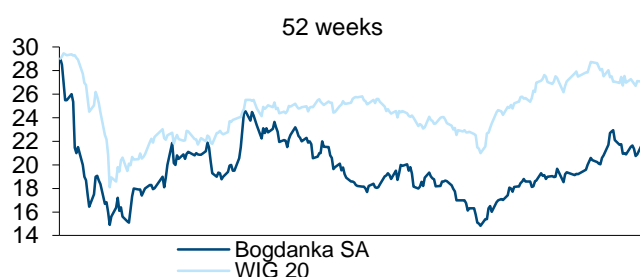


Bogdanka SA

from Sell to Buy

PLN mn	2019	2020e	2021e	2022e
Net sales	2 157.9	1 822.1	1 967.4	1 987.2
EBITDA	767.8	468.2	538.9	549.1
EBIT	375.2	88.4	128.7	109.9
Net result after min.	308.9	65.4	105.8	89.0
EPS (PLN)	9.08	1.92	3.11	2.62
CEPS (PLN)	20.63	13.09	15.17	15.53
BVPS (PLN)	94.92	96.84	99.95	102.57
Div./share (PLN)	0.75	0.00	0.00	0.00
EV/EBITDA (x)	1.1	1.2	1.1	1.0
P/E (x)	3.8	12.0	7.4	8.8
P/CE (x)	1.7	1.8	1.5	1.5
Dividend Yield	2.2%	0.0%	0.0%	0.0%



Performance	12M	6M	3M	1M
in PLN	-22.8%	22.0%	37.0%	13.0%

Share price (PLN) close as of 09/02/2021	23.1	Reuters	LWBP.WA	Free float	34.0%
Number of shares (mn)	34.0	Bloomberg	LWB.PW	Shareholders	Enea (66.0%)
Market capitalization (PLN mn / EUR mn)	,784 / ,175	Div. Ex-date			
Enterprise value (PLN mn / EUR mn)	,564 / ,127	Target price	29.2	Homepage:	www.lw.com.pl

Analyst:

Tomasz Duda
 +48 22 330 6253
 tomasz.duda@erstegroup.com

Back to profits, fueled by demand jump

The disastrous events of 2020 left the Polish coal market with record-high oversupply, as evidenced by the record-high coal stockpiles and losses in the billions for major coal company PGG, while the profits of LW Bogdanka tumbled 88% y/y. **The outlook for 2021 earnings is, however, much brighter in our view, thanks to our forecast for 7-12% y/y growth of demand for coal from power plants.** Several factors are expected to lead to such a considerable rebound in demand for coal: **1)** rebounding power consumption that is forecast to grow by 2% y/y, **2)** lower power imports related to the lowest pricing differential in three years reducing the incentive for imports, **3)** high gas prices eliminated the clean spread advantage of CCGT units over new coal units, as the current pricing points to a 3% margin advantage for new coal units, **4)** rising CO2 eliminated the clean spread advantage of lignite units, as current pricing indicates a 37% clean spread advantage of new coal units over lignite units – all these factors should offer more room in the merit order for new coal units, which we expect to increase generation by 46% y/y in 2021. On top of that, rising international thermal coal prices have eliminated the pricing premium on Polish coal and Polish coal is actually now cheaper, which might encourage exports, if European demand is strong enough (harsh winter should be supportive).

We expect this market setup to allow for a recovery of EPS to PLN 3.11, which is assumed to be primarily driven by a 12% recovery of volumes at 3% lower pricing. This, coupled with a new 2030 strategy that envisages entry into non-coal areas, leads us to revise our recommendation to BUY, while the target price is set at PLN 29.2.

Forecasts revision

The preliminary figures published by LW Bogdanka lead us to align our 2020 forecasts for the year to match the reported data.

The forecasts for 2020-22e are changed in order to reflect the current outlook for demand for thermal coal from the power sector, i.e. the expected 7-12% growth of 2021e demand. Volume forecasts are increased to 8.5mn tonnes in 2021e/thereafter period from 8.0mn tonnes previously. We expect the thermal coal price to decline by 3% in 2021e (vs. the 10% decline that we expected previously).

Change in estimates

Consolidated, IFRS (PLN, mn)	2020e			2021e			2022e		
	Now	Before	Change	Now	Before	Change	Now	Before	Change
Revenues	1 822.1	1 952.9	-6.7%	1 967.4	1 648.0	19.4%	1 987.2	1 648.0	20.6%
EBITDA	468.2	662.8	-29.4%	538.9	473.5	13.8%	549.1	464.8	18.1%
EBIT	88.4	223.7	-60.5%	128.7	7.9	1529.1%	109.9	-13.4	nm
Net income	65.4	183.8	-64.4%	105.8	8.0	1222.3%	89.0	-10.9	nm

Source: Erste Group Research

Valuation

We employed a DCF model as our primary valuation tool, based on our forecasts for 2021-25e. We used a discount rate based on WACC and a terminal value based on perpetuity and the diluted number of shares. The DCF model reflects the value of LW Bogdanka in a more proper way than a peer comparison, as it includes future prospects.

Assumptions

Our estimates are based on the following assumptions:

- Risk-free rate at 1.4%, equity premium at 6%, debt premium of 2%.
- CAPEX forecast aligned with future expected production volumes and closely aligned to recently published 2030 strategy that envisages 24% decline of CAPEX figures in 2026-30 period compared to 2021-25 period.
- Thermal coal price assumed to be driven by deficit/oversupply expectations for Polish coal market. Hence, we assume thermal coal price to decline by 3% in 2021e and then to rise by 1% thereafter on back of rising international prices and expected significant reduction of oversupply.
- EBIT margin assumption in Terminal Year lowered assumed at 5.0% (vs. 2.0% previously) due to delay of introduction of offshore capacities now expected (delays in offshore bill processing by government and limited progress over last year) and accounting for potential new areas of expansion of LW Bogdanka as envisaged in its updated strategy.
- Cost side expected to reflect both savings efforts as well as need for particular volume of preparatory work. Volume of preparatory work in 2021/22e forecast to stabilize at 29km and remain flat thereafter. These lower volumes as well as expected reduction of employee demands related to coal crisis are expected to allow LWB to keep unit mining cash cost flat in forecasted period.

- Nominal tax rate assumed at 19% in 2021-25e.

The terminal value growth rate of 0% is to account for risks embedded in the pricing forecasts, reserves replacement risks and power market structure and power demand risks.

Peer group comparison

	P/E			EV/EBITDA		
	2020e	2021e	2022e	2020e	2021e	2022e
GLENCORE PLC	neg	11.6	12.0	7.9	5.9	6.1
WHITEHAVEN COAL LTD	neg	21.2	11.7	9.0	5.5	4.9
CNX RESOURCES CORP	12.7	15.1	15.7	5.4	5.6	6.0
PEABODY ENERGY CORP	neg	neg	neg	3.3	3.1	3.0
ARCH COAL INC - A	13.9	5.1	4.3	4.3	3.3	3.4
CHINA SHENHUA ENERGY CO-A	8.2	8.0	7.8	3.9	3.7	3.7
COAL INDIA LTD	6.7	5.8	5.4	4.3	3.1	3.3
BUMI SERPONG DAMAI PT	21.6	14.4	12.3	12.7	10.6	9.5
ADARO ENERGY TBK PT	12.4	7.9	6.7	4.3	3.7	3.3
BANPU PUBLIC CO LTD	neg	11.7	9.8	21.4	12.0	10.4
YANZHOU COAL MINING CO-H	3.2	3.1	2.8	7.1	6.2	5.8
SHANXI COKING CO LTD-A	17.1	15.0	12.2	na	na	na
Median total	12.5	11.6	9.8	5.4	5.5	4.9
LW Bogdanka	12.0	7.4	8.8	1.2	1.1	1.0
<i>Premium/discount</i>	<i>-4%</i>	<i>-36%</i>	<i>-10%</i>	<i>-78%</i>	<i>-80%</i>	<i>-80%</i>
Implied value	24.1	36.1	25.7	66.9	81.0	72.6

Source: Factset, Erste Group Research

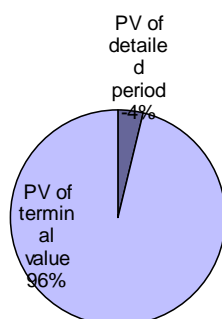
WACC calculation

	2021e	2022e	2023e	2024e	2025e	NY / TV
Risk free rate	1.4%	1.4%	1.4%	1.4%	1.4%	4.0%
Equity risk premium	6.0%	6.0%	6.0%	6.0%	6.0%	5.0%
Beta	1.0	1.0	1.0	1.0	1.0	1.0
Cost of equity	7.4%	7.4%	7.4%	7.4%	7.4%	9.0%
Cost of debt	3.4%	3.4%	3.4%	3.4%	3.4%	6.0%
Effective tax rate	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
After-tax cost of debt	2.8%	2.8%	2.8%	2.8%	2.8%	4.9%
Equity weight	99%	99%	99%	99%	99%	99%
WACC	7.4%	7.4%	7.4%	7.4%	7.4%	9.0%

DCF valuation

(PLN mn)	2021e	2022e	2023e	2024e	2025e	NY / TV
<i>Sales growth</i>	8.0%	1.0%	1.0%	0.0%	0.0%	0.0%
EBIT	128.7	109.9	91.3	91.3	91.3	100.4
<i>EBIT margin</i>	6.5%	5.5%	4.5%	4.5%	4.5%	5.0%
<i>Tax rate</i>	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
Taxes on EBIT	-24.5	-20.9	-17.4	-17.4	-17.4	-19.1
NOPLAT	104.2	89.0	74.0	74.0	74.0	81.3
+ Depreciation	410.2	439.2	468.2	468.2	468.2	468.2
<i>Capital expenditures / Depreciation</i>	121.9%	113.8%	106.8%	106.8%	106.8%	98.6%
+/- Change in working capital	4.4	0.6	0.6	0.0	0.0	0.6
<i>Chg. working capital / chg. Sales</i>						
- Capital expenditures	-500.0	-500.0	-500.0	-500.0	-500.0	-475.0
Free cash flow to the firm	10.1	27.6	41.6	42.2	42.2	73.9
<i>Terminal value growth</i>						0.0%
Terminal value						825.0
Discounted free cash flow - Dec 31 2020	8.8	22.3	31.3	29.6	27.6	578.6
Enterprise value - Dec 31 2020	698.2					
Minorities	10.4					
Net debt	-230.1					
Other assets	0.0					
Other adjustments	0.0					
Equity value - Dec 31 2020	918.0					
Number of shares outstanding (mn)	34.0					
Cost of equity	7.4%					
12M target price per share (PLN)	29.2					
Share price as of Feb 09th (PLN)	23.1					
<i>Up/Downside</i>	26.8%					

Enterprise value breakdown



Source: Erste Group Research

Sensitivity (per share)

		Terminal value EBIT margin				
		1.0%	3.0%	5.0%	7.0%	9.0%
WACC	8.0%	13.3	22.4	31.5	40.7	49.8
	8.5%	13.1	21.7	30.3	38.9	47.5
	9.0%	13.0	21.1	29.2	37.3	45.4
	9.5%	12.9	20.6	28.2	35.9	43.6
	10.0%	12.8	20.1	27.4	34.7	41.9
		Terminal value growth				
		-2.0%	-1.0%	0.0%	1.0%	2.0%
WACC	8.0%	27.4	29.2	31.5	34.5	38.5
	8.5%	26.6	28.2	30.3	32.9	36.3
	9.0%	25.9	27.4	29.2	31.5	34.5
	9.5%	25.2	26.6	28.2	30.3	32.9
	10.0%	24.6	25.9	27.4	29.2	31.5

Erste Group Research – Company Report
 Bogdanka SA | Industrial Metals & Mining | Poland
 11 February 2021

Income Statement	2017	2018	2019	2020e	2021e	2022e
(IAS, PLN mn, 31/12)	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022
Net sales	1 780.32	1 756.67	2 157.86	1 822.08	1 967.40	1 987.23
Cost of goods sold	-859.16	-1 583.97	-1 646.18	-1 615.91	-1 684.44	-1 723.07
Gross profit	921.16	172.70	511.68	206.16	282.96	264.16
SG&A	-75.02	-144.49	-153.26	-153.26	-153.26	-153.26
Other operating revenues	5.10	34.62	5.27	0.00	1.50	1.50
Other operating expenses	-3.98	-0.81	11.54	35.50	-2.50	-2.50
EBITDA	1 203.64	469.19	767.84	468.17	538.92	549.12
Depreciation/amortization	356.37	407.16	392.62	379.77	410.22	439.22
EBIT	847.27	62.03	375.22	88.40	128.70	109.90
Financial result	-18.51	2.89	3.35	-6.60	1.90	0.00
Extraordinary result	0.00	0.00	0.00	0.00	0.00	0.00
EBT	828.76	64.92	378.58	81.80	130.60	109.90
Income taxes	-160.84	-11.12	-69.83	-16.36	-24.81	-20.88
Result from discontinued operations	0.00	0.00	0.00	0.00	0.00	0.00
Minorities and cost of hybrid capital	0.31	0.17	0.19	0.00	0.00	0.00
Net result after minorities	668.24	53.97	308.94	65.44	105.78	89.02
Balance Sheet	2017	2018	2019	2020e	2021e	2022e
(IAS, PLN mn, 31/12)						
Intangible assets	59.96	58.84	63.68	63.68	63.68	63.68
Tangible assets	3 240.31	3 270.29	3 282.45	3 452.68	3 542.46	3 603.24
Financial assets	128.54	134.69	163.66	177.71	193.17	210.17
Total fixed assets	3 428.81	3 463.82	3 509.78	3 694.07	3 799.31	3 877.09
Inventories	62.56	83.38	104.25	72.88	78.70	79.49
Receivables and other current assets	232.58	215.29	255.70	262.73	282.34	285.02
Other assets	0.00	0.00	0.00	0.00	0.00	0.00
Cash and cash equivalents	434.93	170.86	382.74	400.00	350.00	350.00
Total current assets	730.07	469.53	742.68	735.61	711.04	714.51
TOTAL ASSETS	4 158.87	3 933.35	4 252.46	4 429.67	4 510.34	4 591.60
Shareholders'equity	2 901.53	2 950.12	3 228.50	3 293.94	3 399.73	3 488.75
Minorities	10.00	10.18	10.36	10.36	10.36	10.36
Hybrid capital and other reserves	0.00	0.00	0.00	0.00	0.00	0.00
Pension and other LT personnel accruals	0.00	0.00	0.00	0.00	0.00	0.00
LT provisions	0.00	0.00	0.00	0.00	0.00	0.00
Interest-bearing LT debts	16.97	13.93	10.89	84.94	60.84	54.50
Other LT liabilities	495.47	522.50	638.91	641.72	641.72	641.72
Total long-term liabilities	512.44	536.43	649.80	726.66	702.56	696.23
Interest-bearing ST debts	305.15	3.21	3.18	84.94	60.84	54.50
Other ST liabilities	401.71	410.22	337.77	290.89	313.96	318.84
Total short-term liabilities	744.91	446.80	374.16	409.07	408.06	406.63
TOTAL LIAB. , EQUITY	4 158.87	3 933.35	4 252.46	4 429.67	4 510.34	4 591.60
Cash Flow Statement	2017	2018	2019	2020e	2021e	2022e
(IAS, PLN mn, 31/12)						
Cash flow from operating activities	608.52	458.87	720.98	411.45	498.21	512.67
Cash flow from investing activities	-372.05	-418.23	-476.53	-550.00	-500.00	-500.00
Cash flow from financing activities	-342.64	-304.78	-32.50	155.81	-48.21	-12.67
CHANGE IN CASH , CASH EQU.	-106.18	-264.14	211.95	17.26	-50.00	0.00
Margins & Ratios	2017	2018	2019	2020e	2021e	2022e
Sales growth	-0.3%	-1.3%	22.8%	-15.6%	8.0%	1.0%
EBITDA margin	67.6%	26.7%	35.6%	25.7%	27.4%	27.6%
EBIT margin	47.6%	3.5%	17.4%	4.9%	6.5%	5.5%
Net profit margin	37.5%	3.1%	14.3%	3.6%	5.4%	4.5%
ROE	25.7%	1.8%	10.0%	2.0%	3.2%	2.6%
ROCE	22.0%	1.6%	9.1%	1.8%	2.8%	2.3%
Equity ratio	69.5%	74.7%	75.7%	74.1%	75.1%	75.8%
Net debt	-112.8	-153.7	-368.7	-230.1	-228.3	-241.0
Working capital	-14.8	22.7	368.5	326.5	303.0	307.9
Capital employed	3 274.2	3 308.7	3 488.4	3 695.2	3 802.8	3 879.1
Inventory turnover	12.8	21.7	17.5	18.2	22.2	21.8

Source: Company data, Erste Group estimates

Disclaimer

This investment research (the "Document") has been prepared by Erste Securities Polska S.A., a subsidiary company of Erste Group Bank AG (together with consolidated subsidiaries "Erste Group") independently and objectively for the purpose of providing additional economical information about the analyzed company or companies ("Company"). LW BOGDANKA Spółka Akcyjna has been covered in this investment research within Pilot Exchange's Analytical Coverage Support Programme launched by Warsaw Stock Exchange ("Programme"). The Programme assumes that Erste Securities Polska S.A. would be remunerated by Warsaw Stock Exchange for including the Company in its analytical coverage. Therefore Warsaw Stock Exchange is entitled to author's economic right to this report as the ordering party. The Document is based on reasonable knowledge of Erste Group's analyst in charge of producing the Document as of the date thereof and may be amended from time to time without further notice. It only serves for the purpose of providing non-binding information and does not constitute investment advice or investment recommendations. This Document does not constitute or form part of, and should not be construed as, an offer, recommendation or invitation to subscribe for or purchase any securities, and neither this Document nor anything contained herein shall form the basis of or be relied on in connection with or act as an inducement to enter into any contract or inclusion of a security or financial product in a trading strategy. All information, analysis and conclusions provided herein are of general nature. This Document does not purport to provide a comprehensive overview about any investment, the potential risks and results nor does this Document take into account any individual needs of an investor (the "Investor") in relation to proceeds, tax aspects, risk awareness and appropriateness of the security or financial product. Therefore, this Document does not replace any investor- and investment-related evaluation nor any comprehensive risk disclosure; any security or financial product has a different risk level. Performance charts and example calculations do not provide any indication for future performance of the security or the financial product. Information about past performance does not necessarily guarantee a positive development in the future and investments in securities or financial products can be of risk and speculative nature. The weaker the Company's credit-worthiness is, the higher the risk of an investment will be. Not every investment is suitable for every investor. Therefore, Investors shall consult their advisors (in particular legal and tax advisors) prior to taking any investment decision to ensure that – irrespective of information provided herein – the intended purchase of the security or financial product is appropriate for the Investor's needs and intention, that the Investor has understood all risks and that, after due examination, the Investor has concluded to make the investment and is in a position to bear the economical outcome of such investment. Investors are advised to mind the client information pursuant to the Polish Act on trading in financial instruments from 2005 with following amendments. Investment research is produced by Erste Group's division for investment research within the framework provided by applicable laws. The opinions featured in the equity and credit research reports may vary. Investors in equities may pursue different interests compared to those of investors on the credit side, related to the same issuer. The analyst has no authority whatsoever to make any representation or warranty on behalf of the analyzed Company, Erste Group, or any other person.

While all reasonable care has been taken to ensure that the facts stated herein are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, Erste Group (including its representatives and employees) neither expressly nor tacitly makes any guarantee as to or assumes any liability for the up-to-dateness, completeness and correctness of the content of this Document. Neither a company of Erste Group nor any of its respective managing directors, supervisory board members, executive board members, directors, officers or other employees shall be in any way liable for any costs, losses or damages (including subsequent damages, indirect damages and loss of profit) howsoever arising from the use of or reliance on this Document. Erste Group, associated companies as well as representatives and employees may, to the extent permitted by law, have a position in the securities of (or options, warrants or rights with respect to, or interest in the financial instruments or other securities of) the Company. Further, Erste Group, associated companies as well as representatives and employees may offer investment services to the Company or may take over management function in the Company. This Document has been produced in line with Austrian law and for the territory of Austria. Forwarding this Document as well as marketing of financial products described herein are restricted or interdicted in certain jurisdictions. This, in particular, applies to the United States, Canada, Switzerland, Australia, Korea and Japan. In particular, neither this Document nor any copy hereof may be taken or transmitted or distributed, directly or indirectly, into the United States or to US Persons (as defined in the U.S. Securities Act of 1933, as amended) unless applicable laws of the United States or certain federal states of the United States provide for applicable exemptions. Any failure to comply with these restrictions may constitute a violation of the laws of any such other jurisdiction. Persons receiving possession of this Document are obliged to inform themselves about any such restrictions and to adhere to them. By accepting this Document, the recipient agrees to be bound by the foregoing limitations and to adhere to applicable regulations. Further information may be provided by Erste Group upon request. This Document and information, analysis, comments and conclusions provided herein are copyrighted material.

Erste Group reserves the right to amend any opinion and information provided herein at any time and without prior notice. Erste Group further reserves the right not to update any information provided herein or to cease updates at all. All information provided in this Document is non-binding. Misprints and printing errors reserved. This document is only made to or directed at investment professionals (as that term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial promotion) Order 2005 ("FPO")) or to persons for whom it would otherwise be lawful to distribute it. Accordingly, persons who do not have professional experience in matters relating to investments should not rely on this document.

If one of the clauses provided for in this disclaimer is found to be illicit, inapplicable or not enforceable, the clause has to be treated separately from other clauses provided for in this disclaimer to the largest extent possible. In any case, the illicit, inapplicable or not enforceable clause shall not affect the licitness, applicability or enforceability of any other clauses.

Important Disclosures

THIS DOCUMENT MAY NOT BE TAKEN, TRANSMITTED OR DISTRIBUTED INTO THE UNITED STATES, CANADA, SWITZERLAND, AUSTRALIA, KOREA OR JAPAN OR TO ANY U.S. PERSON OR TO ANY INDIVIDUAL OUTSIDE CANADA, AUSTRALIA, SWITZERLAND, KOREA OR JAPAN WHO IS A RESIDENT OF THE UNITED STATES, CANADA, SWITZERLAND, AUSTRALIA, KOREA OR JAPAN OR TO THE PRESS IN THESE COUNTRIES.

General disclosures

All recommendations given by Erste Group Research are independent, objective and are based on the latest company, industry and other general information publicly available which Erste Group Research considers being reliable; however, we do not represent or assume any liability for the completeness of accuracy of such information or our recommendation. The best possible care and integrity is used to avoid errors and/or misstatements. No influence on the rating and/or target price is being exerted by either the covered company or other internal departments of Erste Group. Each research drawn up by an analyst is reviewed by a senior research executive or agreed with a senior analyst/deputy (4-eyes-principle). Erste Group has implemented extensive Compliance Rules on personal account dealings of analysts (please see "Conflicts of Interest"). Analysts are not allowed to involve themselves in any paid activities with the covered companies except as disclosed otherwise. No part of their compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or views expressed by them contained in this document. Erste Group may engage in transactions with financial instruments, on a proprietary basis or otherwise, in a manner inconsistent with the view taken in this research report. In addition, others within Erste Group, including strategists and sales staff, may take a view that is inconsistent with that taken in this research report.

Conflicts of Interest

Disclosures of potential conflicts of interest relating to Erste Group Bank AG, its affiliates or branches and its relevant representatives and employees with respect to the issuers, financial instruments and/or securities forming the subject of this document are updated daily.

For an overview of conflicts of interests for all analysed companies by Erste Group in Equity Research please follow following link:

<https://produkte.erstegroup.com/Retail/en/ResearchCenter/Overview/Disclaimer/index.phtml>.

Erste Group Bank AG ensures with internal policies that conflicts of interest are managed in a fair manner. The policy „Managing Conflict of Interest in Connection with Investment Research“ are provided under the following link:

<https://produkte.erstegroup.com/Retail/en/ResearchCenter/Overview/Disclaimer/index.phtml>.

Erste Group rating definitions

Buy	> +20% from target price
Accumulate	+10% < target price < +20%
Hold	0% < target price < +10%
Reduce	-10% < target price < 0%
Sell	< -10% from target price

Our target prices are established by determining the fair value of stocks, taking into account additional fundamental factors and news of relevance for the stock price (such as M&A activities, major forthcoming share deals, positive/negative share/sector sentiment, news) and refer to 12 months from now. All recommendations are to be understood relative to our current fundamental valuation of the stock. The recommendation does not indicate any relative performance of the stock vs. a regional or sector benchmark.

A history of all recommendations within the last 12 months is provided under the following link:

<https://produkte.erstegroup.com/Retail/en/ResearchCenter/Overview/Disclaimer/index.phtml>.

Explanation of valuation parameters and risk assessment

Unless otherwise stated in the text of the financial investment research, target prices in the publication are based on a discounted cash flow valuation and/or comparison of valuation ratios with companies seen by the analyst as comparable or a combination of the two methods. The result of this fundamental valuation is adjusted to reflect the analyst's views on the likely course of investor sentiment. Whichever valuation method is used there is a significant risk that the target price will not be achieved within the expected timeframe. Risk factors include unforeseen changes in competitive pressures or in the level of demand for the company's products. Such demand variations may result from changes in technology, in the overall level of economic activity or, in some cases, from changes in social values. Valuations may also be affected by changes in taxation, in exchange rates, in the capital market sentiment and in regulatory provisions. Investment in overseas markets and instruments such as ADRs can result in increased risk from factors such as exchange rates, exchange controls, taxation, political, economic and social conditions.

All market prices within this publication are closing prices of the previous trading day (unless otherwise mentioned within the publication).

Detailed information about the valuation and methodology of investment research by the Erste Group Bank AG is provided under the following link:

<https://produkte.erstegroup.com/Retail/en/ResearchCenter/Overview/Disclaimer/index.phtml>.

Planned frequency of updates for recommendations

Target prices for individual stocks are meant to be 12 month target prices, starting from the date of the publication. Target prices and recommendations are reviewed usually upon release of quarterly reports, or whenever circumstances require.

Periodical publications are identified by their respective product name and indicate update frequency as such (e.g. Quarterly). Recommendations mentioned within these publications are updated in an according frequency, unless otherwise mentioned (e.g. a 12M TP is not updated on a monthly base, even when mentioned in summarizing monthly/quarterly product).

Links

Erste Group Research – Company Report

Bogdanka SA | Industrial Metals & Mining | Poland
11 February 2021

Erste Group may provide hyperlinks to websites of entities mentioned in this document, however the inclusion of a link does not imply that Erste Group endorses, recommends or approves any material on the linked page or accessible from it. Erste Group does not accept responsibility whatsoever for any such material, including in particular the completeness and accuracy, nor for any consequences of its use.

Additional notes to readers in the following countries:

Austria: Erste Group Bank AG is registered in the Commercial Register at Commercial Court Vienna under the number FN 33209m. Erste Group Bank AG is authorized and regulated by the European Central Bank (ECB) (Sonnenmannstraße 22, D-60314 Frankfurt am Main, Germany) and by the Austrian Financial Market Authority (FMA) (Otto-Wagner Platz 5, A-1090, Vienna, Austria).

Germany: Erste Group Bank AG is authorised for the conduct of investment business in Germany by the Austrian Financial Market Authority (FMA) and subject to limited regulation by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin).

United Kingdom: Erste Group Bank AG is regulated for the conduct of investment business in the UK by the Financial Conduct Authority and the Prudential Regulation Authority. This document is directed exclusively to eligible counterparties and professional clients. It is not directed to retail clients. No persons other than an eligible counterparty or a professional client should read or rely on any information in this document. Erste Group Bank AG does not deal for or advise or otherwise offer any investment services to retail clients.

Czech Republic: Česká spořitelna, a.s. is regulated for the conduct of investment activities in Czech Republic by the Czech National Bank (CNB).

Croatia: Erste Bank Croatia is regulated for the conduct of investment activities in Croatia by the Croatian Financial Services Supervisory Agency (HANFA).

Hungary: Erste Bank Hungary ZRT. and Erste Investment Hungary Ltd. are regulated for the conduct of investment activities in Hungary by the Hungarian Financial Supervisory Authority (PSZAF).

Serbia: Erste Group Bank AG is regulated for the conduct of investment activities in Serbia by the Securities Commission of the Republic of Serbia (SCRS).

Romania: Banka Comerciala Romana is regulated for the conduct of investment activities in Romania by the Romanian National Securities Commission (CNVM).

Poland: Erste Securities Polska S.A. is regulated for the conduct of investment activities in Poland by the Polish Financial Supervision Authority (PFSA).

Slovakia: Slovenská sporiteľňa, a.s. is regulated for the conduct of investment activities in Slovakia by the National Bank of Slovakia (NBS).

Switzerland: This research report does not constitute a prospectus or similar communication in connection with an offering or listing of securities as defined in Articles 652a, 752 and 1156 of the Swiss Code of Obligation and the listing rules of the SWX Swiss Exchange.

Hong Kong: This document may only be received in Hong Kong by 'professional investors' within the meaning of Schedule 1 of the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made there under.

© Erste Securities Polska S.A. 2019. All rights reserved.

Published by:

Erste Securities Polska S.A.
Analysis Department
Ul. Królewska 16
00-103 Warszawa
Erste Securities Polska S.A Homepage.: www.esp.pl

and

Erste Group Bank AG
Group Research
1100 Vienna, Austria, Am Belvedere 1
Head Office: Wien
Commercial Register No: FN 33209m
Commercial Court of Vienna
Erste Group Homepage: www.erstegroup.com