

Price target: PLN 12.67

Update

Rating: BUY

We believe that given a very robust construction sector in Poland sales of apartments from CPD's URSA Smart City project were very satisfactory in 2017. Together with proceeds from the sale of building plots in the Ursus district, this cash inflow was used for repayment of bonds (PLN 30m) and a share buyback (PLN 17.2m). The sale of building land in Ursus (c. 91k sqm) to the Polish developer Robyg S.A. for PLN 99m net in February 2018 and the start of sales of 385 apartments from the second stage of the URSA project (URSA Park) in Q4/18E should allow CPD to conduct another share buyback by the end of 2018E. After accounting for the 1.4m shares that were bought back in October 2017, a lower WACC (8.5% vs. 9.2% before) and higher peer group-based FV (PLN 10.94 vs. PLN 9.14), we arrive at a new 12-months PT (50% NNAV, 50% peer group) for the stock of PLN 12.67 (previously: PLN 11.74). Our BUY rating remains unchanged (upside of 81%). We would like to emphasize that the recent acquisition of 100% of Robyg S.A. by an entity owned by Goldman Sachs implies a P/BVPS of 1.7x (CPD's P/BVPS is 0.57x).

CPD's 9M/17 results showed a strong improvement y-o-y. While sales, increased by 3.4% to PLN 15.1m, EBIT (PLN 9.8m vs. PLN -0.6m in 9M/16) and net income (PLN -1m vs. PLN -6.8m) significantly improved y-o-y due to sale of apartments from the URSA Smart City project and the company's building plots in the Warsaw district Ursus. In 9M/17, operating and free cash flow reached PLN 49.9m and PLN 87.2m respectively. As of 30 September, net debt equaled PLN 1.5m.

We expect the completion of additional 385 apartments in Ursus by Q4/18E as well as further sales of building parcels in the district as the scarcity of building plots is currently regarded by Polish real estate developers as a major issue. Although despite a growing likelihood of increasing interest rates we remain optimistic for CPD's financial results in the short term, we have adjusted our forecasts based on the 9M/17 report and the recent newsflow. We now believe that in full-year 2017 the company generated revenues of PLN 20.3m (previously: PLN 22.2m), an EBIT of PLN 15.9m (PLN 15m) and net income of PLN 2.2m (PLN 20.3m). For 2018E, we expect revenues of PLN 21.8m (PLN 23.8m), EBIT of PLN 40.1m (PLN 21.2m) and net income of PLN 24.3m (PLN 25.5m).

in PLNm	2015	2016	2017E	2018E	2019E	2020E
Net sales	18.74	20.02	20.30	21.77	22.96	24.27
EBITDA	58.39	11.14	16.12	40.39	26.47	17.56
EBIT	58.17	10.90	15.88	40.14	26.22	17.30
Net income	46.35	-3.86	2.18	24.25	13.62	7.05
EPS	1.41	-0.12	0.06	0.62	0.35	0.18
DPS	0.00	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
RoE	10.84%	-0.86%	0.47%	5.01%	2.71%	1.37%
Net gearing	42.41%	26.37%	4.08%	-2.89%	-6.65%	-6.39%
P/FCF	neg	4.00x	2.60x	6.24x	10.58x	85.78x
P/Tangible BVPS	0.51x	0.51x	0.52x	0.56x	0.54x	0.53x
P/E	4.96x	neg	112.57x	11.36x	20.22x	39.09x

## Company profile

CPD S.A. is a Polish real estate developer, which operates in the residential and commercial segment.

Date of publication	22 March 2018 / 6:15 am
Website	www.cpsa.pl
Sector	Real Estate
Country	Poland
ISIN	PLCELPD00013
Reuters	CPDW.WA
Bloomberg	CPD PW

## Share information

Last price (21/03/2017)	7.00
No of shares (m)	39.35
Market cap. (PLNm)	275.48
Market cap. (EURm)	64.95
52-week range	PLN 9 / PLN 4.92
Average volume	3,451

## Performance

4-weeks	-2.78%
13-weeks	15.70%
26-weeks	0.00%
52-weeks	27.27%
YTD	8.19%

## Shareholder structure

Cooperative Laxey Worldwide	30.06%
Furseka Trading	18.30%
The Value Catalyst Fund PLC	12.04%
QVT Fund LP	11.99%
LP Value Ltd.	6.14%
LP Alternative Fund LP	6.14%
Own shares	3.56%
Free float	11.77%

## Financial calendar

Annual Report 2017	April 20, 2018
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## Analyst

Adrian Kowollik  
a.kowollik@eastvalueresearch.com

## Recent results

### Revenues and Profitability

In 9M/17, CPD generated revenues of PLN 15.1m, which corresponds to a 3.4% increase y-o-y. While "Rents" ("Aquarius", "Solar" and "Iris" building in Warsaw) and "Services relating to rent" (especially administration) accounted for 97.5% of total sales, "Others", which mainly comprise revenues from real estate consulting, made up 2.5%. The increase of sales from rent stemmed especially from a lower vacancy rate in the "Iris" office building.

in PLNm	9M/17	9M/16	change Y-o-Y
<b>Net sales</b>	<b>15.12</b>	<b>14.63</b>	3.4%
<b>EBIT</b>	<b>9.82</b>	<b>-0.61</b>	-1713.1%
<i>EBIT margin</i>	<i>65.0%</i>	<i>-4.2%</i>	
<b>Net income</b>	<b>-0.95</b>	<b>-6.84</b>	-86.1%
<i>Net margi</i>	<i>-6.3%</i>	<i>-46.7%</i>	

Source: Company information, East Value Research GmbH

in PLNm	9M/17	9M/16
<b>Rents</b>	<b>10.03</b>	<b>9.93</b>
<i>Share in total sales</i>	<i>66.3%</i>	<i>67.9%</i>
<b>Services relating to rent</b>	<b>4.72</b>	<b>4.42</b>
<i>Share in total sales</i>	<i>31.2%</i>	<i>30.2%</i>
<b>Others (real estate consulting, accounting)</b>	<b>0.37</b>	<b>0.28</b>
<i>Share in total sales</i>	<i>2.5%</i>	<i>1.9%</i>
<b>Total sales</b>	<b>15.12</b>	<b>14.63</b>

Source: Company information, East Value Research GmbH

Between January and September 2017, EBIT reached PLN 9.8m (9M/16: PLN -0.6m) and net income PLN -1m (PLN -6.8m). The main reasons for the significant improvement y-o-y were (1) a much higher result from at-equity investments (PLN 8.9m vs. PLN -2m in 9M/16), which stemmed from the sale of apartments in the URSA Smart City project and (2) a significantly higher result from the sale of subsidiaries (PLN 7.7m vs. PLN 0k) that own the building parcels in Ursus. A lower net financial result (PLN -8.4m vs. PLN -5.4m), which stemmed from the depreciation of PLN vs. EUR, as well as a significantly higher tax expense (PLN 2.4m vs. PLN 0.9m) had a negative impact on net income.

The value of investment property declined by PLN 8.3m (PLN -98k) due to among others unfavorable exchange rate differences.

**Balance sheet and Cash flow**

As of 30 September 2017, CPD had equity of PLN 485.8m, which corresponded to a share of 65.5% in the balance sheet total. The largest balance sheet position was investment property (PLN 511.1m vs. PLN 558.7m at the end of 2016), which comprises own/leased land and own buildings for long-term rent and/or appreciation.

At-equity investments (URSA project) equaled PLN 67.9m (2016: PLN 32.6m) and inventories (expenses relating to residential property or land, which is being constructed or awaiting construction and will later be sold) PLN 5.4m (PLN 5.5m). According to our estimates, working capital amounted to PLN -72.7m (PLN -19.5m). As of 30 September 2017, the company had interest-bearing debt of PLN 145.2m (PLN 0m of bonds, PLN 112.6m of bank debt, PLN 32.6m of leasing debt), thereof 19.6% short-term. Compared to 31 December 2016, it declined by PLN 65.8m as all bonds were either converted into shares (6.49m new shares at PLN 4.38 per share) or repurchased (PLN 30m).

Between January and September 2017, CPD generated an operating cash flow of PLN 49.9m (9M/16: PLN 4.2m), which resulted from a significantly higher net income. Cash flow from investing improved to PLN 37.3m (9M/16: PLN -8.4m) mainly due to a (partial) sale of rights in the subsidiaries 4/113 Gaston Investments Sp. z.o.o S.K., 11/162 Gaston Investments Sp. z.o.o S.K. and 4/119 Gaston Investments Sp. z.o.o S.K. Cash flow from financing equaled PLN -33.5m (PLN -3.5m) following the repayment of debt and bonds. Compared to January 2017, CPD's cash position increased by PLN 53.8m to PLN 143.8m.

## Financial forecasts

### Revenues and Profitability

Our model reflects CPD's financial reporting, which shows revenues relating to rent and consulting on the top-line, while sales and revaluations of real estate are visible under "other operating income", "result from property sales and revaluations" and "result from at-equity investments". Following 9M/17 results and re-stated Q1/17 accounts on the EBIT and net income level, we have adjusted our forecasts for 2017 and beyond. We now expect that last year CPD generated revenues of PLN 20.3m (PLN 22.2m), an EBIT of PLN 15.9m (PLN 15m) and net income of PLN 2.2m (PLN 20.3m). As in February CPD announced the sale of in total c. 91k sqm of building plots in Ursus to Polish residential developer Robyg, in 2018E we now estimate that revenues will reach PLN 21.8m (PLN 23.8m), EBIT PLN 40.1m (PLN 21.2m) and net income PLN 24.3m (PLN 25.5m).

Below are our detailed assumptions regarding CPD's sales:

*Rents:* CPD currently generates rental income from three office buildings in Warsaw, which together have 25,154 sqm of rental space. All of them are located in the Mokotow district, where many companies have their offices due to good access to the metro as well as its proximity to the Warsaw city center and the Chopin airport. As unfortunately CPD does not provide this data, we have derived the vacancy rate and the average rent per sqm from the information provided in its annual report 2016.

For the period 2017 to 2020E, we have assumed an unchanged rent per sqm of EUR 13 and FX rate of PLN 4.20. However, now we estimate that the vacancy rate in 2017 reached 18% (previously: 13.3%) on average compared to 18.8% in 2016 and that it will decline to 10.4% (5.7%) by 2020E. In our opinion, after a 4.6% GDP growth in 2017 Poland will continue to develop well in the coming years (the Central Bank NBP forecasts GDP growth of 4.2% in 2018E and 3.8% in 2019E) and Warsaw will attract international corporate tenants as the country's most important political and business center.

*Services relating to rent:* This position reflects administrative fees, which CPD receives in relation to its rental activity. After 2017, when we believe it reached PLN 6.2m (PLN 7m), we have assumed that these fees will increase at a CAGR of 8.7%.

*Others:* "Others" reflect accounting and consulting fees, which CPD receives from international property investors that are interested in the Polish market. Based on CPD's 9M/17 report, we believe that in 2017 they declined by 30.1% y-o-y to PLN 594k (PLN 960k), but should increase afterwards at a CAGR of 7.5%.

in PLNm	2017E	2018E	2019E	2020E
<b>Rents</b>	<b>13.51</b>	<b>14.17</b>	<b>14.46</b>	<b>14.76</b>
<i>Share in total sales</i>	66.5%	65.1%	63.0%	60.8%
Average vacancy rate	18.0%	14.0%	12.2%	10.4%
Total rental space	25,154	25,154	25,154	25,154
Average rent per sqm (EUR)	13	13	13	13
PLN-EUR	4.20	4.20	4.20	4.20
<b>Services relating to rent</b>	<b>6.20</b>	<b>6.95</b>	<b>7.78</b>	<b>8.71</b>
<i>Share in total sales</i>	30.5%	31.9%	33.9%	35.9%
<b>Others (real estate consulting, accounting)</b>	<b>0.59</b>	<b>0.65</b>	<b>0.72</b>	<b>0.79</b>
<i>Share in total sales</i>	2.9%	3.0%	3.1%	3.3%
<b>Net sales</b>	<b>20.30</b>	<b>21.77</b>	<b>22.96</b>	<b>24.27</b>
change y-o-y	1.4%	7.2%	5.5%	5.7%

Source: East Value Research GmbH

in PLNm	2017E		2018E		2019E		2020E	
	new	old	new	old	new	old	new	old
<b>Net sales</b>	<b>20.30</b>	<b>22.20</b>	<b>21.77</b>	<b>23.79</b>	<b>22.96</b>	<b>25.13</b>	<b>24.27</b>	<b>26.59</b>
<b>EBIT</b>	<b>15.88</b>	<b>15.02</b>	<b>40.14</b>	<b>21.23</b>	<b>26.22</b>	<b>21.88</b>	<b>17.30</b>	<b>22.56</b>
<i>EBIT margin</i>	78.2%	67.7%	184.4%	89.2%	114.2%	87.1%	71.3%	84.8%
<b>Net income</b>	<b>2.18</b>	<b>20.27</b>	<b>24.25</b>	<b>25.46</b>	<b>13.62</b>	<b>26.15</b>	<b>7.05</b>	<b>26.86</b>
<i>Net margin</i>	10.7%	91.3%	111.4%	107.0%	59.3%	104.1%	29.0%	101.0%

Source: East Value Research GmbH

in PLNm	Q1/15	Q2/15	Q3/15	Q4/15	2015	Q1/16	Q2/16	Q3/16	Q4/16	2016
<b>Net sales</b>	<b>4.67</b>	<b>4.37</b>	<b>4.81</b>	<b>4.88</b>	<b>18.74</b>	<b>4.73</b>	<b>4.98</b>	<b>4.93</b>	<b>5.39</b>	<b>20.02</b>
<i>y-o-y change</i>	18.4%	33.6%	27.2%	-45.9%	-6.4%	1.2%	13.8%	2.5%	10.4%	6.9%
<b>EBIT</b>	<b>-8.42</b>	<b>6.93</b>	<b>0.27</b>	<b>59.39</b>	<b>58.17</b>	<b>0.86</b>	<b>3.29</b>	<b>-4.76</b>	<b>11.51</b>	<b>10.90</b>
<i>EBIT margin</i>	-180.1%	158.4%	5.6%	1216.2%	310.5%	18.3%	66.1%	-96.7%	213.5%	54.5%
<b>Net income</b>	<b>28.72</b>	<b>-29.56</b>	<b>-0.84</b>	<b>-5.38</b>	<b>-7.07</b>	<b>-2.10</b>	<b>-1.57</b>	<b>-3.17</b>	<b>0.51</b>	<b>-6.33</b>
<i>Net margin</i>	614.6%	-675.9%	-17.5%	-110.2%	-37.7%	-44.5%	-31.5%	-64.3%	9.4%	-31.6%

in PLNm	Q1/17	Q2/17	Q3/17	Q4/17E	2017E
<b>Net sales</b>	<b>5.24</b>	<b>5.09</b>	<b>4.79</b>	<b>5.18</b>	<b>20.30</b>
<i>y-o-y change</i>	10.9%	2.3%	-2.7%	-3.9%	1.4%
<b>EBIT</b>	<b>-5.44</b>	<b>6.66</b>	<b>8.60</b>	<b>6.05</b>	<b>15.88</b>
<i>EBIT margin</i>	-103.8%	130.7%	179.5%	116.8%	78.2%
<b>Net income</b>	<b>-6.76</b>	<b>2.79</b>	<b>3.02</b>	<b>3.13</b>	<b>2.18</b>
<i>Net margin</i>	-128.9%	54.7%	63.1%	60.4%	10.7%

Source: East Value Research GmbH

## CAPEX and Working capital

In our model, we have assumed positive cash flow from investing of PLN 64.3m in 2018E-2020E due to sale of commercial properties as well as completion of apartments in Ursus. Due to the transfer of assets from investment property to inventories we have forecast that working capital will grow by PLN 14.7m in 2018E and PLN 15.2m both in 2019E and 2020E.

## Valuation

In order to value CPD, we have decided to use a weighted average of the Triple NAV (50%), which reflects the current value of the company's real estate, as well as a peer group valuation (50%) based on historical results. In our view, a DCF would be too unreliable as it is difficult to forecast CPD's results in the next years. Based on a WACC of 8.5%, our approach results in a 12-months PT for the stock of PLN 12.67 (previously: PLN 11.74), which implies a BUY rating at present.

Below are the key assumptions of our WACC calculation:

- (1) *Risk-free rate*: Current yield of Polish long-term government bonds with maturity in 2037E is 3.6% (Source: [www.boerse-stuttgart.de](http://www.boerse-stuttgart.de))
- (2) *Beta*: Average unlevered beta for companies from the Real Estate (Developers) sector, which are based in Emerging Markets, is 0.66x (Source: [www.damodaran.com](http://www.damodaran.com))
- (3) *Levered beta*: With a target debt/equity share of 30/70, the levered beta equals 0.89x
- (4) *Equity risk premium (Poland)*: 6.06% (Source: [www.damodaran.com](http://www.damodaran.com))

## NNNAV calculation

Our approach is based on the methodology of EPRA, the European Public Real Estate Association.

in PLNm	
Equity (estimate as of 31 December 2017)	471.73
+ Deferred taxes (net)	-22.56
+ Market value of derivative instruments	0.00
<b>= EPRA NAV</b>	<b>449.17</b>
- Market value of derivative instruments	-0.73
- Market value of off-balance sheet debt	0.00
- Deferred taxes (net)	22.56
<b>= EPRA NNAV</b>	<b>471.00</b>
: Number of shares (excl. 1.4m own ones)	37.95
<b>= EPRA NNAV per share</b>	<b>12.41</b>

Source: EPRA, East Value Research GmbH

## Peer Group

We have compared CPD to six smaller developers, of which all except Vantage Development that has recently been de-listed, are traded on the Warsaw Stock Exchange.

- (1) *Archicom S.A.*: Archicom, which is based in Wroclaw, is one of the oldest real estate developers in the Polish province of Lower Silesia. Over the last 30 years, the company, which has a 18% share in the commercial real estate market in Wroclaw, has realized >150 projects (apartment and office buildings as well as hotels) and constructed and sold >4,000 apartments. Currently, Archicom is also growing its operations in Krakow, Warsaw, Poznan, Lodz and the Triple City (Gdansk, Gdynia and Sopot). The company's land bank corresponds to 5,900 apartments and 46.2k GLA (Gross Leasable Area). Until 24 November 2017, the Group sold 1,502 units, 59% more than in Jan-Dec 2016. In fiscal-year 2016, Archicom generated sales of PLN 282.3m.
- (2) *Soho Development S.A.*: Soho Development, which is based in Warsaw, focuses on the construction and development of properties on its existing land bank. Its main investment projects are: (1) Soho Factory in Warsaw – 21.5k sqm PU already completed, 15.9k sqm PU in realization, c. 74k sqm PU in preparation (2) Fabryka PZO in Warsaw – c. 7k sqm PU and c. 10k sqm GLA planned (3) Minska Development in Warsaw – 2.8k sqm PU planned for adaptation and (4) Cracovia Property in Krakow – 22.4k sqm PU in realization, c. 8k sqm PU planned, c. 20k sqm PU possible in the future. On 12 December 2017, Soho Development announced the sale of the "Soho Factory" project to Yawa Sp. Z.o.o S.K. (part of the Yareal International Group) for in total PLN 185.2m (incl. VAT). The company is also in advanced talks regarding the sale of the Fabryka PZO project with the Polish developer White Star Real Estate sp. z o.o, whom it granted exclusivity until 20 April 2018. In 2017, Soho Development generated revenues of PLN 88.5m.
- (3) *I2 Development S.A.*: i2 Development, which is headquartered in Wroclaw, is a holding that has been active in the Polish real estate sector since 2012. The company is one of the leaders in the property market in the Polish province of Lower Silesia. Currently, i2 Development has >20 projects in realization and preparation, which are supposed to be completed by Q1/20E. In 2016, i2 Development generated total revenues of PLN 93.5m.
- (4) *Lokum Deweloper S.A.*: Lokum Deweloper, which is based in Wroclaw, is one of the three largest developers in Wroclaw and since 2016 has also been active in Krakow. Since 2004, the company has realized 30 residential and commercial projects (c. 3.5k units with c. 182k sqm). Currently, the company has 1,986 units in preparation and 1,543 in realization. In 2016, Lokum Deweloper had sales of PLN 189.3m.

- (5) *Ronson Europe NV*: Ronson Europe, which is headquartered in Rotterdam, has been active in the Polish residential real estate market for 19 years. Over the last years, it has completed 24 projects (e.g. Chill City and Galileo in Poznan, Panoramika in Szczecin, Konstans and Lazurowa Dolina in Warsaw) and currently has 18 projects in realization and further 13 in preparation. In 2017, Ronson Europe NV generated revenues of PLN 231.7m.

Company	P/BVPS	P/E	Net debt/EBITDA	Net interest cover	Net gearing
	Latest	Last FY	Last FY	Last FY	Latest
Archicom S.A. (PLN)	0.98x	9.67x	1.43x	34.81x	16.15%
Soho Development S.A. (PLN)	0.56x	141.67x	-78.34x	0.20x	-55.09%
i2 Development S.A. (PLN)	0.89x	30.35x	11.22x	2.14x	56.63%
Lokum Deweloper S.A. (PLN)	1.37x	7.48x	2.46x	8.74x	37.09%
Ronson Europe NV (PLN)	0.65x	22.93x	6.74x	3.02x	43.33%
<b>Median</b>	<b>0.89x</b>	<b>22.93x</b>	<b>2.46x</b>	<b>3.02x</b>	<b>37.09%</b>
CPD S.A. (PLN)	0.57x	neg	10.58x	1.29x	0.31%
<b>Premium/discount</b>	<b>-36.04%</b>	<b>n.a</b>			
<b>Fair value CPD S.A. (PLN)</b>	<b>10.94</b>				

Source: Company reports, East Value Research GmbH

- (6) *Vantage Development S.A.*: Vantage Development, which is based in Wroclaw, concentrates on the residential and commercial real estate market in Wroclaw and Warsaw. In the past years, the company has realized among others the following projects in Wroclaw: (1) Centauris and (2) Parkowa Ostoja. Its current portfolio of new projects comprises among others (1) Promenady Wroclawskie in Wroclaw – a residential project on 15 ha of land (2) Dorzeczcie Legnickie, which will be completed by the end of 2018E (3) Living Point Mokotow in Warsaw (4) Promenady Business Park – an office building with 90,000 sqm of space and (5) Grona Park in Zielona Park with c. 4k sqm of retail space. In 2017, Vantage Development had revenues of PLN 293.5m.

Due to the acquisition of a 35.49% stake at PLN 3.70 per share by Messrs Grzegorz Dzik and Jozef Biegaj (both are members of Vantage's Supervisory Board) and entities that are controlled by them (Implied equity value of 100% equals PLN 222.9m or P/BVPS of 0.61x) the company is no longer listed on the Warsaw Stock Exchange.

**Price target calculation**

<b>Valuation method</b>	<b>Fair value</b>	<b>Weight</b>
NNNAV	12.41	50%
Peer Group Analysis	10.94	50%
<b>Weighted average (present value)</b>	<b>11.68</b>	
<b>In 12-months (PV * (1+WACC))</b>	<b>12.67</b>	

Source: East Value Research GmbH

## Profit and loss statement

in PLNm	2015	2016	2017E	2018E	2019E	2020E
<b>Net sales</b>	<b>18.74</b>	<b>20.02</b>	<b>20.30</b>	<b>21.77</b>	<b>22.96</b>	<b>24.27</b>
Cost of goods sold	-3.50	-2.05	-3.05	-3.94	-4.16	-4.39
<b>Gross profit</b>	<b>15.24</b>	<b>17.97</b>	<b>17.26</b>	<b>17.83</b>	<b>18.81</b>	<b>19.87</b>
Other operating income	5.51	3.01	0.60	9.00	8.50	8.00
Result from property sales and revaluations	59.39	2.10	-8.40	2.00	2.50	3.00
Property maintenance	-9.29	-7.21	-6.22	-6.67	-7.03	-7.42
Administration costs	-11.21	-7.99	-8.53	-9.14	-9.64	-10.19
Sales and marketing expenses	-0.33	-0.43	-0.59	-0.63	-0.67	-0.70
Result from at-equity investments	-0.91	3.68	22.00	28.00	14.00	5.00
<b>EBITDA</b>	<b>58.39</b>	<b>11.14</b>	<b>16.12</b>	<b>40.39</b>	<b>26.47</b>	<b>17.56</b>
Depreciation & Amortization	-0.22	-0.24	-0.24	-0.25	-0.25	-0.26
<b>EBIT</b>	<b>58.17</b>	<b>10.90</b>	<b>15.88</b>	<b>40.14</b>	<b>26.22</b>	<b>17.30</b>
Net financial result	-4.75	-8.43	-11.00	-10.20	-9.40	-8.60
<b>EBT</b>	<b>53.42</b>	<b>2.47</b>	<b>4.88</b>	<b>29.94</b>	<b>16.82</b>	<b>8.70</b>
Income taxes	-7.07	-6.33	-2.70	-5.69	-3.20	-1.65
<b>Net income / loss</b>	<b>46.35</b>	<b>-3.86</b>	<b>2.18</b>	<b>24.25</b>	<b>13.62</b>	<b>7.05</b>
Diluted EPS	1.41	-0.12	0.06	0.62	0.35	0.18
DPS	0.00	0.00	0.00	0.00	0.00	0.00
<b>Share in total sales</b>						
Net sales	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Cost of goods sold	-18.68 %	-10.24 %	-15.00 %	-18.10 %	-18.10 %	-18.10 %
Gross profit	81.32 %	89.76 %	85.00 %	81.90 %	81.90 %	81.90 %
Other operating income	29.43 %	15.03 %	2.96 %	41.35 %	37.02 %	32.97 %
Result from property sales and revaluations	316.99 %	10.48 %	-41.37 %	9.19 %	10.89 %	12.36 %
Property maintenance	-49.58 %	-35.99 %	-30.65 %	-30.63 %	-30.61 %	-30.59 %
Administration costs	-59.85 %	-39.90 %	-42.00 %	-42.00 %	-42.00 %	-42.00 %
Sales and marketing expenses	-1.78 %	-2.13 %	-2.90 %	-2.90 %	-2.90 %	-2.90 %
Result from at-equity investments	-4.86 %	18.38 %	108.35 %	128.63 %	60.97 %	20.61 %
EBITDA	311.67 %	55.63 %	79.39 %	185.54 %	115.26 %	72.35 %
Depreciation & Amortization	-1.17 %	-1.18 %	-1.19 %	-1.13 %	-1.09 %	-1.05 %
EBIT	310.50 %	54.45 %	78.20 %	184.41 %	114.17 %	71.30 %
Net financial result	-25.37 %	-42.10 %	-54.18 %	-46.86 %	-40.94 %	-35.44 %
EBT	285.12 %	12.35 %	24.02 %	137.55 %	73.24 %	35.85 %
Income taxes	-37.74 %	-31.61 %	-13.30 %	-26.13 %	-13.91 %	-6.81 %
Net income / loss	247.39 %	-19.26 %	10.73 %	111.42 %	59.32 %	29.04 %

## Balance Sheet

in PLNm	2015	2016	2017E	2018E	2019E	2020E
<b>Assets</b>						
Cash and equivalents	26.07	90.00	126.47	154.98	170.01	164.69
Bonds	3.67	3.70	0.00	0.00	0.00	0.00
Inventories	5.30	5.47	5.40	15.40	25.40	35.40
Trade notes and receivables	1.29	1.72	1.74	1.86	1.97	2.08
Prepaid expenses and deferred charges	7.96	8.15	7.40	7.62	7.85	8.09
Assets-held-for-Sale	0.00	14.08	5.00	0.00	0.00	0.00
<b>Current assets, total</b>	<b>44.30</b>	<b>123.11</b>	<b>146.01</b>	<b>179.86</b>	<b>205.23</b>	<b>210.25</b>
Investment property	651.09	558.71	500.00	475.00	450.00	440.00
Fixed assets	0.96	0.83	0.75	0.75	0.74	0.74
Other intangible assets	0.06	0.03	0.02	0.02	0.02	0.02
Goodwill	0.00	0.00	0.00	0.00	0.00	0.00
At-equity investments	14.51	32.57	68.00	69.36	70.75	72.16
Bonds	0.00	0.37	0.00	0.00	0.00	0.00
Long-term receivables	0.00	0.37	0.01	0.01	0.01	0.01
Deferred tax assets	0.55	0.00	0.00	0.00	0.00	0.00
<b>Non-current assets, total</b>	<b>667.18</b>	<b>592.87</b>	<b>568.78</b>	<b>545.13</b>	<b>521.51</b>	<b>512.92</b>
<b>Total assets</b>	<b>711.48</b>	<b>715.98</b>	<b>714.79</b>	<b>725.00</b>	<b>726.74</b>	<b>723.17</b>
<b>Liabilities</b>						
Trade payables	1.27	1.45	2.15	2.79	2.94	3.11
Short-term financial debt	8.81	38.34	28.39	24.89	21.39	17.89
Other short-term liabilities	15.44	33.72	70.50	65.50	60.50	55.50
Derivative instruments	0.00	4.02	0.73	0.74	0.76	0.77
Liabilities-held-for-Sale	0.00	0.58	0.63	0.00	0.00	0.00
<b>Current liabilities, total</b>	<b>25.52</b>	<b>78.11</b>	<b>102.39</b>	<b>93.92</b>	<b>85.58</b>	<b>77.27</b>
Long-term financial debt	200.52	168.62	116.00	115.00	114.00	113.00
Derivative instruments	11.64	0.00	0.00	0.00	0.00	0.00
Other long-term liabilities	2.07	2.09	2.10	2.14	2.18	2.23
Deferred tax liabilities	20.91	20.25	22.56	17.95	15.36	14.03
<b>Long-term liabilities, total</b>	<b>235.13</b>	<b>190.96</b>	<b>140.66</b>	<b>135.09</b>	<b>131.55</b>	<b>129.25</b>
<b>Total liabilities</b>	<b>260.65</b>	<b>269.07</b>	<b>243.05</b>	<b>229.01</b>	<b>217.13</b>	<b>206.52</b>
<b>Shareholders equity, total</b>	<b>450.83</b>	<b>446.90</b>	<b>471.73</b>	<b>495.99</b>	<b>509.61</b>	<b>516.65</b>
Minority interests	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total equity and liabilities</b>	<b>711.48</b>	<b>715.98</b>	<b>714.79</b>	<b>725.00</b>	<b>726.74</b>	<b>723.17</b>

## Cash Flow Statement

in PLNm	2015	2016	2017E	2018E	2019E	2020E
Net income / loss	46.35	-3.86	2.18	24.25	13.62	7.05
Depreciation	0.22	0.24	0.24	0.25	0.25	0.26
Change in working capital	-0.84	11.49	38.28	-14.71	-15.18	-15.18
Others	-52.32	0.95	-2.31	4.61	2.59	1.34
<b>Net operating cash flow</b>	<b>-6.58</b>	<b>8.82</b>	<b>38.38</b>	<b>14.39</b>	<b>1.28</b>	<b>-6.54</b>
<b>Cash flow from investing</b>	<b>-21.24</b>	<b>59.98</b>	<b>67.63</b>	<b>29.76</b>	<b>24.76</b>	<b>9.75</b>
Free cash flow	-27.83	68.80	106.01	44.15	26.04	3.21
<b>Cash flow from financing</b>	<b>35.13</b>	<b>-4.87</b>	<b>-69.54</b>	<b>-15.64</b>	<b>-11.01</b>	<b>-8.53</b>
Change of cash	7.30	63.93	36.47	28.51	15.03	-5.32
Cash at the beginning of the period	18.77	26.07	90.00	126.47	154.98	170.01
Cash at the end of the period	26.07	90.00	126.47	154.98	170.01	164.69

## Financial ratios

Fiscal year	2015	2016	2017E	2018E	2019E	2020E
<b>Profitability and balance sheet quality</b>						
Gross margin	81.32%	89.76%	85.00%	81.90%	81.90%	81.90%
EBITDA margin	311.67%	55.63%	79.39%	185.54%	115.26%	72.35%
EBIT margin	310.50%	54.45%	78.20%	184.41%	114.17%	71.30%
Net margin	247.39%	-19.26%	10.73%	111.42%	59.32%	29.04%
Return on equity (ROE)	10.84%	-0.86%	0.47%	5.01%	2.71%	1.37%
Return on assets (ROA)	7.18%	0.64%	1.84%	4.75%	3.17%	2.16%
Return on capital employed (ROCE)	7.36%	-2.66%	1.16%	5.15%	3.31%	2.17%
Net debt (in PLNm)	191.22	117.86	19.27	-14.35	-33.87	-33.03
Net gearing	42.41%	26.37%	4.08%	-2.89%	-6.65%	-6.39%
Equity ratio	63.37%	62.42%	66.00%	68.41%	70.12%	71.44%
Current ratio	1.74	1.58	1.43	1.92	2.40	2.72
Quick ratio	1.22	1.22	1.25	1.67	2.01	2.16
Net interest cover	12.24	1.29	1.44	3.94	2.79	2.01
Net debt/EBITDA	3.27	10.58	1.20	-0.36	-1.28	-1.88
Tangible BVPS	13.72	13.60	13.47	12.60	12.95	13.13
CAPEX/Sales	373.34%	-390.78%	-333.07%	-136.72%	-107.81%	-40.18%
Working capital/Sales	-11.53%	-99.09%	-286.22%	-199.39%	-122.91%	-53.75%
Cash Conversion Cycle (in days)	445	746	420	1200	2004	2715
<b>Trading multiples</b>						
EV/Sales	14.78	13.83	13.64	12.72	12.06	11.41
EV/EBITDA	4.74	24.87	17.18	6.86	10.47	15.78
EV/EBIT	4.76	25.41	17.44	6.90	10.57	16.01
P/Tangible BVPS	0.51	0.51	0.52	0.56	0.54	0.53
P/E	4.96	-59.66	112.57	11.36	20.22	39.09
P/FCF	-9.90	4.00	2.60	6.24	10.58	85.78

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Lurgiallee 12

60439 Frankfurt