

Croatia | Slovenia | Romania | Bulgaria | Serbia

IC Daily Highlights

Theme of the Day:

Comparing the Turnover of CROBEX, SBITOP and BET Components

Bond, Money and Currency Markets:

Romania Taps the Eurobond Market with 2028 Maturity @ 2.15% YTM

Croatian Equity Market:

Where Does the Current Price Hike Put Croatian Banks' Multiples?

Regional Equity Market:

Fondul Proprietatea's Seventh Buy-Back Programme Starts Today

Global Equity Market:

OPEC Production Cut Deal

Technical Perspective - Region:

CROBEX - Psychological level @ 1900

Technical Perspective - Global:

CAC40 - SMAVG200

IC Daily Newsflash

- [CROATIA] Adris' tourist arm project of hotel Park made strategic by the government
- [SLOVENIA] EUR 0.15m worth of Cinkarna Celje shares traded as block
- [ROMANIA] Fondul Proprietatea's seventh buy-back programme starts today
- [ROMANIA] Insurance market recorded GWPs in the amount of RON 5bn in H1 2016, up 11% YoY
- [ROMANIA] The government regulates natural gas suppliers' obligation to close contracts on centralized markets in Romania, as of Dec 1

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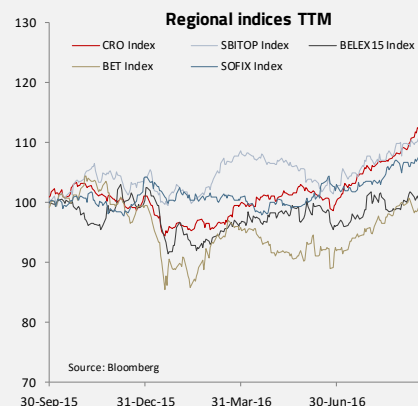
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Quote of the Day:

"The power to do good is also the power to do harm."

Milton Friedman



Upcoming Announcements

Date	Announcement
13-Oct-16	LKPG - 9M 2016 prelim.
27-Oct-16	TLSG - 9M 2016 results
28-Oct-16	ATGR - 9M 2016 results
28-Oct-16	KOEI - 9M 2015 results
9-Nov-16	OMV Petrom - 9M 2016 results
11-Nov-16	GRVG - 9M 2016 results
11-Nov-16	Transelectrica - 9M 2016 results
11-Nov-16	Romgaz - 9M 2016 results
14-Nov-16	Transgaz - 9M 2016 results
14-Nov-16	Banca Transilvania - 9M 2016 results

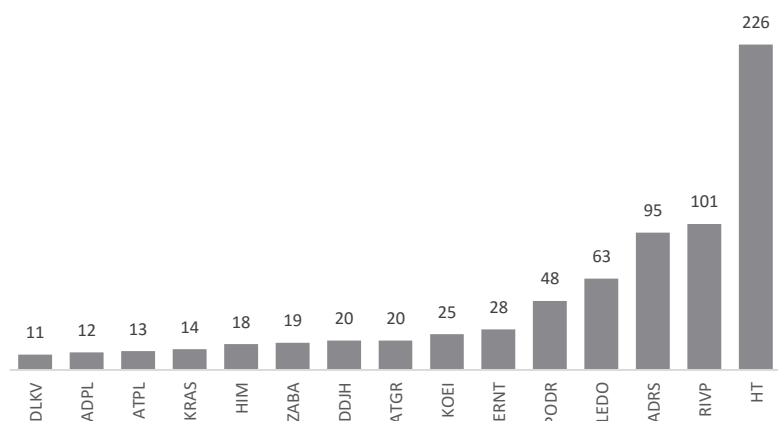
Top Regional Investment Stories

Company	Investment Thesis
VALAMAR	One of the largest hospitality groups
RIVIERA	Favourable accommodation positioning Strong growth potential
PETROL GROUP	Stable cash flow High level of debt Strong retail player
ADRIS GROUP	Strategic shift Strong cash position Growth potential in insurance
FONDUL PROPR.	Managed by Franklin Templeton Significant discount to NAV Possible privatizations of portfolio companies

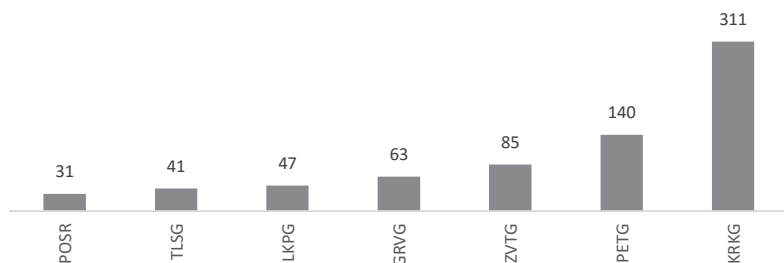
Theme of the Day

Comparing the Turnover of CROBEX, SBITOP and BET Components

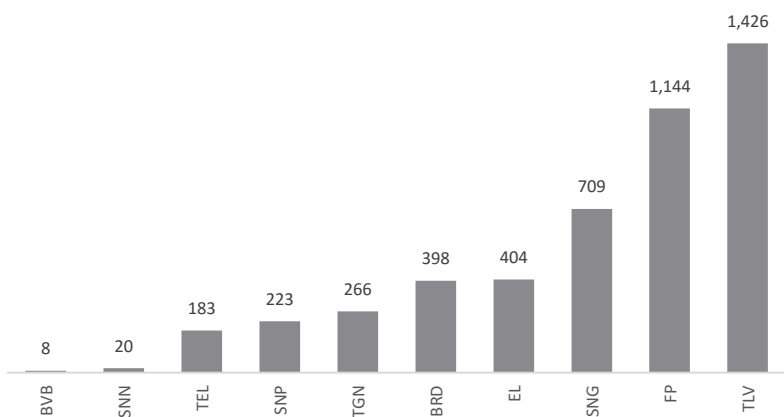
Top 15 CROBEX components by turnover in thousand EUR



Top SBITOP components by turnover in thousand EUR



Top BET components by turnover in thousand EUR



HT has achieved an average daily turnover of EUR 226k...

...whereas Slovenian Krka achieved EUR 311k.

Each of the top 5 BET components individually records larger turnover than any of the CROBEX or SBI TOP shares.

Today we did an overview of most traded CROBEX, SBITOP and BET components in 2016. For our analysis we have calculated the average daily turnover of shares from the beginning of the year until today. Bearing in mind that some of the companies had extraordinary turnovers during some periods (eg. large block sales, privatization etc.) which would significantly affect average results, we have excluded the three days with largest turnovers for each one of them individually.

Among the Croatian companies, HT's share is usually the one that realizes the biggest daily turnover. This year wasn't a surprise, as HT has continued its tradition and achieved an average daily turnover of EUR 226k. Next in the line is Valamar Riviera, the leader in growth this year but with less than half HT's daily turnover (EUR 101k).

The frontrunner among the Slovenian SBITOP components with the highest average daily turnover of EUR 311k is Krka. Petrol follows with EUR 140k and Triglav with EUR 85k. In case of the Romanian BET index components, each of the top five shares has achieved higher daily turnover than any CROBEX or SBITOP component. Banca Transilvania's average daily turnover in 2016 was EUR 1,426k, Fondul has achieved EUR 1,144k and third from the top is Romgaz with EUR 709k. Just for comparison, Romanian OMV Petrom's daily turnover, which is somewhat close to Croatian HT's, has placed its share on the 7th out of 10 BET index components.

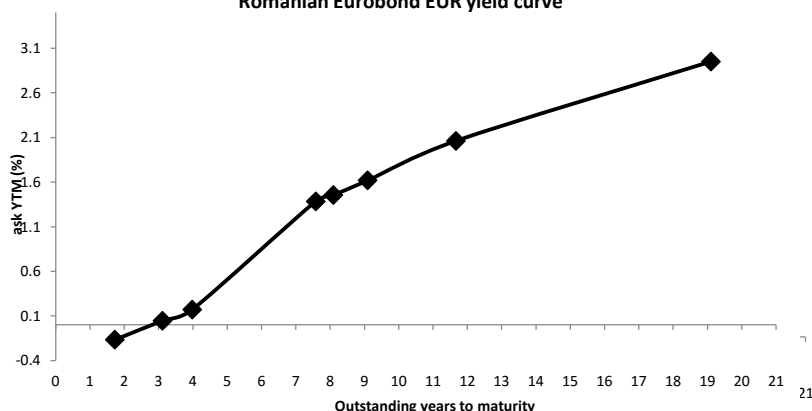
Bond, money and currency markets

Romania Taps the Eurobond Market with 2028 Maturity @ 2.15% YTM

Romania successfully ended another international bond auction to raise EUR 1bn needed to fund the public deficit in 2016 and prefinance 2017. The joint book runners disclosed buy side interest exceeding EUR 1bn by a considerable margin, which was also visible from YTM ending up at 2.15% (below 2.30% IPT). Just to put it in perspective, this is the third time in 2016 that Romania has raised funding by issuing paper abroad, giving signals to other SEE countries which might tap the market as well before the year draws to a close. Last time, on May 2016, Romania issued EUR 1bn at 2.99% maturing 2028 which is now to be increased for additional EUR 1bn, while on February the country added another EUR 1.25bn to the external component of public debt.

Romanian consolidated budget deficit in first eight months in 2016 printed 0.41% GDP (EUR 700m), coming substantially better than the analysts had expected. Even with this strong results, last governments projection of budget deficit in 2016 is around 2.8% GDP (1.47% of GDP in 2015) while on the beginning of the year analysts forecasted Romanian budget deficit around 3.0% of GDP. Looking from this point on, Romania is heading towards budget deficit of 1% GDP, a target for the eminent Finance Minister Dragu. Since Romania went through three Balance of payments programmes in period of 2009-2015 (EUR 5.0bn was disbursed) and since September 2015 it is under post programme surveillance it is crucial for Romania to adopt budget measures which would limit budget deficit to maximum 1% of GDP. Tap of Eurobond 2028 for EUR 1bn should be sufficient to fill the holes in the government budget if deficit levels continue with the same pace. If you consider that government debt to GDP is around 40% and that GDP growth is now forecasted around 5.0%, debt to GDP could fall even more.

Romanian Eurobond EUR yield curve



Source: Bloomberg, InterCapital

InterCapital domestic bond quotes

Bloomberg: INKA5 <GO>

Bloomberg: INKA6 <GO>

ticker	maturity	coupon	price		ytm		m. duration		bench. spread
			bid	ask	bid	ask	bid	ask	
local sovereign, currency clause									
RHMF-O-198A	29/11/2019	5,375%	112,25	113,25	1,40%	1,10%	2,90	2,90	140,24
RHMF-O-203E	05/03/2020	6,500%	117,00	118,00	1,41%	1,14%	3,13	3,13	136,04
RHMF-O-227E	22/07/2022	6,500%	120,00	121,10	2,75%	2,57%	4,91	4,91	256,51
RHMF-O-247E	10/07/2024	5,750%	118,30	119,30	3,09%	2,95%	6,35	6,35	273,89
local sovereign, HRK									
RHMF-O-172A	08/02/2017	4,750%	101,40	101,70	0,83%	0,01%	0,36	0,36	
RHMF-O-178A	25/11/2017	6,250%	106,00	106,60	1,01%	0,51%	1,11	1,11	
RHMF-O-187A	10/07/2018	5,250%	106,45	107,10	1,56%	1,20%	1,69	1,69	
RHMF-O-203A	05/03/2020	6,750%	115,50	116,70	2,05%	1,72%	3,10	3,10	
RHMF-O-217A	08/07/2021	2,750%	101,60	102,50	2,39%	2,20%	4,43	4,43	
RHMF-O-257A	09/07/2025	4,500%	108,50	109,70	3,37%	3,22%	7,23	7,23	
RHMF-O-26CA	14/12/2026	4,250%	107,50	108,70	3,37%	3,24%	8,23	8,23	

Macroeconomic indicators

INDICATOR	CRO	SLO	SRB	ROM	BUL
GDP (YoY, %)	2,8	2,7	2,0	3,3	2,9
ten-year yield (%)	2,6	2,5	6,6	1,5	1,6
CPI headline (YoY, %)	-1,5	0,0	1,2	-0,2	-0,3
PPI (YoY, %)	-5,1	-1,4	-1,2	-2,3	-3,8
ind. Production (YoY, %)	1,2	7,4	0,7	0,0	2,3
retail (YoY, %)	2,0	3,5	5,6	13,8	2,2
unemployment (YoY, %)	13,1	7,9	18,5	4,6	8,0
budget balance (% GDP)	-1,3	-2,9	-1,7	-0,7	-2,1
public debt (% GDP)	89,5	86,2	75,0	39,9	26,4

Interest rates

DUR.	Zibor (HRK)	Euribor (EUR)	Belibor (RSD)	Robor (RON)
O/N	0,51%	n.a.	3,00%	0,45%
1M	0,70%	-0,37%	3,29%	0,54%
3M	0,86%	-0,30%	3,51%	0,70%
6M	0,99%	-0,20%	3,69%	0,93%
9M	1,13%	-0,13%	n.a.	1,02%
1Y	1,30%	-0,06%	n.a.	1,09%

Eurobonds

bond	curr.	coupon	price	mid ytm
CROATIA				
CROATI 18	EUR	5,875%	110,01	0,19%
CROATI 22	EUR	3,875%	108,53	2,25%
CROATI 25	EUR	3,000%	102,63	2,65%
CROATI 17	USD	5,500%	102,53	1,74%
CROATI 19	USD	6,750%	111,11	2,96%
CROATI 20	USD	5,625%	112,32	3,14%
CROATI 21	USD	6,375%	112,83	3,27%
CROATI 23	USD	5,500%	111,56	3,50%
CROATI 24	USD	6,000%	115,28	3,60%
SLOVENIA				
SLOVEN 16	EUR	4,700%	100,51	-1,66%
SLOVEN 18	EUR	4,000%	106,52	-0,42%
SLOVEN 18	USD	4,750%	105,19	1,46%
SLOVEN 22	USD	5,500%	116,75	2,51%
SLOVEN 23	USD	5,850%	119,94	2,55%
SERBIA				
SERBIA 17	USD	5,250%	103,49	2,12%
SERBIA 18	USD	5,825%	106,21	2,90%
SERBIA 20	USD	4,875%	105,09	3,28%
SERBIA 21	USD	7,250%	117,03	3,50%
SERBIA 24	USD	6,750%	101,23	6,55%
BULGARIA				
BULGARIA 17	EUR	4,250%	103,40	-0,19%
BULGARIA 22	EUR	2,000%	107,14	0,67%
BULGARIA 24	EUR	2,950%	111,64	1,39%
BULGARIA 27	EUR	2,625%	107,59	1,82%
BULGARIA 35	EUR	3,125%	104,48	2,81%
ROMANIA				
ROMANIA 18	EUR	6,500%	111,34	-0,13%
ROMANIA 19	EUR	4,875%	114,79	0,09%
ROMANIA 20	EUR	4,625%	117,53	0,18%
ROMANIA 22	USD	6,750%	120,74	2,57%
ROMANIA 24	USD	4,875%	114,60	2,66%

Croatian Equity Market

Where Does the Current Price Hike Put Croatian Banks' Multiples?

During the last few days, we have seen many news about significant price drop of Deutsche Bank's share which has contracted for more than a half from the beginning of the year. Inspired by above-mentioned, for today we have checked the performances of the major Croatian banks which are listed on Zagreb Stock Exchange.

From the beginning of the year, stocks of the Croatian banks have moved in quite opposite direction than those of Deutsche Bank. Namely, ZABA's share price has increased the most, by impressive 32%, while PBZ's share has achieved 22% increase and HBP's 7%. Accordingly, we have decided to see where these increases have put their multiples and are they reasonable amid the company's half-year profitability results.

As the last year's H2 results were significantly influenced by the one-time loss from CHF, we have decided not to use trailing records. Therefore, to calculate the multiples we have concentrated only on this year's H1 results, doubling them to get a full year estimate (after making adjustments for one-offs).

Adjusting PBZ and ZABA results by the Visa sales, we see that yesterday's price hikes put them both exactly at 10.0x P/E, with P/B at 1.0x and 1.1x respectively. HPB's multiples are somewhat mixed (8.3x P/E and 1.4x P/B) after we adjust profit for the effect of tax returns.

Regional Equity Market

Fondul Proprietatea's Seventh Buy-Back Programme Starts Today

[ROMANIA – Fondul Proprietatea – FP RO] The fund manager of Fondul Proprietatea has updated shareholders and investors on the Fund's buy-back programmes. FP has completed the sixth buy-back programme, whereby 892m shares and equivalent GDRs have been purchased (equivalent to 8.13% of the Fund's subscribed share capital). The total value of the sixth programme reaches RON 732m, representing weighted average price of RON 0.8156 per share (or USD 10.5221 per GDR). The Investment Manager also announced the seventh buy-back programme, which will start on 29 Sep 2016. The seventh buy-back programme shall be performed at a price range from RON 0.2 per share to RON 2 per share.

[ROMANIA – Macro] The Romanian government has adopted an emergency ordinance, in its Wednesday meeting at, which regulates gas suppliers. For the period between December 1, 2016 and December 31, 2017, it is regulated the obligation of producers and the obligation of each natural gas supplier, which is not a producer as well, to conclude contracts on centralized markets in Romania, in a transparent and non-discriminatory manner, in accordance with the regulations issued by energy market regulator ANRE, the government said in a statement.

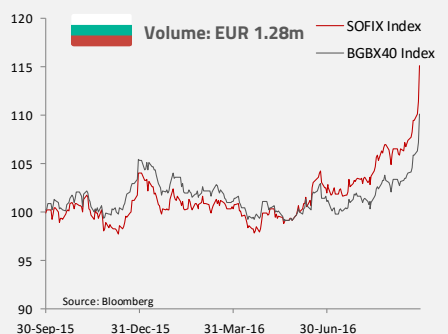
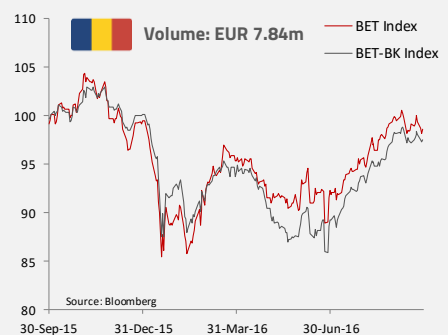
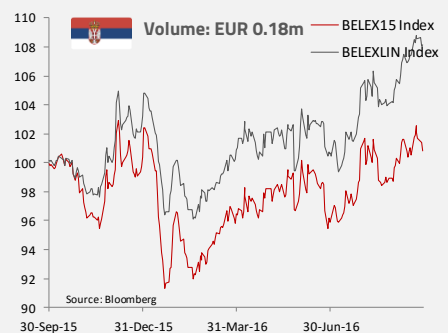
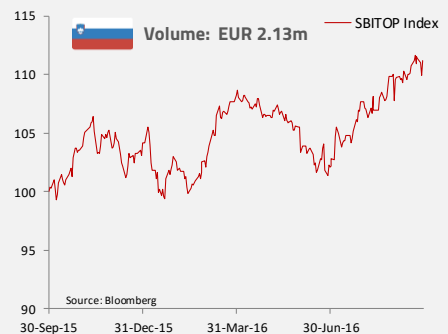
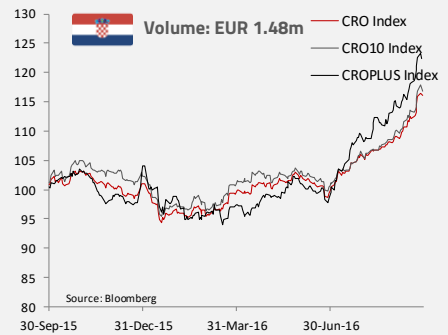
Index fundamentals

	Day	YTD	1Y	Last Price	EV/S	P/E	EBITDA	EV / Net debt / EBITDA	ROE (%)	Div. Yld
CROBEX*	-0,2%	14,8%	16,0%	1.940	1,25	18,08	8,94	1,64	7,0%	2,4%
SBITOP	1,1%	6,8%	11,2%	743	0,50	10,49	6,28	2,15	9,0%	5,1%
BELEX15	-0,6%	-1,6%	0,8%	634	0,76	20,55	5,13	0,73	3,0%	4,4%
BET	0,5%	-0,8%	-1,3%	6.947	0,86	17,91	2,76	-0,74	4,5%	7,7%
SOFIX	3,4%	10,6%	15,2%	510	0,83	10,66	6,37	1,29	4,5%	2,1%

Daily market snapshot

Volume (EURm)	Winners	Laggards
Fondul Proprietatea	4,30 Industrial Holding Bulgaria	7,6% Optima Telekom -3,11%
Banca Transilvania	2,18 Chimimport	6,6% M+S Hydraulic -2,50%
Krka	1,18 Industrial Capital Holding	5,8% Ingra -2,18%
BRD	0,45 Holding Varna	5,4% Metalac -1,89%
Romgaz	0,39 Sopharma	4,9% Sojaprotein -1,38%
Valamar Riviera	0,26 Krka	4,7% HT -1,31%
Sopharma	0,23 Stara Planina Holding	4,5% Dalekovod -1,12%
Petrol	0,19 Monbat	3,7% Eurohold Bulgaria -1,02%
Podravka	0,19 Albena AD	3,7% AD Plastik -0,97%

* ATPLRA ZA and ADRSPA ZA are excluded from CROBEX multiples and ratios due to large one-off event / Market snapshot includes only main index components



Global Equity Market

OPEC Production Cut Deal

U.S. stocks rallied Wednesday on the back of a jump in oil prices after reports that OPEC had reached a deal to cut production.

Reuters and other media outlets reported from Algeria on Thursday that OPEC members had agreed to cut oil output for the first time since 2008. Reuters reported OPEC members would limit production to a range of 32.5 million to 33 million barrels per day, down slightly on August's output of 33.2 million barrels a day, but there were few details available on the deal. Goldman estimated the proposal would keep production on average at 480,000-980,000 barrels a day below the bank's forecasts through 2017.

U.S. crude settled 5.33% higher at USD 47.05 per barrel on the heels of the news. Earlier, U.S. oil had traded lower after a build in gasoline stockpiles offset a draw in crude inventories.



Index	Change (%)		
	day	1Y	YTD
North/South America			
DOW JONES	0,61%	14,27%	5,25%
S&P 500	0,53%	15,25%	6,23%
NASDAQ	0,24%	17,74%	6,21%
S&P/TSX	1,19%	13,00%	13,23%
BOLSA	0,66%	14,07%	11,79%
BOVESPA	1,67%	34,50%	36,92%
MERVAL	2,49%	73,46%	43,51%
IPSA	0,28%	11,12%	10,43%
Asia/Pacific			
S&P/ASX 200	1,09%	11,24%	3,31%
NIKKEI 225	1,47%	-1,32%	-12,22%
HANG SENG	0,14%	15,06%	7,93%
SHCOMP	0,38%	-1,29%	-15,26%
KOSPI	0,81%	6,53%	5,53%
TWSE	0,83%	14,00%	11,19%
SET	0,88%	10,66%	15,89%
BSE SENSEX 30	0,19%	9,97%	8,54%
Africa/Near East/Russia			
FTSE/JSE	1,89%	2,43%	-1,23%
XU 100	0,67%	4,61%	8,30%
Hermes	-0,48%	8,17%	11,78%
Tel Aviv 100	-0,20%	-2,50%	-3,42%
MICEX 10	0,15%	21,52%	13,77%
RTS	0,00%	24,38%	28,83%
Western Europe			
DJ EURO STOXX 50	0,68%	-1,28%	-8,46%
FTSE 100	0,61%	15,91%	9,72%
CAC 40	0,77%	2,04%	-4,41%
DAX	0,74%	10,45%	-2,84%
IBEX 35	0,60%	-6,96%	-8,42%
S&P/MIB 30	0,54%	-21,73%	-24,26%
SMI	0,55%	-1,24%	-6,78%
ATX	0,61%	9,08%	-0,45%

S&P 500 SECTOR PERFORMANCE

	% Day	% YTD	% 1M	% 3M	% 6M	% 1Y		% Day	% YTD	% 1M	% 3M	% 6M	% 1Y
CONSUMER DISCRETIONARY	0,3%	2,1%	-1,5%	3,0%	1,4%	10,5%	INDUSTRIALS	0,7%	8,9%	-0,9%	5,6%	4,5%	18,7%
CONSUMER STAPLES	0,1%	5,3%	-2,2%	-1,2%	0,7%	13,7%	INFO TECH	0,3%	11,1%	2,0%	13,6%	9,4%	23,6%
ENERGY	4,3%	14,6%	-0,1%	1,2%	11,3%	16,7%	MATERIALS	1,0%	9,6%	-2,6%	4,8%	6,0%	22,1%
FINANCIALS	0,5%	-0,2%	-1,9%	5,8%	6,1%	6,6%	TELECOM SERVICES	-1,0%	14,3%	-0,9%	-4,7%	-0,9%	22,6%
HEALTHCARE	-0,1%	0,9%	-0,5%	2,3%	6,9%	12,1%	UTILITIES	-0,3%	15,6%	1,6%	-2,6%	1,2%	17,7%

STOXX EUROPE 600 SECTOR PERFORMANCE

	% Day	% YTD	% 1M	% 3M	% 6M	% 1Y		% Day	% YTD	% 1M	% 3M	% 6M	% 1Y
AUTOMOBILES & PARTS	1,2%	-15,1%	-0,0%	13,1%	-3,1%	6,5%	INSURANCE	0,6%	-11,6%	-0,8%	8,2%	-0,8%	-1,9%
BANKS	1,1%	5,7%	0,5%	13,4%	8,2%	16,5%	MEDIA	1,6%	-8,9%	-0,0%	4,3%	-6,2%	-4,0%
BASIC RESOURCES	-0,0%	-3,5%	-1,7%	4,1%	-0,0%	-1,3%	OIL & GAS	0,7%	3,5%	-4,4%	-4,4%	5,3%	9,3%
CHEMICALS	1,3%	-3,2%	-1,8%	8,6%	2,9%	3,7%	REAL ESTATE	1,0%	-18,0%	3,4%	6,3%	-5,8%	-5,8%
CONST. & MATERIALS	0,6%	-24,0%	-0,2%	10,8%	-4,7%	-23,0%	RETAIL	0,7%	-5,6%	-0,1%	-0,7%	-0,6%	1,3%
CONSUMER GOODS	1,0%	-14,6%	-1,0%	5,5%	-5,4%	-4,2%	TECHNOLOGY	1,4%	33,3%	2,1%	15,2%	27,6%	27,8%
FINANCIAL SERVICES	0,4%	0,9%	0,7%	3,1%	4,1%	12,4%	TELECOM SERVICES	0,7%	-14,5%	-0,9%	-1,3%	-8,8%	-9,1%
FOOD & BEVERAGE	0,6%	2,9%	2,0%	15,6%	9,7%	20,4%	TRAVEL & LEASURE	0,6%	3,3%	-0,8%	9,5%	5,7%	12,9%
HEALTH CARE	0,6%	-7,5%	0,5%	-1,3%	6,0%	-0,8%	UTILITIES	0,3%	-9,8%	-0,8%	4,6%	-3,6%	-5,3%
IND. GOODS & SERVICES	0,5%	2,4%	-0,5%	2,4%	3,5%	9,6%							

Technical Perspective - Region

CROBEX - Psychological level @ 1900 (daily chart)

Today we are looking @ daily CROBEX graph. It continues to move upwards and it breached resistance that was provided by high from 2014 @ 1938. Next resistance provides psychological level @ 2000. Additional resistance provides high from 2013 @ 2032. First support provides green upward trend line. RSI is in overbought.



Trading Suggestion:

Sell on strength.

Technical Targets:

- 2032... high 2013
- 2000... psychological level
- 1939... last
- 1938... high 2014
- 1876... high 28/08/2014
- 1844... high 21/07/2014

Technical Perspective - Global

CAC40 - SMAVG200 (daily chart)

Today we are looking @ CAC40 daily graph. It is testing support that provides SMAVG 50+100+200. Next support provides low from 05/04/2016 @ 4241. First resistance provides fibo 38,2 @ 4423. RSI doesn't show anything useful.



Trading Suggestion:

We would be sellers in case SMAVG200 gets breached

Technical Targets:

- 4733... high 09/09/2015
- 4588... fibo 50
- 4535... high 14/03/2016
- 4452... last
- 4432... SMAVG50
- 4374... SMAVG200
- 4373... SMAVG100
- 4241... low 05/04/2016

Regional Equity Market; Fundamentals of Selected Companies

Selected Equity Fundamentals (Trailing Basis) & Performance

Company				Change							Fundamental indicators						
	Last availab. FS	M. Cap (EURm)	Last price	Day	YTD	1Y	P/E	P/BV	P/CFO	EV/S	EBITDA	Net debt / EBITDA	ROA (%)	ROE (%)	Dividend	Div. Yld	
Industrial																	
Koncar	2016-06	234,1	684,00	0,1%	4,4%	0,7%	11,03	0,75	11,64	0,44	5,51	-2,46	4,3%	6,8%	12,00	1,8%	
Ericsson NT	2016-06	204,5	1.154,12	0,1%	20,2%	17,6%	16,81	6,78	6,43	0,97	9,65	-1,12	12,2%	40,3%	100,00	8,7%	
Petrokemija	2016-06	32,6	19,01	-1,2%	44,7%	19,1%	-3,03	1,82	0,81	0,30	13,89	8,96	-7,1%	-60,1%	0,00	0,0%	
Duro Dakovic	2016-06	50,0	49,47	-0,3%	87,0%	125,7%	-9,22	-36,28	-16,41	1,45	-173,47	-76,65	-6,8%	n/a	0,00	0,0%	
AD Plastik	2016-06	74,7	133,67	-1,0%	36,6%	37,6%	11,86	0,83	-77,10	0,93	7,14	2,74	3,4%	7,0%	12,00	9,0%	
Gorenje	2016-06	203,9	8,35	-0,6%	81,5%	70,4%	198,20	0,55	4,75	0,49	7,10	4,75	0,1%	0,3%	0,00	0,0%	
Cinkarna	2016-03	80,0	98,20	1,3%	29,2%	15,7%	13,62	0,57	6,12	0,37	3,09	-0,94	3,3%	4,2%	4,20	4,3%	
Metalac	2016-06	23,2	1.403,00	-1,9%	14,5%	23,1%	6,60	0,64	5,87	0,41	4,19	0,36	5,8%	9,6%	155,00	11,0%	
Jedinstvo	2016-06	9,9	4.017,00	0,0%	-21,2%	-19,7%	3,87	0,24	-1,28	0,06	0,62	-1,56	3,2%	6,3%	211,76	5,3%	
Alfa Plam	2016-06	45,4	32.000,00	0,0%	-5,7%	16,4%	8,44	0,84	6,16	0,68	5,26	-2,22	7,9%	10,0%	1.000,00	3,1%	
Messer Teh.	2016-06	94,2	11.200,00	0,0%	28,7%	58,8%	2,92	0,70	6,08	0,77	1,91	-1,85	22,4%	24,0%	1.801,00	16,1%	
Gosa Montaza	2016-06	4,0	1.900,00	0,0%	11,8%	11,6%	4,01	0,48	-22,82	-0,12	-1,18	-4,26	7,1%	11,9%	142,00	7,5%	
Neochim	2016-06	78,7	58,01	2,7%	25,0%	39,5%	5,99	1,55	4,43	0,57	4,02	0,36	19,4%	25,9%	0,80	1,4%	
Monbat	2016-06	155,5	7,80	3,7%	-2,5%	5,4%	15,07	1,63	-207,79	1,48	9,82	1,62	7,2%	10,8%	0,28	3,6%	
MS Hydraulic	2015-12	108,8	5,45	-2,5%	6,9%	9,0%	24,90	3,36	12,44	2,29	11,81	-0,83	11,7%	13,5%	0,22	4,0%	
Utility																	
Electrica	2016-06	1.068,0	13,74	-0,9%	12,6%	16,4%	8,79	0,74	5,88	0,37	2,07	-2,66	6,4%	8,5%	0,86	6,3%	
Transgaz	2016-06	809,5	306,00	0,3%	10,5%	16,3%	8,03	1,02	6,56	1,55	3,57	-1,30	8,7%	12,7%	27,61	9,0%	
Transelectrica	2016-06	481,7	29,25	-0,2%	0,3%	11,6%	7,66	0,71	2,87	0,68	2,83	-0,22	5,5%	9,3%	2,65	9,1%	
Janaf	2016-06	648,9	4.840,00	0,0%	7,6%	14,7%	17,27	1,31	9,55	5,62	7,44	-1,52	7,0%	7,6%	132,15	2,7%	
Energy																	
INA	2016-06	4.191,0	3.150,00	0,0%	6,7%	-3,8%	-18,28	2,98	13,77	2,19	21,25	1,94	-8,4%	-16,3%	0,00	0,0%	
NIS	2016-06	779,4	589,00	-0,8%	-1,8%	-6,2%	7,50	0,51	2,73	1,04	5,33	2,72	3,5%	6,8%	24,69	4,2%	
OMV Petrom	2016-06	3.092,7	0,24	0,2%	-16,2%	-28,4%	-10,42	0,53	2,99	0,91	2,78	0,24	-3,3%	-5,1%	0,00	0,0%	
Romgaz	2016-06	1.991,8	23,00	1,3%	-15,4%	-24,0%	8,50	0,96	4,87	1,44	2,63	-1,79	9,4%	11,3%	2,70	11,7%	
Nuclearelectrica	2016-06	333,6	4,93	0,3%	-23,3%	-29,6%	13,80	0,20	2,28	0,91	2,44	0,03	1,2%	1,5%	0,33	6,7%	
Pharma																	
Krka	2016-06	1.997,1	60,90	4,7%	-6,6%	0,4%	17,21	1,34	7,98	1,60	6,31	-0,42	6,0%	7,8%	2,65	4,4%	
Galenika Fito.	2016-06	59,6	2.782,00	-0,6%	17,1%	32,5%	7,70	1,08	18,01	1,41	5,19	-1,71	12,4%	14,0%	80,00	2,9%	
Sopharma	2016-06	206,1	2,99	4,9%	9,1%	13,5%	16,61	0,88	8,04	0,69	5,55	1,84	2,9%	5,3%	0,07	2,3%	
Construction																	
Ingra	2016-06	4,8	2,69	-2,2%	-7,9%	-6,6%	2,66	0,38	-2,44	9,78	380,34	358,88	1,5%	14,4%	0,00	0,0%	
Tehnika	2016-06	12,5	496,01	4,1%	76,5%	49,8%	-35,78	0,30	-2,52	0,64	11,10	8,28	-0,2%	-0,8%	0,00	0,0%	
IGH	2016-06	7,0	86,03	4,0%	-18,4%	-16,8%	-0,71	2,70	-3,15	3,32	-7,99	-7,12	-11,9%	-383,2%	0,00	0,0%	
Viadukt	2016-06	19,7	324,13	0,0%	8,8%	47,9%	-2,40	0,51	-73,23	0,41	21,07	11,43	-7,1%	-21,2%	0,00	0,0%	
Hidroelektra	2016-06	2,1	25,00	0,0%	13,6%	19,0%	-0,19	-0,15	-0,16	0,75	-1,32	-1,08	-31,8%	n/a	0,00	0,0%	
Dalekovod	2016-06	43,6	13,26	-1,1%	-3,1%	-11,0%	12,89	0,99	5,35	0,82	7,92	5,20	1,5%	7,7%	0,00	0,0%	
Energoprojekt	2016-06	110,0	1.240,00	-0,8%	19,6%	28,9%	13,05	0,69	13,80	0,37	5,17	-0,51	2,4%	5,3%	20,00	1,6%	

Regional Equity Market; Fundamentals of Selected Companies

Selected Equity Fundamentals (Trailing Basis) & Performance

Company				Change						Fundamental indicators							
	Last availab. FS	M. Cap (EURm)	Last price	Day	YTD	1Y	P/E	P/BV	P/CFO	EV/S	EV / EBITDA	Net debt / EBITDA	ROA (%)	ROE (%)	Dividend	Div. Yld	
Tourism																	
Liburnia Riviera	2016-06	153,8	3.820,02	-2,6%	-1,2%	-15,7%	N/A	1,59	14,05	5,05	11,26	0,99	-0,6%	-0,8%	0,00	0,0%	
Valamar Riviera	2016-06	570,3	34,01	1,2%	42,2%	58,8%	20,09	2,39	9,50	4,05	11,80	2,51	5,7%	11,9%	0,60	1,8%	
HUP Zagreb	2016-06	153,9	2.677,50	0,8%	40,7%	37,3%	17,67	1,51	20,66	4,64	11,57	1,44	5,8%	8,6%	15,00	0,6%	
Maistra	2016-06	336,5	231,06	0,4%	0,9%	-5,8%	22,96	2,01	7,74	3,88	10,90	3,13	4,2%	8,7%	0,00	0,0%	
Turisthotel	2016-06	138,1	2.830,00	-2,1%	9,0%	17,9%	14,10	3,68	8,51	4,64	10,73	-1,48	17,2%	26,1%	45,00	1,6%	
Plava Laguna	2016-06	370,7	5.100,00	0,0%	15,3%	17,2%	14,79	1,61	7,38	3,28	9,24	1,19	6,2%	10,9%	0,00	0,0%	
Arenaturist	2016-06	127,1	437,61	0,1%	33,1%	33,8%	-648,82	1,49	10,76	4,20	15,22	5,59	-0,1%	-0,2%	0,00	0,0%	
Albeno	2016-06	122,4	56,00	3,7%	12,0%	16,7%	49,04	0,59	11,57	3,50	12,50	3,10	0,9%	1,2%	0,45	0,8%	
Shipping																	
Atlantska Plov.	2016-06	34,9	188,00	0,0%	36,4%	-0,1%	-1,47	0,42	2,65	3,78	-18,20	-14,48	-9,5%	-28,6%	0,00	0,0%	
Jadroplov	2016-06	5,4	25,02	-3,8%	6,6%	-28,4%	-0,25	0,11	-0,76	6,88	-4,44	-4,02	-19,9%	-44,9%	0,00	0,0%	
Ujjanik Plovidba	2016-06	9,6	124,10	-0,7%	-11,7%	-12,3%	-0,14	1,27	0,25	6,04	-3,44	-3,23	-38,2%	-881,4%	0,00	0,0%	
TNG	2016-06	87,2	75,01	0,1%	-0,4%	-6,9%	15,17	1,06	6,97	6,37	12,42	6,50	2,9%	7,0%	3,95	5,3%	
Telecommunications																	
HT	2016-06	1.779,4	163,32	-1,3%	13,7%	15,8%	13,95	1,15	5,45	1,43	3,72	-1,22	7,0%	8,3%	6,00	3,7%	
Telekom Slo.	2016-06	465,4	71,21	0,2%	-2,5%	-7,5%	7,37	0,67	2,35	1,20	4,33	1,98	4,6%	9,1%	5,00	7,0%	
Infrastructure																	
Luka Ploce	2016-06	32,9	585,00	-1,2%	-15,7%	-17,9%	50,03	0,57	46,28	0,86	11,15	-8,70	0,9%	1,1%	0,00	0,0%	
Luka Rijeka	2016-06	84,7	47,25	-0,5%	9,6%	-0,5%	-380,02	0,93	-27,73	3,10	-5.360,30	2.013,63	-0,2%	-0,2%	0,00	0,0%	
Luka Koper	2016-06	326,2	23,30	0,0%	1,3%	-1,3%	8,94	0,99	4,95	2,16	5,70	1,27	7,5%	11,1%	1,13	4,8%	
Aerodrom N.T.	2016-06	295,0	1.060,00	-0,2%	-8,1%	-15,9%	14,67	1,39	14,95	4,31	7,47	-0,97	8,6%	9,4%	60,25	5,7%	
Food																	
Viro	2016-06	68,3	370,00	0,0%	18,5%	48,6%	-17,09	1,25	-3,00	0,94	16,33	7,36	-2,6%	-7,3%	0,00	0,0%	
Jamnica	2016-06	389,5	132.310,00	-2,4%	16,4%	23,1%	9,84	1,65	5,45	0,78	6,23	-2,11	10,2%	16,7%	2.197,00	1,7%	
Cakovecki Mlin.	2016-06	88,0	6.300,00	0,0%	26,6%	39,9%	12,54	1,15	11,53	0,51	6,75	-0,93	6,5%	9,2%	60,00	1,0%	
Kras	2016-06	95,9	524,85	0,9%	6,6%	14,1%	46,82	1,17	19,77	0,90	11,60	2,39	1,3%	2,5%	0,00	0,0%	
Ledo	2016-06	450,6	10.787,50	0,0%	19,6%	28,4%	11,84	1,74	9,82	1,19	6,86	-1,60	9,8%	14,7%	425,01	3,9%	
Belje	2016-06	29,2	26,74	0,3%	9,9%	13,0%	-4,83	0,11	0,96	0,91	9,33	7,85	-1,3%	-2,3%	0,00	0,0%	
Atlantic Grupa	2016-06	384,2	866,00	-0,4%	4,6%	4,0%	12,43	1,46	14,63	0,87	8,50	3,22	4,3%	11,8%	13,50	1,6%	
Sojaprotein	2016-06	78,0	645,00	-1,4%	-27,3%	9,3%	23,61	0,81	113,07	0,89	11,47	4,28	1,6%	3,4%	0,00	0,0%	
Retail																	
Tisak	2016-06	45,1	142,00	0,0%	-21,1%	-26,0%	55,48	1,32	1,06	-0,03	-0,87	-4,84	0,5%	2,4%	0,00	0,0%	
Medika	2016-06	64,3	16.000,00	0,0%	28,7%	32,2%	9,10	1,13	18,94	0,27	9,76	3,02	2,6%	12,4%	0,00	0,0%	
Mercator	2016-06	427,0	70,10	0,1%	-14,5%	-12,4%	35,89	0,67	7,33	0,51	10,45	7,06	0,5%	1,9%	0,00	0,0%	
Petrol	2016-06	642,6	308,00	-0,6%	20,4%	31,1%	8,92	1,16	4,02	0,28	7,36	2,78	4,9%	13,0%	12,60	4,1%	

Regional Equity Market; Fundamentals of Selected Companies

Selected Equity Fundamentals (Trailing Basis) & Performance

Company	Last		Change					Fundamental indicators									
	availab. FS	M. Cap (EURm)	Last price	Day	YTD	1Y	P/E	P/BV	P/CFO	EV/S	EBITDA / EBITDA	Net debt / EBITDA	ROA (%)	ROE (%)	Dividend	Div. Yld	
Diversified																	
Adris Grupa	2016-06	1.149,5	437,29	-0,1%	19,9%	31,8%	6,19	0,89	27,66	1,23	n/a	n/a	7,1%	14,4%	15,00	3,4%	
Podravka	2016-06	366,1	386,43	0,7%	14,7%	19,2%	6,69	0,95	6,43	0,90	7,84	2,12	8,3%	14,3%	7,00	1,8%	
Industrial Capit	2016-03	29,0	3,65	5,8%	11,6%	11,6%	4,56	0,46	2,64	0,17	1,22	-1,05	8,7%	10,0%	0,00	0,0%	
Industrial Hold.	2015-12	34,1	0,86	7,6%	-6,4%	0,1%	-7,72	0,23	4,02	1,79	12,47	7,80	-1,9%	-2,9%	0,00	0,0%	
Stara Planina	2016-06	53,7	5,00	4,5%	26,6%	42,9%	7,28	0,65	4,80	0,38	2,45	-1,37	7,6%	8,9%	0,21	4,1%	
Holding Varna	2016-06	79,0	29,50	5,4%	20,9%	39,8%	187,45	0,92	15,58	5,39	27,84	14,09	0,2%	0,5%	0,00	0,0%	
Chimimport	2016-03	107,0	1,39	6,6%	1,2%	-1,1%	3,31	0,14	1,11	N/A	N/A	N/A	0,8%	4,1%	0,00	0,0%	
Eurohold	2016-03	44,3	0,68	-1,0%	-5,9%	0,0%	-0,79	0,73	3,59	N/A	N/A	N/A	-11,0%	-91,9%	0,00	0,4%	
Stock Exchange																	
BVB	2016-06	46,2	26,80	0,8%	-0,7%	-13,5%	43,66	1,98	7,28	3,65	30,32	-16,38	2,8%	4,5%	0,87	3,2%	
Funds / REIT's																	
Fondul Propriet.	2016-06	1.971,1	0,80	-0,1%	5,8%	10,2%	134,41	0,75	1,17	-31,5%	-28,7%	-32,2%	0,6%	0,6%	0,05	6,3%	
Bulgarian REIT	2016-03	19,6	1,90	0,9%	22,2%	39,1%	24,36	0,57	N/A	N/A	N/A	N/A	2,1%	2,3%	0,00	0,0%	
Adv. Terra. REIT	2016-06	88,8	2,04	0,5%	-1,4%	-1,4%	23,39	0,78	N/A	N/A	N/A	N/A	3,1%	3,3%	0,10	4,9%	
Banks																	
ZABA	2016-06	2.097,1	49,22	1,7%	35,4%	37,3%	67,44	0,88	6,95	90,1%	2,7%	1,0%	0,2%	1,3%	0,00	0,0%	
PBZ	2016-06	1.819,3	716,86	3,9%	19,7%	16,7%	22,80	0,99	5,65	89,9%	3,3%	1,6%	0,8%	4,4%	10,16	1,4%	
AIK Banka	2015-12	141,0	1.750,00	0,0%	-4,8%	0,0%	5,09	0,33	3,42	78,5%	4,0%	0,5%	1,9%	6,5%	0,00	0,0%	
Komercijalna B.	2016-06	194,3	1.541,00	-0,6%	-5,1%	-14,4%	-2,30	0,40	7,18	56,5%	3,3%	1,2%	-2,4%	-17,3%	63,00	4,1%	
Banca Transil.	2016-06	1.631,8	2,40	1,3%	19,0%	23,3%	8,47	1,33	8,82	71,0%	3,9%	1,1%	1,8%	15,7%	0,39	16,3%	
BRD	2016-06	1.741,2	11,12	1,3%	-8,1%	4,3%	12,60	1,22	7,78	76,1%	3,2%	1,5%	1,2%	9,7%	0,32	2,9%	
CCB	2015-12	62,2	1,08	1,4%	6,3%	7,5%	8,86	0,31	12,53	55,3%	1,8%	0,9%	0,3%	3,5%	0,00	0,0%	
FIB	2016-03	139,5	2,48	3,3%	14,8%	13,8%	6,87	0,35	11,12	71,1%	3,2%	1,0%	0,5%	5,1%	0,00	0,0%	
Insurance																	
Sava Re	2016-06	241,1	14,00	-0,7%	9,3%	14,1%	7,9	0,8	0,5	5,7	92,4%	5,7%	1,8%	10,4%	0,80	5,7%	
Triglav	2016-06	513,8	22,60	0,2%	-3,8%	0,4%	7,4	0,7	0,6	5,1	92,6%	6,2%	2,0%	10,0%	2,50	11,1%	
CO	2016-06	300,2	5.211,00	0,0%	-10,5%	-29,7%	17,0	0,9	0,8	4,4	100,1%	4,0%	1,3%	5,6%	0,00	0,0%	

InterCapital Research Coverage Universe

Overview of Investment Recommendations

Company	Last research	Recommendation	Target price	Last price	Difference	Investment Thesis	Analyst	
Hrvatski Telekom	29 January 2016	BUY	160,95	163,32	-1,5%	<ul style="list-style-type: none"> - weak revenue growth potential - profitability above peer group's average 	<ul style="list-style-type: none"> - dividend player - low level of debt 	Divo Pulitika
Podravka Group	31 July 2015	BUY	364,78	386,43	-5,6%	<ul style="list-style-type: none"> - large share of foreign sales - substantial cost-cutting potential 	<ul style="list-style-type: none"> - divesting as a profitability growth opportunity - moderate level of debt 	Divo Pulitika
Adris Group	19 June 2015	Common STRONG BUY	Common 582,30	590	-1,3%	<ul style="list-style-type: none"> - strong cash position - a strategic shift from a tobacco based company to an insurance based company 	<ul style="list-style-type: none"> - high profitability in the tourism segment and lucrative potential for further growth in the insurance segment 	Divo Pulitika
		Preferred STRONG BUY	518,90	437,29	18,7%			
Ericsson Nikola Tesla	11 May 2015	SELL	1017,10	1.154,12	-11,9%	<ul style="list-style-type: none"> - growing presence in Eastern European markets - dependence on telco investments 	<ul style="list-style-type: none"> - high return on equity - largest dividend yield on Croatian market 	Divo Pulitika
Končar Group	03 August 2015	BUY	786,87	684,00	15,0%	<ul style="list-style-type: none"> - majority stake owned by the government - profit margin pressure 	<ul style="list-style-type: none"> - foreign markets as an opportunity - high dependence on government deals 	Kreso Vugrinčić
Atlantic Grupa	11 July 2016	BUY	954,34	866,00	10,2%	<ul style="list-style-type: none"> - strong presence in the region - diversified product portfolio and vertically integrated business mode 	<ul style="list-style-type: none"> - best in the class standards of corporate governance - continuing profitability improvements 	Divo Pulitika
Krka Group	7 January 2016	BUY	71,23	60,90	17,0%	<ul style="list-style-type: none"> - strong fundamentals - continuing sales growth despite crisis effects 	<ul style="list-style-type: none"> - exposure to new markets (Russia) - dual listing in Warsaw 	Divo Pulitika
Petrol Group	23 February 2016	STRONG BUY	350,06	308,00	13,7%	<ul style="list-style-type: none"> - stable cash flow - high level of debt 	<ul style="list-style-type: none"> - ownership restructuring - strong retail player 	Divo Pulitika
AD Plastik Group	14 July 2015	UNDER REVIEW		133,67	-100,0%	<ul style="list-style-type: none"> - stable dividend payment - Edison projekt and recovery in Europe - presence in Russia 	<ul style="list-style-type: none"> - consolidation of suppliers in the automotive industry - exposure to cyclic automotive sector 	Kreso Vugrinčić
Group Telekom Slovenije	1 October 2015	BUY	89,32	71,21	25,4%	<ul style="list-style-type: none"> - restructuring of operations in progress - risk of a large number of litigations 	<ul style="list-style-type: none"> - stable structure of debt - risk of permanent competitive pressure on prices 	Divo Pulitika
Triglav Group	3 May 2016	HOLD	28,58	22,60	26,5%	<ul style="list-style-type: none"> - leading regional insurer - potential for further expansion in Ex-Yu countries 	<ul style="list-style-type: none"> - attractive dividend yield - Standard & Poor's "A-" rating with stable outlook 	Divo Pulitika
NIS Group	9 September 2015	SELL	538,68	589,00	-8,5%	<ul style="list-style-type: none"> - attractive valuation in relation to peers - high domestic market share - potential for development outside Serbia 	<ul style="list-style-type: none"> - lack of transparency - macroeconomic pressures - dependence on oil prices and refining margins 	Divo Pulitika
Valamar Riviera	27 July 2016	UNDER REVIEW		34,01	-100,0%	<ul style="list-style-type: none"> - one of the largest hospitality groups - multi-destination portfolio in key Adriatic regions, Istria and Dubrovnik 	<ul style="list-style-type: none"> - potential expansion of the accommodation portfolio via M&A - dependence on tourism development 	Krešo Vugrinčić
Gorenje Group	17 November 2015	STRONG BUY	4,90	8,35	-41,3%	<ul style="list-style-type: none"> - quality brand/product portfolio - strong position on Ex-Yu markets - strategic alliance with Panasonic 	<ul style="list-style-type: none"> - lack of economies of scale - dependence on input prices as well as currency translation differences 	Krešo Vugrinčić
Tankerska Next Generation	24 August 2016	HOLD	65,00	75,01	-13,3%	<ul style="list-style-type: none"> - dislocation of refineries - experienced fleet manager - attractive cost structure compared to peers 	<ul style="list-style-type: none"> - possible asset play - stable earnings due to time charters - complete exposure to a single market segment 	Divo Pulitika
Luka Koper	13 October 2015	BUY	25,66	23,30	10,1%	<ul style="list-style-type: none"> - attractive valuation compared to peer port operators - recovery of regional economies and their trade with the rest of the world 	<ul style="list-style-type: none"> - historically inconsistent strategy related to often changes in management - future capacities rely on strong CAPEX and Slovenia's investments in railway 	Divo Pulitika
Sava Re Group	30 November 2015	STRONG BUY	17,22	14,00	23,0%	<ul style="list-style-type: none"> - successful integration of Zavarovalnica Maribor - growth opportunities in the regional insurance markets 	<ul style="list-style-type: none"> - possible interest rate hikes - absence of major loss events pushes up results for now 	Divo Pulitika
Fondul Proprietatea	23 March 2016	STRONG BUY	0,99	0,80	23,8%	<ul style="list-style-type: none"> - managed by Franklin Templeton, a top class fund management company - high exposure to energy sector - significant discount to NAV 	<ul style="list-style-type: none"> - about 60% of the fund's NAV is made by unlisted companies - possible privatizations of portfolio companies 	Divo Pulitika

InterCapital Group

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Our mission is to further advance the ongoing development of our domestic capital markets through the introduction and implementation of innovative financial products, know-how and sophisticated international standards in financial mediation services. In doing so, we aim to provide superior returns to our diverse customer base. Experience, knowledge, dedication, reputation and ethical conduct are at the heart of our business. These characteristics are uncompromisingly embedded in each of our employees, ultimately guaranteeing professional quality and dedication in our approach to clients, our product portfolio and overall mission achievement. The InterCapital Group is headquartered in Zagreb and employs more than 40 individuals.

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- financing through the capital markets (debt issues (commercial papers & bonds) and equity issues (public and private equity offerings), as well as official market listings
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- storage and safekeeping of securities in various global depository;
- managing investment positions with maximum professionalism and discretion;
- continuous reporting to clients;
- collection of inflows generated from interests, dividends and other income relating to assets in the custody account and monitoring of other corporate actions.

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- Sell** - equities with expected absolute return below -10% in the monitored time period
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Up to August 14, 2014 the Hold recommendation was used for equities with an expected return of 0% to 10%, while the Sell recommendation was used for equities with an expected negative absolute return. Criteria for other recommendation remained unchanged.

2Q 2016 (1 April - 30 June 2016)			
	Number	Share	Companies which InterCapital Securities Ltd. provided investment banking service within last 12 months
Strong Buy	7	36,8%	-
Buy	7	36,8%	TPNG-R-A
Hold	1	5,3%	-
Sell	2	10,5%	-
Under Review	2	10,5%	ADPL-R-A

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