

CAPITAL PARK

2Q19 Results Preview

We forecast Capital Park to report revenues of PLN 33m and net profit of PLN 26.9m. Capital Park is due to publish its 2Q19 results on 9 September. Below please find key takeaways:

- **Revenues.** We forecast revenues of PLN 33m (-6% y/y due to deconsolidation of investment funds, comparable q/q).
- **EBIT.** We forecast operating profit of PLN 31.5m (in comparison to PLN 106m reported in 2Q18). We point that in 2Q18 Capital Park reported positive revaluation of PLN 83.4m. In 2Q19 we forecast the company to report negative revaluation of ca. PLN 18m related to EURPLN change and positive ca. PLN 27m revaluation related to preliminary agreement regarding the disposal of land plot in Warsaw for PLN 85.5m (BV of land plot amounted to PLN 52m as of end-1Q18).
- We expect EBIT ex. revaluation to reach PLN 22.3m (-2% y/y).
- **Net profit.** On the bottom line we forecast profit of PLN 26.9m (-14% y/y), assuming gain on measurement of financial liabilities of PLN 10m related to FX changes.

CAPITAL PARK
BUY
FV PLN 8.5

+40% upside

Price as of 04 Sep 2019: PLN 6.07

Capital Park 2Q19 results preview

PLNm	2Q18	3Q18	4Q18	1Q19	2Q19E	y/y
Revenues	35.3	36.6	39.0	32.3	33.0	-6%
Costs related to inv.prop.	-9.1	-9.1	-9.7	-8.6	-8.6	-5%
G&A costs	-2.1	-1.2	-3.4	-5.5	-2.5	17%
Revaluation of inv.prop.	83.4	-37.9	12.2	3.6	9.1	-89%
EBIT	106.2	-13.9	36.2	28.7	31.5	-70%
EBIT adj.	22.8	24.0	24.0	25.1	22.3	-2%
Net financial costs	-49.8	16.5	-22.1	-10.6	1.7	-103%
Pre-tax profit	56.4	2.7	14.1	18.1	33.2	-41%
Income tax	-21.0	1.4	8.4	-2.4	-6.3	-70%
Net profit	31.4	5.1	20.8	15.7	26.9	-14%

Source: Company, IPOPEMA Research

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NII – Net interest income – interest income minus interest expense.
 Net F&C – Net fee and commission income – fee and commission income minus fee and commission expense.
 LLP – loan loss provisions – an expense set aside as an allowance for bad loans.
 NPL – non-performing loan – loans that are in default or close to be in default.
 Cost/Income – operating expenses divided by total banking revenue.
 ROE – return on equity – net income (or adjusted net income) divided by the average shareholders' equity.
 ROA – return on assets – net income (or adjusted net income) divided by the average assets.
 EBIT – earnings before interests and tax.
 EBITDA – earnings before interests, tax, depreciation and amortization.
 EPS – earnings per share – the net income (or adjusted net income) divided by the number of shares outstanding.
 P/E – price to earnings ratio – price divided by earnings per share.
 PEG – P/E ratio divided by the annual EPS growth, usually over a certain period of time.
 CAGR – compound annual growth rate.
 BVPS – book value per share, the book value of the Company's equity divided by the number of shares outstanding.
 P/BV – price to book value - price divided by the BVPS.
 DPS – dividend per share – dividend of a given year divided by the number of shares outstanding.
 DY – dividend yield – dividend of a given year divided by the current price.
 DDM – dividend discount model – a fundamental method of valuation based on the assumption that the value of stock equals the sum of all discounted future dividends.
 FV – Fair Value, calculated based on valuation methods outlined in the document.

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IPOPEMA Research - Distribution by rating category (Apr 1 – Jun 31, 2019)

	Number	%
Buy	6	40%
Hold	6	40%
Sell	3	20%
Total	12	100%

Rating History – Capital Park

Date	Recommendation	Fair Value	Price at recommendation	Author
30/07/2019	BUY	8.50	5.44	Marek Szymański
