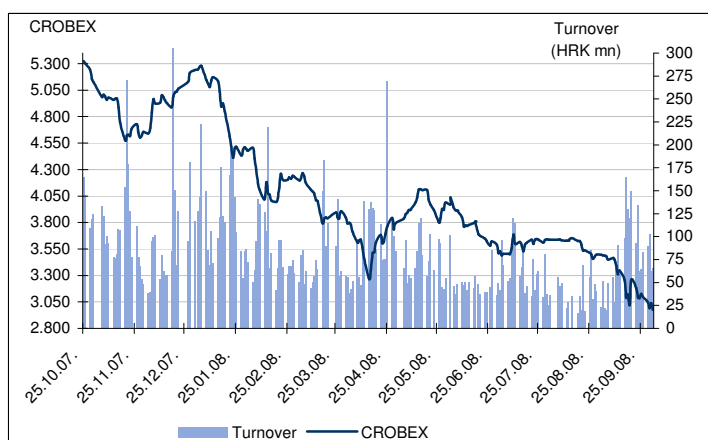




Highlights:

- The CROBEX fell 2% to 2,975 points, HRK 65mn in total regular turnover
- IGH wins new deal, two more inquiries for airport projects
- Banco Santander interested in Zagrebacka banka, Fitch confirms rating
- Croatian government opposes privatization of Liburnia Riviera Hoteli by ALH - press
- Last day for INA shareholders to respond to MOL's offer



Crobex

Last close	2.975,9
Previous close	3.037,7
Turnover, mn (HRK/EUR)	65,1 9,2
Net change - % Change	-61,8 -2,03%
Performance YTD (HRK/EUR)	-43,2% -41,5%

Market comment:

The Croatian equity market witnessed mostly losses on Thursday, pressured by uncertainty regarding the financial sectors in both the USA and Europe. Market liquidity remained relatively low, with only HRK 65mn in total regular turnover. The CROBEX fell 2% to 2,975 points, setting a new lowest level in 2008. Majority of stocks traded on the market closed in the red territory. Biggest drops among high turnovers were posted by INA (-6.4%), expectedly as the MOL's offer nears to an end, and Zagrebacka banka, which plunged 7.1%. It seems that concerns over stability of Unicredit are bigger mover of the Zagrebacka banka stock than affirmation of the banks long term rating by Fitch and speculations on potential takeover of the bank by Banco Santander. Poor performance was also seen by Podravka, the most liquid stock on Thursday, which fell 2.8%. On the other hand, most significant winners among high turnovers were stationery producer TOZ (+7.8%) and insurer Jadransko osiguranje (+2.4%).

Market outlook:

Some downward pressure could be seen on the market today. Shares of INA and HT might remain in the investor's focus.

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Top 10 turnovers

Stock	Turnover (HRK)	Clos. pr.	%chng.
PODR-R-A	10.829.107,60	339,99	-2,82%
IGH-R-A	8.682.344,43	8.300,00	-1,07%
HT-R-A	7.753.676,39	256,90	-0,80%
ATPL-R-A	6.721.468,78	1.871,01	0,59%
INA-R-A	5.941.020,99	2.550,00	-6,42%
DLKV-R-A	2.966.312,14	731,00	-0,68%
ERNT-R-A	2.383.730,30	1.800,02	-1,38%
INGR-R-A	1.433.557,59	159,49	-0,94%
ZTNJ-R-A	1.071.632,00	840,00	0,57%
TOZ-R-A	1.058.409,47	410,00	7,84%

Top 5 Winners

Stock	%chng.	Turnover (HRK)	Clos. pr.
TOZ-R-A	7,84%	1.058.409,47	410,00
JDPL-R-A	4,05%	615.306,57	347,00
SUNH-R-A	3,25%	252.003,70	95,00
JDOS-R-A	2,39%	954.976,38	3.000,01
MLNR-R-A	1,12%	402.230,38	1.350,00

Top 5 Losers

Stock	%chng.	Turnover (HRK)	Clos. pr.
ZABA-R-A	-7,12%	879.288,94	300,00
INA-R-A	-6,42%	5.941.020,99	2.550,00
KODT-R-A	-4,88%	195.054,53	1.950,00
KNZM-R-A	-4,30%	288.078,35	200,01
DIOK-R-A	-3,99%	371.330,29	374,44

Ticker	Sector	Weight		Market capitalization			Key financial ratios					Price performance over time				
		Crobex	Price HRK	HRKmn	EURmn	P/E	P/B	P/S	EV/EBIT	EV/EBITDA	RoA	RoE	12M	6M	3M	1M
PBZ-R-A	banking	1,69%	690,1	13.163,5	1.852,1	14,0	1,6	3,0	-	-	1,6%	11,7%	-62,1%	-38,4%	-28,1%	-17,1%
ZABA-R-A	banking	3,50%	300,0	19.214,5	2.703,4	13,6	1,5	3,3	-	-	1,8%	12,0%	-51,0%	-36,3%	-23,1%	-14,3%
DIOK-R-A	chemical	0,64%	374,4	1.513,5	212,9	neg	2,1	0,6	neg	108,7	neg	neg	-12,1%	-25,1%	-17,3%	-18,6%
PTKM-R-A	chemical	1,11%	225,0	751,8	105,8	6,5	0,7	0,3	7,7	4,1	7,0%	11,8%	-18,2%	-6,3%	-2,2%	-5,5%
DLKV-R-A	construction	4,10%	731,0	1.676,8	235,9	20,8	3,0	0,9	18,5	14,1	4,9%	15,6%	-45,0%	-23,9%	-11,3%	-10,5%
HDEL-R-A	construction	0,60%	570,0	355,6	50,0	22,8	1,7	0,4	21,0	13,2	1,8%	7,7%	-68,2%	-49,6%	-26,9%	-22,0%
IGH-R-A	construction	4,87%	8.300,0	1.316,2	185,2	22,5	3,5	1,7	20,0	13,1	5,4%	17,1%	-31,7%	-18,6%	-9,5%	-12,0%
INGR-R-A	construction	3,37%	159,5	1.196,2	168,3	14,8	1,8	1,4	22,3	21,1	6,1%	14,5%	-54,3%	-33,5%	-25,2%	-20,6%
THNK-R-A	construction	1,75%	3.315,0	628,1	88,4	9,6	1,2	0,4	12,6	9,8	4,3%	11,9%	-67,5%	-45,4%	-36,9%	-22,0%
VDKT-R-A	construction	1,03%	999,0	460,0	64,7	114,5	2,2	0,2	50,3	11,9	0,4%	1,9%	-70,6%	-50,6%	-35,5%	-11,3%
KOEI-R-A	engineering	2,28%	520,0	1.337,5	188,2	13,4	1,1	0,5	25,1	12,6	3,4%	8,3%	-58,4%	-25,7%	-17,5%	-16,1%
DDJH-R-A	engineering	0,69%	97,0	314,0	44,2	28,4	0,8	0,4	34,2	13,1	1,4%	3,0%	-52,0%	-37,0%	-17,2%	-9,3%
LEDO-R-A	food/beverage	1,71%	7.751,0	1.706,5	240,1	25,1	3,3	1,6	22,5	16,1	7,4%	14,0%	-42,6%	-40,6%	-29,5%	-18,4%
PODR-R-A	food/beverage	4,21%	340,0	1.842,7	259,3	95,4	0,9	0,5	31,3	12,0	0,5%	1,0%	-37,0%	-10,5%	-9,3%	-6,3%
ERNT-R-A	ICT	4,57%	1.800,0	2.397,0	337,2	10,9	2,2	1,3	14,6	9,5	12,8%	17,1%	-49,3%	-33,3%	-15,5%	-13,5%
HT-R-A	telecom	15,33%	256,9	21.037,2	2.959,9	9,3	1,7	2,4	6,2	4,0	15,3%	18,3%	-32,4%	-18,7%	-4,9%	-9,0%
INA-R-A	oil	15,47%	2.550,0	25.500,0	3.587,8	18,6	1,8	0,9	25,3	11,9	5,6%	10,0%	-8,9%	16,7%	-1,9%	-10,1%
BLSC-R-A	paper/cardboard	2,27%	681,0	792,9	111,6	21,9	1,6	0,6	30,5	10,7	2,3%	7,3%	-19,9%	-22,7%	-18,0%	-14,9%
KNZM-R-A	retailer	1,07%	200,0	4.540,8	638,9	21,2	4,8	0,4	15,7	12,4	4,0%	25,0%	-37,1%	-46,2%	-41,9%	-9,8%
ATGR-R-A	distribution	2,00%	600,0	1.482,0	208,5	22,0	2,2	0,8	15,3	11,4	5,2%	13,0%	-23,8%	-22,6%	-17,6%	-15,4%
LKPC-R-A	sea port	0,91%	2.433,5	541,7	76,2	23,5	3,0	3,2	16,3	12,8	10,4%	13,9%	-55,6%	-32,0%	-22,5%	-18,4%
ATPL-R-A	shipping	10,13%	1.871,0	2.611,0	367,4	4,5	2,0	1,6	5,4	4,5	22,1%	55,9%	-36,5%	-23,6%	-20,4%	-20,5%
JDPL-R-A	shipping	0,71%	347,0	567,9	79,9	10,2	0,4	1,4	5,5	2,6	3,8%	4,9%	-46,1%	-42,6%	-33,3%	-21,1%
TNPL-R-A	shipping	1,22%	2.520,0	1.578,5	222,1	7,1	0,9	1,5	7,0	4,6	7,5%	12,8%	-62,4%	-44,0%	-30,0%	-24,6%
ULPL-R-A	shipping	3,15%	1.420,0	823,6	115,9	4,8	1,3	2,5	11,1	7,6	11,1%	30,2%	-68,0%	-32,7%	-35,5%	-27,2%
VIRO-R-A	sugar	1,38%	722,1	1.001,2	140,9	19,7	2,1	1,3	21,5	16,2	5,9%	10,4%	-46,9%	-34,2%	-21,8%	-11,9%
ADRS-P-A	tobacco/tourism	9,12%	310,0	6.911,0	972,4	10,5	1,2	2,1	7,8	6,2	9,7%	12,0%	-42,2%	-17,6%	-16,2%	-17,4%
KORF-R-A	tourism	1,13%	73,9	599,3	84,3	neg	0,4	0,8	neg	15,5	neg	neg	-65,3%	-32,9%	-22,4%	-17,9%

*All financial ratios presented in the table above are calculated based on one-year trailing financial reports

Corporate news:

IGH wins new deal, two more inquiries for airport projects

According to Croatian daily Poslovni dnevnik, a consortium led by IGH won a new deal to design and supervise the reconstruction of the water supply system in Zagreb, a deal worth HRK 45mn. After winning the tender for designing a solution for the construction of a Zagreb airport terminal, IGH received inquiries on similar projects from two foreign countries, according to CEO Jure Radic. After some negative opinions were published in the media regarding the price (EUR 280-300mn) of a new terminal as IGH designed it, Radic said that the terminal could cost less, but also even more, depending on what ideas and solutions are realized. Bosko Matkovic, CEO of the Zagreb Airport, said that the price of the new terminal is not yet determined and will be subject to negotiations between the airport and IGH in the following month.

Separately, the company announced that it rewarded a group of its employees by allocating them company shares worth HRK 5.9mn in total.

Banco Santander interested in Zagrebacka banka, Fitch confirms rating

According to reports in the Croatian media, citing Spanish newspaper El Economista, Banco Santander is interested in taking over UniCredit's CEE subsidiaries, particularly those in Croatia, Hungary and Poland, which implies that Zagrebacka banka, the biggest bank in Croatia in terms of assets, could be a potential takeover target.

Separately, rating agency Fitch affirmed the long-term rating of Zagrebacka banka at BBB+ with a stable outlook, while UniCredit, the majority owner of Zagrebacka banka, and most of its subsidiaries were downgraded to a negative outlook.

Croatian government opposes privatization of Liburnia Riviera Hoteli by ALH – press

The Croatian press reports an unofficial statement from a government source that Adriatic Luxury Hotels (ALH) and its owner Goran Strok will not take over Liburnia Riviera Hoteli (LRH). Even though representatives of the city of Opatija, a town that holds 25% plus one share in the tourism company, stated that ALH is a favorable partner to become the majority owner of LRH, it seems that some resistance is present within the Croatian government (the majority owner with a 58.6% stake). In May, tourism holding company SN Holding sold its receivables from the government, worth approximately EUR 160mn, to Strok. Based on this claim, Strok expects to acquire the government's stake in LRH.

Last day for INA shareholders to respond to MOL's offer

Today is the last day for INA's shareholders to accept MOL's offer of HRK 2,800 per share. As the deadline for the bid by MOL for INA shares approaches, interest in offering shares is increasing. Many small shareholders have offered their shares to MOL. *Therefore, it could happen that more than 15-20% is collected. It is very likely that, after the transaction with the Croatian government, MOL will exceed a 50% stake in INA.* Hungarian Equity Research +36 1 23 55 131 Davor Špoljar +385 62 372 825

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