

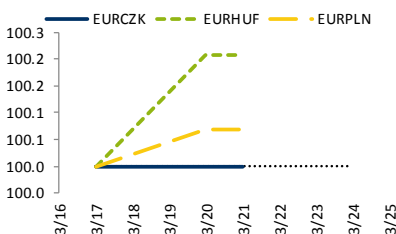


# Central European Daily

Tuesday, 21 March 2017

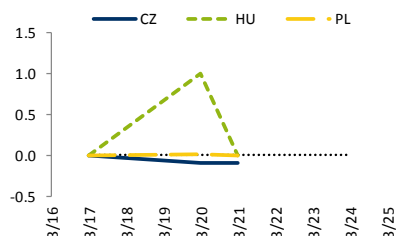
## Regional Overview

### Forex markets (index)



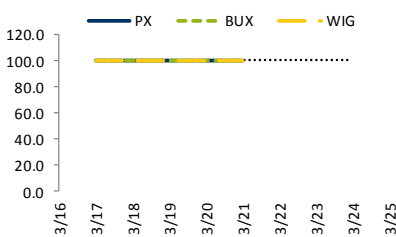
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.02	0.00
EURHUF	308.9	308.9	0.00
EURPLN	4.284	4.284	0.00

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



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.907	0.907	0.0
HUGB 10Y	3.61	3.60	0.3
PLGB 10Y	3.73	3.73	0.0

### Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	980.8	980.8	0.00
BUX	32778	32778	0.00
WIG	60441	60441	0.00

### Macro & FX: Czech president successfully intervenes

**(CZ) Macro, FX** Czech President Miloš Zeman successfully intervened in the EUR/CZK forward market as he said yesterday that he met two days earlier with CNB's Governor Jiří Rusnok and that it is not out of the question that the exit from the intervention regime will come sooner than we expect. As a result EUR/CZK forwards dropped visibly below the intervention level 27.0. *We do not think, however, that Zemans's words changes the outlook for the CNB exit in either way. In our view the CNB will stick to its commitment that it will not discontinue the use of the exchange rate as a monetary policy instrument before 2017 Q2. Bear in mind, however, that the commitment ends next Friday (March 31<sup>st</sup>), while there will be a regular CNB Bank Board meeting next Thursday (March 30<sup>th</sup>).*

### Equities: ČEZ guidance for 2017 below estimates

**(CZ) CEZ:** has released its 4Q/FY16 results with FY16 EBITDA of CZK 58.1bn (exceeding both the guidance of CZK 56bn and consensus of 56.8bn). FY16 adjusted net income came at CZK 19.6bn (exceeding both the guidance of CZK 18bn and consensus of 18.3bn).

CEZ also updated its dividend pay-out ratio which is temporarily widened to 60 to 100 % of Adjusted Net income. (It is expected that the company will narrow down the pay-out ratio within two years depending on specification of its development strategy.) The management proposal of dividend from 2016 profit is 33 CZK/share (subject to the approval of AGM), i.e. 90% of 2016 Adjusted Net income.

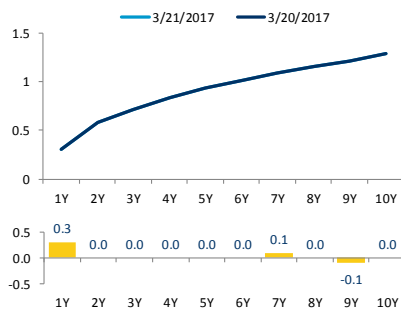
2017 EBITDA guidance is CZK 52.0bn, and 2017 Adjusted Net income guidance is CZK 12.0–17.0bn. The range reflects the potential net income of CZK +4.8bn in case that the bondholders of convertible bond exercise their right to redeem the bond by exchange for MOL shares instead of repayment of the bond in cash in 2017.

*For the first glance the result look a bit weaker; FY17 guidance is below our (as well as market) estimates of CZK 55.0bn / 15.0bn; Dividend proposal slightly above market consensus of CZK 30/share hence the note about narrowing within 2 years might not be welcomed; More details to follow...*

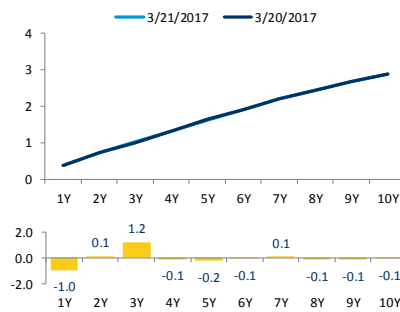
**(CZ) KOFOLA:** Kofola released its 4Q/FY16 results yesterday, A/MKT. The Group FY16 profit falls to CZK 86.4mn from CZK 227.7mn y/y. FY16 adjusted profit CZK 342mn down y/y from CZK 374mn; FY16 EBITDA flat y/y CZK 786.9mn (BBG est. CZK 982mn); FY16 revenue CZK 7.0bn (BBG est. CZK 7.2bn); Net debt/EBITDA up to 1.59x We assess *the result as slightly negative at the first glance; The results were influenced by impairment costs in both Polish operations (CZK 70mn) and Russian associate (CZK 126mn).*

# Interest-rate Swap Curves

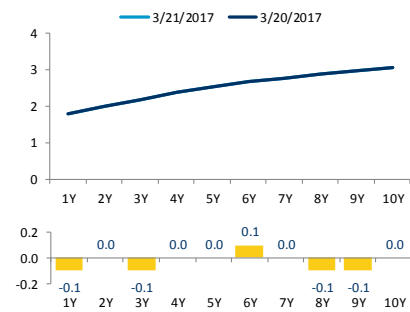
CZK \*



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	0:00	Earnings CEZ	CZK	FY/2016							

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