

XTB

Attractive mean reversion

XTB has become an unexpected beneficiary of the global pandemic. Thousands of people who were "trapped" at home lost no time opening brokerage accounts to try their hand making money in the financial markets. This, coupled with extremely high volatility, resulted in massive profits recorded by the company in the first quarter. Although we assume markets will gradually revert to the mean, we believe that XTB will still benefit for some time from tension in the economy, while low interest rates globally will drive retail investors to search for higher returns outside banking deposits. On top of this, a strong and liquid balance sheet creates room for a healthy dividend payment and further expansion of the business if opportunity arises. We upgrade our recommendation to BUY and increase the Fair Value of the company to PLN 10.9, offering 23% upside potential.

Profits to normalize soon, but at a higher level

We feel that after an expected extraordinary 2020, profits will normalize as soon as in 2021, but at a higher level than we had anticipated so far. We expect a net profit of PLN 309m in 2020, PLN 81m in 2021 and PLN 107m in 2022. Growth in earnings in subsequent years will be driven by further increases in the client base, which so far has been essentially uninterrupted. It can also be boosted by geographical expansion planned by the company, eg. in Africa (which to be honest, despite several promises, has yet to materialize).

Other key metrics such as the number of lots per client and profitability of each lot should be stable under the assumption that no further regulations are introduced, which is our base case scenario. Obviously XTB operates in a highly regulated environment, so it will be reflected in a higher expected rate of return and thus lower valuation multiples.

XTB trades at P/E of 3.4x for this year (we think that strong momentum from Q1 continues in Q2 as well), 12.8x for 2021 and 9.7x for 2022. We note that multiples for next year will be reduced after the expected payment of DPS next year, at which time the company should return more than 20% of its market capitalization.

Most profits likely to go to shareholders

Expected strong 2020 profits will allow XTB to pay a higher dividend next year (possibly even in 2H20). We estimate that with a 75% payout ratio, DPS can reach PLN 1.97, what would translate into a 22% dividend yield. At the same time, we think that its solid and very liquid balance sheet allows XTB to flexibly navigate between dividend policy and further growth, but also means that the value of the company's equity should provide a floor for the valuation of the company.

Figure 1. Summary of Financial Data

	2017	2018	2019	2020E	2021E	2022E
Revenues (PLN m)	274	288	239	613	276	307
EBITDA (PLN m)	134	120	72	401	103	133
EBIT (PLN m)	128	116	65	393	99	132
Net profit (PLN m)	93	101	58	309	81	107
EPS (PLN)	0.79	0.86	0.49	2.63	0.69	0.91
DPS (PLN)	0.32	0.35	0.17	0.24	1.97	0.35
Payout ratio	48%	40%	20%	49%	75%	50%
Dividend yield	7.2%	8.3%	4.4%	2.7%	22.3%	3.9%
P/E	5.6	4.9	7.8	3.4	12.8	9.7
EV/EBITDA	1.2	0.2	-0.5	0.6	3.8	2.5

Source: Company, IPOPEMA Research

Financials

XTB

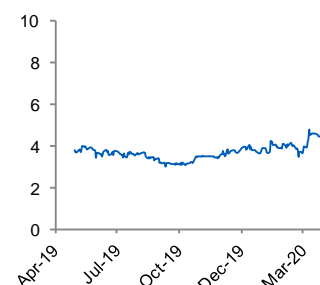
BUY

FV PLN 10.9 from PLN 4.00

23% upside

Price as of 20 May 2020 PLN 8.86

Upgraded



Share data

Number of shares (m)	117.4
Market cap (EUR m)	230.0
3M avg daily volume (k)	672.0
3M avg daily turnover (EUR m)	1.3
12M high/low (PLN)	10.76/2.83
WIG weight	0.07%
Reuters	XTB.WA
Bloomberg	XTB.PW

Total performance

1M	+51.2%
3M	+122.6%
12M	+139.5%

Shareholders

XXZW Investment Group*	67.0%
Others	33.0%

*controlled by the founder

Analyst

Łukasz Jańczak, CFA
lukasz.janczak@ipopema.pl
+ 48 22 236 92 30

XTB

BUY

Mkt Cap EUR 230m

FV PLN 10.9

Upside 23%

Valuation multiples	2018	2019	2020E	2021E	2022E
P/E (x)	4.9	7.8	3.4	12.8	9.7
EV/EBITDA (x)	0.2	-0.5	0.6	3.8	2.5
EV/Sales (x)	0.1	-0.2	0.4	1.4	1.1
P/BV (x)	1.1	0.9	1.3	1.6	1.5
FCF yield (%)	24.8%	-3.3%	25.1%	13.4%	7.2%
DY (%)	8.3%	4.4%	2.7%	22.3%	3.9%

Per share	2018	2019	2020E	2021E	2022E
No. of shares (m)	117.4	117.4	117.4	117.4	117.4
EPS (PLN)	0.86	0.49	2.63	0.69	0.91
BVPS (PLN)	3.88	4.18	6.77	5.49	6.06
FCFPS (PLN)	1.04	-0.13	2.23	1.19	0.64
DPS (PLN)	0.35	0.17	0.24	1.97	0.35

Change y/y (%)	2018	2019	2020E	2021E	2022E
Revenues	5.3%	-17.0%	156.3%	-55.0%	11.1%
EBITDA	-10.9%	-39.7%	455.3%	-74.3%	29.8%
EBIT	-9.7%	-43.5%	501.3%	-74.7%	32.8%
Net profit	9.2%	-43.1%	434.8%	-73.7%	32.2%

Leverage, return	2018	2019	2020E	2021E	2022E
C/I	59.8%	72.7%	35.9%	64.0%	57.0%
EBITDA margin	41.5%	30.2%	65.3%	37.2%	43.5%
EBIT margin	40.2%	27.3%	64.1%	36.0%	43.0%
Net margin	35.2%	24.1%	50.3%	29.4%	34.9%
Net debt / EBITDA (x)	-3.9	-6.8	-2.0	-6.3	-5.3
Net debt / Equity (x)	-1.0	-1.0	-1.0	-1.0	-1.0
Net debt / Assets (x)	-0.5	-0.4	-0.5	-0.5	-0.5
ROE	23.7%	12.2%	48.0%	11.3%	15.8%
ROA	10.9%	5.5%	23.0%	5.9%	8.4%
ROIC	20.6%	10.8%	40.1%	12.5%	15.0%

Split	2018	2019	2020E	2021E	2022E
Revenues (PLN m)	288	239	613	276	307
Retail	269	218			
Institutional	19	21			
OPEX (PLN m)	172	174	220	177	175
Personnel	78	86	105	95	97
Marketing	33	38	56	40	35
External services	25	25	27	20	22
Rental fees	8	3	4	4	4
D&A	4	7	7	3	2
Tax and fees	2	3	3	3	3
Fees	8	8	13	6	6
Other costs	14	4	5	5	5

P&L (PLN m)	2017	2018	2019	2020E	2021E	2022E
Revenues	274	288	239	613	276	307
OPEX	146	172	174	220	177	175
EBITDA	134	120	72	401	103	133
EBIT	128	116	65	393	99	132
Financial income (cost) net	-8	9	4	-10	1	0
Profits of associates, others	-6	0	0	0	0	0
Pre-tax profit	115	125	69	383	100	132
Income tax	22	23	12	75	19	25
Minorities	0	0	0	0	0	0
Net profit	93	101	58	309	81	107
Net profit adj.	98	109	58	326	81	107

BALANCE SHEET (PLN m)	2017	2018	2019	2020E	2021E	2022E
Goodwill and intangible assets	3	1	1	0	1	1
PP&E	3	3	14	6	3	15
Own cash	367	468	484	793	636	702
Clients' cash	378	364	471	529	403	448
Financial securities	128	114	149	190	145	161
Other assets	18	21	20	21	21	21
Total assets	898	970	1 139	1 540	1 208	1 348
Equity	400	456	491	795	644	711
Liabilities due clients	421	448	574	673	502	563
Financial liabilities	41	28	24	26	20	22
Other liabilities	35	38	51	46	42	52
Equity & liabilities	898	970	1 139	1 540	1 208	1 348
Net cash (PLN m)*	367	468	488	802	649	705

CASH FLOW (PLN m)	2017	2018	2019	2020E	2021E	2022E
Operating cash flow	122	140	46	346	83	115
Net income	93	101	58	309	81	107
D&A	6	4	7	7	3	2
Change in WC	27	42	-22	2	-6	2
Other	-4	-8	3	28	5	5
Investment cash flow	-4	-1	-3	-4	-4	-4
Capex	-4	-1	-3	-4	-4	-4
Other	0	0	0	0	0	0
Financial cash flow	-38	-41	-25	-33	-236	-45
Change in equity	0	0	0	0	0	0
Lease payments	0	0	-5	-5	-5	-5
Dividend	-38	-41	-20	-28	-231	-41
Other	0	0	0	0	0	0
Change in cash	80	97	18	309	-157	66
FX differences	-4	4	-1	0	0	0
Cash as of eop	367	468	484	793	636	702

Assumptions	2017	2018	2019	2020E	2021E	2022E
New clients (ths)	18.9	20.7	36.6	68.0	38.0	39.0
Avg active clients (ths)	19.0	21.3	26.6	44.1	33.6	37.3
Volumes per active client (lots)	116	98	60	62	60	60
Volumes (lots, ths)	2 197	2 095	1 597	2 733	2 016	2 239
Revenues / lot (PLN)	125	138	150	224	137	137

Capital	2017	2018	2019	2020E	2021E	2022E
TCR	12.1%	21.0%	15.9%	14.1%	19.7%	19.4%
Tier 1 ratio	12.1%	21.0%	15.9%	14.1%	19.7%	19.4%
Capital required (PLN m, eop)	246	179	274	333	279	307

Source: Company data, IPOPEMA Research, *with treasury bonds

Key issues

Update on operating figures and key assumptions

Revenue generation at XTB is basically a function of the number of active clients, traded volumes per client and the profitability of a trade. Below we show how these three key metrics have been changing over the last few years, having also been impacted by measures introduced by ESMA, and we add our forecast.

The **number of active clients** has shown a steady increase since 2013. A temporary drop was observed in the second half of 2018 after the implementation of EMSA measures. However, client numbers started to rebound in 1Q19 and skyrocketed in 1Q20 when the coronavirus hit the global economy and masses of people were "trapped" at home due to national lockdowns. XTB clearly benefited from the fact that individual investors rushed to open new brokerage accounts globally.

We believe the rising trend will remain unchanged over the long term; however, we assume normalization after 2020's jump. Also, we reiterate that XTB is devoted to and focused on client acquisition: the firm sees an opportunity to attract new clients from other brokerage houses, which are suffering more in the new regulatory environment.

Figure 2. Avg. number of active clients ('000s) – quarterly data

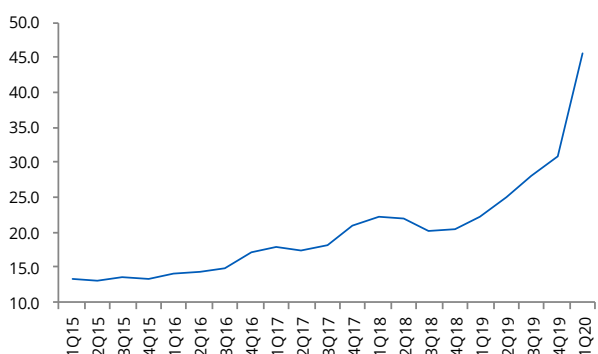
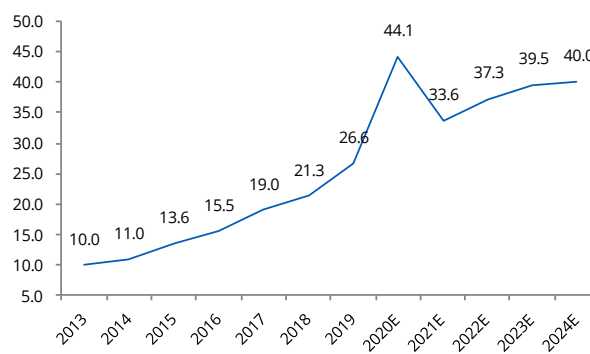


Figure 3. Avg. number of active clients ('000s) – annual data and forecasts



Source: Company, IPOPEMA Research

The **number of lots traded per active client** was the most affected by the ESMA regulations, but it had already begun to stabilize in 2019. In 1Q20 it remained in a post-ESMA range, which clearly suggests that it is less sensitive to the market environment and depends more on leverage and the value of clients' deposits. If no further limitations are introduced, which is our base case scenario, we should see stabilization of this metric close to current levels.

Figure 4. Lots per active client (annualized) – quarterly data

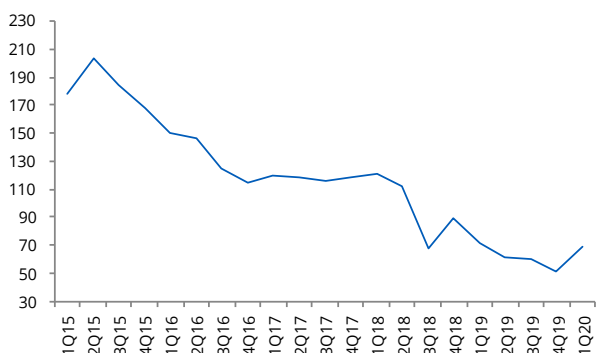
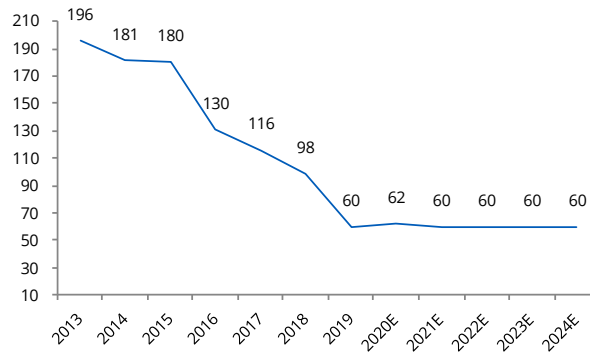


Figure 5. Lots per active client – annual data and forecasts

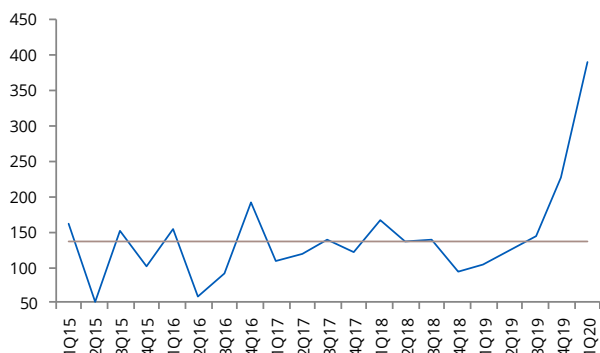


Source: Company, IPOPEMA Research

And last but not least, profitability of the average trade exploded in the last two quarters, well above the long-term average. In 1Q20, for instance, it was boosted by unprecedented

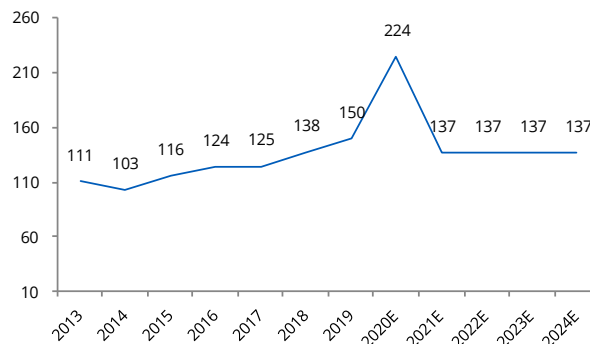
daily moves in crude oil. We continue to see this metric as unpredictable on the quarterly horizon but we believe that in the long-term it should revert to the mean once volatility on the markets returns to typical levels. We estimate that the long-term average is now PLN 137 per lot, and we apply this into our forecasts.

Figure 6. Revenues per lot (PLN) – quarterly data



Source: Company, IPOPEMA Research. Grey line is average.

Figure 7. Revenues per lot (PLN) – annual data and forecasts

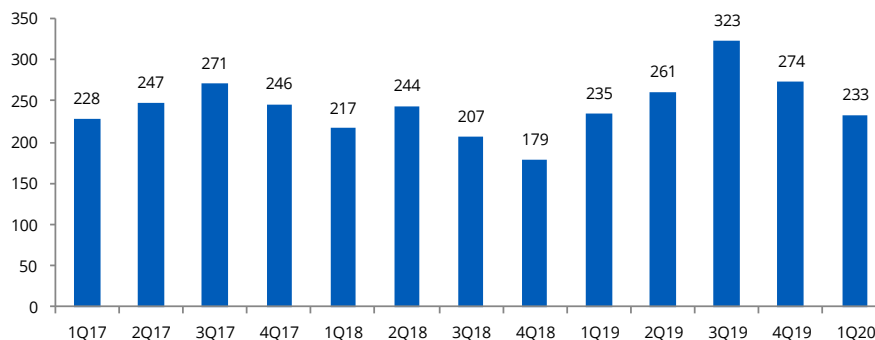


How much cash does XTB actually need?

We estimate that XTB needs at least around PLN 450-500m in capital to operate smoothly.

The company's capital requirements vary depending on how much risk the company takes on, and how much is hedged. And these requirements need to be met every day. In the past, the company's end of the quarter capital requirements were in the range of PLN 200-250m on average, but they have also topped PLN 300m as well (PLN 323m as of end 3Q19). We assume that on some days they can jump even higher putting pressure on company's capital ratios. Thus, XTB needs to maintain an additional internal cushion of capital to stay flexible for those times a market opportunity arises to take advantage of. We calculate that this internal capital cushion should amount to at least PLN 150-200m (in our "adjusted" DCF model we use the higher end of this range).

Figure 8. XTB capital requirements as of end of the quarter



Source: Company, IPOPEMA Research

At the end of 1Q20 XTB had PLN 747m of own cash and treasury bonds. Of this amount, PLN 28m was already paid in dividend in April, while an additional c. PLN 50m will be outflows related to unpaid taxes and accrued full-year bonuses from 1Q20. This still leaves c. PLN 670m of available cash (this actually almost fully covers the equity capital as of end 1Q20, which, after deduction of the dividend paid in April, reached PLN 662m).

Based on the abovementioned, we estimate that surplus capital (cash) which could be available to shareholders is PLN 200-250m (PLN 1.7-2.13 per share). We assume that it will be partially used to pay dividends from 2020 profits (we assume DPS of PLN 1.97 paid in 2021), but the company already stated that it will consider different options to distribute this to its shareholders. Hence, we cannot exclude a positive surprise that some form of remuneration will be delivered already in 2H20.

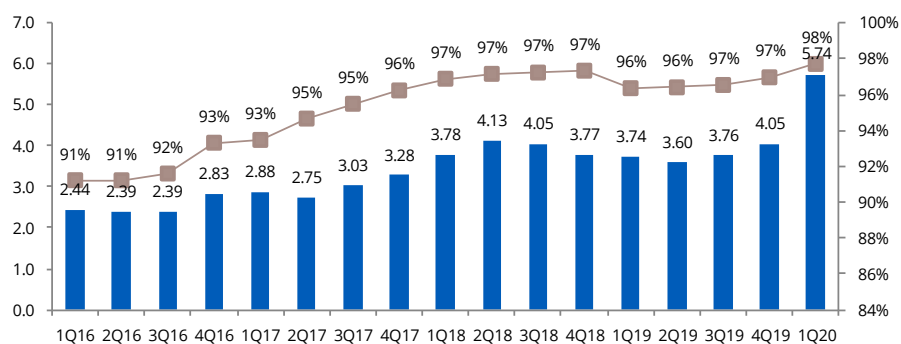
Value of equity should provide approximate floor to the value of the firm

Most of the company's assets are highly liquid as they consist of cash (own and clients'), treasury bonds and financial securities (mostly CFDs). This is why we feel the company's equity capital should be seen as an approximation of its liquidation value, and thus provide a floor for the valuation of the firm. In order to calculate such a liquidation value, we used the following, conservative, in our view, discounts for particular assets:

- 0% for cash and financial assets,
- 10% for receivables from corporate tax, loans granted and accruals,
- 30% for PPE,
- 100% for intangibles and assets from deferred tax.

From assets estimated in such a manner, we deduct all liabilities to get the final value, which gives on average a mere 2-4% discount to book value. Below we present XTB's liquidation value for previous quarters. We note that 1Q20 includes a DPS of PLN 0.24, which was already paid in April.

Figure 9. XTB liquidation value (PLN per share) and as % of equity capital



Source: Company, IPOPEMA Research

Market conditions

Volatility in global financial markets skyrocketed in the beginning of 2020 to levels not seen for years following the coronavirus outbreak and its expected impact on the global economy. The peak of the volatility is likely behind us, yet investor uncertainty remains elevated. Our base-case scenario is that markets will gradually return to a normalized level, but obviously surges in volatility on different instruments can occur from time to time, creating opportunities for XTB to rake in extra profits. Also XTB was able to avoid operating and financial problems other brokers were facing eg. with quotation of negative prices in crude oil. Interactive Broker, US-based FX broker, took USD 88m losses after its clients faced the negative settlement price what triggered losses in excess of the equity in their accounts.

Figure 10. Volatility in FX market

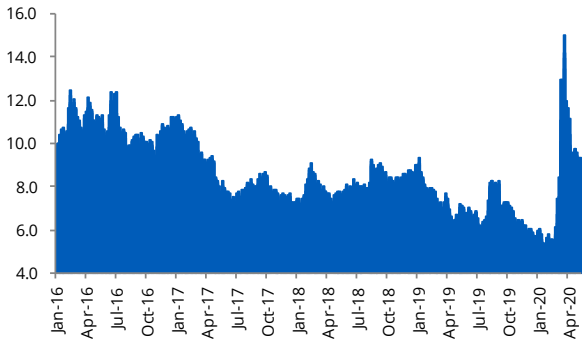


Figure 11. Volatility in equity market

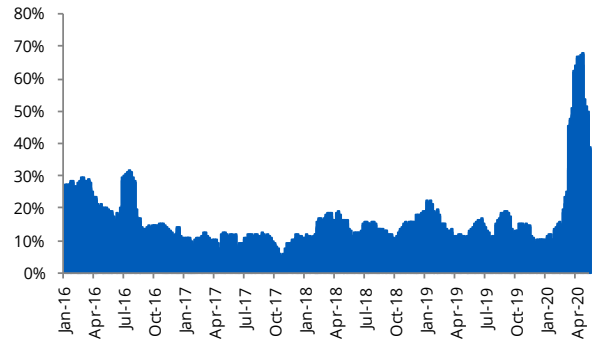
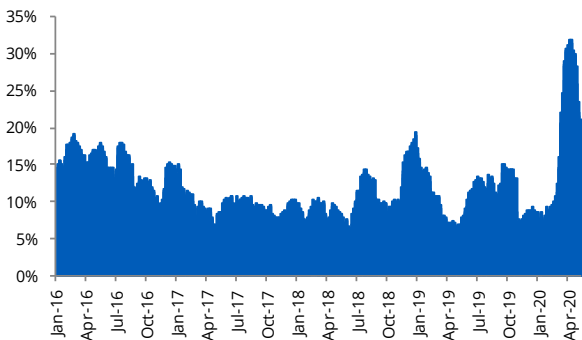


Figure 12. Volatility in commodity market



Source: Bloomberg, IPOPEMA Research. Volatility in FX market measured as JP Morgan's FX volatility index, in equity market as DAX volatility and in commodity market as volatility of Bloomberg Commodity Index (last two calculated as 30-days standard deviation).

Valuation summary

Our valuation of XTB is based on a discounted cash flow (DCF) model adjusted to include the effect of capital requirements, a discounted dividend model (DDM) and a peers' multiples valuation model, with each method given equal weights. We use perpetual growth rate of 1%, ROE of 13.4% and payout ratio of 75% in terminal value. We also increase beta from 1.3x to 1.5x to reflect high risk of regulation and possible legal claims from clients. Based on our forecasts, we arrive at a Fair Value of PLN 10.9 per share, or 23% above the current market price, which implies a BUY recommendation.

Figure 13. Valuation summary

	weight	FV
DCF Valuation	1/3	12.40
DDM Valuation	1/3	8.20
Peers Valuation	1/3	12.20
Fair Value (PLN)		10.90

Source: Company, IPOPEMA Research

Figure 14. Key assumptions

Cost of equity	2020E	2021E	2022E	2023E	2024E
Risk-free rate	2.0%	2.0%	2.0%	2.0%	2.0%
Risk premium	5.0%	5.0%	5.0%	5.0%	5.0%
Unlevered beta	1.50	1.50	1.50	1.50	1.50
Levered beta	1.50	1.50	1.50	1.50	1.50
Debt risk premium	1.0%	1.0%	1.0%	1.0%	1.0%
CoE	9.5%	9.5%	9.5%	9.5%	9.5%
WACC	9.5%	9.5%	9.5%	9.5%	9.5%

Source: Company, IPOPEMA Research

Figure 15. DCF Valuation

DCF Valuation	2020E	2021E	2022E	2023E	2024E	TV
EBIT	393.3	99.3	131.9	138.7	142.7	142.6
tax rate	19.5%	19.0%	19.0%	19.0%	19.0%	19.0%
- tax	76.7	18.9	25.1	26.3	27.1	27.1
NOPAT	316.6	80.5	106.8	112.3	115.5	115.5
+ D&A	7.4	3.5	1.5	8.0	3.8	4.1
- Change in WC	1.5	-6.3	2.2	1.3	0.3	0.1
- CAPEX	4.1	4.1	4.1	4.1	4.1	4.1
- Change in capital required	58.8	-53.1	27.2	-6.0	6.6	2.3
FCF	259.5	139.2	74.8	121.0	108.4	113.2
Discount factor	0.91	0.83	0.76	0.70	0.64	
PV FCF	237.0	116.1	57.0	84.1	68.9	845.7
g	1.0%					
EV (PLN m)	1 409					
+ Net cash (as of end 2019)	488					
- Required capital (as of end of 2019)	274					
- Additional capital cushion	200					
- Dividend paid	28					
= Value of equity	1 395					
Month	5					
= PV of equity	1 452					
Shares number (m)	117.4					
Fair Value per share (PLN)	12.40					

Source: Company, IPOPEMA Research

Figure 16. DDM Valuation

DDM Valuation	2021E	2022E	2023E	2024E	2024E	TV
Dividend paid	231.4	40.5	53.6	56.4	58.0	87.0
Discount factor	0.83	0.76	0.70	0.64	0.58	
Discounted dividend	193.0	30.9	37.3	35.8	33.7	594.0
Sum of discounted dividends	925					
= PV of equity	961					
Shares number (m)	117.4					
Fair Value per share (PLN)	8.20					

Source: Company, IPOPEMA Research

Figure. Peers multiple valuation (prices as of 19.05.2020)

Company	Country	Mcap USD m	P/E			Dividend yield		
			2020E	2021E	2022E	2020E	2021E	2022E
IG Group	UK	3 528	12.3	15.6	13.8	5.5%	5.5%	5.6%
Plus500	Israel	1 768	4.4	10.4	11.8	8.8%	5.0%	4.3%
CMC Markets	UK	737	7.4	13.3	13.3	7.0%	3.9%	3.8%
GAIN Capital	USA	240	4.6	12.6	n/a	n/a	n/a	n/a
		median	6.0	12.9	13.3	7.0%	5.0%	4.3%
XTB	Poland	252	3.4	12.8	9.7	2.7%	22.3%	3.9%
		<i>premium/discount</i>	<i>-44%</i>	<i>-1%</i>	<i>-27%</i>			
Implied valuation (PLN m)			1 845	1 049	1 427			
Median of implied valuations (PLN m)				1 427				
Implied value per share (PLN)				12.20				

Source: Reuters, IPOPEMA Research

Figure 17. Change in IPOPEMA's forecasts

	2020			2021		
	Old	New	chg	Old	New	chg
Revenues	198.8	613.4	209%	212.4	276.1	30%
OPEX	164.1	220.1	34%	168.5	176.8	5%
EBIT	34.7	393.3	1033%	43.9	99.3	126%
Net profit	33.5	308.6	821%	41.4	81.1	96%
Volumes (lots, ths)	1857	2 733	47%	1984	2 016	2%
Revenues / lot (PLN)	107	224	110%	107	137	28%

Source: Company, IPOPEMA Research

Financial statements

Figure 18. P&L statement (PLN m)

P&L	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E	2024E
Revenues	215.6	204.4	282.5	250.6	273.8	288.3	239.3	613.4	276.1	306.8	324.7	328.8
OPEX	109.3	118.1	141.5	168.5	145.5	172.5	173.9	220.1	176.8	174.9	186.0	186.1
Personnel	49.3	55.0	68.1	71.9	73.2	78.5	86.0	104.8	95.5	97.4	99.3	102.3
Marketing	19.2	23.6	28.2	49.3	24.8	33.3	37.7	55.7	40.0	35.0	35.7	36.4
External services	20.3	17.6	18.7	20.6	21.9	24.9	24.6	27.2	20.1	22.3	23.6	23.9
D&A	3.9	5.7	5.8	5.4	6.1	3.9	6.8	7.4	3.5	1.5	8.0	3.8
Other costs	16.7	16.2	20.7	21.2	19.5	31.9	18.8	25.0	17.8	18.7	19.4	19.8
EBIT	106.3	86.4	141.1	82.1	128.3	115.8	65.4	393.3	99.3	131.9	138.7	142.7
Net financials	0.1	10.7	7.3	11.2	-8.0	8.9	4.0	-10.0	0.8	0.5	0.6	0.7
Others	0.0	0.0	0.0	0.0	-5.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross profit	106.4	97.0	148.4	93.3	114.7	124.7	69.4	383.3	100.1	132.3	139.2	143.3
Tax	24.4	20.0	29.3	15.6	21.7	23.2	11.7	74.8	19.0	25.1	26.5	27.2
Net profit	81.9	77.1	119.0	77.7	93.0	101.5	57.7	308.6	81.1	107.2	112.8	116.1

Source: Company, IPOPEMA Research

Figure 19. Balance sheet (PLN m)

Balance Sheet	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E	2024E
Own cash	168.2	287.4	325.3	290.7	367.1	468.0	484.4	793.2	635.9	702.2	766.6	826.3
Clients' cash	245.1	268.0	298.1	375.6	378.5	363.9	470.8	528.9	403.1	447.8	474.0	480.0
Financial assets	71.5	61.9	64.5	95.1	128.1	114.3	149.3	190.4	145.1	161.2	170.6	172.8
Intangible assets	12.9	17.9	13.3	10.1	2.9	0.7	0.6	0.5	0.5	0.6	0.5	0.5
Fixed assets	4.7	4.5	4.1	3.7	3.0	2.5	14.2	6.4	2.5	15.5	7.1	2.9
Other assets	54.5	18.7	21.7	21.5	18.1	20.7	19.6	21.0	21.0	21.0	21.0	21.0
Total assets	557.0	658.3	727.1	796.8	897.7	970.1	1 138.9	1 540.4	1 208.1	1 348.3	1 439.8	1 503.4
Amounts due to clients	246.1	268.0	301.1	377.3	421.4	447.8	573.9	673.1	502.0	562.8	598.4	606.6
Financial liabilities AFS	11.5	14.7	10.2	22.6	40.9	28.2	23.5	26.4	20.2	22.4	23.7	24.0
Other liabilities	42.9	39.9	41.8	40.9	35.1	38.9	50.7	46.3	41.7	52.2	47.6	43.1
Total liabilities	300.4	322.6	353.1	440.9	497.4	514.9	648.2	745.8	563.9	637.4	669.7	673.7
Equity capital	256.5	335.7	374.0	355.9	400.3	455.2	490.7	794.6	644.2	710.9	770.1	829.8
Total equity & liabilities	557.0	658.3	727.1	796.8	897.7	970.2	1 138.9	1 540.4	1 208.1	1 348.3	1 439.8	1 503.4

Source: Company, IPOPEMA Research

Figure 20. Cash flows statement (PLN m)

Cash Flow	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E	2024E
Operating cash flow	85.9	100.1	116.5	56.3	121.9	139.5	45.7	345.6	82.8	115.5	126.7	124.7
Pre-tax profit	106.4	97.0	148.4	93.3	114.7	124.7	69.4	383.3	100.1	132.3	139.2	143.3
D&A	3.9	5.7	5.8	5.4	6.1	3.9	6.8	7.4	3.5	1.5	8.0	3.8
Tax paid	-14.6	-22.2	-33.7	-10.4	-25.8	-23.3	-4.0	-74.8	-19.0	-25.1	-26.5	-27.2
Other	-9.8	19.6	-4.0	-32.0	26.9	34.3	-26.4	29.7	-1.7	6.8	5.9	4.8
Investing cash flow	-8.2	18.1	-1.5	-1.8	-4.0	-1.2	-3.3	-4.1	-4.1	-4.1	-4.1	-4.1
CAPEX	-8.8	-2.2	-1.8	-1.8	-4.2	-1.3	-3.3	-4.1	-4.1	-4.1	-4.1	-4.1
Other	0.5	20.3	0.3	0.0	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Financing cash flow	-95.3	-0.5	-78.2	-91.7	-37.7	-41.2	-24.9	-32.7	-236.0	-45.1	-58.1	-60.9
Dividend paid	-95.0	0.0	-77.5	-91.6	-37.6	-41.1	-20.0	-28.2	-231.4	-40.5	-53.6	-56.4
Other	-0.3	-0.5	-0.6	-0.1	-0.1	-0.1	-4.9	-4.5	-4.5	-4.5	-4.5	-4.5
Total cash flow	-17.6	117.6	36.9	-37.2	80.2	97.2	17.5	308.8	-157.3	66.3	64.4	59.7

Source: Company, IPOPEMA Research

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Net F&C – Net fee and commission income – fee and commission income minus fee and commission expense.

LLP – loan loss provisions – an expense set aside as an allowance for bad loans.

NPL – non-performing loan – loans that are in default or close to be in default.

Cost/Income – operating expenses divided by total banking revenue.

ROE – return on equity – net income (or adjusted net income) divided by the average shareholders' equity.

ROA – return on assets – net income (or adjusted net income) divided by the average assets.

EBIT – earnings before interests and tax.

EBITDA – earnings before interests, tax, depreciation and amortization.

EPS – earnings per share – the net income (or adjusted net income) divided by the number of shares outstanding.

P/E – price to earnings ratio – price divided by earnings per share.

PEG – P/E ratio divided by the annual EPS growth, usually over a certain period of time.

CAGR – compound annual growth rate.

BVPS – book value per share, the book value of the Company's equity divided by the number of shares outstanding.

P/BV – price to book value - price divided by the BVPS.

DPS – dividend per share – dividend of a given year divided by the number of shares outstanding.

DY – dividend yield – dividend of a given year divided by the current price.

DDM – dividend discount model – a fundamental method of valuation based on the assumption that the value of stock equals the sum of all discounted future dividends.

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	Number	%
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Hold	1	14%
Sell	4	57%
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Rating History – XTB

Date	Recommendation	Fair Value	Price at recommendation	Author
18.05.2018	BUY	PLN 9.30	PLN 5.74	Łukasz Jańczak
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