

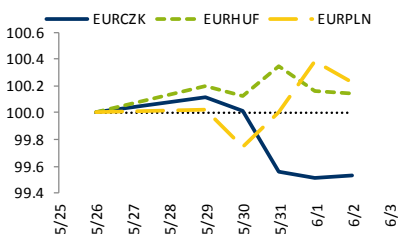


Central European Daily

Friday, 02 June 2017

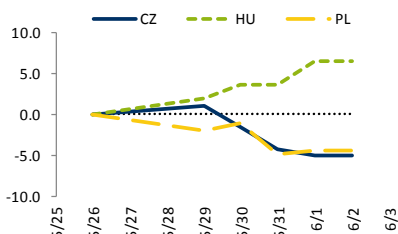
Regional Overview

Forex markets (index)



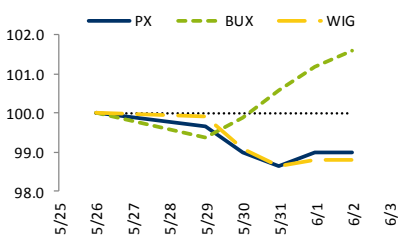
	LAST	PREVIOUS	CHANGE (%)
EURCZK	26.35	26.34	0.02
EURHUF	307.9	307.9	-0.02
EURPLN	4.192	4.199	-0.16

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.783	0.782	0.1
HUGB 10Y	3.07	3.07	0.0
PLGB 10Y	3.23	3.23	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1006.1	1006.1	0.00
BUX	34907	34762	0.42
WIG	60182	60182	0.00

Macro, FX & Rates: Czech GDP driven by consumption

(CZ) Macro: Even according to an advanced estimate, the Czech economy grew by 1.3% in the first quarter compared to the fourth quarter of last year and by 2.9% year-on-year. So there was no surprise in the form of refinement of numbers, and so could only surprise the structure of economic growth.

As expected growth in the Czech economy was mainly driven by household consumption and exports. Nevertheless the government also contributed to growth. A strong labor market clearly supports household consumption, which grew 2.8% year-on-year.

Equities: Fortuna's improved buy-out offer still low

(CZ) Fortuna: Penta (through its subsidiary Fortbet) has raised Fortuna's buyout offer from CZK 98.69/share to CZK 118.04/share. End of acceptance period was set at June 20, 2017.

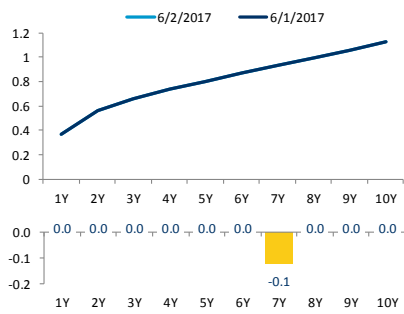
As we mentioned previously, the offered CZK 98.69/shr was well below the fair price. The improved offer goes in the right direction, however the implied valuation is still some 25-31% below median of the peer group. What to do know? Penta plans several Post-Closing Restructuring measures, including movement from Netherlands to the Czech Republic, share issue and more importantly plans a conversion of the Company into a private company with limited liability. All these measures will result into significantly lower liquidity and investors should get stuck in the stock for a longer period of time (after delisting).

Thus, Shareholders having ST/MT investment horizon are likely to accept the current offer in our view, while LT investors which are able to hold non-listed company and are ready for a variety of negative surprises from the majority owner could wait for an improved operating performance of the Company boosted by 1) recently launched online gaming in the Czech Rep., 2) easing of the regulatory environment on the main markets and 3) synergies coming from consolidation of recently acquired companies. Fortuna is now ahead of at least few years of double digit growth of its underlying business.

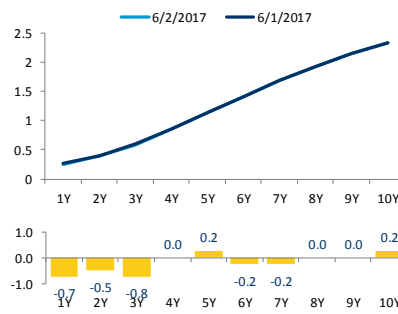
(PL) PEO: Pekao Bank said it signed a deal to buy 51% in asset manager Pioneer Pekao Investment Management for EUR 140mn from Pioneer Global Asset Management, and expects the transaction to result in a PLN 400mn gain on revaluation of the current 49% stake. The Bank expects no impact on dividend capacity and ability to keep paying out dividend consistent with existing Bank's practise. One-off revaluation gain is set to increase 2017's EPS by some 15%. Note that Pioneer Pekao Investment Management has ca PLN 17bn of assets under management. Consolidated net profit reached PLN 74mn in 2016, implying some 16x P/E transaction multiple.

Interest-rate Swap Curves

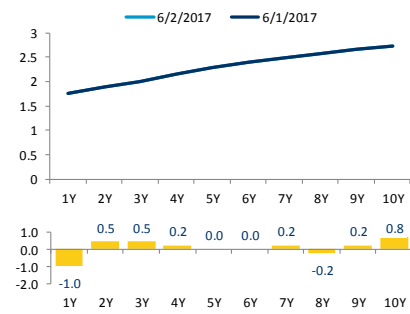
CZK *



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	Unit	Period	Forecast		Actual		Consensus		Previous	
					m/m	y/y	m/m	y/y	m/m	y/y	m/m	y/y
CZ	9:00	GDP	%	1QP/2017 *P			1.3	2.9	1.3	2.9	1.3	2.9

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