

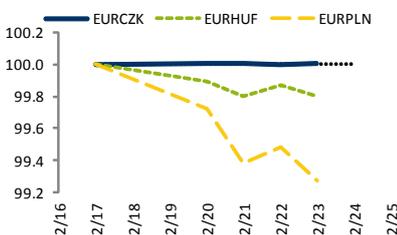


Central European Daily

Thursday, 23 February 2017

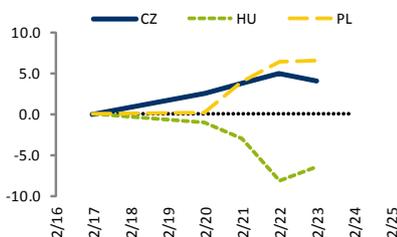
Regional Overview

Forex markets (index)



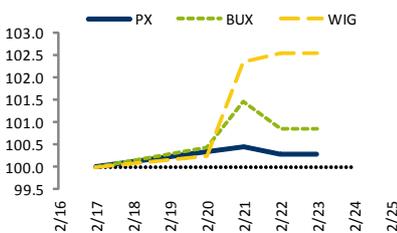
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.02	0.01
EURHUF	307.6	307.9	-0.07
EURPLN	4.297	4.306	-0.20

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.628	0.638	-1.0
HUGB 10Y	3.49	3.47	0.5
PLGB 10Y	3.88	3.88	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	972.7	972.7	0.00
BUX	34113	34113	0.00
WIG	59451	59451	0.00

Macro, FX & Rates: No demand for 2022 CZ gov. bond

(CZ) Auction of a zero-coupon bond maturing in 2022 attracted no investor demand yesterday as the Ministry of Finance intended to sell the bonds with a negative yield. On the other hand, the ministry still sold CZK 8.1bn of zero-coupon bond maturing in 2019 with an average yield of -0.29%. / Demand for Czech government bonds remains strong and investors continue to accept negative yields up to a 3-year maturity. This is mainly a result of ongoing interventions of the Czech National Bank (CNB) against the koruna appreciation. Let us recall that the CNB is in our view likely to exit interventions regime as soon as in the second quarter of 2017.

Equities: MTEL results slightly negative

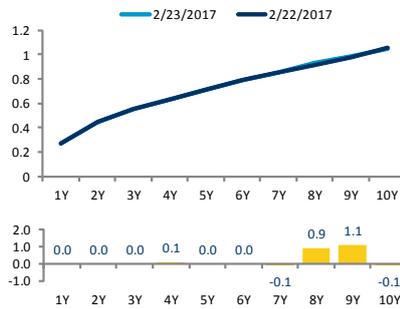
(CZ) FORTUNA: Company agrees to acquire Hatrick's operations in Romania, Croatia and Spain for EUR 85mln. / NEUTRAL. Considering the fact that Fortuna has deleveraged recently with Net Debt close to zero effectively, we see the financing of the transaction not to be an issue. Nevertheless to assess the final impact, we have to wait for more details especially for the financials of the acquired Company (Hatrick) as the final price could be increased by EUR 50mln depending on the financial performance of the acquired Company.

(HU) MTEL: Company released its 4Q16 results yesterday. / SLIGHT NEGATIVE. In general, Company strongly beat on bottom line when reported 4Q16 Net Income at HUF 20.5bn were almost double the HUF 10.3bn expected by the market well supported by lower income tax. Revenues at HUF 158.8bn (- 13.1% y/y) were slightly above the market consensus and well above its FY16 target (HUF 602.7bn vs. HUF 595bn). EBITDA at HUF 43.8bn were flat y/y and slightly above the market forecast at HUF 42.8bn when supported by one off gains from the sale of Infopark (building G) and Origo. Albeit strong reported bottom line, Company keeps its 2017 DPS proposal at HUF 25 vs. our forecast at HUF 35 and target both revenues and EBITDA to the lower range at HUF 560bn and HUF 182bn respectively mentioning the risks of potential entry of Digi. We expect rather negative market reaction and put our target price under review.

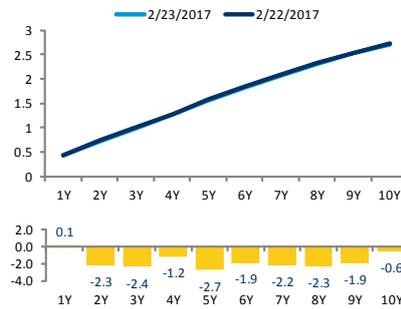
(PL) PKN: Company is feeling the pressure of increased attention of the Energy Ministry, the daily Puls Biznesu writes. The incumbent management board's tenure ends mid-May, which also concerns the fairly recently appointed CEO Wieslaw Jasinski. The supervisory board has not yet decided how the new management will be selected, its chair Angelina Sarota told Puls Biznesu. Her own assessment of the CEO is very high, she said. Another reason to put the spotlight on Orlen are the firm's record-high results for 2016, which may be a trigger for involvement in rescuing the troubled coal sector. While direct investment in coal is unlikely in the light of Orlen's strategy, it might get involved indirectly by buying power assets from companies capitalizing Polish coal mines, the daily speculates. Finally, the boomerang question of merger with state peer Lotos has recently returned. Orlen is in favor, but the opinions in the government are reportedly split. The merger would make more strategic sense than entry into coal, minority shareholder Nationale-Nederlanden PTE deputy CEO Ewa Radkowska-Swieton commented. / **NEGATIVE.** PKN has been discussing as a potential vehicle to help to rescue struggling Polish coal sector and as a state owned entity, this remains one of the highest risk for investors. Coupled with negative downstream margin cycle it just confirmed our negative view on the Company.

Interest-rate Swap Curves

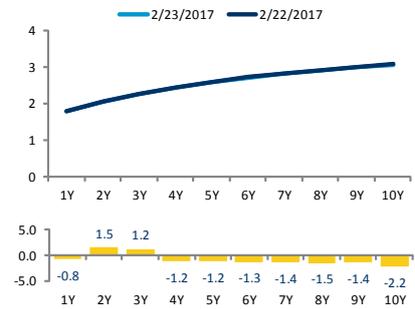
CZK *



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
PL	10:00	Unemployment rate	%					8.7		8.3	

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