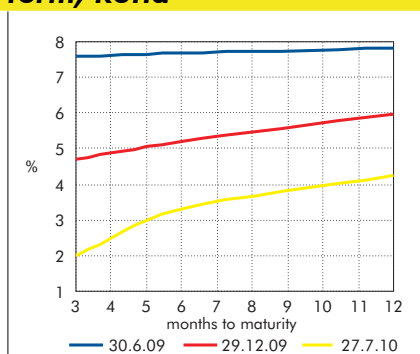


# Raiffeisen Weekly Report

August 2<sup>nd</sup>, 2010 • RBA Croatia Weekly Report no. 28/2010

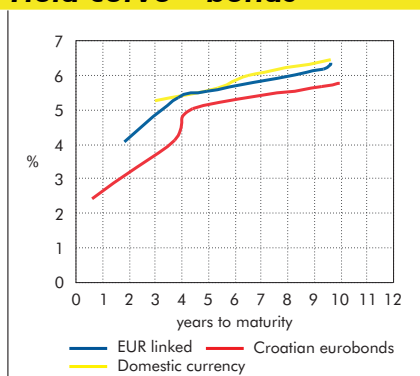
## Supportive global market sentiment

### Yield curve – short term, kuna



Sources: Ministry of Finance, CNB

### Yield curve – bonds



Sources: Raiffeisen Research, Bloomberg

### Last Week's Overview

The supportive global market sentiment mainly caused appreciation pressures on CE currencies. With exception of Czech government bonds, yields across the CE region remained stable in the last week. The yield of the Czech 10-year benchmark government bonds dropped below 4%. On the domestic bond market HRK-government bonds and EUR-government bonds reported an increase of prices and relatively stable spreads compared to German benchmarks. In line with the improved risk sentiment and developments on the CEE market, Croatian Eurobond also recorded a growth of prices. As expected the demand was more pronounced for the longest maturities. Therefore, the yield curve flattened. MoF held the T-bills auction, the first one after two weeks. Due to the solid demand (bid-to-cover 2.5) the total value of issuance was above target offer and matured obligation. Only 1-year yields reported a slight decrease (HRK-denominated to 4.25% and EUR-denominated to 3.55%).

### This Week's Expectations

If the global market sentiment continues to improve domestic bonds on the CE market could strengthen. However, we see a little room for significant yields' decrease in the short run, as uncertainties concerning the public finance situation in the region have not diminished. On the domestic market we expect the calm week with modest trading volume and stable yields. MoF announced the T-bills auction. The planned issuance is HRK200 mn of HRK-denominated T-bills and EUR40 mn of EUR-denominated T-bills.

### 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	104.35	104.85	4.34	4.06	0.45	-0.27	416	349	416	349
RHMF-O-142A	100.20	100.70	5.50	5.35	0.50	-0.09	473	390	473	390
RHMF-O-157A	94.00	94.50	5.66	5.54	0.00	0.00	432	365	432	365
RHMF-O-19BA	94.00	94.50	6.23	6.16	0.00	0.00	401	348	401	348
RHMF-O-203E	100.65	101.15	6.44	6.37	0.85	-0.09	409	374	409	374
<b>Domestic currency</b>										
RHMF-O-137A	97.50	98.00	5.43	5.24	0.10	-0.03	-	-	-	-
RHMF-O-15CA	97.85	98.35	5.72	5.61	0.35	-0.08	-	-	-	-
RHMF-O-172A	92.90	93.40	6.09	5.99	0.10	-0.02	-	-	-	-
RHMF-O-203A	101.55	102.05	6.53	6.46	0.55	-0.08	-	-	-	-

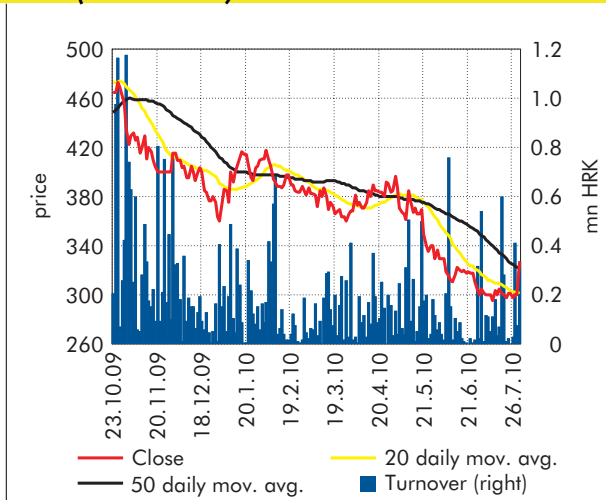
\* Raiffeisen Research; \*\* in comparison with end of last week



**Raiffeisen  
RESEARCH**  
RZB Group

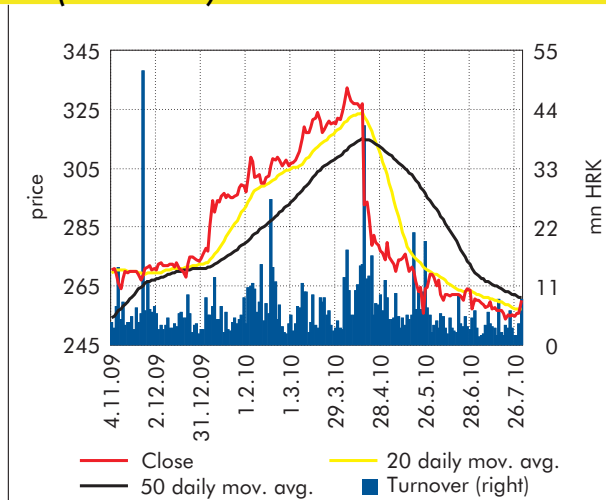
# 1H results season

## Viro (6 months)



Sources: ZSE, Raiffeisen research

## HT (6 months)



Sources: ZSE, Raiffeisen research

**Viro** posted 1% yoy higher 1H 10 top line (HRK 248.8mn). The cane sugar campaign was further postponed to 3Q 10, which is the reason for material expenses as low as 39.7% of sales. Consequently EBIT rose 231% yoy to HRK 23.9 mn and bottom line amounted to HRK 26.3 mn (HRK -11.3 mn in 1H 09). **Ericsson NT's** revenues came in yoy flat, HRK 617.1 mn. Domestic market recorded a 30.7% drop caused by decreased and postponed investments of key customers, whereas strongest growth came from CIS market. Gross margin amounted to 18.8% due to product mix changes. Due to the HRK 126.5 mn receivables write-off, reported EBIT was negative at HRK-54 mn (HRK 72.5 mn excluding the one-offs) and net profit stood at HRK -42.4 mn (HRK 34.8 mn in 1H 09).

**Uljanik plovidba** sales figure showed 2% yoy increase to HRK 125.4 mn. Additional revenues were realized through sales of the FR8 Adria vessel. Finally, bottom line rose 37% yoy to HRK 38 mn. **HT's** 1H 10 revenues reached HRK 4.04 bn, -3.9% yoy. The fall was mitigated by Combis acquisition, which contributed with revenues of HRK 53 mn. Without the Combis, the top line is 5.2% lower. EBITDA margin (incl. the one-offs) amounted to 42.6% (-3pp yoy), whilst net profit decreased 24.7% yoy (HRK 822 mn). **Podravka's** sales amounted to HRK 1.66 bn in 1H 10 (-4% yoy), due to 11% weaker domestic performance. EBIT improved 1.1%, as a result of decreased SG&A expenses. Bottom line amounted to HRK 31.5 mn. **Adris grupa** reported sales of HRK 1.2 bn, which is 8.9% yoy lower, mostly due to weaker 1Q 10. Operating profit amounted to HRK 158 mn (-52.5% yoy lower) and the bottom line HRK 118.8 mn.

## Market performance

Index	1 w %	ytd %	Value on 30.7.2010
ATX (AT)	3.49	-0.35	2,487
BELEX15 (RS)	1.24	-4.97	631
BETI (RO)	3.46	8.18	5,074
BUX (HU)	1.85	5.29	22,349
CROBEX (HR)	0.71	-7.36	1,857
PX (CZ)	0.70	5.13	1,175
MICEX (RU)	2.90	6.48	3,338
SBI20 (SI)	-0.76	-17.22	813
SOFIX (BG)	2.36	-13.40	370
SASX10 (BH)	1.17	-16.76	877
NTX (SEE,CE,EE)	2.35	1.86	1,179
WIG20 (PL)	0.29	3.32	2,468.10

Source: Bloomberg

## Top/Flop – CROBEX index

Share	1 w %	Price on 30.7.2010	Share	1 w %	Price on 30.7.2010
Dom holding	16.84	37	Atlantic Grupa	0.02	705
Atlantska plov.	6.06	840	Ericsson NT	0.00	1,280
Končar	4.97	479	INA	-0.72	1,660
Viro TŠ	3.03	310	Petrokemija	-0.85	117
Zagrebačka banka	2.76	216	Luka Ploče	-0.96	1,603
JANAF	2.76	2,720	Kraš	-1.23	400
Jadroplov	2.34	140	Adris grupa (P)	-1.50	254
PBZ	1.59	510	IGH	-2.97	1,669
Podravka	1.58	290	Ledo	-4.87	5,708
Tehnika	1.56	1,045	Belišće	-4.89	428
HT	1.38	259	Inggra	-6.20	23
Dalekovod	1.18	283	Viadukt	-8.01	218
Uljanik plovidba	1.08	560			

Source: ZSE, Raiffeisen research



**Raiffeisen  
RESEARCH**  
RZB Group

# Raiffeisen Research

## 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 July 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.

