26 October 2009

Periodic Report

BRE Bank Securities

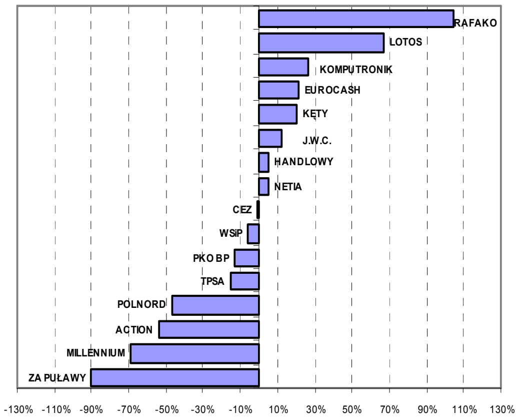
Equity Market

Forecasts of Quarterly Results

3Q 2009

WIG	**40 263**
Average 2009E P/E	15.1
Average 2010E P/E	14.5
Avg dialy trading volume (3M)	PLN 1 356m

EPS dynamics of selected companies*



**calculated for: 4Q'08-3Q'09 / 3Q'08-2Q'09*

Analysts:

Michał Marczak
(+48 22) 697 47 38
michal.marczak@dibre.com.pl

Marta Jeżewska
(+48 22) 697 47 37
marta.jeżewska@dibre.com.pl

Kamil Kliszcz
(+48 22) 697 47 06
kamil.kliszcz@dibre.com.pl

Piotr Grzybowski
(+48 22) 697 47 17
piotr.grzybowski@dibre.com.pl

Maciej Stokłosa
(+48 22) 697 47 41
maciej.stoklosa@dibre.com.pl

Banks. In Q3'09, bank earnings will not change appreciably vs. Q2'09. While revenues will increase and expenses will be kept in check, the costs of risk will remain high and trading income will be difficult to improve due to the high base. Once more, ING BSK will stand out and Millennium will struggle.

Gas&Oil. Orlen and Lotos will once more report excellent earnings, but mostly due to inventory revaluation and F/X gains on loans. After a series of three quarterly losses, PGNiG will post a solid profit, but it will remain in the red YTD. CEZ should post a net profit close to last year's.

Telecommunications. For both TPSA and Netia, this quarter will be similar to Q2. TPSA is yet to restructure its costs in order to adjust them to new market conditions (2010), while for Netia this will be the last quarter of fast revenue growth.

Media. Both Agora and TVN will see weak advertising revenues, building their profits on cost-cutting. For now, Cyfrowy Polsat will not benefit from the appreciating zloty and its earnings will be largely flat on previous quarters. WSiP will see considerable revenue growth, but the flip side will be higher marketing and promotional expenses.

IT. Asseco's earnings will be somewhat lower than last year, although net income will improve. Sygnity will not be able to break even in Q3. Among the distributors, Asbis, AB and Action will do well, while Komputronik will record another loss.

Metals. The increases in metal prices are not fully reflected in KGHM's earnings due to considerable hedging volumes and the appreciating zloty, but the scale of these increases opens the door for an upwards revision of this year's forecast by ca. PLN 250m.

Construction. In Q3'09, big construction companies will continue to post excellent profits. There will be a certain deterioration in earnings on current projects at PBG and Budimex, but these tendencies will have concrete causes and will be reversed in Q4 2009. Companies that specialize in construction asset rentals will continue to perform poorly.

Developers. The developers' earnings will be directly proportional to the number of homes they deliver in Q3 2009. Dom Development will hand over relatively fewer homes than in the preceding quarters, Polnord many more.

Retail. Eurocash and Emperia should significantly improve their net incomes on last year, although this fast growth will be partially a consequence of the artificially low bases. At the EBITDA level, we expect Eurocash to show faster growth.

Financial Sector

Banks

BZ WBK

Hold

Analyst:	FY09E P/E	19.4	FY09E P/BV	2.2	**Current price**	**PLN 171.8**
Marta Jeżewska	FY10E P/E	17.2	FY10E P/BV	2.0	**Target price**	**PLN 152.1**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Net interest income	402	430	-6.4%	1 118	1 207	-7.3%	1 449	1 635	-11.4%
Net fee income	344	344	0.1%	993	1056	-6.0%	1 345	1 390	-3.2%
NIM	2.9%	3.6%	-	2.6%	3.5%	-	2.5%	3.3%	-
Income f. bank oper.	798	805	-0.9%	2 367	2 425	-2.4%	3 096	3 190	-2.9%
Operating expenses	-394	-428	-7.9%	-1 200	-1 263	-4.9%	-1 632	-1 655	-1.4%
Operating income*	410	387	5.9%	1 185	1 195	-0.9%	1 489	1 576	-5.5%
Provisions	-119	-44	170.8%	-402	-64	531.6%	-622	-365	70.7%
Pre-tax income	291	342	-14.8%	779	1 130	-31.1%	867	1 211	-28.5%
Net income	223	247	-9.7%	600	815	-26.3%	647	855	-24.4%

** before provisions*

Solid earnings in Q3'09

With interest and fee income getting stronger, the Bank will be able to keep its quarterly earnings at a good level. We are expecting it to post a net income of PLN 223m (14% more than in Q2'09, adjusted for dividends from AVIVA). With a liquid balance sheet, positive F/X trends (the zloty has appreciated by 5.5% vs. the euro since the end of Q2) and active lending (which the CEO promised throughout the quarter), the Bank did not need to collect expensive deposits from the market. The Bank is also being helped by margin revisions for existing loans and new lending at higher margins. Fee income will increase once again, thanks to the good situation in equity markets and higher transaction fees. Trading income will deteriorate on Q2'09, but this is just an exception in the overall uptrend. Costs will remain in check, declining vs. last year. We believe the Bank has a strong chance of containing its FY costs of risk at 1.5%. We do expect it to create more provisions in Q4 as it carries out the annual review of its portfolio, but for now there are no reasons to expect these to be higher than in Q2'09.

Banks

Getin

Hold

Analyst:	FY09E P/E	28.4	FY09E P/BV	1.7	**Current price**	**PLN 8.94**
Marta Jeżewska	FY10E P/E	14.2	FY10E P/BV	1.5	**Target price**	**PLN 9.32**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Net interest income	214	189	13%	661	597	11%	890	808	10%
Net fee income	117	65	80%	339	182	87%	463	242	92%
NIM	2.5%	3.0%	-	2.6%	3.3%	-	2.7%	3.2%	-
Income f. bank oper.	454	591	-23%	1 591	1 539	3%	2 066	2 030	2%
Operating expenses	-220	-211	4%	-659	-566	16%	-886	-787	13%
Operating income*	218	319	-32%	900	815	10%	1 133	1 080	5%
Provisions	-186	-95	96%	-599	-217	176%	-786	-379	107%
Pre-tax income	32	226	-86%	300	601	-50%	347	701	-51%
Net income	14	165	-92%	198	443	-55%	224	509	-56%

** before provisions*

Tough H2 2009

We are expecting PLN 224m in net income in FY2009. After H1'09, the Bank's net earnings amounted to PLN 184m. The second half of the year will be much tougher. The decline in earnings will be driven by a considerable reduction in trading income stemming from the introduction of hedge accounting. In H1'09, a very considerable portion of revenues came from the valuation of CIRS instruments, thanks to increase in margins (higher fair-value valuation). The other lines of revenues will be improving gradually (with an acceleration next year), as high-interest term deposits expire. The costs of risk will remain very high (the problem concentrates in Getin Bank's consumer finance segment), and the scope for further cost-cutting is very limited.

Banks

Handlowy

Reduce

Analyst:
Marta Jeżewska

FY09E P/E 23.8 FY09E P/BV 1.4
FY10E P/E 20.6 FY10E P/BV 1.4

Current price PLN 65.0
Target price PLN 59.5

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Net interest income	370	335	10.4%	1 144	982	16.5%	1 538	1 366	12.6%
Net fee income	144	150	-4.0%	399	480	-16.8%	526	619	-14.9%
NIM	3.6%	3.6%	-	3.6%	3.5%	-	3.7%	3.4%	-
Income f. bank oper.	612	650	-5.8%	1 800	1 875	-4.0%	2 390	2 313	3.3%
Operating expenses	-351	-367	-4.5%	-1 076	-1 160	-7.2%	-1 451	-1 496	-3.0%
Operating income*	397	295	34.6%	893	771	15.8%	1 006	910	10.6%
Provisions	-99	-23	339.3%	-432	-59	635.8%	-546	-153	256.6%
Pre-tax income	298	273	9.3%	460	714	-35.6%	460	759	-39.3%
Net income	238	216	10.5%	356	566	-37.1%	357	600	-40.6%

** before provisions*

A one-off will give a big boost to earnings

With declining loan volumes and promotions on the savings account (aimed at the acquisition of new retail clients), the Bank will see its net interest income shrink from PLN 384m in Q2 to PLN 370m. This is still better than last year (thanks to liquid balance sheet, limited involvement in the deposit war and higher assets). Fee income will improve vs. Q2'09 (from PLN 130m to PLN 144m), but the y/y growth rate will remain negative (we expect this to change in Q4'09). Operating expenses will remain in check thanks to the continuation of savings programs. We expect a considerable reduction in the cost of credit risk vs. H1'09, from 4.9% to 3%, but this is still higher than at any other listed bank. The sale of the NPL portfolio will have a limited impact on earnings, but it will considerably improve asset quality. Another important factor will be PLN 118m tax adjustment gains for 2005-2008. In fact this amount will give a considerable boost to FY revenues, as it constitutes 27% of our FY2009 forecast, and it makes dividends for FY2009 more likely. In the near future, we will revise our earnings projections to take this sum into account.

Banks

ING BSK

Accumulate

Analyst:
Marta Jeżewska

FY09E P/E 16.3 FY09E P/BV 1.8
FY10E P/E 16.3 FY10E P/BV 1.6

Current price PLN 665.0
Target price PLN 663.6

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Net interest income	386	298	29.9%	1 067	848	25.8%	1 397	1 152	21.3%
Net fee income	242	228	6.1%	680	651	4.5%	917	890	3.1%
NIM	2.4%	1.9%	-	2.1%	1.9%	-	2.1%	1.9%	-
Income f. bank oper.	702	605	16.0%	1 918	1 788	7.3%	2 574	2 060	24.9%
Operating expenses	-391	-403	-2.9%	-1 136	-1 152	-1.4%	-1 492	-1 507	-1.0%
Operating income*	315	200	57.6%	797	624	27.5%	1 101	580	89.7%
Provisions	-73	-7	914.0%	-249	51	-	-481	-66	633.2%
Pre-tax income	254	205	23.8%	586	714	-18.0%	668	563	18.7%
Net income	203	167	21.8%	467	574	-18.7%	530	445	19.1%

** before provisions*

Earnings on the way up

We expect the positive trends in ING BSK's earnings to continue. Interest income will be on the rise thanks to active lending, especially to corporations (the margins remain very high in this segment) and the declining cost of financing (in Q3'09, the Bank continued to reduce interest paid on its flagship OKO accounts). Fee income will continue to reflect the current good situation in equity markets. While operating expenses will increase on Q2'09, they will remain in check and will not go up y/y. We believe that this year's good earnings will lead to a gradual increase in accrued bonuses. The costs of risk will remain relatively low; we do not expect them to exceed the Q2'09 level. This might change towards the end of the year, but it will not affect the overall good picture in FY2009.

Kredyt Bank

Banks | **Hold**

Analyst: Marta Jeżewska

FY09E P/E 118.2 | FY09E P/BV 1.3 | **Current price** **PLN 12.80**
FY10E P/E 30.3 | FY10E P/BV 1.2 | **Target price** **PLN 11.76**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Net interest income	271	274	-1.2%	787	768	2.5%	1 056	1 060	-0.4%
Net fee income	81	76	6.8%	227	220	3.4%	306	293	4.5%
NIM	2.7%	3.5%		2.6%	3.4%		2.7%	3.2%	
Income f. bank oper.	388	432	-10.3%	1 141	1 169	-2.4%	1 537	1 586	-3.1%
Operating expenses	-247	-269	-8.1%	-765	-805	-4.9%	-1 017	-1 105	-8.0%
Operating income*	146	183	-19.9%	421	404	4.2%	570	531	7.3%
Provisions	-125	-37	236.3%	-398	-70	467.7%	-533	-108	393.0%
Pre-tax income	22	146	-85.2%	24	333	-92.9%	37	421	-91.3%
Net income	17	116	-85.0%	21	260	-91.8%	29	325	-90.9%

** before provisions*

Provisions still high

Credit risk charges will remain the Bank's core problem; we believe they will increase vs. Q2'09. They will remain high in consumer finance, and this time, unlike in Q2'09, we cannot hope to see the Bank release provisions in the corporate segment. As far as revenues are concerned, we expect higher fee income; this is where the Bank has the best potential for long-term improvement. Downsizing programs will reduce expenses. We expect that non-payroll expenses will be cut as well, making for a lasting reduction in costs. Q3'09 will do little to change our outlook on FY2009. We are expecting a small net income of PLN 29m. The Banks main problem are still the costs of risk in consumer finance and its low fee income.

Millennium

Banks | **Buy**

Analyst: Marta Jeżewska

FY09E P/E 105.8 | FY09E P/BV 1.5 | **Current price** **PLN 5.2**
FY10E P/E 18.4 | FY10E P/BV 1.4 | **Target price** **PLN 5.3**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Net interest income	165	251	-34.2%	462	712	-35.2%	627	918	-31.7%
Net fee income	118	113	4.4%	350	362	-3.2%	465	508	-8.4%
NIM	1.5%	2.7%	-	1.3%	2.7%	-	1.4%	2.0%	-
Income f. bank oper.	327	503	-35.0%	1 035	1 420	-27.1%	1 412	1 655	-14.7%
Operating expenses	-260	-302	-13.8%	-780	-877	-11.1%	-1 041	-1 023	1.8%
Operating income*	71	203	-65.2%	271	558	-51.3%	392	653	-40.0%
Provisions	-77	-46	65.9%	-262	-83	215.2%	-347	-357	-2.7%
Pre-tax income	-6	157	-	16	475	-96.5%	52	297	-82.6%
Net income	-5	126	-	16	378	-95.7%	42	240	-82.6%

** before provisions*

Q2'09 was not the rock bottom

We expect Bank Millennium to record a net loss in Q3'09. Improvement in pro forma interest income from PLN 112m to PLN 165 is an important step forward, but the weaker trading income and other net operating income will keep banking income at a level only slightly above Q2'09 (PLN 331m vs. PLN 320m). The Bank's far-reaching cost-cutting effort will lead to the biggest reduction in expenses among all the listed banks (-11% YTQ3), but it will be hard to do more than was done already in Q2'09. The loss will be a consequence of the mounting credit risk charges. Assuming that their FY level will amount to 1%, as per our forecast, they will increase considerably vs. Q2'09, when they stood at a mere 63bps. Still, our long-term earnings forecast remain unchanged. We expect 2010 to bring a considerable improvement in profitability (better margins), which will lead to improvement in earnings even if credit risk charges remain elevated.

Banks

Pekao

Hold

Analyst:
Marta Jeżewska

FY09E P/E	19.6	FY09E P/BV	2.5
FY10E P/E	17.0	FY10E P/BV	2.3

Current price **PLN 171.8**
Target price **PLN 154.4**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Net interest income	969	1 135	-14.6%	2 827	3 400	-16.9%	3 799	4 509	-15.8%
Net fee income	576	559	2.9%	1 658	1 789	-7.3%	2 212	2 342	-5.5%
NIM	3.0%	3.7%	-	2.9%	3.7%	-	2.9%	3.5%	-
Income f. bank oper.	1 815	1 861	-2.5%	5 334	5 708	-6.6%	7 131	7 578	-5.9%
Operating expenses	-945	-945	0.0%	-2 815	-2 838	-0.8%	-3 727	-3 788	-1.6%
Operating income*	885	1 065	-16.9%	2 570	3 539	-27.4%	3 475	4 535	-23.4%
Provisions	-184	-38	389.8%	-428	-159	168.6%	-669	-294	127.6%
Pre-tax income	714	1 052	-32.1%	2 180	3 472	-37.2%	2 860	4 346	-34.2%
Net income	577	841	-31.4%	1 757	2 809	-37.5%	2 304	3 528	-34.7%

** before provisions*

No surprises

The Bank's Q3'09 earnings will be slightly below the Q2'09 level (PLN 577m vs. PLN 613m), due to the high trading income base (which includes the nearly PLN 45m gain on the sale of shares in MasterCard). At the same time, in line with what the Management has said, credit risk charges will be gradually increasing. The low Cost/Income ratio will remain the Bank's trademark (we project slightly under 52%). We do not expect a change in expenses vs. the preceding quarters. The earnings are in line with our FY net income forecast of PLN 2.3bn, which is ca. 1/3 less than last year.

Banks

PKO BP

Hold

Analyst:
Marta Jeżewska

FY09E P/E	21.5	FY09E P/BV	2.3
FY10E P/E	18.9	FY10E P/BV	2.2

Current price **PLN 36.0**
Target price **PLN 32.0**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Net interest income	1 196	1 592	-24.9%	3 497	4 506	-22.4%	4 836	6 127	-21.1%
Net fee income	644	594	8.3%	1 815	1 766	2.8%	2 342	2 412	-2.9%
NIM	3.4%	5.3%	-	3.3%	5.2%	-	3.2%	5.0%	-
Income f. bank oper.	2 091	2 345	-10.8%	6 270	6 749	-7.1%	8 387	9 097	-7.8%
Operating expenses	-1 047	-1 047	0.0%	-3 122	-3 057	2.1%	-4 435	-4 296	3.2%
Operating income*	1 090	1 366	-20.2%	3 350	3 877	-13.6%	4 156	5 092	-18.4%
Provisions	-401	-251	59.4%	-1 165	-428	172.1%	-1 578	-1 130	39.6%
Pre-tax income	694	1 117	-37.9%	2 189	3 469	-36.9%	2 588	3 977	-34.9%
Net income	555	904	-38.6%	1 706	2 753	-38.0%	2 089	3 121	-33.1%

** before provisions*

No major changes

We expect the Bank's earnings in Q3'09 to be slightly weaker, after salary hikes were introduced on 1 July rather than in Q2, which used to be the case in earlier years. Other than that, little will change in the Bank's situation vs. the preceding period. Interest income will decelerate (among other things, due to the introduction of hedge accounting and the recognition of swaps in interest income), but it will still be over 20% lower than last year. The new fee schedule, introduced in Q2'09 (at the end of April) will have an impact on fee income, but improvement will be smaller than before (the quarter includes one more month of higher fees). Income from banking operations will remain practically unchanged vs. last quarter, because the improvement in interest and fee income will be offset by the decline in trading income. We are forecasting a decline in other net operating income (from PLN 110m in Q2'09 to PLN 46m) due to the high base stemming from the completion of projects by the subsidiary PKO Inwestycje. We expect the costs of credit risk to remain stable at 1.5% of the portfolio. For the time being, we do not expect a significant improvement in the Ukraine, or a sharp drop in retail provisions. The corporate segment is problematic as well, after the considerable reduction in provisions coverage ratio last quarter.

Oil and Gas

CEZ

Utilities — **Reduce**

Analyst: Kamil Kliszcz

FY09E P/E 9.6 | FY09E EV/EBITDA 6.7 | **Current price PLN 144.3**

FY10E P/E 10.2 | FY10E EV/EBITDA 6.9 | **Target price PLN 140.6**

(CZK m)	Q3 2009F	Q3 2008	change	Q1-Q3 2009F	Q1-Q3 2008	change	2009F	2008	change
Revenue	40 298.8	41 400.0	-2.7%	135 913.8	131 821.0	3.1%	184 029.2	181 638.0	1.3%
EBITDA	19 717.2	20 265.0	-2.7%	71 544.2	68 818.0	4.0%	89 223.6	87 253.0	2.3%
margin	48.9%	48.9%	-	52.6%	52.2%	-	48.5%	48.0%	-
EBIT	14 053.2	15 453.0	-9.1%	54 909.2	53 200.0	3.2%	65 984.7	65 163.0	1.3%
Pre-tax profit	15 195.4	15 786.0	-3.7%	55 140.4	52 553.0	4.9%	64 067.2	60 716.0	5.5%
Net profit	11 941.9	12 302.0	-2.9%	43 582.9	40 885.0	6.6%	50 343.4	46 510.0	8.2%

Effective price of energy going down

We believe CEZ's Q3'09 earnings will be shaped mostly by the declining spot prices and the slight reduction in the share of transactions in which price is hedged at a higher level. The current PXE prices (-12% q/q translated into the CZK) are also relevant given the problems some customers of CEZ Prodej have with meeting their contractual obligations, which pushes up the share of spot sales (the Company did signal this issue in Q2 already). As far as output volumes are concerned, we do not expect big q/q changes (maintenance downtime at Temelin was offset by higher output at Dukovany, which is back at 100% capacity, which implies a 3.6% q/q increase in nuclear power production). Another factor leading to q/q improvement is the lower cost of maintenance work. All in all, the production segment should generate operating profit of ca. CZK 10.3bn, i.e. approximately 10% less than a year earlier. In distribution, EBIT may be negatively impacted by the warmer temperatures recorded in September, which entail lower volumes. Therefore, despite the change in accounting rules for network access fees (in place since Q1'09), we expect a reduction in EBIT in this case as well, by some CZK 300m, to CZK 2.2bn. We do not expect significant q/q changes in mining, and we project an EBIT of slightly under CZK 1bn. We estimate net income at CZK 11.9bn, which entails a mere 2.9% y/y reduction, thanks to finance gains from the revaluation of options for MOL stock, which we estimate at CZK 1.8bn.

Ciech

Chemicals — **Hold**

Analyst: Kamil Kliszcz

FY09E P/E - | FY09E EV/EBITDA 8.8 | **Current price PLN 39.2**

FY10E P/E 13.7 | FY10E EV/EBITDA 5.4 | **Target price PLN 41.7**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 2009F	Q1-Q3 2008	change	2009F	2008	change
Revenue	896.6	923.8	-2.9%	2 745.3	2 981.2	-7.9%	3 658.7	3 781.3	-3.2%
EBITDA	63.2	109.5	-42.3%	313.4	437.9	-28.4%	420.9	459.7	-8.4%
margin	7.1%	11.9%	-	11.4%	14.7%	-	11.5%	12.2%	-
EBIT	7.6	46.1	-83.5%	144.3	275.8	-47.7%	196.1	256.4	-23.5%
Pre-tax profit	-32.3	-20.9	-	29.6	176.7	-83.3%	52.9	95.8	-44.8%
Net profit	-26.2	-28.5	-	44.6	115.3	-61.4%	37.0	44.5	-16.8%

Small q/q improvement in earnings quality, F/X losses

In Q3'09, Ciech should improve its earnings q/q quality-wise, but its operating earnings may be much lower in nominal terms (PLN 7.6m vs. PLN 72m). As a reminder, however, EBIT in Q2 was inflated by other net operating gains of PLN 85m from released provisions. To be sure, we expect one-offs this quarter as well in the form of proceeds from cavern sales, but we estimate them at a mere PLN 13m (the reminder of the PLN 28m total will be recognized in the ensuing quarters). Exclusive of this item, the soda segment should generate PLN 39m (vs. PLN 36.3m in Q2 adjusted for one-offs), which will be a consequence of a combination of much-higher sales volumes (+35% q/q) and lower PLN prices (-9% q/q). We are also expecting an improvement in the organic segment, but we do not believe the Company can break even here despite the improvement in TDI margin it has hinted at (-PLN 25m vs. –PLN 32m in Q2'09, adjusted). In the agrochemical segment, the loss may be greater than in Q2 (-PLN 21m vs. -PLN 16m), as the contribution of the high-margin pesticide revenues declines to a low level, and ZCH Police exerts price pressure on NPK fertilizers. Ciech will record finance losses of approximately PLN 35m, driven by interest expenses and F/X losses (mostly due to an EUR loan it has granted). All in all, the Company might record a net loss of PLN 26.2m.

Lotos

Oil and Gas

Accumulate

Analyst: Kamil Kliszcz

FY09E P/E	6.2	FY09E EV/EBITDA	10.6
FY10E P/E	15.5	FY10E EV/EBITDA	8.7
Current price	**PLN 28.95**		
Target price	**PLN 25.80**		

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 2009F	Q1-Q3 2008	change	2009F	2008	change
Revenue	3 987.1	4 764.2	-16.3%	10 151.6	12 543.6	-19.1%	12 977.1	16 294.7	-20.4%
EBITDA	172.2	116.6	47.8%	472.8	752.5	-37.2%	662.5	169.2	291.5%
margin	4.3%	2.4%	-	4.7%	6.0%	-	5.1%	4.7%	-
EBIT	93.2	39.2	138.0%	246.3	515.7	-52.2%	333.5	-145.8	-
Pre-tax profit	590.3	-279.9	-	714.8	591.3	20.9%	754.6	-504.2	-
Net profit	472.0	-237.9	-	552.4	426.5	29.5%	603.3	-453.9	-

Deferred upstream profits, LIFO effect

In the third quarter, Lotos's earnings should no longer be weighed down by maintenance costs like those recorded in the preceding quarter (-PLN 79m), but the unfavorable macroeconomic environment will not allow the Company to take full advantage of the fact that the refinery is working at full capacity. The segment will be in the black only thanks to inventory revaluation gains in the amount of PLN 65m (LIFO EBIT will be –PLN 4m vs. –PLN 63m in Q2’09). Consolidated operating earnings should be significantly boosted by the upstream segment, where we expect an EBIT of PLN 38m (vs. –PLN 9m in Q2’09), as additional profits are recognized on crude oil extracted but not processed in Q2 (all in all, throughput of Rozewie crude should amount to 60,000 tons). Our final forecast for the consolidated EBIT is PLN 93m. At the net level, we are expecting a staggering PLN 472m, due to F/X gains on loan revaluation (+PLN 437m) and currency hedging gains (+PLN 41m); interest rate hedging will generate a loss of PLN 30m.

PGNiG

Oil and Gas

Hold

Analyst: Kamil Kliszcz

FY09E P/E	19.3	FY09E EV/EBITDA	7.2
FY10E P/E	12.9	FY10E EV/EBITDA	5.3
Current price	**PLN 3.73**		
Target price	**PLN 3.67**		

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 2009F	Q1-Q3 2008	change	2009F	2008	change
Revenue	3 141.7	3 653.5	-14.0%	13 395.3	12 913.1	3.7%	18 448.2	18 432.0	0.1%
EBITDA	839.5	529.0	58.7%	922.8	2 531.9	-63.6%	2 760.8	2 264.9	21.9%
margin	26.7%	14.5%	-	6.9%	19.6%	-	15.0%	6.9%	-
EBIT	440.9	192.7	128.7%	-238.4	1 473.8	-	1 194.7	839.9	42.2%
Pre-tax profit	440.9	228.1	93.3%	-136.0	1 598.9	-	1 288.1	974.6	32.2%
Net profit	357.1	181.1	97.1%	-136.3	1 240.4	-	1 043.3	904.6	15.3%

Profit on imported gas, good performance in upstream

According to our estimates, which are in line with the Management's, PGNiG has been making a profit on imported gas sales since July. We expect the average positive spread on the Russian gas to amount to ca. PLN 190 per thousand cubic meters, which, on the assumption that sales volumes have declined sharply (-15% y/y due to low industrial demand and the relatively warm September which stifled household demand), should allow the segment to generate an EBIT of +PLN 305m, vs. –PLN 39m a year ago and –PLN 99m a quarter earlier. In upstream, there should be a big q/q improvement (in Q2, a PLN 160m write-down on mining assets was recognized), despite the fact that volumes were lower due to the traditional maintenance downtime. Our estimate of the EBIT in this line is PLN 202m. Distribution should conclude the quarter with an operating loss of –PLN 59m, due to seasonal trends and the reduction in retail supplies (these factors will be partially offset by higher tariffs). As financing activities should have little impact on earnings, our bottom line projection for PGNiG is PLN 357m, which means that the Company will remain in the red after the first three quarters of the year.

Oil and Gas

PKN Orlen

Buy

Analyst:
Kamil Kliszcz

FY09E P/E	14.0	FY09E EV/EBITDA	7.1	Current price	PLN 32.44
FY10E P/E	11.0	FY10E EV/EBITDA	6.2	Target price	PLN 38.20

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 2009F	Q1-Q3 2008	change	2009F	2008	change
Revenue	18 077.8	23 058.0	-21.6%	49 549.7	63 086.0	-21.5%	60 200.0	79 535.0	-24.3%
EBITDA	1 055.4	1 120.0	-5.8%	2 703.0	4 525.2	-40.3%	3 828.9	887.6	331.4%
margin	5.8%	4.9%	-	5.5%	7.2%	-	6.4%	1.1%	-
EBIT	399.4	512.0	-22.0%	740.0	2 722.9	-72.8%	1 151.2	-1 603.8	-
Pre-tax profit	920.3	124.0	642.2%	983.9	2 962.0	-66.8%	1 152.8	-2 915.9	-
Net profit	747.4	21.0	-	823.5	2 314.8	-64.4%	1 000.6	-2 505.7	-

Strong retail, improvement in petrochemicals

Given the Company's estimate of Q3'09 operating earnings, we are forecasting an EBIT of PLN 400m, driven mostly by retail (PLN 325m vs. PLN 247m a year ago and PLN 223m in Q2'09), thanks to higher volumes (+7% q/q and +6% y/y) and higher retail margins. We expect a sharp y/y decline in refining EBIT (-PLN 166m vs. +PLN 500m) due to tough macroeconomic conditions and maintenance work on hydrocracking and tar oil desulphurization lines in Płock (which might have cost PLN 100-150m, seeing that fuel yield declined from 67% in Q2'09 to 58%). Still, thanks to inventory revaluation gains (PLN 307m), the reported refining EBIT should be positive. In Q3'09, consolidated earnings should no longer be weighed down by the petrochemical segment, which recorded an H1'09 loss in excess of PLN 340m (excluding Anwil). This time the segment should be in the black; together with the former chemical segment, it will generate an EBIT of PLN 54m, after recording a 20% q/q surge in margins. Orlen should also see high finance gains of PLN 521m (including Pokomtel profit of PLN 93m, F/X gains on EUR-denominated loans in the amount of PLN 342m and other F/X gains of PLN 280m; interest expenses will amount to PLN 160m). All in all, net income should amount to PLN 747m.

Chemicals

Police

Hold

Analyst:
Kamil Kliszcz

FY09E P/E	-	FY09E EV/EBITDA	-	Current price	PLN 6.24
FY10E P/E	52.8	FY10E EV/EBITDA	6.9	Target price	PLN 5.90

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 2009F	Q1-Q3 2008	change	2009F	2008	change
Revenue	239.3	698.8	-65.8%	1 112.7	2 185.1	-49.1%	1 581.4	2 403.6	-34.2%
EBITDA	-30.2	128.2	-	-198.9	448.3	-	-184.7	230.1	-
margin	-12.6%	18.3%	-	-17.88%	20.51%	-	-11.68%	9.57%	-
EBIT	-49.5	111.6	-	-258.2	399.8	-	-264.8	164.0	-
Pre-tax profit	-29.5	109.1	-	-280.7	411.5	-	-275.6	41.2	-
Net profit	-19.5	88.9	-	-247.7	341.8	-	-248.1	28.7	-

Low sales volumes, lower inventory impairment charges

After the very weak Q2'09, Police should improve its EBIT, although we still expect a loss (-PLN 49.5m vs. –PLN 122m), thanks mostly to the declining sales of fertilizers from high-cost stockpiles (over PLN 200m in Q1, over PLN 100m in Q2), and therefore, higher coverage of current fixed costs. Other important factors include the decline in potassium salt prices and the fact that there will be no asset write-downs, which amounted to -PLN 39m in the previous quarter. Net loss will be lower than operating loss thanks to the tax shield and the expected impact of the revaluation of currency hedges (PLN 20m). As far as the Company's balance sheet is concerned, we believe that the negative EBITDA and lack of positive cash flows from inventories might push the total amount of past-due liabilities up from the PLN 180m recorded at the end of June. Combined with the PLN 190m loan from PKO BP, this will cause the Company's net debt to exceed PLN 250m.

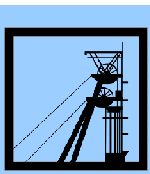
Chemicals	ZA Puławy				Hold	
Analyst:	FY09E P/E	11.3	FY09E EV/EBITDA	5.1	**Current price**	**PLN 75.40**
Kamil Kliszcz	FY10E P/E	10.0	FY10E EV/EBITDA	3.8	**Target price**	**PLN 82.70**

(PLN m)	Q1 09/10F	Q1 08/09	change	2009/10F	2008/09	change	2010/11F	2009/10F	change
Revenue	481.0	686.3	-29.9%	2 148.2	2 396.8	-10.4%	2 370.4	2 148.2	10.3%
EBITDA	-12.1	201.3	-	173.8	407.2	-57.3%	234.7	173.8	35.0%
margin	-2.5%	29.3%	-	8.1%	17.0%	-	9.9%	8.1%	-
EBIT	-33.8	185.1	-	102.7	338.3	-69.6%	156.0	102.7	51.9%
Pre-tax profit	-24.8	193.5	-	157.6	241.2	-34.7%	177.5	157.6	12.6%
Net profit	-19.8	157.0	-	127.7	194.6	-34.4%	143.8	127.7	12.6%

The worst quarter of the fiscal year

We believe Q3'09 must have been the most difficult quarter of the new FY 2009/10. In June, the Company cut domestic prices by 30% (which would entail a PLN 80m drop in revenue with volumes at the Q2'09 level); with the costs of gas purchases unchanged and with little room for cost-cutting in other areas (we project a PLN 13m reduction for power and coal expenses); this will be directly reflected by the EBIT figure. Another factor weighing earnings down will be the further reduction in margin on melamine sales (lower price in foreign currencies, stronger zloty and slow sales until October) and the seasonal maintenance downtime on the caprolactam line (we expect a 33% q/q reduction in volumes). In addition, EBIT will be negatively impacted by the likely increase in D&A charges due to the adoption of IAS (+PLN 4m). All in all, the consolidated operating loss may amount to PLN 34m (inclusive of the PLN 12m hedging gains which, in accordance with the IAS practice, will be recognized at the operating level). The bottom line loss will be lower than that due to finance gains of PLN 9m (interest income on cash and deposits).

Coal Mining



Coal Mining

LW Bogdanka

Hold

Analyst:
Michał Marczak

FY09E P/E	13.7	FY09E EV/EBITDA	6.0	**Current price**	**PLN 74.0**
FY10E P/E	17.7	FY10E EV/EBITDA	6.8	**Target price**	**PLN 68.0**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 2009F	Q1-Q3 2008	change	2009F	2008	change
Revenue	306.1	-	-	826.9	-	-	1 163.0	1 033.3	12.6%
EBITDA	103.0	-	-	276.7	-	-	385.9	339.6	13.6%
margin	33.6%	-	-	33.5%	-	-	33.2%	32.9%	1.0%
EBIT	67.6	-	-	172.1	-	-	236.3	203.5	16.2%
Pre-tax profit	71.2	-	-	175.4	-	-	238.5	201.9	18.1%
Net profit	55.9	-	-	139.4	-	-	184.1	156.0	18.0%

Higher sales volumes

As per the Management's declarations, we expect the Company to record good earnings driven by high sales volumes (1.4m tons vs. 2.3m tons in H1'09 as a whole). We estimate that the average price of coal declined by 4% vs. Q2, while the unit cost of production went up to PLN 162 per ton (vs. PLN 155 per ton in H1'09). Costs will increase due to the mounting expenses on mining work as the Stefanów coal basin is prepared for launch. The increase in sales volumes should reduce working capital, with inventories declining from over PLN 150m at the end of June to PLN 120m. One positive element in earnings should be the decline in CAPEX vs. projections presented in the IPO prospectus.

Telecommunications

Netia

Telco

Hold

Analyst:	FY09E P/E	-	FY09E EV/EBITDA	5.5	**Current price**	**PLN 4.3**
Michał Marczak	FY10E P/E	190.0	FY10E EV/EBITDA	5.1	**Target price**	**PLN 4.1**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 2009F	Q1-Q3 2008	change	2009F	2008	change
Revenue	379.0	271.2	39.8%	1 128.3	752.1	50.0%	1 487.6	1 112.4	33.7%
EBITDA	70.1	-22.7	-	209.4	-22.1	-	274.1	170.6	60.6%
margin	18.5%	-8.4%	-	18.6%	-2.9%	-	18.4%	15.3%	-
EBIT	-1.2	-22.7	-	-9.2	-85.0	-	-15.7	-99.7	-
Pre-tax profit	-5.2	-18.5	-	-20.3	242.7	-	-22.7	231.9	-
Net profit	-5.2	-18.6	-	-23.5	240.7	-	-22.7	230.6	-

Positive surprise in broadband

This will be the last quarter when Netia is able to boast fast revenue growth (the base of comparison excludes Tele2 Polska). The increase in WLR and BSA/LLU users will continue to boost sales, although this effect will be partially offset by the declining ARPU from current subscribers. The Management has announced that Netia currently has 500,000 broadband users and that it adds them at a rate of 500 per day. Broadband sales in Q3 2009 come as a nice surprise. The Company added 34,000 new lines (net), which is the best quarterly result this year (Q1: 27,600, Q2: 17,600), all the more impressive that it was attained during the summer. It appears that this year's targets will be exceeded by a wide margin and that our skepticism was unwarranted. When we have reviewed the quarterly report (especially with regard to customer acquisition costs and the ARPU), we will discuss our forecasts and investment rating. At the bottom line, the loss will be exacerbated by hedging losses of PLN 6m (CAPEX hedges).

TP SA

Telco

Buy

Analyst:	FY09E P/E	15.8	FY09E EV/EBITDA	4.6	**Current price**	**PLN 18.7**
Michał Marczak	FY10E P/E	13.7	FY10E EV/EBITDA	4.3	**Target price**	**PLN 19.4**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 2009F	Q1-Q3 2008	change	2009F	2008	change
Revenue	4 110.0	4 539.0	-9.5%	12 607.0	13 586.0	-7.2%	16 964.6	18 165.0	-6.6%
EBITDA	1 630.0	1 976.0	-17.5%	4 853.0	6 070.0	-20.0%	6 627.2	7 630.0	-13.1%
margin	39.7%	43.5%	-	38.5%	44.7%	-	39.1%	42.0%	-
EBIT	580.0	915.0	-36.6%	1 690.0	2 848.0	-40.7%	2 412.5	3 313.0	-27.2%
Pre-tax profit	490.0	773.0	-36.6%	1 336.0	2 496.0	-46.5%	1 956.9	2 593.0	-24.5%
Net profit	396.9	630.0	-37.0%	1 098.9	2 009.0	-45.3%	1 583.1	2 188.0	-27.6%

No breakthrough

We reiterate our opinion that TPSA's earnings this year are under pressure not merely from the unfavorable macroeconomic and competitive environment, but also the functional-split process. Now that the latter has ended, cost-cutting should become possible as well (we assume that it would have been politically unwise to cut cost prior to the determination of wholesale rates by the regulator, which uses costs for its calculations, among others), and that its positive effects will start appearing in Q4 2009. In the third quarter, we will once again see weak revenues, losses on the satellite TV project and costs which are out of synch with new market circumstances. Revenues will decline by nearly 10% y/y as we observe declines in both fixed-telephony (-11% y/y for traditional voice services) and mobile services (-9% y/y, due to the reduction in termination rates). In turn, we expect a 9% y/y increase in data transmission revenues. Our forecast assumes no extraordinary provisions.

Media

Media	Agora			Accumulate
Analyst: Piotr Grzybowski	FY09E P/E 31.6	FY09E EV/EBITDA 7.7	Current price	PLN 20.47
	FY10E P/E 17.3	FY10E EV/EBITDA 5.7	Target price	PLN 24.10

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 2009F	Q1-Q3 2008	change	2009F	2008	change
Revenue	246.7	284.7	-13.3%	818.9	941.8	-13.0%	1 138.0	1 277.7	-10.9%
EBITDA	24.7	38.1	-35.1%	85.9	131.1	-34.4%	125.3	128.4	-2.4%
margin	10.0%	13.4%	-	10.5%	13.9%	-	11.0%	10.0%	-
EBIT	4.2	17.2	-75.3%	24.8	70.0	-64.5%	41.1	128.4	-68.0%
Pre-tax profit	4.0	18.1	-77.7%	25.0	73.1	-65.7%	41.4	47.9	-13.5%
Net profit	3.3	13.8	-75.8%	16.6	54.0	-69.2%	33.9	23.3	45.7%

Advertising market is weak, cost cutting helps

We expect that Agora will be able to post a small operating and net profit in the third quarter, despite the continuing decline in advertising revenue (-22% y/y in our estimate). We expect revenue from book collections to increase to PLN 11m. In case of newspapers and magazines, we expect this item to more fully reflect the increases in the price of *Gazeta Wyborcza* introduced early in the year, which will allow it to replicate last year's PLN 49m.

As far as costs are concerned, we expect further savings on personnel expenses (-PLN 10m y/y) as well as promotional and marketing expenses (-PLN 12m y/y). As more book collections are now in print, the costs of materials and energy should go up, although we do not expect a surge quite like the one observed in Q2, thanks to the appreciation of the zloty.

Media	Cyfrowy Polsat			Hold
Analyst: Piotr Grzybowski	FY09E P/E 12.8	FY09E EV/EBITDA 9.3	Current price	PLN 14.10
	FY10E P/E 9.9	FY10E EV/EBITDA 7.1	Target price	PLN 14.55

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 2009F	Q1-Q3 2008	change	2009F	2008	change
Revenue	324.4	290.6	11.6%	984.2	816.7	20.5%	1 351.4	1 136.3	18.9%
EBITDA	83.5	109.2	-23.5%	255.0	301.8	-15.5%	389.9	347.8	12.1%
margin	25.7%	37.6%	-	25.9%	37.0%	-	28.9%	30.6%	-
EBIT	72.9	102.1	-28.6%	226.4	285.0	-20.6%	361.0	324.3	11.3%
Pre-tax profit	73.9	104.1	-29.0%	233.2	282.8	-17.5%	365.7	333.7	9.6%
net profit	59.5	84.2	-29.3%	188.3	228.1	-17.4%	296.2	269.8	9.8%

No improvement in earnings despite stronger zloty

We expect Cyfrowy Polsat to post mediocre earnings and to show an improvement in the area of customer acquisition. We expect the Company to add approximately 60,000 new subscribers, which will allow it to increase subscription revenues to PLN 298.5m. In turn, other operating income will decline following a downtime at the set-top box factory and its lower output, as well as the lack of additional payments from Nagravision (PLN 9.2m vs. PLN 18.2m last quarter).

As far as costs are concerned, the impact of the stronger zloty on programming expenses should be largely offset by the addition of new channels to packages and the expansion in the subscriber base; as a result, licensing costs will decline by 2.3m, to PLN 87m. Signal transmission expenses should also be comparable in scale to last quarter's (higher number of users offset by the weaker euro), and the same is the case for marketing and distribution expenses (the cost of promotions related to the upcoming peak sales season will be offset by the lack of mailing expenses). The Company will also incur costs related to the replacement of old set-top boxes for some of the subscribers (a ca. PLN 7m charge against other operating expenses). All told, the EBIT will amount to PLN 72.9m vs. PLN 102.1m a year ago.

At the finance level, the Company will settle the final USD cash flows hedging licensing costs (ca. PLN 1m charge). Net income will be PLN 59.5m vs. PLN 84.2m a year ago.

Media

TVN

Accumulate

Analyst:	FY09E P/E 16.2	FY09E EV/EBITDA 11.8	**Current price**	**PLN 15.00**
Piotr Grzybowski	FY10E P/E 19.4	FY10E EV/EBITDA 11.8	**Target price**	**PLN 16.00**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 2009F	Q1-Q3 2008	change	2009F	2008	change
Revenue	428.8	353.8	21.2%	1 444.0	1 305.0	10.6%	2 163.3	1 897.3	14.0%
EBITDA	67.3	94.8	-29.0%	459.3	468.5	-2.0%	627.1	711.4	-11.8%
margin	15.7%	26.8%	-	31.8%	35.9%	-	29.0%	37.5%	-
EBIT	13.3	74.1	-82.0%	326.3	409.8	-20.4%	463.8	631.9	-26.6%
Pre-tax profit	52.8	4.7	1021.9%	180.9	340.8	-46.9%	330.0	447.6	-26.3%
Net profit	50.6	5.0	910.4%	170.5	276.0	-38.2%	321.4	363.7	-11.6%

F/X gains will improve earnings

The continuing losses of ITI Neovision and the seasonal slump in the advertising market will have a negative impact on TVN's earnings. After the gentle10% drop in advertising revenue in July and August, in September the decline accelerated again and we project the q/q reduction in advertising revenues at 12%. Revenue from the *n* digital platform increased slightly q/q to PLN 115m, but, notwithstanding the stronger zloty, we believe there was no significant improvement in profits on the previous quarter and the segment's EBITDA will amount to ca. -PLN 20m. We believe savings on programming costs will be much lower than in the previous quarter (ca. PLN 9m in our estimate), and we will not see a significant reduction in personnel costs (merely PLN 3.5m lower expenses on the incentive scheme). Due to the expansion of the digital platform, D&A charges will increase to PLN 54m. All told, the EBIT will amount to PLN 13.3m vs. PLN 74.1m a year ago.

In turn, the Company will make a nice amount on the appreciation of the zloty. Revaluation of debt and the conditional liability to *n* will bring PLN 88m. Finance losses will include the revaluation of the USD collar (-PLN 4.5m) and interest charges (-PLN 47m). We expect PLN 50.6m in net income.

Media

WSiP

Hold

Analyst:	FY09E P/E 13.0	FY09E EV/EBITDA 8.7	**Current price**	**PLN 16.04**
Piotr Grzybowski	FY10E P/E 12.4	FY10E EV/EBITDA 8.4	**Target price**	**PLN 17.20**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 2009F	Q1-Q3 2008	change	2009F	2008	change
Revenue	125.5	102.0	23.0%	201.9	162.8	24.0%	196.2	198.2	-1.0%
EBITDA	45.1	46.5	-3.1%	39.8	54.7	-27.3%	41.2	50.0	-17.6%
margin	35.9%	45.6%	-	19.7%	33.6%	-	21.0%	25.2%	-
EBIT	43.6	45.4	-4.0%	35.6	52.0	-31.5%	37.2	46.3	-19.7%
Pre-tax profit	43.8	45.7	-4.0%	35.9	53.5	-33.0%	37.7	48.2	-21.8%
Net profit	35.9	37.6	-4.4%	28.5	43.7	-34.8%	30.5	39.1	-22.1%

Revenues growing fast, promotional expenses stifle earnings growth

We believe that just as in the previous quarters of this fiscal year, in Q3'09 we will see sales increase, but there will be a flip side in the form of much higher promotional expenses. This peak season for textbooks will see WSiP record an impressive 23% y/y increase in sales, to PLN 125.5m. Nonetheless, the Company will be unable to improve its profits on last year, due to high selling and general and administrative expenses, which include marketing and promotional expenses on new series of textbooks. SG&A expenses will thus increase from PLN 15.1m last year to PLN 29.7m. Due to higher sales, the Company will most likely create much higher provisions for returned books, which we believe will entail a PLN 7m charge in other operating earnings.

Sector IT

IT

AB

Buy

Analyst: Piotr Grzybowski

FY09E P/E	8.8	FY09E EV/EBITDA	9.7	**Current price**	**PLN 11.05**
FY10E P/E	7.4	FY10E EV/EBITDA	6.4	**Target price**	**PLN 15.13**

(PLN m)	Q1 09/10F	Q1 08/09	change	2009/10F	2008/09F	change	2010/11F	2009/10F	change
Revenue	620.0	633.9	-2.2%	2 726.4	2 837.2	-3.9%	2 880.6	2 726.4	5.7%
EBITDA	7.3	12.8	-42.4%	37.6	82.3	-54.3%	52.7	37.6	40.3%
margin	1.2%	2.0%	-	1.4%	2.9%	-	1.8%	1.4%	-
EBIT	5.4	11.3	-52.3%	31.8	76.4	-58.4%	46.8	31.8	47.4%
Pre-tax profit	4.4	5.2	-15.0%	24.7	37.4	-33.9%	31.0	24.7	25.5%
Net profit	2.9	3.8	-24.4%	20.0	26.8	-25.2%	25.1	20.0	25.5%

Decent earnings in a tough market

We expect that both AB and its Czech subsidiary ATC will record a decline in revenues by several percent. Thanks to the appreciation of the CZK (by 19% on average vs. last year), the decline in consolidated revenues should be slight, however. We expect that the gross margin will increase from 4.8% last year to 5.0%, despite F/X losses estimated at PLN 4.3m at this level. In turn, selling, general and administrative costs will be higher, reaching PLN 23.1m. Operating income will amount to PLN 5.4m. Due to the change in trends in the F/X market, the Company should record much lower finance costs, thereby offsetting F/X losses at the gross margin level. We expect finance losses to amount to ca. –PLN 1.0m, which entails a net profit of PLN 2.9m.

IT

Action

Buy

Analyst: Piotr Grzybowski

FY09E P/E	10.7	FY09E EV/EBITDA	8.1	**Current price**	**PLN 12.15**
FY10E P/E	9.8	FY10E EV/EBITDA	7.5	**Target price**	**PLN 14.59**

(PLN m)	Q5 08/09F	Q1 08/09	change	2008/09F	2007/08	change	2009/10F	2008/09F	change
Revenue	514.0	608.4	-15.5%	3 136.2	2 343.4	33.8%	2 122.6	3 136.2	-32.3%
EBITDA	12.9	-16.0	-	62.2	65.3	-4.8%	42.8	62.2	-31.3%
margin	2.5%	-2.6%	-	2.0%	2.8%	-	2.0%	2.0%	-
EBIT	10.4	-18.1	-	49.2	57.3	-14.1%	33.9	49.2	-31.2%
Pre-tax profit	9.1	-19.6	-	40.3	51.1	-21.2%	26.8	40.3	-33.4%
Net profit	7.0	-18.4	-	31.2	33.8	-7.6%	21.4	31.2	-31.3%

A solid quarter

Action should make a positive impression on investors with the earnings results generated in the fifth quarter of fiscal 2008/2009. A huge drop in revenue in like the one seen in the preceding quarter, due largely to an inflated comparable base, is not likely to be repeated. The Q5 08/09 gross margin will be lower than in Q4 at 8.2%, with SG&A expenses at PLN 35m. We expect weak performance from subsidiaries Action Ukraine and Sferis. Action will recognize FX gains of approximately PLN 2.1m under other operating income, resulting in an EBIT of PLN 10.4m. Our tax estimate is PLN 2.8m, and the minority interest expense will approximate PLN 0.7m.

IT

ASBIS

Hold

Analyst:	FY09E P/E	-	FY09E EV/EBITDA	9.5	**Current price**	**PLN 4.44**
Piotr Grzybowski	FY10E P/E	11.8	FY10E EV/EBITDA	5.3	**Target price**	**PLN 4.33**

(USD m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Revenue	291.0	427.3	-31.9%	760.2	1 132.1	-32.9%	1 122.4	1 495.3	-24.9%
EBITDA	4.7	6.0	-21.5%	1.8	14.7	-87.4%	9.9	18.2	-45.6%
margin	1.6%	1.4%	-	0.2%	1.3%	-	0.9%	1.2%	-
EBIT	3.8	5.3	-27.6%	-0.5	13.4	-	6.8	15.3	-55.6%
Pre-tax profit	2.3	3.2	-27.0%	-4.5	10.7	-	-0.2	7.1	-
Net profit	2.0	3.1	-36.5%	-4.6	7.4	-	-0.3	4.0	-

Making up for past losses

We expect that Asbis's Q309 performance compensated for a major portion of the losses incurred in the first half of the year. Third-quarter sales will display a continued downward trend, falling nearly 32% to an estimated US $291m. A pickup should occur in the fourth quarter, when sales growth should rebound to a flat year-on-year rate.

Amid falling sales, Q3 2009 earnings will improve on wider profit margins achieved thanks to a lack of FX losses which weighed down Q3 2008 profit by $5.7m. Unfortunately, a slumping market and strong competition kept the Q309 gross margin low at an estimated 5.4%, compared to 6.3% (adjusted for FX differences) posted in the same period a year ago. On the upside, the company's ongoing savings plan will reduce SG&A expenses from $16.0m to $11.9m. Third-quarter EBIT is expected to come in at $3.8m (vs. $5.3m in Q308), and bottom-line profit will approximate $2.0m.

IT

Asseco Poland

Buy

Analyst:	FY09E P/E	13.2	FY09E EV/EBITDA	7.6	**Current price**	**PLN 59.20**
Piotr Grzybowski	FY10E P/E	12.5	FY10E EV/EBITDA	6.9	**Target price**	**PLN 72.60**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Revenue	703.5	751.5	-6.4%	2 120.9	1 919.8	10.5%	3 023.5	2 786.6	8.5%
EBITDA	155.4	166.5	-6.7%	463.5	411.5	12.6%	643.5	591.8	8.7%
margin	22.1%	22.2%	-	21.9%	21.4%	-	21.3%	21.2%	-
EBIT	126.4	139.3	-9.3%	378.8	339.2	11.7%	538.3	494.3	8.9%
Pre-tax profit	119.4	122.2	-2.3%	349.9	346.7	0.9%	532.8	493.2	8.0%
Net profit	87.4	76.9	13.7%	263.8	228.7	15.4%	349.0	321.6	8.5%

Subsidiary trouble

Asseco Poland's 2009 third-quarter results will be slightly weaker than in the same period in 2008. A drop in the value of hardware orders will bring revenues down to PLN 703.5m, and this effect will not be offset by the gross margin, which is expected to be flat relative to the margin recorded in Q308 (35.3% vs. 35%). With SG&A expenses at PLN 123m, EBIT will amount to PLN 126.4m. Because of weaker performance generated by subsidiaries, and as a consequence of this year's equity acquisitions, minority interests should be lower than a year ago. Since the impact of FX differences on income will not be as strong as in Q3 2008, finance losses will show a year-on-year decrease from PLN 16m to PLN 8m.

IT

Komputronik

Hold

Analyst:	FY09E P/E	33.4	FY09E EV/EBITDA	14.4	Current price	PLN 13.20
Piotr Grzybowski	FY10E P/E	11.2	FY10E EV/EBITDA	7.9	Target price	PLN 10.48

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Revenue	186.0	167.2	11.2%	543.8	477.2	14.0%	840.0	757.9	10.8%
EBITDA	0.7	-0.2	-	3.9	7.6	-48.1%	11.7	15.4	-23.9%
margin	0.4%	-0.1%	-	0.7%	1.6%	-	1.4%	2.0%	-31.3%
EBIT	-1.4	-1.6	-	-1.7	4.1	-	6.0	10.2	-41.0%
Pre-tax profit	-1.8	-2.2	-	-4.6	2.0	-	1.6	6.2	-74.6%
Net profit	-0.6	-1.2	-	-2.9	1.5	-	3.2	5.6	-42.5%

Still in the red

A third-quarter revenue of PLN 186m will not be enough to generate a profit, either at EBIT, or at bottom-line level. Again, the quarterly results will be affected by subsidiary Karen, expected to generate a PLN 2.9m EBIT loss. Karen also incurred PLN 0.8m in costs related to the liquidation of four of its sales outlets. These costs will be partly offset by the sale of one of these outlets, but the net effect of the liquidations is still a PLN 0.5m expense.

IT

Sygnity

Hold

Analyst:	FY09E P/E	-	FY09E EV/EBITDA	-	Current price	PLN 12.19
Piotr Grzybowski	FY10E P/E	-	FY10E EV/EBITDA	6.9	Target price	PLN 15.50

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Revenue	132.0	183.7	-28.1%	413.5	690.3	-40.1%	676.4	995.7	-32.1%
EBITDA	2.2	23.5	-90.8%	-82.2	22.1	-	-50.6	56.6	-
margin	1.6%	12.8%	-	-19.9%	3.2%	-	-7.5%	5.7%	-
EBIT	-5.1	11.8	-	-106.6	-12.7	-	-84.6	11.5	-
Pre-tax profit	-7.1	8.5	-	-112.8	-17.6	-	-95.2	2.8	-
Net profit	-7.4	6.3	-	-100.2	-21.1	-	-77.1	-1.5	-

Losses

Third-quarter results are not likely to reflect an improvement in Sygnity's earnings performance. Revenues will slow down their downward spiral, but will still be weak at PLN 132m. The gross margin will be lower than a year ago because of a drop in the profitability of bank-industry orders in the wake of the financial crisis. We estimate that the ongoing restructuring exercise resulted in savings approximating PLN 3m in Q3 2009. The third-quarter EBIT loss will be appeased by a PLN 1m gain from the sale of KPG, but will still be high at PLN 5.1m, and the bottom-line loss will come in at PLN 7.4m.

Metals

Metals	Kęty				Buy	
Analyst: Michał Marczak	FY09E P/E	16.1	FY09E EV/EBITDA	7.9	Current price	PLN 113.0
	FY10E P/E	13.5	FY10E EV/EBITDA	7.1	Target price	PLN 109.4

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Revenue	290.3	294.9	-1.6%	798.8	882.0	-9.4%	982.3	1 183.5	-17.0%
EBITDA	40.1	36.7	9.4%	121.7	117.6	3.5%	170.3	190.2	-10.5%
margin	13.8%	12.4%	-	15.2%	13.3%	-	17.3%	16.1%	-
EBIT	40.1	36.7	9.4%	105.7	102.9	2.8%	108.1	128.3	-15.8%
Pre-tax profit	40.7	28.9	40.9%	71.7	78.2	-8.3%	74.0	74.0	0.0%
Net profit	32.6	22.6	44.2%	56.0	61.2	-8.5%	64.4	63.4	1.7%

In line with guidance

Our 2009 third-quarter forecasts for Kęty are in line with the company's own earnings guidance, which is usually accurate.

Metals	KGHM				Reduce	
Analyst: Michał Marczak	FY09E P/E	8.8	FY09E EV/EBITDA	5.9	Current price	PLN 101.0
	FY10E P/E	11.0	FY10E EV/EBITDA	7.4	Target price	PLN 73.0

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Revenue	2 660.0	2 719.7	-2.2%	7 759.3	8 750.6	-11.3%	10 231.8	11 302.9	-9.5%
EBITDA	802.7	1 013.3	-20.8%	2 836.9	3 439.8	-17.5%	3 283.4	4 077.7	-19.5%
margin	30.2%	37.3%	-	36.6%	39.3%	-	32.1%	36.1%	-
EBIT	667.5	896.0	-25.5%	2 433.7	3 090.5	-21.3%	2 744.9	3 596.4	-23.7%
Pre-tax profit	647.5	885.1	-26.8%	2 394.8	3 061.8	-21.8%	2 751.0	3 553.6	-22.6%
Net profit	524.5	718.1	-27.0%	1 997.1	2 532.8	-21.2%	2 285.6	2 910.4	-21.5%

Weaker performance in spite of favorable copper trends

KGHM's Q3 2009 results will display quarter-on-quarter deterioration due to increased hedging of copper sales volumes and dividends from Pokomtel recognized in Q209. Copper prices averaged $5 856 (PLN 17 177) per ton in Q309 after a 24.4% (11.9%) surge from Q208. In case of silver, US dollar prices displayed a 7.1% quarter-on-quarter increase, while zloty prices experienced a 3.5% quarter-on-quarter decrease. The loss-making hedges covered an estimated 54KT of copper out of the total 127KT sales volume generated in Q309 (including 26KT produced from scrap). Further, KGHM is expected to book an FX loss of PLN 30m. The Q309 per-ton cost of copper approximated PLN 12,500 after a 10% increase from Q209 led by higher prices of copper scrap and increasing costs of mining services. On the upside, unit costs were kept down by reduced payroll expenses (which in Q209 were inflated by recognition of additional allowances underestimated in the preceding quarter).

Construction

Construction

Budimex

Hold

Analyst:
Maciej Stokłosa

FY09E P/E 13.5 FY09E EV/EBITDA 9.9 **Current price** **PLN 83.6**
FY10E P/E 15.5 FY10E EV/EBITDA 11.1 **Target price** **PLN 78.8**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Revenue	920.0	964.9	-4.7%	2 397.6	2 454.2	-2.3%	3 451.0	3 350.0	3.0%
EBITDA	77.8	39.2	98.4%	165.3	101.2	63.4%	219.8	134.2	63.8%
margin	8.5%	4.1%	-	6.9%	4.1%	-	6.4%	4.0%	-
EBIT	71.9	34.4	108.9%	148.5	86.8	71.0%	196.9	112.2	75.5%
Pre-tax profit	60.1	35.6	69.0%	150.8	97.8	54.1%	202.8	139.5	45.4%
Net profit	48.7	27.2	79.2%	115.6	73.1	58.2%	157.8	104.7	50.7%

Best quarter for profits, worse for gross margins

According to our estimates, supported by predictions by the company's CEO, Budimex's Q3 2009 revenue will be 4.7% lower than a year ago. The gross margin will be much lower than in the two preceding quarters at an estimated 8.3%, because of higher contract reserves (the actual size of which is impossible to predict). SG&A expenses will be flat at the Q209 level of PLN 36.2m.

Other net operating income is forecasted to reach PLN 6.5m (after reversals of some of the provisions recognized in Q209). Budimex will post derivatives gains to the tune of PLN 25.2m (to be added to EBIT), but half of this amount will be offset by FX losses. All told, Q3 2009 net income will be in line with forecasts at PLN 48.7m. After adjustment for derivatives gains and FX losses, the bottom-line figure will come in at PLN 38.5m.

Construction

Elektrobudowa

Hold

Analyst:
Maciej Stokłosa

FY09E P/E 16.2 FY09E EV/EBITDA 11.0 **Current price** **PLN 179.0**
FY10E P/E 17.9 FY10E EV/EBITDA 12.4 **Target price** **PLN 170.8**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Revenue	185.0	208.2	-11.1%	489.4	582.6	-16.0%	819.9	811.0	1.1%
EBITDA	16.9	28.3	-40.4%	54.2	61.3	-11.5%	71.1	79.1	-10.1%
margin	9.1%	13.6%	-	11.1%	10.5%	-	8.7%	9.8%	-
EBIT	14.5	26.1	-44.3%	47.1	55.8	-15.6%	61.6	71.3	-13.6%
Pre-tax profit	16.3	27.6	-41.0%	50.4	58.7	-14.2%	64.8	74.5	-13.0%
Net profit	13.2	22.0	-39.9%	38.2	47.3	-19.2%	52.5	60.3	-12.9%

Another solid quarter despite intense competition

We expect Elektrobudowa to report a revenue of PLN 185m and a gross profit of PLN 20m (gross margin at 10.8%) for the third quarter of fiscal 2009. Expenses will be slightly higher than in Q2 2009 at PLN 3.95m. EBIT will be weighed down by one-offs totaling PLN 1.5m. Net finance income will approximate PLN 1m, and Russian subsidiaries are expected to contribute ca. PLN 0.75m. All told, third-quarter net income will be lower than in Q209 and higher than in Q109, at an estimated PLN 13.2m.

The gross margin levels recorded in the third quarter marked a return to normalcy compared to the unsustainable, unnaturally high level of 15.9% generated in the second quarter. As for our outlook on Elektrobudowa's full-year earnings performance, we are adjusting our revenue estimate slightly down to ca. PLN 700m (less than predicted in the company's guidance), with a reiterated bottom-line forecast of PLN 52.5m (higher than the company's own target).

Construction

Erbud

Hold

Analyst: Maciej Stokłosa	FY09E P/E 14.6	FY09E EV/EBITDA 8.7	**Current price**	**PLN 47.0**
	FY10E P/E 13.9	FY10E EV/EBITDA 8.5	**Target price**	**PLN 49.3**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Revenue	264.7	284.2	-6.9%	653.1	782.4	-16.5%	900.0	1 046.1	-14.0%
EBITDA	16.5	28.1	-41.3%	53.9	53.2	1.4%	55.9	67.1	-16.7%
margin	6.0%	9.9%	-	8.2%	6.8%	-	6.2%	6.4%	-
EBIT	14.6	26.2	-44.1%	48.2	48.8	-1.2%	49.5	60.8	-18.6%
Pre-tax profit	14.6	26.2	-44.2%	46.4	47.3	-2.1%	51.3	14.3	258.7%
Net profit	11.9	20.6	-42.3%	35.1	36.2	-3.0%	40.5	9.3	335.5%

Another good quarter

We predict that Erbud's third-quarter profit will be on a par with the figures reported in the two preceding quarters, while revenues will be higher. Our revenue and gross-margin forecasts by business segment are as follows: General Contracting: revenue at PLN 170m, gross margin at 9.2%; Exports: revenue at PLN 45m, gross margin at 9.7%; Road Development: revenue at PLN 30m, gross margin at 8.6%; Real-Estate Development: revenue at PLN 20m, gross margin at 15%. Accordingly, the consolidated revenue should approximate PLN 264.7m, and the consolidated gross margin will reach 9.6% (compared 12.7% in Q209 and 19.8% in Q109). SG&A expenses are expected to be similar to the Q209 figure of PLN 10.4m.

Erbud is not likely to report any major one-offs in the Q309 accounts, which will show a net profit of PLN 11.9m for the quarter compared to PLN 10.9m in Q209 and PLN 12.3m in Q109. We predict a bottom-line decline in Q409 due to annual bonus payments. Erbud could exceed the full-year earnings forecast, though by no more than 5%.

Note that the Q3 2009 earnings figures are not comparable with the extraordinarily strong results generated in the same quarter a year ago, during which Erbud managed to complete a large amount of construction contracts (the company applies a prudent accounting policy which provides that any cost savings are recognized after a contract is completed).

Construction

Mostostal Warszawa

Accumulate

Analyst: Maciej Stokłosa	FY09E P/E 11.2	FY09E EV/EBITDA 6.0	**Current price**	**PLN 69.0**
	FY10E P/E 12.9	FY10E EV/EBITDA 7.4	**Target price**	**PLN 84.7**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Revenue	683.7	577.8	18.33%	1 880.5	1 516.1	24.04%	2 711.1	2 154.2	25.85%
EBITDA	53.1	50.9	4.30%	173.2	100.9	71.57%	202.0	136.3	48.20%
margin	7.8%	8.8%	-	9.2%	6.7%	-	7.5%	6.3%	-
EBIT	48.0	44.9	7.01%	154.6	84.8	82.29%	178.3	113.4	57.23%
Pre-tax profit	48.6	45.0	7.89%	136.2	100.4	35.69%	172.2	113.1	52.25%
Net profit	35.4	30.4	16.19%	96.6	69.7	38.67%	123.4	72.6	69.97%

Flat q/q profit

We expect Mostostal Warszawa (MSW) to report a quarter-on-quarter increase in revenues, paired with a decline in profitability. The third-quarter revenue of the parent company is estimated at PLN 445m (gross margin: 11%), and the revenue and gross-margin estimates for the subsidiaries are as follows: Mostostal Płock: PLN 52m and 12.75% respectively, Remak: PLN 61.7m and 11% respectively, other consolidated subsidiaries: PLN 125m and 8% respectively. Summing up, the standalone Q309 gross profit will be higher than in Q209, but the consolidated figure will be depressed by weaker results of the MSW subsidiaries, which experienced a slowdown relative to the exceptionally strong second quarter (when the gross margin was a staggering 17.9%). We expect that the consolidated third-quarter revenue will reach PLN 683.7m, with the gross margin at 10.6%.

Mostostal is not likely to report any major one-offs in its Q309 accounts. We assume conservatively that FX losses will lead to a PLN 2m charge against other finance expenses. After minority interests of an estimated PLN 4m, MSW's third-quarter profit will approximate PLN 35.4m (slightly more than the PLN 34.4m posted in Q209).

PBG

Construction — **Accumulate**

Analyst:	FY09E P/E	15.5	FY09E EV/EBITDA	10.7	**Current price** **PLN 233.3**
Maciej Stokłosa	FY10E P/E	13.6	FY10E EV/EBITDA	8.6	**Target price** **PLN 224.4**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Revenue	786.4	543.2	7.8%	1 735.0	1 370.0	41.4%	2 902.0	2 089.3	3.3%
EBITDA	90.0	69.1	-8.8%	206.4	173.8	59.8%	350.1	270.3	-10.5%
margin	10.70%	12.60%	-	14.60%	12.90%	-	12.70%	14.60%	-
EBIT	66.9	57.8	-19.4%	169.5	142.6	72.4%	299.1	223.4	-11.9%
Pre-tax profit	60.4	44.8	-5.6%	155.0	122.9	63.9%	287.2	213.5	-10.9%
Net profit	44.9	34.5	3.8%	115.1	84.5	57.2%	202.5	158.0	-13.9%

Mixed trends: lower margins, positive cash flows

We expect PBG to report interesting third-quarter results. Revenues will be equivalent to 27.6% of our full-year estimate of PLN 801m. The gross margin will be 11.5% after a decline from preceding quarters (17.3% in Q1 and 14.5% in Q2) caused by recognition of a portion of finance expenses under COGS (which increased by an estimated PLN 3.2m), and by the fact that PBG did not account for all of the subcontractors hired to build soccer stadiums in Gdańsk and Warsaw. That is why PBG will report a gross margin of just 4% on projects that account for 10% of its consolidated revenues (which translates to a zero margin per contract after general expenses). Q3 2009 SG&A expenses will be lower than in Q2 2009 at PLN 25.6m.

Other operating expenses are estimated at PLN 2.8m, and other finance expenses will amount to ca. PLN 5.1m. Pre-tax income is forecasted at PLN 58.6m, and, after deduction of a PLN 7.1m tax and PLN 6.5m minority interests, PBG will net PLN 44.9m in the third quarter. We expect to see positive cash flows of approximately PLN 40m in the Q309 accounts.

As for PBG's publicly-traded subsidiary Hydrobudowa Polska, we expect it to report a third-quarter revenue of PLN 498m, a gross margin of 8.4%, an EBIT of PLN 30.5m, and a net profit of PLN 15.9m. The slight quarter-on-quarter contraction in the gross margin (to 8.4% from 9.8%) has the same reasons as in case of PBG.

Polimex Mostostal

Construction — **Accumulate**

Analyst:	FY09E P/E	11.8	FY09E EV/EBITDA	7.4	**Current price** **PLN 3.93**
Maciej Stokłosa	FY10E P/E	12.4	FY10E EV/EBITDA	7.0	**Target price** **PLN 4.40**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Revenue	1 200.0	1 086.0	10.5%	3 253.7	3 082.7	5.5%	4 909.0	4 301.7	14.1%
EBITDA	100.3	83.1	20.7%	264.1	224.8	17.5%	335.6	298.5	12.4%
margin	8.4%	7.6%	-	8.1%	7.3%	-	6.8%	6.9%	-
EBIT	79.9	65.0	23.0%	203.2	172.8	17.7%	254.4	228.1	11.5%
Pre-tax profit	61.6	47.6	29.3%	168.3	133.1	26.4%	209.0	158.9	31.5%
Net profit	41.7	33.3	25.1%	113.8	92.0	23.7%	159.1	120.1	32.5%

Results influenced by one-offs

We expect Polimex to report a Q3 2009 revenue of PLN 1.2bn and a gross margin of 11.2% (vs. 11.6% in Q2), pulled slightly down by a somewhat lower, but still very strong margin (18.5%) generated by the steel-frames business. General expenses are expected to amount to PLN 65m in Q309 (compared to PLN 65.6m in Q209).

The overall third-quarter results will be influenced by two one-offs. One was a cancellation of the debts of Energomontaż Północ, leading to a PLN 11.5m credit to other operating income. This gain is not subject to taxes, but it will boost minority interests (Polimex has a 65.55% stake in Energomontaż Północ). The cancellation is a typical non-cash one-off. The other one-time event was valuation of derivatives (other finance income) and FX differences (other finance losses). While Q109 results were influenced by derivatives value adjustments, and Q209 results were affected by FX losses, the impact of those two factors on consolidated Q309 results is expected to be neutral.

Pre-tax income is forecasted at PLN 61.6m, and, after deduction of a PLN 9.5m tax and PLN 10.4m minority interests, Polimex will net PLN 41.7m for the third quarter. Adjusted for the subsidiary's debt cancellation, the Q3 2009 bottom line is PLN 34.15m, slightly higher than in Q3 2008 (PLN 33.3m).

Construction

Rafako

Buy

Analyst:
Maciej Stokłosa

FY09E P/E	18.1	FY09E EV/EBITDA	5.9	**Current price**	**PLN 8.9**
FY10E P/E	11.1	FY10E EV/EBITDA	4.4	**Target price**	**PLN 11.6**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Revenue	276.1	294.6	-6.3%	757.4	872.3	-13.2%	1 049.5	1 125.6	-6.8%
EBITDA	17.7	8.3	113.5%	59.8	34.4	73.8%	70.1	76.1	-7.9%
margin	6.4%	2.8%	-	7.9%	3.9%	-	6.7%	6.8%	-
EBIT	13.2	4.4	199.7%	48.4	23.2	108.6%	54.3	60.8	-10.7%
Pre-tax profit	13.1	5.3	149.0%	33.8	15.4	119.1%	47.3	48.9	-3.3%
Net profit	10.2	4.6	121.4%	22.9	11.0	108.5%	34.2	-11.6	-

Counterintuitive results

Rafako’s third-quarter revenue will be marginally higher than in Q209. As for the gross margin, one would expect it to narrow relative to Q2 in line with the zloty’s appreciation against the euro (necessitating adjustments in the values of construction contracts nominated in euros); meanwhile, the gross margin will most probably be higher than in the quarter before at 12%, thanks to revaluation of long-term contracts. We predict that the positive effects of cost revisions will more than offset the negative effects of the decline in the EUR/PLN exchange rate. Further, Rafako is likely to reverse some of the risk reserves recognized with respect to contracts which went beyond their initial stages during the third quarter. General expenses should be on a level with the PLN 13.9m posted in Q1 2009.

Other operating expenses, which we estimate at PLN 6m, will include a variety of charges, including provisions against complaints and liquidated damages. We expect that Rafako will report a finance loss due to high FX losses on derivatives which exceeded gains. All told, Q309 net profit should approximate PLN 10.2m.

Construction

Trakcja Polska

Buy

Analyst:
Maciej Stokłosa

FY09E P/E	9.8	FY09E EV/EBITDA	4.6	**Current price**	**PLN 3.94**
FY10E P/E	12.6	FY10E EV/EBITDA	5.7	**Target price**	**PLN 4.80**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Revenue	197.9	217.7	-9.1%	529.0	548.1	-3.5%	879.4	794.6	10.7%
EBITDA	30.9	21.1	46.3%	63.6	52.4	21.4%	83.3	60.9	36.8%
margin	15.6%	9.7%	-	12.0%	9.6%	-	9.5%	7.7%	-
EBIT	25.1	19.1	31.1%	53.0	46.6	13.8%	66.9	53.0	26.2%
Pre-tax profit	25.3	21.4	18.4%	63.3	50.1	26.4%	79.8	68.0	17.4%
Net profit	20.4	17.5	16.4%	50.5	41.1	22.8%	64.6	54.7	18.1%

Another stellar quarter

Q3 2009 was a continuation of the strong performance experienced in Q2. Revenues could be lower than in the preceding quarter, due to delays in contract tenders, in spite of a PLN 9.6m boost from derivatives valuation gains. The gross margin will be high at 16% (vs. 16.8% in Q209), or 12% after adjustment for the derivatives gains. General expenses are expected to amount to PLN 6.3m after a drop from the PLN 7m incurred in Q209.

Without major one-offs influencing the period's results, we expect Trakcja Polska to gross PLN 25.3m and net PLN 20.4m in Q309. After adjustment for derivatives gains, the bottom-line figure is PLN 14.8m.

Construction

Ulma Construccion

Reduce

Analyst:	FY09E P/E	69.6	FY09E EV/EBITDA 6.6	**Current price**	**PLN 62.9**
Maciej Stokłosa	FY10E P/E	20.9	FY10E EV/EBITDA 5.2	**Target price**	**PLN 58.8**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Revenue	45.5	62.0	-26.6%	129.4	188.0	-31.2%	182.3	241.5	-24.5%
EBITDA	19.0	26.5	-28.4%	51.5	82.3	-37.4%	69.8	103.4	-32.5%
margin	41.8%	42.8%	-	39.8%	43.8%	-	38.3%	42.8%	-
EBIT	2.5	10.1	-75.1%	2.3	36.5	-93.7%	17.8	40.9	-56.5%
Pre-tax profit	0.1	7.3	-98.1%	-5.5	29.5	-	6.2	30.5	-79.7%
Net profit	0.1	6.3	-98.2%	-5.1	24.5	-	4.7	25.9	-81.9%

No major improvement

Contrary to expectations, Ulma will probably not report any major improvement in its earnings results for the third quarter, due mainly to the delayed entry into force of some of the company's construction contracts. At an estimated PLN 45.5m, Q309 revenue will be about PLN 2m lower than in the preceding quarter. The decrease in COGS (which are 90%-95% fixed costs independent of sales revenues) that we had predicted earlier will not occur because of planned asset maintenance.

General expenses could be slightly lower than in Q209 (PLN 4.74m) at PLN 4.6m. We expect no major one-offs except for value adjustments arising from derivatives used as collateral against a loan granted toward Ukrainian operations (+PLN 0.3m). The loan was taken out in euros, the effects of the loan value adjustments are recognized in equity, while the derivatives are reflected in income. Our Q309 net-income estimate is PLN 113,000. We Ulma company to experience an improvement in the fourth quarter, thanks to an increased asset turnover, but it will not be enough to take the FY2009 bottom line to a positive territory.

Construction

Unibep

Reduce

Analyst:	FY09E P/E	12.3	FY09E EV/EBITDA 8.8	**Current price**	**PLN 6.56**
Maciej Stokłosa	FY10E P/E	14.4	FY10E EV/EBITDA 8.4	**Target price**	**PLN 6.10**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Revenue	98.3	115.3	-14.7%	262.2	401.9	-34.8%	542.5	503.9	7.7%
EBITDA	5.8	10.0	-41.8%	16.9	27.6	-39.0%	28.3	33.4	-15.3%
margin	5.9%	8.6%	-	6.4%	6.9%	-	5.2%	6.6%	-
EBIT	4.3	9.5	-54.4%	13.9	26.4	-47.3%	23.8	31.8	-25.2%
Pre-tax profit	4.2	10.4	-59.2%	14.5	27.4	-46.9%	22.5	36.4	-38.2%
Net profit	3.4	7.4	-53.3%	11.1	20.7	-46.6%	18.1	27.6	-34.4%

Weak sales, profit built on old contracts

Contrary to earlier expectations, in spite of new contracts acquired during the period, Unibep's Q3 2009 revenue will remain below PLN 100m. A rebound is expected in the fourth quarter, as the company starts work on new contracts and completes the "Osiedle Santorini" housing project, but we realize that our full-year revenue forecasts were too optimistic and need to be revised. On the upside, we believe that Unibep can reach our net-income estimate of PLN 18.1m (lower revenues offset by higher profit margins).

Our third-quarter revenue- and gross-margin predictions for Unibep's business segments are as follows: Domestic Construction: PLN 65.9m and 9.5% respectively, Road Development: PLN 13.5m and 12.5% respectively, Exports: PLN 5.5m and 8.5% respectively, Real-Estate Development: PLN 9.4m and 12% respectively, Other Operations: PLN 4m and 0% respectively. The consolidated third-quarter gross margin is expected to reach 9.7%. SG&A expenses will be flat at Q209 level of PLN 4.9m. Without any major one-offs influencing the Q309 results, Unibep's net income for the quarter will approximate PLN 3.4m, marking a decline from Q2 2009 (due to an increasing contribution of new, less profitable contracts, to revenues).

Real Estate Developers

Real-Estate Development

Dom Development Accumulate

Analyst: Maciej Stokłosa

FY09E P/E	12.5	FY09E EV/EBITDA	10.1	**Current price**	**PLN 45.9**
FY10E P/E	45.1	FY10E EV/EBITDA	42.9	**Target price**	**PLN 49.8**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Revenue	104.9	150.4	-30.2%	487.5	605.9	-19.5%	634.5	698.2	-9.1%
EBITDA	9.3	25.3	-63.3%	94.7	163.1	-41.9%	114.1	168.1	-32.1%
margin	8.9%	16.9%	-	19.4%	26.9%	-	18.0%	24.1%	-
EBIT	8.1	24.7	-67.1%	92.3	160.8	-42.6%	111.7	165.7	-32.6%
Pre-tax profit	9.8	25.8	-61.9%	89.9	167.8	-46.4%	111.1	173.0	-35.8%
Net profit	8.0	20.4	-61.0%	72.2	134.5	-46.3%	90.0	136.9	-34.3%

Sales laggard

We predict that the Warsaw-based Dom Development (DOM) will have completed 240 homes in Q3 2009, most of which were affordable dwelling units (of the dwellings completed in the third quarter, 77% were in the remote district of Białołęka, 14% were in the Wola district, 3% in the central Śródmieście district, 2% were in Mokotów, and 3% were in Ursynów). We estimate the Q309 gross margin at 24%, being a product of high returns earned on upmarket developments ("Olbrachta," "Zawiszy," "Bruna," "Gdański") on the one hand, and low returns generated by semi-detached houses constituting the "Regaty 2" and "Laguna 2" developments on the other hand. DOM expects to complete a total of 1500 units in 2009, of which 868 were completed in the first half of the year. With a Q309 completion forecast of 240 units, this suggests that the company should complete about 412 homes in Q409.

We expect DOM's Q309 SG&A expenses to be flat at Q2 level of PLN 16m, and we do not anticipate any major one-offs. The profit for the period will be the lowest YTD quarterly result shaped by a small number of completions. We maintain that DOM's Q3 performance was shaped by past and future completion schedules, and that it is therefore not the best gauge of the developer's actual standing (we take this into account in our ratings for the company).

Real-Estate Development

J.W. Construction Buy

Analyst: Maciej Stokłosa

FY09E P/E	4.0	FY09E EV/EBITDA	4.2	**Current price**	**PLN 11.9**
FY10E P/E	2.5	FY10E EV/EBITDA	1.7	**Target price**	**PLN 13.6**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Revenue	158.5	159.4	-0.6%	489.6	545.5	-10.3%	846.6	721.4	17.4%
EBITDA	42.2	23.0	83.9%	118.2	104.8	12.8%	213.4	158.5	34.6%
margin	26.7%	14.4%	-	24.1%	19.2%	-	25.2%	22.0%	-
EBIT	35.7	19.7	80.9%	104.7	91.6	14.4%	193.0	141.1	36.8%
Pre-tax profit	31.2	16.4	90.3%	89.0	79.1	12.6%	196.6	125.3	56.9%
Net profit	25.3	13.0	93.9%	74.7	64.0	16.7%	159.2	100.9	57.8%

Better than in Q2, not as good as in Q1

We predict that J.W. Construction (JWC) completed, and will recognize revenues from, 448 dwellings in the third quarter. In the first half of the year, the developer completed 915 flats. The third-quarter earnings results were shaped by a very diverse portfolio of housing projects in Warsaw and other cities. We estimate the period's gross margin at 29.1% (compared to 29.5% in Q2 and 26% in Q1). SG&A expenses are expected to be flat at Q209 level (PLN 9.8m).

We do not anticipate any major one-time events, but we predict that other net finance expenses will decrease thanks to reduced debt (which decreases as JWC completes more and more dwellings). Our bottom-line estimate for the quarter is PLN 25.3m. We maintain that JWC's Q3 performance was shaped by past and future completion schedules, and that it is therefore not the best gauge of the developer's actual standing (we take this into account in our ratings for the company).

Real-Estate Development

Polnord

Buy

Analyst:	FY09E P/E	38.8	FY09E EV/EBITDA	25.7	**Current price**	**PLN 38.1**
Maciej Stokłosa	FY10E P/E	199.1	FY10E EV/EBITDA	33.6	**Target price**	**PLN 45.0**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Revenue	61.8	113.3	-45.5%	165.4	318.3	-48.0%	256.8	391.1	-34.3%
EBITDA	13.9	39.4	-64.7%	40.0	106.5	-62.4%	43.4	108.7	-60.1%
margin	22.4%	34.7%	-	24.2%	33.5%	-	16.9%	27.8%	-
EBIT	13.4	38.9	-65.5%	38.5	105.1	-63.4%	41.4	106.7	-61.2%
Pre-tax profit	9.9	41.8	-76.3%	30.5	108.1	-71.8%	26.8	100.2	-73.3%
Net profit	7.9	32.9	-76.0%	23.0	84.9	-72.9%	21.7	77.8	-72.1%

More completions, fewer one-offs

Polnord's third-quarter results will be less affected by one-offs than in preceding quarters. We estimate that the developer completed 138 homes in the period (the number of completions weighed by Polnord’s interests in the projects is 101). The biggest contribution to revenue will come from projects in Warsaw (“Kryształ Wilanowa” and “Ostoja Wilanów” developed by Fadesa Polnord) and the Tricity. Further, Polnord will recognize revenues and margins from office space sold in Novosibirsk, Russia (PLN 7.2m revenue, PLN 1m gross profit). All in all, we estimate the total Q309 revenue at PLN 61.8m, and the gross margin at 29.5%.

SG&A expenses are expected to decline to PLN 14.55m from PLN 15.5m in Q209. We expect Polnord to book gains of ca. PLN 10m from fair value adjustments of an office project (in line with IAS 40, in force since January) booked under “other operating revenues”. Net finance expenses will probably be close to the PLN 3.5m figure recognized in the second quarter. A Q309 bottom-line profit of an estimated PLN 7.9m will be almost entirely owed to an office building project.

Retail

Emperia Holding Hold

Retail

Analyst: Kamil Kliszcz

FY09E P/E	11.1	FY09E EV/EBITDA	6.9	**Current price**	**PLN 67.50**
FY10E P/E	10.0	FY10E EV/EBITDA	6.1	**Target price**	**PLN 70.30**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Revenues	1 450.3	1 333.8	8.7%	4 134.7	3 967.7	4.2%	5 668.9	5 257.1	7.8%
EBITDA	39.2	32.5	20.5%	127.3	115.0	10.7%	194.2	148.9	30.4%
margin	2.7%	2.4%	-	3.1%	2.9%	-	3.4%	2.9%	-
EBIT	23.0	18.7	22.7%	80.3	76.4	5.2%	128.8	96.0	34.2%
Pre-tax profit	18.0	13.6	32.5%	62.1	65.4	-5.1%	113.6	80.4	41.2%
Net profit	14.6	5.5	166.4%	46.2	45.5	1.3%	92.0	59.0	56.1%

Lower operating expenses and lower gross margin

We expect Q309 to be a continuation of the positive trends observed in Q209 in Emperia's Wholesale business (improved profitability owed to a revised pricing policy and a slower sales decline). The expenses incurred in relation to ongoing internal integration processes decrease from quarter to quarter, and new distribution centers are slowly moving toward target revenue levels. On the downside, Emperia's Management have warned about an expected quarter-on-quarter contraction in the gross margin (the company booked bonuses received from suppliers in Q209), which may more than offset the positive impact on EBIT of cost savings. In the Retail business, we expect a slowdown in sales (contrary to official readings by the GUS, retailers are signaling deceleration in like-for-like sales), with implications for the period's profits. On a consolidated basis, we expect the EBITDA margin to reach 2.7%, compared to 2.9% reported in Q209 (after adjustment for a PLN 19m-plus gain from asset sales recognized in the period). The earnings trends analyzed on a year-on-year basis look much more favorable, in particular at bottom-line level, even if only due to a low-base effect (a high effective tax rate in Q308). Going forward, we expect Emperia to continue improving its earnings performance.

Eurocash Hold

Retail

Analyst: Kamil Kliszcz

FY09E P/E	18.2	FY09E EV/EBITDA	9.9	**Current price**	**PLN 14.70**
FY10E P/E	16.4	FY10E EV/EBITDA	9.0	**Target price**	**PLN 9.90**

(PLN m)	3Q2009P	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Revenues	1 868.1	1 733.3	8%	5 067.7	4 529.1	12%	7 399.4	6 121.7	21%
EBITDA	57.4	41.4	39%	132.1	105.3	26%	186.2	158.5	18%
margin	3.1%	2.4%	-	2.6%	2.3%	-	2.5%	2.6%	-
EBIT	45.6	30.0	52%	96.4	74.3	30%	127.3	115.5	10%
Pre-tax profit	44.9	21.8	106%	92.6	63.0	47%	127.1	94.7	34%
Net profit	36.4	18.9	93%	74.1	51.2	45%	105.1	78.5	34%

Continued EBITDA growth

We expect Eurocash to report sales growth of ca. 8% in Q309, similar to the rate seen in Q209, driven mostly by the segment of Traditional Wholesale which continues to grow revenues by over 20%, thanks to the newly opened "Delikatesy Centrum" stores, and active customer acquisition facilitated by competitive prices. Falling cigarette sales affect the overall performance of the Active Distribution segment, but they are partly offset by the expanding scale of McLane. The Q309 EBITDA margin could have expanded, fueled by the fast-growing Delikatesy Centrum chain (sales bonuses), and the decreasing share of low-margin tobacco sales. Accordingly, we predict that Q309 EBITDA will be a whopping 40% higher than in Q3 2008. As for bottom-line profit, it should display a noticeable improvement compared to the same period a year ago, when it was weighed down by FX losses of PLN 4.6m.

Others

Mondi

Hold

Paper

Analyst:
Michał Marczak

FY09E P/E	56.5	FY09E EV/EBITDA	19.9	**Current price**	**PLN 72.0**
FY10E P/E	24.9	FY10E EV/EBITDA	10.7	**Target price**	**PLN 56.0**

(PLN m)	Q3 2009F	Q3 2008	change	Q1-Q3 09F	Q1-Q3 08	change	2009F	2008	change
Revenues	283.4	345.5	-18.0%	895.3	1 040.3	-13.9%	1 274.3	1 406.3	-9.4%
EBITDA	24.6	71.7	-65.7%	99.1	216.2	-54.2%	217.1	305.5	-29.0%
margin	8.7%	20.7%	-	11.1%	20.8%		17.0%	21.7%	-
EBIT	-1.5	45.0	-	20.8	135.1	-84.6%	97.1	194.7	-50.1%
Pre-tax profit	-0.5	38.8	-	9.4	141.5	-93.4%	77.1	174.7	-55.9%
Net profit	-0.4	31.1	-	7.6	114.1	-93.4%	64.1	141.2	-54.6%

Q3: toughest quarter of the year

Prices of corrugated cardboard materials reached their low for the business cycle in the third quarter, which will find its reflection in Mondi's earnings for the period. The unfavorable price trends were further underpinned by a stronger zloty. The average zloty price of kraftliner fell 11.3% compared to Q209, testliner depreciated 11.4%, and fluting lost 8.4%. Taking into account Mondi's sales composition by types of products, the quarter-on-quarter drop in average CCM prices amounted to 10.8%. We predict that Mondi increased sales by 5% in Q309 thanks to a turnaround in the European paper industry. We further expect that the impact of hedging transactions in the period will hover around zero. The fourth quarter of 2009 is looking to be a turning point for Mondi, as the period when the company has launched a new paper machine amid an uptrend in paper prices. The zloty price average for Mondi's CCM portfolio is 2% higher in October than the Q309 average, and continues to spiral upward.

Company Earnings Release Dates

Company	Standalone Q3 2009 Results	Consolidated Q3 2009 Results	Consolidated Q4 2009 Results
AB	02.11.09*	02.11.09	16.11.09**
ACTION	15.12.09***	15.12.09	01.03.09****
AGORA	10.11.09	10.11.09	
ASBIS	10.11.09	10.11.09	
ASSECO POLAND	13.11.09	13.11.09	
BRE	04.11.09	04.11.09	
BUDIMEX	27.10.09	27.10.09	
BZWBK	12.11.09	12.11.09	
CEZ	12.11.09	12.11.09	
CIECH	16.11.09	16.11.09	
CYFROWY POLSAT	04.11.09	04.11.09	
DOM DEVELOPMENT	05.11.09	05.11.09	
ELEKTROBUDOWA	16.11.09	16.11.09	
EMPERIA HOLDING	16.11.09	16.11.09	
ERBUD	12.11.09	12.11.09	
EUROCASH	13.11.09	13.11.09	
GETIN	13.11.09	13.11.09	
HANDLOWY	04.11.09	04.11.09	11.02.10
ING BSK	10.11.09	10.11.09	17.02.10
J.W. CONSTRUCTION	13.11.09	13.11.09	
KĘTY	28.10.09	28.10.09	
KGHM	13.11.09	13.11.09	
KOMPUTRONIK	13.11.09	13.11.09	
KREDYT BANK	13.11.09	13.11.09	11.02.10
LOTOS	05.11.09	05.11.09	
LW BOGDANKA	16.11.09	16.11.09	
MILLENNIUM	06.11.09	06.11.09	
MONDI	05.11.09	05.11.09	26.02.10
MOSTOSTAL WARSZAWA	16.11.09	16.11.09	01.03.10
NETIA	05.11.09	05.11.09	22.02.10
PBG	16.11.09	16.11.09	
PEKAO	10.11.09	10.11.09	19.02.10
PGNiG	12.11.09	12.11.09	
PKN ORLEN	13.11.09	13.11.09	
PKO BP	13.11.09	13.11.09	
POLICE	16.11.09	16.11.09	
POLIMEX MOSTOSTAL	10.11.09	10.11.09	
POLNORD	12.11.09	12.11.09	
RAFAKO	12.11.09	12.11.09	
SYGNITY	12.11.09	12.11.09	
TELEKOMUNIKACJA POLSKA	28.10.09	28.10.09	28.01.10
TRAKCJA POLSKA	16.11.09	16.11.09	
TVN	05.11.09	05.11.09	
ULMA CONSTRUCCION POLSKA	13.11.09	13.11.09	
UNIBEP	13.11.09	13.11.09	
WSiP	05.11.09	05.11.09	
ZA PUŁAWY	10.11.09*****	10.11.09	01.03.10******

Source: Companies

FY08/09 annual report; **Q1 09/10 report; ***Q5 09 report; ** Q409 report; *****Q1 09/10 report; ******H1 09/10 report*

Current ratings by BRE Bank Securities S.A.

Company	Rating	Target Price	Current Price	Rating Date	Price on Rating Day	FY09E P/E
AB	Buy	15.13	11.05	2009-08-06	11.55	8.8
ACTION	Buy	14.59	12.15	2009-09-18	12.60	6.7
AGORA	Accumulate	24.10	20.47	2009-09-04	21.88	31.6
ASBIS	Hold	4.33	4.44	2009-10-16	4.70	
ASSECO POLAND	Buy	72.60	59.20	2009-09-02	61.50	13.2
BUDIMEX	Hold	78.80	83.55	2009-10-05	81.25	13.5
BZWBK	Hold	152.10	171.80	2009-10-05	151.10	19.4
CEZ	Reduce	140.60	144.30	2009-08-18	155.00	9.6
CIECH	Hold	41.70	39.20	2009-10-06	39.90	29.7
CYFROWY POLSAT	Hold	14.55	14.10	2009-05-29	14.25	12.8
DOM DEVELOPMENT	Accumulate	49.80	45.90	2009-09-28	44.59	12.5
ELEKTROBUDOWA	Hold	170.80	179.00	2009-08-14	171.00	16.2
EMPERIA HOLDING	Hold	70.30	67.50	2009-09-04	72.30	11.1
ERBUD	Hold	49.30	47.00	2009-09-04	49.00	14.6
EUROCASH	Hold	9.90	14.70	2009-05-06	9.81	18.2
GETIN	Hold	9.32	8.94	2009-10-05	9.00	28.4
HANDLOWY	Reduce	59.50	65.00	2009-08-24	64.30	23.8
ING BSK	Accumulate	663.60	665.00	2009-08-24	600.00	16.3
J.W. CONSTRUCTION	Buy	13.60	11.90	2009-09-28	11.66	4.0
KĘTY	Buy	109.40	113.80	2008-08-04	79.80	16.3
KGHM	Reduce	73.00	102.00	2009-08-14	84.90	8.9
KOMPUTRONIK	Hold	10.48	13.20	2009-05-29	10.30	26.5
KREDYT BANK	Hold	11.76	12.80	2009-10-05	11.65	118.2
LOTOS	Accumulate	25.80	28.95	2009-09-22	24.05	6.2
LW BOGDANKA	Hold	68.00	74.00	2009-09-03	67.50	13.7
MILLENNIUM	Buy	5.30	5.20	2009-10-05	4.40	105.8
MONDI	Hold	56.00	72.40	2009-09-03	51.00	56.5
MOSTOSTAL WARSZAWA	Accumulate	84.70	69.00	2009-09-09	77.05	11.2
NETIA	Hold	4.10	4.34	2009-08-06	4.13	
PBG	Accumulate	224.40	233.30	2009-10-05	210.00	15.5
PEKAO	Hold	154.40	172.00	2009-10-05	148.20	19.6
PGNiG	Hold	3.67	3.73	2009-09-03	3.75	21.1
PKN ORLEN	Buy	38.20	32.44	2009-09-16	27.15	13.9
PKO BP	Hold	32.00	36.00	2009-08-24	34.99	22.4
POLICE	Hold	5.90	6.24	2009-09-04	6.09	
POLIMEX MOSTOSTAL	Accumulate	4.40	3.93	2009-09-04	4.11	11.8
POLNORD	Buy	45.00	38.10	2009-09-28	37.43	38.8
RAFAKO	Buy	11.60	8.90	2009-09-25	9.74	18.1
SYGNITY	Hold	15.50	12.19	2009-10-02	14.90	
TELEKOMUNIKACJA POLSKA	Buy	19.40	18.89	2009-07-31	15.10	15.9
TRAKCJA POLSKA	Buy	4.80	3.94	2009-08-14	3.90	9.8
TVN	Accumulate	16.00	15.00	2009-09-04	13.40	16.2
ULMA CONSTRUCCION POLSKA	Reduce	58.80	62.90	2009-10-05	67.05	69.6
UNIBEP	Reduce	6.10	6.56	2009-10-05	7.35	12.3
WSiP	Hold	17.20	16.04	2009-09-03	16.61	13.0
ZA PUŁAWY	Hold	82.70	75.40	2009-05-28	80.40	11.3

Ratings issued in the past month

Company	Rating	Target Price	Rating Day
ASBIS	Hold	4.33	2009-10-16
BUDIMEX	Hold	78.8	2009-10-05
BZWBK	Hold	152.1	2009-10-05
CIECH	Hold	41.7	2009-10-06
DOM DEVELOPMENT	Accumulate	49.8	2009-09-28
GETIN	Hold	9.32	2009-10-05
J.W. CONSTRUCTION	Buy	13.6	2009-09-28
KREDYT BANK	Hold	11.76	2009-10-05
MILLENNIUM	Buy	5.3	2009-10-05
PBG	Accumulate	224.4	2009-10-05
PEKAO	Hold	154.4	2009-10-05
POLNORD	Buy	45	2009-09-28
SYGNITY	Hold	15.5	2009-10-02
ULMA CONSTRUCCION PL	Reduce	58.8	2009-10-05
UNIBEP	Reduce	6.1	2009-10-05

Ratings Statistics

	All					Clients of BRE Bank Securities S.A.				
Statistic	Sell	Reduce	Hold	Accumulate	Buy	Sell	Reduce	Hold	Accumulate	Buy
count	0	4	23	8	11	0	1	9	3	2
pct of total	0.0%	8.7%	50.0%	17.4%	23.9%	0.0%	6.7%	60.0%	20.0%	13.3%

Michał Marczak tel. (+48 22) 697 47 38
Managing Director
Head of Research
michal.marczak@dibre.com.pl
Strategy, Telco, Mining, Metals, Media

Research Department:

Marta Jeżewska tel. (+48 22) 697 47 37
Deputy Director
marta.jezewska@dibre.com.pl
Banks

Analysts:

Kamil Kliszcz tel. (+48 22) 697 47 06
kamil.kliszcz@dibre.com.pl
Fuels, Chemicals, Retail

Piotr Grzybowski tel. (+48 22) 697 47 17
piotr.grzybowski@dibre.com.pl
IT, Media

Maciej Stokłosa tel. (+48 22) 697 47 41
maciej.stoklosa@dibre.com.pl
Construction, Developers

Sales and Trading:

Piotr Dudziński tel. (+48 22) 697 48 22
Director
piotr.dudzinski@dibre.com.pl

Marzena Łempicka-Wilim tel. (+48 22) 697 48 95
Deputy Director
marzena.lempicka@dibre.com.pl

Traders:

Emil Onyszczuk tel. (+48 22) 697 49 63
emil.onyszczuk@dibre.com.pl

Grzegorz Stępien tel. (+48 22) 697 48 62
grzegorz.stepien@dibre.com.pl

Tomasz Dudź tel. (+48 22) 697 49 68
tomasz.dudz@dibre.com.pl

Michał Jakubowski tel. (+48 22) 697 47 44
michal.jakubowski@dibre.com.pl

Tomasz Jakubiec tel. (+48 22) 697 47 31
tomasz.jakubiec@dibre.com.pl

Grzegorz Strublewski tel. (+48 22) 697 48 76
grzegorz.strublewski@dibre.com.pl

"Private Broker"

Jacek Szczepański tel. (+48 22) 697 48 26
Director
jacek.szczepanski@dibre.com.pl

Paweł Szczepanik tel. (+48 22) 697 49 47
Sales
pawel.szczepanik@dibre.com.pl

Dom Inwestycyjny
BRE Banku S.A.
ul. Wspólna 47/49
00-950 Warszawa
www.dibre.com.pl

List of abbreviations and ratios contained in the report.
EV *– net debt + market value (EV – economic value)*
EBIT *– Earnings Before Interest and Taxes*
EBITDA *– EBIT + Depreciation and Amortisation*
PBA *– Profit on Banking Activity*
P/CE *– price to earnings with amortisation*
MC/S *– market capitalisation to sales*
EBIT/EV *– operating profit to economic value*
P/E *– (Price/Earnings) – price divided by annual net profit per share*
ROE *– (Return on Equity) – annual net profit divided by average equity*
P/BV *– (Price/Book Value) – price divided by book value per share*
Net debt *– credits + debt papers + interest bearing loans – cash and cash equivalents*
EBITDA margin *– EBITDA/Sales*

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A recommendation is valid for a period of 6-9 months, unless a subsequent recommendation is issued within this period. Expected returns from individual recommendations are as follows:
BUY – we expect that the rate of return from an investment will be at least 15%
ACCUMULATE – we expect that the rate of return from an investment will range from 5% to 15%
HOLD – we expect that the rate of return from an investment will range from –5% to +5%
REDUCE – we expect that the rate of return from an investment will range from -5% to -15%
SELL – we expect that an investment will bear a loss greater than 15%
Recommendations are updated at least once every nine months.

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