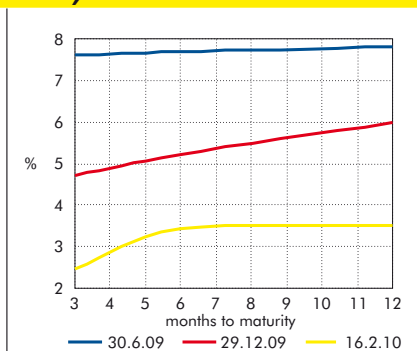


# Raiffeisen Weekly Report

February 22<sup>nd</sup>, 2010 • RBA Croatia Weekly Report no. 7/2010

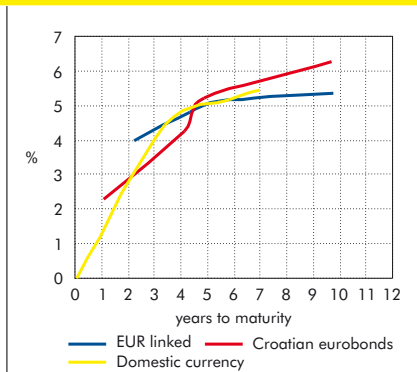
## Another quiet week

### Yield curve – short term, kuna



Sources: Ministry of Finance, CNB

### Yield curve – bonds



Sources: Raiffeisen Research, Bloomberg

### Last Week's Overview

Slight decrease in the CEE bonds' yields has been noted in the previous week. On Wednesday the Polish MoF issued 10 year bonds worth PLN 2.5 bn with demand exceeding supply by 2.5 times. The issuance had little impact on secondary market yields, which did not move much during the whole week. Polish real sector data confirmed accelerated recovery, but their impact on the bond market seems to be limited, at least for now. HUF remained stable during the whole week, while the IMF, as expected, expressed doubts about the deficit target of 3.8% for 2010. GDP announcement for Q42009 in Hungary was slightly better than expected (-4.1% yoy). In Czech Republic the focus was on disappointing GDP data that registered decline of 0.6% qoq despite the positive expectations. Domestic bond trading was recorded at low turnover. At quotations HRK-denominated bonds, the same as EUR-denominated bonds registered decline in yields (more pronounced for shorter maturities). Part of liquidity was transferred to this week's T-bill auction.

### This Week's Expectations

The momentum on the CEE market could continue to track the global sentiment. Hungary is preparing to sell the 3, 5 and 10-year bonds. Last week in February, the CEE region will witness Monetary council meetings in Hungary and Poland. While in Hungary we anticipate another 25 bp rate cut (to historically low level 5.25%) in Poland the reference rate will most probably remain unchanged at 3.5%. On the domestic bond market, we do not expect significant changes.

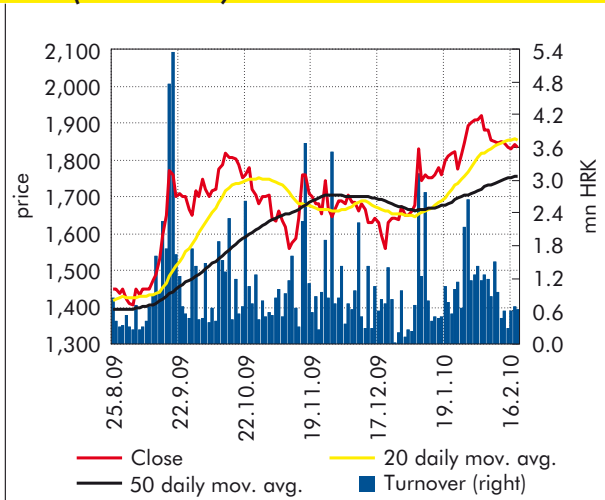
### Government bonds in domestic market

Indexed to foreign currency (eur/hrk)	Coupon	Maturity date	Price*		Ytm		Change**		Spread BUND	Spread EUROSAP
			Bid	Ask	Bid	Ask	Price-Ask	Yield-Ask		
RHMF-O-125A	6.875	23.5.2012	105.20	106.20	4.42	3.97	0.70	-0.33	327	284
RHMF-O-142A	5.500	14.6.2014	101.65	102.65	5.07	4.81	0.30	-0.08	329	283
RHMF-O-157A	4.250	14.7.2015	94.35	96.00	5.47	5.11	0.35	-0.07	320	276
RHMF-O-19BA	5.375	29.11.2019	96.00	100.00	5.92	5.37	0.00	0.00	272	244
<b>Domestic currency</b>										
RHMF-O-103A	6.750	8.3.2010	100.00	100.30	6.55	0.00	0.00	-0.01	-	-
RHMF-O-13CA	4.500	11.7.2013	99.15	100.15	4.77	4.45	0.65	-0.21	-	-
RHMF-O-15CA	5.250	15.12.2015	99.00	100.50	5.45	5.15	0.50	-0.10	-	-
RHMF-O-172A	4.750	8.2.2017	95.00	96.00	5.63	5.45	0.00	0.00	-	-

\* Raiffeisen Research; \*\* in comparison with end of last week

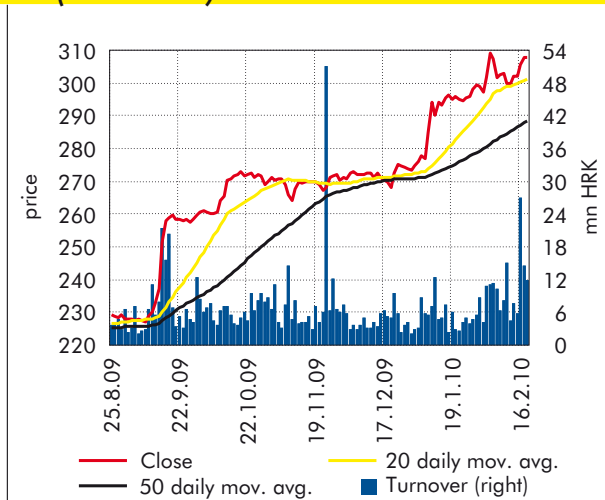
# INA and HT reported 4Q 09 figures

## INA (6 months)



Sources: ZSE, Raiffeisen research

## HT (6 months)



Sources: ZSE, Raiffeisen research

**INA** Group reported 4Q 09 figures show better operating performance yoy and qoq of continuing operations. Hence, FY 09 EBITDA amounts to HRK 4.02 bn (+12.8% yoy) and the margin stands at 19.7% (FY 08 was 13.1%). The upstream division reported FY 09 operating profit of HRK 2.74 bn (-22% yoy), the R&M posted HRK 497 mn loss and retail segment reported profit of HRK 43 mn, all excluding one offs. The FY 09 net financial expenses were HRK -402 mn (4Q 09: HRK -281 mn) and brought the bottom line to HRK 513 (+45.7% yoy); HRK 979 mn excl. one offs. Together with discontinued operations (gas business) which realised net loss of HRK 0.9 bn, total net results stands at HRK -390 mn (HRK 73 mn excl. one offs). **HT** positively surprised with the announced dividend of HRK 34.05 per share. The FY 09 report reveals 3.1% down on top line (4Q 09: -7.6% yoy) to HRK 8.5 bn with mobile telephony drop of 5% and fixed telephony revenues drop of 10.2% yoy. Operating result was mainly influenced by sales drop and burdened by provisions for redundancies. Consequently, net profit fell by 12.4% to HRK 2.02 bn. For this year management expects to see slight decline in top line and EBITDA. As for the CAPEX, somewhat lower expenditure is announced. In the fixed network investments will be focused on optical access network development and the mobile network will focus mainly on data capacity. They will continue to screen for possible expansion opportunities.

**Adris** announced the start of building a new tobacco factory in Iran. Total of EUR 30 mn will be invested and is expected to deliver 6.5bn sticks annually and to start working by the end of next year.

## Market performance

Index	1 w %	ytd %	Value on 19.2.10
ATX (AT)	4.13	2.21	2,551
BELEX15 (RS)	-0.28	6.80	709
BETI (RO)	2.87	12.24	5,265
BUX (HU)	3.51	1.11	21,462
CROBEX (HR)	1.80	8.96	2,184
PX (CZ)	4.03	3.67	1,158
RTSI (RU)	4.12	-1.70	1,420
SBI20 (SI)	-2.18	-1.32	4,025
SOFIX (BG)	-2.29	0.76	431
SASX10 (BH)	-1.57	0.35	1,057
NTX (SEE,CE,EE)	3.31	1.19	1,171
WIG20 (PL)	2.17	-5.19	2,264.78

Source: Bloomberg

## Top/Flop – CROBEX index

Share	1 w %	Price on 19.2.10	Share	1 w %	Price on 19.2.10
Đuro Đaković H.	11.11	40	Ericsson NT	1.06	1,430
IGH	8.27	3,194	Ingra	0.96	40
Tehnika	4.99	1,850	Viro TŠ	0.74	390
Luka Ploče	4.23	1,635	Jadroplov	0.59	170
Adris grupa (P)	3.49	282	Dalekovod	0.58	348
Končar	3.42	484	Atlantic Grupa	0.55	724
Podravka	3.06	339	Zagrebačka banka	0.38	261
HT	2.16	309	Dom holding	0.28	43
PBZ	2.10	580	INA	-0.13	1,841
Uljanik plovdba	1.75	639	Tankerska plov.	-1.28	1,540
Viadukt	1.47	353	Ledo	-1.95	6,550
Atlantska plov.	1.09	1,009	Petrokemija	-2.14	137

Source: ZSE, Raiffeisen research



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## Abbreviations

GDP – Gross Domestic Product  
 kn, HRK – Kuna  
 EUR – Euro  
 USD – Dollar  
 DZS – Croatian Bureau of Statistics

HNB – Croatian National Bank  
 ECB – European Central Bank  
 FED – Federal Reserve System  
 IMF – International Monetary Fund  
 MoF – Ministry of Finance

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