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# Monthly Market Outlook: April 2020

## Equity Market, Macroeconomics

### Equity Market

As global economies go on lockdown to minimize the spread of coronavirus disease, central banks have been called upon to deploy unprecedented monetary and fiscal stimulus for an unprecedented time, leading markets to embrace hopes of a V-shaped recovery. We are far less optimistic, and so we maintain a bearish view on equities in anticipation of further declines.

### Sector Outlook

#### Financials

With risk allocation impeded by coronavirus uncertainty, most stock indexes, including banks, were triggered into a massive sell-off. There is no historical precedent for simultaneous pandemic-induced supply and demand shocks to help us assess the potential negative impacts on the banking sector, which one the one hand more than prices in our base-case scenario, but on the other hand has risks tilted to the downside amid ongoing uncertainty. Under these circumstances, we recommend Pekao before PZU as our top picks for April.

#### Chemicals

The two rated chemical producers, Ciech and Grupa Azoty, so far are not experiencing much negative coronavirus impact; on the contrary, they expect to capitalize on low prices of energy and emissions.

#### Oil & Gas

As prices tank, this has changed the earnings outlook and risk/reward model for the oil industry, currently skewed against upstream operations (MOL). Refineries face their share of challenges over the coming months (slimmer volumes), but in the long run they can look forward to margin widening on cheaper feedstocks (PKN). PGNiG finally received the long-awaited verdict in its arbitration case against Gazprom, and the expected compensation eliminates structural risk in the trading business.

#### Power Utilities

Utility indexes in the US and Europe have recouped much of the losses incurred during a recent sell-off triggered by falling prices of carbon emissions and Treasury yields. The sector's defensive status means it should offer less volatility than the broad market even as electricity usage contracts amid the current lockdown. For CEZ in the Czech Republic, we have a reiterated buy recommendation for April. In Poland, state-regulated generators still face a prospect of having to bail out struggling coal mines, but next year they will feel reduced regulatory pressures on trading.

#### Telecoms, Media, IT

The key risks we see as facing telecoms in the coming months include network congestion, potential customer losses, weaker sales of electronics, and reduced use of international roaming. On the whole, however, the earnings of telecommunications companies display relatively low sensitivity to the coronavirus crisis, which we estimate at 3-5% of FY2020 EBITDA. This leads us to reiterate our overweight stance on telecoms, with Play as the top April pick. The epidemic can be expected to take a much bigger toll on media companies due to likely double-digit declines in advertising spend. In IT, financial standings are healthy across our coverage universe, but we favor firms with less exposure to the SME sector and better dividend yields.

#### Industrials & Mining

Manufacturers and miners alike are hit particularly hard by the coronavirus crisis. Within our industrials universe, we favor stocks with strong balance sheets (FMF, KSW) and food producers (KSW, AST). Names to avoid are BRS and FTE, who are in danger of violating covenants.

#### Retail

The Polish retail industry faces potential liquidity pressures and a dampened earnings outlook as non-essential stores remain closed as a quarantine measure. Under these circumstances, we favor fashion retailers on sound financial footing (LPP, VRG) and grocery chains (EUR, JMT), and we would avoid over-leveraged balance sheets (CCC, EAT).

#### Property Developers

Ratings for Atal and Dom Development are suspended as our analyst takes an extended leave of absence.

You are receiving a stripped-back edition of our Monthly Report this month as we continue to work to bring you an up-dated view on each of our companies under the current environment. We will be publishing the revised recommendations over coming days. In the mean time, we invite you to read freshly-updated research on JSW, KGHM, LPP, MOL, CPS, Orange Polska, PGNiG, PKN Orlen, Play, Polish Banks, and Industrials.

EU Indices	Value	1M chng	YTD chng
WIG	41,029	-16.7%	-29%
ATX	1,946	-30.2%	-39%
BUX	32,361	-19.6%	-30%
PX	771	-21.1%	-31%
WSE WIG Ind.	Value	1M	YTD
WIG20	1,482	-16.2%	-31%
mWIG40	2,859	-20.2%	-27%
sWIG80	10,162	-12.6%	-16%
Banking	4,047	-31.3%	-40%
Basic Materials	1,872	-16.2%	-39%
Chemicals	5,986	-9.1%	-29%
Clothes	2,852	-33.7%	-50%
Construction	1,919	-12.0%	-16%
Energy	1,222	-9.3%	-38%
Food	2,666	-11.8%	-15%
Gaming	20,505	+4.3%	+9%
IT	2,692	-5.0%	-5%
Media	4,136	-27.8%	-23%
Oil & Gas	4,304	-5.3%	-34%
Real estate	1,851	-22.8%	-25%
Telecom	727	-6.0%	-17%
Top 5 / Worst 5		1M	YTD
Libet	1.07	+105.0%	+100%
OPTeam	24.00	+35.6%	+141%
Bioton	3.17	+25.0%	-17%
Global Cosmed	1.20	+22.4%	-3%
Ten Square G	296.50	+17.2%	+50%
CCC	30.76	-57.2%	-72%
Enter Air	16.25	-59.4%	-63%
Forte	10.80	-61.8%	-65%
Altus TFI	0.75	-63.2%	-49%
Elektrobudowa	1.44	-77.5%	-81%

#### Ratings Changed as of 2 April

Name	Rating	9M TP
Atal	suspended	-
Dom Development	suspended	-

## Investing Outlook

The force and speed at which the coronavirus has paralyzed economic activity across the globe, and its devastating impact on US jobs, is unprecedented, and no models exist that could help fathom the economic toll it may leave in its wake. The epidemic continues to spread, and no one can predict when it will stop. At the moment markets seem to have embraced a V-shaped recovery scenario where the US economy bounces right back after a surge to 10-15% in the unemployment rate - an over-optimistic forecast in our view even if we take into account the massive stimulus plans. In addition we are not sure that investors are correctly estimating the time it might take to "flatten the curve" of new cases, or allowing for the possibility of a second wave of infections. Until a vaccine is ready, quarantine is the only way to contain the spread. After Spain and Italy, other European countries are currently reporting a rise in new COVID-19 cases. In the US, based off the White House's official death toll projection of 100,000-240,000, we might see infections surge to 2-4 million over the next few weeks.

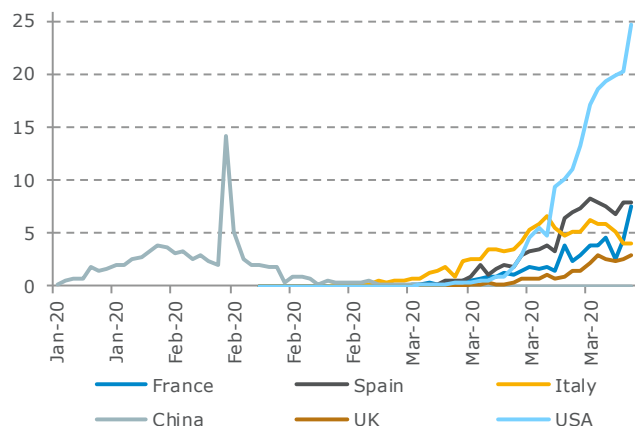
The time ahead is a time of disastrous economic data, slashed EPS expectations (currently the y/y decline projected for S&P500 companies is just 1.7%), and devastating updates on new coronavirus numbers, which will undermine current economic forecasts amid rising corporate bankruptcies. Worse still, as their earnings fall, forcing them to apply for relief money, US companies can be expected to drastically scale down share buybacks, which were a major driver of stock market growth last year. China is probably out to take advantage of the US's vulnerability at this time to push its interests (the threat of retaliation against reported US curbs on Huawei is one example).

With all this in mind, we remain bearish on equities in the month ahead in anticipation of further declines across indexes across the world.

### COVID19: a recession catalyst

In early February, we were already suggesting that COV19 is not a new SARS, and we warned that it would generate much bigger issues for economies than any previous epidemic. Now the predominant view is that the epidemic curve is starting to subside in Europe in line with the Chinese pattern. The spread of the virus seems to be stabilizing in some countries, at least according to official numbers. The case of Italy, the first country to have imposed far-reaching containment measures, suggests that the number of new cases starts to fall to approx. 4 thousand per day two weeks after the quarantine decision from 6.5 thousand several days earlier. This would indicate, by analogy to Wuhan, when the containment measures may be lifted. The movement restrictions in Wuhan were imposed on 28 January and lifted by 8 April, which suggests that the restrictions in Lombardy will be lifted in mid-May. In our opinion, due to higher mortality rates (or underestimated official morbidity statistics), the Italian government will want to avoid the risk of a second wave of contagion by conservatively extending the quarantine, especially that the neighboring countries will likely be at a different phase of the epidemic cycle. Other European governments will follow suit.

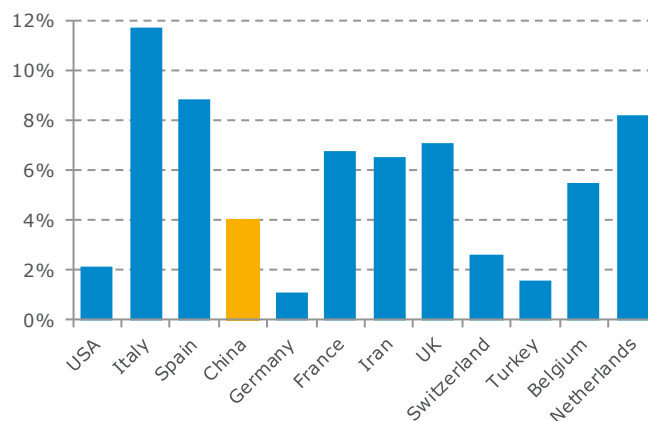
### New COV19 cases (thousands per day)



Source: Worldometers

Another argument against simple analogies between Wuhan and Italy is that Wuhan was put in lockdown when the number of confirmed cases was approx. 4.5 thousand, compared to more than 20 thousand in Italy. The later the movement restrictions are imposed, the easier it seems to contain the epidemic. It is another question how strictly the quarantine was enforced, which depends on the propensity of the local community to follow restrictions. We have certain doubts in view of the incomparability of morbidity statistics due to a different intensity of testing in different countries. Mortality rates (i.e., deaths per confirmed cases) vary from 1.1% in Germany to 6.8% in France to nearly 12% in Italy. That difference is hard to explain away simply by reference to the number of available respirators. In our opinion, the actual number of cases differs from official numbers in many countries. UK statistics also seem dubious given that the UK imposed restrictions very late. In our view, the UK and France will be those countries where the epidemic will now be spreading fast, delaying the materialization of the expected "back-to-normal" scenario in Europe.

### Number of deaths to number of confirmed cases by country



Source: Worldometers

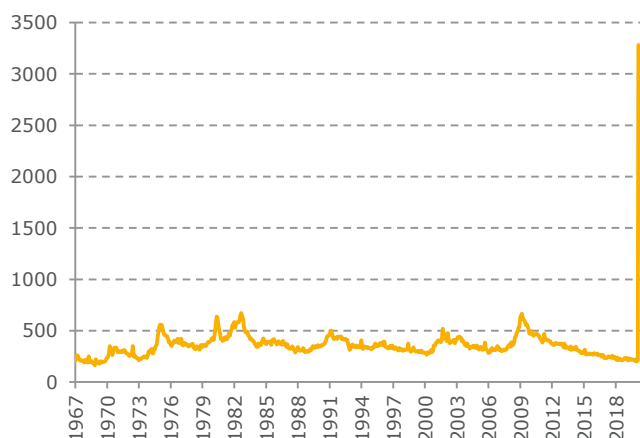
The United States is a special case given the size of the country and of its economy. Here, restrictions are being imposed very late, and they include many soft measures. When announcing the aid package, President Trump said that the US administration will prevent the number of deaths from exceeding 100 thousand. Three days later, the official guidance of the White House was revised to 100-240 thousand deaths. This suggests that the number of cases will be at least 2-4 million. If those expectations materialize, the investors will face a wave of very bad macro data and terrifying morbidity statistics. The negative momentum will postpone the expected V-shaped economic recovery.

### Biggest economic contraction since the Great Depression

Much of global production has been halted and consumer demand has dwindled on a massive scale due to economic uncertainty fuelled by concerns about growing unemployment combined with personal security concerns, an unprecedented situation in many decades and a virtual combination of the 2008-09 crisis with 9/11. The key question is whether the economy will recover relatively quickly from the sharp decline in economic activity in Q2, helped by unprecedented fiscal measures and strongly negative real interest rates.

Most of the available macroeconomic projections for the USA, Europe and Poland predict a GDP contraction by 5-10% in Q2. The US GDP is expected to drop as much assuming that activity remains restricted for two months; another two months will cost 10-20% of GDP. Data from the US job market are also daunting. The weekly number of new unemployment benefits was 665 thousand in the worst week of the 2008-09 recession, compared to 3.28 million in the last week of March 2020 and is expected to rise by another 10 million within a month.

### US annual jobless claims (thousands)

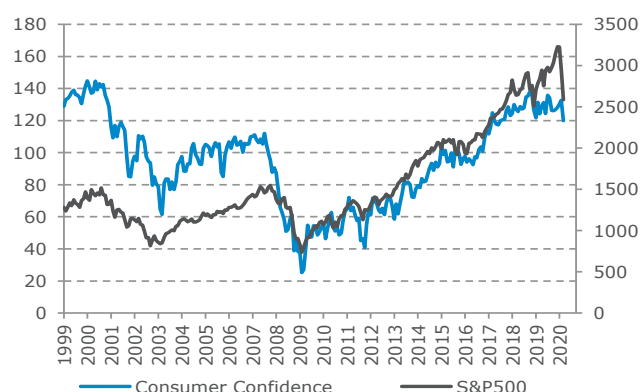


Source: Bloomberg

Investors are perfectly familiar with all those data and projections, and the markets are no longer overreacting, mainly in expectation of a quick economic recovery after the slump. The recent sell-out is seen as a long-term investment opportunity. For example, Goldman Sachs expects GDP to fall by 34% and unemployment to rise to 15% in Q2, followed by the fastest recovery in history (+19%) in Q3.

In our opinion, it is too optimistic to assume that the US economy could recover so quickly with several million new unemployed; at least, that should not be the baseline scenario. Consumer demand and consequently the job market will rebound much more slowly than they collapsed. Movement restrictions (airlines, tourism) are likely to remain in place for months. In our opinion, the baseline scenario points to a U-shaped recovery. Second, it is unreasonable to expect stock prices to rise given that the current numbers do not yet reflect the economic decline. The Conference Board consumer confidence index is a good proxy. Investors in Europe and the US have to brace for several months of weaker macro readings.

### Conference Board US consumer confidence index vs. S&P500



Source: Bloomberg

In the current crisis, globalization is why the global economy will be hard pressed to rebound after the recession. China is a good case in point: following initial enthusiasm when production was resumed, China is now facing massive cancellations of orders from Europe and the US, which largely slows down the recovery of its pre-crisis production capacity and will likely affect the job market and, consequently, domestic consumption. The Chinese government will activate fiscal measures to boost recovery of domestic demand as quickly as possible. However, that will not be good enough to offset the decrease in exports in the short term.

### Central banks are saving financial markets from a credit crunch while governments deploy record-high fiscal aid measures

The central banks evidently have no control of the underlying driver of this recession. However, the Fed, the ECB and the BoJ have all supplied additional trillions of dollars to the financial system, slowing a credit crunch which could be the key obstacle to economic recovery after the pandemic, compounding the decline due to panic on the financial markets already at this stage (which happened in 2008). Within the past month, the Fed has expanded the announced USD 700bn purchase program, which proved insufficient to stop the panic, by announcing unlimited purchase of securities guaranteed by the federal government as well as other debt, including commercial bonds; the Fed has also provided loans for SMEs. As such measures extend beyond the remit of the Fed, they will be implemented by SPVs financed by the Treasury Department. Those announcements did the job of calming the markets and the daily volume of the Fed's purchase gradually decreased.

The US supports the economy and its people with a package worth USD 2.2 trillion, including USD 560bn of direct payments to individuals (with annual incomes under USD 99k) and USD 260bn of additional aid to the unemployed. The other funds will support businesses directly or indirectly (subject to a buy-back ban for beneficiaries). Other countries have also announced massive support programs, including Germany at EUR 750bn. The US package is already considered too small: President Trump is lobbying the Congress for another USD 2 trillion, mainly for infrastructure development.

### **Oil price falling to USD 20**

Russia's "nyet" to oil production limits has undermined OPEC unity at least for a while, stirring price wars after Saudi Arabia announced an increase in daily production to 12mn barrels (from 9mn). On the other hand, oil stocks are rising fast because demand for fuel has shrunk dramatically. According to IHS Markit, daily consumption of gasoline could fall by 20mn barrels in April, five times as much as during the 2009 recession. According to OPEC, daily gasoline consumption was 99.7mn tonnes in 2019. In Poland, PKN estimates that retail gasoline sales have dropped by approx. 35% YoY. As a result, the oil price has fallen to 20 USD per barrel.

If the very low oil prices persist, the risk is that bankruptcies of oil production companies and their partners will seriously hit the job market and the public budget. Second, there is a risk of instability in those countries where oil is a major contributor to the GDP, especially Russia. Russia has on prior occasions tried to distract its population from internal issues by pursuing an aggressive foreign policy. That strategy is now enabled by the weakness of the West, which has to absorb the impact of the economic crisis and will probably be much more willing than in the past decades to make concessions in exchange for "peace and quiet". Russia's strategic doctrine is to regain control of former USSR republics (including Belarus, Ukraine, and the Baltic States) and turn them into buffer zones.

Tanking oil prices hurt the interests of Russia and the US while lowering the import costs for China. Strategically, an economic contraction in Russia would be good for Beijing on many levels, including the power to dictate trade terms and transit rules for the New Silk Road. It is interesting that Washington has not been able to convince Saudi Arabia, its main partner in the Gulf, to cut oil production. Maybe this is far fetched, but we feel that China right now is making strategic alliances designed to crowd out the US as the leading superpower. If this is true, we will see tensions escalate.

### **Geopolitical and long-term impact of the epidemic...**

...will be prominent both on the economic and the political front.

On the economic front, we can see two major drivers which are directly interlinked. For more than 40 years, gradual offshoring of production from the West to Asia, especially China, has caused deflation in the global economy. Even before the epidemic, Trump's presidential election agenda included re-industrialization of America, which was to be facilitated among others by corporate tax cuts. However, the process was too slow. It will now step up, driven by crumbling of the supply chain, especially in the wake of China's blackmail which announced a potential ban on supplies of medicines and components to the USA (China's reaction to accusations from Washington that Beijing reacted late to the epidemic). President Trump has already

announced regulations aiming to rebuild domestic production capacity in strategic sectors including pharma, electronics, machinery. The German government has made similar announcements to bring production of industrial components "closer to home." How fast that will happen is hard to tell; that depends among others on the pace of economic recovery after the crisis and the ability of governments to offer additional financial incentives to businesses. That would require investments as well as levelling of prices of domestic products in comparison to Asian production. The latter could result in new tariffs being imposed to protect the local industry. The process would lead to rising prices, exerting pressure in favor of higher nominal rates and inflating the cost of debt (debt/GDP ratios will further increase after the crisis). Real interest rates should remain low or negative for a longer time, allowing the governments to monetize massive debt. Businesses in the US and Europe will rely more heavily on automation to reduce their exposure to higher wages. That process should also accelerate but it will require major investments.

This is very good news for Poland. With its location and skilled labor, the Polish industry should benefit from those trends. The beneficiaries will include companies that produce components and those that participate in the modernization and automation of production lines. In our opinion, Poland may enjoy a new wave of foreign investments, similar to the years after 1990. If the trend materializes, the government must play a key role by providing investment incentives in order to attract capital, which all CEE countries will be competing for. That will be a long process but it should be the main theme of the next boom.

On the political front, the tensions between the USA and China will only get worse. Mutual accusations of who contributed to the spread of the pandemic are a case in point. As the US re-industrializes, the trade wars are likely to escalate with new tariffs and barriers protecting the local industry. The two global powers seem to follow opposite policies in foreign relations in the face of the crisis. After a controversial decision concerning Kurds, the US is short-selling its reputation by imposing new tariffs on the European air industry and slapping a new embargo on Iran. Meanwhile, China is telling everyone that it is shipping medical equipment and epidemiologists, among others to Europe. Confronted with a real danger, EU institutions are unable of concerted action and do not co-ordinate administrative decisions to stop the spread of the pandemic or launch economic incentives. The EU may be additionally torn asunder by opposing views regarding the strategic alliance with the USA now that China with its Belt and Road Initiative is an alternative. Another potentially contentious issue is the defense of European borders, especially if the relationship with the USA deteriorates. Potential withdrawal of US troops from Europe creates the risk that the Baltic States may relive the events suffered by East Ukraine.

**Michał Marczak**

tel. +48 22 438 24 01

[michal.marczak@mbank.pl](mailto:michal.marczak@mbank.pl)



## Macroeconomic Update

### Government announces a crisis aid package

The President and the Prime Minister have announced the government's support package for businesses and employees designed to contain the economic impact of the coronavirus pandemic. The "anti-crisis shield" is worth PLN 212bn and includes five pillars:

#### 1. Employee Safety Net (worth PLN 30bn) including:

- If companies suffer (revenue down by 15% in two months or at least 25% in one month), they may reduce the full-time basis of employment to 4/5. In that case, 40% of the salary is paid by the employer and 40% by the government (from the Guaranteed Employee Benefits Fund, no more than 40% of the average salary);
- The Social Security Institution (ZUS) pays a one-time benefit of PLN 2k to contract workers and the self-employed;
- Child care benefits will be paid for a longer period of time if the availability of creches, kindergartens and schools remains restricted;
- The measures include "credit holidays", "administrative charge holidays" and deferred payments for utilities.

#### 2. Business Financing (PLN 73.2bn including PLN 68.3bn of liquidity):

- Liquidity Guarantee Fund for biggest companies worth PLN 8.5bn;
- Financing by the Polish Development Fund (PFR) of subordinated bonds of large and mid-sized companies worth PLN 6bn;
- Extension of BGK's de minimis guarantees for small and mid-sized enterprises;
- PLN 5k loans for microfirms for up to 6 months;
- Deferral of social security contributions or payment in instalments;
- In addition, among others, no penalty fees for late performance under public procurement contracts, lease financing for transport operators, a "second chance" policy (support for companies in restructuring), deduction of this years' losses next year.

#### 3. Health Care (PLN 7.5bn):

- Financing of measures necessary to contain the coronavirus pandemic (PLN 6bn);
- Co-financing of health care infrastructure;
- Development of health care call centres and further digitisation;

#### 4. Financial System Support (PLN 70.3bn):

- The Monetary Policy Council's reference rate cut from 1.5% to 1% and the mandatory reserve rate to 0.5%;
- National Bank of Poland's repo operations;
- Potential LTRO operations;
- Reduction of capital requirements by the Financial Stability Board;
- Postponement of certain supervisory requirements.

#### 5. Public Investment Programme:

- Additional investments to provide a fiscal stimulus worth at least 1% of GDP;
- Creation of a Public Investment Fund worth PLN 20bn.

In addition, the proposed measures may include temporary re-opening of shops on Sundays and the extension of work permits for foreigners.

To summarise, the "anti-crisis shield" includes three components: cash (worth PLN 67bn, 3.9% of GDP), government liquidity (PLN 75.5bn, 3.3% of GDP), and NBP liquidity (worth PLN 70bn). The mix of the liquidity component raises some doubts. The Monetary Policy Council's rate cut is worth approx. PLN 40bn, the systemic buffer is another PLN 30bn. In our opinion, LTRO and repo operations seem to be discretionary measures whose impact could not be estimated ex ante and added to the total size of the package.

The direct cost to the public budget is PLN 61bn (MoF estimates), including the employee safety net, the health care pillar, investments, an additional PLN 4.7bn for the Industrial Development Agency (ARP) and several smaller components. The cost could easily increase if the implementation period of the most costly instruments (salary co-financing) is longer than expected or any of the institutions bearing the risk of supporting the corporate sector needs additional funding. On the other hand, the investment component of the package will be implemented in the coming years and so it is irrelevant to this year's accounts. According to our baseline scenario, the cost for the public budget (on an accruals basis, assuming that deferred social security contributions will eventually be paid) is PLN 40bn.

The cost of implementation of the package also includes loss of revenue due to the economic downturn. According to our current estimates of this year's GDP (assuming that schools will remain closed until Easter), the tax revenue will shrink the most in history, both in absolute numbers and as a percentage. That goes both for the national budget and for local governments (which get a portion of PIT and CIT revenue) as well as the Social Security Fund (smaller contributions). We also expect certain one-off measures, including the postponement of the conversion of pension funds (OFE) into pension accounts (IKE), which will reduce the revenue of the public finance sector by PLN 18.7bn. Overall, we expect the revenue of the public finance sector to decrease by PLN 82bn (see the figure below for a detailed breakdown). In our opinion, revenue from CO2 allowance auctions and dividends paid by companies owned by the Treasury could also be lower.

Why are we being so pessimistic? The evolution of many of the tax revenue lines does not follow GDP growth on a straight-line basis. Under extreme conditions, it would be a mistake to resort to simple heuristics (billions PLN per 1 percentage point of slow-down). The public finance will suffer more and more with every next percentage point of lost GDP. The shock that has hit the Polish economy first struck the most stable part of the tax base, i.e., private consumption. The tax enforcement regime may have to be relaxed in order to ease the short-term tax burden. For all those reasons, the ratio of tax revenue to GDP will be falling this year. However, the magnitude of that fall also depends on the evolution of prices.

In summary, in our opinion, the results of the general government sector this year will decrease by at least PLN 121bn (5.3 p.p. of GDP). The deficit of the central and local government sector will reach 6.5% of GDP.

#### mBank Research

(M. Mazurek, M. Zdrolak)

[research@mBank.pl](mailto:research@mBank.pl)

## Sector Strategies

### Financials

- The WIG-Banks index shed 30% in March, with ytd losses reaching 38%, a sell-off which in our view prices lockdown restrictions on economic activity until mid-May, followed by a slow recovery in H2 2020 and through 2021. This would be consistent with our base-case scenario for the banking sector, which also assumes stable interest rates and lending volumes over the next two years, alongside much higher cost of risk at 155bp. This scenario would warrant positive investment recommendations for most rated banks (ALR, MIL, PEO, PKO, SPL). However in a more bearish scenario where interest rates are cut again, and CoR is even higher, the only two stocks that can be said to be undervalued at the current levels are PEO and SPL. We maintain a negative view on ING due to the many not-yet-priced-in setbacks the bank faces this year, with its low valuation at the moment a reflection of low liquidity rather than indicating an investment opportunity.
- The current economic uncertainty is further exacerbated by fast-changing ideas from governments and policymakers on how to address the crisis. In Poland, measures so far have included a 50bp cut in the benchmark rate and a reduction in the reserve requirements ratio, alongside repo operations designed to boost liquidity, and potential bill discount facilities. Further, the removal of the systemic risk buffer has freed up capital of about PLN 30bn. Most notably, banks have offered to allow customers affected by the lockdown to temporarily suspend loan payments, and this, combined with a pledge by regulators to apply a more flexible approach toward the creation of risk reserves, will allow the sector to avoid over-provisioning for exposures which are only temporarily at risk.
- Outside of Poland, the most common mitigating measures ahead of the impending global crisis range from zero-payment loan periods to rate cuts. In Hungary, banks are facing the first charge-offs as soon as in Q1 2020 due to compound interest restrictions on emergency loan moratoria, and in Romania lenders fear a liquidity squeeze after the postponement of loan repayments for a fixed period of nine months. Czech institutions like Komerční, Moneta, Erste, and RBI have to contend with drastic rate cuts (125bp in March) and a ban on dividends. Rates have also been cut across the euro area (with implications for Erste, RBI) and in Romania (-50bp., Erste, RBI, OTP). In a dividend-less CEE universe, we favor **Komerční Banka** with its track record of delivering resilience during times of crisis, combined with low sensitivity to interest rates.
- Elsewhere in the financial sector, we have a bullish bias towards **PZU**, expected to grow profits this year thanks to fewer claims in non-life and stable claims in life despite the epidemic. The Company's investment portfolio has not taken much of a hit during the recent sell-off thanks to well-managed strategies. **Skarbiec Holding** posted an 80% beat on 2019 Q4 earnings on higher-than-expected success fees, and after FY2019 it has the capacity to offer a yield as high as 39% on PLN 5.5 DPS. The actual payout is at the discretion of the Management Board and the financial regulator, who may still ban the sector from making shareholder distributions this year. In addition, Skarbiec usually pays shareholders at the end of each year, by which time its earnings capacity might be significantly curbed. The debt collection sector is also affected by the current market uncertainty, as reflected in the valuation of **Kruk**. Meanwhile at the end of March the Company reported that it was not experiencing significant

issues with repayments, including in Italy. Kruk has put off new portfolio buying for now, and it has stopped sending cases to court to save on legal fees. Kruk's story is backed by the Swedish collector Hoist, reporting first-quarter collection levels close to target in Poland and Italy, though in Spain performance has been far from satisfying. At the end of March performance in Italy was also seen to drop off. Using Hoist as a reference, we are currently expecting new charge-offs on Kruk's Spanish portfolios, and possibly also cases in Poland and Italy depending on how the situation develops here and over there. Kruk's own debt obligations are not a concern, with only about PLN 80m maturing in 2020. As far as its shares, their performance in the weeks ahead will be determined by developments in Italy and Spain. Poland's stock market operator **GPW** will capitalize on the current volatility in equity prices in the short term, but in the long term its revenues may suffer due to money being pulled from investment funds, a delayed rollout of Poland's new workplace savings plan (PPK), and dampened investor sentiment. After a good first quarter, the subsequent reporting seasons might bring signs of a sustained contraction.

- The ECB has implemented a range of measures to mitigate the coronavirus impact, except for the most obvious one - rate cuts. The most crucial of these is a EUR 750bn asset purchase program. In addition, the EBA has recommended more flexibility in the supervisory treatment of loan exposures suspended for the time of the epidemic. However it is fiscal monetary measures designed to support the real economy that will determine future costs of risk and lending activity, and the rate at which economic activity will return to normal after the epidemic ends.
- **Key Ratings:** PEO (buy), PZU (buy), ING (sell)

### Chemicals

- The two rated chemical producers, Ciech and Grupa Azoty, are currently benefitting from falling prices of natural gas feedstocks, coal, and emission allowances, and so far the impact of the coronavirus outbreak on their core business has been relatively mild.
- **Grupa Azoty** is enjoying higher margins on nitrogen fertilizers, and in the weeks ahead it is eyeing increased demand as the spring planting season begins, combined with a possible supply squeeze in Europe caused by transport disruptions. Look out for positive earnings surprises in Q4 2019 and Q1 2020. Grupa Azoty might have to curb its investment plans amid a continuing epidemic, resulting in lower cash outflow.
- **Ciech's** sales margins have widened relative to 2019 thanks to hiked prices on 2020 deliveries negotiated last year. The Company's glass business might experience weaker demand this year from the auto industry, but this segment accounts for less than 10% of total sales. Ciech might want to scale back its investment plans amid a continuing epidemic, resulting in lower cash outflow.

## Oil & Gas

- The oil price crash after the OPEC+ deal fell apart, preceded by a downturn in natural gas prices, has shifted the risk paradigm and the general outlook for the sector. We recently downgraded our base-case 2021 price outlook by 36% oil and 19% gas, resulting in lowered expectations for the E&P business. Beyond 2021, we assume a slow recovery in hydrocarbon markets as supply adjusts to demand (through the elimination of high-cost US producers, expected to cut local production by over 10%), and demand normalizes (colder winters, restored correlation of oil consumption to GDP). At a time of extreme volatility, however, we might see a much more bearish outcome (see our recent updates on MOL, PGN, and PKN for an in-depth best- through worst-case scenario analysis).
- Cheap oil also has its upside, namely for the downstream sector, where producers can capitalize on low costs of refinery inputs, higher profits on gas-fueled power, higher naphtha-ethane spreads and cracking margins on heavy oil products, higher margins on fertilizers, slow adjustments of end-product sales prices to market rates, an increasing cost advantage of EU refineries over US counterparts, and a wider Urals-Brent pricing differential. These are the potential long-term benefits, and in the mean time the industry should brace for a period of short-term pain amid a continuing lockdown. Demand for fuels and petrochemicals has a strong positive correlation with economic growth, but we decided to go beyond this correlation in our revised forecast by conservatively assuming significant disruptions in refinery run rates this year (-15% in petchem, -10% oil refining, after factoring in a stable first quarter). During the time of strict lockdown requirements, companies also face a contraction in sales and margins generated by their fuel stations.
- From a balance-sheet standpoint, all rated energy producers have entered the crisis with low debt ratios. At MOL, an upcoming E&P acquisition might prompt a precautionary curb on dividends.
- The impending recession will most likely compel companies to cutback their investment plans, especially in the area of exploration and production. We hope to see scaled-back expenditures at PGN and PKN despite recently announced ramp-ups. However PKN and LTS will probably proceed with their merger.
- Under the current circumstances, we pick **PKN Orlen** as our best bet for April. We also see upside potential in **PGN** after the arbitration win against Gazprom, with the expected payout adding between PLN 1.1 and 1.4 to our per-share valuation. The Hungarian refiner MOL has been hit relatively hard by the recent market shifts, and we currently have it as a hold after a March downgrade. Lotos is a mixed bag at the moment, because on the one hand its refineries benefit from cheap crude feedstocks but on the other hand its upstream business is sustaining losses, and the added value of the newly-launched DCU installation has decreased.
- **Key Ratings:** PKN (accumulate)

## Power Utilities

- Power markets bucked the broad sell-off for a time before eventually caving under pressure from falling prices of commodities and emission allowances, underpinned by low electricity use due to the lockdown (March consumption in Europe is down by an estimated 10%), combined with concerns that countries might backtrack on climate commitments.
- The resulting nosedive in utility sectors in both the US and EU, which followed a nearly 40% rally, was additionally fueled by volatility in Treasury yields that determine the yield on stock dividends of regulated utilities. In the last few days, stocks have rebounded again, and as of this writing they have recouped 50% of the previous losses in the US, and 20% in the EU. We see the sector's defensive qualities as helping stocks to perform relatively well in the coming months compared to the broad market. Such outperformance would vindicate our current buy recommendation for the Czech generator **CEZ**, whose sensitivity to market fluctuations is limited by tariff regulation, combined with extensive hedging.
- In Poland, prices of 2021 power are also down on lower emission costs. Polish coal-based power plants will probably get about 40 zlotys less per MWh next year, but the impact on clean-dark spreads should be minimal. Clean generators (ENG within our universe) are eyeing bigger losses, exacerbated by falling prices of green certificates. At the same time, keep in mind that 2021 marks the start of capacity payments, expected to add a combined PLN 6bn to the sector's aggregate revenues.
- Coming back to the present, lower demand and lockdown-driven volume losses will have the biggest impact on the distribution profits of ENG and TPE. The tightened bond yields will add to the pressure through downward adjustments to cost of capital, used to calculate the value of regulatory assets.
- Further, lower demand during and after the lockdown affects the outlook for trading profits if hedged portfolios do not match up with actual end-user consumption. Further, we see growing issues with bill payments. On the upside, the sharp fall in wholesale prices helps to close the gap to sluggishly-adjusted tariff rates, and leaves more wiggle room to add new charges to consumer bills without stirring protests.
- Under these circumstances, companies with tight balance sheets (ENG, TPE) face more risk ahead, but on the other hand firms with better liquidity positions are under constant pressure from government-mandated energy investment. As such, it is unlikely that Polish utilities will be thought of as a safe haven despite the relative resilience of their earnings.
- **Key Ratings:** CEZ (buy)

## Telecoms, Media, IT

- Internet traffic has spiked as more and more countries close schools and encourage firms to allow their employees to work from home. As more and more people join the #stayathome movement, and governments introduce increasingly strict social distancing rules, demand for online video streaming is estimated to have surged 20-30% over the recent weeks. The surges in activity have sparked concerns over the ability of the European network infrastructure to withstand increasing traffic without outages. In Poland, in response to reports of network disruptions from internet users, local CSPs have issued reassuring statements: Play disclosed a 30% increase in voice traffic over the recent days, accompanied by a 40% surge in peak daytime data traffic, which subsides in the evenings. T-Mobile Polska is seeing traffic on its network as "stabilized at new, higher levels," and it currently handles 40% more voice calls than at the beginning of March. Compared to voice, data traffic last month grew less rapidly at 25%.
- Looking at numbers coming out of China, the January-February subscriber numbers reported by China Mobile showed a decrease of less than 1% or 8.1 million users relative to 950.3 million at the end of 2019, attributed mainly to users suspending some of their multiple SIM cards during the period of travel restrictions. In the long run, Polish carriers might see business suffer on the heels of slowing economic activity, however the potential declines in subscriber numbers in our view will be cushioned by the price hikes on mobile plans introduced in 2019. In fact, we see room for growing mobile ARPU based on expectations of more users wanting to increase their data plans.
- The closure by Poland of large shopping centers to help contain the current epidemic is going to hurt smartphone sales. Play has opted to keep shops outside shopping centers open for now, but with circumstances changing fast it is advising its customers to check its Website for updates on store hours. T-Mobile and Orange have implemented similar policies.
- The current epidemic has suppressed roaming revenues; Polish MNOs earn about PLN 100m a year from international roaming services.
- France has postponed its 5G auction, originally scheduled to begin in late April, with the local regulator Arcep saying it was not able to move forward with the spectrum sale under the current circumstances. Arcep's Polish counterpart, UKE, on 23 March confirmed the 23 April deadline for submitting initial bids for 5G frequencies "The trial auction, followed by the auction, will take place no earlier than May 15, 2020, taking into account the current external conditions," the regulator said in a post on its Website. Our base-case scenario for telecoms assumes that the auction will go ahead as planned in 2020, with telecoms paying approximately PLN 550m each per frequency block.
- After building in all risks, we are anticipating decreases in the FY2020 EBITDA results of Polish telecommunications companies at an annual rate of 3.1% Play, 3.3% Orange Polska (EBITDAaL), and 4.6% Cyfrowy Polsat – estimates which reflect the sector's relatively low sensitivity to coronavirus impacts, and which support our positive view on telecoms.
- Our April **top pick** is **Play**, eyeing lower earnings declines this year than most of its competition, while offering the highest FCFE (9.9% before 5G costs) and dividends (Yield = 5.0%).
- Dividends from **Orange Polska** could remain on hold through 2021 if the economic crisis gets worse than we currently expect. In addition, FCFE in 2020 might not increase much if the Company cannot get a good price for its for-sale properties in a down market for commercial spaces.
- **Cyfrowy Polsat** is currently trading at the sector's highest EV/EBITDA ratio, meanwhile its advertising business is facing a drastic contraction in revenues.
- The coronavirus epidemic has impacted global advertising expenditures as companies put marketing campaigns on hold for a post-coronavirus world. Some image-based campaigns, which are usually the last to go, have already been scrapped because they could be viewed as offensive or insensitive amid an ongoing epidemic (the backlash received by McDonald's Brazil for its social distancing awareness campaign is one example). Further, lockdown restrictions and stay-at-home orders are hurting some types of advertising (DOOH) while boosting others (TV). It would be premature to draw any conclusions at this stage about the inevitable slump in adspend, however what we can say is that, historically, advertising has shown a close correlation with economic growth, and that during the 2008/09 crisis expenditures fell at a rate of more than 10% per year. This year, we are anticipating a more severe downturn as we look at closing factories, lockdown restrictions on consumers and businesses, and the fact that running ad campaigns in the midst of an epidemic can be perceived as tone-deaf and insensitive. In addition, some major global advertisers, like Coca Cola, are suspending all marketing activity and reallocating budgets toward fighting the coronavirus.
- After consulting experts, given the latest predictions of economic contraction at a rate of 0.3pp in 2020, our prognosis is for a 14% overall fall in Polish advertising expenditures this year, including a 16% slump in TV ad spend. This assuming the current lockdown ends in mid-May. Obviously the outbreak is a developing situation, and leaves a huge margin for error.
- Advertisers will take a much bigger hit if lockdown has to be extended. This applies to **Agora** after a lockdown imposed on its cinemas, and **Wirtualna Polska**, which generates 15% of EBITDA from travel, the industry which has suffered more than any other sector in the wake of the coronavirus epidemic.
- In tech, the coronavirus crisis will take slightly more time to reach its full force. Companies are aware of the threat, with profit warnings already issued by Comarch and Atende, as customers start to request payment delays. We expect a decline in orders for new technology implementations in 2020. Nevertheless Polish IT companies in most cases run solid balance sheets and generate relatively high amounts of cash. We have a preference for firms capable of paying generous dividends and those with less exposure to the SME segment, criteria which are met by **Asseco SEE** but not its sister company **Asseco BS**. Their parent company, **Asseco Poland**, offers substantial shareholder distributions. **Comarch's** sales mix includes a substantial share of SME solutions, but on the other hand it also targets telecoms, viewed as a defensive sector.
- The gaming industry is eyeing a sales boost from the stay-at-home trend. After transitioning to a work-from-home setup, studios are continuing work on their next releases. Our top picks in video games are TEN (uninterrupted sales growth), PLW (scheduled to premiere new productions in 2020), CDR (with Cyberpunk 2077 coming in September), and 11B (hinting on 2-3 new publishing releases in 2020).
- **Key Ratings:** PLY (buy), OPL (buy), CPS (hold)



## Industrials

- In our 1 April Industrials Update, we provided a [revised outlook](#) for most of our coverage universe to reflect coronavirus impacts. There, we gave an updated base-case scenario for our industrials universe which assumes reduced export demand until mid-May 2020 in the wake of the coronavirus epidemic. The sectors we see as the most highly exposed to demand shocks include automotive parts suppliers (Alumetal, Boryszew, Mangata, Sanok), durable goods manufacturers (Amica, Forte, Stelmet), and metallurgical plants (Cognor). Demand risk is less of a concern for Apator, Grupa Kęty, and TIM. On the other hand, for the agricultural industry (represented by Astarta, Kernel, Kruszwica), the current epidemic might create an opportunity to boost profits through rising prices.
- In terms of liquidity, we see Boryszew and Forte as likely to exceed their debt covenant thresholds in Q2 2020 amid falling sales. We expect to see relatively high debt levels at Astarta, Cognor, Kernel, PKP Cargo, and Pozbud, but these companies should stay within the covenant requirements. We favor **Kruszwica** and **Famur**, which stand on solid financial footing in terms of balance sheet management.
- Our downgraded earnings forecasts affected the following companies: **AC** auto gas, expected to suffer double-digit sales declines in Q2 and Q3 2020 in the aftermath of lockdown, combined a tightened price advantage of LPG relative to other fuels as their prices shift downward. After factoring in a good first quarter and positive effects of a weak zloty, we cut our FY'20 EBITDA forecast by 19% to PLN 49.5m. Nevertheless, with a debt/EBITDA ratio of 0.5x, AC might offer DPS of PLN 2.80 this year. For **Alumetal**, after slashing the FY sales volume forecast by 20% to reflect a likely 1.5-month production stoppage in Q2, we revised EBITDA downward by 30% to PLN 73m. A FY projected debt/EBITDA ratio of 1.1x implies lower DPS of PLN 2.06 this year. At **Amica** appliances, based on assumed factory shutdowns through to mid-May at the earliest, we cut the FY2020 sales forecast by 18% and reduced expected EBITDA by 34% to PLN 150m. Further, with debt/EBITDA set to rise to 1.6x, Amica will most likely withhold dividends in 2020. For **Apator** valves, our current view assumes 7% lower sales due to reorganized working arrangements and likely delays in order pickup by customers. Consequently we lowered expected FY'20 EBITDA by 7% to PLN 123m, and we raised the projected debt/EBITDA ratio to 1.5x, implying no dividends in 2021. For **Boryszew**, based on assumed auto parts factory lockdown until mid-May, combined with weaker sales by Impexmetal and Alchemia units, we cut the FY'20 revenue estimate by 11%, and we reduced EBITDA by 23%. Boryszew will most likely violate loan covenants this year with an expected debt/EBITDA ratio of 5.0x. At Forte furniture, after lowering our FY'20 sales forecast by 7% to reflect an assumed extension of plant closures to mid-May, we cut estimated EBITDA by 6% to PLN 121m. Forte is also expected to have exceeded loan covenants at the time of the mid-year and end-of-year reviews. For **Mangata** valves, after cutting projected sales by 16% to PLN 610m, we lowered the FY'20 EBITDA estimate by 28% to PLN 69m. Mangata is not likely to pay dividends this year after an assumed rise in net debt/EBITDA to 1.7x. For **Pozbud**, after factoring lower sales of window and door frames and delayed revenues from a contract for the Polish Railways, we reduced the FY'20 sales forecast by 15% and cut estimated EBITDA by 28% to PLN 16m, and we expect to see the debt/EBITDA ratio rise to 2.9x). **TIM** sells 70% of its wholesale electrical equipment online, and as such it is one of the potential beneficiaries of the current epidemic. After modeling a double-digit sales rise in Q1, followed by slight declines in subsequent quarters, TIM's FY'20 EBITDA is not likely to drop more than 6%. Finally, at **Stelmet** garden furniture sales in FY'2020 will most likely fall by a projected 19% to PLN 501m, prompting a 42% cut to target EBITDA, accompanied by an increase in debt/EBITDA to 2.1x. That being said, we see Stelmet as recouping this year's losses in 2021, with EBITDA growing doubled to PLN 88m, thanks to the zloty's depreciation against EUR and GBP. We upgrade STL by one notch to buy, with the target price raised from PLN 8.92 to 9.04 per share.
- The one rated firm we are currently more bearish on is **Astarta**, reflected in a 12% raise in FY'20E EBITDA to UAH 3.2bn after modeling positive effects of the hryvnia's depreciation vs. EUR and USD; on the other hand, a weak hryvnia necessitates a 10% upward revision to UAH 6.5bn in FX-denominated debt.
- The three remaining companies potentially subject to outlook revisions are **Cognor** (likely to see declining demand from the construction and automotive sectors), **Grupa Kęty** (weaker demand for aluminum extrusions and fewer orders from the construction sector), and **PKP Cargo** (falling railroad freight traffic, high CAPEX). We will be issuing separate updates for these companies at a later date.
- Note that our current forecasts carry a wide margin for error depending on how long the epidemic lasts and on the rate of economic recovery after it ends.
- In theory, the zloty's current depreciation against the euro should be working to the advantage of Polish exporters of manufactured goods. Unfortunately, this theory does not apply to the current financial reality where exporters that are hedged against currency risk may not be able to deliver the agreed amount of euros at the specified exchange rate due to trading restrictions applied to European markets. If companies are forced to deliver funds at a higher exchange rate than agreed in contracts, they will have to take losses on financing activity. We see currency deficit as a potential challenge for Forte, and, to a lesser extent, for Mangata and Alumetal. In addition, an appreciating euro is a problem for companies that hold euro-denominated debt, among them Forte, with the biggest exposure, together with Stelmet and Mangata.
- On the other hand, with the hryvnia weakened vis-a-vis USD and EUR, this increases the production margins of Ukraine's Kernel and Astarta, additionally supported by low oil prices with fuel accounting for 10% of their costs. Similarly, lower gas prices reduce feedstock costs for fertilizer producers, and drive down operating costs for sugar producers.
- Our top industrial picks for April include **Astarta** (capitalizing on increasing sugar prices in Ukraine, and a potential rebound in agricultural commodities in the event of worldwide epidemic stockpiling by states), **Famur** (ready to weather a decline in orders for mining equipment with a strong balance sheet, and a capacity to tap its cash surplus for a share buyback or a cash distribution), **Kruszwica** (unaffected by the epidemic, the vegetable oil producer can look forward to an ample rapeseed supply this year, and rely on a substantial cash surplus), **Stelmet** (prepared for slower business after a major reduction in debt, in H2 2020 and 2021 profits might be supported by the zloty's weakness to EUR and GBP), and **TIM** (the electrical equipment distributor is based mostly online).
- Avoid **Forte** and **Boryszew**, which might be forced to raise capital this year to avoid violating loan covenants.

## Mining

- The coronavirus crisis will take a major toll on the mining sector in the next few weeks.
- As copper inventories in exchange-monitored warehouses continue to climb (stocks have doubled since mid-January) amid curtailed business activity in Europe and the US (between them, the two regions account for about 20% of global copper consumption), prices in global markets are expected to stay low at least through the end of June. The 2020 estimated median unit cash cost of copper production is currently about \$3,000/t, but the cost to open pit mines, the dominant source of copper, might have dropped as much as 10% from last year, owing to lower costs of crude oil. KGHM is not a beneficiary of this, with its production costs determined largely by prices of electric power – at the current rates the Company is a third quartile producer on cash costs. Another factor affecting KGHM's earnings prospects is a downward correction in silver markets, underpinned by slowing manufacturing activity (the manufacturing sector accounts for 40% of total silver consumption).
- Global steel demand is set to slump dramatically in the coming months, led by reduced orders from the transport industry, which accounts for 25% of total demand, following plant closures by automakers like VW, PSA, Daimler, BMW, alongside expected disruptions in construction (40% of total demand) during coronavirus quarantine measures. In response, steel suppliers are scaling down production through plant closures (Arcelor, Salzgitter, ThyssenKrupp) or stalled restarts of idled furnaces (Arcelor's Polish facility in Krakow is one example), signaling bearish prospects for the European steel industry and its supply chain, including coke producers like JSW, that might last at least through the first half of the year. Consequently, we recently cut our 2020 coal production forecast for JSW by 7% to 14.2mmt, indicating a 4% reduction from last year. We also currently expect that the miner will have to mark its sales prices for coking coal down by about 5% relative to market rates, with the 2020 average selling price forecast at \$150/t. Amid weak demand from steel mills and power plants (Polish electricity consumption went down by about 10% in the time since the coronavirus outbreak), by December 2020 JSW's inventories will most likely end up higher at 2.5mmt. Using these assumptions, on estimated 2020 EBITDA of PLN 600m, we expect low OCF of PLN 100m and negative FCF in the amount of PLN 1.6bn, implying an ending net debt balance of PLN 390m.
- **Key Ratings:** JSW (sell), KGH (reduce)

## Retail

- Quarantine measures introduced by countries across the world have drastically transformed the retail landscape, disrupting the business activities of hundreds of companies. Many firms have been left to rely on online sales after having to close brick-and-mortar stores. As sales dwindle and inventories sit idle, retailers might have to resort to heavy price markdowns. Many in the industry are revising their expansion plans, curbing planned capital investment and optimizing working capital to make sure they have enough liquidity to tide over the epidemic. On top of cost savings, the government's coronavirus relief package will hopefully help the industry to face the crisis.
- Our base-case scenario for retail assumes that the current lockdown will last at least until mid-May. Several companies have issued a more optimistic view, with LPP hoping to reopen on May 1st, VRG targeting May, and CCC targeting mid-April. There is not likely to be much foot traffic in the initial period after shops reopen, but visits should rise gradually from the second through the fourth quarter.
- Online shopping will also remain subdued in the next few weeks. Zalando has just canceled its initial FY2020 earnings guidance, saying it expects first-quarter volume growth and EBIT to be below the analysts' consensus due to reduced discretionary spending by European consumers. We expect similar reports from Polish retailers on lower sales during lockdown, but later in the year we anticipate a rebound in digital sales volumes.
- **Fashion retailers:** We are biased in favor of companies with strong balance sheets (LPP, VRG) and low liquidity risk assuming the lockdown ends as expected. Clothing and footwear stores face shrinking sales and margins in 2020. There will also be negative operating leverage effects. A return to higher margins might take a long time amid an economic recession and lower consumer spending.
- **Grocery retailers:** Grocer stocks have fallen less than the broad market. Kantar reported robust like-for-like sales figures for UK food chains for the last 12 weeks (Aldi +11%, LIDL +17.6%, ASDA +4.9%). Our top April picks are JMT and EUR. DNP is trading at high multiples with limited upside potential.
- **AmRest** restaurants has issued a profit warning for FY2020 in the wake of the coronavirus epidemic. Only 44% of the Company's eateries remain open at the moment, with most operating on a delivery-only basis. AmRest ended FY2019 with a net debt/EBITDA ratio of 2.5x and trade payables of EUR 270m, an amount well over the inventory value (EUR 30m) and accounts receivable (EUR 105m, with likely write-offs in the future as franchisees affected by lockdown fall into arrears). We see risk of a liquidity squeeze at the Company this year.
- **Key Ratings:** LPP (buy), VRG (buy)

## Quarterly Earnings Surprises and YoY Growth Reported By Rated Companies

Beat / Miss	2017				2018				2019				+ / =
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
miss	11	9	17	15	9	11	14	23	10	14	16	16	165
in-line	25	25	28	22	35	19	23	22	28	25	27	14	293
beat	19	23	14	23	18	32	25	19	26	26	24	25	274
<b>Σ companies</b>	<b>55</b>	<b>57</b>	<b>59</b>	<b>60</b>	<b>62</b>	<b>62</b>	<b>62</b>	<b>64</b>	<b>64</b>	<b>65</b>	<b>67</b>	<b>55</b>	<b>732</b>
miss	20%	16%	29%	25%	15%	18%	23%	36%	16%	22%	24%	29%	23%
beat	35%	40%	24%	38%	29%	52%	40%	30%	41%	40%	36%	45%	37%

YoY	2017				2018				2019				+ / =
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
miss	24	23	20	25	27	19	19	23	23	28	23	20	274
in-line	4	8	12	2	9	11	10	7	9	11	7	7	97
beat	37	35	35	40	31	37	38	37	35	28	37	28	418
<b>Σ companies</b>	<b>65</b>	<b>66</b>	<b>67</b>	<b>67</b>	<b>67</b>	<b>67</b>	<b>67</b>	<b>67</b>	<b>67</b>	<b>67</b>	<b>67</b>	<b>55</b>	<b>789</b>
miss	37%	35%	30%	37%	40%	28%	28%	34%	34%	42%	34%	36%	35%
beat	57%	53%	52%	60%	46%	55%	57%	55%	52%	42%	55%	51%	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, mBank

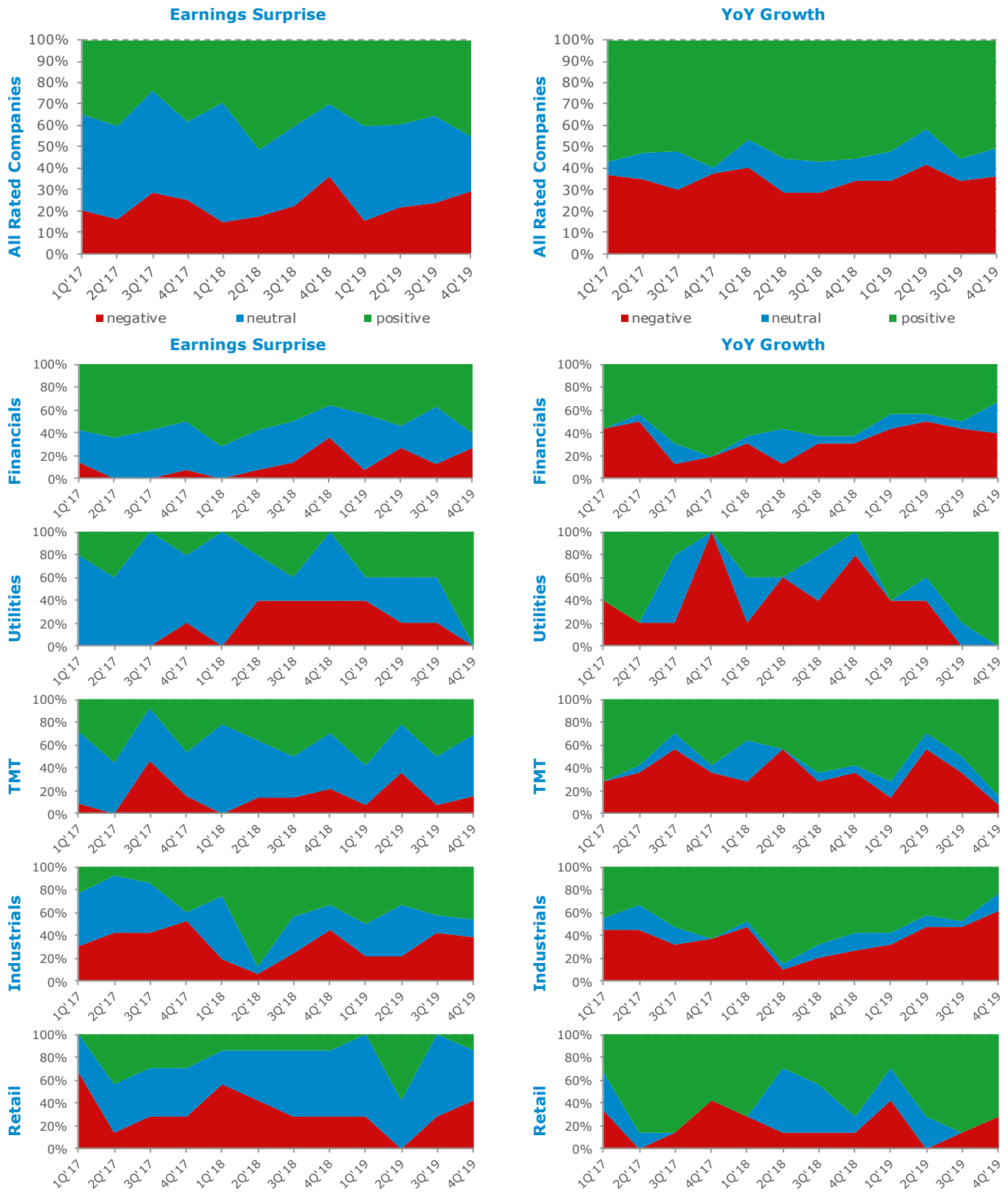
### Quarterly Earnings Surprises and YoY Growth Reported By Rated Companies

Beat / Miss	2017				2018				2019				+ / =
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
Financials													
Alior Bank	-	+	+	+	=	+	=	=	=	-	+	-	75%
Handlowy	-	+	+	+	=	+	=	-	-	-	-	+	50%
ING BSK	+	=	=	=	=	-	=	+	+	+	-	-	75%
Millennium	+	=	+	=	+	+	=	+	+	+	+	=	92%
Pekao	+	=	=	+	=	=	+	+	=	=	=	+	100%
PKO BP	+	+	+	=	+	=	=	=	=	+	=	+	100%
Santander BP	=	+	=	=	=	+	=	-	=	-	=	+	83%
Komercni	+	+	+	+	+	+	+	+	+	=	=	=	100%
Moneta	na	na	na	na	na	na	na	na	na	na	+	=	100%
Erste Group	=	+	=	+	=	+	+	+	+	+	+	=	100%
RBI	na	na	na	na	na	na	na	na	na	+	=	+	100%
OTP Bank	+	+	+	+	+	+	+	=	=	+	+	+	100%
PZU	+	=	=	+	+	=	+	=	+	=	=	+	100%
Kruk	+	+	=	-	+	+	+	-	+	-	+	-	67%
Skarbiec	=	+	+	+	+	=	+	-	+	+	+	+	92%
GPW	=	=	+	=	+	=	-	-	=	=	+	=	82%
Chemicals													
Ciech	=	=	=	+	=	+	=	-	=	=	=	+	92%
Grupa Azoty	+	-	=	-	=	-	-	+	+	=	+	=	64%
Oil & Gas													
Lotos	+	+	+	=	=	+	=	-	=	=	-	-	67%
MOL	+	+	-	=	=	=	+	+	=	+	=	+	92%
PGNiG	+	-	-	=	-	+	-	-	=	+	-	+	50%
PKN Orlen	=	=	-	=	=	-	=	=	+	+	=	=	75%
Utilities													
CEZ	=	=	=	+	=	-	+	=	=	+	-	+	83%
Enea	=	+	=	=	=	=	=	=	=	+	+	+	91%
Energia	=	=	=	-	=	=	-	-	=	-	=	=	55%
PGE	=	=	=	=	=	=	-	-	=	=	=	+	75%
Tauron	+	+	=	=	=	+	+	=	+	+	+	+	100%
TMT													
Netia	=	=	+	+	=	=	=	=	=	+	=	=	100%
Orange PL	=	+	=	=	=	+	+	+	=	=	=	+	100%
Play	na	na	=	=	=	+	=	=	=	+	+	=	100%
Agora	=	+	=	+	=	+	+	=	=	+	-	+	92%
Cyfrowy	+	=	=	=	+	=	=	=	=	=	=	=	100%
Wirtualna	+	=	=	=	=	=	=	=	=	=	=	=	100%
Ailleron	na	na	-	+	=	=	-	-	+	-	=	-	50%
Asseco BS	=	=	=	+	=	=	+	+	=	=	+	+	100%
Asseco PL	=	=	-	-	+	+	+	=	+	=	+	+	83%
Asseco SEE	=	+	-	=	=	=	+	+	+	+	+	+	92%
Atende	na	na	na	+	=	-	+	-	+	-	=	=	67%
Comarch	-	+	-	-	+	+	+	+	+	-	+	-	58%
11 bit studios	=	+	=	na	=	=	=	+	=	-	-	+	55%
CD Projekt	+	+	=	+	=	=	-	-	+	+	+	+	73%
Industrials													
AC	na	na	na	na	na	na	na	=	=	-	+	+	80%
Alumetal	-	=	+	=	=	+	=	-	=	=	=	=	75%
Amica	=	=	-	+	-	+	+	+	=	=	+	=	83%
Apator	=	-	=	-	=	+	+	=	=	=	+	-	75%
Astarta	na	na	na	na	na	na	na	na	na	na	na	na	0%
Boryszew	+	-	+	-	-	=	=	=	-	=	=	=	36%
Cognor	na	na	na	na	+	+	+	=	-	+	=	-	50%
Famur	na	-	=	+	+	+	+	+	+	+	-	-	73%
Forte	=	=	-	-	=	+	-	-	+	-	+	=	55%
Grupa Kęty	=	=	=	-	=	+	=	=	=	=	=	+	92%
JSW	+	+	=	-	=	+	=	-	+	+	+	+	75%
Kernel	-	=	-	+	=	-	+	+	-	=	+	+	58%
KGHM	+	=	=	+	=	+	=	-	+	=	+	-	75%
Kruszwica	-	-	=	=	+	+	+	+	+	+	+	=	64%
Mangata	=	-	=	-	+	+	+	+	+	=	=	+	67%
PKP Cargo	=	=	=	=	=	+	+	=	=	-	-	-	58%
Pozbud	na	na	na	+	+	+	-	=	+	=	-	-	63%
Stelmet	-	=	=	+	-	+	+	=	+	+	+	+	75%
TIM	na	na	na	na	na	na	na	+	+	+	+	-	75%
Retail													
AmRest	-	+	+	+	-	-	=	+	-	+	=	-	58%
CCC	-	+	=	-	-	=	=	-	-	+	=	-	17%
Dino	na	+	=	+	+	=	=	=	=	+	=	=	100%
Eurocash	=	=	-	=	=	=	-	-	=	=	=	+	58%
Jeronimo	=	=	=	=	=	=	=	=	=	=	=	=	100%
LPP	=	=	+	=	=	-	+	+	=	+	-	-	75%
VRG	-	-	=	=	-	-	+	=	=	=	=	=	67%

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

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

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



Source: Companies, Bloomberg, PAP, mBank

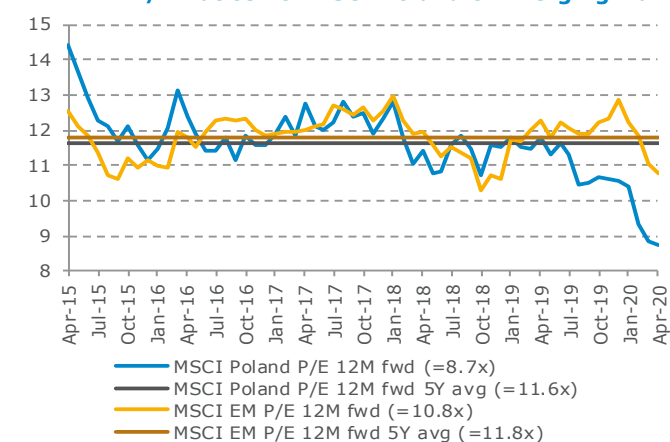


## Revisions To FY2020 Earnings Forecasts For WIG30 Companies

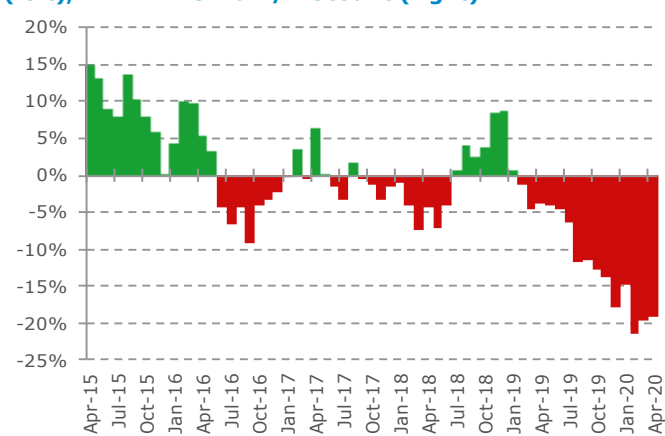
Mar-19=0	WIG30		Financials		Oil & Gas		Utilities		Retail		TMT		Chemicals		Commodities	
	Cons.	mBank	Cons.	mBank	Cons.	mBank	Cons.	mBank	Cons.	mBank	Cons.	mBank	Cons.	mBank	Cons.	mBank
Apr-19	-3%	+0%	-0%	+0%	-7%	+0%	-3%	-2%	+1%	+0%	-3%	+0%	-15%	+64%	+1%	+0%
May-19	-2%	-0%	-1%	-3%	-8%	-4%	+6%	+12%	-4%	-5%	-3%	+7%	+12%	+108%	-3%	-7%
Jun-19	-5%	-1%	-1%	-1%	-10%	-4%	-9%	+10%	-9%	-24%	-2%	+11%	+22%	+144%	-9%	-19%
Jul-19	-6%	-1%	-1%	-4%	-12%	-4%	-10%	+10%	-9%	-24%	-2%	+13%	+51%	+144%	-11%	-19%
Aug-19	-6%	-0%	-1%	-3%	-12%	+2%	-9%	+10%	-11%	-24%	+1%	+14%	+65%	+144%	-18%	-16%
Sep-19	-7%	-0%	-1%	-3%	-11%	+2%	-16%	+10%	-12%	-24%	+1%	+12%	+65%	+120%	-27%	-16%
Oct-19	-9%	-4%	-5%	-5%	-9%	-4%	-18%	-4%	-14%	-27%	+3%	+12%	+50%	+132%	-34%	-12%
Nov-19	-11%	-6%	-4%	-7%	-12%	-1%	-21%	-1%	-16%	-33%	+1%	+15%	+43%	+116%	-33%	-23%
Dec-19	-11%	-6%	-3%	-7%	-13%	-1%	-19%	-4%	-22%	-33%	+1%	+15%	+39%	+116%	-36%	-23%
Jan-20	-15%	-9%	-6%	-9%	-25%	-7%	-21%	-4%	-25%	-37%	+2%	+16%	+39%	+76%	-32%	-25%
Feb-20	-19%	-9%	-7%	-9%	-31%	-7%	-32%	-4%	-27%	-40%	+2%	+8%	+35%	+76%	-34%	-25%
Mar-20	-25%	-14%	-12%	-12%	-40%	-14%	-32%	-4%	-32%	-40%	+1%	+7%	+35%	+76%	-59%	-42%

Source: "Cons." - Bloomberg consensus forecasts, "mBank" - estimates by mBank, provided ex. mBank. Not all WIG30 companies have received revisions to reflect the changed economic environment and earnings prospects—those that have are listed on page 1. The percentages indicate changes between the dates of this Monthly Outlook and the previous Monthly Outlook.

## FWD 12M P/E Ratios For MSCI Poland &amp; Emerging Markets (left), PL-EM Premium/Discount (right)

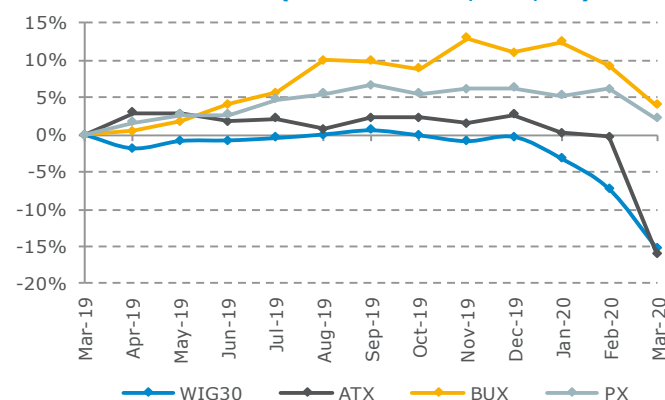


Source: Bloomberg, mBank



Source: Bloomberg, mBank

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



Source: Bloomberg, mBank

## Current Recommendations of mBank

Company	Recommendation	Issued On	Price At Reco.	Target Price	Current Price	Upside/Downside	P/E		EV/EBITDA	
							2019	2020	2019	2020
<b>Financial Sector</b>						<b>+69.9%</b>	<b>6.9</b>	<b>8.1</b>		
Alior Bank	buy	2020-03-30	13.00	24.72	12.37	+99.8%	6.3	74.3		
Handlowy	hold	2020-03-30	44.00	45.66	41.80	+9.2%	11.2	14.0		
ING BSK	sell	2020-03-30	153.80	126.36	146.00	-13.5%	11.5	18.6		
Millennium	buy	2020-03-30	3.30	4.06	3.25	+24.9%	7.0	19.7		
Pekao	buy	2020-03-30	55.32	83.51	54.02	+54.6%	6.5	8.0		
PKO BP	buy	2020-03-30	22.75	26.90	22.20	+21.2%	6.9	11.7		
Santander Bank Polska	buy	2020-03-30	173.90	229.52	165.50	+38.7%	7.9	12.2		
Komercni Banka	buy	2019-12-05	792.00	928.20 CZK	478.00	+94.2%	6.0	6.3		
Moneta Money Bank	buy	2019-08-28	75.95	94.33 CZK	50.80	+85.7%	6.8	6.3		
Erste Group	buy	2020-03-04	29.44	36.61 EUR	15.90	+130.3%	4.4	4.2		
RBI	accumulate	2019-12-05	21.24	23.05 EUR	12.97	+77.7%	3.7	3.5		
OTP Bank	hold	2019-12-05	14,870	14,681 HUF	8,840	+66.1%	6.1	5.6		
PZU	buy	2020-03-04	36.31	41.91	31.18	+34.4%	8.5	8.1		
Kruk	buy	2019-12-05	150.90	210.31	64.00	+228.6%	3.6	3.6		
Skarbiec Holding	buy	2020-03-04	18.80	21.20	14.50	+46.2%	7.6	5.6		
GPW	buy	2020-01-16	40.85	47.82	33.80	+41.5%	11.1	12.7		
<b>Chemicals</b>						<b>+59.5%</b>	<b>8.1</b>	<b>7.0</b>	<b>4.7</b>	<b>4.8</b>
Ciech	buy	2020-02-13	39.40	47.46	27.70	+71.3%	11.2	6.4	5.6	4.8
Grupa Azoty	buy	2020-03-04	22.24	30.55	20.40	+49.8%	5.1	7.5	3.8	4.8
<b>Oil &amp; Gas</b>						<b>+6.7%</b>	<b>7.3</b>	<b>16.6</b>	<b>3.8</b>	<b>6.4</b>
Lotos	hold	2020-03-04	61.06	67.19	51.52	+30.4%	8.1	6.6	4.3	3.7
MOL	hold	2020-03-31	1,849	1,927 HUF	1,889	+2.0%	6.4	-	3.3	8.3
PGNiG	hold	2020-03-23	3.14	3.24	3.33	-2.6%	14.0	26.6	4.2	5.4
PKN Orlen	accumulate	2020-03-23	52.58	58.61	55.58	+5.5%	5.5	-	3.4	7.5
<b>Power Utilities</b>						<b>+48.2%</b>	<b>2.6</b>	<b>3.3</b>	<b>3.6</b>	<b>3.5</b>
CEZ	buy	2020-02-20	503.00	592.91 CZK	400.00	+48.2%	13.4	10.3	6.5	5.8
Enea	suspended	2020-02-27	6.00	-	4.81	-	2.0	2.0	2.7	2.7
Energia	suspended	2020-02-27	7.36	-	6.95	-	5.4	5.2	3.6	4.2
PGE	suspended	2020-02-27	5.15	-	3.85	-	2.6	3.3	2.3	2.7
Tauron	suspended	2020-02-27	1.22	-	1.09	-	2.1	1.8	3.9	3.5
<b>Telecoms, Media, IT</b>						<b>+9.7%</b>	<b>23.7</b>	<b>14.7</b>	<b>5.8</b>	<b>5.8</b>
Netia	hold	2019-12-05	4.44	4.70	3.95	+19.0%	28.0	28.2	4.1	4.2
Orange Polska	buy	2020-03-27	5.88	6.90	5.80	+19.1%	83.2	-	5.0	5.1
Play	buy	2020-03-25	29.04	33.50	28.20	+18.8%	8.3	9.0	5.7	6.0
Agora	buy	2019-10-30	9.50	17.00	6.84	+148.5%	32.6	17.4	5.8	5.6
Cyfrowy Polsat	hold	2020-04-01	23.82	24.10	23.84	+1.1%	13.9	12.5	6.7	6.9
Wirtualna Polska	hold	2020-02-05	82.20	79.70	54.80	+45.4%	23.7	14.9	9.6	7.6
Asseco Poland	hold	2019-12-05	57.35	59.20	60.00	-1.3%	15.1	14.7	5.1	4.8
Comarch	buy	2019-11-25	189.50	250.00	180.00	+38.9%	12.7	12.5	6.0	5.5
11 bit studios	hold	2020-02-05	440.00	439.00	360.00	+21.9%	46.6	37.2	27.9	23.3
CD Projekt	hold	2020-02-05	305.00	284.20	282.10	+0.7%	-	12.1	-	10.4
<b>Industrials, Mining</b>						<b>+13.2%</b>	<b>5.0</b>	<b>10.9</b>	<b>3.9</b>	<b>5.4</b>
Cognor	hold	2019-12-06	1.20	1.25	0.84	+49.2%	4.5	26.0	3.7	5.1
Famur	buy	2020-03-04	2.73	4.58	2.22	+106.3%	5.0	5.0	3.2	2.7
Grupa Kęty	hold	2020-03-04	381.00	360.29	314.00	+14.7%	10.2	10.9	7.1	7.4
JSW	sell	2020-03-27	12.85	9.78	11.65	-16.1%	2.2	-	0.3	3.6
Kemel	hold	2020-02-05	47.20	47.25	36.00	+31.3%	3.8	5.5	4.0	5.6
KGHM	reduce	2020-03-24	54.64	46.83	58.72	-20.2%	8.3	19.6	4.1	5.8
PKP Cargo	hold	2020-02-26	13.66	13.89	10.12	+37.3%	8.6	-	2.6	3.2
Stelmet	buy	2020-04-01	6.75	9.04	6.75	+33.9%	-	-	4.7	6.9
<b>Retail</b>						<b>+17.4%</b>	<b>17.3</b>	<b>18.3</b>	<b>6.9</b>	<b>7.5</b>
AmRest	hold	2020-03-04	39.55	40.00	18.70	+113.9%	13.7	16.6	7.2	6.4
CCC	suspended	2020-03-19	24.98	-	30.76	-	-	-	-	-
Dino	hold	2020-03-04	155.00	152.30	158.00	-3.6%	38.4	28.3	22.6	17.1
Eurocash	hold	2020-02-05	19.94	19.80	17.92	+10.5%	60.8	36.2	6.7	6.4
Jeronimo Martins	hold	2020-02-05	15.78	16.30 EUR	15.69	+3.9%	18.5	18.3	9.8	8.6
LPP	buy	2020-03-24	4,902.00	5,800.00	4,948.00	+17.2%	16.2	-	6.6	32.2
VRG	buy	2020-02-05	3.93	4.50	1.90	+136.8%	7.3	6.1	2.5	2.2

## Weighting Recommendations by mBank

Company	Relative Positioning	Rated On	Price At Rating	Current Price	Change	P/E		EV/EBITDA	
						2019	2020	2019	2020
IT						15.1	10.7	5.9	5.0
Aiieron	neutral	2020-02-28	6.34	4.16	-34.4%	-	7.1	3.9	2.2
Asseco BS	overweight	2020-01-30	32.60	30.60	-6.1%	15.1	14.0	9.8	9.1
Asseco SEE	overweight	2020-02-28	28.80	27.40	-4.9%	15.6	13.5	8.0	6.6
Atende	neutral	2019-12-05	3.06	2.38	-22.2%	8.4	7.9	3.7	3.5
Industrials						10.0	10.6	5.7	6.2
AC	neutral	2020-04-01	39.00	39.80	+2.1%	10.3	13.6	7.2	8.6
Alumetal	neutral	2020-04-01	34.60	34.00	-1.7%	10.3	16.9	5.8	8.2
Amica	neutral	2020-04-01	84.30	84.10	-0.2%	6.0	10.3	3.9	6.0
Apator	neutral	2020-04-01	16.20	16.40	+1.2%	10.6	10.9	5.7	6.2
Astarta	overweight	2020-04-01	11.50	11.60	+0.9%	-	4.0	6.6	2.7
Boryszew	underweight	2020-04-01	3.74	3.72	-0.5%	12.3	44.1	6.5	8.5
Forte	underweight	2020-04-01	11.20	10.80	-3.6%	6.6	7.9	5.7	6.2
Kruszwica	overweight	2020-01-30	52.20	51.00	-2.3%	11.2	10.6	5.7	5.6
Mangata	neutral	2020-04-01	50.00	47.00	-6.0%	6.3	12.3	4.8	6.6
Pozbud	neutral	2020-04-01	0.81	0.77	-5.4%	1.8	3.1	3.3	4.2
TIM	overweight	2020-04-01	9.20	8.90	-3.3%	9.8	10.3	5.6	5.5

### Stocks Re-Rated as of 2 April 2020

Company	Rating	Previous Rating	Target Price	Issued on
Atal	suspended	accumulate	- -	2020-04-02
Dom Development	suspended	hold	- -	2020-04-02

### Recommendations Issued in the Past Month

Company	Rating	Previous Rating	Target Price	Issued on
AC	neutral	neutral	- -	2020-04-01
Alior Bank	buy	buy	24.72 PLN	2020-03-30
Alumetal	neutral	neutral	- -	2020-04-01
Amica	neutral	neutral	- -	2020-04-01
AmRest	hold	hold	40.00 PLN	2020-03-04
Apator	neutral	neutral	- -	2020-04-01
Astarta	overweight	overweight	- -	2020-04-01
Boryszew	underweight	underweight	- -	2020-04-01
CCC	suspended	buy	- -	2020-03-19
Cyfrowy Polsat	hold	hold	24.10 PLN	2020-04-01
Dino	hold	reduce	152.30 PLN	2020-03-04
Erste Group	buy	accumulate	36.61 EUR	2020-03-04
Famur	buy	buy	4.58 PLN	2020-03-04
Forte	underweight	underweight	- -	2020-04-01
Grupa Azoty	buy	buy	30.55 PLN	2020-03-04
Grupa Kęty	hold	hold	360.29 PLN	2020-03-04
Handlowy	hold	accumulate	45.66 PLN	2020-03-30
ING BSK	sell	sell	126.36 PLN	2020-03-30
JSW	hold	hold	15.34 PLN	2020-03-04
JSW	sell	hold	9.78 PLN	2020-03-27
KGHM	hold	reduce	76.92 PLN	2020-03-04
KGHM	reduce	hold	46.83 PLN	2020-03-24
Lotos	hold	reduce	67.19 PLN	2020-03-04
LPP	buy	buy	5800.00 PLN	2020-03-24
Mangata	neutral	neutral	- -	2020-04-01
Millennium	hold	reduce	5.47 PLN	2020-03-04
Millennium	buy	hold	4.06 PLN	2020-03-30
MOL	accumulate	accumulate	2726.00 HUF	2020-03-04
MOL	hold	accumulate	1927.00 HUF	2020-03-31
Orange Polska	buy	accumulate	6.90 PLN	2020-03-27
Pekao	buy	buy	83.51 PLN	2020-03-30
PGNiG	hold	hold	3.88 PLN	2020-03-04
PGNiG	hold	hold	3.24 PLN	2020-03-23
PKN Orlen	hold	reduce	66.70 PLN	2020-03-04
PKN Orlen	accumulate	hold	58.61 PLN	2020-03-23
PKO BP	buy	accumulate	39.69 PLN	2020-03-04
PKO BP	buy	buy	26.90 PLN	2020-03-30
Play	buy	accumulate	33.50 PLN	2020-03-25
Pozbud	neutral	neutral	- -	2020-04-01
PZU	buy	hold	41.91 PLN	2020-03-04
Santander Bank Polska	buy	hold	229.52 PLN	2020-03-30
Skarbiec Holding	buy	buy	21.20 PLN	2020-03-04
Stelmet	buy	accumulate	9.04 PLN	2020-04-01
TIM	overweight	overweight	- -	2020-04-01

### Recommendation Statistics

Recommendation	All		For Issuers Who Are Clients of Biuro maklerskie mBanku	
	Count	As pct. of total	Count	As pct. of total
sell	2	3.2%	1	4.8%
reduce	1	1.6%	0	0.0%
underweight	2	3.2%	1	4.8%
hold	19	30.6%	6	28.6%
neutral	8	12.9%	1	4.8%
accumulate	2	3.2%	1	4.8%
buy	23	37.1%	10	47.6%
overweight	5	8.1%	1	4.8%



## Corporate Events Calendar For April

Date	Time	Company	Event
2-Apr	10:00	<b>PGE</b>	2019 earnings teleconference ( <a href="http://www.gkpge.pl/relacje-inwestorskie">www.gkpge.pl/relacje-inwestorskie</a> )
2-Apr	11:00	<b>CCC</b>	Videoconference with the Management Board
2-Apr	13:00	<b>Tauron</b>	2019 earnings teleconference ( <a href="https://tauronwyniki.pl">https://tauronwyniki.pl</a> )
7-Apr		<b>Archicom</b>	Q4'19 earnings announcement
7-Apr		<b>Erbud</b>	Q4'19 earnings announcement
7-Apr		<b>GPW</b>	Q4'19 earnings announcement
8-Apr		<b>Boryszew</b>	2019 earnings announcement
8-Apr		<b>CD Projekt</b>	2019 earnings announcement
8-Apr		<b>Grupa Azoty</b>	2019 earnings announcement
9-Apr		<b>CD Projekt</b>	2019 earnings teleconference ( <a href="http://www.cdprojekt.com">www.cdprojekt.com</a> )
14-Apr		<b>Astarta</b>	Q4'19 earnings announcement
16-Apr		<b>Forte</b>	2019 earnings announcement
17-Apr		<b>Energa</b>	Q4'19 earnings announcement
21-Apr		<b>Famur</b>	Q4'19 earnings announcement
21-Apr		<b>Trakcja PRKiI</b>	Q4'19 earnings announcement
22-Apr		<b>Grupa Kęty</b>	Q1'20 earnings announcement
22-Apr		<b>Jerónimo Martins</b>	Q1'20 earnings announcement (after market close)
22-Apr		<b>TIM</b>	Q4'19 earnings announcement
23-Apr		<b>Enea</b>	Q4'19 earnings announcement
23-Apr		<b>Kernel</b>	Volume data for Q3'20
23-Apr		<b>Kruszwica</b>	2019 earnings announcement
24-Apr		<b>Apator</b>	2019 earnings announcement
28-Apr		<b>Budimex</b>	Q1'20 earnings announcement
28-Apr		<b>Pekao</b>	Q1'20 earnings announcement
28-Apr		<b>Pozbud</b>	2019 earnings announcement
29-Apr		<b>Alior Bank</b>	Q1'20 earnings announcement
29-Apr		<b>Lotos</b>	Q1'20 earnings announcement
29-Apr		<b>LPP</b>	2019/20 earnings announcement
30-Apr		<b>Cognor</b>	Q1'20 earnings announcement
30-Apr		<b>Elektrobudowa</b>	Q4'19 earnings announcement
30-Apr		<b>Erste Bank</b>	Q1'20 earnings announcement
30-Apr		<b>mBank</b>	Q1'20 earnings announcement

**disclaimerList of abbreviations and ratios contained in the report:**

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

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

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

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

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

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

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

## Comparable Companies Used In Relative Valuation Models

<b>11 bit studios</b>	Activision, Blizzard, CAPCOM, Electronic Arts, Paradox Interactive, Take Two Interactive, Ubisoft Entertainment
<b>Agora</b>	Axel Springer, Cinemark Holdings, Cineworld, Daily Mail&General, IMAX Corp, JC Decaux, Lagardere, Sanoma, Schibsted, Stroeer Media
<b>AmRest</b>	Alsea, Autogrill, Chipotle Mexican, Collins Foods, Jack In The Box, McDonalds, Mitchells & Butlers, Starbucks, Texas Roadhouse, Wendy's, Yum! Brands
<b>Asseco Poland</b>	Atos, CAP Gemini, Comarch, Computacenter, Fiserv, Indra Sistemas, Oracle, Sage Group, SAP, Software AG
<b>Atal, Dom Development</b>	Archicom, Atal, Develia, Dom Development, Echo Investment, Lokum Deweloper
<b>CCC</b>	Adidas, Asos, Boohoo.com, Caleries, Crocs, Foot Locker, Geox, Nike, Steven Madden, Tod's, Zalando
<b>CD Projekt</b>	Activision, Blizzard, CAPCOM, Electronic Arts, Take Two Interactive, Ubisoft Entertainment
<b>CEZ</b>	EDF, EDP, Endesa, Enea, Enel, Energa, EON, Innogy, PGE, RWE, Tauron
<b>Ciech</b>	Akzo Nobel, BASF, Bayer, Ciner Resources, GHCL, Hongda Xindye, Huntsman, ICI Pakistan, MISR Chemical, PCC Rokita, OCI, Qingdao, Sesoda, Shandong Haihua, Soda Samayii, Solvay, Tangshan Sanyou Chemical, Tata Chemicals, Tessenderlo Chemie, Wacker Chemie
<b>Cognor</b>	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
<b>Comarch</b>	Asseco Poland, Atos, CAP Gemini, Computacenter, Fiserv INC, Indra Sistemas, Oracle Corp, Sage Group, SAP, Software AG, Tieto
<b>Cyfrowy Polsat</b>	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
<b>Dino</b>	Carrefour, Eurocash, Jeronimo Martins, Magnit, Metro, O'Key Group, Tesco, X5
<b>Eurocash</b>	Carrefour, Dino, Jeronimo Martins, Magnit, Metro, O'Key Group, Tesco, X5
<b>Famur</b>	Caterpillar, Epiroc, Komatsu, Sandvik, Weir Group, Metso, Flsmidth
<b>Grupa Azoty</b>	Acron, Agrium, CF Industries, Israel Chemicals, K+S, Mosaic, Phosagro, Potash, Yara
<b>Jeronimo Martins</b>	BIM, Carrefour, Dino, Eurocash, Magnit, Metro, O'Key, Group, Tesco, X5
<b>JSW</b>	Alliance Resource Partners, Arch Coal, Banpu Public, BHP Billiton, Bukin Asam, China Coal, Cloud Peak Energy, Cokal, Henan Shenhui, LW Bogdanka, Natural Resource Partners, Peabody Energy, Rio Tinto, Semirara Mining and Power, Shaanxi Heima, Shanxi Xishan Coal & Elec,
<b>Kernel</b>	ADM, Andersnons, Astarta, Avangard, Bunge, China Agri Industries, Felda Global, Golden Agri Resources, GrainCorp, IMC, MHP, Milkiland,
<b>Kęty</b>	Alcoa, Alumetal, Amag, Amcor, Bemis, Century Aluminium, China Hongoiao, Constelium, Fuji Seal, Kaiser Aluminium, Mercor, Midas Holdings,
<b>KGHM</b>	Anglo American, Antofagasta, BHP Billiton, Boliden, First Quantum Minerals, Freeport-McMoRan, Grupo Mexico, KAZ Minerals, Hudbay, Lundin, MMC Norilsk Nickel, OZ Minerals, Rio Tinto, Sandfire Resources, Southern Copper, Vedanta Resources
<b>Kruk</b>	Arrow Global, Collection House, Credit Corp, Encore Capital, Intrum, PRA Group
<b>Lotos, MOL</b>	Aker BP, Bashneft, BP, ENI, Gazpromneft, Hellenic, Lotos, Lukoil, MOL, Motor Oil, Neste, OMV, OMV Petrom, PKN, Repsol, Rosneft, Saras,
<b>LPP</b>	CCC, H&M, Hugo Boss, Inditex, Marks & Spencer, Next, Tom Tailor
<b>Netia</b>	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
<b>Orange Polska</b>	BT Group, Cyfrowy Polsat, Deutsche Telekom, Hellenic Telecom, Koninklijke KPN, Magyar Telekom, Mobile Telesystems, Netia, O2 Czech,
<b>PGNiG</b>	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, Statoil, Total
<b>PKN Orlen</b>	Braskem, Dow Chemical, Eastman, Formosa Plastics, Hellenic Petroleum, Huntsman, Lotos, Lotte, Lyondellbasell, Mitsubishi, Mitsui
<b>PKP Cargo</b>	Aurizon Holdings, Canadian National Railway, Canadian Pacific Railway, Center for Cargo Container, China Railway Group, China Railway Tielong Container Logistics, CSX Corp, Daqin Railway, Global Ports Holding, Globaltrans Investment, Hamburger Hafen und Logistik, Hub Group, Kansas City Southern, Kuehne + Nagel International, Log-In Logistica Intermodal, Nikkon Holdings, Norfolk Southern Corp, Rumo, Tidewater Midstream, Union Pacific Corp
<b>Play</b>	BT Group, Cyfrowy Polsat, Deutsche Telekom, Hellenic Telecom, Koninklijke KPN, Magyar Telekom, Netia, O2 Czech, Orange, Orange Belgium, Orange Polska, TalkTalk, Tele2, Telecom Italia, Telefonica, Telekom Austria, Telenor, Turk Telekomunikasyon, Turkcell Iletisim Hizmet, Vimpel, Vodafone Group
<b>Skarbiec Holding</b>	Affiliated Managers, AllianceBernstein, Ashmore Group, Blackrock, Brewin Dolphin, Eaton Vance Mgmt, Franklin Resources, GAM Holding, Invesco, Investec, Janus Henderson, Jupiter AM, Legg Mason, Liontrust AM, Och-Ziff Capital Mgmt., Schroders, Standard Life, T Rowe Price
<b>Stelmet</b>	AFG Arbonia, Canfor, Century Plyboards, Deceuninck, Duratex, Forte, Greenply Industries, Interfor, Inwido, Louisiana Pacific, Nobia,
<b>Wirtualna Polska</b>	eBay, Facebook, Google, Mail.ru, Sina, Yahoo Japan, Yandex
<b>VRG</b>	CCC, Chow Sang, Chow Tai Fook, H&M, Hugo Boss, Inditex, Lao Fen Xiang, Lao Feng, LPP, Luk Fook, Marks & Spencer, Next, Pandora, Tiffany

## Recommendations Issued In the 12 Months Prior To This Publication

### 11 bit studios

<b>Rating</b>	<b>hold</b>	<b>buy</b>	<b>buy</b>	<b>buy</b>
Rating date	2020-02-05	2019-12-05	2019-11-06	2019-05-20
Target price (PLN)	439.00	454.00	483.00	518.00
Price on rating day	440.00	360.50	332.00	398.00

### AC

<b>Rating</b>	<b>neutral</b>	<b>neutral</b>	<b>neutral</b>	<b>underweight</b>
Rating date	2020-04-01	2019-12-05	2019-10-30	2019-08-30
Target price (PLN)	-	-	-	-
Price on rating day	39.00	43.20	41.00	43.60

### Agora

<b>Rating</b>	<b>buy</b>
Rating date	2019-10-30
Target price (PLN)	17.00
Price on rating day	9.50

### Ailleron

<b>Rating</b>	<b>neutral</b>	<b>neutral</b>	<b>neutral</b>
Rating date	2020-02-28	2019-10-31	2019-06-28
Target price (PLN)	-	-	-
Price on rating day	6.34	7.16	8.40

### Alior Bank

<b>Rating</b>	<b>buy</b>	<b>buy</b>	<b>hold</b>	<b>buy</b>	<b>buy</b>
Rating date	2020-03-30	2020-02-21	2019-11-06	2019-07-03	2019-06-03
Target price (PLN)	24.72	30.50	31.00	72.30	77.00
Price on rating day	13.00	26.62	29.34	51.10	52.80

### Alumetal

<b>Rating</b>	<b>neutral</b>	<b>neutral</b>	<b>neutral</b>	<b>neutral</b>	<b>neutral</b>	<b>underweight</b>	<b>underweight</b>	<b>neutral</b>
Rating date	2020-04-01	2020-02-27	2020-01-30	2019-12-05	2019-10-07	2019-08-30	2019-05-29	2019-04-15
Target price (PLN)	-	-	-	-	-	-	-	-
Price on rating day	34.60	43.50	42.80	39.30	35.40	34.50	38.20	41.40

### Amica

<b>Rating</b>	<b>neutral</b>	<b>neutral</b>	<b>neutral</b>	<b>neutral</b>	<b>overweight</b>
Rating date	2020-04-01	2019-12-05	2019-09-20	2019-04-29	2019-04-02
Target price (PLN)	-	-	-	-	-
Price on rating day	84.30	133.20	118.00	130.00	143.00

### AmRest

<b>Rating</b>	<b>hold</b>	<b>hold</b>	<b>hold</b>	<b>accumulate</b>	<b>buy</b>
Rating date	2020-03-04	2019-12-05	2019-11-06	2019-10-07	2019-04-02
Target price (PLN)	40.00	47.00	48.00	48.00	48.00
Price on rating day	39.55	46.35	47.20	44.05	41.20

### Apator

<b>Rating</b>	<b>neutral</b>	<b>neutral</b>	<b>neutral</b>	<b>neutral</b>	<b>underweight</b>	<b>neutral</b>	<b>neutral</b>
Rating date	2020-04-01	2020-03-04	2020-01-30	2019-12-05	2019-10-18	2019-09-20	2019-04-29
Target price (PLN)	-	-	-	-	-	-	-
Price on rating day	16.20	20.00	20.70	21.10	22.00	22.60	25.80

### Asseco BS

<b>Rating</b>	<b>overweight</b>	<b>neutral</b>
Rating date	2020-01-30	2019-12-05
Target price (PLN)	-	-
Price on rating day	32.60	27.60

### Asseco Poland

<b>Rating</b>	<b>hold</b>	<b>hold</b>
Rating date	2019-12-05	2019-06-03
Target price (PLN)	59.20	50.80
Price on rating day	57.35	51.10

### Asseco SEE

<b>Rating</b>	<b>overweight</b>	<b>overweight</b>	<b>overweight</b>	<b>overweight</b>
Rating date	2020-02-28	2019-12-05	2019-10-10	2019-04-11
Target price (PLN)	-	-	-	-
Price on rating day	28.80	25.60	19.40	14.20

### Astarta

<b>Rating</b>	<b>overweight</b>	<b>overweight</b>	<b>overweight</b>	<b>overweight</b>	<b>overweight</b>
Rating date	2020-04-01	2020-01-30	2019-12-05	2019-10-30	2019-09-05
Target price (PLN)	-	-	-	-	-
Price on rating day	11.50	15.90	15.90	16.85	23.00

### Atal

<b>Rating</b>	<b>suspended</b>	<b>accumulate</b>	<b>buy</b>	<b>accumulate</b>	<b>accumulate</b>	<b>hold</b>
Rating date	2020-04-02	2020-02-05	2019-12-05	2019-07-03	2019-06-06	2019-04-02
Target price (PLN)	-	44.28	44.90	41.89	43.16	41.03
Price on rating day	24.40	39.80	37.20	36.60	39.10	39.90

### Atende

<b>Rating</b>	<b>neutral</b>	<b>neutral</b>
Rating date	2019-12-05	2019-10-31
Target price (PLN)	-	-
Price on rating day	3.06	3.14

### Boryszew

<b>Rating</b>	<b>underweight</b>	<b>underweight</b>	<b>neutral</b>	<b>neutral</b>	<b>underweight</b>	<b>underweight</b>	<b>neutral</b>
Rating date	2020-04-01	2020-01-30	2019-12-05	2019-10-30	2019-09-20	2019-07-26	2019-04-29
Target price (PLN)	-	-	-	-	-	-	-
Price on rating day	3.74	4.54	4.09	4.29	4.54	4.49	4.65



**CCC**

Rating	suspended	buy	buy	buy	buy	hold	buy
Rating date	2020-03-19	2020-02-21	2019-12-05	2019-11-06	2019-09-05	2019-06-06	2019-04-02
Target price (PLN)	-	135.00	157.00	160.00	161.00	161.00	275.00
Price on rating day	24.98	94.00	108.10	112.20	131.90	153.80	217.00

**CD Projekt**

Rating	hold	accumulate	accumulate	accumulate	accumulate	accumulate
Rating date	2020-02-05	2019-12-05	2019-11-06	2019-09-05	2019-05-09	2019-04-02
Target price (PLN)	284.20	281.30	276.40	272.50	237.50	221.00
Price on rating day	305.00	260.30	255.20	251.30	215.00	204.00

**CEZ**

Rating	buy	buy	accumulate	hold
Rating date	2020-02-20	2019-12-05	2019-06-25	2019-04-02
Target price (CZK)	592.91	597.80	597.80	565.50
Price on rating day	503.00	502.00	544.00	540.50

**Ciech**

Rating	buy	buy	buy	hold	buy	buy	buy
Rating date	2020-02-13	2019-12-05	2019-09-05	2019-07-03	2019-06-03	2019-05-09	2019-04-02
Target price (PLN)	47.46	44.41	42.03	41.72	55.00	68.11	68.66
Price on rating day	39.40	36.40	34.00	41.60	42.65	44.85	54.80

**Cognor**

Rating	hold	hold	hold	accumulate	hold	accumulate	accumulate	overweight	neutral
Rating date	2019-12-06	2019-12-05	2019-11-04	2019-09-05	2019-07-25	2019-07-03	2019-06-14	2019-06-03	2019-05-09
Target price (PLN)	1.25	1.25	1.55	2.00	1.84	1.84	1.79	-	-
Price on rating day	1.20	1.17	1.52	1.65	1.75	1.77	1.64	1.60	1.59

**Comarch**

Rating	buy	buy	buy
Rating date	2019-11-25	2019-07-25	2019-04-17
Target price (PLN)	250.00	231.00	230.00
Price on rating day	189.50	178.50	181.00

**Cyfrowy Polsat**

Rating	hold	hold	reduce	reduce
Rating date	2020-04-01	2020-03-04	2019-11-14	2019-05-31
Target price (PLN)	24.10	26.10	26.10	24.15
Price on rating day	23.82	26.24	28.86	26.00

**Dino**

Rating	hold	reduce	accumulate	hold	sell	sell	reduce
Rating date	2020-03-04	2020-02-05	2019-11-25	2019-08-23	2019-08-13	2019-08-02	2019-04-02
Target price (PLN)	152.30	149.70	148.60	149.20	111.20	112.70	112.70
Price on rating day	155.00	164.70	134.00	149.60	135.90	143.80	126.10

**Dom Development**

Rating	suspended	hold	hold	hold	hold	hold
Rating date	2020-04-02	2019-12-05	2019-09-05	2019-07-03	2019-06-06	2019-04-02
Target price (PLN)	-	88.92	81.10	79.80	82.65	84.40
Price on rating day	68.40	93.00	84.00	77.40	82.00	80.80

**Enea**

Rating	suspended	buy	buy	buy
Rating date	2020-02-27	2019-11-06	2019-06-25	2019-04-02
Target price (PLN)	-	11.53	12.41	12.51
Price on rating day	6.00	8.59	8.53	8.76

**Energa**

Rating	suspended	buy	buy	buy
Rating date	2020-02-27	2019-11-06	2019-06-25	2019-04-02
Target price (PLN)	-	11.67	12.67	12.21
Price on rating day	7.36	6.37	7.33	8.58

**Ergis**

Rating	suspended	neutral	neutral	neutral	overweight
Rating date	2019-12-05	2019-10-30	2019-08-30	2019-05-29	2019-04-29
Target price (PLN)	-	-	-	-	-
Price on rating day	3.84	3.20	2.48	3.00	3.00

**Erste Group**

Rating	buy	accumulate	buy
Rating date	2020-03-04	2019-12-05	2019-08-28
Target price (EUR)	36.61	36.61	40.38
Price on rating day	29.44	32.20	30.03

**Eurocash**

Rating	hold	reduce	sell	reduce	hold	reduce	reduce	sell
Rating date	2020-02-05	2019-11-25	2019-11-06	2019-09-05	2019-08-02	2019-06-03	2019-05-09	2019-04-02
Target price (PLN)	19.80	19.80	18.10	18.10	18.10	18.10	18.90	18.90
Price on rating day	19.94	22.22	23.80	20.62	18.60	19.31	21.00	22.58

**Famur**

Rating	buy	buy	buy	buy	buy	buy	buy
Rating date	2020-03-04	2019-12-05	2019-08-07	2019-08-02	2019-07-03	2019-06-03	2019-05-09
Target price (PLN)	4.58	5.18	5.33	6.71	6.96	6.67	6.90
Price on rating day	2.73	2.98	4.42	4.47	5.24	4.85	4.82

**Forte**

Rating	underweight	underweight	underweight	neutral	neutral	neutral
Rating date	2020-04-01	2020-03-20	2020-01-30	2019-12-05	2019-09-20	2019-04-29
Target price (PLN)	-	-	-	-	-	-
Price on rating day	11.20	11.80	32.30	28.15	23.25	28.35

**GPW**

<b>Rating</b>	<b>buy</b>
Rating date	2020-01-16
Target price (PLN)	47.82
Price on rating day	40.85

**Grupa Azoty**

<b>Rating</b>	<b>buy</b>	<b>buy</b>	<b>buy</b>	<b>hold</b>	<b>hold</b>	<b>hold</b>	<b>hold</b>	<b>hold</b>	<b>accumulate</b>	<b>accumulate</b>	<b>buy</b>
Rating date	2020-03-04	2020-02-06	2020-02-05	2019-12-05	2019-11-06	2019-10-07	2019-09-05	2019-08-02	2019-07-03	2019-06-03	2019-05-09
Target price (PLN)	30.55	30.31	30.31	32.75	37.12	34.09	39.77	45.93	45.93	44.42	45.39
Price on rating day	22.24	27.50	26.10	30.00	36.58	31.18	39.98	42.30	42.10	39.86	35.92

**Handlowy**

<b>Rating</b>	<b>hold</b>	<b>accumulate</b>	<b>accumulate</b>	<b>accumulate</b>	<b>accumulate</b>	<b>buy</b>	<b>buy</b>
Rating date	2020-03-30	2020-02-27	2019-12-05	2019-07-03	2019-06-03	2019-05-21	2019-05-09
Target price (PLN)	45.66	63.46	57.44	59.45	61.00	61.00	65.50
Price on rating day	44.00	55.90	51.70	53.60	53.70	52.40	52.80

**Impexmetal**

<b>Rating</b>	<b>suspended</b>	<b>underweight</b>
Rating date	2019-08-30	2019-04-25
Target price (PLN)	-	-
Price on rating day	4.22	4.16

**ING BSK**

<b>Rating</b>	<b>sell</b>	<b>sell</b>	<b>hold</b>	<b>hold</b>	<b>accumulate</b>	<b>hold</b>	<b>reduce</b>
Rating date	2020-03-30	2020-02-04	2019-12-05	2019-10-07	2019-09-05	2019-08-02	2019-07-03
Target price (PLN)	126.36	170.00	187.77	197.53	197.53	191.80	191.80
Price on rating day	153.80	202.00	190.80	194.80	187.40	189.80	203.50

**Jeronimo Martins**

<b>Rating</b>	<b>hold</b>	<b>hold</b>	<b>reduce</b>	<b>hold</b>	<b>accumulate</b>
Rating date	2020-02-05	2019-10-07	2019-09-05	2019-05-09	2019-04-02
Target price (EUR)	16.30	14.30	14.30	14.30	14.10
Price on rating day	15.78	14.92	15.88	13.89	13.15

**JSW**

<b>Rating</b>	<b>sell</b>	<b>hold</b>	<b>hold</b>	<b>hold</b>	<b>buy</b>	<b>buy</b>	<b>accumulate</b>	<b>hold</b>
Rating date	2020-03-27	2020-03-04	2020-02-05	2020-01-20	2019-12-05	2019-09-05	2019-07-03	2019-05-09
Target price (PLN)	9.78	15.34	18.41	23.32	28.04	39.29	50.02	54.80
Price on rating day	12.85	15.15	19.78	22.68	18.80	26.50	47.00	49.86

**Kemel**

<b>Rating</b>	<b>hold</b>	<b>hold</b>	<b>reduce</b>	<b>reduce</b>	<b>buy</b>
Rating date	2020-02-05	2019-12-05	2019-10-07	2019-08-19	2019-06-03
Target price (PLN)	47.25	41.60	40.76	42.70	58.63
Price on rating day	47.20	41.20	42.90	48.60	46.50

**Grupa Kęty**

<b>Rating</b>	<b>hold</b>	<b>hold</b>	<b>hold</b>	<b>hold</b>	<b>hold</b>	<b>hold</b>	<b>reduce</b>	<b>hold</b>
Rating date	2020-03-04	2019-12-05	2019-11-06	2019-10-07	2019-09-05	2019-07-03	2019-06-03	2019-04-02
Target price (PLN)	360.29	335.44	333.45	298.64	327.11	345.32	326.37	341.33
Price on rating day	381.00	338.50	313.50	283.00	310.00	337.00	347.50	324.00

**KGHM**

<b>Rating</b>	<b>reduce</b>	<b>hold</b>	<b>reduce</b>	<b>hold</b>	<b>hold</b>	<b>accumulate</b>	<b>accumulate</b>	<b>hold</b>	<b>reduce</b>	<b>hold</b>	<b>hold</b>	<b>hold</b>
Rating date	2020-03-24	2020-03-04	2020-02-05	2019-12-05	2019-11-08	2019-11-06	2019-10-14	2019-08-22	2019-08-05	2019-07-03	2019-06-03	2019-04-02
Target price (PLN)	46.83	76.92	86.33	85.54	96.13	96.14	90.12	77.51	80.38	98.35	91.71	105.57
Price on rating day	54.64	77.82	96.44	88.66	96.70	91.64	79.92	74.90	87.78	101.70	95.00	109.40

**Komerční Banka**

<b>Rating</b>	<b>buy</b>	<b>buy</b>	<b>accumulate</b>	<b>buy</b>
Rating date	2019-12-05	2019-08-28	2019-08-02	2019-05-09
Target price (CZK)	928.20	945.02	1000.00	1000.00
Price on rating day	792.00	817.00	872.00	873.00

**Kruk**

<b>Rating</b>	<b>buy</b>	<b>buy</b>
Rating date	2019-12-05	2019-04-02
Target price (PLN)	210.31	213.65
Price on rating day	150.90	152.30

**Kruszwica**

<b>Rating</b>	<b>overweight</b>	<b>overweight</b>	<b>overweight</b>	<b>overweight</b>	<b>neutral</b>
Rating date	2020-01-30	2019-12-05	2019-10-07	2019-09-20	2019-04-02
Target price (PLN)	-	-	-	-	-
Price on rating day	52.20	45.80	44.40	43.00	43.90

**Lotos**

<b>Rating</b>	<b>hold</b>	<b>reduce</b>	<b>reduce</b>	<b>sell</b>	<b>sell</b>	<b>sell</b>
Rating date	2020-03-04	2020-02-05	2019-12-05	2019-08-02	2019-06-03	2019-04-02
Target price (PLN)	67.19	68.47	77.80	72.31	65.95	65.41
Price on rating day	61.06	76.78	85.20	88.66	87.82	86.22

**LPP**

<b>Rating</b>	<b>buy</b>	<b>buy</b>	<b>buy</b>	<b>hold</b>	<b>buy</b>	<b>accumulate</b>	<b>accumulate</b>	<b>hold</b>
Rating date	2020-03-24	2020-02-05	2019-12-05	2019-10-07	2019-09-05	2019-07-03	2019-06-03	2019-04-02
Target price (PLN)	5,800.00	10,100.00	10,100.00	8,500.00	8,500.00	8,500.00	8,300.00	8,400.00
Price on rating day	4,902.00	8,610.00	8,575.00	7,950.00	7,280.00	7,745.00	7,335.00	8,405.00

**Mangata**

<b>Rating</b>	<b>neutral</b>	<b>neutral</b>	<b>neutral</b>	<b>neutral</b>	<b>neutral</b>	<b>neutral</b>
Rating date	2020-04-01	2019-12-05	2019-09-20	2019-05-29	2019-05-09	2019-04-29
Target price (PLN)	-	-	-	-	-	-
Price on rating day	50.00	72.00	66.00	69.50	69.00	71.00

**Millennium**

Rating	buy	hold	reduce	hold	sell	reduce	buy
Rating date	2020-03-30	2020-03-04	2020-02-05	2019-12-05	2019-11-06	2019-10-07	2019-08-02
Target price (PLN)	4.06	5.47	5.47	5.47	5.18	5.18	10.00
Price on rating day	3.30	5.06	5.91	5.49	6.40	5.48	7.51

**MOL**

Rating	hold	accumulate	accumulate	accumulate	accumulate	buy	accumulate	hold	hold
Rating date	2020-03-31	2020-03-04	2020-02-05	2019-11-27	2019-11-06	2019-10-07	2019-08-02	2019-06-03	2019-04-02
Target price (HUF)	1,927.00	2,726.00	2,816.00	3,302.00	3,258.00	3,258.00	3,258.00	3,223.00	3,223.00
Price on rating day	1,849.00	2,530.00	2,618.00	2,926.00	3,042.00	2,826.00	3,004.00	3,276.00	3,278.00

**Moneta Money Bank**

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

**Monnari**

Rating	suspended	neutral
Rating date	2019-12-05	2019-07-17
Target price (PLN)	-	-
Price on rating day	2.99	4.66

**Netia**

Rating	hold
Rating date	2019-12-05
Target price (PLN)	4.70
Price on rating day	4.44

**Orange Polska**

Rating	buy	accumulate	buy	accumulate	hold
Rating date	2020-03-27	2019-11-29	2019-09-05	2019-08-02	2019-06-19
Target price (PLN)	6.90	7.40	7.50	7.50	7.50
Price on rating day	5.88	6.46	6.12	6.70	7.29

**OTP Bank**

Rating	hold	accumulate	buy	hold	buy	hold
Rating date	2019-12-05	2019-11-06	2019-08-28	2019-08-02	2019-07-03	2019-04-02
Target price (HUF)	14,681.00	14,681.00	14,681.00	13,046.00	13,046.00	13,046.00
Price on rating day	14,870.00	13,860.00	12,000.00	12,080.00	11,790.00	12,600.00

**PBKM**

Rating	suspended
Rating date	2019-05-09
Target price (PLN)	-
Price on rating day	66.00

**Pekao**

Rating	buy	buy	buy	accumulate	buy
Rating date	2020-03-30	2019-12-05	2019-08-02	2019-07-03	2019-05-30
Target price (PLN)	83.51	115.20	119.75	121.00	121.00
Price on rating day	55.32	96.34	99.88	112.95	103.75

**Pfleiderer Group**

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

**PGE**

Rating	suspended	buy	buy	buy	buy	buy
Rating date	2020-02-27	2019-10-24	2019-06-25	2019-06-03	2019-05-09	2019-04-02
Target price (PLN)	-	12.20	13.26	13.39	13.38	13.66
Price on rating day	5.15	8.42	9.00	9.23	8.61	10.10

**PGNiG**

Rating	hold	hold	hold	buy	buy	accumulate	buy	accumulate
Rating date	2020-03-23	2020-03-04	2020-01-28	2019-11-06	2019-09-05	2019-08-02	2019-05-28	2019-04-02
Target price (PLN)	3.24	3.88	4.06	5.64	6.33	6.33	6.47	6.92
Price on rating day	3.14	3.20	3.86	5.07	4.49	5.62	5.58	6.31

**PKN Orlen**

Rating	accumulate	hold	reduce	hold	reduce	hold	sell	sell
Rating date	2020-03-23	2020-03-04	2020-02-03	2019-12-05	2019-11-14	2019-08-01	2019-06-03	2019-04-02
Target price (PLN)	58.61	66.70	68.03	94.17	94.17	92.82	80.01	79.39
Price on rating day	52.58	62.26	75.66	88.50	102.45	97.36	96.78	99.94

**PKO BP**

Rating	buy	buy	accumulate	accumulate	buy	accumulate	accumulate
Rating date	2020-03-30	2020-03-04	2020-02-05	2019-12-05	2019-08-02	2019-06-26	2019-05-09
Target price (PLN)	26.90	39.69	39.69	39.50	47.17	47.17	40.92
Price on rating day	22.75	33.10	36.00	34.99	39.34	42.20	37.78

**PKP Cargo**

Rating	hold	reduce	reduce	reduce
Rating date	2020-02-26	2020-02-05	2019-12-05	2019-11-26
Target price (PLN)	13.89	16.40	18.13	20.44
Price on rating day	13.66	17.50	20.00	22.40

**Play**

Rating	buy	accumulate	buy	buy	hold	accumulate	hold	buy	accumulate	accumulate
Rating date	2020-03-25	2020-02-05	2019-11-14	2019-09-12	2019-09-05	2019-08-02	2019-07-03	2019-05-31	2019-05-09	2019-04-12
Target price (PLN)	33.50	36.00	36.00	33.10	34.20	34.20	29.00	29.00	25.25	26.70
Price on rating day	29.04	34.80	31.30	27.16	33.34	31.22	33.34	25.08	24.42	24.08

**Pozbud**

Rating	neutral	neutral	neutral	overweight
Rating date	2020-04-01	2019-12-05	2019-09-05	2019-04-29
Target price (PLN)	-	-	-	-
Price on rating day	0.81	1.80	2.14	2.37

**PZU**

Rating	buy	hold	accumulate	buy	hold	accumulate
Rating date	2020-03-04	2020-02-05	2019-12-05	2019-09-05	2019-07-03	2019-04-02
Target price (PLN)	41.91	41.91	41.91	43.38	43.38	43.38
Price on rating day	36.31	40.54	36.47	36.59	44.35	40.79

**RBI**

Rating	accumulate	hold	accumulate
Rating date	2019-12-05	2019-11-06	2019-08-28
Target price (EUR)	23.05	23.05	23.05
Price on rating day	21.24	22.83	20.44

**Santander Bank Polska**

Rating	buy	hold	hold	reduce	hold	hold	reduce	hold
Rating date	2020-03-30	2020-02-05	2019-12-05	2019-11-06	2019-10-07	2019-08-02	2019-07-12	2019-06-03
Target price (PLN)	229.52	287.90	265.50	276.55	276.55	337.00	337.00	377.27
Price on rating day	173.90	304.00	279.00	317.40	286.00	319.60	357.20	365.20

**Skarbiec Holding**

Rating	buy	buy	buy
Rating date	2020-03-04	2019-12-05	2019-06-03
Target price (PLN)	21.20	29.34	28.17
Price on rating day	18.80	17.20	16.50

**Stelmet**

Rating	buy	accumulate	hold	hold	hold	hold
Rating date	2020-04-01	2020-02-05	2019-12-05	2019-11-06	2019-10-07	2019-09-05
Target price (PLN)	9.04	8.92	8.78	8.10	6.50	7.95
Price on rating day	6.75	7.85	8.20	7.90	6.70	7.00

**Tarczyński**

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

**Tauron**

Rating	suspended	buy	buy	buy
Rating date	2020-02-27	2019-11-06	2019-06-25	2019-04-02
Target price (PLN)	-	2.45	2.52	2.89
Price on rating day	1.22	1.73	1.57	2.03

**TIM**

Rating	overweight	overweight	overweight
Rating date	2020-04-01	2019-12-05	2019-04-29
Target price (PLN)	-	-	-
Price on rating day	9.20	10.90	7.90

**VRG**

Rating	buy	accumulate	buy	overweight
Rating date	2020-02-05	2019-12-02	2019-07-26	2019-05-29
Target price (PLN)	4.50	4.50	5.20	-
Price on rating day	3.93	3.94	4.20	3.90

**Wirtualna Polska**

Rating	hold	hold	hold
Rating date	2020-02-05	2019-12-05	2019-07-03
Target price (PLN)	79.70	70.00	61.50
Price on rating day	82.20	68.20	61.20



**mBank S.A.**  
Senatorska 18  
00-950 Warszawa  
<http://www.mbank.pl/>

## Research Department

Kamil Kliszcz  
director  
+48 22 438 24 02  
[kamil.klischcz@mbank.pl](mailto:kamil.klischcz@mbank.pl)  
energy, power generation

Jakub Szkopek  
+48 22 438 24 03  
[jakub.szkopek@mbank.pl](mailto:jakub.szkopek@mbank.pl)  
industrials, chemicals, metals

Aleksandra Szklarczyk  
+48 22 438 24 04  
[aleksandra.szklarczyk@mbank.pl](mailto:aleksandra.szklarczyk@mbank.pl)  
construction, real-estate development

Michał Marczak  
+48 22 438 24 01  
[michal.marczak@mbank.pl](mailto:michal.marczak@mbank.pl)  
strategy

Paweł Szpigiel  
+48 22 438 24 06  
[pawel.szpigiel@mbank.pl](mailto:pawel.szpigiel@mbank.pl)  
media, IT, telco

Piotr Poniąkowski  
+48 22 438 24 09  
[piotr.poniatowski@mbank.pl](mailto:piotr.poniatowski@mbank.pl)  
industrials

Michał Konarski  
+48 22 438 24 05  
[michal.konarski@mbank.pl](mailto:michal.konarski@mbank.pl)  
banks, financials

Piotr Bogusz  
+48 22 438 24 08  
[piotr.bogusz@mbank.pl](mailto:piotr.bogusz@mbank.pl)  
retail, gaming

Mikołaj Lemańczyk  
+48 22 438 24 07  
[mikolaj.lemanczyk@mbank.pl](mailto:mikolaj.lemanczyk@mbank.pl)  
financials

## Sales and Trading

### Traders

Piotr Gawron  
director  
+48 22 697 48 95  
[piotr.gawron@mbank.pl](mailto:piotr.gawron@mbank.pl)

Adam Prokop  
+48 22 697 47 90  
[adam.prokop@mbank.pl](mailto:adam.prokop@mbank.pl)

Krzysztof Bodek  
+48 22 697 48 89  
[krzysztof.bodek@mbank.pl](mailto:krzysztof.bodek@mbank.pl)

Magdalena Bernacik  
+48 22 697 47 35  
[magdalena.bernacik@mbank.pl](mailto:magdalena.bernacik@mbank.pl)

Tomasz Jakubiec  
+48 22 697 47 31  
[tomasz.jakubiec@mbank.pl](mailto:tomasz.jakubiec@mbank.pl)

Andrzej Sychowski  
+48 22 697 48 46  
[andrzej.sychowski@mbank.pl](mailto:andrzej.sychowski@mbank.pl)

### Sales, Foreign Markets

Bartosz Orzechowski  
+48 22 697 48 47  
[bartosz.orzechowski@mbank.pl](mailto:bartosz.orzechowski@mbank.pl)

Jędrzej Łukomski  
+48 22 697 49 85  
[jedrzej.lukomski@mbank.pl](mailto:jedrzej.lukomski@mbank.pl)

## Private Client Sales

Kamil Szymański  
director  
+48 22 697 47 06  
[kamil.szymanski@mbank.pl](mailto:kamil.szymanski@mbank.pl)

Jarosław Banasiak  
deputy director  
+48 22 697 48 70  
[jaroslaw.banasiak@mbank.pl](mailto:jaroslaw.banasiak@mbank.pl)