

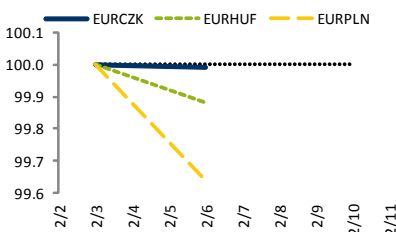


# Central European Daily

Monday, 06 February 2017

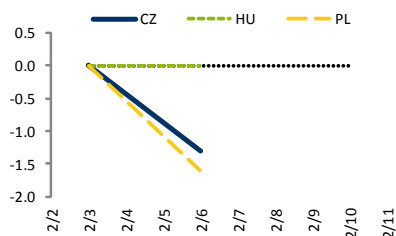
## Regional Overview

### Forex markets (index)



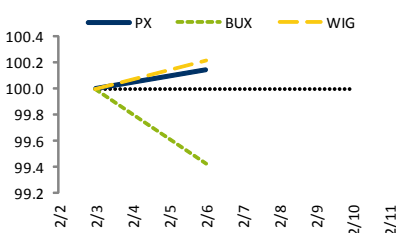
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.02	-0.01
EURHUF	309.4	309.8	-0.12
EURPLN	4.287	4.302	-0.36

### Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.408	0.421	-1.3
HUGB 10Y	3.52	3.52	0.0
PLGB 10Y	3.74	3.75	-0.4

### Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	945.4	944.0	0.15
BUX	32717	32906	-0.57
WIG	55527	55408	0.21

### Macro, FX & Rates: CZ retail sales hit record

**(CZ) Retail sales** came out weaker than expected but still hit a record high in December. /Once again, the result was driven mainly by e-shops whose sales grew by 16% Y/Y (in real terms). We expect retail sales will keep strong growth of around 3.5% in months to come despite the fact that inflation should pick up as well.

### Equities: RICHT posted strong Q4 before market open

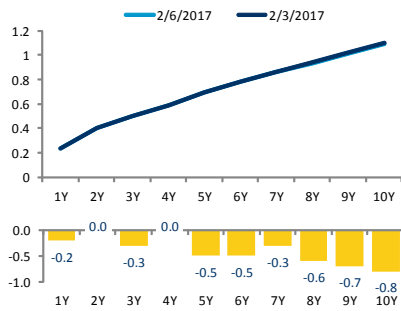
**(CZ) CEZ: CEO Daniel Benes spoke of spinning off CEZ's new-energy business** and reducing the state's stake in it to something below 70% last Friday. The other part of CEZ would become 100% state-owned, he said. Also, CEZ said that it is looking for a strategic partner for its Skoda Praha unit, which builds power plants and lost CZK 71.3mn in 2015. A CEZ source said that the sale of the company is not being ruled out. / **NEUTRAL**; There is a lack of information about potential spin-off, therefore, we do not expect any meaningful impact on CEZ shares. More importantly for the time being, CEZ agreed to sell its real estate assets for CZK 1.4bn, also put its Bulgarian assets for sale last week. Apart of that, CEZ is likely to decrease its leverage thanks the redemption of bonds issued at the end of January 2014 at EUR 450mln that are exchangeable for MOL shares (note that these convertibles are in the money now). Currently, CEZ is reportedly negotiation the sale of Pocerady plant and also looking for a partner for its Skoda Praha unit... Given all these steps of cash collection/net debt reduction, the probability CZK 40/shr dividend (9% DY) is increasing in our view (note that current consensus is set at CZK 30/shr); /

**(HU) RICHT: posted a strong fourth quarter before market open; / POSITIVE**; Main numbers are better than our/market consensus in total. Revenues increased by 19.2% in HUF. This is due to strong sales of Vraylar and Esmya, and the revived Russian market. Direct costs are also increased a lot, that is why gross margin is lower than our estimate. However indirect costs are better/in-line than our previous estimate so the 14.5 percent EBIT-margin is fairly good for 2016, and it is above than the management guidance (14 percent). Net profit is HUF 19.3 billion, what is doubled from less than HUF 10 billion (4Q15). We expect positive market reaction at the open, but we closely watch the press conference what is traditionally being hold after-market open; /

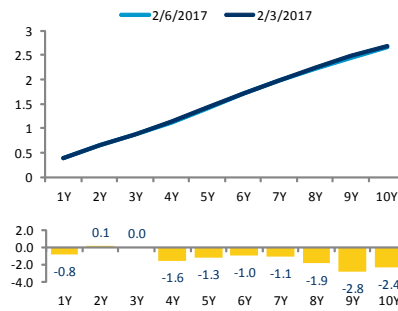
**(PL) LTS: Company published its preliminaries estimating its revenues at PLN 20.9bn, EBIT at PLN 1.8bn and EBITDA at PLN 2.8bn. / POSITIVE**. Initial estimates are significantly above analysts FY16 forecasts primarily on operating levels when market estimates EBITDA at PLN 2.3bn. Consolidated numbers will be issued on Mar 7, 2017.

# Interest-rate Swap Curves

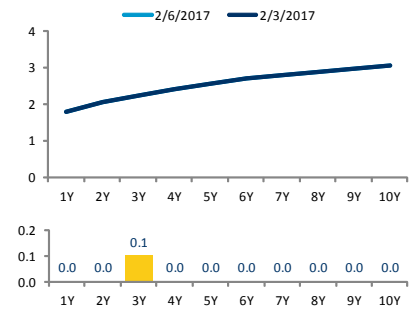
CZK \*



HUF \*



PLN \*



\* upper plot in each panel shows interest swap curve (%), lower plot shows change in interest rates in basis points

# Calendar

Country	Time	Indicator	Period	Forecast		Actual		Consensus		Previous	
				m/m	y/y	m/m	y/y	m/m	y/y	m/m	y/y
CZ	9:00	Retail sales	%	12/01/2016	7.5	3.7		7		8.6	

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