%
ISIN	PLBIG0000016	YTD Price Chng	-27.9%	-31.1%
Outst. Stock (m)	1,213.1	ADTV 1M		PLN 7.6m
MC (PLN m)	7,757.9	ADTV 6M		PLN 7.3m
		P/E 12M fwd	8.7	-29.6%
Free Float	50.0%	P/E 5Y avg	12.4	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
NII	1,696	1,817	2,433	2,657	2,779
Total income	2,650	2,778	3,496	3,781	3,956
Costs	-1,156	1,332	-1,758	-1,931	-1,788
Provisioning	-255	-222	-371	-821	-1,285
Net income	681	761	845	567	432
P/E	11.4	10.2	9.2	13.7	18.0
P/B	1.0	0.9	0.9	0.8	0.8
ROE	9.3%	9.4%	9.8%	6.2%	4.5%
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	2,433	2,657	2,779
Fee income	664	661	707	761	807
Trading income	220	248	279	284	290
Other income	70	51	76	78	81
Noninterest income	**953**	**960**	**1,062**	**1,124**	**1,177**
Total income	**2,650**	**2,778**	**3,496**	**3,781**	**3,956**
Operating expenses	1,281	1,332	1,758	1,931	1,788
Operating income	**1,369**	**1,445**	**1,737**	**1,850**	**2,168**
Provisioning	255	222	371	821	1,285
Profits of associates	0	0	0	0	0
Pre-tax income	**1,114**	**1,223**	**1,366**	**1,029**	**883**
Tax	244	264	294	222	190
Minority interests	0	959	0	0	0
Asset tax	188	198	227	241	261
Net income	**681**	**761**	**845**	**567**	**432**

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Net loans	**47,411**	**52,712**	**66,079**	**71,014**	**75,983**
Other assets	23,730	27,747	30,486	31,559	32,672
Total assets	**71,141**	**80,459**	**96,565**	**102,573**	**108,656**
Deposits	**57,273**	**66,244**	**75,205**	**77,273**	**79,398**
Other liabilities	6,096	5,831	12,517	15,927	19,500
Minority interests	0	0	0	0	0
Equity	**7,773**	**8,384**	**8,843**	**9,374**	**9,758**

Key Ratios

(%)	2017	2018	2019P	2020P	2021P
NIM	2.4%	2.5%	2.8%	2.7%	2.7%
C/I	48.3%	47.9%	50.3%	51.1%	45.2%
CoR	0.5%	0.5%	0.6%	1.2%	1.7%
NPL Ratio	4.6%	4.5%	4.4%	4.3%	4.3%
Tier 1 Ratio	20.3%	19.8%	17.6%	18.1%	18.1%

Dividend Discount Model (DDM)

(PLN m)	Value	%
Explicit Forecast (2019-20)	0	0%
PV Adjustment	275	3%
Value Driver (2021-35)	5,700	62%
Fade (2036-55)	2,432	26%
Terminal Value	845	9%
Fair Value	**9,252**	**100%**
Outst. Shares (millions)	1,213	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	**7.63**	
9M Target Price (PLN)	**8.11**	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	8,695	101%
Explicit Forecast (2018-20)	253	3%
PV Adjustment	516	6%
Value Driver (2021-35)	-1,537	-18%
Fade (2036-55)	665	8%
Fair Value	**8,592**	**100%**
Outst. Shares (millions)	1,213	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	**7.08**	
9M Target Price (PLN)	**7.53**	

Valuation Summary

(PLN m)	Weight	Value
DDM	50%	9,252
Economic Profits	50%	8,592
Fair Value Avg.		8,922
Fair Value Per Share (PLN)		7.35
Asset tax		-2.49
Fair Value Per Share		4.87
Cost of equity (9M)		6.4%
9M Target Price (PLN)		**5.18**

Pekao

buy (no change)

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We maintain a buy rating for Pekao. The Bank's profit for Q3 2019 will show a PLN 30m setback related to refunds owed to customers, and a likely provision for early loan fee refunds. On a comparable basis, we expect to see increased interest income driven by rising volumes and margins. Costs are likely to have decreased from the high level booked in Q2 in connection with downsizing. Our Q3 net income estimate is PLN 652m, implying a 12% rebound quarter over quarter and a ytd bottom-line figure equivalent to 65% of our FY forecast. Pekao is a relatively safe investment compared to other banks thanks to a smaller FX mortgage book with a fractional share of indexed to the Swiss franc.

Current Price	108.55 PLN	**Upside**
9M Target Price	119.75 PLN	+10.3%

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

Key Metrics			PEO PW	vs. WIG
Ticker	PEO PW	1M Price Chng	+6.9%	+0.6%
ISIN	PLPEKAO00016	YTD Price Chng	+6.0%	+2.8%
Outst. Stock (m)	262.5	ADTV 1M		PLN 70.3m
MC (PLN m)	28,491.1	ADTV 6M		PLN 71.9m
		P/E 12M fwd	11.0	-24.8%
Free Float	67.2%	P/E 5Y avg	14.7	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	11.5	12.5	12.5	10.9	10.3
P/B	1.2	1.2	1.2	1.2	1.1
ROE	10.7%	9.9%	9.9%	10.9%	11.2%
DPS	8.68	7.90	6.60	6.52	7.46
DYield	8.0%	7.3%	6.1%	6.0%	6.9%

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

(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**

mBank Dom Maklerski

PKO BP

buy (no change)

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We maintain a buy rating for PKO. The Bank is set to deliver another quarter of record earnings in Q3 2019 with net income estimated at PLN 1,183m, driven by robust lending and expanding NIM (+10bp q/q). We expect to see a provision for early loan fee refunds of PLN 65m in Q3. The Bank has not shared its expectations as to the future charges. PKO's FX mortgage portfolio is mostly loans denominated in francs, and although the fatal CJEU ruling of October applies to loans indexed to the franc the risk exposure on the denominated FX book is by no means nonexistent. PKO can make extra shareholder distributions from retained earnings, and we believe it will in 2020 and the following year unless M&A plans get in the way.

Current Price	39.87 PLN	**Upside**
9M Target Price	47.17 PLN	+18.3%

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

Key Metrics			**PKO PW**	**vs. WIG**
Ticker	PKO PW	1M Price Chng	+5.6%	-0.7%
ISIN	PLPKO0000016	YTD Price Chng	+4.5%	+1.4%
Outst. Stock (m)	1,250.0	ADTV 1M		PLN 105.6m
MC (PLN m)	49,837.5	ADTV 6M		PLN 106.6m
		P/E 12M fwd	11.0	-14.8%
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	16.1	13.3	11.3	11.0	10.3
P/B	1.4	1.3	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%	3.3%	7.8%	9.4%

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**

Santander Bank Polska

reduce (downgraded)

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We downgrade Santander to reduce with the price target unchanged at PLN 276.55. The Bank posted a 2.4% beat on 2019 Q3 earnings, reporting a strong rebound in NIM and fee income alongside a less admirable increase in cost of risk. The reported figures were distorted by a number of one-time events, including an additional PLN 72m banking tax reserve and a PLN 50m divestment gain. Santander expects to post a charge of PLN 100-150m in Q4 related to potential early loan fee refunds, followed by continuing regular charges of PLN 60-70m set to be booked on a quarterly basis in subsequent periods. The Bank has adjusted its 2018 CoR target from 80bp to an 80-85bp range. We consider the current earnings consensus for Santander to be overestimated and in need of downward revision to reflect the future charges related to potential FX loan litigation.

Current Price	317.40 PLN	**Downside**
9M Target Price	276.55 PLN	-12.9%

	rating	target price	issued
new	**reduce**	**276.55 PLN**	**2019-11-06**
old	hold	276.55 PLN	2019-10-07

Key Metrics			**SPL PW**	**vs. WIG**
Ticker	SPL PW	1M Price Chng	+11.0%	+4.7%
ISIN	PLBZ00000044	YTD Price Chng	-6.2%	-9.4%
Outst. Stock (m)	102.1	ADTV 1M		PLN 17.1m
MC (PLN m)	32,402.8	ADTV 6M		PLN 19.4m
		P/E 12M fwd	12.6	-11.4%
Free Float	31.7%	P/E 5Y avg	14.3	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
NII	5,277	5,742	6,715	7,277	7,593
Total income	7,764	8,296	9,412	10,067	10,482
Costs	-3,372	-3,769	-4,274	-4,059	-4,099
Provisioning	-690	-1,085	-1,214	-1,617	-2,012
Net income	2,213	2,365	2,292	2,633	2,568
P/E	14.2	13.5	14.1	12.3	12.6
P/B	1.4	1.3	1.3	1.2	1.1
ROE	10.6%	10.1%	9.1%	10.0%	9.0%
DPS	5.40	3.10	19.72	5.61	6.45
DYield	1.7%	1.0%	6.2%	1.8%	2.0%

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	5,277	5,742	6,715	7,277	7,593
Fee income	2,013	2,058	2,102	2,184	2,273
Trading income	323	282	423	427	432
Other income	151	214	171	178	185
Noninterest income	**2,487**	**2,554**	**2,696**	**2,789**	**2,890**
Total income	**7,764**	**8,296**	**9,412**	**10,067**	**10,482**
Operating expenses	3,372	3,769	4,274	4,059	4,099
Operating income	**4,391**	**4,527**	**5,138**	**6,007**	**6,383**
Provisioning	690	1,085	1,214	1,617	2,012
Profits of associates	58	63	63	63	63
Pre-tax income	**3,759**	**3,892**	**3,986**	**4,453**	**4,434**
Tax	817	727	801	895	891
Minority interests	-305	-334	-311	-305	-327
Asset tax	-424	-466	-583	-620	-648
Net income	**2,213**	**2,365**	**2,292**	**2,633**	**2,568**

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Net loans	**107,840**	**137,460**	**147,852**	**156,477**	**164,040**
Other assets	44,835	68,392	72,561	74,922	77,365
Total assets	**152,674**	**205,853**	**220,413**	**231,399**	**241,405**
Deposits	**111,481**	**149,617**	**155,830**	**162,656**	**170,747**
Other liabilities	17,850	29,568	37,517	39,501	38,993
Minority interests	1,436	1,564	1,683	1,800	1,925
Equity	**21,907**	**25,104**	**25,383**	**27,443**	**29,740**

Key Ratios

(%)	2017	2018	2019P	2020P	2021P
NIM	3.6%	3.3%	3.3%	3.3%	3.3%
C/I	43.4%	45.4%	45.4%	40.3%	39.1%
CoR	0.6%	0.9%	0.8%	1.0%	1.2%
NPL Ratio	5.8%	4.5%	4.5%	4.4%	4.6%
Tier 1 Ratio	15.3%	14.1%	13.4%	13.7%	14.5%

Dividend Discount Model (DDM)

(PLN m)	Value	%
Explicit Forecast (2020-21)	1,087	3%
PV Adjustment	183	1%
Value Driver (2022-36)	23,157	71%
Fade (2037-56)	6,799	21%
Terminal Value	1,598	5%
Fair Value	**32,823**	**100%**
Outst. Shares (millions)	99	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	**330.77**	
9M Target Price (PLN)	**351.85**	

Economic Profits Model

(PLN m)	Value	%
Opening Tangible NAV	24,751	74%
Explicit Forecast (2019-21)	2,323	7%
PV Adjustment	1,393	4%
Value Driver (2022-36)	3,962	12%
Fade (2037-56)	902	3%
Fair Value	**33,331**	**100%**
Outst. Shares (millions)	99	
Cost of equity	8.5%	
Fair Value Per Share (PLN)	**335.88**	
9M Target Price (PLN)	**357.30**	

Valuation Summary

(PLN m)	Weight	Value
DDM	50%	32,823
Economic Profits	50%	33,331
Fair Value Avg.		33,077
Fair Value Per Share (PLN)		333.33
Asset tax		-73.35
Fair Value Per Share		259.98
Cost of equity (9M)		6.4%
9M Target Price (PLN)		**276.55**

mBank Dom Maklerski

Komercni Banka

buy (no change)

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We maintain a buy rating for Komercni Banka. KOMB stock has dropped 12% in the last ten months, ignoring two years straight of consistent quarterly earnings beats (except for in-line results posted in Q1 2019). We blame the squeezed valuation on new bank-tax fears stoked by Czech politicians, which in the end proved an idle threat. In August we reduced our 2019 and 2020 net income forecasts for Komercni by 1% and 7%, respectively, to reflect lower-than-expected interest income guidance. Over the last two years, the Czech central bank increased its reference rate by 100bp (with 195bp added since the 2012 low), while at the same time the net interest margin of KB has edged up by a meager 4bp. We attribute this to the way the Bank's fixed-rate loan book is constructed, and to fierce competition in the Czech loan market.. That said, we do see slight NIM growth in 2020 and 2021. We continue to perceive KB as a safe haven for CEE bank investors owing to its strong capital position, stable operating environment, high returns, and decent dividends.

Current Price	791.00 CZK	**Upside**
9M Target Price	945.02 CZK	+19.5%

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

Key Metrics			**KOMB CP**	**vs. WIG**
Ticker	KOMB CP	1M Price Chng	+3.3%	-3.0%
ISIN	CZ0008019106	YTD Price Chng	-0.6%	-3.8%
Outst. Stock (m)	188.9	ADTV 1M	CZK 153.2m	
MC (CZK bn)	149.4	ADTV 6M	CZK 115.4m	
		P/E 12M fwd	10.4	-22.1%
Free Float	39.6%	P/E 5Y avg	13.4	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	10.0	10.1	9.9	10.3	9.8
P/B	1.5	1.4	1.4	1.4	1.3
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%	5.9%	6.4%	6.4%	6.4%

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	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	2018	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	2018	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**

Moneta Money Bank

buy (no change)

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We maintain a buy rating for Moneta Money Bank. Moneta targets mostly consumers and small-to-mid-sized businesses, with consumer loans, mortgages, and investment loans accounting for 76% of the total portfolio. The Bank accepts high-risk borrowers, but nevertheless it registers a low NPL ratio of 1.8%, supported by regular divestment of loan portfolios. On the upside, a high-risk loan portfolio generates higher NIM (3.7% over average assets) and boosts the Bank's ROE, which exceeds 15%. This means Moneta can afford to distribute generous dividends, with dividend yields in the next three years likely to top 5%. Overall, Moneta offers more upside potential in our view than Komercni Banka, at least so long as its underlying market conditions remain favorable (Moneta's high-risk loan portfolio makes it more sensitive to economic slowdown).

Current Price	77.00 CZK	**Upside**
9M Target Price	94.33 CZK	+22.5%

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

Key Metrics			**MONET CP**	**vs. WIG**
Ticker	MONET CP	1M Price Chng	+8.5%	+2.1%
ISIN	CZ0008040318	YTD Price Chng	+16.1%	+12.9%
Outst. Stock (m)	511.0	ADTV 1M		CZK 98.3m
MC (CZK bn)	39.3	ADTV 6M		CZK 78.0m
		P/E 12M fwd	10.4	-8.3%
Free Float	100.0%	P/E 5Y avg	11.3	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	9.4	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	12.7%	10.4%	8.0%	7.3%	7.8%

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**

mBank Dom Maklerski

Erste Group

buy (no change)

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We maintain a buy rating for Erste Group. For another year in a row, Erste seems to be on track to exceeding its own earnings guidance judging by 2019 ytd results. Erste has a tendency to understate its earnings expectations, as evidenced by historical ROTE figures which in 2017 and 2018 came out comfortably above the ">10%" guidance at 11.5% and 15.2%, respectively. In 2019 the Management is guiding for ROTE of ">11%," but we are anticipating another beat closer to 12.7%. Like most of its CEE peers, Erste currently pays low cost of risk owing to strong economic growth in the region, and as momentum slows and risk costs normalize we predict that the Bank will achieve earnings growth in the mid -single digits in the coming years. While the 2019 and 2020 earnings expectations of analysts have been seen to rise over the recent months, Erste's valuation remains low at 8.9x 12M forward P/E vs. a 5-year average of 10.5x.

Current Price	33.68 EUR	**Upside**
9M Target Price	40.38 EUR	+19.9%

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

Key Metrics			**EBS AV**	**vs. WIG**
Ticker	EBS AV	1M Price Chng	+16.8%	+10.5%
ISIN	AT0000652011	YTD Price Chng	+21.8%	+18.6%
Outst. Stock (m)	429.8	ADTV 1M		EUR 23.9m
MC (EUR m)	14,475.7	ADTV 6M		EUR 22.9m
		P/E 12M fwd	9.2	-12.1%
Free Float	69.5%	P/E 5Y avg	10.5	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	11.0	8.1	9.4	8.7	8.2
P/B	1.0	1.0	1.0	0.9	0.9
ROE	10.0%	12.7%	10.5%	11.0%	11.3%
DPS	1.00	1.20	1.30	1.50	1.63
DYield	3.0%	3.6%	3.9%	4.4%	4.8%

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**

RBI

hold (downgraded)

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We downgrade RBI to hold after a 13% gain in the past month, with an unchanged target price of EUR 23.05. RBI aims to achieve return of equity of 11% in the medium term, and it targets loan volume growth in the mid-single digits, 2019 cost of risk below 45bp, and a 2021 costs/income ratio of approximately 55%. RBI would like to distribute between 20% and 50% of annual net earnings as dividends subject to a CET1 ratio above 13%. Compared to these goals, our (and other analysts') assessment of RBI's growth potential is somewhat more modest, as reflected in 2019-2021 ROE projections of ca. 9% and expectations of a C/I of 59% at best; on the other hand, we expect to see cost of risk below 40bp in 2021. RBI's risk exposure is the highest in the region due to the large portfolio estimated at PLN 8 billion of mortgages denominated in Swiss francs held in Poland. In the wake of the October ruling by the EU Court of Justice, in the worst-case scenario Polish banks might be forced to convert FX loans to zlotys at origination rates in a series of class-action lawsuits by affected borrowers. In the absolute-worse-case scenario where borrowers who already paid back their franc loans join the class action, and banks book the FX losses on conversion all at once, the write-off required of RBI would approximate PLN 5 billion or EUR 1.15 billion, an amount equivalent to net earnings for a full year. On our estimates, RBI is currently trading at 6.6x 2020E fair P/E and 0.6x P/B, showing a discount to peers fully justified by low returns of equity, reflected in the lowest ROE in the CEE sector, coupled with the risk exposure associated with the Polish FX loan portfolio.

		Upside
Current Price	22.83 EUR	
9M Target Price	23.05 EUR	+1.0%

	rating	target price	issued
new	**hold**	**23.05 EUR**	**2019-11-06**
old	accumulate	23.05 EUR	2019-08-28

Key Metrics			**RBI AV**	**vs. WIG**
Ticker	RBI AV	1M Price Chng	+13.9%	+7.6%
ISIN	AT0000606306	YTD Price Chng	+7.3%	+4.2%
Outst. Stock (m)	328.9	ADTV 1M		EUR 8.0m
MC (EUR m)	7,509.7	ADTV 6M		EUR 9.5m
		P/E 12M fwd	6.7	-23.3%
Free Float	41.2%	P/E 5Y avg	8.7	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	5.7	5.4	6.9	6.5	6.0
P/B	0.7	0.6	0.6	0.6	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%	3.5%	5.1%	4.3%	4.6%

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	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**

mBank Dom Maklerski

OTP Bank

accumualte (downgraded)

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We downgrade OTP Bank to accumulate after an 8% share price increase in October, but we keep the target price unchanged at HUF 14,681 per share. OTP has recently bought the CEE business of Societe Generale, a good move in our initial assessment with the acquisitions showing potential to drive earnings growth while the economic momentum in the region decelerates, resulting in higher cost of risk. The intense M&A activity has not impaired OTP's healthy financial standing, with the CET1 ratio as of 30 June 2019 at 15.9%, and the total capital ratio at 17.4%. With no more major acquisitions planned in the foreseeable future, OTP is inclined to increase distributions to shareholders, either as cash dividends or by share repurchases. OTP Bank is trading at premiums of 18%-13% to the average 2020E and 2021E P/B ratios of CEE banks, which we find fully justified by its conservative balance sheet, with a low ratio of loans to deposits, and by strong ROE which at 17% is the highest of all the banks in our coverage universe. High dividends are another factor warranting a high premium to the sector, with 2021 dividend yield expected to top 4%. With all that said, despite the robust earnings prospects, OTP has less upside potential at the moment than its Austrian peers after the recent outperformance.

Current Price	13,860.00 HUF	**Upside**
9M Target Price	14,681.00 HUF	+5.9%

	rating	target price	issued
new	**accumulate**	**14,681.00 HUF**	**2019-11-06**
old	buy	14,681.00 HUF	2019-08-28

Key Metrics			**OTP HB**	**vs. WIG**
Ticker	OTP HB	1M Price Chng	+10.1%	+3.8%
ISIN	HU0000061726	YTD Price Chng	+25.2%	+22.0%
Outst. Stock (m)	267.0	ADTV 1M		HUF 6.0bn
MC (HUF bn)	3,701.1	ADTV 6M		HUF 5.3bn
		P/E 12M fwd	9.6	-8.1%
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	13.2	11.6	9.5	8.7	8.5
P/B	2.3	2.0	1.7	1.5	1.3
ROE	18.4%	18.4%	19.6%	18.4%	16.6%
DPS	199.22	229.63	228.94	237.45	548.51
DYield	1.4%	1.7%	1.7%	1.7%	4.0%

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

(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**

PZU

buy (no change)

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We maintain a buy rating for PZU, expected to deliver solid 2019 Q3 results above market expectations. The Insurer will have offset higher claims for property insurance with growth in net earned premiums. PZU looks well on track to achieving our FY2019 net income forecast of PLN 3.26bn, which would indicate a need for analysts to raise their estimates to bring consensus above the current PLN ~3bn. PZU's name is starting to come up again as a potential consolidator of Polish banks, but in our opinion a scenario where the Company sells its stake in Pekao and merges the other subsidiary lender, Alior, with a new acquisition, is highly unlikely. A merger would entail an adjustment to Alior's carrying value in the form of a write-down to the tune of PLN 1.5bn. At the moment, PZU is trading at a 7% discount to the forward P/E ratio for the Bloomberg Insurance index, while historically it has traded at an average premium to the index of 15% in the last five years, indicating a good entry point.

Current Price	37.59 PLN	**Upside**
9M Target Price	43.38 PLN	+15.4%

	rating	target price	issued
unchanged	**buy**	**43.38 PLN**	**2019-09-05**

Key Metrics			PZU PW	vs. WIG
Ticker	PZU PW	1M Price Chng	+4.1%	-2.2%
ISIN	PLPZU0000011	YTD Price Chng	-8.5%	-11.7%
Outst. Stock (m)	863.5	ADTV 1M		PLN 59.6m
MC (PLN m)	32,459.8	ADTV 6M		PLN 66.0m
		P/E 12M fwd	10.1	-15.7%
Free Float	64.8%	P/E 5Y avg	11.9	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	11.2	10.1	10.0	9.5	9.2
P/B	2.2	2.2	2.2	2.1	2.1
ROE	21.1%	21.7%	21.8%	22.5%	22.6%
DPS	1.40	2.70	2.98	3.01	3.18
DYield	3.7%	7.2%	7.9%	8.0%	8.5%

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**

mBank Dom Maklerski

Kruk

buy (no change)

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We maintain a buy rating for Kruk. Kruk expects to spend approximately PLN 800-900m in 2019 on new receivable portfolios, a lower amount than the initial guidance but still much better than we would have expected judging by the purchases made through September. Debt buying in Romania might reach an all-time high this year. Despite having spent only 50% of the amount budgeted for FY2019 in the year to 30 September, the miss relative to target NPV on existing portfolios is only 7%, reflecting high recovery rates. In 2020 Kruk is eyeing a return to the Italian market, and it anticipates a higher supply of NPLs from Polish banks. Kruk's plans through 2020 are consistent with our expectations of stable 2019 earnings followed by slight expansion the following year. Analysts should regain confidence in Kruk after a series of downward forecast revisions, especially if the Company delivers a positive surprise with Q4 results assuming collections in November and December are at least as good as in October. On the downside, debt collector stocks are being held back by increasing bearish positions of traders (up from 4.5% to 4.8% over the past month).

Current Price	142.40 PLN	**Upside**
9M Target Price	213.65 PLN	+50.0%

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

Key Metrics			KRU PW	vs. WIG
Ticker	KRU PW	1M Price Chng	-0.8%	-7.1%
ISIN	PLKRK0000010	YTD Price Chng	-6.1%	-9.3%
Outst. Stock (m)	18.9	ADTV 1M		PLN 12.9m
MC (PLN m)	2,689.5	ADTV 6M		PLN 7.2m
		P/E 12M fwd	8.4	-36.4%
Free float	87.0%	P/E 5Y avg	13.2	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	9.0	8.1	8.0	7.9	7.8
P/B	1.8	1.6	1.4	1.3	1.2
ROE	21.9%	20.7%	18.5%	17.2%	15.9%
DPS	5.76	5.00	5.00	8.90	9.06
DYield	4.0%	3.5%	3.5%	6.3%	6.4%

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**

Skarbiec Holding

buy (no change)

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We maintain a buy rating for Skarbiec Holding. Skarbiec experienced a slowdown in Q3 2019 relative to the two previous quarters, reflected in an expected decline in success fees, alongside a reduction in management fees amid continuing withdrawals from investment funds. Assets managed by Skarbiec shrunk by 7.5% during the third quarter, driven by 9% contraction in the AUM of balanced and alternative funds and a 6% reduction in the AUM of bond, money market, and specialty funds. We expect the Polish asset management market to expand at an average annual rate of 6.5% over the next five years. Skarbiec is no longer aiming to have PLN 8 billion of AUM by the end of 2020. Our expectation is for AUM growth at an average annual rate of 5.5%, supported by receipts of an estimated PLN 550m in FY2019/2020 after the launch of Poland's new nationwide retirement savings plan, PPK. Skarbiec has offered modest dividends of PLN 0.50 per share for fiscal 2018/19 because it needs to adjust its capital levels as a future asset manager of the PPK scheme, but payouts are likely to increase in the future. Assuming Q4 earnings match the results generated in Q3, and assuming the whole net profit for 2019 is allocated to dividends, the 2020 DPS could be pushed up to PLN 4.59, with the implied dividend yield at 27%.

Current Price	17.30 PLN	**Upside**
9M Target Price	28.17 PLN	+62.8%

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

Key Metrics			SKH PW	vs. WIG
Ticker	SKH PW	1M Price Chng	+4.2%	-2.1%
ISIN	PLSKRBH00014	YTD Price Chng	-18.0%	-21.2%
Outst. Stock (m)	6.8	ADTV 1M		PLN 0.0m
MC (PLN m)	118.0	ADTV 6M		PLN 0.0m
		P/E 12M fwd	5.3	-28.0%
Free Float	25.4%	P/E 5Y avg	7.4	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	6.0	4.9	5.9	5.1	5.4
P/B	1.2	1.2	1.1	1.2	1.2
ROE	19.3%	24.2%	19.7%	22.5%	22.1%
DPS	2.62	4.45	1.47	4.45	3.15
DYield	15.1%	25.7%	8.5%	25.7%	18.2%

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**

mBank Dom Maklerski

Chemicals

Ciech

buy (no change)

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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 of the Romanian soda ash unit, Govora. Despite its inactivity, the least efficient of Ciech's assets will continue to generate costs in Q4 2019 with quarterly overheads estimated at PLN 19m. With the past risks more than priced in, Ciech's future prospects are seen to be improving with a downward shift observed in the prices of thermal and metallurgical coal, at the current rate indicating savings potential in 2020 of PLN 16m and PLN 42m, respectively, combined with the upward shift in soda prices in China since mid-August. We maintain a buy rating for CIE.

Current Price	35.15 PLN	**Upside**
9M Target Price	42.03 PLN	+19.6%

	rating	target price	issued
unchanged	**buy**	**42.03 PLN**	**2019-09-05**

Key Metrics			**CIE PW**	**vs. WIG**
Ticker	CIE PW	1M Price Chng	+15.2%	+8.9%
ISIN	PLCIECH00018	YTD Price Chng	-20.7%	-23.8%
Outst. Stock (m)	52.7	ADTV 1M		PLN 3.3m
MC (PLN m)	1,852.4	ADTV 6M		PLN 2.2m
EV (PLN m)	3,447.4	EV/EBITDA 12M fwd	5.1	-14.3%
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.	5.0	11.2	8.0	8.4	8.2
P/B	0.8	0.9	0.8	0.8	0.7
EV/EBITDA adj.	3.4	5.2	5.3	5.2	4.9
DPS	0.00	7.50	0.00	0.00	2.12
DYield	0.0%	21.3%	0.0%	0.0%	6.0%

Forecast Update (% change)	**2019P**	**2020P**	**2021P**
EBITDA	0.0%	0.0%	0.0%
Net income	0.0%	0.0%	0.0%
Soda price (US $/t)	0.0%	0.0%	0.0%
Soda Ciech (PLN/t)	0.0%	0.0%	0.0%
Soda vol (1,000t)	0.0%	0.0%	0.0%
Thermal Coal price (PLN/t)	0.0%	0.0%	0.0%
Coking Coal price ($/t)	0.0%	0.0%	0.0%
Natural Gas price (PLN/m3)	0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
EBITDA. Soda Div.	704	540	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**

Grupa Azoty

hold (reiterated)

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Grupa Azoty released better-than-expected preliminary results for Q3 2019, with EBITDA showing a beat of nearly 14%. Natural gas prices have no more room to fall that we can see, and their rebound just as the winter season kicks in in turn would negatively affect sales margins in later periods. We do not see any upside surprises any more in 2019, and if gas prices rise in 2020 this might drive Azoty's profit for the year lower to about PLN 1bn. Adding to the worsened outlook are planned capital-intensive investments. After updating our forecasts for Azoty's Fertilizer business, and after cutting expected profits in Plastics and Chemicals to reflect weaker demand, we maintain a hold rating for ATT but we raise our target price for the stock from PLN 34.09 to PLN 37.12.

Current Price	36.58 PLN	**Upside**
9M Target Price	37.12 PLN	+1.5%

	rating	target price	issued
new	**hold**	**37.12 PLN**	**2019-11-06**
old	hold	34.09 PLN	2019-10-07

Key Metrics			**ATT PW**	**vs. WIG**
Ticker	ATT PW	1M Price Chng	+17.3%	+11.0%
ISIN	PLZATRM00012	YTD Price Chng	+17.3%	+14.2%
Outst. Stock (m)	99.2	ADTV 1M		PLN 4.1m
MC (PLN m)	3,628.6	ADTV 6M		PLN 3.4m
EV (PLN m)	6,809.0	EV/EBITDA 12M fwd	5.1	-19.4%
Free Float	29.0%	EV/EBITDA 5Y avg	6.3	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	9,617	9,999	11,822	11,512	11,801
EBITDA adj.	1,187	764	1,548	1,000	1,115
EBITDA margin	12.3%	7.6%	13.1%	8.7%	9.4%
EBIT adj.	597	81	797	257	384
Net income adj.	590	683	751	743	731
P/E adj.	6.2	5.3	4.8	4.9	5.0
P/B	0.5	0.5	0.5	0.5	0.5
EV/EBITDA adj.	3.9	8.5	4.4	8.0	8.4
DPS	0.79	1.20	0.00	0.00	0.35
DYield	2.2%	3.3%	0.0%	0.0%	1.0%

Forecast Update (% change)	**2019P**	**2020P**	**2021P**
EBITDA	+3.1%	+3.4%	+12.5%
Net income	+5.1%	+22.9%	+89.4%
Urea price (PLN/t)	-1.7%	-3.6%	-3.5%
Ammonium Nitrate price (PLN/t)	-3.6%	-4.5%	-4.4%
Natural Gas price (PLN/m3)	-16.9%	-16.1%	-18.6%
Melamine (PLN/t)	-14.2%	-16.1%	-18.6%
Polyamide 6 (PLN/t)	-3.6%	+4.5%	+4.5%
Propylene (PLN/t)	+0.4%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
EBITDA, Fertilizers	484	82	1,101	640	760
EBITDA, Plastics	221	192	77	80	59
EBITDA, Chemicals	348	282	217	150	157
EBITDA, Energy	0.0	0.0	127.0	120.7	126.4
EBITDA, Other	134	208	27	9	12
Operating cash flow	**1,087**	**1,043**	**1,259**	**999**	**1,072**
D&A	590	683	751	743	731
Working capital	13	155	-186	13	-12
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**	**-117**	**578**	**1,206**
Dividends/Buyback	-78	-119	0	0	-35
FCF	49	-1,158	-155	-1,051	-1,136
FCF/EBITDA	4%	-151%	-10%	-105%	-102%
OCF/EBITDA	92%	136%	81%	100%	96%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Assets	11,738	14,160	14,615	15,369	17,001
Fixed assets	8,070	9,886	10,553	11,855	13,330
Equity	6,856	6,703	7,227	7,343	7,499
Minority interests	588	625	669	677	688
Net debt	367	2,226	2,511	3,675	4,996
Net debt/EBITDA (x)	0.3	2.9	1.6	3.7	4.5
Net debt/Equity (x)	0.1	0.3	0.3	0.5	0.7

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	8.2	8.8	8.7	6.0	5.7	5.0
Maximum	21.6	17.2	15.0	9.7	8.8	8.2
Median	12.7	10.4	9.4	7.4	6.1	5.8
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)	1,600	1,512	1,551	1,550	1,548	1,547	1,545	1,544	1,543	1,541	1,549
AN price (PLN/t)	1,320	1,247	1,286	1,284	1,283	1,281	1,280	1,279	1,277	1,276	1,283
NGas cost (PLN/m3)	831	902	964	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025
Revenue	11,822	11,512	11,801	12,710	13,678	13,935	14,144	14,285	14,428	14,508	14,640
EBITDA	1,548	1,000	1,115	1,347	1,488	1,552	1,524	1,516	1,503	1,487	1,499
EBITDA margin	13.1%	8.7%	9.4%	10.6%	10.9%	11.1%	10.8%	10.6%	10.4%	10.3%	10.2%
EBIT	797	257	384	394	535	609	620	641	626	595	608
Tax	131	24	39	23	38	56	61	67	66	61	65
CAPEX	-1,387	-2,040	-2,199	-844	-572	-619	-660	-814	-832	-878	-892
Working capital	-186	13	-12	-39	-41	-11	-9	-6	-6	-3	-6
FCF	-155	-1,051	-1,136	441	837	866	794	629	599	545	538
PV FCF	-153	-977	-999	362	642	622	532	394	350	297	
WACC	6.8%	6.4%	6.1%	6.4%	6.5%	6.6%	6.7%	6.8%	6.8%	6.9%	6.9%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.0
FCF perp. growth rate	2.0%
PV FCF	7,048
Net debt	2,226
Other adjustments	-625
Value per share (PLN)	42.31

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	27.53
DCF Val.	50%	42.31
Implied Price		34.92
Cost of equity (9M)		6.3%
9M Target Price		**37.12**

mBank Dom Maklerski

Oil & Gas

Lotos

sell (no change)

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PKN Orlen submitted its proposition on remedial measures on the planned takeover of Lotos to the European Commission in October, receiving an enthusiastic reaction from the market. Unfortunately, the submission does nothing to propel the process in our view - in fact, we see risk of further delay later into 2020. Meanwhile Lotos has to face up to high earnings expectations based on optimistic assumptions as to the positive effects of the IMO 2020 rules and contributions from the new delayed coking unit. In our opinion analysts should probably reevaluate their expectations against the actual results generated in Q3 2019. The incremental increase in model margins after the launch of the new delayed coker 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 set to have a bearing on future cash flow (the Company has not shared any specifics so far, and so the potential projects are not yet factored into analysts' forecasts). We maintain a sell rating for LTS as we work on an updated outlook for the Company and its market fundamentals.

Current Price	98.30 PLN	**Downside**
9M Target Price	72.31 PLN	-26.4%

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

Key Metrics			LTS PW	vs. WIG
Ticker	LTS PW	1M Price Chng	+10.2%	+3.9%
ISIN	PLLOTOS00025	YTD Price Chng	+15.0%	+11.8%
Outst. Stock (m)	184.9	ADTV 1M		PLN 20.6m
MC (PLN m)	18,173.1	ADTV 6M		PLN 23.4m
EV (PLN m)	21,104.2	EV/EBITDA 12M fwd	5.2	-8.5%
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	10.9	11.4	15.0	13.8	12.6
P/B	1.7	1.5	1.4	1.3	1.2
EV/EBITDA	6.7	5.4	7.5	6.4	5.5
DPS	1.00	1.00	3.00	1.97	2.14
DYield	1.0%	1.0%	3.1%	2.0%	2.2%

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.)	**6.8**	**6.5**	**7.5**	**6.5**	**5.7**
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**

MOL

accumualte (downgraded)

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MOL's performance of late reflects a general aversion to the oil&gas sector, fueled by low prices, however we maintain that the Hungarian firm stands out with its attractive valuation and a balanced earnings structure with 60% coming from downstream+midstream. MOL stock did move higher in the last few weeks in anticipation of strong Q3 results, prompting a downgrade today from buy to accumulate with an unchanged price target. MOL's exposure to gas prices is mitigated by price regulation in core markets, however, hydrocarbons trading as low as they have, we might have to revisit our EBITDA estimates for 2020 (this year the losses in Upstream are offset by higher-than-expected profits in Downstream and Retail). That being said, MOL continues to offer a much more attractive EV/LIFO EBITDA ratio than its Polish peers, who will have to measure up to high earnings expectations. MOL has recently acquired assets in Azerbaijan at an attractive price of ~$5.4/2P boe plus ~$2/2P boe in planned capital investment. The mature project is not a threat to FCF or dividends given MOL's strong balance sheet (0.77x net debt/EBITDA).

Current Price	3,042 HUF	**Upside**
9M Target Price	3,258 HUF	+7.1%

	rating	target price	issued
new	**accumulate**	**3,258 HUF**	**2019-11-06**
old	buy	3,258 HUF	2019-10-07

Key Metrics			**MOL HB**	**vs. WIG**
Ticker	MOL HB	1M Price Chng	+7.6%	+1.3%
ISIN	HU0000153937	YTD Price Chng	+2.0%	-1.2%
Outst. Stock (m)	750.3	ADTV 1M	HUF 1,914.8m	
MC (HUF m)	2,282,322.7	ADTV 6M	HUF 1,844.4m	
EV (HUF m)	3,016,865.3	EV/EBITDA 12M fwd	4.3	+0.5%
Free Float	53.5%	EV/EBITDA 5Y avg	4.3	premium

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	7.4	7.6	11.0	9.7	8.4
P/B	1.3	1.1	1.1	1.0	1.0
EV/EBITDA	4.5	3.8	4.5	4.3	3.9
DPS	78.13	127.50	142.44	150.17	157.67
DYield	2.6%	4.2%	4.7%	4.9%	5.2%

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.)	**4.4**	**3.9**	**4.4**	**4.2**	**3.8**
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**

mBank Dom Maklerski

PGNiG

buy (reiterated)

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We are having to dial back our optimistic outlook for gas prices in 2020 and 2021 based on their sluggish recovery this year, and so we reduce the benchmark based on average prices of 1M FWD contracts by 10% to EUR 17.2/MWh for 2020 and by 21% to EUR 17.9/MWh for 2021 - the 2019 ytd average is EUR 15.4. At the same time, we lower the average expected price of a barrel of Brent crude by $5 to $65 in 2020 and $70 in 2021. This results in respective downward revisions of 9% and 20% to the 2020 and 2021 EBITDA forecasts for PGNiG's Upstream business. Further, based on weaker-than-expected Q3 results, we are having to downgrade our 2020 and 2021 EBITDA projections for the Trading segment by an average of PLN 0.28bn. As a consequence, we lower our target price for PGN by 11% to PLN 5.64, but we maintain a buy call for the stock at the current price level. Our updated forecasts more closely match the consensus forecasts, which have been revised downward by 20% over the last 12 months. On 2019E EBITDA, set to be the worst yearly EBITDA in six years, PGNiG's EV/EBITDA ratio sits only a hair above the average ratio for the last five years (5.0x). We see room for improvement in 2020, stemming from an expected increase in upstream volumes, higher sales prices, and gradual normalization of trading margins. The long-awaited ruling in the arbitration case against Gazprom should provide an upside catalyst in a matter of months, potentially providing PGNiG with 2014-2019 back compensation of as much as $1.5bn (20% of MCap).

Current Price	5.07 PLN	**Upside**
9M Target Price	5.64 PLN	+11.2%

	rating	target price	issued
new	**buy**	**5.64 PLN**	**2019-11-06**
old	buy	6.33 PLN	2019-09-05

Key Metrics			**PGN PW**	**vs. WIG**
Ticker	PGN PW	1M Price Chng	+10.0%	+3.7%
ISIN	PLPGNIG00014	YTD Price Chng	-25.4%	-28.6%
Outst. Stock (m)	5,778.3	ADTV 1M		PLN 19.0m
MC (PLN m)	29,296.1	ADTV 6M		PLN 27.7m
EV (PLN m)	30,561.4	EV/EBITDA 12M fwd	4.7	-6.3%
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	40,020	40,781	43,864
EBITDA	6,579	7,115	5,551	7,114	7,932
EBITDA margin	18.3%	17.3%	13.9%	17.4%	18.1%
EBIT	3,910	4,395	2,720	4,154	4,788
Net income	2,923	3,212	1,924	2,941	3,328
P/E	10.0	9.1	15.2	10.0	8.8
P/B	0.9	0.8	0.8	0.7	0.7
EV/EBITDA	4.5	4.1	5.5	4.2	3.7
DPS	0.20	0.07	0.11	0.13	0.20
DYield	3.9%	1.4%	2.2%	2.6%	4.0%

Forecast Update (% change)	**2019P**	**2020P**	**2021P**
EBITDA	-10.1%	-11.3%	-15.1%
Net income	-19.7%	-15.3%	-20.5%
Price of Brent crude ($/bbl)	0.0%	-7.1%	-6.7%
Price of EU NatGas (EUR/MWh)	-1.3%	-10.3%	-21.6%
USD/PLN	+2.1%	+3.5%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
EBITDA (adj.)	**7,261**	**7,511**	**5,777**	**7,198**	**8,013**
EBITDA	6,579	7,115	5,551	7,114	7,932
Mining	3,865	5,019	3,528	3,984	4,439
Trade	-435	-848	-477	252	408
Distribution	2,493	2,385	1,935	2,038	1,977
Heat & Power	843	788	811	1,094	1,368
Other	-187	-229	-247	-253	-260
Financing activity	**12**	**107**	**-25**	**-38**	**-26**
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**	**-4.6**	**-0.7**	**0.3**

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	**4,816**	**5,814**	**5,241**	**5,696**	**5,958**
OCF/EBITDA	73%	82%	94%	80%	75%
CAPEX	**3,162**	**4,534**	**4,911**	**4,433**	**3,988**
Working capital	5,280	5,358	4,853	4,945	5,319
Equity	33,626	36,634	37,872	39,994	42,096
Net debt	**428**	**-223**	**1,267**	**901**	**224**
Net debt/EBITDA (x)	0.1	0.0	0.2	0.1	0.0

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	3.0	2.8	2.3	2.8	2.6	2.3
Maximum	23.0	18.0	18.0	12.8	13.0	13.2
Median	12.5	11.9	10.9	6.5	5.9	5.7
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Brent	65.0	65.0	70.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0
EU NatGas	15.4	17.2	17.9	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2
USD/PLN	3.83	3.72	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60
Revenue	40,020	40,781	43,864	45,865	42,751	42,143	40,414	39,281	39,788	40,158	40,158
EBITDA	5,383	6,923	7,725	8,017	7,917	8,404	8,480	8,582	8,752	8,510	8,510
EBITDA margin	13.4%	17.0%	17.6%	17.5%	18.5%	19.9%	21.0%	21.8%	22.0%	21.2%	21.2%
EBIT	2,720	4,154	4,788	5,023	4,873	4,880	4,911	4,922	4,967	4,607	4,112
Tax	771	1,175	1,433	1,477	1,385	1,253	1,310	1,343	1,399	1,263	1,263
CAPEX	-4,911	-4,433	-3,988	-4,680	-4,770	-4,300	-4,312	-4,342	-4,404	-4,398	-4,398
Working capital	505	-92	-374	-243	378	74	210	137	-61	-45	-45
FCF	207	1,224	1,930	1,618	2,139	2,924	3,068	3,034	2,887	2,804	2,804
PV FCF	199	1,084	1,570	1,208	1,466	1,840	1,772	1,609	1,405	1,253	
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	32,814
Net debt	1,493
Other adjustments	833
Value per share (PLN)	5.56

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	33%	6.23
Relative (DYield)	17%	2.60
DCF	50%	5.56
Cost of equity (9M)		6.7%
9M Target Price		**5.64**

PKN Orlen

hold (no change)

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PKN Orlen's highly-anticipated third-quarter results did not disappoint, with LIFO EBITDA coming in slightly above the consensus estimate. Nevertheless it remains true that refining fundamentals in the period were exceptionally strong, reflected in high refining and retail margins, and high refinery throughput, and are not likely to recur in Q4, when growth will be additionally curbed by negative year-ago base effects, combined with production curbs planned by PKN itself. PKN's longer-term picture is more cloudy looking at the scale of planned global refinery expansions, and considering that PKN is talking about significantly increasing capital expenditures (not yet factored into our model due to a lack of specifics except for plans for 2020 CAPEX of PLN 8bn) on top of the steep price it is poised to pay for Lotos (investors seem to have forgotten about the balance-sheet risks entailed in the acquisition). The positive effects of IMO 2020 regulation might also not be as robust as thought looking at decreasing demand for bunker fuel and diesel amid a global economic slowdown. We maintain a hold rating for PKN while we work on an updated outlook for the Company.

Current Price	109.05 PLN	**Downside**
9M Target Price	92.82 PLN	-14.9%

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

Key Metrics			PKN PW	vs. WIG
Ticker	PKN PW	1M Price Chng	+7.0%	+0.7%
ISIN	PLPKN0000018	YTD Price Chng	+4.2%	+1.0%
Outst. Stock (m)	427.7	ADTV 1M		PLN 67.5m
MC (PLN m)	46,641.7	ADTV 6M		PLN 76.3m
EV (PLN m)	54,367.4	EV/EBITDA 12M fwd	5.2	-5.1%
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	7.0	8.5	10.4	12.2	12.4
P/B	1.4	1.3	1.2	1.1	1.1
EV/EBITDA	4.6	5.3	6.0	6.4	6.2
DPS	3.00	3.00	3.50	3.00	3.00
DYield	2.8%	2.8%	3.2%	2.8%	2.8%

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.)	**5.3**	**6.3**	**6.0**	**6.5**	**6.6**
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	6.0	5.1	5.5	2.6	2.3	2.7
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**

mBank Dom Maklerski

Power Utilities

CEZ

accumulate (no change)

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CEZ is still trading at a large discount (25%) to EU peers after sideways performance in October. Bulgaria did again recently block the sale of local assets by the Company, but this is not likely to be the reason behind the underperformance given the small size of these assets. The main reason as we see it is the increasing coal aversion of investors. CEZ does generate 40% of its total power output from coal, but its generators are characterized by relatively low emissions (0.4 t/MWh), plus the Company has plans to phase out high-emissions plants gradually through 2040 (incl. 3GW slated for potential shut-off in 2025 out of current 6.2 GW). CEZ is experiencing expanding earnings this year not counting one-time charges. Next year, its effective sales price might increase by EUR 13 on average per MWh, and with planned asset sales and scaled-back CAPEX this indicates sustained dividend potential in the next two years. We maintain an accumulate rating for CEZ.

Current Price	526.00 CZK	**Upside**
9M Target Price	597.80 CZK	+13.7%

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

Key Metrics			**CEZ CP**	**vs. WIG**
Ticker	CEZ CP	1M Price Chng	+2.0%	-4.3%
ISIN	CZ0005112300	YTD Price Chng	+2.9%	-0.2%
Outst. Stock (m)	538.0	ADTV 1M		CZK 61.9m
MC (CZK bn)	283.0	ADTV 6M		CZK 107.6m
EV (CZK bn)	439.3	EV/EBITDA 12M fwd	7.0	-2.1%
Free Float	30.2%	EV/EBITDA 5Y avg	7.1	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	15.1	27.4	15.7	13.6	13.7
P/B	1.1	1.2	1.2	1.2	1.1
EV/EBITDA	7.8	8.8	7.5	6.9	6.8
DPS	33.00	32.71	24.00	30.17	34.73
DYield	6.3%	6.2%	4.6%	5.7%	6.6%

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		**597.80**

Enea

buy (reiterated)

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Enea is valued at a marked discount to local peers on EV/EBITDA, reflecting a penalty for a high share of coal in the production mix (66% including the subsidiary coal mine), and the shockingly low valuation of the listed coal mining subsidiary LW Bogdanka (1.3x EV/EBITDA). Also weighing is the Company's involvement in the coal-based power station project in Ostrołęka with its vague financing arrangements. Even in the conservative scenario that it has to pay for a half of the project, we believe Enea still is capable of generating positive free cash flow over PLN 1.3bn in 2020-22, equivalent to 30% of current market cap, as well as offering capacity for renewed dividends with a net debt/EBITDA ratio of 2.0x as of 30 June 2019. From 2021 forward, Enea will also be receiving capacity payments in a yearly amount of PLN 0.6bn. If it could quit the coal-burning investment, or at least confirm that its share in it will not exceed PLN 1bn, assuming dividends, Enea's current multiples warrant a buy rating even with our target price reduced by 7% to PLN 11.53 following revisions to the market outlook.

Current Price	8.59 PLN	**Upside**
9M Target Price	11.53 PLN	+34.2%

	rating	target price	issued
new	**buy**	**11.53 PLN**	**2019-11-06**
old	buy	12.41 PLN	2019-06-25

Key Metrics			**ENA PW**	**vs. WIG**
Ticker	ENA PW	1M Price Chng	+3.2%	-3.1%
ISIN	PLENEA000013	YTD Price Chng	-13.2%	-16.4%
Outst. Stock (m)	441.4	ADTV 1M		PLN 1.8m
MC (PLN m)	3,792.0	ADTV 6M		PLN 4.0m
EV (PLN m)	10,722.5	EV/EBITDA 12M fwd	3.5	-26.1%
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	16,541	18,326	17,589
EBITDA	2,684	2,348	3,298	3,274	3,706
EBITDA margin	23.5%	18.5%	19.9%	17.9%	21.1%
EBIT	1,488	1,037	1,763	1,741	2,160
Net income	1,070	686	1,052	1,079	1,382
P/E	3.5	5.5	3.6	3.5	2.7
P/B	0.3	0.3	0.3	0.2	0.2
EV/EBITDA	3.8	4.4	3.3	3.2	2.9
DPS	0.28	0.00	0.00	0.00	0.24
DYield	3.2%	0.0%	0.0%	0.0%	2.8%

Forecast Update (% change)	**2019P**	**2020P**	**2021P**
EBITDA	-0.3%	-4.4%	-2.3%
Net income	-11.4%	-15.9%	-12.2%
Price of electricity (PLN/MWh)	0.0%	0.0%	0.0%
Price of coal (PLN/t)	-3.0%	0.0%	0.0%
Price of CO2 allowance (EUR/t)	+2.9%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
EBITDA (adj.)	**2,649**	**2,413**	**3,298**	**3,274**	**3,706**
EBITDA	2,684	2,348	3,298	3,274	3,706
Generation	735	869	1,404	1,317	1,663
Mining	709	470	772	679	789
Distribution	1,073	1,111	1,084	1,132	1,112
Trade	178	-76	40	143	146
Other	-13	-12	-2	3	-5
Financing activity	**-21**	**-168**	**-296**	**-280**	**-279**
Power output, TWh	**22.7**	**26.5**	**26.0**	**27.2**	**26.7**
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	7.0	7.0
RAV (PLN bn)	**7.5**	**8.0**	**8.3**	**8.6**	**8.9**
RAV return (EBIT)	7.7%	7.2%	6.4%	6.5%	6.0%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	**2,580**	**2,435**	**2,772**	**3,414**	**3,366**
OCF/EBITDA	96%	104%	84%	104%	91%
CAPEX	**2,058**	**1,979**	**2,505**	**2,873**	**3,046**
Working capital	698	605	852	435	417
Equity	13,078	14,097	15,150	16,228	17,503
Net debt	**5,523**	**5,566**	**5,843**	**5,581**	**5,649**
Net debt/EBITDA (x)	2.1	2.4	1.8	1.7	1.5

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	3.7	2.9	2.3	3.4	3.8	3.0
Maximum	29.7	27.3	23.4	11.2	11.1	10.6
Median	14.3	13.5	12.4	7.4	6.8	6.7
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	267.0	251.9	250.9	231.2	231.2	231.2	231.2	231.2	231.2	231.2
Coal (PLN/t)	258.0	250.0	263.6	263.6	263.6	263.6	263.6	263.6	263.6	263.6	263.6
CO2 (EUR/t)	24.7	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Revenue	16,541	18,326	17,589	17,697	17,109	17,556	17,678	17,806	17,941	18,125	18,125
EBITDA	3,298	3,274	3,706	3,707	3,348	3,520	3,546	3,415	3,452	3,515	3,515
EBITDA margin	19.9%	17.9%	21.1%	20.9%	19.6%	20.1%	20.1%	19.2%	19.2%	19.4%	19.4%
EBIT	1,763	1,741	2,160	2,152	1,759	1,870	1,868	1,704	1,703	1,723	1,058
Tax	335	331	410	409	334	355	355	324	323	327	201
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	-248	418	17	-3	14	-11	-3	-3	-3	-4	-4
FCF	210	488	266	449	624	813	821	676	667	679	852
PV FCF	203	440	224	351	454	552	518	398	365	345	
WACC	7.0%	7.2%	7.3%	7.4%	7.3%	7.4%	7.4%	7.4%	7.5%	7.5%	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	11,513
Net debt	5,813
Other adjustments	-952
Value per share (PLN)	10.75

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	0%	37.04
Relative (DYield)	0%	2.03
DCF	100%	10.75
Cost of equity (9M)		6.7%
9M Target Price		**11.53**

mBank Dom Maklerski

Energa

buy (reiterated)

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Energa's dramatic underperformance this year is a combination of several factors, including relatively high EV/EBITDA, limited growth prospects in the medium term, the Ostrołęka coal plant project, and decreasing WACC as used to measure distribution assets. These are the facts, but what the market is not taking into consideration is the premium-worthy composition of the Company's assets. Over the next four years, Energa will be generating over 90% of annual EBITDA from power distribution and renewable energy, as well as spending 60% of planned capital expenditures on the same two segments. The Ostrołęka project at the current stage is mainly an image issue due to a lack of transparency as to its status, and the discount it puts on enterprise value is greater than PLN 3bn, an amount equivalent to Energa's potential investment in the project. In a scenario where the Ostrołęka project is canceled, at the current level ENG is trading at very attractive multiples which warrant a buy rating even with our target price reduced by 8% to PLN 11.67 following revisions to market forecasts.

Current Price	6.37 PLN	**Upside**
9M Target Price	11.67 PLN	+83.2%

	rating	target price	issued
new	**buy**	**11.67 PLN**	**2019-11-06**
old	buy	12.67 PLN	2019-06-25

Key Metrics			**ENG PW**	**vs. WIG**
Ticker	ENG PW	1M Price Chng	+4.1%	-2.2%
ISIN	PLENERG00022	YTD Price Chng	-28.5%	-31.7%
Outst. Stock (m)	414.1	ADTV 1M		PLN 2.3m
MC (PLN m)	2,637.6	ADTV 6M		PLN 3.3m
EV (PLN m)	7,786.7	EV/EBITDA 12M fwd	3.8	-17.3%
Free Float	48.5%	EV/EBITDA 5Y avg	4.5	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	10,534	10,337	11,721	12,560	12,292
EBITDA	2,160	1,877	2,228	2,132	2,147
EBITDA margin	20.5%	18.2%	19.0%	17.0%	17.5%
EBIT	1,210	1,176	894	1,019	1,055
Net income	773	739	530	552	608
P/E	3.4	3.6	5.0	4.8	4.3
P/B	0.3	0.3	0.2	0.2	0.2
EV/EBITDA	3.1	3.8	3.5	4.1	4.3
DPS	0.19	0.00	0.00	0.00	0.00
DYield	3.0%	0.0%	0.0%	0.0%	0.0%

Forecast Update (% change)	**2019P**	**2020P**	**2021P**
EBITDA	+2.9%	-2.2%	-2.9%
Net income	-27.8%	-15.6%	-7.8%
Price of electricity (PLN/MWh)	0.0%	-2.1%	-1.2%
Price of coal (PLN/t)	0.0%	-3.8%	+1.1%
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**	**2,228**	**2,132**	**2,147**
EBITDA	2,160	1,877	2,228	2,132	2,147
Conv. Gener./CHP	229	137	94	66	151
Renewables	169	191	225	257	238
Distribution	1,723	1,704	1,642	1,676	1,623
Trade	85	-85	324	191	194
Other	-46	-70	-57	-58	-59
Financing activity	**-208**	**-223**	**-268**	**-335**	**-302**
Power output, TWh	**4.3**	**3.9**	**3.7**	**3.7**	**3.7**
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	10.0	10.0	10.0
RAV (PLN bn)	**11.7**	**12.2**	**12.7**	**13.1**	**13.5**
RAV return (EBIT)	8.2%	7.7%	6.4%	6.2%	5.7%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	**2,182**	**1,859**	**1,909**	**1,880**	**2,043**
OCF/EBITDA	101%	99%	86%	88%	95%
CAPEX	**1,280**	**1,638**	**2,009**	**2,365**	**2,346**
Working capital	1,403	1,499	1,700	1,821	1,783
Equity	9,409	10,295	10,788	11,303	11,874
Net debt	**4,064**	**4,441**	**5,111**	**5,969**	**6,610**
Net debt/EBITDA (x)	1.9	2.4	2.3	2.8	3.1

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	3.5	2.9	2.3	3.2	3.2	2.9
Maximum	29.7	27.3	23.4	11.2	11.1	10.6
Median	14.3	13.5	12.4	7.4	6.8	6.7
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	267.0	251.9	250.9	231.2	231.2	231.2	231.2	231.2	231.2	231.2
Coal (PLN/t)	258.0	250.0	263.6	263.6	263.6	263.6	263.6	263.6	263.6	263.6	263.6
CO2 (EUR/t)	24.7	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Revenue	11,721	12,560	12,292	12,452	12,185	12,340	12,421	12,505	12,590	12,672	12,672
EBITDA	2,228	2,132	2,147	2,182	2,328	2,560	2,597	2,601	2,641	2,677	2,677
EBITDA margin	19.0%	17.0%	17.5%	17.5%	19.1%	20.7%	20.9%	20.8%	21.0%	21.1%	21.1%
EBIT	894	1,019	1,055	1,069	1,212	1,395	1,418	1,403	1,420	1,474	1,166
Tax	170	194	200	203	230	265	269	267	270	280	221
CAPEX	-2,009	-2,365	-2,346	-2,159	-1,712	-1,531	-1,527	-1,521	-1,511	-1,475	-1,511
Working capital	-201	-122	39	-23	39	-23	-12	-12	-12	-12	-12
FCF	-151	-549	-360	-204	425	741	789	802	848	910	932
PV FCF	-146	-494	-303	-160	311	506	502	474	466	464	
WACC	7.3%	7.2%	7.1%	7.1%	7.1%	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	9,296
Net debt	4,706
Other adjustments	-61
Value per share (PLN)	10.94

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	0%	20.10
Relative (DYield)	0%	0.00
DCF	100%	10.94
Cost of equity (9M)		6.7%
9M Target Price		**11.67**

PGE

buy (no change)

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PGE stock has not managed to recoup the losses suffered earlier this year even though most of the downside risk has been eliminated (with trading losses in the wake a state-mandated power price freeze offset by cash refunds) or reduced (slower rise in carbon costs, high CDS). Meanwhile upside potential has emerged in the form of increasing profits expected in H2, with third-quarter EBITDA showing a 16% rebound from the same year-ago period. The drivers include new generators, cogeneration subsidies, lower carbon expenses, reversal of valuation losses on financial instruments, and improved retail margins. In addition the market is overestimating the negative impact of regulatory curbs this year on lignite-fired power, which are largely offset by a compensation mechanism. On increasing volumes, with the help of capacity payments, PGE is expected to grow EBITDA by PLN 2bn in the next few years. Further, with peak capital investment now over, PGE is set to start generating positive FCF (from an average of PLN 7.3bn in 2015-2019, annual CAPEX in the 2020-23 period is expected to decrease to PLN 6.2bn, with 60% allocated to renewables, gas-fired capacity, and distribution in 2020-26 vs. 30% in 2015-19). We maintain a buy rating for PGE.

Current Price	8.50 PLN	**Upside**
9M Target Price	12.20 PLN	+43.6%

	rating	target price	issued
unchanged	**buy**	**12.20 PLN**	**2019-10-24**

Key Metrics			PGE PW	vs. WIG
Ticker	PGE PW	1M Price Chng	+9.1%	+2.8%
ISIN	PLPGER000010	YTD Price Chng	-15.0%	-18.2%
Outst. Stock (m)	1,869.8	ADTV 1M		PLN 12.5m
MC (PLN m)	15,889.4	ADTV 6M		PLN 14.4m
EV (PLN m)	27,546.2	EV/EBITDA 12M fwd	3.7	-18.6%
Free Float	42.6%	EV/EBITDA 5Y avg	4.6	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	23,100	25,946	38,245	43,174	42,403
EBITDA	7,650	6,364	8,083	7,455	9,216
EBITDA margin	33.1%	24.5%	21.1%	17.3%	21.7%
EBIT	3,552	2,471	4,036	3,165	4,747
Net income	2,600	1,473	2,792	2,174	3,439
P/E	6.1	10.8	5.7	7.3	4.6
P/B	0.4	0.3	0.3	0.3	0.3
EV/EBITDA	3.2	4.1	3.4	3.8	2.9
DPS	0.00	0.00	0.00	0.37	0.29
DYield	0.0%	0.0%	0.0%	4.4%	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.)	**6,481**	**6,701**	**6,972**	**7,438**	**9,024**
EBITDA	7,650	6,364	8,083	7,438	9,024
Generation	4,099	2,938	4,694	3,820	5,357
Renewables	364	463	546	626	709
Distribution	2,333	2,463	2,406	2,400	2,365
Trade	811	263	673	598	599
Other	43	237	-236	-6	-6
Financing activity	**-330**	**-304**	**-397**	**-383**	**-405**
Power output, TWh	**56.8**	**65.9**	**60.8**	**73.1**	**74.8**
Renewables	2.4	2.0	2.2	2.4	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	16.4	14.4	14.2
RAV (PLN bn)	**15.6**	**16.3**	**16.7**	**17.2**	**17.7**
RAV return (EBIT)	7.5%	7.9%	7.3%	6.9%	6.4%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	**7,934**	**5,102**	**7,670**	**6,272**	**8,380**
OCF/EBITDA	104%	80%	95%	84%	93%
CAPEX	**6,071**	**6,393**	**7,396**	**6,178**	**5,906**
Working capital	3,762	5,290	4,972	5,613	5,468
Equity	45,128	46,727	49,473	50,890	53,585
Net debt	**7,487**	**9,421**	**10,468**	**11,502**	**10,019**
Net debt/EBITDA (x)	1.0	1.5	1.3	1.5	1.1

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	2.7	2.6	2.2	3.2	3.0	2.7
Maximum	27.2	27.3	23.4	11.2	11.1	10.6
Median	14.3	13.5	12.4	7.4	6.8	6.7
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	267.0	249.0	248.0	232.3	232.3	232.3	232.3	232.3	232.3	232.3
Coal (PLN/t)	258.0	250.0	254.6	254.6	254.6	254.6	254.6	254.6	254.6	254.6	254.6
CO2 (EUR/t)	24.7	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Revenue	38,245	43,174	42,060	42,487	41,054	42,556	43,012	43,639	43,860	44,309	44,309
EBITDA	8,083	7,438	9,024	8,778	7,721	8,187	8,410	8,760	8,877	9,026	9,026
EBITDA margin	21.1%	17.2%	21.5%	20.7%	18.8%	19.2%	19.6%	20.1%	20.2%	20.4%	20.4%
EBIT	4,036	3,148	4,555	4,206	3,098	3,212	2,942	2,892	2,669	2,551	3,953
Tax	767	598	865	799	589	610	559	550	507	485	751
CAPEX	-7,396	-6,178	-5,906	-6,086	-6,675	-7,207	-7,107	-7,059	-5,073	-4,652	-5,073
Working capital	318	-641	145	-55	186	-195	-59	-82	-29	-58	-58
FCF	239	20	2,397	1,837	644	174	685	1,070	3,268	3,831	3,143
PV FCF	234	19	2,017	1,429	463	116	423	613	1,734	1,878	
WACC	8.0%	7.9%	8.1%	8.2%	8.1%	8.0%	7.9%	7.8%	8.0%	8.2%	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	32,765
Net debt	10,299
Other adjustments	-1,074
Value per share (PLN)	11.44

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	0%	21.83
Relative (DYield)	0%	5.50
DCF	100%	11.44
Cost of equity (9M)		6.7%
9M Target Price		**12.20**

mBank Dom Maklerski

Tauron

buy (reiterated)

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Tauron is sure to fulfill our FY2019 EBITDA forecast despite unexpectedly high losses incurred by the mining business (PLN 262m in 9M 2019). This is owed to a successful trading business, where losses due to frozen power prices have been offset by state refunds, and by increased profits from noncore activities. As a result, we have not had to adjust our EBITDA forecasts much after revising expectations as to future power prices and WACC. Bottom-line estimates changed more to reflect one-offs and higher D&A expenses. Tauron is set for stronger earnings growth owed to new generators, capacity payments, and restructuring of the mining business. At the same time, it is expected to reduce CAPEX to PLN 2.86bn on average per year in 2020-24 vs. PLN 3.77bn in 2015-19, resulting in solid cash flow and deleveraging. Net debt is not likely to increase as much as analysts are pricing at the moment, with 2019 year-end ND/EBITDA at 3.3x at the most. The potential sale of a coal mine can provide an upside catalyst in the months ahead. To its credit, Tauron recently announced it has plans to phase out coal in favor of more renewables. We maintain a buy rating for TPE, with the price target lowered to PLN 2.45 per share.

Current Price	1.73 PLN	**Upside**
9M Target Price	2.45 PLN	+41.3%

	rating	target price	issued
new	**buy**	**2.45 PLN**	**2019-11-06**
old	buy	2.52 PLN	2019-06-25

Key Metrics			**TPE PW**	**vs. WIG**
Ticker	TPE PW	1M Price Chng	+8.1%	+1.8%
ISIN	PLTAURN00011	YTD Price Chng	-20.8%	-24.0%
Outst. Stock (m)	1,752.5	ADTV 1M		PLN 5.2m
MC (PLN m)	3,038.9	ADTV 6M		PLN 7.9m
EV (PLN m)	15,059.7	EV/EBITDA 12M fwd	4.3	-8.6%
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	20,344	22,719	22,516
EBITDA	3,618	3,375	3,614	3,905	4,257
EBITDA margin	20.8%	18.6%	17.8%	17.2%	18.9%
EBIT	1,879	791	1,455	1,738	2,081
Net income	1,381	205	905	1,090	1,361
P/E	2.2	14.8	3.4	2.8	2.2
P/B	0.2	0.2	0.2	0.1	0.1
EV/EBITDA	3.3	3.9	4.2	3.8	3.3
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	+1.4%	-1.6%	+0.5%
Net income	-18.3%	-7.3%	-1.6%
Price of electricity (PLN/MWh)	0.0%	-2.1%	-1.2%
Price of coal (PLN/t)	-3.0%	-3.8%	+1.1%
Price of CO2 allowance (EUR/t)	+2.9%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018P	2019P	2020P	2021P
EBITDA (adj.)	**3,581**	**3,359**	**3,324**	**3,905**	**4,257**
EBITDA	3,618	3,375	3,614	3,905	4,257
Generation	537	731	755	1,015	1,309
Mining	-83	-207	-380	-201	-72
Distribution	2,283	2,517	2,531	2,565	2,518
Trade	841	321	632	476	448
Other	40	13	76	50	54
Financing activity	**-122**	**-286**	**-270**	**-392**	**-401**
Power output, TWh	**18.4**	**16.2**	**13.9**	**18.2**	**19.1**
Renewables	1.3	1.0	1.3	1.7	1.7
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	14.0	13.0
RAV (PLN bn)	**16.3**	**16.9**	**17.9**	**18.4**	**18.9**
RAV return (EBIT)	7.4%	8.4%	7.7%	7.2%	6.6%

Key Balance Sheet Figures

(PLN m)	2017	2018P	2019P	2020P	2021P
Operating cash flow	**3,559**	**2,057**	**3,234**	**3,542**	**3,947**
OCF/EBITDA	98%	61%	89%	91%	93%
CAPEX	**3,562**	**3,576**	**4,085**	**3,074**	**2,690**
Working capital	489	817	917	1,024	1,015
Equity	18,036	18,296	19,201	20,291	21,652
Net debt	**8,944**	**10,140**	**11,890**	**11,814**	**10,958**
Net debt/EBITDA (x)	2.5	3.0	3.3	3.0	2.6

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	3.5	3.5	2.7	3.2	3.2	2.9
Maximum	29.7	27.3	23.4	11.2	11.1	10.6
Median	14.3	13.5	12.4	7.4	6.8	6.7
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	267.0	251.9	250.9	231.2	231.2	231.2	231.2	231.2	231.2	231.2
Coal (PLN/t)	258.0	250.0	263.6	263.6	263.6	263.6	263.6	263.6	263.6	263.6	263.6
CO2 (EUR/t)	24.7	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Revenue	20,344	22,719	22,516	22,839	22,282	22,613	22,907	23,209	23,520	23,839	23,839
EBITDA	3,614	3,905	4,257	4,469	4,313	4,492	4,600	4,570	4,698	4,834	4,834
EBITDA margin	17.8%	17.2%	18.9%	19.6%	19.4%	19.9%	20.1%	19.7%	20.0%	20.3%	20.3%
EBIT	1,455	1,738	2,081	2,234	2,088	2,209	2,246	2,131	2,164	2,202	1,616
Tax	276	330	395	424	397	420	427	405	411	418	307
CAPEX	-4,085	-3,074	-2,690	-2,755	-2,856	-2,944	-3,034	-3,126	-3,218	-3,310	-3,218
Working capital	-100	-107	9	-15	25	-15	-13	-14	-14	-14	-14
FCF	-848	393	1,181	1,274	1,085	1,113	1,126	1,026	1,055	1,091	1,295
PV FCF	-836	366	1,031	1,042	828	791	743	627	596	569	
WACC	5.9%	6.0%	6.4%	6.8%	7.1%	7.4%	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	16,209
Net debt	10,767
Other adjustments	-1,423
Value per share (PLN)	2.29

Valuation Summary

(PLN)	Weight	Price
Relative (Earnings)	0%	8.01
Relative (DYield)	0%	0.00
DCF	100%	2.29
Cost of equity (9M)		6.7%
9M Target Price		**2.45**

TMT

Netia

hold (no change)

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Netia's 2019 Q3 results were consistent with our expectations, showing continuing improvement. Some investors are hoping that Netia's owner, Cyfrowy Polsat, will soon come out with a tender offer for the remaining shares, but in terms of timing, from a business perspective, we reckon it might make more sense for Cyfrowy to wait a little longer. We are slightly disappointed with the pace of revenue recovery and network upgrades at Netia. The Company has allocated its total cash flow for the next few years to the upgrades with the aim of reaching 2.6 million households with high-speed services by 2020. This means no dividend payments in the near future after a freeze on shareholder distributions approved by Cyfrowy. On top of that, Netia is experiencing increasing competition in the fixed-line broadband market, most notably from UPC. With this in mind, we do not find Netia a compelling bet at the current levrl, especially compared to Orange Polska, and we remain neutral on NET stock.

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	+3.7%	-2.6%
ISIN	PLNETIA00014	YTD Price Chng	-9.8%	-13.0%
Outst. Stock (m)	337.0	ADTV 1M		PLN 0.1m
MC (PLN m)	1,520.1	ADTV 6M		PLN 0.2m
EV (PLN m)	1,797.6	EV/EBITDA 12M fwd	4.7	-6.8%
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**	**18,122**	**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**	**791**	**74**	**90**	**106**
margin	5.0%	6.2%	5.5%	6.7%	7.7%
Net income	**35.5**	**204.9**	**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**

mBank Dom Maklerski

Orange Polska

buy (no change)

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Shares in Orange Polska have rallied over 20% in the past month, but we stand by our buy call for the Company. Earnings in the third quarter were consistent with expectations, but KPIs came out robust, with 39,000 net users net connected over FTTH despite competition from UPC and Netia - the second-highest quarterly additions in history. Other highlights included hiked sales prices and a 6% y/y rebound in recurring EBITDAaL. Orange has an optimistic outlook for the coming quarters after the price hikes were widely accepted by its customer base. Unprompted, the CEO made a comment at the Q3 earnings call about the possibility of renewed dividends. He also shared that to the best of his knowledge the C-band would be distributed evenly between operators; the individual blocks are not identical, but the differences are small and probably not worth overpaying for.

Current Price	6.54 PLN	**Upside**
9M Target Price	7.50 PLN	+14.7%

	rating	target price	issued
unchanged	**buy**	**7.50 PLN**	**2019-09-05**

Key Metrics			OPL PW	vs. WIG
Ticker	OPL PW	1M Price Chng	+20.9%	+14.6%
ISIN	PLTLKPL00017	YTD Price Chng	+36.5%	+33.4%
Outst. Stock (m)	1,312.0	ADTV 1M		PLN 6.5m
MC (PLN m)	8,580.5	ADTV 6M		PLN 12.0m
EV (PLN m)	16,063.6	EV/EBITDA 12M fwd	5.1	+11.3%
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	-	858.0	42.3	26.5	18.9
P/B	0.8	0.8	0.8	0.8	0.8
EV/EBITDA	5.4	5.4	5.0	4.8	4.5
DPS	0.00	0.00	0.00	0.00	0.25
DYield	0.0%	0.0%	0.0%	0.0%	3.8%

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
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**

Play

buy (no change)

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Play stock has gained more than 11% since our last research update on 11 September, but we maintain a buy call as we wait for what are likely to be strong results for Q3 2019, with adjusted EBITDA showing a y/y rebound of >13%. Further, PLY is trading at attractive 2020E DivYield of 4.7% (vs. 0.0% OPL PW and 3.3% CPS PW), with 2019E FCFE Yield at 10.5%. Poland's digitization ministry estimates the 3.6-3.8 GHz spectrum auction at PLN 1.0-1.5bn, which should be interpreted as positive. Moreover the 700 MHz band is to be distributed wholesale by a single national operator, which rules out an expensive auction of the kind seen in Italy. We see Play as an undervalued buying opportunity at the current level, in particular when compared to the listed competitor Cyfrowy Polsat, looking at its superior earning prospects and dividends.

Current Price	30.00 PLN	**Upside**
9M Target Price	33.10 PLN	+10.3%

	rating	target price	issued
unchanged	**buy**	**33.10 PLN**	**2019-09-12**

Key Metrics			PLY PW	vs. WIG
Ticker	PLY PW	1M Price Chng	+7.8%	+1.5%
ISIN	LU1642887738	YTD Price Chng	+55.0%	+51.9%
Outst. Stock (m)	253.7	ADTV 1M		PLN 14.0m
MC (PLN m)	7,611.0	ADTV 6M		PLN 19.5m
EV (PLN m)	14,316.6	EV/EBITDA 12M fwd	5.9	+0.8%
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	7,054	7,256	7,421
EBITDA	1,904	2,160	2,380	2,522	2,611
EBITDA margin	28.5%	31.6%	33.7%	34.8%	35.2%
EBIT	1,107	1,371	1,454	1,572	1,546
Net income	387	744	826	899	895
P/E	19.6	10.2	9.2	8.5	8.5
P/B	-	-	1.2	1.0	1.0
EV/EBITDA	7.5	6.6	6.0	6.0	5.6
DPS	0.00	2.57	1.45	1.42	1.42
DYield	0.0%	8.6%	4.8%	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
Active subscribers (000s)	12,394	12,653	12,610	12,724	12,855
ARPU (PLN)	32.0	32.3	32.9	33.7	34.2
Revenue	**6,670**	**6,839**	**7,054**	**7,256**	**7,421**
Service revenue	4,878	5,083	5,221	5,333	5,461
Sales of goodsand other	1,792	1,756	1,811	1,832	1,867
Costs	**4,766**	**4,679**	**4,661**	**4,676**	**4,750**
Interconnection	1,729	1,922	1,772	1,745	1,720
Contract costs	429	421	426	421	431
Cost of goods sold	1,410	1,442	1,463	1,498	1,537
Employee benefits	526	255	282	291	300
External services	606	515	551	608	662
Other	65	124	167	114	100
EBITDA (adj.)	**2,298**	**2,159**	**2,402**	**2,520**	**2,608**
margin	34.4%	31.6%	34.0%	34.7%	35.1%
Net income	**387**	**744**	**826**	**899**	**895**

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	**1,389**	**2,037**	**2,101**	**2,201**	**2,302**
OCF/EBITDA adj.	60%	94%	87%	87%	88%
CAPEX	**-650**	**-781**	**-844**	**-2,076**	**-831**
Assets	8,831	8,521	8,887	10,039	10,096
Equity	-213	-201	259	797	1,332
Net debt	**6,710**	**6,653**	**6,706**	**7,512**	**6,964**
Net debt/EBITDA (x)	2.9	3.1	2.8	3.0	2.7

Relative Valuation Summary

	P/E			DYield - RFR		
	19P	20P	21P	19P	20P	21P
Minimum	30.6	22.2	18.9	583.9%	554.5%	534.1%
Maximum	57.5	27.0	21.9	1232.0%	1171.8%	1117.5%
Median	13.1	12.9	11.8	552.2%	547.6%	529.4%
Weight	33%	33%	33%	0%	0%	0%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Revenue	7,054	7,256	7,421	7,568	7,689	7,790	7,879	7,957	8,027	8,092	8,092
EBITDA	2,380	2,522	2,611	2,668	2,728	2,744	2,755	2,760	2,760	2,762	2,762
EBITDA margin	34.8%	35.8%	36.0%	36.0%	36.0%	35.7%	35.4%	35.0%	34.7%	34.4%	34.4%
D&A	926	950	1,065	1,079	1,141	1,158	1,159	1,139	1,116	1,091	1,091
EBIT	1,454	1,572	1,546	1,589	1,587	1,586	1,596	1,621	1,644	1,671	1,671
Tax	276	299	294	302	301	301	303	308	312	318	318
NOPLAT	**1,178**	**1,273**	**1,253**	**1,287**	**1,285**	**1,285**	**1,293**	**1,313**	**1,331**	**1,354**	**1,354**
CAPEX	-844	-2,076	-831	-1,776	-1,254	-1,091	-808	-816	-823	-1,511	-728
Work. cap. + other	-266	-276	-277	-300	-291	-286	-284	-282	-281	-281	-281
FCF	**994**	**-128**	**1,209**	**290**	**881**	**1,065**	**1,360**	**1,354**	**1,343**	**652**	**1,325**
PV FCF	965	-116	1,022	229	648	730	868	803	738	332	
WACC	7.3%	7.2%	7.3%	7.2%	7.2%	7.3%	7.4%	7.7%	7.9%	7.9%	
Net debt / EV	49.3%	52.2%	50.3%	51.9%	51.3%	49.8%	46.8%	43.2%	38.8%	37.9%	
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	14,758
Net debt	6,034
Other adjustments	0
Value per share (PLN)	34.39

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	27.11
DCF Val.	50%	34.39
Implied Price		30.78
Cost of equity (9M)		7.5%
9M Target Price		**33.10**

mBank Dom Maklerski

Agora

buy (no change)

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After the pull-back triggered by weak Q2 results, Agora is ripe for the picking in our view which is based on expectations major earnings improvement in Q3, with EBITDA (ex. IFRS16) showing a y/y rebound of an estimated 41.8% after falling 23.2% in Q2. The main driver will be the chain cinema operator Helios, staying ahead of the competition thanks to its flexible pricing policy and a strong program of attendance-boosting attractions. We are confident Agora can maintain the positive earnings momentum through 2020, with EBITDA growth likely to reach 19.1% (or 12.6% on a recurring basis). At the current level, AGO is trading at 6.9x 2019E EV/EBITDA, showing a 30% discount to the peer group. Agora's growth story and a strong 2020E dividend yield at 5.3% make it a great stock to own in the near term.

Current Price	10.20 PLN	**Upside**
9M Target Price	17.00 PLN	+66.7%

	rating	target price	issued
unchanged	**buy**	**17.00 PLN**	**2019-10-30**

Key Metrics			**AGO PW**	**vs. WIG**
Ticker	AGO PW	1M Price Chng	+9.9%	+3.6%
ISIN	PLAGORA00067	YTD Price Chng	+7.4%	+4.2%
Outst. Stock (m)	46.6	ADTV 1M		PLN 0.2m
MC (PLN m)	475.1	ADTV 6M		PLN 0.2m
EV (PLN m)	1,135.0	EV/EBITDA 12M fwd	4.8	-11.8%
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	1,224	1,268	1,329
EBITDA	30	84	168	181	194
EBITDA margin	2.6%	7.4%	13.7%	14.3%	14.6%
EBIT	-73	0	12	29	41
Net income	-84	5	10	18	28
P/E	-	103.9	48.6	26.0	17.2
P/B	0.5	0.5	0.5	0.5	0.5
EV/EBITDA	16.6	5.6	6.8	6.4	6.1
DPS	0.00	0.50	0.50	0.50	0.50
DYield	0.0%	4.9%	4.9%	4.9%	4.9%

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
Daily circulaton (k copies)	124	106	98	94	93
Movie ticket sales (mn)	12.2	12.4	13.8	14.7	15.3
Avg. ticket price (PLN)	18.4	19.1	18.7	18.8	19.1
Conc. rev./patron (PLN)	6.8	7.3	8.1	8.2	8.3
Revenue	**1,165**	**1,141**	**1,224**	**1,268**	**1,329**
Press	236	214	203	203	206
Movies & Books	416	419	501	513	538
Outdoor	163	172	180	191	201
Internet	169	178	203	223	241
Radio	114	116	112	115	119
Print	102	72	55	54	54
Eliminations	-34	-29	-30	-30	-31
EBITDA	**30**	**84**	**97**	**116**	**130**
margin	2.6%	7.4%	8.0%	9.2%	9.8%
Net income	**-83.5**	**4.6**	**9.8**	**18.3**	**27.7**

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Operating cash flow	**77**	**128**	**90**	**97**	**111**
OCF/EBITDA	258%	152%	92%	83%	85%
CAPEX	**-70**	**-144**	**-115**	**-95**	**-99**
Assets	1,406	1,952	1,976	2,006	2,052
Equity	996	975	961	957	961
Net debt	**4**	**114**	**162**	**184**	**195**
Net debt/EBITDA (x)	0.1	1.3	1.7	1.6	1.5

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	16.5	15.3	13.9	9.9	9.5	8.9
Weight	0%	0%	0%	33%	33%	33%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Revenue	1,224	1,268	1,329	1,389	1,448	1,495	1,538	1,573	1,606	1,640	1,673
EBITDA	97	116	130	143	149	151	154	156	157	158	161
EBITDA margin	8.0%	9.2%	9.8%	10.3%	10.3%	10.1%	10.0%	9.9%	9.8%	9.6%	9.8%
D&A	86	87	89	90	92	94	96	99	103	109	111
EBIT	12	29	41	53	56	57	58	57	54	49	50
Tax	2	5	8	10	11	11	11	11	10	9	10
NOPLAT	**10**	**23**	**33**	**43**	**46**	**47**	**47**	**46**	**43**	**40**	**41**
CAPEX	-115	-95	-99	-97	-94	-94	-92	-85	-87	-89	-90
Working capital	-4	-7	-5	-3	-3	-3	-3	-2	-2	-3	-3
FCF	**-23**	**8**	**19**	**34**	**41**	**44**	**49**	**58**	**57**	**57**	**58**
PV FCF	-23	7	16	27	30	30	30	33	31	28	
WACC	7.8%	7.7%	7.7%	7.7%	7.7%	7.8%	7.8%	8.0%	8.1%	8.2%	8.2%
Net debt / EV	15.1%	16.7%	17.6%	17.3%	16.5%	15.4%	13.9%	11.6%	9.1%	6.5%	6.5%
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	676
Net debt	137
Other adjustments	151
Value per share (PLN)	13.91

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	18.05
DCF Val.	50%	13.91
Implied Price		15.98
Cost of equity (9M)		6.4%
9M Target Price		**17.00**

Cyfrowy Polsat

reduce (no change)

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We maintain a negative view on CPS. Cyfrowy's 2019 Q2 results came in line with expectations, showing 3.4% contraction in recurring EBITDA before IFRS16 and Netia, while at the same time rival mobile operator Play registered 13.6% growth. We expect a similar showing in the third quarter, with EBITDA ex. IFRS16 and Netia down 3.1% on the year at an estimated PLN 800m, led by curbed growth in TV ad revenue and higher expenses on marketing and content, compared to a 13% rebound anticipated at Play, and 6% growth already reported by Orange Polska. CPS continues to trade at expensive multiples, including 2019 dividend yield at 3.3%.

Current Price	28.54 PLN	**Downside**
9M Target Price	24.15 PLN	-15.4%

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

Key Metrics			CPS PW	vs. WIG
Ticker	CPS PW	1M Price Chng	+4.4%	-1.9%
ISIN	PLCFRPT00013	YTD Price Chng	+29.1%	+25.9%
Outst. Stock (m)	639.5	ADTV 1M		PLN 9.1m
MC (PLN m)	18,252.6	ADTV 6M		PLN 13.5m
EV (PLN m)	29,883.6	EV/EBITDA 12M fwd	6.9	+1.1%
Free Float	33.5%	EV/EBITDA 5Y avg	6.9	premium

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	12.8	11.4
P/B	1.5	1.4	1.3	1.2	1.1
EV/EBITDA	8.0	7.8	7.2	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**

mBank Dom Maklerski

Wirtualna Polska

hold (no change)

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Wirtualna Polska is expected to generate 18% growth in revenue in Q3 2019 on strong online advertising momentum and fast-paced expansion of the e-commerce segment. The quarterly EBITDA online is estimated at PLN 53.7m, implying creditable year-on-year growth of 14% (vs. proforma), However at 10.8x 2019E EV/EBITDA WPL shows no upside potential at the current level, and so we keep our rating at hold. In latest news, Wirtualna has just acquired the car review website autocentrum.pl for PLN 9.4m. We expect more M&A activity in the near future.

Current Price	65.20 PLN	**Downside**
9M Target Price	61.50 PLN	-5.7%

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

Key Metrics			WPL PW	vs. WIG
Ticker	WPL PW	1M Price Chng	-3.0%	-9.3%
ISIN	PLWRTPL00027	YTD Price Chng	+25.9%	+22.7%
Outst. Stock (m)	29.8	ADTV 1M		PLN 0.5m
MC (PLN m)	1,941.4	ADTV 6M		PLN 0.8m
EV (PLN m)	2,120.5	EV/EBITDA 12M fwd	10.9	+6.2%
Free Float	53.0%	EV/EBITDA 5Y avg	10.3	premium

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	42.9	25.5	20.5	17.4	15.9
P/B	4.6	4.2	3.7	3.3	3.0
EV/EBITDA	16.4	13.9	10.8	9.6	8.7
DPS	1.10	0.96	1.00	1.66	1.95
DYield	1.7%	1.5%	1.5%	2.5%	3.0%

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**

Asseco Poland

hold (no change)

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ACP stock displayed slight underperformance over the past month, and with no more downside left we continue to rate it as a hold. We still like rival Comarch more than Asseco Poland, which in our view is poised for a slowdown in the second half of 2019 looking at the deteriorating profits of the Polish business, represented by the parent company, led by lower sales of banking solutions after the loss of the Deutsche Bank account, coupled with stalled orders from government agencies in an election year. In Q3 we expect to see standalone EBIT fall by 34% from the year-ago period. Dividends have been the main factor driving ACP's performance, but notice that the ex-date for 2019 dividend has already passed. ACP is currently trading at 14.2x 2019E P/E.

Current Price	53.15 PLN	**Downside**
9M Target Price	50.80 PLN	-4.4%

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

Key Metrics			ACP PW	vs. WIG
Ticker	ACP PW	1M Price Chng	+4.9%	-1.4%
ISIN	PLSOFTB00016	YTD Price Chng	+23.5%	+20.3%
Outst. Stock (m)	83.0	ADTV 1M		PLN 4.9m
MC (PLN m)	4,411.5	ADTV 6M		PLN 3.6m
		P/E 12M fwd	13.2	+4.0%
Free Float	68.0%	P/E 5Y avg	12.7	premium

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	9.5	13.2	14.2	13.9	13.7
P/B	0.8	0.8	0.8	0.7	0.7
P/S	0.56	0.47	0.44	0.43	0.42
DPS	3.01	3.01	3.07	2.29	2.27
DYield	5.7%	5.7%	5.8%	4.3%	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
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**

mBank Dom Maklerski

Comarch

buy (no change)

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Comarch is expected to generate record revenue of PLN 1.50bn in 2019, a figure which would indicate the Company has been able to grow its business by nearly 40% in the span of two years. The fast-paced expansion is driven by sustained investment in in-house software development capabilities, increasing global recognition, and a growing roster of leading household names on the customer list. Comarch stays on top of industry trends by offering subscription plans, building data centers, and offering cloud solutions. According to our forecasts (calculated pre-IFRS16 for comparability), the Company will grow yearly EBITDA at an average annual rate of 9.6% in the 2018-2021 period. At the same time, Comarch boasts a strong balance-sheet position as well, with net cash on hand at PLN 4m as of 30 June 2019, a very respectable amount considering that the Company had just completed major CAPEX push (data centers, offices) in 2018, alongside continued investment in in-house software capacity. Meanwhile CMR is trading at a large discount to the median 2019E EV/EBITDA of the peer group. We remain bullish on CMR. In Q3 2019 Comarch is set to report a strong increase in profits relative to the same year-ago period, but after stripping a charge reversal and IFRS 16 impacts the annual rate of EBITDA growth will be 3%, coming in at ca. PLN 39.4m. Comarch is actively vying for opportunities to fill the gap left by the lucrative e-courts contract completed in 2018.

Current Price	178.50 PLN	**Upside**
9M Target Price	231.00 PLN	+29.4%

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

Key Metrics			CMR PW	vs. WIG
Ticker	CMR PW	1M Price Chng	+2.3%	-4.0%
ISIN	PLCOMAR00012	YTD Price Chng	+18.6%	+15.4%
Outst. Stock (m)	8.1	ADTV 1M		PLN 0.2m
MC (PLN m)	1,451.8	ADTV 6M		PLN 0.5m
EV (PLN m)	1,469.4	EV/EBITDA 12M fwd	6.1	-18.8%
Free Float	59.2%	EV/EBITDA 5Y avg	7.5	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	33.7	28.1	15.4	14.0	13.2
P/B	1.6	1.7	1.5	1.4	1.3
EV/EBITDA	14.9	8.6	6.5	5.8	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**

11 bit studios

buy (reiterated)

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The 2019 Q2 EBITDA of 11 bit studios missed our estimate by about PLN 1m due to slightly higher-than-expected SG&A expenses. Sales of *Moonlighter* continue to go well. On 27 August 2019 11bit released a Season Pass for *Frostpunk* for EUR/USD 25 vs. EUR/USD 29 charged for the fame at the time of release. *Children of Morta,* released on 3 September, was on 200,000 Steam wishlists by the premiere date. Frostpunk for consoles has launched to lower sales expectations than the PC version. We expect a 2019 Q3 net profit of PLN 4.4m, indicating a need to revise lower our FY2019 estimates, as well as downgrading the forecast for FY2020. On the updated earnings outlook, we lower our target price for 11B to PLN 483 per share.

Current Price	332.00 PLN	**Upside**
9M Target Price	483.00 PLN	+45.5%

	rating	target price	issued
new	**buy**	**483.00 PLN**	**2019-11-06**
old	buy	518.00 PLN	2019-05-20

Key Metrics			**11B PW**	**vs. WIG**
Ticker	11B PW	1M Price Chng	-13.5%	-19.9%
ISIN	PL11BTS00015	YTD Price Chng	+36.1%	+32.9%
Outst. Stock (m)	2.3	ADTV 1M		PLN 2.2m
MC (PLN m)	759.4	ADTV 6M		PLN 2.1m
EV (PLN m)	718.4	EV/EBITDA 12M fwd	20.8	+72.9%
Free Float	81.6%	EV/EBITDA 5Y avg	12.0	premium

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	19.2	82.1	82.4	81.4	205.7
EBITDA	9.2	51.4	41.0	35.7	131.6
EBITDA margin	48.2%	62.6%	49.7%	43.8%	64.0%
EBIT	7.5	46.9	35.4	28.2	120.8
Net income	3.6	37.5	28.0	23.6	99.3
P/E	-	20.2	27.1	32.2	7.6
P/B	16.4	8.4	6.2	5.2	3.1
EV/EBITDA	79.1	14.3	17.5	19.6	4.7
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**
EBITDA	-10.6%	-1.6%	+2.5%
Net income	-17.9%	-1.7%	+2.8%
Frostpunk (S)	-18.3%	-15.8%	-17.8%
Projekt 8 (S)	0.0%	0.0%	+18.8%
Publishing (S)	+5.1%	+4.8%	+2.8%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
TWOM (S)	17.6	18.3	16.6	16.6	15.8
Frostpunk (S)	0.0	53.8	41.6	37.4	35.9
Project 8 (S)	0.0	0.0	0.0	0.0	107.3
Publishing (S)	1.9	14.8	23.6	49.7	84.9
External services	-5.9	-16.5	-29.1	-33.1	-61.4
OCF/EBITDA	87.3%	75.9%	106.7%	90.0%	67.5%
Operating cash flow	**8.1**	**39.0**	**43.7**	**32.1**	**88.9**
D&A	1.7	4.5	5.6	7.5	10.8
Working capital	2.6	-8.0	1.6	0.2	-22.0
Investing cash flow	**-10.0**	**-55.6**	**-26.3**	**-11.5**	**-12.6**
CAPEX	-7.4	-26.6	-10.3	-11.5	-12.6
Development exp.	**1.0**	**12.6**	**-0.7**	**0.0**	**0.0**
FCF	-1.5	10.1	17.4	11.4	85.2
FCF/EBITDA	-16%	20%	43%	32%	65%
FCF Yield	0%	1%	2%	1%	11%

Balance sheet

(PLN m)	2017	2018	2019P	2020P	2021P
Tangible assets	17.2	41.3	42.1	46.1	47.9
Receivables	2.7	14.6	14.6	14.4	36.5
Production in progress	13.1	17.1	22.2	26.2	27.9
Cash	28.2	24.3	40.9	61.6	137.8
Cash deposit	0.0	27.0	48.2	48.2	48.2
Net debt	-28.2	-24.3	-40.9	-61.5	-137.8
Net debt/EBITDA (x)	-3.0	-0.5	-1.0	-1.7	-1.0

Relative Valuation Summary

	P/E 12M fwd 4Y avg	EV/EBIT 12M fwd 4Y avg
Minimum	15.3	5.7
Maximum	25.8	13.7
Median	19.8	10.2
Weight	50%	50%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
TWOW (k copies)	425	425	404	383	364	0	0	0	0	0	0
Frostpunk (k copies)		820	779	740	555	416	312	203	203	203	0
Next games (k copies)		0	1,568	984	2,709	2,017	1,970	3,591	2,667	2,298	0
Revenue	83	81	206	177	267	198	175	264	219	186	-
EBITDA	41	36	132	108	194	123	99	187	142	109	-
EBITDA margin	49.6%	43.8%	64.0%	61.2%	72.7%	62.1%	56.5%	70.8%	64.8%	58.6%	-
EBIT	35	28	121	93	176	108	86	173	128	106	-
Tax	8	5	23	18	33	21	16	33	24	20	-
CAPEX	-10	-11	-13	-14	-15	-17	-19	-21	-23	-25	-
Working capital	-6	-7	-11	-16	-18	-15	-13	-13	-13	-3	-
FCF	17	11	85	61	127	71	51	120	81	61	68
PV FCF	17	10	72	48	92	47	31	68	42	29	
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	1,187
Net debt	-24
Other adjustments	0
Value per share (PLN)	529.40

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	378.40
DCF Val.	50%	529.40
Implied Price		453.90
Cost of equity (9M)		6.4%
9M Target Price		**483.00**

mBank Dom Maklerski

CD Projekt

accumulate (reiterated)

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CD Projekt reported a substantial earnings beat in Q2 2019 thanks to one-off extra revenues received in the period, including advances on Cyberpunk 2077 paid by business partners. Cyberpunk 2077 (C2077) continues to top the Steam Wishlist Chart, and it ranks #56 on average on the Steam Global Top Sellers list. The game's sales potential is vast judging by the interest from the gaming community. A comparable release, *Call of Duty: Modern Warfare* was reported to have more than $600 million in sell-through worldwide in its first three days of sales. CDR premiered *The Witcher 3* for Nintendo Switch and *Gwent* for iOS in October. After raising our FY2019 earnings estimates to reflect higher-than-expected ytd results, we raise our target price for CDR with a reiterated accumulate recommendation.

Current Price	255.20 PLN	**Upside**
9M Target Price	276.40 PLN	+8.3%

	rating	target price	issued
new	**accumulate**	**276.40 PLN**	**2019-11-06**
old	accumulate	272.50 PLN	2019-09-05

Key Metrics			**CDR PW**	**vs. WIG**
Ticker	CDR PW	1M Price Chng	+6.9%	+0.6%
ISIN	PLOPTTC00011	YTD Price Chng	+76.5%	+73.4%
Outst. Stock (m)	96.1	ADTV 1M		PLN 43.2m
MC (PLN m)	24,529.8	ADTV 6M		PLN 62.1m
EV (PLN m)	24,015.4	EV/EBITDA 12M fwd	10.6	-54.5%
Free Float	65.3%	EV/EBITDA 5Y avg	23.2	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	463	363	387	3,256	2,559
EBITDA	246	117	93	2,476	2,055
EBITDA margin	53.1%	32.3%	23.9%	76.0%	80.3%
EBIT	241	112	86	2,469	2,048
Net income	200	109	79	2,464	2,191
P/E	-	-	-	10.6	11.9
P/B	27.5	24.5	24.5	7.8	4.9
EV/EBITDA	96.2	203.7	259.6	9.4	10.4
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	+17.7%	+0.2%	+0.1%
Net income	+20.2%	+0.2%	+0.2%
Sales of The Witcher 3	-	-	-
Sales of Gwent: The Card Game	0.0%	0.0%	0.0%
Sales of Cyberpunk 2077	-	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Sales, Video Games	330	228	238	3,097	2,406
EBIT, VG	223	114	86	2,467	2,047
EBIT margin, VG	67.4%	49.8%	36.0%	79.6%	85.1%
Sales, GOG.com	169.6	144.3	154.5	158.3	152.8
EBIT, GOG.com	18.4	-1.1	0.0	2.2	0.5
EBIT margin, GOG	10.8%	-0.8%	0.0%	1.4%	0.3%
Operating cash flow	**232**	**133**	**102**	**2,545**	**2,041**
D&A	5	5	7	7	7
Working capital	34	46	-50	-120	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	-96	2,391	1,881
FCF/EBITDA	-104%	97%	92%	86%	90%
OCF/EBITDA	110%	103%	99%	100%	96%

Key Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Sales, The Witcher 3	288	174	155	137	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	53	2,442	4,314
Net debt	-647	-659	-508	-2,897	-4,769
Net debt/EBITDA (x)	-2.6	-5.6	-5.5	-1.2	-2.3

Relative Valuation Summary

	P/E 12M fwd 4Y avg	EV/EBIT 12M fwd 4Y avg
Minimum	15.3	5.7
Maximum	20.1	11.9
Median	19.5	9.4
Weight	50%	50%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
W3 (k copies)	1,896	1,714	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	387	3,256	2,559	1,623	4,031	2,593	4,232	2,550	1,609	1,188	-
EBITDA	93	2,476	2,055	1,166	3,273	1,898	3,302	1,742	937	499	-
EBITDA margin	23.9%	76.0%	80.3%	71.8%	81.2%	73.2%	78.0%	68.3%	58.2%	42.0%	-
EBIT	86	2,469	2,048	1,159	3,266	1,891	3,295	1,735	929	491	-
Tax	13	124	102	58	164	95	165	87	47	25	-
CAPEX	-140	-160	-173	-186	-199	-209	-208	-215	-222	-229	-
Working capital	-50	-120	29	39	-101	60	-69	70	39	18	-
FCF	-96	2,391	1,881	1,002	2,960	1,755	3,041	1,631	708	263	263
PV FCF	-95	2,176	1,578	774	2,109	1,153	1,840	910	364	125	
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	17,750
Net debt	-659
Other adjustments	0
Value per share (PLN)	287.30

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	232.30
DCF Val.	50%	287.30
Implied Price		259.80
Cost of equity (9M)		6.4%
9M Target Price		**276.40**

Industrials, Mining

Cognor

hold (no change)

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Cognor reported much worse-than-expected results for Q3 2019, led by weak sales hurt by longer-than-scheduled plant closures for maintenance. As a result, we have had to cut our FY2019 EBITDA estimate for the Company from PLN 123m to PLN 110m, with the net profit forecast lowered from PLN 45m to PLN 36m. Cognor has changed its accounting approach to maintenance expenses this year, and this, combined with negative FIFO accounting effects and the persistent falls in scrap and end-product metal prices will probably continue weighing on EBITDA growth in Q4 2019. With flat fourth-quarter earnings, and with the ex-dividend date now behind us, we see no upside potential in COG at this time, and so we maintain a hold rating for the stock with the target price at PLN 1.55 per share.

Current Price	1.36 PLN	**Upside**
9M Target Price	1.55 PLN	+14.0%

	rating	target price	issued
unchanged	**hold**	**1.55 PLN**	**2019-11-04**

Key Metrics			**COG PW**	**vs. WIG**
Ticker	COG PW	1M Price Chng	-7.8%	-14.1%
ISIN	PLCNTSL00014	YTD Price Chng	+3.0%	-0.1%
Outst. Stock (m)	175.0	ADTV 1M		PLN 0.2m
MC (PLN m)	238.0	ADTV 6M		PLN 0.1m
EV (PLN m)	472.2	EV/EBITDA 12M fwd	3.8	+8.7%
Free Float	-	EV/EBITDA 5Y avg	3.5	premium

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	1,789	2,082	1,920	1,798	2,019
EBITDA adj.	146	200	110	99	96
EBITDA margin	8.1%	9.6%	5.8%	5.5%	4.7%
EBIT adj.	104	156	64	49	46
Net income adj.	32	94	35	26	26
P/E adj.	7.5	2.5	6.7	9.0	9.0
P/B	1.1	0.9	0.8	0.8	0.8
EV/EBITDA adj.	4.0	2.3	4.3	4.6	4.6
DPS	0.00	0.07	0.21	0.13	0.11
DYield	0.0%	5.0%	15.1%	9.7%	7.8%

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%
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	381	350	425
HSJ volume (k tons)	231	237	213	232	251
Złomrex volume (k tons)	131	173	176	180	183
Ferrostal spread (PLN/t)	953	1,191	1,120	1,162	1,173
HSJ spread (PLN/t)	1,272	1,723	1,656	1,606	1,586
Operating cash flow	**145**	**232**	**99**	**110**	**81**
D&A	41	44	47	50	49
Working capital	11	44	21	18	-8
Investing cash flow	**-15**	**-38**	**-50**	**-50**	**-35**
CAPEX	16	38	50	50	35
Financing cash flow	**-53**	**-196**	**-9**	**-89**	**-67**
Dividends/Buyback	0	-12	-36	-23	-18
FCF	123	179	74	61	47
FCF/EBITDA	87%	90%	67%	62%	49%
OCF/EBITDA	103%	116%	89%	111%	84%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Assets	951	1,001	1,021	951	965
Fixed assets	398	379	401	393	370
Equity	225	278	281	284	292
Minority interests	225	278	281	284	292
Net debt	325	209	217	196	182
Net debt/EBITDA (x)	2.3	1.0	2.0	2.0	1.9
Net debt/Equity (x)	1.4	0.8	0.8	0.7	0.6

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	4.7	7.3	5.8	3.4	2.7	3.1
Maximum	56.2	383.9	35.8	9.3	8.7	7.9
Median	9.9	11.3	9.4	6.3	6.4	5.6
Weight	0%	25%	25%	0%	25%	25%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Sales volume	594	582	677	724	753	777	793	809	809	809	809
Product prices	2,284.4	2,179.0	2,181.8	2,193.0	2,205.3	2,217.9	2,231.4	2,244.0	2,256.5	2,269.0	2,281.5
Scrap prices	1,099	969	990	990	990	990	990	990	990	990	990
Revenue	1,920	1,798	2,019	2,137	2,215	2,286	2,337	2,388	2,405	2,421	2,437
EBITDA	110	99	96	83	79	76	75	73	73	76	78
EBITDA margin	5.8%	5.5%	4.7%	3.9%	3.6%	3.3%	3.2%	3.0%	3.1%	3.1%	3.2%
EBIT	64	49	46	36	33	30	29	26	26	28	30
Tax	8	6	6	4	4	4	4	3	3	4	4
CAPEX	-50	-50	-35	-36	-37	-39	-40	-43	-46	-47	-47
Working capital	21	18	-8	-5	-6	-5	-4	-4	-1	-1	-1
FCF	74	61	47	38	32	28	27	23	23	25	27
PV FCF	73	56	40	30	24	19	17	13	12	13	
WACC	7.5%	7.5%	7.6%	7.6%	7.7%	7.7%	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	1.2
FCF perp. growth rate	2.0%
PV FCF	298
Net debt	245
Other adj.	18
Value per share (PLN)	1.54

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	1.35
DCF Val.	50%	1.54
Implied Price		1.45
Cost of equity (9M)		7.0%
9M Target Price		**1.55**

mBank Dom Maklerski

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 EBITDA margin of 26.6% in 2020 (+0.6 p.p.). 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 upwards of 10%. We maintain a buy rating for Famur.

Current Price	3.68 PLN	**Upside**
9M Target Price	5.33 PLN	+44.8%

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

Key Metrics			FMF PW	vs. WIG
Ticker	FMF PW	1M Price Chng	+6.2%	-0.1%
ISIN	PLFAMUR00012	YTD Price Chng	-24.4%	-27.6%
Outst. Stock (m)	574.8	ADTV 1M		PLN 0.3m
MC (PLN m)	2,115.1	ADTV 6M		PLN 0.7m
EV (PLN m)	2,109.0	EV/EBITDA 12M fwd	4.1	-27.2%
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	42.4	10.2	4.7	8.5	10.8
P/B	1.4	1.3	1.3	1.3	1.3
EV/EBITDA	7.3	4.8	3.8	4.4	5.1
DPS	0.00	0.44	0.53	0.39	0.33
DYield	0.0%	12.0%	14.4%	10.7%	8.8%

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**

Grupa Kęty

hold (reiterated)

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Grupa Kęty reported better-than-expected preliminary results for Q3 2019, with the quarterly EBITDA showing the strongest y/y growth so far this year, supported by state compensation for higher power prices in an estimated amount of PLN 8m. In Q4 we expect revenue to reach PLN 732m (-3.5% y/y), and EBITDA to come in at PLN 101m (+11% y/y), and so we raise our FY2019 earnings estimate by 2.9% to PLN 506m. Relative to Kęty's own guidance, the yearly EBITDA will exceed the target at 103.7%, and net profit will be 105.6%. With the ex-dividend date now passed, investors should pay more attention to Kęty's large debt which makes the Company vulnerable in the event of any setback. In 2020 earnings will decrease. We maintain a hold rating for KTY but we raise our target price from PLN 298.64 to PLN 333.45.

Current Price	313.50 PLN	**Upside**
9M Target Price	333.45 PLN	+6.4%

	rating	target price	issued
new	**hold**	**333.45 PLN**	**2019-11-06**
old	hold	298.64 PLN	2019-10-07

Key Metrics			**KTY PW**	**vs. WIG**
Ticker	KTY PW	1M Price Chng	+10.8%	+4.5%
ISIN	PLKETY000011	YTD Price Chng	-2.6%	-5.8%
Outst. Stock (m)	9.5	ADTV 1M		PLN 0.5m
MC (PLN m)	2,992.5	ADTV 6M		PLN 0.6m
EV (PLN m)	3,904.7	EV/EBITDA 12M fwd	7.8	-15.8%
Free Float	42.0%	EV/EBITDA 5Y avg	9.2	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	2,643	2,994	3,164	3,072	3,077
EBITDA	421	463	506	472	460
EBITDA margin	15.9%	15.5%	16.0%	15.4%	15.0%
EBIT	301	338	371	331	325
Net income	236	268	282	245	240
P/E	12.6	11.2	10.6	12.2	12.5
P/B	2.2	2.1	2.1	2.0	2.0
EV/EBITDA	8.5	8.1	7.7	8.3	8.5
DPS	30.00	23.94	24.00	23.65	19.27
DYield	9.6%	7.6%	7.7%	7.5%	6.1%

Forecast Update (% change)	**2019P**	**2020P**	**2021P**
EBITDA	+2.9%	+4.7%	+4.7%
Net income	+5.6%	+7.6%	+7.5%
Aluminum price (US$/t)	0.0%	0.0%	0.0%
Producer premium (US$/t)	0.0%	0.0%	0.0%
EBITDA, Packaging	+5.4%	+0.3%	+0.3%
EBITDA, Extrusions	-4.0%	+4.8%	+4.8%
EBITDA, Al Systems	+4.8%	+7.5%	+7.6%

Financial Highlights

(PLN m)	2017	2018P	2019P	2020P	2021P
EBITDA, Packaging	113	119	140	131	129
EBITDA, Extrusions	150	163	149	144	143
EBITDA, Al Systems	172	190	233	205	196
EBITDA, Other	-13	-8	-8	-8	-8
EBITDA/t of Al	5	5	5	5	5
Operating cash flow	**276**	**293**	**318**	**390**	**361**
D&A	120	126	135	141	135
Working capital	-91	-114	-50	-22	-38
Investing cash flow	**-187**	**-229**	**-200**	**-150**	**-120**
CAPEX	187	229	200	150	120
Financing cash flow	**-85**	**-43**	**-155**	**-234**	**-232**
Dividends/Buyback	-285	-229	-229	-226	-184
FCF	86	72	194	243	246
FCF/EBITDA	20%	15%	38%	51%	53%
OCF/EBITDA	66%	63%	63%	82%	78%

Key Balance Sheet Figures

(PLN m)	2017	2018P	2019P	2020P	2021P
Assets	2,499	2,780	2,958	2,986	3,020
Fixed assets	1,439	1,575	1,712	1,724	1,714
Equity	1,363	1,396	1,449	1,469	1,525
Minority interests	1	1	1	1	1
Net debt	591	774	911	926	897
Net debt/EBITDA (x)	1.4	1.7	1.8	2.0	1.9
Net debt/Equity (x)	0.4	0.6	0.6	0.6	0.6

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	5.2	4.3	3.7	3.1	2.7	2.1
Maximum	54.1	106.2	18.5	14.4	11.4	9.8
Median	16.5	15.5	12.0	8.1	6.2	5.5
Weight	10%	20%	20%	10%	20%	20%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Al price (US$/t)	1,786	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Al premium (US$/t)	135	150	150	150	150	150	150	150	150	150	150
Al usage (1,000 t)	94	95	98	100	102	104	106	108	110	112	113
Revenue	3,164	3,072	3,077	3,127	3,162	3,206	3,259	3,304	3,342	3,380	3,418
EBITDA	506	472	460	463	466	469	474	477	480	484	489
EBITDA margin	16.0%	15.4%	15.0%	14.8%	14.7%	14.6%	14.5%	14.4%	14.4%	14.3%	14.3%
EBIT	371	331	325	331	338	340	342	345	344	347	352
Tax	62	58	56	58	59	60	60	61	61	62	63
CAPEX	-200	-150	-120	-122	-125	-127	-130	-132	-135	-138	-138
Working capital	-50	-22	-38	-17	-12	-15	-18	-15	-13	-13	-13
FCF	194	243	246	265	270	267	266	268	270	272	277
PV FCF	192	223	209	210	198	181	167	156	146	135	
WACC	7.7%	7.6%	7.7%	7.7%	7.7%	7.8%	7.8%	7.8%	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%
PV FCF	1,818
Net debt	1,003
Other adjustments	0
Value per share (PLN)	328.20

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	299.13
DCF Val.	50%	328.20
Implied Price		313.66
Cost of equity (9M)		6.3%
9M Target Price		**333.45**

mBank Dom Maklerski

JSW

buy (no change)

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JSW's market capitalization has shrunk to an equivalent of the carrying amount of net cash after a brutal sell-off driven by global slowdown fears and falling prices of coking coal. In October, the Company reported solid production data for Q3 and benefitted from a rebound in global prices of coking coal, but on the downside it was weighed down by reports of its possible removal from the MSCI index and expectations of negative cash flow in 2020. Possible positive catalysts in the coming periods include a trade deal between the US and China. In addition, JSW is the biggest beneficiary of all listed companies in Poland of the zloty's current depreciation vis-a-vis the dollar. We maintain a buy rating for JSW.

Current Price	21.42 PLN	**Upside**
9M Target Price	39.29 PLN	+83.4%

	rating	target price	issued
unchanged	**buy**	**39.29 PLN**	**2019-09-05**

Key Metrics			**JSW PW**	**vs. WIG**
Ticker	JSW PW	1M Price Chng	+3.7%	-2.6%
ISIN	PLJSW0000015	YTD Price Chng	-67.3%	-70.5%
Outst. Stock (m)	117.4	ADTV 1M		PLN 34.2m
MC (PLN m)	2,515.0	ADTV 6M		PLN 15.6m
EV (PLN m)	517.4	EV/EBITDA 12M fwd	1.3	-56.4%
Free Float	44.8%	EV/EBITDA 5Y avg	3.0	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.	1.1	1.4	3.1	-	18.6
P/B	0.4	0.3	0.3	0.3	0.3
EV/EBITDA adj.	0.3	-	0.3	1.5	1.2
DPS	0.00	0.00	1.71	0.00	0.00
DYield	0.0%	0.0%	8.0%	0.0%	0.0%

Forecast Update (% change)	**2019P**	**2020P**	**2021P**
EBITDA (adj.)	0.0%	0.0%	0.0%
Net income (adj.)	0.0%	0.0%	0.0%
Coking Coal price ($/t)	0.0%	0.0%	0.0%
Thermal Coal price (PLN/t)	0.0%	0.0%	0.0%
Coke price ($/t)	0.0%	0.0%	0.0%
Total coal output (kt)	0.0%	0.0%	0.0%
Coking coal (kt)	0.0%	0.0%	0.0%
Coke (kt)	0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Total coal output (kt)	14,768	15,019	15,500	15,900	16,150
Coking coal (kt)	10,675	10,351	10,850	11,289	11,628
Coking coal (% of total)	72%	69%	70%	71%	72%
Thermal coal (kt)	4,093	4,668	4,650	4,611	4,522
Coke (kt)	3,458	3,559	3,500	3,400	3,400
Operating cash flow	**2,871**	**2,856**	**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**

Kernel

reduce (no change)

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Kernel's Agro business, which in fiscal 2018/2019 accounted for over 50% of annual EBITDA, is struggling with increasing production costs, not mitigated by sufficient price hedging, indicating worse performance overall in terms of the earnings results for the second half of calendar 2019. At the same time, Kernel is set to increase debt to finance planned capital investment of $300m, with the net debt/ratio expected to rise to 2.6x at the end of the 2019-2020 season. We maintain a reduce rating for KER.

Current Price	42.50 PLN	**Downside**
9M Target Price	40.76 PLN	-4.1%

	rating	target price	issued
unchanged	**reduce**	**40.76 PLN**	**2019-10-07**

Key Metrics			**KER PW**	**vs. WIG**
Ticker	KER PW	1M Price Chng	-0.9%	-7.3%
ISIN	LU0327357389	YTD Price Chng	-12.7%	-15.9%
Outst. Stock (m)	82.7	ADTV 1M		PLN 1.5m
MC (PLN m)	3,513.1	ADTV 6M		PLN 2.4m
EV (PLN m)	6,155.6	EV/EBITDA 12M fwd	5.1	+18.5%
Free Float	60.5%	EV/EBITDA 5Y avg	4.3	premium

Earnings Projections

(US$ m)	**16/17**	**17/18**	**18/19P**	**19/20P**	**20/21P**
Revenue	2,169	2,403	3,992	4,223	4,783
EBITDA	319	223	346	314	343
EBITDA margin	14.7%	9.3%	8.7%	7.4%	7.2%
EBIT	265	140	269	219	240
Net income	176	52	189	117	137
P/E	5.2	17.5	4.8	7.8	6.7
P/B	0.8	0.8	0.7	0.6	0.6
EV/EBITDA	4.5	6.9	4.6	5.7	5.1
DPS	0.24	0.25	0.25	0.25	0.35
DYield	2.2%	2.2%	2.2%	2.3%	3.2%

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)	**17/18**	**18/19**	**19/20P**	**20/21P**	**20/21P**
EBITDA, Bottled Oil	13	16	16	17	18
EBITDA, Bulk Oil	63	93	97	108	130
EBITDA, Terminals	39	36	40	51	57
EBITDA, Farming	89	182	97	97	101
EBITDA, Grain Trade	17	31	49	57	59
Operating cash flow	**82**	**189**	**237**	**267**	**297**
D&A	83	76	96	104	102
Working capital	-63	-305	-37	-53	-50
Investing cash flow	**-156**	**-241**	**-300**	**-95**	**-100**
CAPEX	179	234	300	95	100
Financing cash flow	**76**	**29**	**7**	**-146**	**-159**
Dividends/Buyback	-20	-20	-21	-29	-41
FCF	-14	-205	-32	184	213
FCF/EBITDA	-6%	-59%	-10%	53%	57%
OCF/EBITDA	37%	55%	75%	78%	79%

Key Balance Sheet Figures

(US$ m)	**17/18**	**18/19**	**19/20P**	**20/21P**	**20/21P**
Assets	2,211	2,464	2,694	2,810	2,936
Fixed assets	1,006	1,207	1,414	1,410	1,412
Equity	1,171	1,351	1,447	1,555	1,682
Minority interests	7	-5	-5	-5	-5
Net debt	619	691	878	827	763
Net debt/EBITDA (x)	2.8	2.0	2.8	2.4	2.0
Net debt/Equity (x)	0.5	0.5	0.6	0.5	0.5

Relative Valuation Summary

	P/E			**EV/EBITDA**		
	20P	**21P**	**22P**	**20P**	**21P**	**22P**
Minimum	3.5	2.2	4.2	3.8	3.5	3.7
Maximum	60.4	24.1	18.3	13.6	12.9	6.1
Median	12.7	11.9	11.5	7.8	7.4	4.9
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(US$ m)	**20P**	**21P**	**22P**	**23P**	**24P**	**25P**	**26P**	**27P**	**28P**	**29P**	**+**
Margin, Veg Oil ($/t)	68	70	73	71	68	66	64	61	58	55	54
Margin, Wheat ($/t)	180	195	195	195	195	195	195	195	195	195	196
Margin, Corn ($/t)	180	185	185	185	185	185	185	185	185	185	186
Revenue	4,223	4,783	5,176	5,247	5,332	5,406	5,481	5,542	5,603	5,664	5,745
EBITDA	314	343	376	363	360	374	369	365	362	358	369
EBITDA margin	7.4%	7.2%	7.3%	6.9%	6.8%	6.9%	6.7%	6.6%	6.5%	6.3%	6.4%
EBIT	219	240	274	260	255	262	251	240	231	226	238
Tax	9	11	14	13	12	13	12	12	11	11	12
CAPEX	-300	-95	-100	-104	-109	-115	-120	-126	-131	-131	-131
Working capital	-37	-53	-50	-20	-21	-20	-21	-19	-19	-20	-21
FCF	-32	184	213	226	217	225	216	209	200	196	205
PV FCF	-29	144	144	133	110	99	82	69	57	48	
WACC	15.0%	15.1%	15.2%	15.3%	15.4%	15.4%	15.4%	15.4%	15.5%	15.5%	15.5%
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	856
Net debt	691
Other adjustments	-5
Value per share (PLN)	26.94

Valuation Summary

(PLN)	**Weight**	**Price**
Relative Val.	50%	45.71
DCF Val.	50%	26.94
Implied Price		36.33
Cost of equity (9M)		12.2%
9M Target Price		**40.76**

mBank Dom Maklerski

KGHM

accumulate (reiterated)

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A trade deal between the US and China might trigger closing of bearish bets on copper and other industrial metals, resulting in a rebound in prices. Traders have already halved contracts to -24,000 from -48,00 a month ago. Assuming demand stays strong next year, looking at this year's reduced supply, the copper market might be poised for a recovery in 2020. KGHM is currently capitalizing on the zloty's fall against the US dollar. We maintain an accumulate call for KGH with the target price raised from PLN 90.12 to PLN 96.14 per share to reflect updated peer valuations, higher prices of silver and gold, and lower prices of molybdenum.

Current Price	91.64 PLN	**Upside**
9M Target Price	96.14 PLN	+4.9%

	rating	target price	issued
new	**accumulate**	**96.14 PLN**	**2019-11-06**
old	accumulate	90.12 PLN	2019-10-14

Key Metrics			**KGH PW**	**vs. WIG**
Ticker	KGH PW	1M Price Chng	+22.3%	+16.0%
ISIN	PLKGHM000017	YTD Price Chng	+3.1%	-0.1%
Outst. Stock (m)	200.0	ADTV 1M		PLN 47.8m
MC (PLN m)	18,328.0	ADTV 6M		PLN 50.6m
EV (PLN m)	22,661.7	EV/EBITDA 12M fwd	4.8	-0.2%
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	22,707	22,575	23,186
EBITDA adj.	5,753	4,972	5,335	4,822	5,087
EBITDA margin	28.4%	24.2%	23.5%	21.4%	21.9%
EBIT adj.	4,144	3,176	3,482	2,890	3,103
Net income adj.	1,792	1,888	2,424	1,958	2,118
P/E adj.	10.2	9.7	7.6	9.4	8.7
P/B	1.0	1.0	0.9	0.8	0.7
EV/EBITDA adj.	4.3	5.1	4.2	4.5	4.1
DPS	1.00	0.00	0.00	1.50	2.94
DYield	1.1%	0.0%	0.0%	1.6%	3.2%

Forecast Update (% change)	**2019P**	**2020P**	**2021P**
EBITDA adj.	0.0%	+1.9%	+1.8%
Net income adj.	0.0%	+3.7%	+3.4%
Copper price ($/t)	0.0%	0.0%	0.0%
Silver price ($/oz)	0.0%	+3.0%	+3.0%
Molybdenum price ($/t)	0.0%	-9.1%	-9.1%
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**	**5,651**	**3,992**	**4,211**
D&A	1,609	1,796	1,853	1,932	1,984
Working capital	-1,270	1,412	1,271	-1	6
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**	**-691**
Dividends/Buyback	-200	0	0	-300	-587
FCF	788	1,924	2,855	1,217	1,633
FCF/EBITDA	27%	41%	54%	25%	32%
OCF/EBITDA	53%	77%	106%	83%	83%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Assets	34,122	37,237	40,240	41,863	43,556
Fixed assets	26,515	29,375	30,319	31,164	31,758
Equity	17,694	19,133	21,557	23,215	24,745
Minority interests	91	92	92	92	92
Net debt	6,570	6,992	4,242	3,429	2,488
Net debt/EBITDA (x)	2.2	1.5	0.8	0.7	0.5
Net debt/Equity (x)	0.4	0.4	0.2	0.1	0.1

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	6.7	6.8	6.1	2.9	2.2	1.6
Maximum	720.0	23.0	17.7	12.9	9.8	9.0
Median	13.5	11.2	11.3	6.1	5.7	5.3
Weight	17%	17%	17%	17%	17%	17%

DCF Analysis

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Copper price ($/t)	6,100	6,450	6,700	6,700	6,700	6,700	6,700	6,700	6,700	6,700	6,700
Silver ($/oz)	16.5	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Molybdenum ($/t)	25,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Revenue	22,707	22,575	23,186	23,307	23,254	23,195	22,984	21,573	21,604	21,637	21,716
EBITDA	5,335	4,822	5,087	5,043	4,971	4,835	4,578	4,490	4,459	4,125	4,098
EBITDA margin	15.3%	12.8%	13.4%	13.3%	13.1%	12.8%	11.7%	12.1%	11.9%	10.3%	10.9%
EBIT	3,482	2,890	3,103	3,106	3,057	2,970	2,700	2,606	2,573	2,228	2,373
Tax	954	828	882	881	871	853	801	782	775	709	737
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	1,271	-1	6	1	-1	-1	-2	-14	0	0	1
FCF	2,855	1,217	1,633	2,496	2,375	2,228	1,993	1,883	1,844	1,547	1,637
PV FCF	2,820	1,116	1,385	1,944	1,693	1,461	1,205	1,049	947	733	
WACC	7.6%	7.7%	7.9%	8.2%	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	14,355
Net debt	6,992
Other adjustments	290
Value per share (PLN)	83.86

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	97.00
DCF Val.	50%	83.86
Implied Price		90.43
Cost of equity (9M)		6.3%
9M Target Price		**96.14**

Stelmet

hold (no change)

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Stelmet's controlling shareholder in September offered to repurchase all remaining shares in the Company at PLN 7.74 per share. Looking at increasing costs of energy, timber, and labor, we do not see much potential for the Company to grow earnings in the next three years. After the high capital expenses incurred over the last four years, going forward Stelmet's main focus should be on deleveraging and improving cash flow. At the current share price we see a 2019-2021E FCF/EV ratio of 10%. This leads us to conclude that the PLN 7.74 tender offer does not adequately reflect Stelmet's value. We maintain a hold rating for STL.

Current Price	8.35 PLN	**Downside**
9M Target Price	8.10 PLN	-3.0%

	rating	target price	issued
unchanged	**hold**	**8.10 PLN**	**2019-10-07**

Key Metrics			**STL PW**	**vs. WIG**
Ticker	STL PW	1M Price Chng	+5.7%	-0.6%
ISIN	PLSTLMT00010	YTD Price Chng	+15.3%	+12.2%
Outst. Stock (m)	29.4	ADTV 1M		PLN 0.0m
MC (PLN m)	245.2	ADTV 6M		PLN 0.0m
EV (PLN m)	392.6	EV/EBITDA 12M fwd	5.2	-21.0%
Free Float	15.0%	EV/EBITDA 5Y avg	6.6	discount

Earnings Projections

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	538	553	581	597	616
EBITDA	58	69	74	68	70
EBITDA margin	10.7%	12.4%	12.7%	11.4%	11.3%
EBIT	21	27	31	26	26
Net income	19	10	22	19	20
P/E	12.6	25.6	11.3	12.8	12.5
P/B	0.4	0.5	0.5	0.5	0.5
EV/EBITDA	7.4	6.1	5.3	5.3	4.8
DPS	0.00	0.00	0.00	0.22	0.33
DYield	0.0%	0.0%	0.0%	2.7%	3.9%

Forecast Update (% change)	**2019P**	**2020P**	**2021P**
EBITDA	0.0%	0.0%	0.0%
Net income	0.0%	0.0%	0.0%
Sales price (PLN/m3)	0.0%	0.0%	0.0%
Sales volume (1,000 m3)	0.0%	0.0%	0.0%
Timber price (PLN/m3)	0.0%	0.0%	0.0%

Financial Highlights

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue, Core, PL	19	22	27	28	28
Revenue, Core, UK	158	137	113	104	107
Revenue, Core, FR	120	107	102	102	104
Revenue, Core, DE	101	113	155	166	172
Revenue, Wood Pellets	68	89	90	94	97
Operating cash flow	**39**	**32**	**61**	**61**	**62**
D&A	37	41	42	43	44
Working capital	-2	-30	-6	-4	-4
Investing cash flow	**-62**	**-24**	**-29**	**-19**	**-28**
CAPEX	62	23	29	19	28
Financing cash flow	**76**	**-9**	**-29**	**-30**	**-32**
Dividends/Buyback	0	0	0	-7	-10
FCF	-11	9	34	43	35
FCF/EBITDA	-18%	13%	46%	62%	50%
OCF/EBITDA	68%	46%	83%	89%	89%

Key Balance Sheet Figures

(PLN m)	2017	2018	2019P	2020P	2021P
Assets	821	816	818	813	806
Fixed assets	554	522	509	485	468
Equity	454	461	483	496	506
Minority interests	0	0	0	0	0
Net debt	182	176	147	115	93
Net debt/EBITDA (x)	3.2	2.6	2.0	1.7	1.3
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	7.0	6.8	6.5	5.5	4.8	4.5
Maximum	123.3	45.8	27.0	18.0	15.6	9.2
Median	21.9	14.7	13.4	10.5	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	1,819	1,843	1,868	1,894	1,920	1,946	1,973	2,000	2,028	2,056
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	597	616	631	646	662	678	694	710	728	746
EBITDA	74	68	70	70	70	70	70	70	69	68	67
EBITDA margin	12.7%	11.4%	11.3%	11.1%	10.9%	10.7%	10.4%	10.1%	9.8%	9.4%	8.9%
EBIT	31	26	26	26	26	25	24	22	21	19	18
Tax	4.2	3.2	3.1	3.1	2.5	2.0	1.8	1.4	1.2	0.9	0.6
CAPEX	-29	-19	-28	-31	-33	-36	-39	-42	-46	-48	-49
Working capital	-6.3	-3.9	-4.4	-3.5	-3.6	-3.7	-3.7	-3.8	-3.9	-4.1	-4.3
FCF	34	43	35	33	31	29	26	23	20	17	16
PV FCF	34	40	30	26	23	20	17	13	11	9	
WACC	6.8%	7.1%	7.3%	7.5%	7.6%	7.8%	7.9%	7.9%	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	2.0%
PV FCF	223
Net debt	182
Other adjustments	0
Value per share (PLN)	5.89

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	9.35
DCF Val.	50%	5.89
Implied Price		7.62
Cost of equity (9M)		6.3%
9M Target Price		**8.10**

mBank Dom Maklerski

Property Developers

Atal

accumulate (no change)

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Atal's 2019 Q2 results missed market expectations because of one-time costs, but with low closing numbers the quarter plays a marginal part in shaping FY profits. The sales margin for H1 2019 amounted to 26.1%, and we expect a higher margin in H2. The delay of several projects from Q3 to Q4 indicates Atal may have to postpone a number of completions originally scheduled for 2019 to the beginning of 2020, which would mean a miss relative to our current FY estimates, which we will be updating shortly. The outlook for 2020-21 remains strong looking at this year's pre-sales numbers. Atal is able to break ground on new residential projects at a faster rate than most competition, as evidenced by a 60% increase in the listed inventory available as of 30 June compared to June 2018 (vs. a 7% average rise registered by other listed developers). As a result, the ytd sales volume through September was 29% higher than in 9M 2018, prompting Atal to raise its FY2019 sales guidance again to 3,000 units (vs. 2,400 in 2018 and close to 2,800 in 2017). In 9M 2019 the Company fulfilled 77% of the new target. Even in our conservative scenario, subject to upward revisions, of 2,800 homes sold in 2019, followed by relatively slow sales growth in subsequent years, at the current level 1AT stock offers high dividend yield at an average 12%. We maintain our accumulate call on Atal.

Current Price	34.80 PLN	**Upside**
9M Target Price	41.89 PLN	+20.4%

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

Key Metrics			1AT PW	vs. WIG
Ticker	1AT PW	1M Price Chng	+0.9%	-5.4%
ISIN	PLATAL000046	YTD Price Chng	+35.7%	+32.5%
Outst. Stock (m)	38.7	ADTV 1M		PLN 0.1m
MC (PLN m)	1,347.3	ADTV 6M		PLN 0.4m
EV (PLN m)	1,665.9	EV/EBITDA 12M fwd	7.6	-3.2%
Free Float	11.6%	EV/EBITDA 5Y avg	7.8	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	7.9	6.7	7.5	7.8	7.0
P/B	1.7	1.6	1.6	1.6	1.5
EV/EBITDA	7.0	6.4	7.0	7.4	6.7
DPS	1.68	3.54	4.70	4.26	4.06
DYield	4.8%	10.2%	13.5%	12.2%	11.7%

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**

Dom Development

hold (no change)

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Dom Development reported another earnings beat in Q3 2019, with EBIT and net profit exceeding expectations by 34% and 22%, respectively. The positive surprise was owed to higher-than-expected sales margins at 28.3% compared to our 25.2% estimate, owed to a more favorable composition of residential handovers. DOM said during the Q3 earnings conference that it was aiming for a FY2019 net profit of ~PLN 250m, a figure which exceeds our forecast by 6% and sits 10% above the consensus forecast. The outlook for FY2020 remains robust with earnings expected to reach record levels; in fact, looking at its good cost efficiency and high margins, we see potential to raise our net profit forecast for next year by about 5%. This based on the higher-end projects slated for completion in the period, combined with an increasing share (currently 68%) of developments built using in-house construction resources. The positive outlook is reinforced by strong off-plan sales, with contracts for 2,200 of the units scheduled for completion in 2020 signed as of 30 September. On our estimates, DOM is currently trading at 9.4x 2019E P/E and 2020E DYield of 11%, and it looks fairly priced given its growth prospects.

Current Price	88.00 PLN	**Downside**
9M Target Price	81.10 PLN	-7.8%

	rating	target price	issued
unchanged	**hold**	**81.10 PLN**	**2019-09-05**

Key Metrics			DOM PW	vs. WIG
Ticker	DOM PW	1M Price Chng	+7.3%	+1.0%
ISIN	PLDMDVL00012	YTD Price Chng	+63.1%	+59.9%
Outst. Stock (m)	25.1	ADTV 1M		PLN 0.4m
MC (PLN m)	2,206.0	ADTV 6M		PLN 0.3m
EV (PLN m)	2,505.9	EV/EBITDA 12M fwd	7.9	-10.1%
Free Float	25.2%	EV/EBITDA 5Y avg	8.8	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	11.5	9.7	9.4	8.8	9.7
P/B	2.2	2.1	2.1	2.1	2.1
EV/EBITDA	9.3	7.8	8.2	7.9	8.9
DPS	5.05	7.60	9.05	9.40	10.02
DYield	5.7%	8.6%	10.3%	10.7%	11.4%

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%
Closings	0.0%	0.0%	0.0%

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**

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Retail

AmRest

hold (downgraded)

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Shares in AmRest moved higher in October on the heels of a capital markets day event at the beginning of the month, combined with expectations of strong third-quarter results. The mid-month Q3 sales report showed an increase of 29% relative to the year-ago quarter, a slower growth rate than the 32% assumed by us which indicates the quarterly EBITDA might not have achieved the expected y/y rebound of 32%. The annual expansion rate in Q4 2019 will no longer be supported by positive base effects. The restaurant count increased by 5% in Q3 relative to the comparable year-ago number, representing a slowdown which is likely to further curb earnings growth in Q4. We downgrade EAT from accumulate to hold after the October gains, with an unchanged target price.

Current Price	47.20 PLN	**Upside**
9M Target Price	48.00 PLN	+1.7%

	rating	target price	issued
new	**hold**	**48.00 PLN**	**2019-11-06**
old	accumulate	48.00 PLN	2019-10-07

Key Metrics			**EAT PW**	**vs. WIG**
Ticker	EAT PW	1M Price Chng	+7.2%	+0.8%
ISIN	ES0105375002	YTD Price Chng	+18.0%	+14.8%
Outst. Stock (m)	219.6	ADTV 1M		PLN 8.8m
MC (PLN m)	10,363.0	ADTV 6M		PLN 3.4m
EV (PLN m)	12,889.5	EV/EBITDA 12M fwd	12.8	+16.3%
Free Float	31.1%	EV/EBITDA 5Y avg	11.0	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	52.5	54.1	44.4	32.4	23.1
P/B	7.6	5.7	5.1	4.4	3.7
EV/EBITDA	18.9	17.9	14.6	11.7	9.2
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%
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**

CCC

buy (reiterated)

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CCC's final 2019 Q3 earnings figures came out slightly higher than the preliminary results released at the beginning of October. Monthly footwear sales in October were affected by unseasonably warm weather, however by adjusting collections and optimizing inventories CCC was able generate satisfying volumes in the period without having to mark down prices. Assuming it is sticking to the cost-cutting initiatives announced after Q2, CCC should deliver improved earnings in Q4 2019. Investors had a negative reaction in October to CCC's announcement that it might sell its stake in the Swiss shoe retailer Voegele unless the stores break even in 2020 - in our opinion the divestment would in no way hurt the Company's financial outlook. After adjusting our FY2019 earnings estimates to reflect ytd results, we lower our target price for CCC gently, but we maintain a buy rating for the stock.

Current Price	112.20 PLN	**Upside**
9M Target Price	160.00 PLN	+42.6%

	rating	target price	issued
new	**buy**	**160.00 PLN**	**2019-11-06**
old	buy	161.00 PLN	2019-09-05

Key Metrics			**CCC PW**	**vs. WIG**
Ticker	CCC PW	1M Price Chng	-12.1%	-18.5%
ISIN	PLCCC0000016	YTD Price Chng	-41.8%	-45.0%
Outst. Stock (m)	41.1	ADTV 1M		PLN 19.7m
MC (PLN m)	4,614.4	ADTV 6M		PLN 20.8m
EV (PLN m)	5,625.4	EV/EBITDA 12M fwd	6.5	-55.7%
Free Float	59.4%	EV/EBITDA 5Y avg	14.7	discount

Earnings Projections (adjusted for IFRS 16)

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue	3,938	4,726	6,067	7,191	8,125
EBITDA adj.	481	531	397	638	780
EBITDA margin	12.2%	11.2%	6.5%	8.9%	9.6%
EBIT	463	279	226	459	597
Net income	347	133	62	216	318
P/E	13.3	34.7	75.0	21.4	14.5
P/B	3.9	4.0	4.0	3.6	3.0
EV/EBITDA	10.6	10.1	14.2	9.0	7.2
DPS	2.47	2.30	0.48	2.00	2.00
DYield	2.2%	2.1%	0.4%	1.8%	1.8%

Forecast Update (% change)	**2019P**	**2020P**	**2021P**
EBITDA	-5.6%	+2.3%	-3.4%
Net income	-49.9%	-19.2%	+5.2%
Gross profit margin	-1.9 p.p.	-1.4 p.p.	-1.7 p.p.
B&M sales/sqm	+4.3%	+5.3%	-1.3%
SG&A/sqm	+5.6%	+6.3%	+1.2%

Financial Highlights (adjusted for IFRS 16)

(PLN m)	2017	2018	2019P	2020P	2021P
Revenue, B&M sales	3,332	3,748	4,613	5,301	5,762
EBITDA, B&M	393	428	329	479	559
Revenue, e-commerce	606	977	1,454	1,890	2,362
EBITDA, e-commerce	88.7	103.0	68.5	158.4	221.6
Gross profit margin	50.9%	50.1%	49.6%	49.5%	48.7%
Operating cash flow	**78**	**996**	**1,041**	**1,025**	**1,215**
D&A	93	602	727	819	874
Working capital	-383	244	149	-154	-116
Investing cash flow	**-222**	**-621**	**-696**	**-245**	**-227**
CAPEX	245	439	465	245	227
Financing cash flow	**515**	**-515**	**-274**	**-667**	**-1,113**
Dividends/Buyback	-101	-95	-20	-82	-82
FCF	-189	279	-33	151	324
FCF/EBITDA	-39%	53%	-8%	24%	41%
OCF/EBITDA	16%	188%	262%	161%	156%

Key Ratios (adjusted for IFRS 16)

(PLN)	2017	2018	2019P	2020P	2021P
Segment result, PL	378	283	334	386	404
Segment result, CEE	111	110	109	143	166
Segment result, WE	-38	-72	-108	-45	-16
e-comm as % of sales	15.4%	20.7%	24.0%	26.3%	29.1%
Cash (PLN m)	512	376	445	557	433
Net debt (PLN m)	406	641	905	992	917
Net debt/EBITDA (x)	0.8	0.7	0.9	0.8	0.6

Relative Valuation Summary

	P/E			EV/EBITDA		
	19P	20P	21P	19P	20P	21P
Minimum	9.8	9.0	8.6	8.6	8.1	7.6
Maximum	436.7	79.1	41.9	41.9	25.2	22.7
Median	29.2	25.9	17.8	17.8	15.7	14.9
Weight	10%	20%	20%	10%	20%	20%

DCF Analysis (adjusted for IFRS 16)

(PLN m)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Sales/sqm (PLN)	546	563	561	549	545	534	524	515	510	508	
SG&A/sqm (PLN)	259	252	248	244	242	242	241	240	240	239	
Sales area (k sqm)	746	823	890	926	966	999	1,029	1,052	1,076	1,102	
Revenue	6,067	7,191	8,125	8,582	9,050	9,441	9,831	10,231	10,699	11,240	11,521
EBITDA	397	638	780	847	899	897	905	921	955	1,008	1,033
EBITDA margin	6.5%	8.9%	9.6%	9.9%	9.9%	9.5%	9.2%	9.0%	8.9%	9.0%	9.0%
EBIT	226	459	597	666	721	723	735	755	793	849	870
Tax	115	87	113	127	137	137	140	144	151	161	165
CAPEX	-465	-245	-227	-156	-168	-155	-150	-134	-142	-151	-151
Working capital	149	-154	-116	-97	-69	-81	-67	-68	-73	-84	-84
FCF	-33	151	324	467	525	524	548	575	589	612	628
PV FCF	-33	138	274	365	377	346	332	320	300	286	
WACC	7.8%	8.0%	8.1%	8.4%	8.6%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

DCF Summary

(PLN m)	
Beta	1.1
FCF perp. growth rate	2.5%
PV FCF	7,221
Net debt	641
Other adjustments	0
Value per share (PLN)	160.00

Valuation Summary

(PLN)	Weight	Price
Relative Val.	50%	141.10
DCF Val.	50%	160.00
Implied Price		150.55
Cost of equity (9M)		6.5%
9M Target Price		**160.00**

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Dino

hold (no change)

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Dino generated strong like-for-like sales growth and improved sales margins in Q2 2019 which more than offset higher costs of materials and utilities. In a favorable market, underpinned by positive base effects, we expect to see lfl growth in the low single digits through Q1 2020, resulting in continuing expansion in EBITDA margins, supported by improved trading terms. Dino reported in October that had expanded its total trading area by 25.4% y/y as of 30 September 2019, a slightly slower rate than our assumed 26%. Nevertheless we expect to see strong earnings results for Q3 2019, with EBITDA up by 35% y/y on 41% higher revenue. Dino faces cost pressures in 2020 due to the planned increase in Poland's minimum wage, combined with an expected rise in electricity prices, but this will most likely be mitigated by increasing sales effectiveness which will facilitate continued growth in EBITDA margins.

Current Price	154.00 PLN	**Downside**
9M Target Price	149.20 PLN	-3.1%

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

Key Metrics			DNP PW	vs. WIG
Ticker	DNP PW	1M Price Chng	+2.3%	-4.1%
ISIN	PLDINPL00011	YTD Price Chng	+60.7%	+57.5%
Outst. Stock (m)	98.0	ADTV 1M		PLN 18.2m
MC (PLN m)	15,098.2	ADTV 6M		PLN 21.9m
EV (PLN m)	15,795.9	EV/EBITDA 12M fwd	17.4	+8.1%
Free Float	48.9%	EV/EBITDA 5Y avg	16.1	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	70.7	49.1	37.1	26.9	20.7
P/B	16.7	12.5	9.3	6.9	5.1
EV/EBITDA	40.0	28.9	21.4	16.1	12.6
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**

Eurocash

sell (downgraded)

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Shares in Eurocash rose after slightly better-than-expected 2019 Q2 earnings owed to high EBITDA growth delivered by the Wholesale segment, with lfl sales and earnings in the Retail segment benefitting from the Easter Effect. Year-over-year earnings expansion was curbed by costs of employee bonuses and investment in new projects. We expect further growth in Q3, supported by positive base effects, at annual rates of 4% sales and 4% EBITDA. The positive trends in Wholesale are expected to continue in subsequent quarters. The completion of reorganization in Retail should bring improving EBITDA margins in the segment from 2020. Eurocash might become a beneficiary of Poland's planned minimum wage hikes, which might prove destructive to smaller competition. On the hand, however, higher pay demands might detract potential franchisees for the Company's retail stores. We downgrade EUR to sell after the October gains.

Current Price	23.80 PLN	**Downside**
9M Target Price	18.10 PLN	-23.9%

	rating	target price	issued
new	**sell**	**18.10 PLN**	**2019-11-06**
old	reduce	18.10 PLN	2019-09-05

Key Metrics			**EUR PW**	**vs. WIG**
Ticker	EUR PW	1M Price Chng	+21.0%	+14.7%
ISIN	PLEURCH00011	YTD Price Chng	+43.4%	+40.2%
Outst. Stock (m)	139.2	ADTV 1M		PLN 8.2m
MC (PLN m)	3,312.1	ADTV 6M		PLN 5.2m
EV (PLN m)	3,638.7	EV/EBITDA 12M fwd	8.9	-11.6%
Free Float	53.0%	EV/EBITDA 5Y avg	10.1	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	38	214	158	181	217
Net income	85	67	72	102	144
P/E	39.0	49.5	46.0	32.5	23.0
P/B	3.2	3.2	3.1	3.0	2.7
EV/EBITDA	8.5	10.4	9.7	9.3	8.2
DPS	0.80	0.76	1.00	0.26	0.37
DYield	3.4%	3.2%	4.2%	1.1%	1.5%

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%	101%	97%	99%

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**

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Jeronimo Martins

hold (no change)

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The 2019 Q3 results of Jeronimo Martins were consistent with analysts' forecasts. Thanks to increasing like-for-like sales, stores in Poland were able to offset rising payroll costs and marketing expenses, resulting in a flat EBITDA margin compared to Q3 2018. In Portugal, high like-for-like sales resulted in increased operating margins. JMT announced at the Q3 earnings conference that it would scale back the expansion rate of the Colombian Ara stores to 110 locations this year, with more focus put on profitability. In 2020 JMT will open at least 150 new Ara locations. With base effects in the following quarters still positive, like-for-like growth in the latter part of the year is likely to stay in the high-single digits amid supportive market conditions. JMT has recently cut target capital investment to about EUR 650m. In October the Polish unit Biedronka had two cases brought against it by the competition watchdog UOKiK, one concerning suspected violations in contracts with produce suppliers (subject to maximum fine of 3% of annual sales), and the other for alleged shelf vs. register pricing errors (where the penalty is up to 10% of annual sales). Hopefully the Company will take measures to prevent similar incidents in the future.

Current Price	15.10 EUR	**Downside**
9M Target Price	14.30 EUR	-5.3%

	rating	target price	issued
unchanged	**hold**	**14.30 EUR**	**2019-10-07**

Key Metrics			JMT PL	vs. WIG
Ticker	JMT PL	1M Price Chng	+1.2%	-5.1%
ISIN	PTJMT0AE0001	YTD Price Chng	+50.7%	+47.6%
Outst. Stock (m)	629.3	ADTV 1M		EUR 13.3m
MC (EUR m)	9,499.2	ADTV 6M		EUR 12.6m
EV (EUR m)	9,893.7	EV/EBITDA 12M fwd	8.8	-7.4%
Free Float	43.8%	EV/EBITDA 5Y avg	9.5	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	24.6	23.7	21.4	19.2	18.3
P/B	5.3	5.3	4.9	4.5	4.1
EV/EBITDA	10.4	10.2	9.4	8.5	8.0
DPS	0.69	0.64	0.27	0.29	0.30
DYield	4.6%	4.2%	1.8%	1.9%	2.0%

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**

LPP

hold (no change)

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LPP stock rebounded in September on final 2019 Q2 earnings figures, with EBIT topping the preliminary estimate, and on a pledge to accelerate store expansion to include more Sinsay stores. This was followed by a miss on preliminary 2019 Q3 results due to higher-than-forecast SG&A expenses. Given negative base effects, SG&A will probably grow further in the fourth quarter. Performance in November will be shaped by the final Q3 earnings release on the 19th, and a monthly sales report for October. The outlook for FY2020 is currently clouded by a high USDPLN exchange rate, which affects costs of merchandise, and by the planned minimum wage hikes in Poland.

Current Price	8,405.00 PLN	**Upside**
9M Target Price	8,500.00 PLN	+1.1%

	rating	target price	issued
unchanged	**hold**	**8,500.00 PLN**	**2019-10-07**

Key Metrics			LPP PW	vs. WIG
Ticker	LPP PW	1M Price Chng	+5.7%	-0.6%
ISIN	PLLPP0000011	YTD Price Chng	+7.9%	+4.7%
Outst. Stock (m)	1.9	ADTV 1M		PLN 11.7m
MC (PLN m)	15,569.6	ADTV 6M		PLN 17.5m
EV (PLN m)	14,831.7	EV/EBITDA 12M fwd	9.5	-29.1%
Free Float	69.5%	EV/EBITDA 5Y avg	13.4	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	851	916	999
Net income	441	505	677	750	820
P/E	35.3	30.8	23.0	20.8	19.0
P/B	6.4	5.4	4.5	3.8	3.3
EV/EBITDA	17.5	13.4	11.8	10.5	9.2
DPS	35.71	39.96	59.97	78.34	61.29
DYield	0.4%	0.5%	0.7%	0.9%	0.7%

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)	19P	20P	21P	22P	23P	24P	25P	26P	27P	28P	+
Sales/sqm (PLN)	660	671	682	689	693	691	689	689	685	681	681
SG&A/sqm (PLN)	291	296	304	307	311	309	307	306	305	304	304
Sales area (k sqm)	1,223	1,354	1,488	1,592	1,695	1,804	1,918	2,037	2,161	2,289	2,289
Revenue	9,172	10,375	11,623	12,731	13,667	14,505	15,396	16,342	17,247	18,194	18,649
EBITDA	1,259	1,408	1,569	1,685	1,688	1,752	1,857	1,950	2,198	2,139	2,177
EBITDA margin	13.7%	13.6%	13.5%	13.2%	12.4%	12.1%	12.1%	11.9%	12.7%	11.8%	11.7%
EBIT	851	916	999	1,099	1,121	1,197	1,306	1,400	1,643	1,522	1,560
Tax	182	174	190	209	213	227	248	266	312	289	296
CAPEX	-870	-983	-823	-512	-518	-540	-562	-584	-605	-617	-617
Working capital	103	97	93	84	70	63	67	71	68	70	72
FCF	112	154	464	880	887	922	980	1,030	1,213	1,163	1,192
PV FCF	107	135	376	657	610	585	573	555	602	532	
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	2.5%
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**

mBank Dom Maklerski

VRG

buy (no change)

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VRG generated strong earnings in Q2 2019 slightly ahead of market expectations. The gross margin expanded by 1.4pp y/y to 53.5% after the implementation of a new pricing policy. In September, VRG registered declining like-for-like sales growth across all of its fashion lines, and the contraction continued into October, driven mainly by the Bytom stores; this indicates the new men's collection may not have been received well by customers. Other reasons behind the slower like-for-like growth aside from the new pricing policy might have been VRG's scaled-back marketing activity in the period; on the upside, these measures drove the monthly gross margin up by 2pp y/y in October. With that said, on weaker like-for-like trading figures achieved by the fashion segment, VRG will most likely report slower EBITDA growth for Q3 2019 at an estimated 20% (ex. IFRS 16 impacts). As far as the jewelry segment is concerned, its earnings performance this year will be determined by the high sales season of the fourth quarter. We believe VRG can maintain double-digit earnings momentum in 2020, supported by improving organic expansion combined with synergy benefits.

Current Price	4.11 PLN	**Upside**
9M Target Price	5.20 PLN	+26.7%

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

Key Metrics			**VRG PW**	**vs. WIG**
Ticker	VRG PW	1M Price Chng	-1.1%	-7.4%
ISIN	PLVSTLA00011	YTD Price Chng	+1.6%	-1.6%
Outst. Stock (m)	234.5	ADTV 1M		PLN 0.3m
MC (PLN m)	962.4	ADTV 6M		PLN 0.8m
EV (PLN m)	1,013.8	EV/EBITDA 12M fwd	7.1	-19.1%
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	16.5	18.0	13.0	11.3	10.2
P/B	1.3	1.2	1.1	1.0	0.9
EV/EBITDA	10.4	11.5	8.2	6.9	6.1
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

Recommendations of Dom Maklerski mBanku:
A recommendation is valid for a period of 6-9 months, unless a subsequent recommendation is issued within this period. Expected returns from individual recommendations are as follows:
BUY – we expect that the rate of return from an investment will be at least 15%
ACCUMULATE – we expect that the rate of return from an investment will range from 5% to 15%
HOLD – we expect that the rate of return from an investment will range from -5% to +5%
REDUCE – we expect that the rate of return from an investment will range from -5% to -15%
SELL – we expect that an investment will bear a loss greater than 15%
Recommendations are updated at least once every nine months.

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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.

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	buy
Rating date	2019-11-06	2019-05-20
Target price (PLN)	483.00	518.00
Price on rating day	332.00	398.00

AC

Rating	neutral	underweight	neutral	overweight
Rating date	2019-10-30	2019-08-30	2019-03-22	2018-11-30
Target price (PLN)	-	-	-	-
Price on rating day	41.00	43.60	48.50	41.50

Agora

Rating	buy	buy
Rating date	2019-10-30	2018-11-27
Target price (PLN)	17.00	16.00
Price on rating day	9.50	9.50

Ailleron

Rating	neutral	neutral	underweight
Rating date	2019-10-31	2019-06-28	2019-01-31
Target price (PLN)	-	-	-
Price on rating day	7.16	8.40	11.75

Alior Bank

Rating	hold	buy	buy	buy	buy
Rating date	2019-11-06	2019-07-03	2019-06-03	2019-02-01	2018-12-05
Target price (PLN)	31.00	72.30	77.00	87.00	92.50
Price on rating day	29.34	51.10	52.80	57.50	56.65

Alumetal

Rating	neutral	underweight	underweight	neutral	neutral
Rating date	2019-10-07	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	51.00

Amica

Rating	neutral	neutral	overweight
Rating date	2019-09-20	2019-04-29	2019-04-02
Target price (PLN)	-	-	-
Price on rating day	118.00	130.00	143.00

AmRest

Rating	hold	accumulate	buy	accumulate	buy	accumulate
Rating date	2019-11-06	2019-10-07	2019-04-02	2019-03-05	2018-12-05	2018-11-05
Target price (PLN)	48.00	48.00	48.00	46.00	46.00	41.20
Price on rating day	47.20	44.05	41.20	41.40	39.60	40.00

Apator

Rating	underweight	neutral	neutral	overweight	overweight	neutral	underweight
Rating date	2019-10-18	2019-09-20	2019-04-29	2019-03-05	2019-02-27	2019-01-30	2018-12-05
Target price (PLN)	-	-	-	-	-	-	-
Price on rating day	22.00	22.60	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
Rating date	2019-06-03	2019-03-05	2019-02-04	2018-12-05
Target price (PLN)	50.80	53.00	51.20	49.60
Price on rating day	51.10	54.30	48.00	48.30

Asseco SEE

Rating	overweight	overweight
Rating date	2019-10-10	2019-04-11
Target price (PLN)	-	-
Price on rating day	19.40	14.20

Astarta

Rating	overweight	overweight
Rating date	2019-10-30	2019-09-05
Target price (PLN)	-	-
Price on rating day	16.85	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	neutral
Rating date	2019-10-31	2019-01-31
Target price (PLN)	-	-
Price on rating day	3.14	4.40

mBank Dom Maklerski

BBI Development

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

Boryszew

Rating	**neutral**	**underweight**	**underweight**	**neutral**
Rating date	2019-10-30	2019-09-20	2019-07-26	2019-04-29
Target price (PLN)	-	-	-	-
Price on rating day	4.29	4.54	4.49	4.65

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**	**buy**	**hold**	**buy**	**buy**	**buy**	**buy**
Rating date	2019-11-06	2019-09-05	2019-06-06	2019-04-02	2019-02-04	2018-12-05	2018-11-05
Target price (PLN)	160.00	161.00	161.00	275.00	291.00	288.00	272.00
Price on rating day	112.20	131.90	153.80	217.00	178.80	204.60	173.60

CD Projekt

Rating	**accumulate**	**accumulate**	**accumulate**	**accumulate**	**accumulate**	**buy**
Rating date	2019-11-06	2019-09-05	2019-05-09	2019-04-02	2019-02-04	2018-11-23
Target price (PLN)	276.40	272.50	237.50	221.00	217.70	170.40
Price on rating day	255.20	251.30	215.00	204.00	190.00	139.00

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	**hold**	**accumulate**	**hold**	**accumulate**	**accumulate**	**overweight**	**neutral**	**underweight**	**neutral**
Rating date	2019-11-04	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)	1.55	2.00	1.84	1.84	1.79	-	-	-	-
Price on rating day	1.52	1.65	1.75	1.77	1.64	1.60	1.59	1.94	1.80

Comarch

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

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

Develia

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

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**
Rating date	2018-12-05
Target price (PLN)	-
Price on rating day	32.00

Elektrotim

Rating	**suspended**
Rating date	2018-12-05
Target price (PLN)	-
Price on rating day	3.80

Elemental

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

Enea

Rating	**buy**	**buy**	**buy**	**buy**	**buy**
Rating date	2019-11-06	2019-06-25	2019-04-02	2019-02-04	2018-11-29
Target price (PLN)	11.53	12.41	12.51	13.12	15.58
Price on rating day	8.59	8.53	8.76	10.73	10.50

Energa

Rating	**buy**	**buy**	**buy**	**buy**	**buy**
Rating date	2019-11-06	2019-06-25	2019-04-02	2019-02-04	2018-11-29
Target price (PLN)	11.67	12.67	12.21	13.26	13.54
Price on rating day	6.37	7.33	8.58	10.14	9.16

Erbud

Rating	**suspended**
Rating date	2018-12-05
Target price (PLN)	-
Price on rating day	9.64

Ergis

Rating	**neutral**	**neutral**	**neutral**	**overweight**	**overweight**	**underweight**
Rating date	2019-10-30	2019-08-30	2019-05-29	2019-04-29	2019-02-27	2018-12-05
Target price (PLN)	-	-	-	-	-	-
Price on rating day	3.20	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	**sell**	**reduce**	**hold**	**reduce**	**reduce**	**sell**	**reduce**	**hold**
Rating date	2019-11-06	2019-09-05	2019-08-02	2019-06-03	2019-05-09	2019-04-02	2019-02-04	2018-12-05
Target price (PLN)	18.10	18.10	18.10	18.10	18.90	18.90	17.90	18.20
Price on rating day	23.80	20.62	18.60	19.31	21.00	22.58	20.13	18.00

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	2019-09-20	2019-04-29
Target price (PLN)	-	-
Price on rating day	40.60	40.60

Getin Noble Bank

Rating	**suspended**
Rating date	2018-12-05
Target price (PLN)	-
Price on rating day	0.33

Grupa Azoty

Rating	**hold**	**hold**	**hold**	**hold**	**accumulate**	**accumulate**	**buy**	**hold**	**hold**	**buy**
Rating date	2019-11-06	2019-10-07	2019-09-05	2019-08-02	2019-07-03	2019-06-03	2019-05-09	2019-03-05	2018-11-23	2018-11-05
Target price (PLN)	37.12	34.09	39.77	45.93	45.93	44.42	45.39	43.20	33.00	31.47
Price on rating day	36.58	31.18	39.98	42.30	42.10	39.86	35.92	43.88	32.36	24.00

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**
Rating date	2019-07-03	2019-06-03	2019-05-21	2019-05-09	2019-03-05	2019-02-01	2018-12-05
Target price (PLN)	59.45	61.00	61.00	65.50	65.50	65.50	76.00
Price on rating day	53.60	53.70	52.40	52.80	65.90	69.10	71.10

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

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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	hold	accumulate	hold	reduce	hold	accumulate	buy
Rating date	2019-10-07	2019-09-05	2019-08-02	2019-07-03	2019-02-01	2018-12-05	2018-11-05
Target price (PLN)	197.53	197.53	191.80	191.80	191.80	199.63	200.00
Price on rating day	194.80	187.40	189.80	203.50	191.40	183.60	166.00

Jeronimo Martins

Rating	hold	reduce	hold	accumulate	hold	buy	buy
Rating date	2019-10-07	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	14.30	14.10	13.60	14.60	14.50
Price on rating day	14.92	15.88	13.89	13.15	13.40	12.38	10.60

JSW

Rating	buy	accumulate	hold	reduce	hold	reduce	reduce	sell
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
Target price (PLN)	39.29	50.02	54.80	54.80	60.68	60.68	59.14	59.14
Price on rating day	26.50	47.00	49.86	62.50	59.96	68.30	71.20	72.56

JWC

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

Kernel

Rating	reduce	reduce	buy	buy	buy
Rating date	2019-10-07	2019-08-19	2019-06-03	2019-03-05	2018-11-05
Target price (PLN)	40.76	42.70	58.63	62.86	60.85
Price on rating day	42.90	48.60	46.50	49.20	52.10

Grupa Kęty

Rating	hold	hold	hold	hold	reduce	hold	hold	reduce
Rating date	2019-11-06	2019-10-07	2019-09-05	2019-07-03	2019-06-03	2019-04-02	2019-01-18	2018-12-05
Target price (PLN)	333.45	298.64	327.11	345.32	326.37	341.33	324.30	309.30
Price on rating day	313.50	283.00	310.00	337.00	347.50	324.00	336.50	343.00

KGHM

Rating	accumulate	accumulate	hold	reduce	hold	hold	hold	hold	hold
Rating date	2019-11-06	2019-10-14	2019-08-22	2019-08-05	2019-07-03	2019-06-03	2019-04-02	2019-02-04	2018-12-05
Target price (PLN)	96.14	90.12	77.51	80.38	98.35	91.71	105.57	92.41	84.56
Price on rating day	91.64	79.92	74.90	87.78	101.70	95.00	109.40	94.16	92.60

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

Kruszwica

Rating	overweight	overweight	neutral
Rating date	2019-10-07	2019-09-20	2019-04-02
Target price (PLN)	-	-	-
Price on rating day	44.40	43.00	43.90

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

LPP

Rating	hold	buy	accumulate	accumulate	hold	buy	accumulate	buy
Rating date	2019-10-07	2019-09-05	2019-07-03	2019-06-03	2019-04-02	2019-03-05	2019-02-04	2018-12-05
Target price (PLN)	8,500.00	8,500.00	8,500.00	8,300.00	8,400.00	9,300.00	9,300.00	9,300.00
Price on rating day	7,950.00	7,280.00	7,745.00	7,335.00	8,405.00	7,990.00	8,370.00	7,730.00

Mangata

Rating	neutral	neutral	neutral	neutral
Rating date	2019-09-20	2019-05-29	2019-05-09	2019-04-29
Target price (PLN)	-	-	-	-
Price on rating day	66.00	69.50	69.00	71.00

Millennium

Rating	sell	reduce	buy	accumulate	accumulate	hold
Rating date	2019-11-06	2019-10-07	2019-08-02	2019-02-01	2018-11-14	2018-11-05
Target price (PLN)	5.18	5.18	10.00	10.00	10.10	8.40
Price on rating day	6.40	5.48	7.51	8.82	9.49	8.85

MOL

Rating	accumulate	buy	accumulate	hold	hold	hold	hold	hold	accumulate	accumulate
Rating date	2019-11-06	2019-10-07	2019-08-02	2019-06-03	2019-04-02	2019-03-05	2019-02-04	2018-12-05	2018-11-15	2018-11-05
Target price (HUF)	3,258.00	3,258.00	3,258.00	3,223.00	3,223.00	3,423.00	3,433.00	3,280.00	3,280.00	3,296.00
Price on rating day	3,042.00	2,826.00	3,004.00	3,276.00	3,278.00	3,250.00	3,284.00	3,206.00	3,088.00	3,006.00

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
Rating date	2018-11-26
Target price (PLN)	4.70
Price on rating day	4.66

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	accumulate	buy	hold	buy	hold	accumulate
Rating date	2019-11-06	2019-08-28	2019-08-02	2019-07-03	2019-04-02	2018-12-05
Target price (HUF)	14,681.00	14,681.00	13,046.00	13,046.00	13,046.00	13,046.00
Price on rating day	13,860.00	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
Rating date	2019-05-09	2019-03-05	2018-12-05
Target price (PLN)	-	66.57	66.57
Price on rating day	66.00	68.80	62.00

Pekao

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

Pfleiderer Group

Rating	suspended	underweight	underweight	neutral	neutral	neutral	underweight
Rating date	2019-09-20	2019-07-29	2019-07-26	2019-05-29	2019-04-16	2019-02-27	2019-01-30
Target price (PLN)	-	-	-	-	-	-	-
Price on rating day	26.20	28.00	28.00	20.40	25.50	28.40	32.60

PGE

Rating	buy	buy	buy	buy	buy	buy	buy	buy
Rating date	2019-10-24	2019-06-25	2019-06-03	2019-05-09	2019-04-02	2019-03-26	2019-02-04	2018-11-29
Target price (PLN)	12.20	13.26	13.39	13.38	13.66	13.77	14.47	14.82
Price on rating day	8.42	9.00	9.23	8.61	10.10	9.88	11.86	11.47

PGNiG

Rating	buy	buy	accumulate	buy	accumulate	hold	hold	buy
Rating date	2019-11-06	2019-09-05	2019-08-02	2019-05-28	2019-04-02	2019-03-05	2019-02-04	2018-11-05
Target price (PLN)	5.64	6.33	6.33	6.47	6.92	7.08	7.72	7.72
Price on rating day	5.07	4.49	5.62	5.58	6.31	6.58	7.63	6.35

PKN Orlen

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

PKO BP

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

Play

Rating	buy	hold	accumulate	hold	buy	accumulate	accumulate	hold	buy
Rating date	2019-09-12	2019-09-05	2019-08-02	2019-07-03	2019-05-31	2019-05-09	2019-04-12	2019-02-04	2018-11-26
Target price (PLN)	33.10	34.20	34.20	29.00	29.00	25.25	26.70	21.30	21.30
Price on rating day	27.16	33.34	31.22	33.34	25.08	24.42	24.08	22.80	16.54

Polnord

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

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Pozbud

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

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	hold	accumulate
Rating date	2019-11-06	2019-08-28
Target price (EUR)	23.05	23.05
Price on rating day	22.83	20.44

Ronson

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

Santander Bank Polska

Rating	reduce	hold	hold	reduce	hold	hold	accumulate	buy
Rating date	2019-11-06	2019-10-07	2019-08-02	2019-07-12	2019-06-03	2019-02-01	2018-12-05	2018-11-05
Target price (PLN)	276.55	276.55	337.00	337.00	377.27	388.00	400.00	400.00
Price on rating day	317.40	286.00	319.60	357.20	365.20	373.80	364.80	353.80

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	hold
Rating date	2019-10-07	2019-09-05	2019-07-03	2019-03-05	2019-02-04	2018-11-05
Target price (PLN)	8.10	6.50	7.95	8.36	8.39	7.72
Price on rating day	7.90	6.70	7.00	10.25	8.88	7.50

Tarczyński

Rating	neutral	neutral	neutral	underweight	underweight
Rating date	2019-10-07	2019-09-20	2019-05-29	2019-04-29	2018-12-05
Target price (PLN)	-	-	-	-	-
Price on rating day	16.30	15.90	15.40	15.60	17.50

Tauron

Rating	buy	buy	buy	buy	buy
Rating date	2019-11-06	2019-06-25	2019-04-02	2019-02-04	2018-11-29
Target price (PLN)	2.45	2.52	2.89	3.12	3.06
Price on rating day	1.73	1.57	2.03	2.37	2.21

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

Trakcja

Rating	suspended
Rating date	2018-12-05
Target price (PLN)	-
Price on rating day	3.75

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

ZUE

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

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