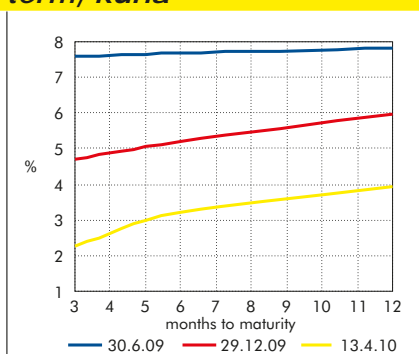


# Raiffeisen Weekly Report

May 3<sup>rd</sup>, 2010 • RBA Croatia Weekly Report no. 16/2010

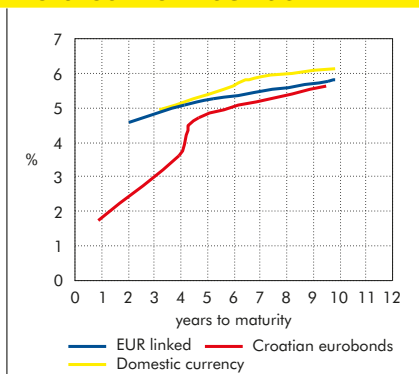
## Finally but unfortunately came the Greece

### Yield curve – short term, kuna



Sources: Ministry of Finance, CNB

### Yield curve – bonds



Sources: Raiffeisen Research, Bloomberg

### Last Week's Overview

Last week the Greek problem unfortunately but finally reached the CEE market resulting in strong push on local currencies and government bonds yields. Higher risk aversion and deteriorating market sentiment forced MoF in Czech Republic to delay the issue of a Czech Eurobond and to wait markets to calm down. So far, the government of Czech Republic has only issued less than 20% of gross financing need for this year. The MPC meeting in Poland ended with the widely expected decision to leave the key interest rates unchanged. The earliest rate movements in Poland will come at the beginning of Q1 2011 and rate cuts are highly unlikely to happen. In the same time as expected we have seen further 25bp rate cut (to 5.25%) in Hungary. On the Croatian bond market EUR-denominated bonds reported increase of bond yields along the curve, while the eurobond issues were affected by latest risk aversion which led to the fall of prices and widening of spreads compared to the benchmark German securities.

### This Week's Expectations

Economic data releases in this week could confirm slight recovery in CEE region. However, we expect bonds yields to move in line with the development of sentiment on the global markets which according to our expectation will keep yields and spreads at the current level with minimal deterioration. MPC meeting in Czech Republic could keep its key 2-week repo rate at the current 1.0%, although we cannot fully exclude the possibility of a rate cut. MoF in Croatia announced T-bill auction.

### 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	104.20	104.50	4.71	4.55	-0.10	0.03	369	315
RHMF-O-142A	5.500	14.6.2014	101.05	101.50	5.21	5.09	-0.25	0.07	356	303
RHMF-O-157A	4.250	14.7.2015	94.90	95.40	5.39	5.27	0.20	-0.04	323	278
RHMF-O-19BA	5.375	29.11.2019	96.80	97.30	5.82	5.75	-0.20	0.03	280	251
RHMF-O-203E	6.500	5.3.2020	104.70	105.20	5.86	5.80	-0.35	0.04	279	265
<b>Domestic currency</b>										
RHMF-O-137A	4.500	11.7.2013	98.25	98.75	5.10	4.93	0.15	-0.05	-	-
RHMF-O-15CA	5.250	15.12.2015	98.05	98.55	5.66	5.55	-0.05	0.01	-	-
RHMF-O-172A	4.750	8.2.2017	93.30	93.80	5.97	5.87	-0.15	0.03	-	-
RHMF-O-203A	6.750	5.3.2020	104.00	104.50	6.20	6.13	0.00	0.00	-	-

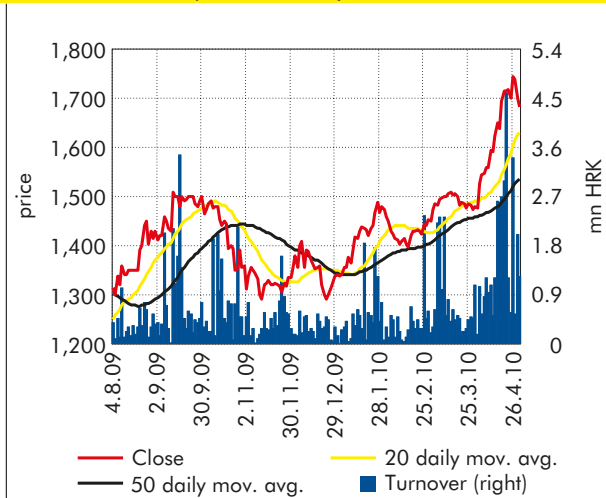
\* Raiffeisen Research; \*\* in comparison with end of last week



**Raiffeisen  
RESEARCH**  
RZB Group

# Quarterly reports in focus

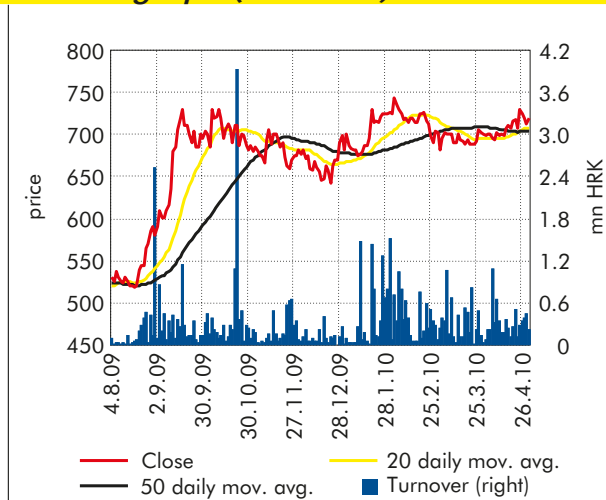
## Ericsson NT (6 months)



Sources: ZSE, Raiffeisen research

Last week of the April on ZSE was labelled by 1Q 10 reports releases. **Ericsson NT** posted sales of HRK 302.9mn (+2.7% yoy), mainly due to 112.7% yoy growth on CIS market. The gross profit rose by 16.7% due to favourable product mix changes. Reported EBIT amounts to HRK 27.9mn (+140.8% yoy), whereas bottom line was 22.1% yoy lower. Consolidated **HT's** revenue dropped 6% yoy in 1Q 10 (HRK 1.9bn), as a consequence of decreased mobile revenues (-10.7%) and fixed telephony revenues (-9.6%). On the upside, internet revenue rose 21%. EBITDA margin declined to 42.2% in spite of lower staff expenses. The management expects a moderate decline in revenues, some erosion of EBITDA and lower CAPEX in FY 2010.

## Atlantic grupa (6 months)



Sources: ZSE, Raiffeisen research

**Atlantic grupa's** top line advanced +2.6% yoy to HRK 504.2mn, with Sports and functional food division as key growth driver (+7.2%). Geographically, Slovenian market posted the strongest growth rate (+181.9%). Operating profit went up by 76.3% (2.8% excluding the one-offs). The bottom line amounted to HRK 56.7mn (+133.8% yoy) and HRK 16.8mn (+7.7% yoy) excluding the one-offs. The management retains FY10 guidance: 4.6% top line growth and EBIT growth of 6%. **Podravka's** total sales dropped by 2% yoy where F&B segment went down by 1% and pharma by 5% yoy. However, export sales actually posted a nice increase. Gross margin remained nearly flat yoy at 40.7%. Overall, largest savings were in SG&A, coming out after staff expenses and costs cutting. The bottom line went up by 23.5%. Overall, **Viro's** reported figures are overall better yoy on the back of higher prices and postponement of the sugar cane campaign. Sales went up by 17.3% to HRK 131.2mn, whilst net income amounted to HRK 10.6mn (+686.5% yoy).

## Market performance

Index	1 w %	ytd %	Value on 30.4.2010
ATX (AT)	-2.82	6.35	2,654
BELEX15 (RS)	-0.67	12.96	750
BETI (RO)	-2.51	22.11	5,728
BUX (HU)	0.70	16.09	24,642
CROBEX (HR)	-1.45	7.84	2,161
PX (CZ)	-0.95	14.59	1,280
MICEX (RU)	-1.92	8.82	3,400
SBI20 (SI)	-0.48	-2.92	954
SOFIX (BG)	-1.55	-2.41	417
SASX10 (BH)	0.17	-3.33	1,018
NTX (SEE,CE,EE)	-1.13	10.15	1,275
WIG20 (PL)	1.80	7.16	2,559.79

Source: Bloomberg

## Top/Flop – CROBEX index

Share	1 w %	Price on 30.4.2010	Share	1 w %	Price on 30.4.2010
Viadukt	4.95	339	Petrokemija	-0.60	133
IGH	2.98	2,698	Ingra	-0.71	38
Luka Ploče	1.77	1,730	Atlantic Grupa	-1.23	720
Viro TŠ	1.16	396	Dalekovod	-1.79	375
JANAF	1.16	2,937	PBZ	-1.80	599
Tehnika	1.02	1,493	Ericsson NT	-2.23	1,662
INA	0.94	1,802	Adris grupa (P)	-2.26	303
Ledo	0.30	6,650	Zagrebačka b.	-2.49	255
Belišće	0.21	495	HT	-3.12	274
Uljanik plovodba	0.15	661	Dom holding	-3.59	40
Jadroplov	0.02	180	Podravka	-4.82	336
Kraš	0.00	370	Končar	-4.95	480
Atlantska plov.	-0.34	1,016			

Source: ZSE, Raiffeisen research



**Raiffeisen  
RESEARCH**  
RZB Group

## Raiffeisen Consulting Economic Research Department

Zrinka Zivkovic Matijevic, MSc, Acting Head of Department; Fixed Income Market, Macroeconomics, Politics, MM and Exchange Rates; tel: + 385 1/61 74 338, email: zrinka.zivkovic-matijevic@rba.hr  
 Ivana Juric, Economic Analyst; Macroeconomics, MM and Exchange Rates; tel: 01/61 74 349, email: ivana.juric@rba.hr  
 Nada Harambašić, MSc, Chief Financial Analyst; Equity Market; tel: + 385 1/61 74 870, email: nada.harambasic@rba.hr  
 Ana Franin, Financial Analyst; Equity Market; tel: + 385 1/61 74 388, email: ana.franin@rba.hr  
 Marijana Cigić, MSc, Real estate Analyst; tel: + 385 1/61 74 359, email: marijana.cigic@rba.hr

## Raiffeisenbank Austria

Anton Starčević, MSc, Chief Economist; tel: + 385 1/61 74 210, email: anton.starcevic@rba.hr

### Treasury and Investment Bank Division

Ivan Žižić, Executive Director; tel: + 385 1/46 95 076, email: ivan.zizic@rba.hr

## 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

## Publisher

Raiffeisenbank Austria d.d. Zagreb  
 Petrinjska 59, 10000 Zagreb  
 www.rba.hr  
 tel. ++385 1/45 66 466  
 fax: ++385 1/48 11 626

Publication finished on April 30<sup>th</sup>, 2010

### DISCLAIMER

This publication is issued by and at the responsibility of Raiffeisenbank Austria d.d. Zagreb. The publication or any part of it cannot be considered an offer or invitation to purchase of any asset or right. Information, opinions, conclusions, forecasts and projections presented in this publication are based on public statistic and other information from resources, the completeness and accuracy of which Raiffeisenbank Austria d.d. Zagreb relies on, but which it does not guarantee. Therefore, information, opinions, conclusions, forecasts and projections presented in this publication are liable to changes depending on the changes of the information source, as well as to the changes which occurred from the moment of writing the text to the actual reading of it. All securities and other assets mentioned in this document can be an issue for taking a position by Raiffeisenbank Austria d.d. Zagreb. All such assets and rights can bear the risk on the assessment of which the stands presented in this document cannot influence. The document or its parts cannot be copied, or reproduced in any other way without quoting the source.

