

Croatia | Slovenia | Romania | Bulgaria | Serbia

## IC Daily Highlights

*Theme of the Day:*

**Global Insurance M&A Activity in 2016**

*Bond, Money and Currency Markets:*

**Croatian USD Spreads Tighten while Agrokor Situation Slowly Unravels**

*Croatian Equity Market:*

**Zagrebacka Banka Sells HRK 3.3bn of NPLs**

*Regional Equity Market:*

**NIS and Monbat Proposed Dividends while Eurohold Showed a Solid Performance in Q1**

*Global Equity Market:*

**Dow Closes about 90 Points Higher after Trump Delivers on Overseas Deals**

*Technical Perspective - Region:*

**RIVPRA ZA - Support @ 39,44**

*Technical Perspective - Global:*

**FTSE100 – Testing psychological level @ 7500**

## IC Daily Newsflash

- [CROATIA] Zagrebacka Banka [ZABARA CZ] sells HRK 3.34bn of NPLs
- [ROMANIA] Romania sells RON 500m of 2019 T-notes, average yield at 1.36%
- [SERBIA] NIS Group [NIIS SG] delivered the invitation to the GA (to be held on June 27), proposes RSD 24.66 DPS (yielding 3.3%)
- [BULGARIA] Monbat [5MB BU] delivered the invitation to the GA (to be held on June 26), proposes BGN 0.28 DPS (yielding 2.6%, ex-date June 9)
- [BULGARIA] Eurohold Bulgaria [4EH BU] Q1 2017 operating revenues up by 16% YoY to BGN 295.9m, net profit jumped to BGN 1.59m (from BGN 0.02m)

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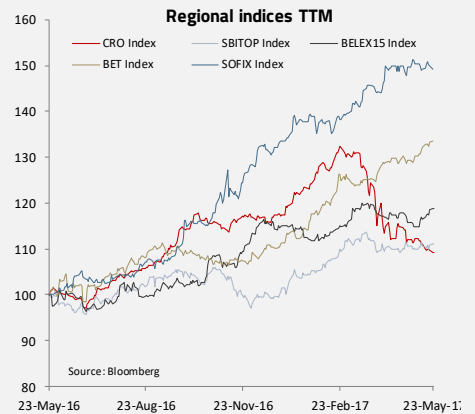
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## Quote of the Day:

„Don't look for the needle in the haystack. Just buy the haystack.”

*Jack Bogle*



## Upcoming Announcements

Date	Announcement
24-May-17	Intereuropa - Q1 2017 results
24-May-17	Gorenje - Q1 2017 results
30-May-17	Triglav Group - General Meeting
30-May-17	ZVTG - Annual General Meeting
31-May-17	Unior - Q1 2017 results
6-Jun-17	CICG - Convocation of General Meeting
6-Jun-17	Transelectrica - ex-dividend
7-Jun-17	Electrica - ex-dividend
7-Jun-17	Cinkarna Celje - ex-dividend

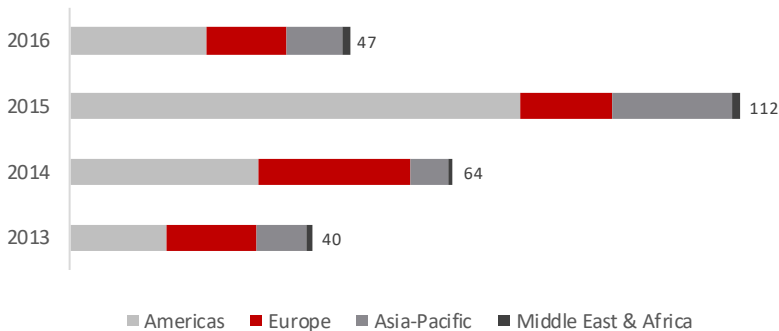
## Top Regional Investment Stories

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

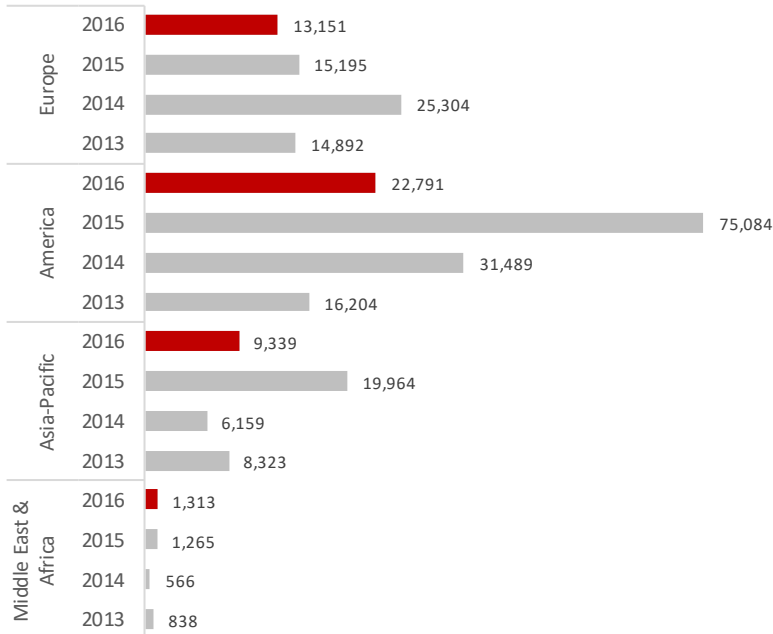
### Global Insurance M&A Activity in 2016

Global insurance M&A deal activity – deal value in USDbn



*Although there was a significant fall in the value of deals compared with 2015, M&A volumes in 2016 were close to levels seen in 2013.*

M&A deal activity by target geography – deal value in USDm



*Total deal value in 2016 amounted to USD 47bn, a 58% YoY decrease.*

Source: EY

2016 saw a very significant reduction in global M&A activity and deal value in the insurance industry, particularly following the stronger activity of 2015. Drawing conclusions from short-term trends can be dangerous, but there does appear to be a link between the reduced volume and value of deals in 2016 and the high level of uncertainty in global markets, according to EY's publication „Global insurance M&A themes 2017: dealing with uncertainty“.

Periods of uncertainty can be challenging for both buyers and sellers, limiting their ability to assess business outlook and valuation, and creating a logical case to defer major investment decisions. Nevertheless, there was an increase in large deal activity toward the end of 2016 which could be interpreted as a sign that insurers have decided to get on with addressing their strategic priorities, despite ongoing global uncertainty.

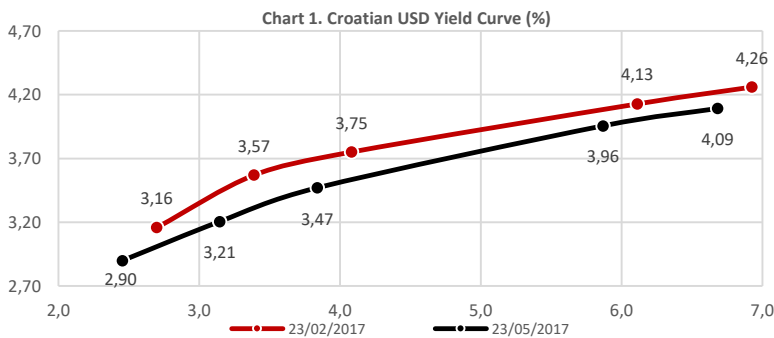
There was a significant drop in the value of deals across all major regions compared to 2015. Total deal value in 2016 amounted to USD 47bn, a 58% decrease compared to the previous year. 2016 also saw a notable fall in larger deals („megadeals“) as buyers remained cautious in an environment that has been characterized by high levels of uncertainty.

Investment (and divestment) decisions need to be based upon a view of the future, whereby EY stated 4 factors that have major influence on M&A activity in insurance sector (1) Political and macroeconomic factors, (2) Industry regulation and government policy, (3) Innovation and customer behaviours (digital disruption) and (3) Demographics and the need for insurance. Predictable market conditions, a clear set of emerging trends and clarity on “the rules of the game“ in terms of regulatory compliance, capital requirements and consumer behaviour pave the way to the potential deals. However, very few of those factors applied throughout 2016 and we see that uncertainty continues in the beginning of 2017 as well.

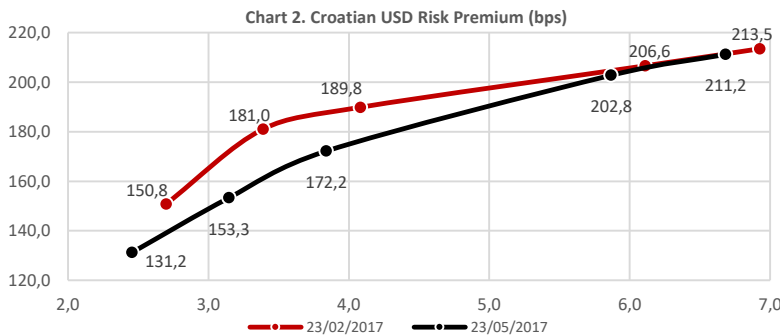
## Bond, money and currency markets

### Croatian USD Spreads Tighten while Agrokor Situation Slowly Unravels

A robust economic performance which underpinned public deficit reduction and paved the way for early exit out of the EDP seems to be the main factor behind the recent spread tightening on Croatian USD paper. As we could see from the first chart submitted below, yield to maturity on the Croatian USD international bonds had decreased by some 28bps on the mid-part of the curve (2021 maturity) and some 10bps on the longer part (2023 maturity). Speaking about the CROATIA 2021, the YTM on this paper made a move south by some 28bps, 21bps of which are attributed to the whole curve moving lower, while the reminder comes from the move alongside the curve (i.e. the maturity of the paper getting closer and closer). We believe one of the reasons for this move south is probably the maturity of CROATIA 2017 USD – the holders of this paper could have placed the proceeds from the Eurobond along the Croatian USD yield curve, preferring the shorter maturity.



The reinvestment of the proceeds could even more easily be seen on the Croatian spread to US-T bonds getting flatter (Chart 2.). The flow was strong enough to compensate for internal weakness such as Agrokor entering insolvency and the coalition government led by HDZ losing the support of its junior partner. It's also worth noting that the 10Y Croatian USD CDS threated water during the last three months, moving in a tight 240bps-260bps range. Dull market and low volatility is likely to stay with us as we exit late spring and enter early summer. It's a habit of the market observed in the last couple of years.



Source: InterCapital, Bloomberg

## InterCapital domestic bond quotes

Bloomberg: **INKA5 <GO>**  
BBG User: **INTERCAPITAL FI**

ticker	maturity	coupon	price		ytm		m. duration		bench. spread
			bid	ask	bid	ask	bid	ask	
<b>local sovereign, currency clause</b>									
RHMF-O-19BA	29/11/2019	5,375%	109,50	110,30	1,51%	1,20%	2,32	2,32	123,07
RHMF-O-203E	05/03/2020	6,500%	113,50	114,40	1,52%	1,22%	2,55	2,56	127,73
RHMF-O-227E	22/07/2022	6,500%	120,80	122,10	2,21%	1,97%	4,41	4,42	175,34
RHMF-O-247E	10/07/2024	5,750%	119,00	120,30	2,79%	2,61%	5,87	5,89	216,27
<b>local sovereign, HRK</b>									
RHMF-O-17BA	25/11/2017	6,250%	102,75	103,05	0,73%	0,15%	0,50	0,50	
RHMF-O-187A	10/07/2018	5,250%	104,85	105,25	0,91%	0,57%	1,09	1,09	
RHMF-O-203A	05/03/2020	6,750%	113,80	114,50	1,65%	1,41%	2,54	2,55	
RHMF-O-217A	08/07/2021	2,750%	102,10	103,00	2,21%	1,99%	3,85	3,85	
RHMF-O-222A	07/02/2022	2,250%	99,50	100,70	2,36%	2,09%	4,41	4,42	
RHMF-O-257A	09/07/2025	4,500%	111,50	113,00	2,90%	2,71%	6,77	6,79	
RHMF-O-26CA	14/12/2026	4,250%	109,80	111,50	3,06%	2,87%	7,78	7,81	
RHMF-O-282A	07/02/2028	2,875%	96,70	98,10	3,24%	3,08%	9,03	9,05	

### Macroeconomic indicators

INDICATOR	CRO	SLO	SRB	ROM	BUL
GDP (YoY, %)	3,4	2,6	1,0	5,7	3,5
ten-year yield (%)	2,7	2,8	6,4	1,6	1,4
CPI headline (YoY, %)	1,4	1,8	4,0	0,6	2,6
PPI (YoY, %)	3,3	2,3	4,5	3,9	2,1
ind. Production (YoY, %)	0,0	9,8	0,9	8,2	5,9
retail (YoY, %)	10,4	10,4	1,1	7,7	5,9
unemployment (YoY, %)	14,4	7,6	14,0	4,7	7,6
budget balance (% GDP)	0,4	-1,8	-4,0	-3,0	0,0
public debt (% GDP)	88,3	86,2	78,5	39,3	26,7

### Interest rates

DUR.	Zibor (HRK)	Euribor (EUR)	Belibor (RSD)	Robor (RON)
O/N	0,38%	n.a.	3,02%	0,44%
1M	0,51%	-0,37%	3,36%	0,68%
3M	0,58%	-0,33%	3,54%	0,87%
6M	0,68%	-0,25%	3,71%	1,05%
9M	0,74%	-0,18%	n.a.	1,17%
1Y	0,84%	-0,13%	n.a.	1,24%

### Eurobonds

bond	curr.	coupon	price	mid ytm
<b>CROATIA</b>				
CROATI 18	EUR	5,875%	106,28	0,27%
CROATI 22	EUR	3,875%	109,24	1,92%
CROATI 25	EUR	3,000%	102,15	2,69%
CROATI 27	EUR	3,000%	99,26	3,09%
CROATI 19	USD	6,750%	109,02	2,90%
CROATI 20	USD	5,625%	110,10	3,21%
CROATI 21	USD	6,375%	110,26	3,49%
CROATI 23	USD	5,500%	107,92	3,97%
CROATI 24	USD	6,000%	111,11	4,08%
<b>SLOVENIA</b>				
SLOVEN 18	EUR	4,000%	104,75	-1,66%
SLOVEN 18	USD	4,750%	103,10	1,48%
SLOVEN 22	USD	5,500%	114,66	2,58%
SLOVEN 23	USD	5,850%	116,90	2,76%
SLOVEN 24	USD	5,250%	114,34	2,89%
<b>SERBIA</b>				
SERBIA 17	USD	5,250%	101,60	1,95%
SERBIA 18	USD	5,825%	105,03	2,49%
SERBIA 20	USD	4,875%	104,00	3,34%
SERBIA 21	USD	7,250%	114,65	3,57%
SERBIA 24	USD	6,750%	102,19	6,37%
<b>BULGARIA</b>				
BULGARIA 17	EUR	4,250%	100,62	-0,71%
BULGARIA 22	EUR	2,000%	106,75	0,58%
BULGARIA 24	EUR	2,950%	110,51	1,42%
BULGARIA 27	EUR	2,625%	105,87	1,96%
BULGARIA 35	EUR	3,125%	101,82	2,99%
<b>ROMANIA</b>				
ROMANIA 18	EUR	6,500%	107,07	-0,13%
ROMANIA 19	EUR	4,875%	111,74	0,09%
ROMANIA 20	EUR	4,625%	114,60	0,20%
ROMANIA 22	USD	6,750%	116,13	3,04%
ROMANIA 24	USD	4,875%	109,13	3,33%

## Croatian Equity Market

### Zagrebacka Banka Sells HRK 3.3bn of NPLs

The largest Croatian bank, Zagrebacka Banka, continues to deleverage its NPL portfolio, following some successful portfolio sales from the Croatian banks in the beginning of the year. The Bank has notified the investment public on conclusion of a placement contract with the Czech-based buyer. The subject of the sales are partly recoverable and fully irrecoverable loans (NPLs), with total gross book value amounting to HRK 3.34bn (EUR 445m) as at April 30. The contract was signed following the positive opinion of the Croatian National Bank on the fulfilment of the conditions for sale of materially significant placements. To put it into perspective, this amount represents roughly 4% of ZABA's loans to customers which amounted to HRK 81.0bn (EUR 0.8bn) at the end of March 2016.

ZABA doesn't communicate its NPL ratio and loan portfolio structure. However, statistics from the CNB indicate that the share of NPLs in total loans has been declining, ultimately amounting to 13.8% at the end of Dec 2016 (a decrease of 2.9 p.p. over the one-year horizon). The biggest concern remains the corporate sector as the NPL ratio in corporate loans reached 28.3% (while retail loans recorded much lower ratio of 10.3%). Note that this period still doesn't include effects of the Agrokor situation. ZABA held roughly one third of total loans to customers in the Croatian banking sector at the end of 2016.

2016 was the most active year for NPL transactions in Croatian banking sector, as HRK 6.0bn (EUR 800m) worth of NPLs was put out of the balance sheets, priced at HRK 1.8bn (EUR 240m). In 2015, the Croatian banking sector saw HRK 2.8bn (EUR 373m) loan sales HRK 0.6bn (EUR 80m). These figures also indicate that it comes down to a narrowing in the price gap. When we look at the sector breakdown, we notice that Croatia has seen most activity in corporate loans (HRK 4.4bn gross book value of NPLs sold at HRK 1.4bn), with fewer deals in retail loans (HRK 1.4bn sold at HRK 0.3bn), while the remaining HRK 0.2bn concerns other loans.

## Regional Equity Market

### NIS and Monbat Proposed Dividends while Eurohold Showed a Solid Performance in Q1

**[Serbia – NIS – NIIS SG]** The Management Board of NIS kept the payout ratio at the same level as last year, proposing 25% of the Company's net profit from 2016 (or RSD 4.02bn in total) to be paid as dividend. This translates to RSD 24.66 per share, yielding 3.3% at the average price per share a day prior to the proposal. The proposal will be voted on at the regular GA which is convened for 27 June 2017.

**[Bulgaria – Monbat – 5MB BU]** Bulgarian lead acid batteries producer Monbat proposed to distribute a total of BGN 11m as gross dividends from 2016 net profit. This translates to BGN 0.28 per share, yielding 2.6% at the last close price prior to the announcement. The proposed payout ratio for 2016 net profit is 60.9% (compared to 59.2% for 2015). The GA meeting will be held on 26 June 2017. Ex-date is set on 9 June 2017.

**[Bulgaria – Eurohold – 4EH BU]** Financial and insurance group Eurohold Bulgaria posted a brief financial report of the first three months of the year. The Company shows a significant increase of operating revenues to BGN 296m, up 16% compared to the Q1 2016. Operating profit has more than doubled to BGN 8.9m (from BGN 4.4m last year), while net profit jumped to BGN 1.6m (from BGN 0.02m last year). The Management explained that the significant increase in the financial results was mainly underpinned by a good management of the business and the overall economic growth of the countries where the group has been presented.

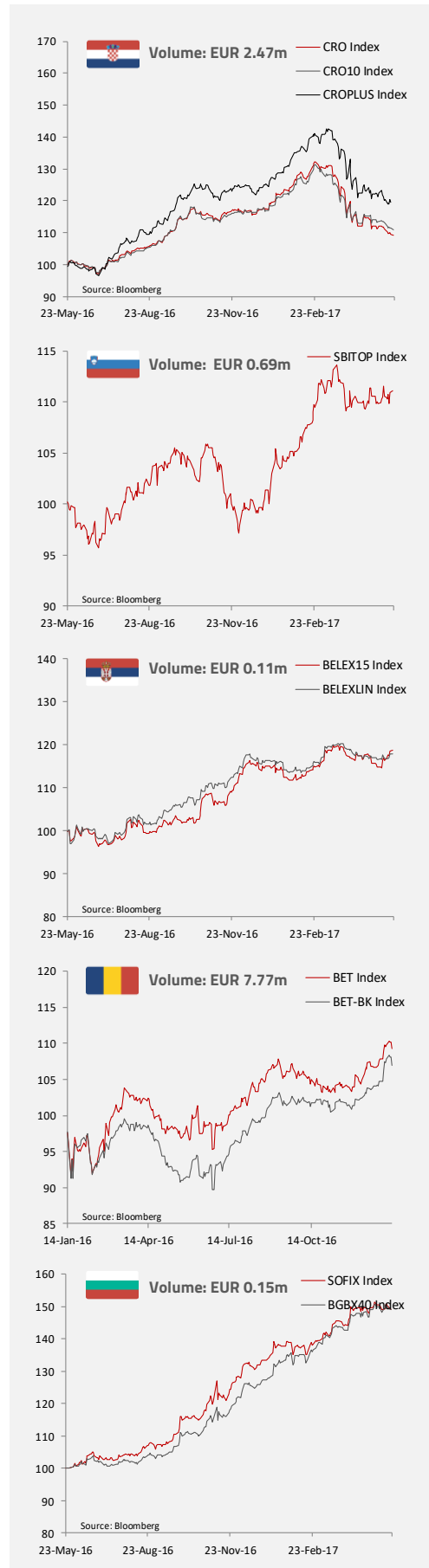
### Index fundamentals

	Day	YTD	1Y	Last Price	EV/S	P/E	EBITDA	EV / Net debt	ROE (%)	Div. Yld
CROBEX*	-0.3%	-7.0%	9.3%	1,856	1,12	20,41	9,29	2,44	5,7%	3,1%
SBITOP	0,2%	9,6%	10,9%	786	0,52	11,24	6,50	1,93	8,4%	4,7%
BELEX15	0,1%	3,1%	19,0%	740	0,84	21,31	6,45	0,65	3,5%	4,1%
BET	0,2%	20,0%	33,2%	8,504	1,15	11,90	3,89	-0,93	8,1%	5,4%
SOFIX	-0,6%	11,7%	49,1%	655	1,04	12,13	8,81	1,51	5,7%	1,6%

### Daily market snapshot

Volume (EURm)	Winners	Laggards			
Fondul Proprietatea	1,63	KD Group	2,79%	M+S Hydraulic	-3,35%
Banca Transilvania	0,99	BRD	2,54%	Duro Dakovic	-3,13%
BRD	0,80	Dalekovod	1,40%	OMV Petrom	-2,97%
OMV Petrom	0,74	Petrol	1,35%	Kras	-2,90%
Digi	0,74	Romgaz	1,22%	Ingra	-2,63%
Romgaz	0,62	Bucharest Stock Exchange	1,16%	CB First Investment Bank	-2,25%
Transgaz	0,40	Optima Telekom	1,09%	Eurohold Bulgaria	-2,24%
Valamar Riviera	0,30	Messer Tehnogas	0,92%	Bulgarian Real Estate Func	-2,09%
Transelectrica	0,25	Electrica	0,86%	Luka Koper	-1,72%

\* 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

### Dow Closes about 90 Points Higher after Trump Delivers on Overseas Deals

US stocks rose on Monday as President Donald Trump continued his first trip abroad since taking office. The Dow Jones industrial average rose 89.99 points (+0.43%), the S&P 500 gained 12.29 points (+0.52%), while the Volatility Index (VIX) traded near 10.9.

Trump's visit to Israel comes after Trump visited Saudi Arabia, a trip that ended with a multi-billion-dollar arms deal. Trump's trip came after one of the worst weeks of his presidency as news broke that Trump allegedly tried to influence an FBI investigation. Stocks suffered their worst day of the year Wednesday, as the three major indexes dropped more than 1%.

North Korea said Monday it successfully tested an intermediate-range ballistic missile, further defying calls to curb its nuclear program. Meanwhile, Comey agreed last week to testify in an open Senate session sometime after Memorial Day; his testimony could raise questions about the future of Trump's presidency.



Index	Change (%)		
	day	1 Y	YTD
<b>North/South America</b>			
DOW JONES	0,43%	19,45%	5,73%
S&P 500	0,52%	16,89%	6,93%
NASDAQ	0,82%	28,70%	13,94%
S&P/TSX	1,19%	11,06%	1,12%
BOLSA	-0,25%	8,20%	7,23%
BOVESPA	-1,54%	25,02%	2,40%
MERVAL	-0,53%	72,36%	27,09%
IPSA	0,19%	21,61%	15,69%
<b>Asia/Pacific</b>			
S&P/ASX 200	-0,19%	8,30%	1,67%
NIKKEI 225	-0,33%	17,76%	2,61%
HANG SENG	0,21%	28,46%	15,66%
SHCOMP	-0,34%	7,79%	-1,24%
KOSPI	0,46%	18,38%	14,22%
TWSE	0,11%	19,93%	8,15%
SET	0,34%	13,12%	1,30%
BSE SENSEX 30	-0,51%	20,55%	14,23%
<b>Africa/Near East/Russia</b>			
FTSE/JSE	0,09%	3,15%	9,35%
XU 100	1,32%	25,58%	23,37%
Hermes	-2,39%	68,57%	5,00%
Tel Aviv 100	0,40%	5,79%	1,17%
MICEX 10	0,00%	0,88%	-15,28%
RTS	-0,38%	23,20%	-5,97%
<b>Western Europe</b>			
DJ EURO STOXX 50	-0,29%	21,94%	8,69%
FTSE 100	0,34%	22,16%	4,95%
CAC 40	-0,03%	23,07%	9,47%
DAX	-0,15%	28,22%	9,92%
IBEX 35	-0,39%	23,86%	15,41%
S&P/MIB 30	-1,15%	23,05%	10,83%
SMI	0,69%	13,02%	10,52%
ATX	1,02%	44,82%	21,97%

### S&P 500 SECTOR PERFORMANCE

	% Day	% YTD	% 1M	% 3M	% 6M	% 1Y		% Day	% YTD	% 1M	% 3M	% 6M	% 1Y
CONSUMER DISCRETIONARY	0,5%	10,1%	1,6%	3,6%	8,6%	16,2%	INDUSTRIALS	0,7%	6,0%	1,4%	1,4%	6,1%	19,9%
CONSUMER STAPLES	0,6%	7,4%	1,1%	1,0%	9,8%	7,0%	INFO TECH	1,0%	18,1%	5,4%	7,6%	19,0%	35,0%
ENERGY	-0,2%	-10,3%	-0,2%	-4,6%	-7,0%	1,2%	MATERIALS	0,0%	5,2%	0,4%	0,0%	6,1%	12,0%
FINANCIALS	0,3%	0,3%	0,8%	-5,1%	4,5%	24,3%	TELECOM SERVICES	0,1%	-11,4%	-3,8%	-8,7%	-4,8%	-3,7%
HEALTHCARE	0,2%	8,9%	1,9%	1,0%	8,7%	8,5%	UTILITIES	0,9%	7,5%	1,1%	3,2%	13,0%	9,8%

### STOXX EUROPE 600 SECTOR PERFORMANCE

	% Day	% YTD	% 1M	% 3M	% 6M	% 1Y		% Day	% YTD	% 1M	% 3M	% 6M	% 1Y
AUTOMOBILES & PARTS	-0,4%	4,6%	2,0%	1,2%	13,9%	22,7%	INSURANCE	-0,2%	14,0%	2,0%	7,0%	15,8%	17,8%
BANKS	0,1%	9,3%	1,6%	5,4%	15,0%	20,4%	MEDIA	0,0%	2,6%	0,4%	1,9%	10,8%	1,6%
BASIC RESOURCES	1,0%	5,1%	2,6%	3,3%	11,3%	-1,0%	OIL & GAS	-0,1%	-1,6%	3,5%	1,9%	9,0%	18,2%
CHEMICALS	-0,2%	8,3%	3,6%	5,5%	16,4%	25,4%	REAL ESTATE	-0,3%	2,4%	0,6%	1,1%	7,9%	13,8%
CONST. & MATERIALS	-0,7%	8,1%	4,9%	6,9%	15,6%	26,3%	RETAIL	0,4%	9,7%	5,9%	9,7%	17,4%	5,8%
CONSUMER GOODS	0,5%	11,0%	3,2%	9,2%	16,3%	8,5%	TECHNOLOGY	-0,0%	1,2%	-1,8%	-8,9%	1,5%	51,2%
FINANCIAL SERVICES	0,4%	10,3%	4,9%	5,8%	16,0%	8,6%	TELECOM SERVICES	1,1%	6,5%	5,9%	5,5%	12,7%	-2,7%
FOOD & BEVERAGE	-0,7%	15,5%	4,0%	6,6%	22,4%	33,0%	TRAVEL & LEASURE	-0,5%	10,6%	2,2%	6,2%	15,7%	20,8%
HEALTH CARE	-0,2%	10,2%	4,9%	4,7%	17,5%	8,9%	UTILITIES	0,7%	4,9%	6,2%	6,5%	7,2%	6,9%
IND. GOODS & SERVICES	0,1%	15,7%	2,6%	7,0%	22,2%	19,2%							

## Technical Perspective - Region

### RIVPRA ZA - Support @ 39,44 (daily chart)

Today we are looking @ daily RIVPRA graph. It continues to move downwards and it breached support that was provided by SMAVG100 and low from 10/02/2017 @ 40,91. Next support provides high from 11/01/2017 @ 39,44. First resistance provides red downward trend line. RSI is in downward trend and is below 50 points.



### Trading Suggestion:

**We would be buyers around 39,40**

#### Technical Targets:

- 45,00... psychological level
- 44,25... high 07/02/2017
- 42,10... SMAVG50
- 40,91... low 10/02/2017
- 41,02... SMAVG100
- 40,20... last
- 39,44... high 11/01/2017

## Technical Perspective - Global

### FTSE100 – Testing psychological level @ 7500 (daily chart)

Today we are looking @ daily FTSE100 index. It breached resistance that was provided by SMAVG50 and high from 16/01/2017 @ 7354. Next resistance provides psychological level @ 7500. RSI is in upward trend and is above 50 points.



### Trading Suggestion:

**Sell on strength**

#### Technical Targets:

- 8000... psychological level
- 7515... last
- 7500... psychological level
- 7354... high 16/01/2017
- 7332... SMAVG50
- 7284... SMAVG100
- 7122... high 2015
- 7000... Psychological level




## Regional Equity Market; Fundamentals of Selected Companies

### Selected Equity Fundamentals (Trailing Basis) & Performance

Company	Last availab. FS	M. Cap (EURm)	Last price	Change						Fundamental indicators							
				Day	YTD	1Y	P/E	P/BV	P/CFO	EV/S	EBITDA / EBITDA	ROA (%)	ROE (%)	Dividend	Div. Yld		
<b>Industrial</b>																	
Koncar	2017-03	271,5	785,01	-0,4%	13,8%	16,2%	12,11	0,82	13,40	0,45	6,10	-3,70	4,4%	6,8%	12,00	1,5%	
Ericsson NT	2017-03	232,4	1.298,00	-0,7%	11,5%	24,5%	16,87	6,03	11,80	0,94	9,53	-1,25	13,7%	35,7%	90,00	6,9%	
Petrokemija	2017-03	25,1	14,50	-7,1%	-19,0%	19,0%	-2,66	3,23	-0,94	0,40	25,81	19,50	-6,1%	-121,8%	0,00	0,0%	
Duro Dakovic	2017-03	36,0	35,24	-3,1%	-21,9%	-13,6%	-148,55	3,41	-2,96	1,01	18,69	10,54	-0,3%	n/a	0,00	0,0%	
AD Plastik	2017-03	96,7	171,35	0,5%	23,6%	71,4%	12,63	0,98	5,08	1,10	7,39	2,23	4,0%	7,8%	12,00	7,0%	
Gorenje	2016-12	160,0	6,55	-0,8%	9,3%	9,2%	18,98	0,43	2,47	0,40	5,75	3,92	0,7%	2,3%	0,00	0,0%	
Cinkarna	2016-12	159,3	195,50	2,4%	20,7%	143,6%	16,32	1,09	5,46	0,76	5,51	-1,33	5,2%	6,7%	4,20	2,1%	
Metalac	2016-06	28,8	1.736,00	0,0%	3,0%	26,3%	8,17	0,79	7,27	0,49	5,10	0,36	5,8%	9,6%	155,00	8,9%	
Jedinstvo	2016-06	12,2	4.900,00	0,0%	19,5%	22,5%	4,72	0,30	-1,57	0,11	1,10	-1,56	3,2%	6,3%	211,76	4,3%	
Alfa Plam	2016-12	49,8	35.000,00	-1,4%	0,0%	6,1%	7,68	0,85	8,64	0,81	5,46	-1,70	9,4%	11,1%	1.000,00	2,9%	
Messer Teh.	2016-12	93,7	11.101,00	0,9%	-14,6%	37,4%	8,88	0,76	4,37	0,74	2,17	-1,89	7,9%	8,6%	1.801,00	16,2%	
Gosa Montaza	2016-06	4,0	1.900,00	0,0%	-20,8%	-2,5%	4,01	0,48	-22,82	-0,12	-1,18	-4,26	7,1%	11,9%	142,00	7,5%	
Neochim	2016-12	83,5	61,50	0,8%	3,2%	23,0%	6,41	1,58	2,78	0,56	3,14	-0,59	14,5%	24,6%	0,80	1,3%	
Monbat	2016-12	214,1	10,74	0,0%	11,2%	46,5%	15,26	2,14	-43,70	1,97	11,03	2,15	8,1%	14,0%	0,28	2,6%	
MS Hydraulic	2015-12	160,2	8,02	-3,3%	20,7%	58,9%	36,66	4,94	18,31	3,45	17,78	-0,83	11,7%	13,5%	0,22	2,7%	
<b>Utility</b>																	
Electrica	2016-12	1.071,2	14,12	0,9%	7,3%	16,5%	10,42	0,75	6,80	0,43	2,54	-2,65	5,6%	7,2%	0,74	5,3%	
Transgaz	2016-12	1.074,2	416,00	0,5%	41,5%	55,8%	8,24	1,28	8,97	2,18	4,39	-1,06	11,1%	15,5%	46,33	11,1%	
Transelectrica	2016-12	514,4	32,00	0,0%	9,6%	10,3%	9,06	0,75	4,59	0,70	2,83	-0,65	4,9%	8,3%	1,88	5,9%	
Janaf	2017-03	772,2	5.700,02	0,0%	7,6%	23,9%	18,78	1,50	12,00	6,97	9,08	-1,34	7,5%	8,0%	132,15	2,3%	
<b>Energy</b>																	
INA	2017-03	4.033,3	3.000,00	-3,1%	3,5%	11,1%	84,03	2,83	12,56	1,93	12,39	0,93	1,8%	3,4%	15,20	0,5%	
NIS	2016-12	993,1	748,00	0,4%	1,1%	17,8%	8,12	0,61	2,96	1,12	6,52	2,82	4,0%	7,5%	24,69	3,3%	
OMV Petrom	2016-12	4.055,9	0,33	-3,0%	25,1%	44,5%	17,82	0,69	4,15	1,12	3,70	-0,05	2,5%	3,9%	0,02	4,6%	
Romgaz	2016-12	2.806,3	33,20	1,2%	32,8%	50,9%	12,49	1,32	7,34	2,82	6,13	-2,02	9,3%	10,6%	2,69	8,1%	
Nuclearelectrica	2017-03	454,9	6,88	-0,1%	43,2%	35,7%	16,21	0,27	3,49	1,01	2,53	-0,58	1,4%	1,7%	0,33	4,8%	
<b>Pharma</b>																	
Krka	2016-12	1.738,1	53,00	0,0%	0,2%	-10,8%	16,03	1,20	8,12	1,44	7,40	-0,21	5,7%	7,5%	2,75	5,2%	
Galenika Fito.	2016-12	58,0	2.700,00	0,0%	-0,7%	10,0%	7,87	1,09	13,55	1,17	4,19	-2,28	13,2%	13,9%	80,00	3,0%	
Sopharma	2016-12	273,2	3,97	-0,1%	33,1%	46,3%	10,54	1,11	-6,61	0,80	10,22	2,58	5,9%	10,5%	0,07	1,8%	
<b>Construction</b>																	
Ingra	2017-03	8,1	4,45	-2,6%	45,4%	72,5%	5,96	0,58	-4,77	7,49	-191,81	-173,70	1,2%	9,7%	0,00	0,0%	
Tehnika	2016-12	12,8	500,77	0,0%	8,8%	79,8%	100,54	0,29	-7,88	0,91	15,09	11,61	0,1%	0,3%	0,00	0,0%	
IGH	2017-03	19,2	232,28	1,0%	28,8%	213,8%	-3,14	-7,98	-9,52	3,12	-21,79	-16,25	-7,7%	254,0%	0,00	0,0%	
Viadukt	2016-12	4,2	68,95	-3,5%	-77,5%	-77,8%	44,97	0,09	-1,50	0,28	3,79	3,14	0,1%	0,2%	0,00	0,0%	
Hidroelektra	2017-03	2,6	31,14	0,0%	-18,7%	55,7%	-0,24	-0,13	-2,74	0,82	-2,86	-2,35	-32,5%	n/a	0,00	0,0%	
Dalekovod	2017-03	69,8	21,01	1,4%	54,7%	71,2%	-58,06	2,02	-1.148,61	0,79	14,38	6,79	-0,6%	-3,5%	0,00	0,0%	
Energoprojekt	2016-12	133,5	1.500,00	0,3%	4,8%	36,9%	14,39	0,79	-26,04	0,50	10,99	-0,17	2,4%	5,5%	20,00	1,3%	

## 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	EV / EBITDA	Net debt / EBITDA	ROA (%)	ROE (%)	Dividend	Div. Yld	
<b>Tourism</b>																	
 Liburnia Riviera	2016-12	150,7	3.705,00	2,9%	1,0%	0,1%	86,99	1,48	11,99	4,53	9,97	0,65	1,4%	1,7%	0,00	0,0%	
 Valamar Riviera	2017-03	680,5	40,16	-0,2%	16,1%	68,8%	17,42	2,27	9,52	4,65	14,05	3,39	6,6%	13,0%	0,80	2,0%	
 HUP Zagreb	2017-03	155,8	2.681,84	0,0%	-4,2%	37,5%	13,22	1,46	9,02	3,83	8,78	0,82	7,7%	11,1%	15,00	0,6%	
 Maistra	2017-03	419,1	284,80	0,0%	12,6%	25,5%	21,78	2,35	9,10	4,26	12,41	3,16	5,4%	10,8%	0,00	0,0%	
 Turisthotel	2016-12	152,9	3.100,01	-0,8%	5,1%	7,1%	16,61	3,13	10,30	4,71	10,24	-1,51	15,1%	18,8%	88,00	2,8%	
 Plava Laguna	2016-12	448,0	6.100,00	0,0%	10,9%	39,2%	15,63	1,71	8,24	3,66	9,05	0,68	7,4%	10,9%	0,00	0,0%	
 Arenaturist	2017-03	198,8	451,64	-1,4%	-3,6%	39,9%	-13,05	1,92	10,03	4,74	18,09	6,47	-5,6%	-14,7%	0,00	0,0%	
 Albeno	2016-12	142,0	65,00	0,0%	5,8%	42,9%	36,39	0,59	11,35	3,01	13,20	2,46	1,3%	1,6%	0,45	0,7%	
<b>Shipping</b>																	
 Atlantska Plov.	2017-03	69,6	370,81	0,2%	31,2%	187,3%	-6,00	0,90	24,49	4,90	24,24	16,31	-4,9%	-15,0%	0,00	0,0%	
 Jadroplov	2017-03	6,4	29,28	1,0%	-28,1%	57,4%	-0,60	0,15	-1,13	6,27	-46,35	-41,70	-9,8%	-24,8%	0,00	0,0%	
 Ujjanik Plovidba	2017-03	10,6	136,05	0,1%	-15,0%	22,4%	-1,63	5,63	-5,18	6,85	17,83	16,66	-3,8%	-344,7%	0,00	0,0%	
 TNG	2016-12	77,8	66,30	0,0%	-11,6%	-17,1%	14,26	0,87	7,31	4,97	10,48	5,95	2,7%	6,1%	1,60	2,4%	
<b>Telecommunications</b>																	
 HT	2017-03	1.843,0	167,40	-0,7%	-1,0%	19,6%	14,55	1,11	6,31	1,52	3,97	-1,06	6,3%	7,6%	6,00	3,6%	
 Telekom Slo.	2016-12	539,5	82,55	-0,2%	16,1%	13,9%	13,51	0,76	2,52	1,29	4,54	1,83	2,9%	5,7%	5,00	6,1%	
<b>Infrastructure</b>																	
 Luka Ploce	2017-03	30,7	539,93	0,0%	-5,4%	-9,1%	-11,47	0,56	-14,92	0,32	-4,22	11,46	-4,1%	-4,9%	0,00	0,0%	
 Luka Rijeka	2017-03	73,1	40,35	-0,1%	-15,8%	-11,2%	39,20	0,78	-66,30	2,73	27,92	-8,43	1,7%	2,0%	0,00	0,0%	
 Luka Koper	2016-12	399,0	28,50	-1,7%	14,0%	24,9%	8,99	1,20	5,83	2,51	6,64	1,38	9,0%	13,4%	0,96	3,4%	
 Aerodrom N.T.	2017-03	363,5	1.302,00	-0,3%	12,6%	46,6%	13,94	1,62	10,35	5,25	8,99	-0,83	10,4%	11,6%	60,25	4,6%	
<b>Food</b>																	
 Viro	2016-12	69,0	370,35	-3,8%	-3,3%	52,1%	8,93	1,07	3,32	0,79	6,72	2,97	3,9%	12,0%	0,00	0,0%	
 Jamnica	2016-12	163,2	54.850,00	0,0%	-60,6%	-50,1%	3,97	0,63	2,84	0,11	0,78	-2,33	10,0%	15,9%	2.197,00	4,0%	
 Cakovecki Mlin.	2017-03	87,6	6.206,11	0,0%	-3,9%	22,9%	9,78	1,06	9,41	0,53	6,54	-0,37	7,5%	10,9%	105,00	1,7%	
 Kras	2017-03	92,6	501,38	-2,9%	-7,1%	5,8%	25,16	1,09	10,92	0,98	10,49	3,21	2,2%	4,3%	0,00	0,0%	
 Ledo	2016-12	147,8	3.501,38	0,0%	-67,2%	-64,9%	3,83	0,59	3,04	0,14	0,82	-1,95	10,9%	15,3%	0,00	0,0%	
 Belje	2016-12	48,9	7,96	-1,1%	-65,9%	-61,7%	-10,72	0,19	-1,12	0,98	10,41	7,90	-1,0%	-1,7%	0,00	0,0%	
 Atlantic Grupa	2017-03	343,6	766,49	-0,7%	-13,3%	-6,0%	15,00	1,27	6,86	0,79	8,37	3,04	3,3%	8,4%	13,50	1,8%	
 Sojaprotein	2016-12	60,6	500,00	0,0%	-19,1%	-43,6%	-19,43	0,65	-3,79	0,68	13,02	6,20	-1,6%	-3,3%	0,00	0,0%	
<b>Retail</b>																	
 Tisak	2016-12	44,9	140,00	0,0%	-9,7%	-9,7%	-7,25	1,49	7,52	0,02	2,06	-8,44	-4,3%	-20,5%	0,00	0,0%	
 Medika	2016-12	60,9	15.004,29	-2,4%	-12,7%	15,4%	8,16	1,00	-3,66	0,28	9,71	3,84	2,6%	12,2%	0,00	0,0%	
 Mercator	2016-09	231,5	38,00	0,0%	-44,1%	-53,7%	-90,27	0,36	4,56	0,44	10,45	8,27	-0,1%	-0,4%	0,00	0,0%	
 Petrol	2016-12	751,1	360,00	1,4%	10,8%	36,4%	10,34	1,26	6,42	0,29	7,78	2,61	4,8%	12,2%	14,00	3,9%	



## 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	EV / EBITDA	Net debt / EBITDA	ROA (%)	ROE (%)	Dividend	Div. Yld
<b>Diversified</b>																
Adris Grupa	2017-03	1.174,3	462,56	0,0%	1,4%	18,6%	14,56	0,87	-26,59	1,03	n/a	n/a	3,1%	5,9%	17,00	3,7%
Podravka	2017-03	328,0	342,68	0,7%	-9,6%	-0,4%	16,52	0,83	4,61	0,88	9,47	3,04	2,9%	5,0%	7,00	2,0%
Industrial Capit	2016-12	34,2	4,30	0,0%	-1,6%	43,3%	4,39	0,53	3,42	0,33	2,24	-0,14	10,4%	12,0%	0,00	0,0%
Industrial Hold.	2016-09	37,1	0,94	0,3%	-8,1%	17,1%	-6,31	0,25	4,43	1,96	18,05	10,77	-2,6%	-4,0%	0,00	0,0%
Stara Planina	2016-12	83,0	7,73	0,0%	19,1%	95,4%	9,28	0,97	6,44	0,66	4,08	-1,25	9,0%	10,5%	0,22	2,8%
Holding Varna	2016-12	87,7	32,75	0,2%	-0,8%	44,2%	-491,33	0,94	12,63	6,73	41,44	20,75	-0,1%	-0,2%	0,00	0,0%
Chimimport	2016-12	203,4	1,66	-0,6%	-0,6%	53,7%	6,06	0,25	1,06	N/A	N/A	N/A	0,8%	4,2%	0,00	0,0%
Eurohold	2016-12	54,1	0,83	-2,2%	27,3%	63,3%	15,40	0,90	37,16	0,27	46,14	28,23	0,6%	5,9%	0,00	0,4%
<b>Stock Exchange</b>																
BVB	2016-12	58,7	34,90	1,2%	20,3%	50,4%	34,02	2,48	399,03	6,39	26,09	-8,18	4,5%	7,3%	0,92	2,6%
<b>Funds / REIT's</b>																
Fondul Propriet	2016-12	2.021,5	0,92	0,5%	21,7%	41,3%	21,05	0,81	1,22	-24,7%	-21,4%	-22,1%	3,9%	3,9%	0,05	5,5%
Bulgarian REIT	2016-12	23,7	2,30	-2,1%	1,5%	23,8%	33,28	0,68	N/A	N/A	N/A	N/A	1,8%	2,0%	0,00	0,0%
Adv. Terra. REIT	2016-09	95,4	2,19	0,0%	4,9%	6,4%	24,04	0,83	N/A	N/A	N/A	N/A	3,3%	3,5%	0,10	4,6%
<b>Banks</b>																
ZABA	2017-03	1.993,8	46,31	-0,2%	-14,2%	15,8%	13,54	0,80	6,67	88,7%	2,8%	1,1%	0,9%	5,9%	5,30	11,4%
PBZ	2017-03	1.979,0	771,70	-0,3%	0,4%	28,4%	9,26	1,02	5,56	89,2%	3,3%	1,6%	2,0%	11,0%	25,33	3,3%
AIK Banka	2016-06	145,2	1.800,00	0,0%	2,9%	1,7%	3,79	0,32	3,21	78,1%	4,0%	0,5%	2,6%	8,5%	0,00	0,0%
Komercijalna B.	2016-12	240,5	1.875,00	0,3%	7,9%	32,9%	-4,73	0,50	7,23	59,1%	3,4%	1,2%	-1,5%	-10,5%	63,00	3,4%
Banca Transil.	2016-12	2.218,9	2,78	0,4%	16,4%	21,4%	7,89	1,65	8,46	71,1%	3,4%	1,0%	2,5%	20,9%	0,06	2,2%
BRD	2016-12	1.974,6	12,92	2,5%	8,8%	40,1%	11,79	1,35	7,77	69,8%	3,1%	1,5%	1,5%	11,4%	0,73	5,7%
CCB	2016-12	94,9	1,64	-0,3%	7,2%	69,1%	7,22	0,47	13,07	55,1%	2,3%	0,9%	0,5%	6,5%	0,00	0,0%
FIB	2016-12	318,3	5,66	-2,2%	69,0%	214,4%	6,51	0,73	10,66	64,4%	3,5%	1,0%	1,1%	11,2%	0,00	0,0%
<b>Insurance</b>																
Sava Re	2016-12	266,9	15,50	-0,6%	17,2%	7,3%	8,1	0,9	0,5	5,6	-24,6%	6,2%	2,0%	11,1%	0,80	5,2%
Triglav	2016-12	614,2	27,02	0,0%	16,4%	2,4%	7,5	0,8	0,7	4,8	92,5%	7,8%	2,3%	11,1%	2,50	9,3%
CO	2017-03	341,7	5.950,00	0,0%	7,2%	-9,4%	12,3	1,1	0,8	3,1	97,2%	6,2%	2,8%	8,6%	112,00	1,9%

## 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	167,40	-3,9%	- weak revenue growth potential - profitability above peer group's average	- dividend player - low level of debt	Divo Pulitika
Podravka Group	31 July 2015	UNDER REVIEW		342,68	-100,0%	- large share of foreign sales - substantial cost-cutting potential	- divesting as a profitability growth opportunity - moderate level of debt	Divo Pulitika
Adris Group	20 December 2016	Common HOLD	Common 604,00	582	3,8%	- strong cash position - large investments in tourism portfolio expected to increase RevPAR and returns	- further restructuring and economic recovery expected to propel the insurance business	Divo Pulitika
		Preferred BUY	Preferred 512,00	462,56	10,7%			
Ericsson Nikola Tesla	11 May 2015	SELL	1017,10	1.298,00	-21,6%	- growing presence in Eastern European markets - dependence on telco investments	- high return on equity - largest dividend yield on Croatian market	Divo Pulitika
Končar Group	03 August 2015	BUY	786,87	785,01	0,2%	- majority stake owned by the government - profit margin pressure	- foreign markets as an opportunity - high dependence on government deals	Divo Pulitika
Atlantic Grupa	11 July 2016	BUY	954,34	766,49	24,5%	- strong presence in the region - diversified product portfolio and vertically integrated business mode	- best in the class standards of corporate governance - continuing profitability improvements	Divo Pulitika
Krka Group	7 January 2015	UNDER REVIEW		53,00	-100,0%	- strong fundamentals - continuing sales growth despite crisis effects	- exposure to new markets (Russia) - dual listing in Warsaw	Divo Pulitika
Petrol Group	23 February 2016	STRONG BUY	350,06	360,00	-2,8%	- stable cash flow - high level of debt	- ownership restructuring - strong retail player	Divo Pulitika
AD Plastik Group	14 July 2015	UNDER REVIEW		171,35	-100,0%	- stable dividend payment - Edison projekt and recovery in Europe - presence in Russia	- consolidation of suppliers in the automotive industry - exposure to cyclic automotive sector	Divo Pulitika
Group Telekom Slovenije	1 October 2015	BUY	89,32	82,55	8,2%	- restructuring of operations in progress - risk of a large number of litigations	- stable structure of debt - risk of permanent competitive pressure on prices	Divo Pulitika
Triglav Group	3 May 2016	HOLD	28,58	27,02	5,8%	- leading regional insurer - potential for further expansion in Ex-Yu countries	- attractive dividend yield - Standard & Poor's "A-" rating with stable outlook	Divo Pulitika
NIS Group	9 September 2015	UNDER REVIEW		748,00	-100,0%	- attractive valuation in relation to peers - high domestic market share - potential for development outside Serbia	- lack of transparency - macroeconomic pressures - dependence on oil prices and refining margins	Divo Pulitika
Valamar Riviera	21 September 2015	BUY	48,00	40,16	19,5%	- one of the largest hospitality groups - multi-destination portfolio in key Adriatic regions, Istria and Dubrovnik	- potential expansion of the accommodation portfolio via M&A - dependence on tourism development	Divo Pulitika
Gorenje Group	17 November 2015	STRONG BUY	4,90	6,55	-25,2%	- quality brand/product portfolio - strong position on Ex-Yu markets - strategic alliance with Panasonic	- lack of economies of scale - dependence on input prices as well as currency translation differences	Divo Pulitika
Tankerska Next Generation	24 August 2016	HOLD	65,00	66,30	-2,0%	- dislocation of refineries - experienced fleet manager - attractive cost structure compared to peers	- 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	28,50	-10,0%	- attractive valuation compared to peer port operators - recovery of regional economies and their trade with the rest of the world	- 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	15,50	11,1%	-successful integration of Zavarovalnica Maribor -growth opportunities in the regional insurance markets	-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	0,92	8,2%	-managed by Franklin Templeton, a top class fund management company -high exposure to energy sector -significant discount to NAV	-about 60% of the fund's NAV is made by unlisted companies -possible privatizations of portfolio companies	Divo Pulitika

## InterCapital Group

### About us

**InterCapital** is an independent investment company established in 2001, and is one of the leading companies for trading of financial instruments, asset management and investment banking services in the Republic of Croatia.

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.

### Our services:

#### **BROKERAGE SERVICES** (tel: + 385 1 48 25 896, mail: [brokeri@intercapital.hr](mailto:brokeri@intercapital.hr))

We specialize in offering of full service brokerage services to foreign and domestic institutional clients & HNWI with expert knowledge in trading with financial instruments who desire to trade in significant volumes. Becoming our client enables you to trade securities listed on domestic stock exchanges, as well as securities and financial derivatives traded in global markets. Our online trading platform, IC.trader, enables fast and direct access to domestic and international markets and offers real time monitoring and trading with financial instruments on both the Zagreb Stock Exchange and the majority of stock exchanges worldwide.

#### **FIXED INCOME DEALING** (tel: + 385 1 48 25 854, mail: [fi@intercapital.hr](mailto:fi@intercapital.hr))

InterCapital Securities is the top fixed income trader according to bond trading volume on Zagreb Stock Exchange fourteen years in a row. Services offered by the company include market making on Croatian government bonds, as well as trading Croatian, Serbian, Slovenian, Romanian and Bulgarian fixed income instruments. Our specialties also encompass research services covering MM and FI markets (both domestic and international), providing expert opinions and developing trading ideas in close cooperation with our clients.

#### **ASSET MANAGEMENT** (tel: + 385 1 48 25 868, mail: [icam@intercapital.hr](mailto:icam@intercapital.hr))

Extensive investment experience in the regional and global financial markets has enabled us to develop most advanced tailor-made asset management solutions. Our reputable market position has been built on the foundation of long-term and personal relationships with every single client. Whether we are dealing with wealthy individuals, corporations or institutional investors, our approach to managing their assets is rooted in thorough understanding of their unique needs and constraints. For each one of those clients we offer a broad range of products, including both UCITS and alternative funds as well as discretionary asset management.

#### **INVESTMENT BANKING** (tel: + 385 1 48 25 866, mail: [ib@intercapital.hr](mailto:ib@intercapital.hr))

Investment Banking helps companies improve their competitiveness by defining and implementing optimal financial strategies, which is a prerequisite for survival in today's dynamic business environment. As a highly specialized segment of the financial services industry, investment banking requires expertise of local financial markets, knowledge of specific needs facing companies and capabilities in structuring and executing optimal solution(s) with the end goal of creating new value for the client. Our investment banking activities are divided into two streams:

- > financing through the capital markets (debt issues (commercial papers & bonds) and equity issues (public and private equity offerings), as well as official market listings
- > financial advisory services (mergers and acquisitions, financial analysis and company valuations, due diligence services, business restructurings and spin-offs, MBO and ESOP programs)

#### **INSURANCE BROKERAGE** (tel: + 385 1 54 96 166, mail: [rizik@intercapital.hr](mailto:rizik@intercapital.hr))

InterCapital Risk is specialized in obtaining advanced insurance and reinsurance solutions not only on domestic insurance market but also on established markets like Lloyd's of London, Bermuda etc. Managing operational risks and insurance brokerage is our core business, while courtesy, innovation and professionalism are the drivers of our business philosophy. Although InterCapital Risk is a new insurance brokerage and risk management operation on the market, its employees are proven specialists in this business with considerable success records.

#### **CUSTODY SERVICE** (tel: + 385 1 48 25 844/845, mail: [custody@intercapital.hr](mailto:custody@intercapital.hr))

With the continued monitoring of our clients' needs and investing in the development of new and increasing the quality of existing services, we have developed a securities custody service. InterCapital offering its clients trading on the domestic, as well as on foreign stock exchanges, enables to simultaneously perform following services:

- > payment and settlement of securities in the world's leading markets;
- > 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.

These services can be achieved with the minimal additional time and administration, as well as maximum flexibility and support of our professional employees. Software support is achieved through the incorporation of custodial services through IC.trader trading platform.

#### **iCAPITAL** (tel: + 385 1 48 25 897, mail: [icapital@intercapital.hr](mailto:icapital@intercapital.hr))

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- Buy** - equities with expected absolute return of 10%-20% 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.

1Q 2017 (1 January - 31 March 2017)			
	Number	Share	Companies which InterCapital Securities Ltd. provided investment banking service within last 12 months
Strong Buy	4	21.1%	-
Buy	6	31.6%	ATGR-R-A
Hold	3	15.8%	-
Sell	2	10.5%	-
Under Review	4	21.1%	ADPL-R-A

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