

Capital Park

Narrowing the discount to NAV

We initiate coverage of Capital Park with a BUY recommendation and a FV of PLN 8.50 per share, which implies 56% upside. The company manages and develops commercial properties in Poland, with major focus on Warsaw office market. As of end-1Q19 CPG owned commercial properties valued at nearly PLN 2.2bn, that generated funds from operations (FFO) of PLN 45m in 2018. Aside from cash-generating assets, Capital Park is also developing the ArtN project, which encompasses 40k sqm of office space and 27k sqm of retail area, to be completed in 1Q21. CPG also owns plot of land allocated for construction of the Eurocentrum Hotel & Residence project. We expect the completion of the ArtN building to allow CPG to recognize PLN 115m revaluation in 2019-21E. Also, we believe CPG may potentially dispose of its projects, which could result in significant cash inflow and dividend payments. However we do not include this in our forecasts due to low visibility. Our estimates suggest a rise in NAV from PLN 975m at end-2018 to PLN 1,096m at end-2021, implying a 2018-21E CAGR of nearly 4%. The firm trades at a discount of more than 40% to its NAV, but we expect the gap to narrow given the development pipeline and potential project disposal.

Stable FFO from cash-generating assets

As of end-1Q19, Capital Park's portfolio consisted of eight projects with a total GLA of 147k sqm and a BV of PLN 1,548m, with outstanding debt of PLN 895m. The firm reported NOI of PLN 85m ex. deconsolidated funds and FFO of PLN 45m in 2018. Given the occupancy rate of completed projects at 91% and WAULT at 4.8 years, we expect the properties to deliver stable results in the years ahead.

NAV growth via development of the ArtN project

Capital Park started the construction of the ArtN project at end-2017, while the completion is scheduled in 1Q21. The property will offer 67k sqm of mixed-use space. We expect the development of the project (total capex of around PLN 1bn) to allow CPG to recognize a revaluation of around PLN 115m in 2019-21, while post-completion it should generate an annual NOI of around PLN 62m (vs. PLN85m reported by CPG in FY18). CPG also owns a plot of land for the construction of the Eurocentrum Hotel & Residence (BV of PLN 51m at end-4Q18), although we do not include this in our forecasts, as the company has yet to start development.

Valuation with over 40% discount to company's BV

The current valuation implies around 40% discount to BV and NAV, which we see as unjustified. We highlight that two completed projects (Eurocentrum Complex and Royal Wilanów) represent a NAV of around PLN 5.4/share (close to CPG's share price). We also expect NAV to rise almost 12% by end-2021 due to the development of ArtN. Finally, we highlight the potential cash inflow resulting from project disposals.

Chart 1: Summary of Financial Data (PLN m)

	2016	2017	2018	2019E	2020E	2021E
Revenues	107.7	125.8	145.8	121.0	121.3	136.7
EBIT	124.4	-5.0	172.0	82.8	84.7	126.9
EBIT adj.*	55.5	79.8	92.8	83.8	77.9	87.1
Net profit	24.5	-14.1	85.3	46.0	43.2	75.2
P/E adj.* (x)	n.m.	24.5	13.5	14.5	16.0	16.5
P/BV (x)	0.65	0.66	0.60	0.57	0.55	0.51
P/NAV (x)	0.67	0.60	0.60	0.58	0.54	0.52

Source: Company, IPOPEMA Research, * adjusted for result on property revaluation and remeasurement of financial liabilities

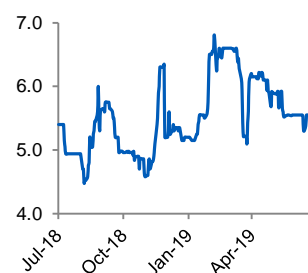
Capital Park BUY

Coverage initiation

FV PLN 8.50

+56% upside

Price as of 30 July 2019 PLN 5.44



Key ratios	2019E	2020E
NOI margin	74.7%	74.7%
EBIT margin adj.*	69.3%	64.2%
Net margin adj.*	33.4%	30.1%
ROE	4.0%	3.5%

Share data

Number of shares (m)	108.3
Market Cap (€ m)	137.6
12M avg daily volume (k)	7.3
12M avg daily turnover (€ m)	0.01
52W High/Low (PLN)	6.80/4.48
WIG Weight	0.06
Reuters	CPGP.WA
Bloomberg	CPG PW

Total performance

1M	-1.8%
3M	-11.4%
12M	+0.9%

Shareholders

Townsend Holding BV	66.0%
Metlife OFE	12.2%
Patron Townsend S.a.r.l	5.6%
Management Board	3.0%
Other	13.2%

Analyst

Marek Szymański	+48 22 236 9412
marek.szymanski@ipopema.pl	

Valuation

We value Capital Park using a NAV valuation method (100% weight) and multiple valuation (0% weight only for the presentation purpose).

Chart 2: Capital Park – Valuation summary

Valuation method	Weight (%)	FV (PLN/share)
NAV	100%	8.50
Multiple valuation	0%	9.64
Fair value		8.50
Current price		5.44
Upside/downside		56%

Source: Company, IPOPEMA Research

NAV valuation

We base our NAV on the fair value of the company's properties deducting financial liabilities, deferred tax liabilities and provisions for each respective year. Our valuation includes the development of ArtN project (assuming completion in 1Q21 with the majority of revaluation recognized at the end of the development) and excludes the development of the Eurocentrum Hotel & Residence project. We therefore value it at cost. Given the above-mentioned we arrive at a FV for Capital Park of PLN 8.50 per share using the NAV valuation method.

Chart 3: Capital Park – NAV valuation (PLN m)

	2019E	2020E	2021E	2022E	2023E
(+) Investment property	2,203.5	2,458.9	2,783.8	2,783.8	2,783.8
(+) Investments in jointly controlled entities	44.4	34.4	36.9	39.9	42.9
(+) Financial assets	22.8	22.8	22.8	22.8	22.8
(+) Cash and cash equivalents	157.7	152.1	118.2	161.6	215.7
(-) Long-term debt	1,267.3	1,463.9	1,685.8	1,685.8	1,685.8
(-) Short-term debt	43.4	43.4	43.4	43.4	43.4
(-) Deferred tax liabilities	136.7	136.7	136.7	136.7	136.7
(-) Non-controlling interests	0.0	0.0	0.0	0.0	0.0
= NAV (PLNm)	981.1	1,024.2	1,095.8	1,142.3	1,199.3
Number of shares (m)	108.3	108.3	108.3	108.3	108.3
NAV per share (PLN)	9.06	9.45	10.12	10.54	11.07
Discount factor (%)	97%	91%	85%	79%	74%
PV of NAV per share (PLN)	8.8	8.6	8.6	8.4	8.2
FV	8.50				
Current price (PLN)	5.44				
Upside/downside (%)	56.3%				

Source: Company, IPOPEMA Research

Chart 4: Capital Park – WACC calculation

	2019E	2020E	2021E	2022E	2023E
Risk free rate (%)	2.8%	2.8%	2.8%	2.8%	2.8%
Levered beta (x)	2.0	2.1	2.2	2.2	2.1
Risk premium (%)	5.0%	5.0%	5.0%	5.0%	5.0%
Cost of Equity (%)	13.0%	13.5%	13.9%	13.6%	13.4%
Debt risk premium (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Tax rate (%)	19.0%	19.0%	19.0%	19.0%	19.0%
After tax cost of debt (%)	2.4%	2.4%	2.4%	2.4%	2.4%
WACC (%)	7.1%	7.0%	7.0%	7.0%	7.0%

Source: Company, IPOPEMA Research

Chart 5: NAV/share sensitivity (PLN)

Percentage change of rental rate (EUR/sqm)	Yield (%)					
	-5.0%	-2.5%	0.0%	2.5%	5.0%	
	-0.50	-0.25	0.00	+0.25	+0.50	
	8.91	8.41	7.96	7.54	7.16	
	9.20	8.69	8.23	7.81	7.41	
	9.49	8.97	8.50	8.07	7.67	
	9.78	9.26	8.78	8.33	7.92	
	10.07	9.54	9.05	8.60	8.18	

Source: Company, IPOPEMA Research

Chart 6: NAV/share sensitivity (PLN)

NAV/share	EUR/PLN (x)								
	4.00	4.05	4.10	4.15	4.20	4.25	4.30	4.35	4.40
	7.96	8.07	8.18	8.28	8.39	8.50	8.61	8.72	8.83

Source: Company, IPOPEMA Research

Peer comparison

We present the multiple valuation comparing Capital Park to Polish and European commercial developers, based on the P/BV multiple. Due to different business models and scale of operations, we give 0% weight on the method. We point, that based on the P/BV valuation, Capital Park currently trades with 43% discount to its 2018 BV and over 40% discount to its peers in 2019-21E.

Chart 7: Capital Park – peer comparison (PLN m)

Company	BBG Ticker	Price (local)	mCap (PLN m)	P/BV (x)		
				2019E	2020E	2021E
Echo Investment	ECH PW Equity	4.65	1,919	1.17	1.14	1.15
Globe Trade Centre	GTC PW Equity	9.56	4,642	1.00	0.96	0.94
Immofinanz AG	IIA AV Equity	24.12	11,621	0.88	0.86	0.83
CA Immobilien	CAI AV Equity	31.9	13,551	1.07	1.01	0.97
Unibail-Rodamco-Westfield	URW NA Equity	124.9	74,302	0.64	0.64	0.67
Atrium European Real Estate	ATRS AV Equity	3.69	5,995	0.77	0.78	0.78
S Immo	SPI AV Equity	20.1	5,783	1.13	1.07	1.03
Median				1.00	0.96	0.94
Capital Park	CPG PW Equity	5.44	589	0.57	0.55	0.51
Premium/discount (%)				-43%	-43%	-45%
Implied FV/share				9.47	9.53	9.91
Average implied FV/share (PLN)					9.64	

Source: Company, IPOPEMA Research

Financials

Chart 8: Capital Park – Financial forecasts (PLN m)

P&L	2016	2017	2018	2019E	2020E	2021E	2022E
Rental income	107.7	125.8	145.8	121.0	121.3	136.7	186.5
Direct property operating expenses	-26.3	-32.7	-37.3	-30.7	-30.8	-34.5	-47.1
Net operating profit	81.4	93.1	108.6	90.3	90.6	102.2	139.4
Administrative expenses	-10.6	-11.4	-8.4	-14.6	-11.1	-12.7	-14.6
Gain/loss on property revaluation	68.9	-84.7	79.2	-1.1	6.8	39.8	0.0
Other operating income (cost) net	-15.3	-1.9	-7.5	8.1	-1.6	-2.4	-4.6
EBITDA	124.8	-4.6	172.4	83.2	85.1	127.4	120.7
EBIT	124.4	-5.0	172.0	82.8	84.7	126.9	120.2
EBIT adj.*	55.5	79.8	92.8	83.8	77.9	87.1	120.2
Financial income (cost) net	-49.1	-37.9	-38.3	-32.7	-31.5	-34.3	-48.9
Gain/loss on remeasurement of fin. liabilities	-42.0	46.7	-37.1	6.6	0.0	0.0	0.0
Pre-tax profit	33.3	3.8	96.5	56.7	53.2	92.6	71.3
Income tax	-3.5	-25.8	-5.5	-10.8	-10.1	-17.6	-13.6
Minorities	5.3	-7.8	5.7	0.0	0.0	0.0	0.0
Net profit	24.5	-14.1	85.3	46.0	43.1	75.0	57.8
Net profit adj.*	-2.3	23.9	43.2	40.4	36.3	35.2	57.8
Change yly (%)	2016	2017	2018	2019E	2020E	2021E	2022E
Revenues	48.9%	16.7%	16.0%	-17.1%	0.3%	12.7%	36.4%
EBIT adj.*	21.7%	43.6%	16.3%	-9.6%	-7.1%	11.8%	37.9%
Net profit adj.*	n.m.	n.m.	81.2%	-6.6%	-10.1%	-3.0%	64.0%
Profitability ratios (%)	2016	2017	2018	2019E	2020E	2021E	2022E
NOI margin	75.6%	74.0%	74.5%	74.7%	74.7%	74.8%	74.8%
EBIT adj. margin*	51.5%	63.4%	63.6%	69.3%	64.2%	63.7%	64.4%
Net margin adj.*	-2.2%	19.0%	29.6%	33.4%	29.9%	25.8%	31.0%
ROE	-0.2%	2.7%	4.7%	4.0%	3.5%	3.2%	4.9%
BALANCE SHEET	2016	2017	2018	2019E	2020E	2021E	2022E
Non-current assets	2,155.4	2,248.6	2,420.4	2,276.1	2,531.3	2,858.7	2,861.8
Investment property	2,084.3	2,174.4	2,360.2	2,203.5	2,458.9	2,783.8	2,783.8
Investments in jointly controlled entities	44.7	42.7	54.2	44.4	44.2	46.7	49.7
Other financial assets at fair value	0.0	0.0	0.0	22.1	22.1	22.1	22.1
Other non-current assets	26.4	31.6	6.0	6.0	6.0	6.1	6.1
Current assets	186.4	227.2	149.5	198.4	182.9	153.2	210.5
Trade receivables	10.4	11.9	16.1	16.8	16.9	19.0	25.9
Other current assets	19.5	22.0	23.1	23.9	23.9	26.1	33.3
Cash and equivalents	156.6	193.3	110.3	157.7	142.1	108.0	151.3
Total assets	2,341.8	2,475.9	2,569.9	2,474.5	2,714.2	3,011.9	3,072.3
Equity	898.6	881.6	974.9	1,020.8	1,063.9	1,138.9	1,196.7
Non-controlling interests	71.7	114.9	114.9	0.0	0.0	0.0	0.0
Non-current liabilities	1,158.9	1,314.7	1,417.1	1,392.0	1,588.6	1,810.6	1,810.6
Loans and borrowings	1,048.1	1,166.8	1,282.2	1,262.1	1,458.7	1,680.7	1,680.7
Deferred tax liabilities	100.4	132.3	110.0	104.9	104.9	104.9	104.9
Other non-current liabilities	10.3	15.6	24.9	24.9	24.9	24.9	24.9
Current liabilities	212.6	164.6	63.0	61.6	61.7	62.4	65.0
Trade payables	11.4	16.6	7.6	6.3	6.3	7.1	9.6
Loans and borrowings	183.9	136.6	43.2	43.2	43.2	43.2	43.2
Other current liabilities	17.2	11.4	12.2	12.2	12.2	12.2	12.2
Equity & liabilities	2,341.8	2,475.9	2,569.9	2,474.5	2,714.2	3,011.9	3,072.3
Net debt (PLNm)	1086.5	1114.6	1220.4	1153.0	1365.1	1621.2	1577.9
Net debt/Equity (x)	1.21	1.26	1.25	1.13	1.28	1.42	1.32
LTV (%)	58%	58%	55%	58%	60%	61%	60%
NAV (PLNm)	889	889	975	981	1,024	1,095	1,142
CASH FLOW STATEMENT	2016	2017	2018	2019E	2020E	2021E	2022E
Cash flow from operating activities	76.8	86.1	106.2	75.4	71.0	68.6	98.7
Net income	24.5	-14.1	85.3	46.0	43.1	75.0	57.8
Revaluation	-26.8	38.0	-42.1	1.1	-6.8	-39.8	0.0
D&A	0.4	0.4	0.4	0.5	0.5	0.5	0.5
Change in WC	9.5	3.6	-13.2	-2.1	0.0	-1.4	-4.3
Other	69.2	58.2	75.8	30.0	34.3	34.2	44.7
Cash flow from investing activities	-104.5	-89.0	-115.1	-108.7	-248.9	-288.2	-3.5
Change in investment properties	-80.8	-174.8	-106.6	-117.9	-248.6	-285.2	0.0
Change in JV	-14.0	2.0	-11.5	9.7	0.2	-2.5	-3.0
Other	-9.7	83.7	3.0	-0.5	-0.5	-0.5	-0.5
Cash flow from financing activities	70.7	39.7	-74.1	80.6	162.3	185.5	-51.9
Change in equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in debt	142.8	95.2	-31.9	116.5	196.6	222.0	0.0
Dividend	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	-72.1	-55.5	-42.3	-35.8	-34.3	-36.5	-51.9
Change in cash and equivalents	42.9	36.8	-83.0	47.3	-15.6	-34.1	43.3
Cash as of bop	113.6	156.6	193.3	110.3	157.7	142.1	108.0
Cash as of eop	156.6	193.3	110.3	157.7	142.1	108.0	151.3

Source: Company, IPOPEMA Research

Key risk factors

As major key risk factors to our valuation and estimates we note the following:

- **Potential pressure on rental rates and yields.** Capital Park operates mainly on the office market in Warsaw. The ArtN project is being developed near the Rondo Daszyńskiego district, where we estimate the creation of around 300k sqm of new office space in 2019-21. This may put downward pressure on rental rates in Warsaw, resulting in less favourable yields. There is also the potential deterioration of macro conditions in Poland which could result in the loss of tenants in the existing areas.
- **Delays in development schedule.** The company currently has two projects in the pipeline, with ArtN under construction and Eurocentrum in the early planning phase. Despite our current forecasts only assuming the development of the ArtN project, any delays (related to administrative issue, construction delays etc) create the risk of later recognition of revaluation gains.
- **Risk related to loss of tenants.** Potential loss of tenants for office and retail space, as well as difficulties in finding such tenants for the vacancy area and for the development project result in lower rental income and the valuation of the property. In addition, we point that low occupancy rates impact the ability to raise bank financing or to dispose of the project.
- **Risk related to the increase of construction costs.** Capital Park currently has ArtN project under construction. As of end-4Q18 the company estimated the remaining capex on ArtN at PLN 685m (including PLN 38m of the company's equity). Any potential increase in construction costs may result in lower profit recognized on the project and in lower cash generation long-term.
- **Risk related to the valuation and the disposal of investment properties.** As of end-4Q18 the value of the investment properties accounted for over 90% of value of total assets. We point that inappropriate assumptions might lead to mis-valuation of the property with book value not reflecting the fair value properly. Additionally, the revaluation of properties due to different economic conditions impacts the financial results.
- **Changes in the EUR/PLN exchange rate.** The value of investment properties and bank debt is sensitive to the EUR/PLN exchange rate, as the valuation is based on the EUR-denominated rents, while the company reports its financial results in PLN. An increase/decrease in the EUR/PLN exchange rate results in higher/lower values of investment properties and financial liabilities denominated in EUR.
- **Shareholder structure.** On March 2019, Madison International Realty LLC, a global real estate investment company, signed a preliminary agreement regarding the acquisition of 65.99% of shares in Capital Park S.A. from Patron Capital Partners. The transaction was completed in May 2019 and Madison increased its stake to 66% in July 2019. Furthermore, Madison International Realty has the call option to acquire an additional 5.5% in shares from the Patron Townsend S.a.r.l., however no more details were attached.

This report ("Report") has been prepared by IPOPEMA Securities S.A. as a part of the Warsaw Stock Exchange Research Coverage Support Program ("Program") and was commissioned by the Warsaw Stock Exchange SA ("WSE"). Information about the Program is available at <https://www.gpw.pl/gwpa>. The copyright to the Report is vested in the WSE. For preparation of the Report, IPOPEMA Securities S.A. will be remunerated by the WSE on the terms specified in the agreement concluded between IPOPEMA Securities S.A. and the WSE.

IPOPEMA Securities S.A. with its registered seat in Warsaw, Prózna 9, 00-107 Warsaw, Poland, entered into the Register of Entrepreneurs of the National Court Register maintained by the District Court for the City of Warsaw, XII Commercial Division of the National Court Register under entry number KRS 0000230737, the initial capital and paid capital in the amount of PLN 2.993.783,60, NIP 5272468122. IPOPEMA Securities S.A. is supervised by the Polish Financial Supervision Authority (Komisja Nadzoru Finansowego), Prózna 20, 00-549 Warsaw, Poland.

Report was prepared by IPOPEMA Securities S.A. for information purposes only. It has been produced independently of the issuer mentioned in this report and any forecasts, opinions and expectations are entirely those of IPOPEMA Securities S.A. Unless otherwise specified, the estimates and opinions contained in the report constitute an independent assessment of IPOPEMA Securities S.A. analysts preparing the Report as of the date of issuing the Report.

IPOPEMA Securities S.A. prepared this Report with the preservation of all adequate diligence, thoroughness and reliability on the basis of publicly available information, which IPOPEMA Securities S.A. believes to be reliable. While due diligence has been taken by IPOPEMA Securities S.A. to ensure that the facts stated herein are accurate and that any forecasts, opinions and expectations contained herein are fair and reasonable, IPOPEMA Securities S.A. has not independently verified all the information given in this Report. Accordingly, no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information and opinions contained in this Report. The opinions expressed in the Report can change without notice and IPOPEMA Securities S.A. is under no obligation to keep these opinion current. None of the IPOPEMA Securities S.A. or any other person accepts any liability whatsoever for any loss whatsoever arising from any use of this Report or its contents or otherwise arising in connection therewith. This Report nor any copy hereof is not to be distributed directly or indirectly in the United States, Australia, Canada or Japan.

This Report does not constitute any offer to sell or induce any offer to buy or sell any financial instruments, can not be relied on in connection with any contract or liability and does not constitute advertising or promotion of a financial instrument or issuer. Investment decisions should only be made on the basis of a prospectus or other publicly available information and materials.

The Report was prepared without taking into account the needs and situation of the recipients of the Report. When preparing the Report, IPOPEMA Securities S.A. does not examine the client's investment objectives, risk tolerance level, time horizon and financial standing of the clients. The issuer or the financial instruments discussed in the Report may not be suitable for the users of the Report, i.e. it may not be suitable for the specific objectives and time horizon or the financial situation. Information included in the Report can not be regarded as a substitute for obtaining investment advice service. The value of financial instruments may fluctuate, including declines. Changes in FX rates may have an adverse effect on the value of investments. The investment in financial instruments is linked to investment risks including loss of entire or part of the invested capital. Past performance is not necessarily indicative of future results. IPOPEMA Securities S.A. points out that the price of financial instruments is affected by many different factors that are or may be independent of the issuer and the results of its operations. These include, among others changing economic, legal, political and tax conditions.

Investors should be aware that IPOPEMA Securities S.A. or its related entities may have a conflict of interest that could affect this report's objectivity. The investor should assume that IPOPEMA Securities S.A. or its related entities may provide services in favour of the issuer and obtain remuneration on this account. They may also have another financial interest with respect to the issuer. IPOPEMA Securities S.A. has an organizational structure and internal regulations in place to ensure that the client's interests are not compromised in the event of a conflict of interests, in relation to preparing this Report.

IPOPEMA Securities S.A. or its related entities may seek to do business with the issuer or companies mentioned in this Report.

IPOPEMA Securities S.A. uses a number of valuation methodologies including discounted cash flows models (such as discounted operating earnings or dividend discount model), and earnings and cash-flow based models, which are often related to comparisons with selected peer companies. Cash flow models encapsulate the cash streams forecast to flow to a company, and are widely used in the investment industry. Peer comparisons factor in amongst other factors, differential growth rates, and indicate how expensive one company might appear relative to a chosen comparator. The subjective opinions of the reports author or authors, formed by their knowledge and experience, play a significant role in the valuation. Also included are assumptions on numerous economic variables, particularly interest rates, inflation and exchange rates and varying these assumptions could result in significantly different opinions. The strength of the earnings and cash flow based models is the closer attention to a company on a standalone basis, and tying the valuation to its fundamental value. The weakness of such method is the number of assumptions, which need to be adopted and resulting sensitivity to those assumptions. The peer comparisons methods are less dependent on the analyst's judgment as to the individual parameters, however the problem with this method appears when the peer comparator is over- or undervalued. Moreover, leading multiples (based on the future earnings, book values, operating profit or cash flows) include an analyst's estimate of those values.

This Report was not transferred to the issuer prior to its publication.

It is intended that each of the analytical reports will be updated at least twice a year starting from the date of publication of the initiating report, and in the event of key operations and/or changes in the assumptions underlying the report. In the last 12 months IPOPEMA Securities S.A. has not prepared any report concerning the issuer.

Recommendations issued by IPOPEMA Securities S.A. they are valid for a period of 12 months from the date of issue, unless they are updated during this period. IPOPEMA Securities S.A. updates the issued recommendations depending on the market situation and subjective analysts' assessment.

The date stated on the front page is the date of the publication of this Report. The price used throughout the recommendation to calculate adequate ratios is the "last" price stated on the front page of this report.

The definitions of terms used in the Report include:

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 Report.

The author of this Report has no conflict of interest with the issuer that is the subject of this Report.

Investors should be aware that flexible part of the author's compensation may depend on general financial performance of IPOPEMA Securities S.A.

IPOPEMA Securities S.A. shall act with due diligence, honestly, fairly, professionally and in accordance with the provisions of the applicable law.

IPOPEMA Securities S.A. does not guarantee achieving the investor's investment objective, the performance of issuer or prospective prices referred to herein.

When applying ratings for companies following criteria are used with regards to the difference between IPOPEMA's FV and company's price at the date of recommendation:

Rating	Difference between FV and price at recommendation
Buy	Above 10%
Hold	In between (and including) -10% and 10%
Sell	Below 0%

IPOPEMA Research - Distribution by rating category (Apr 1 – Jun 30, 2019)

	Number	%
Buy	6	40%
Hold	6	40%
Sell	3	20%
Total	15	100%