

Tuesday - October 10, 2017

## Bucharest Stock Exchange

Local Indices	Last close	Day %	YTD %	YoY %
BET	8,006.37	0.3%	13.0%	15.3%
BET-FI	36,883.53	-0.1%	24.1%	27.6%
BET-NG	677.32	-0.3%	15.2%	19.6%
BET-BK	1,646.74	-0.1%	22.5%	25.8%
BET-XT	743.22	0.2%	15.5%	18.5%
BET-Plus	1,193.89	0.3%	13.4%	15.5%
ROTX <sup>1</sup>	16,327.93	0.3%	15.4%	17.9%

Market Digest - BSE	Daily	30D avg	YTD avg
Turnover (in RONm)	19.7	89.8	39.5
Turnover (in EURm*)	4.3	19.6	8.6
Volume	15.5	89.8	36.2
Total market cap (in RON bn)	164.8	162.4	144.9
Total market cap (in EUR bn*)	36.1	35.5	31.7

\* turnover includes deal trades and is translated in last EURRON parity

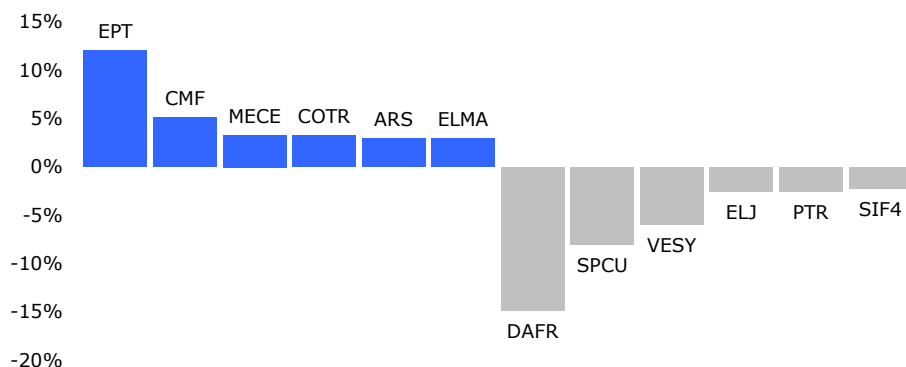
Market Valuation Data (BET)	FY15A	FY16A	FY17E
P/E (x)	11.1	11.7	13.5
EV/EBITDA (x)	3.3	-0.3	0.3
P/BV (x)	0.8	0.8	1.0
EPS growth	18.5%	18.5%	15.1%
Div. Yield	4.8%	6.2%	6.2%

## Corporate &amp; Economic Events

10-October	Q2 17(P2) GDP Data
10-October	National Bank Board Meeting
13-October	2015 GDP Final Data
13-October	SNP Q3 17 Trading update
13-October	Wholesale Turnover Data
16-October	TEL OGSM
16-October	Balance of payments
20-October	SNG OGSM
23-October	TGN OGSM
24-October	Monetary Indicators Data
26-October	TEL O&E GSM
30-October	Construction permits for buildings data
31-October	Unemployment Data
31-October	SIF2 Q3 17 Results
01-November	International Reserves
03-November	BRD Q3 17 Results

## Market comment

Banks and FP generated 75% of daily turnover of EUR 4.3m.

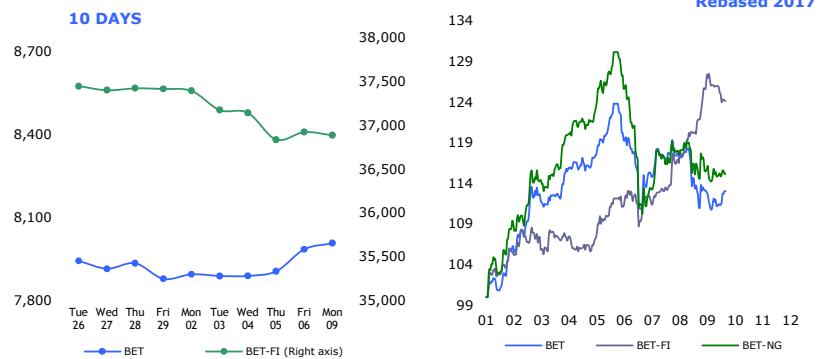


## World Markets

Main Indices	Last close	Day %	YTD %	YoY %
DJ Industrial	22,761.07	-0.1%	15.2%	24.8%
S&P 500	2,544.73	-0.2%	13.7%	18.2%
Nasdaq	6,579.73	-0.2%	22.2%	24.3%
FTSE 100	7,507.89	-0.2%	5.1%	6.6%
DAX 30	12,976.40	0.2%	13.0%	23.7%
CAC 40	5,365.83	0.1%	10.4%	20.6%
PX - Czech Rep.	1,059.11	0.1%	14.9%	19.6%
MICEX - Russia	2,096.29	-0.1%	-6.1%	5.9%
SOFIX	679.41	0.0%	15.9%	33.9%
ISE (XU100) - Turkey	101,298.00	-2.7%	29.6%	29.9%
WSE - Poland	64,755.22	0.5%	25.1%	35.6%
Nikkei 225 (Japan)	20,690.71	0.0%	8.2%	22.7%
Hang Seng	28,326.59	-0.5%	28.8%	18.8%

## FX/Commodities/Rates

EUR/RON	4.57	Libor (12M)	-0.2%
USD/RON	3.89	ROBID (ON)	1.7%
EUR/USD	1.17	ROBID (1M)	1.7%
Brent (\$/bbl - dated)	55.69	ROBOR (ON)	1.7%
Gold (\$/oz)	1,283.86	ROBOR (1M)	1.6%
Euribor (1M)	-0.37%	NBR rate	1.8%
Euribor (12M)	-0.17%	CPI (YoY) 08/2017	1.2%
Libor (1M)	-0.41%	GDP real Q2'17	5.9%



Most Traded *	Turnover	Day %
TLV	9,406,808	1.5%
BRD	3,379,467	0.3%
FP	2,070,311	0.4%
EL	1,107,696	-0.6%
SNG	769,477	-0.2%
SNP	546,309	-0.2%
SIF5	373,599	0.0%
SIF3	360,884	-1.2%
TEL	270,914	-0.3%
SIF2	223,131	0.8%

Best 6 performers	Turnover	Day %
EPT	498	12.0%
CMF	115	5.1%
MECE	938	3.3%
COTR	19,552	3.2%
ARS	10,267	3.0%
ELMA	64,333	2.9%

Worst 6 performers	Turnover	Day %
DAFR	64,662	-14.8%
SPCU	2,499	-8.0%
VESY	7	-6.0%
ELJ	2,575	-2.6%
PTR	19	-2.5%
SIF4	37,491	-2.2%

\* turnover includes deal trades

Stock	BSE Ticker	Last price	Mkt Cap (m RON)	Mkt Cap (m EUR)	Volume (000)	30D Volume (000)	Day %	Weekly %	YTD %	YoY %	P/E (16A)	P/E (17E)	P/BV (16A)	P/BV (17E)	EV/EBITDA (16A)	EV/EBITDA (17E)
OMV Petrom	SNP	0.29	16,285.2	3,563.3	1,912.0	19,066.9	-0.17%	-0.52%	10.15%	21.6%	14.2	15.7	0.6	0.6	3.1	3.4
BRD	BRD	12.74	8,878.5	1,942.7	265.1	1,070.6	0.31%	2.41%	7.24%	14.2%	10.9	11.6	1.2	1.3	n/a	n/a
BANCA TRANSILVANIA	TLV	2.35	10,202.4	2,232.3	4,004.9	9,268.3	1.51%	5.86%	-1.47%	-3.3%	7.1	8.3	1.5	1.7	n/a	n/a
TRANSGAZ S.N.T.G.N.	TGN	398.00	4,686.0	1,025.3	0.1	5.9	-0.50%	0.51%	35.37%	30.1%	5.8	7.9	0.9	1.2	2.5	3.9
TRANSELECTRICA	TEL	29.00	2,125.8	465.1	9.3	59.5	-0.34%	1.40%	-0.68%	-0.7%	7.5	7.4	0.7	0.7	2.8	2.8
SNGN ROMGAZ	SNG	31.20	12,025.2	2,631.2	24.7	200.0	-0.16%	1.46%	24.80%	34.5%	9.4	11.7	1.0	1.2	4.6	6.1
SN NUCLEARELECTRICA	SNN	7.44	2,243.3	490.8	15.4	90.8	0.27%	1.22%	54.84%	51.8%	13.3	20.6	0.2	0.3	2.2	3.4
BVB SA	BVB	30.00	230.2	50.4	4.6	4.0	0.00%	-3.85%	3.45%	11.1%	28.3	29.3	2.3	2.3	48.9	52.9
ELECTRICA	EL	12.80	4,428.0	968.9	86.3	124.9	-0.62%	5.86%	-2.74%	-6.2%	19.0	18.5	1.2	1.1	-22.3	-21.2
FONDUL PROPRIETATEA	FP	0.85	10,749.2	2,352.0	2,434.6	6,932.0	0.35%	0.71%	7.04%	6.1%	15.0	18.8	0.7	0.9	n/a	n/a
SIF OLTENIA	SIF5	2.07	1,198.0	262.1	180.9	574.4	0.00%	-0.72%	26.69%	35.7%	9.3	11.8	0.7	0.9	n/a	n/a
SIF MOLDOVA	SIF2	1.20	1,245.8	272.6	186.7	393.5	0.84%	-1.48%	53.85%	54.8%	6.6	10.1	0.5	0.8	n/a	n/a
SIF TRANSILVANIA	SIF3	0.25	536.2	117.3	1,465.6	1,753.2	-1.21%	-8.05%	-1.80%	-3.0%	7.9	7.8	0.6	0.6	n/a	n/a
SIF BANAT CRISANA	SIF1	2.50	1,372.1	300.2	33.6	321.6	-0.20%	-0.20%	35.28%	46.5%	12.5	16.9	0.5	0.7	n/a	n/a
SIF MUNTENIA	SIF4	0.88	707.0	154.7	42.0	436.5	-2.23%	-5.60%	33.54%	39.0%	10.5	14.0	0.5	0.6	n/a	n/a

## Top News and Headlines

Standard & Poor's confirms Romania's country rating: BBB- / A-3 with stable outlook – zf.ro

**BANCA TRANSILVANIA (TLV RO):** Fitch Ratings has reaffirmed the Long-term Issuer Default Rating (IDR) rating of Banca Transilvania at 'BB', with a stable perspective and the Viability Ratings (VRs) of BT at 'bb' – bvb.ro

**SIF OLTENIA (SIF5 RO):** Ex-dividend date today – gross dividend at RON 0.09/share, DIVY @4.36% – bvb.ro

Sphera Group, brand operator for KFC, Pizza Hut, Pizza Hut delivery and Taco Bell (in RO starting Q4'17) publicly announced intentions to get listed on the BSE via selling an equity stake of 25% from existing shares; Group value estimated at EUR 300m – mkt sources – zf.ro

**ROMGAZ (SNG RO), OMV PETROM (SNP RO):** Industry Committee from Chamber of Deputies drafted lw stipulating natural gas producers are obliged sell 70% of volumes on OPCOM trade exchange - we think the measure is less viable due self-sufficiency rate of RO gas consumption (around 12 bn cm annually & approx. half generated by Romgaz, half by OMV Petrom), and since Neptun Deep estimated production should be at around 6bn cm/year, the commercial viability of the Black Sea project should be economic only under export terms. Should RO state be less flexible in this regard, we think a potential postponement of OMV Petrom FID seems likely due to the costs associated with off-shore gas extraction and unamortized existing costs; the costs with the infrastructure, which is inexistent for the time being are also considerable, albeit vast majority should be carried by Transgaz; eventually, this will lead to higher selling gas prices locally and cheaper alternative source for gas distributors and suppliers via imports – economica.net

**NUCLEARELECTRICA (SNN RO):** RON 17.9m 2018 forward contracts signed at an average price of RON 205/MWh, up 31% Y/Y – zf.ro

## RECOMMENDATION SYSTEM

SSIF IEBA TRUST uses a Relative recommendation system. Such system indicates that each stock is rated on a basis of the excess return, measured by the relative value of the target (calculated) price and the current price, over a 12 months period of time.

The range of recommendations for each stock consists of 4 elements: Buy (B), Accumulate (A), Hold (H), Reduce (R).

### SSIF IEBA TRUST RATINGS

BUY	The stock is expected to generate potential excess return over 15%
ACCUMULATE	The stock is expected to generate potential excess return of 5 to 15%
HOLD	The stock is expected to generate potential excess return of -5% to 5%
REDUCE	The stock is expected to generate potential excess return below -5%

Excess return: Target price/current price - 1

For the cases of Initial Public Offering, the above-mentioned recommendation system is not applied. In such cases, the recommendation is based on the comparison between the price of the Offering, and the fair value estimated by SSIF IEBA TRUST.

## Measures Definitions

IEBA Net Income	Adjusted Net Income for one-off items	
Net Cash Flow from operations	EBITDA (+/-) other provisions (+/-)(Increase)/Decrease in Working Capital	
FCF Equity	Net Cash Flow from operations (-) CAPEX	
Net debt	Total short-term and long-term bank debt (-) cash	
EV	Market Cap (avg historic or current) + book value of minorities + Net debt	
FCFPS	FCF Equity	Diluted no of shares
EPS (or IEBA)	Reported (or IEBA) Net Income	Diluted no of shares
BVPS	Total Equity	Year end no of shares
P/E (or IEBA)	Share Price (avg historic or current)	Reported (or IEBA) EPS
P/E IEBA at 52wks High	52 weeks High price (avg historic or current)	IEBA EPS / Diluted IEBA Earnings Per Share
P/BV	Share Price (avg historic or current)	BVPS
ROE	Reported Net Income	Average Total Equity
ROCE	Reported Net Income	Average (Total debt + Total Equity)
EV/EBITDA	EV (with avg historic or current)	Reported EBITDA
EV/EBITDA (x) at 52wks High	EV using 52 weeks High market cap (avg historic or current)	Reported EBITDA
EBITDA/Net financials	Reported EBITDA	Net financials: Net interest (+/-) Net financials
EV/CE (x)	EV (with avg historic or current)	CE: Total bank debt + Total Equity
FCF Yield	FCFPS	Share Price (avg historic or current)
Dividend Yield	DPS	Share Price (avg historic or current)
Dividend Payout	Dividend	Reported Net Income

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The analysts that have written this report certify that the views about the companies and securities contained in this report accurately reflect their personal views and that no part of their compensation was or will be directly or indirectly related to the specific recommendations or views in this report.

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