11 February 2011

Periodic Report

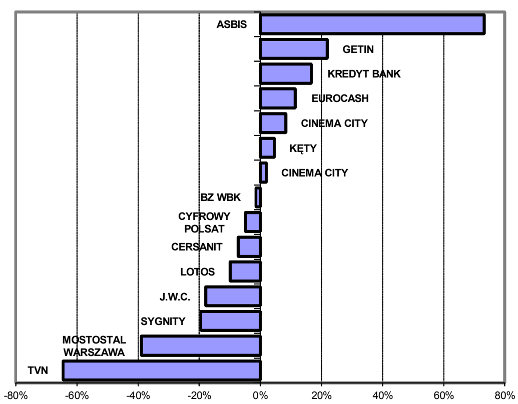
Forecasts of Quarterly Results

Q4 2010

Equity Market

WIG	**47 242**
Average 2010E P/E	17.2
Average 2011E P/E	13.0
Avg dialy trading volume (3M)	PLN 945m

EPS dynamics of selected companies*



**calculated for: Q1'10-Q4'10 / Q4'09-Q3'10*

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Banks. The banks' earnings will be quite heterogeneous, not merely due to seasonal factors (e.g. cost spikes, shrinking corporate loan portfolios and expanding corporate deposits), but also due to one-time factors. Because we believe that the declining costs of risk will be the main driver of earnings improvement in 2011, provisions and loan portfolio quality are the aspects to watch as far as our forecasts for the coming years are concerned.

Energy. In our opinion, refining profits adjusted for the LIFO effect will not support the increasingly-prevalent rosy forecasts for 2011. In PGNiG's case, we expect strong profits across all the segments, which may draw attention to some interesting medium-term perspectives.

Power Utilities. In the case of power utilities, we expect the tendencies observed in the preceding years of 2010 to continue, subject to seasonal effects. Tauron's earnings will be weighed down by provisions for the voluntary redundancy program.

Telecoms. We expect that Q4'10 will be a breakthrough quarter for TPSA's broadband subscriber base. If this proves to be the case, expectations for 2011 should become more optimistic.

Media. We expect a y/y decline in Cyfrowy Polsat's earnings. Other media companies should record slight increases in their operating profits (in TVN's case, adjusted for a non-cash gain on the assumption of control over 'n').

IT. We expect ComArch to report strong earnings. Asseco will see a slight improvement in operating earnings thanks to the consolidation of Formula Systems. For Sygnity, Q4'10 will be another quarter with earnings weighed down by restructuring expenses. We expect good results from IT distributors.

Mining & Metals Record-high prices of metal will allow KGHM to report excellent operating earnings, which will, however, be reduced by hedging losses (incl. unrealized losses).

Manufacturers. Kernel's earnings will improve considerably, and Kopex and Famur are likely to generate good earnings.

Construction. Budimex and Trakcja Polska are should report strong earnings. Polimex's results will be good nominally, but mediocre fundamentally. Mostostal Warszawa will make a poor showing.

Real-Estate Developers. We do not expect high valuation gains in the commercial segment (GTC). PA Nova and housing developers will post earnings in line with expectations. The quarter will be a weak one for BBI Development.

Retailers. We expect negative surprises vis-à-vis market consensus in the case of Vistula, LPP (already priced in thanks to monthly reports on sales and margins) and Eurocash. NG2 and Emperia should not surprise and perform in line with the consensus. Gino Rossi and Redan should make a strong showing in line with their Managements' targets.

Banks

BZ WBK

Banks | **Hold**

Analyst: Iza Rokicka

FY10E P/E 17.5 | FY11E P/E 15.4 | FY10E P/BV 2.47 | FY11E P/BV 2.22

Current price PLN 223.2 | **Target price** PLN 219.0

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Net interest income	474	434	9%	1 795	1 563	15%	1 811	1 795	1%
NIM	3.44%	3.14%	-	3.30%	2.80%	-	3.21%	3.30%	-
Net fee income	342	321	6%	1 340	1 315	2%	1 402	1 340	5%
Income f. bank oper.	873	851	3%	3 455	3 239	7%	3 513	3 455	2%
Operating expenses	-462	-433	7%	-1 737	-1 622	7%	-1 817	-1 737	5%
Operating income*	414	432	-4%	1 719	1 644	5%	1 697	1 719	-1%
Provisions	-104	-100	4%	-422	-481	-12%	-299	-422	-29%
Pre-tax income	311	331	-6%	1 301	1 163	12%	1 402	1 301	8%
Net income	232	246	-6%	938	886	6%	1 058	938	13%

** before provisions*

We expect neutral earnings with PLN 232m bottom line

We expect a bottom line of PLN 232m (+4% q/q but -6% y/y) We believe that this will be another straight quarter when BZ WBK reports week balance-sheet growth relative to peers. We expect loans to be flat q/q (partially due to a seasonal decline in corporate loans) and deposits to increase nominally (+1% q/q). Nonetheless, we believe that the Bank will be able to make a satisfactory improvement in interest income (+3% q/q to PLN 474m). Q/Q growth in market interest rates will have a positive impact on the cost of financing, which will allow the Bank to expand its interest margin by 8bps q/q to 3.54%. We are forecasting a 3% q/q increase in fee income to PLN 342m, due in full to an increase in stock brokerage fees (IPOs). Our trading income projection is PLN 57m. Unlike in Q4 2009, we do not expect a dividend advance from Aviva. We expect a seasonal spike in expenses by 6% q/q to PLN 462m. Provisions will figure to PLN 104m (+4% q/q), which entails a cost of risk of 125bps (-6bps).

Getin

Banks | **Accumulate**

Analyst: Iza Rokicka

FY10E P/E 23.9 | FY11E P/E 14.3 | FY10E P/BV 2.19 | FY11E P/BV 1.87

Current price PLN 12.97 | **Target price** PLN 12.70

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Net interest income	332	274	21%	1 258	978	29%	1 635	1 258	30%
NIM	3.07%	3.09%	-	3.17%	2.94%	-	3.49%	3.17%	-
Net fee income	141	168	-16%	507	443	15%	541	507	7%
Income f. bank oper.	641	564	14%	2 441	2 094	17%	2 862	2 441	17%
Operating expenses	-234	-263	-11%	-898	-861	4%	-1 047	-898	17%
Operating income*	375	291	29%	1 482	1 200	23%	1 746	1 482	18%
Provisions	-215	-261	-17%	-1 048	-842	24%	-871	-1 048	-17%
Pre-tax income	158	30	-	428	358	20%	874	428	104%
Net income	116	47	150%	387	276	40%	652	387	68%

** before provisions*

Investors focused on provisions

We expect Getin Holding's net profit to increase by a staggering 107% q/q to PLN 116m, driven by a considerable q/q reduction in provisions. Note that we are not assuming any one-time events. We believe the Company will once again report a considerable expansion in its balance sheet, stemming not just from new loan originations, but also a 5.6% depreciation of the CHF vs. the PLN. In consequence, we expect a 6% q/q increase in loans, a 4% q/q increase in deposits and a 3% q/q increase in interest income to PLN 332m. We expect non-interest income to increase by 11% q/q, driven by trading income. We expect a q/q reduction in the loss on the valuation of derivatives and a 40% q/q increase in foreign-exchange gains. The Bank should be able to keep its costs in check, as a result of which they will increase by a mere 3% q/q, which entails a 127bps reduction in the cost/income ratio to 38.5%. We believe investors will be focusing on provisions, for which we expect the positive trends observed in Q3 2010 to continue. We expect costs of risk to fall 66bps to 262bps, with provisions decreasing 16% to PLN 215m.

ING BSK

Banks

Hold

Analyst: Iza Rokicka

FY10E P/E 14.3 | FY10E P/BV 1.92 | **Current price PLN 845.0**
FY11E P/E 12.3 | FY11E P/BV 1.74 | **Target price PLN 850.0**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Net interest income	417	354	*18%*	1 623	1 402	*16%*	1 733	1 623	*7%*
NIM	2.66%	2.28%		2.64%	2.17%		2.69%	2.64%	
Net fee income	261	227	*15%*	992	964	*3%*	1 060	992	*7%*
Income f. bank oper.	696	594	*17%*	2 687	2 474	*9%*	2 869	2 687	*7%*
Operating expenses	-387	-349	*11%*	-1 580	-1 488	*6%*	-1 640	-1 580	*4%*
Operating income*	306	218	*40%*	1 112	976	*14%*	1 259	1 112	*13%*
Provisions	-65	-85	*-24%*	-207	-304	*-32%*	-185	-207	*-11%*
Pre-tax income	251	150	*68%*	945	724	*30%*	1 120	945	*19%*
Net income	204	121	*69%*	765	581	*32%*	896	765	*17%*

** before provisions*

Q4 may be the best quarter of 2010

We are forecasting a bottom line of PLN 204m (+6% q/q, +69% y/y). Our forecast factors in a PLN 10m loss on the revaluation of a property in Katowice in other net operating income (vs. PLN 22m a year ago).

We believe that the trend whereby loans are outpacing deposits on a q/q basis will continue. We expect a 5% q/q increase in loans driven by mortgages and a 2% q/q increase in deposits. Interest margin will improve nominally to 2.66%, which entails only a moderate growth in interest income (+2% q/q to PLN 417m). We expect the very same growth rate in fee income, which will be supported by loan and insurance fees. We believe that the Bank will keep its non-payroll costs firmly in check, as it is used to. As a result, total expenses should decline by 2% q/q to PLN 387m (-PLN 9m q/q). In Q4, ING BSK will book year-long projects which have been systematically provisioned for during the year (against operating expenses). In consequence of the rising income and declining costs, we expect an 8% q/q increase in operating income to PLN 306m. Provisions will figure to PLN65m (+17% q/q or +10m q/q).

Pekao

Banks

Reduce

Analyst: Iza Rokicka

FY10E P/E 17.1 | FY10E P/BV 2.18 | **Current price PLN 168.8**
FY11E P/E 14.4 | FY11E P/BV 2.10 | **Target price PLN 155.0**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Net interest income	1 061	974	9%	4 100	3 802	8%	4 571	4 100	11%
NIM	3.08%	3.06%	-	3.02%	2.90%	-	3.17%	3.02%	-
Net fee income	615	613	0%	2 366	2 289	3%	2 554	2 366	8%
Income f. bank oper.	1 855	1 787	4%	7 191	7 063	2%	7 901	7 191	10%
Operating expenses	-930	-913	2%	-3 653	-3 673	-1%	-3 756	-3 653	3%
Operating income*	913	886	3%	3 581	3 467	3%	4 223	3 581	18%
Provisions	-130	-138	-6%	-541	-535	1%	-504	-541	-7%
Pre-tax income	806	766	5%	3 131	2 997	4%	3 812	3 131	22%
Net income	636	612	4%	2 517	2 412	4%	3 079	2 517	22%

** before provisions*

Q/Q net income growth under pressure from one-offs

We expect a bottom line of PLN 636m (-4% q/q, +4% y/y). Our forecast factors in a PLN 35m insurance fee reinvoicing in leasing.

We believe the Bank will report a decent increase in interest income, by 3% q/q to PLN 1061m, supported by an expanding balance sheet. We assume that the interest margin will be flat q/q at 3.08%, We believe fee income will be the key income driver, rising by 4% q/q to PLN 615m thanks to strong card fees. We believe the Bank may find it difficult to replicate its excellent trading income performance from Q3 2010, and we expect a 12% q/q decline in this case, to a level close to the H1 results, i.e. PLN 179m. We believe the Bank will continue to keep its expenses firmly in check, avoiding the seasonal spike that is typical for the industry. We expect only a nominal increase in total expenses (+1% q/q to PLN 930m). In consequence, we believe the Bank will keep its cost/income ratio at a low level of 50% (flat q/q). We expect that provisions will figure to PLN 130m (just -3% q/q).

Banks

PKO BP

Buy

Analyst:
Iza Rokicka

FY10E P/E 16.4
FY11E P/E 12.5

FY10E P/BV 2.46
FY11E P/BV 2.17

Current price **PLN 41.95**
Target price **PLN 48.00**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Net interest income	1 788	1 417	26%	6 573	5 051	30%	7 511	6 573	14%
NIM	4.21%	3.74%	-	3.99%	3.47%	-	4.16%	3.99%	-
Net fee income	805	710	13%	3 129	2 583	21%	3 243	3 129	4%
Income f. bank oper.	2 679	2 287	17%	10 085	8 607	17%	11 152	10 085	11%
Operating expenses	-1 169	-1 140	3%	-4 262	-4 244	0%	-4 473	-4 262	5%
Operating income*	1 556	1 187	31%	6 009	4 624	30%	6 847	6 009	14%
Provisions	-490	-553	-11%	-1 932	-1 681	15%	-1 577	-1 932	-18%
Pre-tax income	1 066	633	68%	4 073	2 943	38%	5 270	4 073	29%
Net income	853	516	65%	3 202	2 306	39%	4 192	3 202	31%

** before provisions*

We expect q/q bottom line growth despite rising costs

We are forecasting a bottom line of PLN 853m (+1% q/q, +65% y/y). We believe PKO BP will see another quarter with a strong expansion in loans, driven not just by a 6% q/q depreciation of the zloty vs. the Swiss franc, but also by high mortgage sales (ca. PLN 3bn). We believe deposit growth may underperform the industry due to the EUR 800m bond issue carried in October. We expect that the key income driver will be interest income. While we expect its growth to slow down from 8% q/q to 4% q/q, this is a consequence of a change in accounting policy towards “restricted” interest (interest on impaired loans). In the third quarter, the Bank’s interest income showed a 9M aggregate result for this category, amounting to PLN 41m; in Q4 2010, only the restricted income for the current quarter will be reported. We believe the Bank will be able to keep tis fee income at the very high level observed in the past two quarters. On the other hand, we expect a 22% q/q contraction in trading income to PLN 87m due to the high base of comparison established in Q3. We expect a seasonal spike in operating expenses, by 11% q/q to PLN 1,169m, and flat provisions after adjustment for one-time events in Q3 (PLN 490m, -12% q/q as reported).

Insurance

Insurance	**PZU**		**Accumulate**
Analyst: Iza Rokicka	FY10E 13.3	FY10E P/BV 2.39	**Current price** **PLN 348.0**
	FY11E 12.1	FY11E P/BV 2.14	**Target price** **PLN 390.0**

(PLN m)	Q4 2010F	Q4 2009	Change	2010F	2009	Change	2011F	2010F	zmiana
Gross premium written, incl.:	3 656	3 301	11%	14 603	14 363	2%	15 236	14 603	4%
Property insurance	1 965	1 666	18%	8 066	8 024	1%	8 361	8 066	4%
Life insurance	1 691	1 640	3%	6 537	6 344	3%	6 876	6 537	5%
Net claims incurred	-2 961	-2 667	11%	-10 813	-9 436	15%	-10 753	-10 813	-1%
Expenses	-957	-1 075	-11%	-3 497	-3 648	-4%	-3 452	-3 497	-1%
Technical income	-24	-144	-83%	166	1 400	-88%	925	166	-
Result on financial assets	505	890	-43%	2 695	3 469	-22%	2 291	2 695	-15%
Pre-tax profit	473	615	-23%	2 792	4 566	-39%	3 077	2 792	10%
Net profit	387	562	-31%	2 262	3 763	-40%	2 493	2 262	10%

PLN 387m net profit under pressure from income on financial instruments

We expect a net profit of PLN 387m, i.e. 45% lower than in Q3 due to a considerable reduction in the result on financial instruments. We expect a 3% q/q increase in gross written premium, with no seasonal decline in property insurance. In fact, we believe property insurance premiums may go up by 2% q/q driven by strong sales of corporate motor insurance prompted by an upcoming elimination of tax breaks for business cars. In life insurance, we expect a 5% q/q increase in gross written premium. Net earned premium will increase by 9% q/q, aided by a reversal of a premium reserve in the property insurance arm (a seasonality). Moreover, we expect that claims paid net of reinsurance will increase by 7% q/q (including a PLN 84m reversal of provisions due to the conversion of long-term life insurance policies into one-year policies), while expenses will increase by 14% q/q. As a result, we are forecasting a PLN 24m technical (underwriting) loss, flat q/q. Further, we expect a big plunge in the income on financial instruments, by -45% q/q to PLN 505m, driven by a negative revaluation of the portfolio of debt securities valued at fair value through the income statement.

Fuels, Chemicals

Ciech

Chemicals — **Buy**

Analyst: Kamil Kliszcz

FY10E P/E	91.9	FY10E EV/EBITDA	6.3	**Current price**	**PLN 23.31**
FY11E P/E	7.1	FY11E EV/EBITDA	4.4	**Target price**	**PLN 27.60**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	1 053.2	894.6	17.7%	3 987.5	3 684.2	8.2%	4 370.4	3 987.5	9.6%
EBITDA	81.5	24.1	237.7%	355.7	365.1	-2.6%	499.1	355.7	40.3%
margin	7.7%	2.7%	-	8.9%	9.9%	-	11.63%	10.86%	-
EBIT	20.9	-35.3	-	116.1	135.0	-14.0%	258.6	116.1	122.7%
Pre-tax profit	86.1	-69.5	-	33.9	-88.0	-	113.8	33.9	235.5%
net profit	69.7	-49.2	-	7.1	-85.5	-	92.2	7.1	-

Good performance in the soda segment strengthened by one-offs

Ciech's adjusted operating earnings for Q4 2010 should be close to its Q3 2010 results, with the biggest contribution coming from the soda segment, which should sustain its margins and volume growth (no downtimes at the Romanian plant). In the case of the organic segment, despite a pressure on TDI margins we do not expect an increase in the Company's EBIT loss (-PLN 13m in Q3 excluding other operating losses of -PLN 3.5m) thanks to an increase in volumes now that the maintenance downtime is over. The agrochemical segment should also see a q/q increase in its earnings, but seasonal patterns will keep this increase small despite the sharp increase in fertilizer pricing. Consolidated EBIT will be further strengthened by a gain on the sale of a property in Warsaw, which should exceed PLN 8m. Note that one potential risk for our EBIT forecasts are the results of the impairment tests the Management intends to carry out on Alwernia's assets, but it is hard to guess what the scale of this write down might be. As far as financing activities are concerned, in addition to interest expenses the Company will book a gain of ca. PLN 97m on the sale of its stake in PTU. All told, the reported net profit will be slightly under PLN 70m, which will allow Ciech to close the year with a small profit.

Lotos

Oil and Gas — **Sell**

Analyst: Kamil Kliszcz

FY10E P/E	8.9	FY10E EV/EBITDA	9.6	**Current price**	**PLN 40.49**
FY11E P/E	10.4	FY11E EV/EBITDA	6.2	**Target price**	**PLN 28.40**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	5 521.7	4 024.0	37.2%	19 463.2	14 321.0	35.9%	25 514.4	19 463.2	31.1%
EBITDA	365.1	166.7	119.0%	1 177.9	704.6	67.2%	1 809.3	1 177.9	53.6%
margin	6.6%	4.1%	-	6.1%	4.9%	-	7.1%	6.1%	-
EBIT	231.9	86.2	169.0%	771.2	419.8	83.7%	1 060.3	771.2	37.5%
Pre-tax profit	196.7	237.4	-17.1%	676.9	1 109.6	-39.0%	809.2	676.9	19.5%
net profit	159.4	223.6	-28.7%	589.9	900.8	-34.5%	505.0	589.9	-14.4%

A clear q/q decline in EBIT

In Q4 2010, Lotos's consolidated EBIT should approach PLN 232m, but only thanks to an estimated PLN 140m LIFO effect. In the refining segment, we expect a decline in LIFO earnings from PLN 278m in Q3 to PLN 82m, which, with throughput stable, will be a consequence of a reduction in earnings on asphalts (volumes and margins), a pressure on the margins on other products not indexed to crude oil price and a lack of foreign exchange gains reported in Q3 2010. In upstream, we expect an EBIT of ca. PLN 38m vs. PLN 6.1m in the preceding quarter as the Company recognizes earnings from earlier periods. Just like last year, retail is likely to be in the red despite an expansion in volumes and due to weak margins at fuel stations. With no major shifts in the forex market during the quarter, we do not expect a significant contribution from financing activities, though they will generate a small loss due to a revaluation of USD-denominated loans. All told, the Company's bottom line should figure to PLN 160m.

Oil and Gas

PGNiG

Buy

Analyst:	FY10E P/E	11.3	FY10E EV/EBITDA 6.4	**Current price**	**PLN 3.85**
Kamil Kliszcz	FY11E P/E	13.1	FY11E EV/EBITDA 6.5	**Target price**	**PLN 4.40**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	6 688.5	5 615.3	19.1%	21 332.0	19 290.4	10.6%	23 126.7	21 332.0	8.4%
EBITDA	1 194.0	1 891.4	-36.9%	3 846.9	2 830.0	35.9%	4 097.1	3 846.9	6.5%
margin	17.9%	33.7%	-	18.0%	14.7%	-	17.7%	18.0%	-
EBIT	809.0	1 504.6	-46.2%	2 351.0	1 333.8	76.3%	2 453.4	2 351.0	4.4%
Pre-tax profit	837.4	1 515.4	-44.7%	2 422.1	1 442.1	68.0%	2 335.2	2 422.1	-3.6%
net profit	678.3	1 278.2	-46.9%	2 014.9	1 202.0	67.6%	1 733.7	2 014.9	-14.0%

Excellent earnings, partially due to a discount in the Yamal contract

In Q4 2010, we expect a very strong performance from PGNiG at the EBIT level, which should approach a staggering PLN 809m. In upstream, we expect operating earnings of PLN 160m compared to PLN 246m in Q3 2010 and PLN 123m in Q4 2009 (when the figure was weighed down by write-downs on mining assets in the amount of PLN 132m). The q/q decline despite the rising crude prices will be a consequence of higher charges against failed drilling efforts (-PLN 100m vs. -PLN 22m). In Trade & Storage, a q/q reduction in the reported loss on imported gas and the recognition of the discount in the Yamal contract (PLN 130m) will make an EBIT of PLN 353m possible, compared to PLN 83.5m in Q3 2010 and PLN 630m in Q4 2009 (as a reminder, at that time earnings were weighed down by PLN 100m in receivable write-offs; therefore, the adjusted y/y difference will be some PLN 500m). Very high gas sales, supported by December's low temperatures, will surely make an impact on distribution earnings, which should increase from PLN 265m in Q4 2009 (adjusted) to PLN 295m. The Company also should record financing gains. All told, its net profit will figure to PLN 678m, beating PLN 2bn on FY basis. Our forecasts do not assume that any write-downs on distribution assets will be reversed.

Chemicals

Police

Sell

Analyst:	FY10E P/E	-	FY10E EV/EBITDA 13.5	**Current price**	**PLN 9.00**
Kamil Kliszcz	FY11E P/E	26.1	FY11E EV/EBITDA 8.3	**Target price**	**PLN 5.50**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	566.4	404.4	40.1%	2 015.6	1 485.6	35.7%	2 168.7	2 015.6	7.6%
EBITDA	39.2	-40.8	-	76.3	-327.4	-	123.5	76.3	61.9%
margin	6.9%	-10.1%	-	3.8%	-22.0%	-	5.7%	3.8%	-
EBIT	20.9	-60.4	-	1.6	-407.5	-	50.5	1.6	-
Pre-tax profit	15.9	-49.6	-	-4.8	-404.7	-	25.9	-4.8	-
net profit	15.9	-98.9	-	-4.7	-422.1	-	25.9	-4.7	-

Fertilizer prices going up, feedstock prices staying put

In a December press release, Police said that it had generated excellent earnings in October and November, with a net profit of a staggering PLN 20.7m, which was achieved without any one-time factors (e.g. gains stemming from the cancellation of debt owed to a local authority or a reversal of write-downs on tax assets). In Q4, the price of DAP increased by ca. 8% q/q on average, and the price of urea by 20%, while the costs of phosphates and potash remained flat as they had been fixed in contracts. The rising gas prices did not neutralize these positive trends. If these October and November earnings were truly free of any one-time events, Police's Q4 standalone earnings can be estimated at PLN 25-30m. Due to the Company's accounting policy, the consolidated net profit will be lower at some PLN 15.9m (recall that in Q3 2010 the standalone profit figured to PLN 10.2m vs. PLN 1.2m after consolidation). One risk for our forecasts are potential changes in provisions prompted by the restructuring program. Let us also point out that Q1 2011, when fertilizer prices are expected to stay put and appendices will have to be signed for feedstock materials (potash, sulfur, phosphates), a pressure on the EBIT margin will surface.

ZA Puławy

Chemicals

Hold

Analyst:	FY10E P/E	16.4	FY10E EV/EBITDA 9.0	**Current price**	**PLN 112.4**
Kamil Kliszcz	FY11E P/E	11.4	FY11E EV/EBITDA 6.5	**Target price**	**PLN 106.1**

(PLN m)	2Q10/11F	2Q09/10	change	1H10/11F	1H09/10	change	2010/11F	2009/10	change
Revenue	557.7	512.5	8.8%	1 009.9	897.4	12.5%	2 587.8	2 055.9	25.9%
EBITDA	50.5	-4.5	-	20.1	-36.4	-	246.6	82.2	200.1%
margin	9.1%	-0.9%	-	2.0%	-4.1%	-	9.5%	4.0%	-
EBIT	30.9	-21.6	-	-19.0	-70.7	-	161.5	15.2	963.7%
Pre-tax profit	34.1	-14.8	-	-12.6	-57.0	-	161.5	46.4	248.0%
net profit	27.3	-15.0	-	-11.1	-48.0	-	130.8	35.5	268.1%

A major part of Q1 2010/2011 losses will be made up for

In the second quarter of its fiscal year, ZAP should be able to offset a major part of losses incurred in the preceding period thanks primarily to considerable hikes in fertilizer prices in the domestic market (20-30% depending on the product). Moreover, already in November the Company started testing its new urea facility, which will result in additional sales volumes; all in all, we expect an over PLN 90m q/q increase in sales in the segment. Thus, the higher sales will more than offset the 6% increase in gas prices that was introduced in October. Further, we should assume that caprolactam revenue will increase by PLN 45m, driven by volumes (note a scheduled maintenance downtime in the preceding quarter) and global prices. The only area where revenue will decline in q/q terms will be melamine production. Although prices are at a record-high level, volumes will decline by more than 30% due to technical failures on two facilities that had not been fixed until December. We assume that ZAP was not able to re-direct all the liquid urea that was not used to make melamine toward fertilizer production (as a reminder, during the launch of the OGP-ammonia-urea line, the granulating tower was not fully available). In Q2 2010/11 we do not expect gains on the sale of emission reduction units, which will probably come in the following quarter, but given the widening margins on fertilizers and caprolactam and the fact that the Q1 2010/11 base of comparison was artificially depressed by nearly PLN 30m (F/X losses on receivables), we expect ZAP to generate an operating profit of approximately PLN 30m.

Power Utilities

CEZ

Utilities | **Hold**

Analyst: Kamil Kliszcz

FY10E P/E	8.8	FY10E EV/EBITDA	6.9	**Current price**	**PLN 133.8**
FY11E P/E	9.7	FY11E EV/EBITDA	7.2	**Target price**	**PLN 129.5**

(CZK m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	57 813.2	55 536.0	4.1%	202 201.2	196 352.0	3.0%	200 950.5	202 201.2	-0.6%
EBITDA	20 837.3	20 067.0	3.8%	88 011.3	91 075.0	-3.4%	86 396.5	88 011.3	-1.8%
margin	36.0%	36.1%	-	43.5%	46.4%	-	43.0%	43.5%	-
EBIT	14 541.3	13 712.0	6.0%	64 562.3	68 199.0	-5.3%	61 787.1	64 562.3	-4.3%
Pre-tax profit	12 996.6	10 036.0	29.5%	61 760.6	64 946.0	-4.9%	57 606.3	61 760.6	-6.7%
net profit	10 527.2	7 826.0	34.5%	50 635.2	51 547.0	-1.8%	45 863.3	50 635.2	-9.4%

Q4'09 base of comparison artificially low

We expect that CEZ's fourth-quarter earnings will be supported by strong volumes, especially in December, in both electricity and heat generation, and distribution. In the case of generation, the EBIT should figure to some CZK 12bn, i.e. above the Q3 result but below the one posted in Q4 2009, which will be a consequence of a decline in the average price, negative valuation of carbon dioxide emission credits (whose prices declined by 7% during the quarter) and an expected decrease in derivative gains. As a reminder, in Q4 2009 CEZ made some inter-segmental shifts in its accounts, which increased earnings in generation by CZK 800m at the expense of distribution. As far as sales and distribution are concerned, we expect a much lower negative impact of the costs of solar energy purchases and a y/y decline in the scale of the seasonal spike in expenses, which will enable CEZ to generate an EBIT of CZK 1.9bn. With stable profits from coal mining (CZK 1.2bn) and neutral "other" activities (CZK 300m), the Company's consolidated EBIT should figure to CZK 14.5bn. As far as financing activities are concerned, we expect a q/q decline as there will be no positive contribution from the valuation of options for MOL shares, while foreign-exchange differences will bring losses of some CZK 800m due to the depreciation of the local currency vs. the euro. Subsidiaries valued under the equity method will not bring more than CZK 300m. All told, our estimate of the Company's net profit is CZK 10.5bn.

Enea

Utilities | **Reduce**

Analyst: Kamil Kliszcz

FY10E P/E	14.7	FY10E EV/EBITDA	5.5	**Current price**	**PLN 22.23**
FY11E P/E	14.5	FY11E EV/EBITDA	6.1	**Target price**	**PLN 21.43**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	2 152.9	1 927.9	11.7%	7 980.6	7 167.3	11.3%	7 882.6	7 980.6	-1.2%
EBITDA	277.2	245.3	13.0%	1 378.3	1 167.0	18.1%	1 417.4	1 378.3	2.8%
margin	12.9%	12.7%	-	17.3%	16.3%	-	18.2%	16.3%	-
EBIT	111.5	66.2	68.3%	722.2	505.6	42.8%	725.5	722.2	0.5%
Pre-tax profit	146.5	96.4	52.0%	839.8	653.1	28.6%	834.9	839.8	-0.6%
net profit	118.6	67.2	76.5%	666.0	513.6	29.7%	676.3	666.0	1.5%

Strong earnings despite q/q increase in salaries

In Q4 2010, we expect a clear seasonal increase in salary expenses. Nonetheless, the Company should still do much better than in Q4 2009. We expect the generation business to bring an EBIT of PLN 72.6m vs. PLN 61.8m in Q4 2009, driven by higher output and spot prices. Relative to Q3 2010, one should note the re-launch of one of the 560 MW units in October following its general overhaul. In distribution, we do not expect any major write-offs or provisions; as a result, our EBIT estimate is PLN 51m vs. –PLN 26m one year earlier and PLN 89.8m in Q3 2010. Our forecasts take into account a possible increase in the cost of energy purchased in the spot market to cover network losses, but this should be offset by a decline in maintenance expenses due to the tough weather conditions in December. In sales, we expect an EBITDA margin of ca. 2.5%, which implies an operating profit of PLN 30.9m (a y/y decline stemming from intense competition in retail and lack of gains on settlements with the distributor). In the "other" category we expect a profit of PLN 10m compared to a -PLN 1.3m loss in Q4 2009 (when ENEA wrote off PLN 16m goodwill of the heating companies it had acquired). With financial gains of PLN 35m seconded by the earnings of the Białystok CHP plant, the bottom line should figure to PLN 118m.

Utilities

PGE

Buy

Analyst:	FY10E P/E	14.0	FY10E EV/EBITDA	6.5	**Current price**	**PLN 22.65**
Kamil Kliszcz	FY11E P/E	11.2	FY11E EV/EBITDA	5.8	**Target price**	**PLN 26.73**

(PLN m)	4Q2010F	4Q2009	change	2010F*	2009	change	2011F	2010F*	change
Revenue	5 840.9	5 752.9	2%	20 825.5	21 623.4	-3.7%	22 398.2	20 825.5	7.6%
EBITDA	1 751.1	2 020.3	-13%	6 811.1	7 983.4	-14.7%	7 984.6	6 811.1	17.2%
margin	30.0%	35.1%	-	32.7%	36.9%	-	35.6%	32.7%	-
EBIT	1 062.7	1 319.0	-19%	4 136.4	5344.7	-22.6%	5 090.0	4136.4	23.1%
Pre-tax profit	1 150.9	1 362.6	-16%	4 396.4	5378.5	-18.3%	5 248.5	4396.4	19.4%
net profit	785.8	848.8	-7%	3 032.4	3370.7	-10.0%	3 774.5	3032.4	24.5%

** we have used pro-forma net profit for 2010 after the merger stock issue*

EBITDA adjusted for long-term contract compensation will be flat Y/Y

In Q4 2010, PGE should generate an EBITDA of slightly under PLN 1.8bn, which implies a 13% y/y decline. However, after adjustment for long-term contract compensation, the earnings should approach those for Q4 2009 (PLN 1.6bn). In power generation, we expect an operating profit of PLN 722m, with LTC compensation at PLN 125m. In addition to the decline in LTC compensation, earnings will be weighed down by a y/y drop in production at lignite-fired mines due to one unit of the Turów power plant having been switched off and to ongoing maintenance work on two units at the Bełchatów power plant. We do not believe PGE will be paid claims on account of flood-related losses and the failure at ZEDO (Dolna Odra PP) just yet. In the case of distribution, we do not expect major changes in actuarial reserves. Higher volumes will drive EBIT up from PLN 135m in Q3 to PLN 144m. Renewable energy EBIT should figure to PLN 39m, on the assumption that D&A charges do not surge this time like they did in Q3. In the case of wholesale and retail, we expect the trends observed throughout 2010 to continue as far as margins are concerned, but in Q4, the earnings will be boosted by rising volumes. Hence, our EBIT estimate for these two areas is PLN 67m and PLN 48m, respectively. After financing gains and a slightly lower effective tax rate (we expect a continued impact of the recognition of a tax asset, which had a material impact on third-quarter earnings), the bottom line should figure to PLN 785m.

Utilities

Tauron

Buy

Analyst:	FY10E P/E	12.5	FY10E EV/EBITDA	4.3	**Current price**	**PLN 6.18**
Kamil Kliszcz	FY11E P/E	11.8	FY11E EV/EBITDA	4.5	**Target price**	**PLN 8.87**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	3 902.0	3 602.5	8.3%	14 852.8	13 633.6	8.9%	14 688.7	14 852.8	-1.1%
EBITDA	589.7	522.1	12.9%	2 747.0	2 580.8	6.4%	2 833.8	2 747.0	3.2%
margin	15.1%	14.5%	-	18.5%	18.9%	-	19.3%	18.5%	-
EBIT	252.7	193.2	30.8%	1 380.6	1259.7	9.6%	1 361.1	1380.6	-1.4%
Pre-tax profit	222.7	156.7	42.2%	1 268.3	1165.0	8.9%	1 219.0	1268.3	-3.9%
net profit	162.6	104.1	56.2%	864.2	732.4	18.0%	918.9	864.2	6.3%

Customary bonuses, provisions will weigh earnings down

We believe that in Q4 2010 Tauron will post weaker earnings than in the preceding quarters of 2010 due to the customary disbursement of bonuses at the end of the year (especially in coal mining) and to provisions (mostly for the voluntary redundancy program in the distribution segment). In consequence, we expect a small EBIT loss in coal mining (-PLN 4m vs. +PLN 2.9m in Q3) even though volumes will not decrease q/q. Generation, in turn, should see an improvement in earnings. Had it not been for the expected decline in LTC compensation to ca. PLN 100m, the segment could have posted a record-high EBIT thanks to the high spot prices in December and increased demand for heat. As far as production growth is concerned, PSE's data show that it may have been lower than in the preceding quarters (by 6%, we estimate) due to the weak October and November. In distribution, in addition to one-off factors (such as the abovementioned provisions for the voluntary redundancy program, a reduction in the number of new network connections), the expected decline in EBIT vs. the preceding quarters (to just PLN 54m vs. PLN 122m average for Q1-Q3) will be a consequence of a slower growth in the demand for energy (3.2% in Q4 vs. 4.6% in Q1-Q3 according to PSE's data). With a profit of some PLN 18m in the renewable energy segment and a seasonally-low result in wholesale (PLN 3.9m), Tauron's consolidated EBIT should be slightly under PLN 253m. As far as financing activities are concerned, we conservatively assume that debt conversion will have a negative impact (prepayment fees on the subsidiaries' loans which were replaced with bonds issued by the parent company), as this was the case at PGE. With lower minority profits (after the buyout of minority stakes in November), the bottom line should figure to some PLN 162m.

Telecommunications

Netia

Hold

Telco

Analyst: Michał Marczak

FY10E P/E	33.3	FY10E EV/EBITDA	4.7	**Current price**	**PLN 5.23**
FY11E P/E	18.6	FY11E EV/EBITDA	4.3	**Target price**	**PLN 5.40**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	400.8	386.2	3.8%	1 575.9	1 505.9	4.7%	1 614.0	1 575.9	2.4%
EBITDA	90.3	90.6	-0.4%	368.8	312.8	17.9%	381.4	368.8	3.4%
margin	22.5%	23.5%	-	23.4%	20.8%	-	23.6%	23.4%	-
EBIT	15.7	15.2	3.4%	70.1	14.2	392.7%	104.1	70.1	48.4%
Pre-tax profit	19.0	12.0	57.8%	73.6	1.1	6631.7%	121.5	73.6	65.1%
net profit	18.9	103.8	-81.8%	61.2	88.7	-31.0%	109.3	61.2	78.6%

Making the Q3 disappointment a distant memory

In our forecast for Q4 2010 we assume that the Company will exceed the PLN 400m revenue threshold for the first time in its history. On the one hand, this will be a consequence of an increase in data transmission revenues, thanks to the still expanding - if at a slower pace - subscriber base; on the other, of rising wholesale revenue. Netia's third-quarter earnings have poisoned the investors' sentiment to the Company, which is why we believe that it will attempt to use wholesale revenue to demonstrate that it still has potential for growth. A reduction in the number of broadband subscriber additions should push Netia's EBITDA margin up. Another factor with a positive impact on profitability will be continued migration of subscribers from BSA/WLR to LLU. According to our estimates, the number of LLU connections had increased to 110k by the end of 2010. The key issue for Netia's earnings is how TPSA's new broadband offer affects Netia's sales, and therefore future margins.

TP SA

Accumulate

Telco

Analyst: Michał Marczak

FY10E P/E	133.2	FY10E EV/EBITDA	5.7	**Current price**	**PLN 16.6**
FY11E P/E	17.3	FY11E EV/EBITDA	4.7	**Target price**	**PLN 17.6**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	3 858.2	4 005.0	-3.7%	15 616.2	16 560.0	-5.7%	15 483.4	15 616.2	-0.9%
EBITDA	1 409.0	1 446.0	-2.6%	4 734.0	6 246.0	-24.2%	5 787.3	4 734.0	22.3%
margin	36.5%	36.1%	-	30.3%	37.7%	-	37.4%	30.3%	-
EBIT	469.0	457.0	2.6%	947.0	2 096.0	-54.8%	2 059.9	947.0	117.5%
Pre-tax profit	358.2	330.0	8.6%	495.2	1 597.0	-69.0%	1 587.0	495.2	220.5%
net profit	277.4	251.0	10.5%	166.4	1 280.0	-87.0%	1 283.5	166.4	671.2%

Breakthrough at last?

Q4 2010 is a very important quarter for TPSA. For the first time in two years, the Company has a broadband offer which is competitive in the market. As a result, TPSA's broadband subscriber base should return onto a path of growth (+25k q/q in Q4). If this proves to be the case, more optimistic expectations for 2011 will be warranted. We also expect Centertel to confirm positive trends in terms of its revenue (+1% q/q), EBITDA margin and subscriber base (+120k q/q). POTS services will continue eroding, but at a slower pace. After the weak Q3, we expect that net churn in the POTS area will return to the 150k level (vs. 215k in Q3), and that the rate at which revenues are falling will decline to -10% y/y. Traditional voice services account now for just 32% of TPSA's total revenue. Our forecast does not assume that the Company will create additional provisions for the second stage of its dispute with DPTG.

Media

Media	Agora			Accumulate
Analyst:	FY10E P/E 18.6	FY10E EV/EBITDA 7.8	Current price	PLN 25.70
Piotr Grzybowski	FY11E P/E 19.2	FY11E EV/EBITDA 6.4	Target price	PLN 28.90

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	333.0	291.1	14.4%	1 109.0	1 110.1	-0.1%	1 268.5	1 109.0	14.4%
EBITDA	45.5	39.5	15.2%	160.0	134.1	19.3%	185.4	160.0	15.9%
margin	13.7%	13.6%	-	14.4%	12.1%	-	14.6%	14.4%	-
EBIT	21.5	19.5	10.3%	76.1	52.9	43.9%	86.6	76.1	13.8%
Pre-tax profit	21.3	20.3	4.9%	80.1	54.4	47.2%	86.6	80.1	8.1%
net profit	16.6	14.9	11.4%	70.5	38.3	84.1%	68.1	70.5	-3.4%

Y/Y improvement thanks to the consolidation of Helios

Agora's earnings will improve in the fourth quarter, but this will be a consequence of the consolidation of the new cinema segment. Total revenue will increase to PLN 333 m, with PLN 53.6m coming from the cinema segment. Even though the advertising market slowed down in the three final months of the year, Agora's advertising revenue will increase slightly (by 0.5% y/y to PLN 199.4m) thanks to the consolidation of Helios (+PLN 2.9m in advertising revenue), growth in the online segment (+19.5% y/y) and a long-awaited rebound in outdoor advertising (+4% y/y). We expect advertising revenue to decline in the newspaper segment (-8.1% y/y, with slight increase in revenue in the case of the free daily *Metro*) and in the magazine segment (-12.5% y/y). We estimate ticket sales at PLN 39.5m, and newspaper and magazine sales at PLN 48.1m. As far as costs are concerned, we expect a 9.5% increase in the costs of materials and energy to PLN 61.0m, driven by the consolidation of Helios as well as rising prices of paper. Remuneration expenses will also increase (by 8.1% to PLN 72.1m). In turn, we expect savings in representation and advertising expenses (-1.2% y/y).

Media	Cinema City			Hold
Analyst:	FY10E P/E 17.5	FY10E EV/EBITDA 9.6	Current price	PLN 41.30
Piotr Grzybowski	FY11E P/E 15.5	FY11E EV/EBITDA 8.6	Target price	PLN 42.90

(EUR m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	59.1	55.6	6.3%	237.0	211.6	12.0%	270.9	237.0	14.3%
EBITDA	11.9	11.1	7.5%	56.5	46.5	21.4%	61.6	56.5	9.1%
margin	20.2%	20.0%	-	23.8%	22.0%	-	22.7%	0.2	-
EBIT	7.0	6.7	5.5%	37.0	30.2	22.6%	41.2	37.0	11.1%
Pre-tax profit	7.1	6.4	11.7%	35.5	28.2	25.6%	41.5	35.5	17.0%
net profit	6.1	4.7	29.7%	31.0	24.4	26.8%	35.0	31.0	12.9%

3D makes for a good quarter

Cinema City announced that the number of tickets sold had declined by 8.3% y/y in the fourth quarter. We believe that thanks to a rising share of tickets for 3D features and a 3.5% depreciation of the EUR vs. local currencies (on average), revenues from ticket sales will nonetheless increase to EUR 35.7m (which implies a 9.2% increase in average ticket price in local currencies). We estimate snack sales revenue at EUR 10.9m, and advertising revenue at EUR 7.0m. Property-development revenue will come in at PLN 0.5m, and movie distribution revenue EUR 5.5m (*Sammy's Adventures, The American, Tangled*). We expect the gross margin to come in at a level comparable with last year's (17.9%), and general expenses at EUR 3.5m. Finance gains should figure to EUR 0.1m.

Cyfrowy Polsat Hold

Media

Analyst:	FY10E P/E	15.8	FY10E EV/EBITDA 9.9	**Current price**	**PLN 15.14**
Piotr Grzybowski	FY11E P/E	14.2	FY11E EV/EBITDA 8.9	**Target price**	**PLN 15.30**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	382.7	337.3	13.5%	1 488.5	1 266.1	17.6%	1 469.2	1 266.1	16.0%
EBITDA	70.5	64.1	10.0%	405.7	318.0	27.6%	426.8	318.0	34.2%
margin	18.4%	19.0%	-	27.3%	25.1%	-	29.0%	25.1%	-
EBIT	46.5	51.1	-8.9%	324.7	276.1	17.6%	360.6	276.1	30.6%
Pre-tax profit	45.0	51.4	-12.3%	318.7	284.3	12.1%	351.1	284.3	23.5%
net profit	36.1	41.4	-12.9%	257.6	230.3	11.9%	284.4	230.3	23.5%

Seasonal earnings slump

Due to high marketing outlays on its broadband service, losses incurred by mPunkt and higher marketing, promotional and salary costs, the Company will report weaker earnings. We are projecting subscription revenue at PLN 354.6m and set-top box sales at PLN 14.0m. On the expense side, we expect programming expenses of PLN 100.8m, salary expenses of PLN 31.0m (including ca. PLN 10.0m in annual bonuses) and PLN 94.0m in distribution and marketing expenses. In addition, we expect other operating losses of –PLN 12.3m, driven by an increase in subscriber receivable write-offs. Finance losses will amount to PLN 1.5m. In terms of individual segments, we expect a PLN 7.5m operating loss for mPunkt and a PLN 15m loss in the telco segment (broadband, MVNO).

TVN Hold

Media

Analyst:	FY10E P/E	57.7	FY10E EV/EBITDA 12.1	**Current price**	**PLN 16.15**
Piotr Grzybowski	FY11E P/E	18.0	FY11E EV/EBITDA 10.2	**Target price**	**PLN 16.50**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	750.3	680.4	10.3%	2 490.7	2 123.4	17.3%	2 741.1	2 490.7	10.1%
EBITDA	208.0	354.0	-41.2%	633.5	794.8	-20.3%	733.7	633.5	15.8%
margin	27.7%	52.0%	-	25.4%	37.4%	-	26.8%	25.4%	-
EBIT	149.0	302.8	-50.8%	395.8	612.1	-35.3%	490.8	395.8	24.0%
Pre-tax profit	81.2	204.2	-60.2%	158.9	380.8	-58.3%	350.0	158.9	120.3%
net profit	68.9	242.7	-71.6%	95.6	420.8	-77.3%	307.4	95.6	221.4%

Strong performance despite advertising slowdown

In the fourth quarter, the advertising market slowed down, which affected the TV segment the most. We nonetheless believe that TVN managed to increase its advertising revenue by 5.4% to PLN 447.0m, with a 3% increase in the case of the TV segment. Pay-TV revenue is estimated at PLN 156.0m (after a consolidation adjustment), sponsoring revenue at PLN 38.0m and revenue from license fees paid by cable networks and digital platforms at PLN 45.0m. As far as programming costs are concerned, we expect an increase in outlays to PLN 191.0m. The digital platform ‘n’ will incur a loss of an estimated PLN 35m. Finance losses will amount to PLN 67.8m, comprising PLN 85.1m in interest expenses (between its Eurobond issue and the repayment of its zloty debt the Company maintained a higher debt level), PLN 14.5m in loan revaluation gains and PLN 7.2m in debt rollover expenditure. We expect TVN to pay a tax of PLN 12.3m.

IT

AB

IT | **Accumulate**

Analyst: Piotr Grzybowski

FY10E P/E	7.8	FY10E EV/EBITDA	6.3	**Current price**	**PLN 24.40**
FY11E P/E	8.8	FY11E EV/EBITDA	6.5	**Target price**	**PLN 27.60**

(PLN m)	2Q10/11F	2Q09/10	change	1H2010/11	1H2009/10	change	2010/11F	2009/10	change
Revenue	1010.2	946.8	6.7%	1 763.8	1 568.9	12.4%	3 071.7	2 882.1	6.6%
EBITDA	34.1	24.6	39.0%	40.8	33.6	21.5%	73.8	66.3	11.4%
margin	3.4%	2.6%	-	2.3%	2.1%	-	2.4%	2.3%	-
EBIT	31.9	22.6	41.5%	36.4	31.9	14.0%	66.1	58.3	13.4%
Pre-tax profit	28.9	20.6	40.4%	39.0	28.9	34.8%	58.3	45.4	28.4%
Net profit	25.1	16.4	52.9%	33.1	25.1	31.9%	48.6	35.2	38.3%

Earnings will improve despite a very high base

Q2 2009/2010 was the best quarter in AB's history. Nonetheless, we expect an improvement in earnings in Q2 2010/11, driven partially by the reversal of a provision following a favorable ruling by a court of appeals in the dispute with Raiffeisen (PLN 7.5m). We assume that in its earnings for Q2 2010/2011, the Company will only recognize the principal of the claim, with the interest due (PLN 1.7m at the moment) recognized when Raiffeisen pays it. However, even if we ignore this one-time event AB should report net income growth. We expect record-high sales at the consolidated level, in excess of PLN 1bn, with a gross margin of 5.8%. General expenses will figure to PLN 28.4m, and other operating gains to PLN +1.7m (driven by the abovementioned provision reversal and bonuses paid to retail networks, estimated at PLN 4.2m).

Action

IT | **Accumulate**

Analyst: Piotr Grzybowski

FY10E P/E	13.4	FY10E EV/EBITDA	8.7	**Current price**	**PLN 20.51**
FY11E P/E	10.9	FY11E EV/EBITDA	7.8	**Target price**	**PLN 18.16**

(PLN m)	4Q2010F	3Q08/09*	change	2010F	2008/09	change	2011F	2010F	change
Revenue	641.0	422.0	51.9%	2 160.7	3 079.4	-29.8%	2 320.1	2 160.7	7.4%
EBITDA	18.1	-2.5	-810.3%	48.9	49.9	-1.9%	53.8	48.9	9.9%
margin	2.8%	-0.6%	-	2.3%	1.6%	-	2.3%	2.3%	-
EBIT	15.1	-3.3	-559.6%	37.2	38.1	-2.3%	44.8	37.2	20.5%
Pre-tax profit	14.1	-3.9	-464.2%	33.2	31.8	4.7%	39.9	33.2	20.0%
Net profit	11.1	-3.6	-410.8%	26.4	23.3	13.2%	32.3	26.4	22.6%

Strong ending to the year

After a period of weaker earnings, we expect good financial performance of Action in Q4 2010. We expect that revenues will increase in the low double-digits vs. Q4 2009. Since the foreign-exchange rates were fairly stable in the period, we expect the Company to post a gross margin of 8.2%. General expenses will figure to PLN 36.0m, and other operating losses to –PLN 1.5m, comprising bonuses to retail networks (-PLN 1.5m) partially offset with foreign-exchange gains recognized at this level (+PLN 0.3m). We also expect that all subsidiaries will be in the black operationally in Q4’10, as promised by the Management. We are forecasting financing losses of PLN 0.1m and a tax of PLN 2.7m.

IT

ASBIS

Accumulate

Analyst:	FY10E P/E	30.5	FY10E EV/EBITDA	7.6	**Current price**	**PLN 4.00**
Piotr Grzybowski	FY11E P/E	10.0	FY11E EV/EBITDA	6.0	**Target price**	**PLN 4.32**

(USD m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	461.3	409.7	12.6%	1 419.3	1 167.9	21.5%	1 490.8	1 419.3	27.7%
EBITDA	7.7	5.9	31.7%	14.6	5.8	152.7%	19.0	14.6	228.3%
margin	1.7%	1.4%	-	1.0%	0.5%	-	1.3%	1.0%	-
EBIT	7.0	5.1	37.5%	11.9	2.9	311.4%	16.0	11.9	452.1%
Pre-tax profit	4.3	3.0	44.1%	4.1	-2.8	-244.1%	9.9	4.1	-452.9%
Net profit	3.4	2.3	47.0%	2.6	-3.2	-179.6%	7.8	2.6	-342.6%

FY in the black after good Q4

We believe ASBIS had a fairly good quarter. With a continuing revival in the Russian and Ukrainian markets coupled with a stable EUR (vs. the currencies of the core markets), we expect sales to increase by over 12% during the period, with the gross margin at a satisfactory 4.6%. We are forecasting general expenses at USD 14.4m, and finance losses at –USD 2.7m, comprising interest expenses and foreign-exchange losses (ca. -USD 0.4m). With tax at USD 0.8m and minority profits at USD 0.1m, the bottom line will figure to USD 3.4m.

IT

Asseco Poland

Buy

Analyst:	FY10E P/E	9.4	FY10E EV/EBITDA	5.9	**Current price**	**PLN 50.20**
Piotr Grzybowski	FY11E P/E	10.2	FY11E EV/EBITDA	5.7	**Target price**	**PLN 65.30**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	1 004.0	935.7	7.3%	3 195.8	3 050.3	4.8%	3 389.2	3 195.8	6.1%
EBITDA	173.0	170.6	1.4%	676.1	646.1	4.6%	663.2	676.1	-1.9%
margin	17.2%	18.2%	-	21.2%	21.2%	-	19.6%	21.2%	-
EBIT	137.6	134.0	2.7%	550.1	525.5	4.7%	537.0	550.1	-2.4%
Pre-tax profit	149.6	138.6	8.0%	550.5	514.4	7.0%	564.0	550.5	2.5%
Net profit	99.5	94.6	5.1%	414.6	373.4	11.1%	383.0	414.6	-7.6%

Considerable improvement in earnings thanks to one-offs and Formula

Asseco Poland will improve its operating and net profit vs. Q4 2009, but this change will be largely driven by one-time events and one month of consolidation of the newly-acquired Israeli subsidiary Formula Systems. We expect that the Company will release the reminder of the provision for treasury shares (ca. PLN 56.0m). On the other hand, we expect that it will take advantage of this situation to recognize goodwill impairment charges for its subsidiaries, which should figure to PLN 30.0m. In addition, Asseco Poland will book ca. PLN 10.0m in the costs of acquisition of Formula Systems. Another important factor that will affect the period's earnings will be the expiration of a long system implementation contract for PKO BP, which will shave off an estimated PLN 20m of the parent's revenues. We also expect a considerable reduction in the revenues of Asseco Central Europe and Asseco Spain (offset by the consolidation of Neocomplus and Terminal Systems). Changes in VAT rates should have a positive impact on revenue and the earnings of Asseco Business Solutions. We also expect an increase in the revenue and a slight improvement in the earnings of Asseco South Eastern Europe.

Comarch

IT | **Hold**

Analyst:	FY10E P/E 17.7	FY10E EV/EBITDA 8.7	**Current price**	**PLN 93.75**
Piotr Grzybowski	FY11E P/E 17.3	FY11E EV/EBITDA 7.5	**Target price**	**PLN 88.00**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	250.8	233.1	7.6%	748.2	729.4	2.6%	803.5	748.2	7.4%
EBITDA	40.4	37.6	7.6%	76.5	56.2	36.2%	86.1	76.5	12.5%
margin	16.1%	16.1%	-	10.2%	7.7%	-	10.7%	10.2%	-
EBIT	28.9	26.1	10.8%	33.2	14.3	131.5%	47.1	33.2	41.8%
Pre-tax profit	29.3	27.0	8.5%	36.4	18.4	97.4%	51.6	36.4	41.8%
Net profit	29.9	27.6	8.3%	42.7	32.3	32.4%	43.6	42.7	2.0%

Strong ending to the year

In our opinion the fourth quarter was ComArch's harvest season, and even though Q4 2009 had been a very successful quarter, the Company will outperform it this year. We expect a 7.6% y/y increase in revenue, driven by the TMT segment (the E-Plus project) and the public utility segment. We project the gross margin at 25.5%, with SG&A expenses at PLN 33.0m. We also expect a loss on other operations (-PLN 2.0m) and financing gains of PLN 0.4m. With tax at PLN 1.6m and minority losses at PLN 2.2m, ComArch will generate a net profit of PLN 29.9m. As far as the individual subsidiaries are concerned, we expect a PLN 2.2m operating loss on the part of the SPVs and a EUR 0.3m operating profit for ComArch Software und Beratung.

Komputronik

IT | **Accumulate**

Analyst:	FY10E P/E 23.2	FY10E EV/EBITDA 8.3	**Current price**	**PLN 8.84**
Piotr Grzybowski	FY11E P/E 12.5	FY11E EV/EBITDA 5.9	**Target price**	**PLN 10.12**

(PLN m)	3Q2010F	4Q2009	change	1-3Q10/11	2-4Q09/10	change	2010/11F	2009/10	change
Revenue	292.9	266.1	10.1%	666.2	625.0	6.6%	834.5	982.9	-15.1%
EBITDA	8.2	3.6	130.3%	7.4	3.2	132.1%	13.8	5.7	142.1%
margin	2.8%	1.3%	-	1.1%	0.5%	-	1.7%	0.6%	-
EBIT	6.0	2.5	143.1%	0.1	-2.4	-	5.5	-3.2	-274.9%
Pre-tax profit	4.5	2.3	98.0%	5.5	-4.8	-214.4%	2.8	-6.0	-146.8%
Net profit	3.6	1.9	95.3%	5.7	-1.8	-410.8%	3.3	-1.9	-276.2%

Improvement in earnings, finally

After a long sting of disappointments, we expect Q3 2010/11 to bring about a major improvement in Komputronik's earnings. In accordance with its press release, the Company's revenue in the period amounted to PLN 292.9m. We expect that this over-10% increase in revenue was coupled with an increase in gross margin (12.8% vs. 11.6% one year earlier). In addition, with Karen's overhead expenses no longer consolidated, we expect general expenses to increase only slightly despite the rising revenues and margins (from PLN 29.3m to PLN 29.9m). We estimate other net operating losses at ca. -PLN 1.6m, and financing losses at ca. -PLN 1.5m.

IT	**Sygnity**			**Buy**	
Analyst: Piotr Grzybowski	FY10E P/E -	FY10E EV/EBITDA -		**Current price**	**PLN 18.01**
	FY11E P/E 15.7	FY11E EV/EBITDA 6.2		**Target price**	**PLN 18.30**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	176.5	164.3	7.4%	521.5	563.2	-7.4%	575.0	521.5	10.3%
EBITDA	9.5	19.6	-51.4%	-9.3	-69.1	-86.5%	38.0	-9.3	-508.3%
margin	5.4%	11.9%	-	-1.8%	-12.3%	-	6.6%	-1.8%	-
EBIT	3.2	11.3	-71.5%	-36.4	-103.6	-64.9%	10.5	-36.4	-128.7%
Pre-tax profit	0.7	8.5	-91.4%	-45.3	-111.0	-59.2%	2.6	-45.3	-105.8%
Net profit	-0.2	6.9	-102.4%	-43.3	-104.5	-58.6%	2.1	-43.3	-104.9%

The last quarter of weakness?

Due to the cost restructuring efforts carried out in the fourth quarter, we expect a relatively weak quarter on the part of Sygnity (only a small portion of the savings aimed for will be visible in earnings at this time, while the Company will bear downsizing expenses). In addition, the weakness of these earnings will be underscored by the high base of 2009, which was corrected by the auditor in the FY report. We expect that the gross margin will increase to the year's high of 19.0%, with SG&A expenses at PLN 29.8m. We also expect a small loss on other operations (-0.5m) and financing losses of PLN 2.5m. Finally, we expect that Sygnity will derecognize a tax asset of PLN 1.1m, as a result of which its tax burden will be fairly high.

Mining & Metals

KGHM — Sell

Metals

Analyst: Michał Marczak

FY10E P/E	7.6	FY10E EV/EBITDA	5.2	**Current price**	**PLN 173.7**
FY11E P/E	6.4	FY11E EV/EBITDA	4.3	**Target price**	**PLN 145.0**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	4 510.0	3 324.8	35.6%	15 701.8	11 060.5	42.0%	17 854.5	15 701.8	13.7%
EBITDA	1 791.7	854.4	109.7%	6 263.8	3 645.7	71.8%	7 363.7	6 263.8	17.6%
margin	39.7%	25.7%	-	39.9%	33.0%	-	41.2%	39.9%	-
EBIT	1 637.6	854.4	91.7%	5 649.5	3 098.1	82.4%	6 693.2	5 649.5	18.5%
Pre-tax profit	1 632.6	847.9	92.5%	5 620.1	3 066.6	83.3%	6 693.2	5 620.1	19.1%
Net profit	1 322.4	685.4	93.0%	4 566.7	2 540.2	79.8%	5 421.5	4 566.7	18.7%

Stellar core earnings depressed by option losses

LME copper prices averaged $8,614/T in Q4 2010 after soaring 18.9% relative to Q3. Silver prices rallied even stronger, rising 40.1% to $863/kg. The positive price effects were partly offset by the zloty's appreciation versus the US dollar, with the average PLN/USD exchange rate decreasing 6% to 2.92. We estimate that KGHM sold 140KT of copper in the fourth quarter, including 22KT of secondary copper. Hedges covering 53.6KT (38.3% of the overall volume) had the effect of lowering the effective sales prices on these volume by ca. $600/T relative to LME prices. Thanks to high prices, the total cost of silver production fell below PLN 12,000/T (to PLN 11,950/T). We expect KGHM to report hedging losses (cash and mark-to-market losses on options) of PLN 550m in Q4. KGHM's hedging policy, including whether the company opened new positions for copper and silver in Q4 2010 (no such positions were opened in the preceding quarters), is relevant to its valuation.

LW Bogdanka — Accumulate

Coal Mining

Analyst: Michał Marczak

FY10E P/E	17.7	FY10E EV/EBITDA	9.7	**Current price**	**PLN 117.1**
FY11E P/E	15.5	FY11E EV/EBITDA	7.3	**Target price**	**PLN 125.9**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	308.8	267.7	15.3%	1 243.0	1 118.4	11.1%	1 521.1	1 243.0	22.4%
EBITDA	74.3	48.5	53.0%	411.7	368.0	11.9%	567.6	411.7	37.9%
margin	24.1%	18.1%	-	33.1%	32.9%	-	37.3%	33.1%	-
EBIT	37.1	13.4	176.7%	270.2	226.7	19.2%	342.6	270.2	26.8%
Pre-tax profit	41.9	20.4	105.3%	283.7	237.8	19.3%	333.5	283.7	17.5%
Net profit	33.0	17.1	92.9%	224.6	191.5	17.3%	257.5	224.6	14.6%

In line with guidance

LWB has released a new 2010 earnings guidance which should soon reach investors, and which is not likely to differ much from the previous estimates. We estimate that the miner sold 1.42MT of coal in Q4 2010 at a high average price of PLN 210 per ton achieved by selling surplus inventories at spot prices (inventories decreased as a result) outside of long-term contracts. The per-ton production cost amounted to an estimated PLN 180 after a PLN 23/T increase relative to preceding quarters occurring in line with regular seasonal variations. Fourth-quarter costs are typically lifted by higher payroll expenses and provision charges which, however, were much lower in Q4 2010 than in Q4 2009, resulting in strong year-on-year net profit growth. Since LWB has already released its earnings estimates for the full fiscal 2010, the most interesting piece of information to watch out for in the Q4 report are the coal sales prices listed in LWB's 2011 contracts with buyers. We assume conservatively a 3% increase in selling prices this year.

Manufacturers

Astarta — Sell

Food

Analyst: Jakub Szkopek

FY10E P/E	6.4	FY10E EV/EBITDA	5.9	**Current price**	**PLN 92.5**
FY11E P/E	9.1	FY11E EV/EBITDA	6.9	**Target price**	**PLN 63.6**

(UAH m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	719.9	515.0	39.8%	2 086.1	1 354.8	54.0%	2 164.5	2 086.1	3.8%
EBITDA	244.9	159.6	53.5%	1 220.9	550.5	121.8%	944.6	1 220.9	-22.6%
margin	34.0%	31.0%	-	58.5%	40.6%	-	43.6%	58.5%	-
EBIT	199.3	135.4	47.2%	1 046.3	457.5	128.7%	757.6	1 046.3	-27.6%
Pre-tax profit	175.7	100.1	75.5%	976.4	328.7	197.0%	708.1	976.4	-27.5%
Net profit	170.7	95.0	79.7%	963.5	323.4	197.9%	675.5	963.5	-29.9%

Profits still on upswing

We expect Astarta to sell 60KT of sugar (+0.7% y/y), 84KT of grain (-1.1% y/y), and 13KT of milk, in Q4 2010. Revenues will receive a boost from higher sales prices which surged 20.3% y/y to $921/T for sugar, 54.7% to $240/T for wheat, 80.1% to $255/T for barley, 62.0% to $522/T for sunflower seed, and 43.0% to $253/T for corn. By contrast, soybean was 5.0% cheaper in Q4 2010 than in the same period a year ago, trading at $400/T, and milk prices fell 29.0% to $316/T. The quarter's profits will include a UAH 21m (UAH 500/hectare) sugar beet subsidy. The over-20% drop in milk prices is expected to result in fair-value adjustment losses on Astarta's livestock assets (a 10% decrease in milk prices results in a UAH 33.3m revaluation loss). The results of financial operations will be affected by FX losses on loans caused by the hryvnia's 0.6% depreciation relative to the dollar observed in the quarter (the loss is estimated at UAH 4.7m).

Centrum Klima — Hold

Building Materials

Analyst: Jakub Szkopek

FY10E P/E	18.3	FY10E EV/EBITDA	12.8	**Current price**	**PLN 16.0**
FY11E P/E	13.5	FY11E EV/EBITDA	8.3	**Target price**	**PLN 16.9**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	22.1	17.7	24.4%	85.9	71.7	19.8%	111.0	85.9	29.2%
EBITDA	3.4	2.0	68.3%	10.4	9.7	7.2%	15.9	10.4	53.1%
margin	15.2%	11.3%	-	12.1%	13.5%	-	14.3%	12.1%	-
EBIT	2.5	1.6	58.0%	8.8	8.0	9.4%	12.8	8.8	45.3%
Pre-tax profit	2.5	1.7	51.1%	9.1	8.0	13.9%	12.5	9.1	37.0%
Net profit	2.1	1.6	27.3%	7.5	6.7	11.2%	10.1	7.5	35.9%

Profitability deterioration

Centrum Klima's Q4 2010 distribution margin probably did not benefit from the zloty's 5.9% appreciation against the dollar because sales in the period were made mostly from stockpiles accumulated in Q3 2010. Moreover, sales in the period were dented by delayed deliveries to construction sites caused by heavy snowfall seen in December. Further, CKL experienced delays in arrivals of components for new assembly lines, and lost about 20 new employees, which may have led to a slowdown in Q4 production volumes compared to the 50% m/m increase recorded in September. In addition, the profitability of production was affected by higher prices of steel and copper which will be offset against sales prices with a 2-3 month delay. CKL's Q4 2010 bottom line will be boosted by a PLN 1.4m gain from a property sale.

Building Materials

Cersanit

Reduce

Analyst: Jakub Szkopek

FY10E P/E	19.3	FY10E EV/EBITDA	12.6	**Current price**	**PLN 12.0**
FY11E P/E	19.6	FY11E EV/EBITDA	10.2	**Target price**	**PLN 10.04**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	377.4	327.8	15.1%	1 538.9	1 415.2	8.7%	1 675.8	1 538.9	8.9%
EBITDA	70.5	64.5	9.2%	273.5	284.7	-3.9%	327.3	273.5	19.7%
margin	18.7%	19.7%	-	17.8%	20.1%	-	19.5%	17.8%	-
EBIT	43.2	33.2	30.0%	165.1	168.1	-1.8%	204.1	165.1	23.6%
Pre-tax profit	42.1	36.9	14.1%	155.6	-8.1	-	158.7	155.6	2.0%
Net profit	35.4	45.9	-23.0%	134.5	-8.1	-	128.5	134.5	-4.4%

Low margins on higher sales

We expect Cersanit to report 12% y/y expansion in Q4 2010 sales volumes paired with a 3% increase in prices (at PSB, prices of ceramic tiles and kitchen and bathroom fixtures were 2.6% higher than in Q4'09 and remained flat relative to Q3'10). The strong fourth-quarter sales were owed to increased buying by consumers who wanted to avoid paying higher VAT in 2011. However, the gross margin for the period was probably affected by the zloty's appreciation relative to the Russian ruble (+6.1% q/q) and the Ukrainian hryvnia (+6.2% q/q). On the upside, translations of FX loans will produce a financial gain of an estimated PLN 11.3m.

Machinery

Famur

Sell

Analyst: Jakub Szkopek

FY10E P/E	20.1	FY10E EV/EBITDA	11.9	**Current price**	**PLN 3.3**
FY11E P/E	21.3	FY11E EV/EBITDA	10.4	**Target price**	**PLN 2.3**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	236.1	160.9	46.8%	761.7	695.1	9.6%	752.2	761.7	-1.3%
EBITDA	43.0	1.8	-	133.9	133.6	0.2%	154.7	133.9	15.6%
margin	18.2%	1.1%	-	17.6%	19.2%	-	20.6%	17.6%	-
EBIT	29.9	-6.1	-	88.8	100.8	-11.9%	88.8	88.8	0.0%
Pre-tax profit	30.0	-1.7	-	99.5	77.9	27.8%	95.2	99.5	-4.3%
net profit	24.4	-2.9	-	79.7	58.0	37.4%	76.7	79.7	-3.8%

A good quarter

In Q4 2010, Famur delivered a portion of a EUR 14.9m Mexican contract, and a PLN 83.9m contract for Katowicki Holding Węglowy (KHW) which it had won as the sole bidder able to deliver the required technical specifications, and which covers complete longwall systems characterized by higher profitability than contracts for roof supports. We expect the company to recognize PLN 2m interest from KHW coal bonds (Q4 coal sales amounted to an estimated PLN 30m), and PLN 0.5m costs related to the Remag and Pemug acquisitions. Unlike in the same quarter of the preceding year, Q4 2010 operating profit should not be weighed down by impairment losses on receivables and inventories.

Metals

Impexmetal

Buy

Analyst:
Jakub Szkopek

FY10E P/E	14.3	FY10E EV/EBITDA	8.5	**Current price**	**PLN 5.2**
FY11E P/E	12.6	FY11E EV/EBITDA	6.8	**Target price**	**PLN 5.9**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	663.8	492.3	34.8%	2 445.9	1 785.0	49.3%	2 664.2	2 445.9	8.9%
EBITDA	40.2	46.1	-12.8%	172.7	137.2	30.3%	178.7	172.7	3.5%
margin	6.1%	9.4%	-	7.1%	7.7%		6.7%	7.1%	
EBIT	24.6	29.9	-17.9%	110.7	73.3	63.5%	119.8	110.7	8.3%
Pre-tax profit	20.0	22.7	-12.1%	95.9	51.0	90.1%	97.0	95.9	1.2%
Net profit	15.3	14.3	7.2%	71.9	25.6	218.5%	81.6	71.9	13.5%

Strong Q4 results ahead of target

Impexmetal's Q4 2010 profits will be supported by a continuing upward momentum in the European manufacturing industry (Eurozone production was up 7.3% y/y in November after a 7.0% increase in October). We predict 6% y/y volume growth at the HAK aluminum smelter, 22% growth at Hutmen, 2% growth at the WM Dziedzice rolling mill, 1% growth at Silesia, and flat volumes at Baterpol. Moreover, revenue growth will be supported by higher zloty prices of metals which increased 19.7% y/y for aluminum, 33.4% for copper, 7.6% for lead, and 7.4% for zinc. We do not expect to see one-time gains like the PLN 16.5m proceeds from asset sales posted in Q4 2009. However, financial income will receive a ca. PLN 2m boost from hedging revaluation gains resulting from a 7% q/q increase in the price of aluminum and a 22% surge in the price of copper. The bottom line will be depressed by a PLN 0.3m loss on discontinued operations.

Food

Kernel

Hold

Analyst:
Jakub Szkopek

FY10E P/E	12.4	FY10E EV/EBITDA	8.7	**Current price**	**PLN 83.3**
FY11E P/E	10.1	FY11E EV/EBITDA	7.4	**Target price**	**PLN 79.1**

(USD m)	4Q2010F	4Q2009	change	2011F	2010	change	2012F	2011F	change
Revenue	408.3	272.3	50.0%	1 519.9	1 020.5	48.9%	1 952.5	1 519.9	28.5%
EBITDA	77.3	56.4	37.1%	258.1	190.7	35.3%	281.4	258.1	9.0%
margin	18.9%	20.7%	-	17.0%	18.7%	-	14.4%	17.0%	-
EBIT	69.5	51.6	34.7%	227.0	168.2	35.0%	250.8	227.0	10.5%
Pre-tax profit	62.7	42.8	46.5%	183.5	152.6	20.3%	225.3	183.5	22.8%
Net profit	58.0	43.1	34.5%	170.9	153.0	11.8%	209.9	170.9	22,8%

30% y/y growth across the board

We estimate that Kernel sold 160.4KT of bulk sunflower oil (+150% y/y, -13.0% q/q) and 35KT of bottled oil (-4.1% y/y, -5.3% q/q), in Q4 2010. Ukrainian sunflower oil exports during the period were 30.5% higher than in the same period in 2009 and 38.3% higher than in the quarter before. The decline in Kernel's sales of bulk oil are consistent with seasonal variations (the company sells 20.1KT less of oil on average in Q4 than in Q3). As for the cereal business, grain sales in Q4 2010 should be in line with Kernel's export quota of 436KT. As far as profitability is concerned, the operating profit from the sunflower oil business will be lifted by higher seed crushing margins ($162/T), resulting in an estimated segmental EBITDA of US $45.2m. The EBITDA margin of the grain exports business will be high at 15.4% (vs. 16.8% in Q3'10), fueled by local-global price spreads – Ukrainian wheat prices were 15% lower in Q4'10 than global prices (the spread was 17.9% in Q3), and local corn prices were 31.6% lower (an expansion from a 19.2% spread recorded in Q3'10). We estimate the EBITDA generated per ton of grain exports at $50 compared to $51.8 in Q3. Further, an increase in the sales prices of sunflower oil by an average 10.8% y/y and 3% q/q will drive the Q4 2010 crushing margins to $100/T (marking an increase from $97.4/T in Q3 2010 and a decline from $105.5/T in Q4 2009).

Machinery

Kopex

Reduce

Analyst:
Jakub Szkopek

FY10E P/E	42.6	FY10E EV/EBITDA	11.0	**Current price**	**PLN 19.7**
FY11E P/E	17.7	FY11E EV/EBITDA	8.4	**Target price**	**PLN 15.9**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	548.7	600.3	-8.6%	2 171.9	2 313.4	-6.1%	2 224.3	2 171.9	2.4%
EBITDA	52.3	27.7	88.8%	175.9	217.1	-19.0%	226.5	175.9	28.8%
margin	9.5%	4.6%	-	8.1%	9.4%	-	10.2%	8.1%	-
EBIT	29.8	11.0	170.4%	91.4	145.3	-37.1%	137.6	91.4	50.6%
Pre-tax profit	19.9	11.7	70.3%	60.3	109.7	-45.0%	112.6	60.3	86.7%
Net profit	13.1	20.6	-36.3%	34.3	87.2	-60.6%	83.7	34.3	143.8%

Kopex eyes quarter-on-quarter improvement

We expect Kopex's Q4 2010 revenue to be 9% lower than in the same period a year earlier because of a 44% drop in electricity sales and a 39% drop in sales of electronic and electrical equipment (caused by a weaker performance of Hansen). In turn, sales of mining services will be 27% higher than in Q4 2009 (owing to a contract from JSW), and coal sales are expected to show a 235% y/y surge. The profitability of mining services will improve thanks to a refund by JSW of the costs that Kopex incurred in the first half of 2010 in the course of drilling a mine shaft for the coal miner due to weather damage (the refund will add between PLN 2 and 3m to the fourth-quarter EBIT). Financial operations will be negatively affected by a hedging loss incurred on a canceled Argentinean contract (PLN 11m). On the other hand, we expect ca. PLN 1.5m interest income from KHW coal bonds and FX/ gains of an estimated PLN 3m. Our Q4 2010 estimates for Kopex include a pre-tax profit of PLN 19.9m and a net profit of PLN 13.1m. This is less than the PLN 25m bottom-line figure implied recently by the company's CEO who said that Kopex's net profit for 2010 would be half of the figure posted in 2009. It is not unlikely that the company will inflate the Q4 bottom-line result to some PLN 20m so as not to undermine the credibility of its CEO.

Paper

Mondi

Hold

Analyst:
Michał Marczak

FY10E P/E	18.3	FY10E EV/EBITDA	10.1	**Current price**	**PLN 78.5**
FY11E P/E	11.6	FY11E EV/EBITDA	7.8	**Target price**	**PLN 80.0**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenues	638.8	426.1	49.9%	2 269.0	1 360.8	66.7%	2 509.3	2 249.0	11.6%
EBITDA	124.6	94.6	31.7%	438.3	217.9	101.2%	553.7	438.3	26.3%
margin	19.5%	22.2%	-	19.3%	16.0%	-	22.1%	19.5%	-
EBIT	81.2	54.9	47.9%	277.1	99.6	178.1%	404.0	277.1	45.8%
Pre-tax profit	78.2	43.5	79.8%	217.9	74.6	192.0%	351.4	217.9	61.3%
Net profit	75.9	38.6	96.6%	214.4	71.4	200.2%	338.1	214.4	57.7%

Mondi starts on upward earnings trajectory

European paper prices continued to rise in the fourth quarter of 2010, with kraftliner gaining 11.1%, testliner rising 6.6%, and fluting climbing 7.9% q/q on average according to FOEX data. After taking into account the composition of Mondi's sales mix, the average CCM sales price was 8.5% higher than in Q3. This positive effect was partly offset by the zloty's 1.2% appreciation versus the euro. The uptrend in prices, though slower, is expected to continue into Q1 2011. Taking into account price movements and an expected increase in sales volumes (relative to Q3 when there was maintenance downtime), we expect Mondi to report record quarter-on-quarter revenue growth in Q4 2010. At the same time, a nearly 9% increase in costs of recycled paper, combined with rising wood prices, will weigh on the adjusted EBITDA margin. We believe that Q4 2010 marks the beginning of consistent earnings growth for Mondi, with future quarterly profits ranging between PLN 75m and PLN 85m.

Construction

Construction

Budimex

Reduce

Analyst: Maciej Stokłosa

FY10E P/E	10.2	FY10E EV/EBITDA	5.4	**Current price**	**PLN 95.5**
FY11E P/E	12.9	FY11E EV/EBITDA	8.8	**Target price**	**PLN 91.5**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	1 177.5	899.0	31.0%	4 338.2	3 289.9	31.9%	4 929.3	4 338.2	13.6%
EBITDA	62.0	76.0	-18.5%	338.9	221.7	52.8%	260.7	338.9	-23.1%
margin	5.3%	8.5%	-	7.8%	6.7%	-	5.3%	7.8%	-
EBIT	57.1	70.1	-18.6%	316.4	200.5	57.8%	240.0	316.4	-24.1%
Pre-tax profit	62.6	71.0	-11.8%	318.4	224.2	42.0%	252.5	318.4	-20.7%
Net profit	50.7	54.3	-6.6%	258.0	173.7	48.6%	204.6	258.0	-20.7%

Better than expected Q4 2010 results

We expect Budimex to report good earnings results for Q4 2010, though not as good as in the quarter before, when the company generated a net profit over PLN 80m. The gross margin is estimated at 8.7%. Provisions for contract losses are not unlikely to increase relative to Q3. General expenses will approximate PLN 43.6m (an increase from PLN 33.8m in Q3 caused by end-of-year bonuses). We expect to see other net operating expenses of PLN 2m and other net financial income of PLN 6m. We also expect a PLN 0.5m share in losses of investments accounted for using the equity method.

The fourth quarter of 2010 was the last earnings season substantially influenced by high-margin contracts captured in 2007 and 2008 (we estimate that these contracts will account for 10.8% of the period's revenue). In 2011, these contracts will generate revenues just a little over PLN 20m.

The Q4 2010 cash flows will receive a one-time boost from contract advances received from the national road authority GDDKiA.

Construction

Elektrobudowa

Hold

Analyst: Maciej Stokłosa

FY10E P/E	16.8	FY10E EV/EBITDA	10.5	**Current price**	**PLN 168.6**
FY11E P/E	14.2	FY11E EV/EBITDA	9.2	**Target price**	**PLN 178.6**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	215.0	222.7	-3.5%	715.1	700.9	2.0%	726.6	715.1	1.6%
EBITDA	21.0	25.9	-19.0%	67.5	79.0	-14.5%	76.2	67.5	12.7%
margin	9.8%	11.6%	-	9.4%	11.3%	-	10.5%	9.4%	-
EBIT	18.2	23.3	-21.9%	56.5	69.0	-18.0%	55.3	56.5	-2.2%
Pre-tax profit	18.4	22.9	-19.6%	57.8	70.6	-18.1%	67.0	57.8	15.8%
net profit	14.9	18.1	-17.6%	47.6	54.5	-12.7%	54.2	47.6	14.0%

A successful finish to 2010

We predict that strong Q4 2010 results will allow Elektrobudowa to beat its own full-year guidance which pegs revenues at PLN 697.7m and net profit at PLN 44.4m. The company will probably also exceed our PLN 683.5m revenue estimate, but fall short of our PLN 49.1m bottom-line forecast with a 2010 profit of PLN 47.6m, implying an expensive price-to-earnings ratio of 16.8.

We estimate the Q4 2010 gross margin at 10.5%. General expenses will approximate PLN 5.8m, other net operating income will be ca. PLN 1.4bn, and other net financial income will be PLN 0.25m.

By business segment, we predict EBIT margin expansion in services offered to the power-generation industry (owed to a lack of downward revisions), and in automation (which is expected to post higher revenues). Margins are bound to decrease relative to Q3 2010 because of a lack of positive one-time events in the segments of services for the power distribution industry and the manufacturing industry.

Construction

Erbud

Hold

Analyst:	FY10E P/E	18.5	FY10E EV/EBITDA	10.6	**Current price**	**PLN 50.1**
Maciej Stokłosa	FY11E P/E	12.1	FY11E EV/EBITDA	7.5	**Target price**	**PLN 55.0**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	305.0	287.0	6.3%	1 142.8	954.6	19.7%	1 340.6	1 142.8	17.3%
EBITDA	9.4	14.8	-36.8%	55.2	68.3	-19.1%	69.9	55.2	26.5%
margin	3.1%	5.2%	-	4.8%	7.2%	-	5.2%	4.8%	-
EBIT	7.5	12.7	-40.6%	47.6	60.5	-21.2%	62.1	47.6	30.3%
Pre-tax profit	7.7	12.1	-36.7%	45.7	56.3	-18.9%	64.5	45.7	41.0%
Net profit	6.1	7.2	-14.8%	34.1	41.7	-18.2%	51.9	34.1	52.4%

Q4 profit depressed by PLN 7m contract provision

Erbud's Q4 2010 profits will be weighed down by a PLN 7m provision for a 2007 housing contract which, we believe, should be charged against COGS. Revenues are estimated at PLN 305m, with segmental contributions amounting to PLN 231m from general contracting in Poland, PLN 30m from foreign operations, PLN 25m from road construction, PLN 13m from real-estate development, PLN 3m from power engineering, and PLN 3m from steel frame manufacturing. The gross margin will approximate 7.2% (9.5% before adjustment for the provision referred to above). General expenses will be PLN 14m.

Further, with other operating expenses at PLN 0.5m and other net financial income at PLN 0.1m, the Q4 net profit will come in at ca. PLN 6.1m. If it were not for the PLN 7m provision, the bottom-line figure would be PLN 11.8m, i.e. better than in Q3 (PLN 8.9m) but not as good as in Q2 (PLN 14.6m). Originally, we expected much stronger Q4 2010 results from Erbud because we thought that the company would make final settlements of two major shopping-center contracts in the period. As it turns out, these settlements will be made later.

Construction

Mostostal Warszawa

Buy

Analyst:	FY10E P/E	15.8	FY10E EV/EBITDA	6.8	**Current price**	**PLN 48.2**
Maciej Stokłosa	FY11E P/E	16.7	FY11E EV/EBITDA	7.2	**Target price**	**PLN 59.9**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	727.1	768.0	-5.3%	2 615.7	2 712.1	-3.6%	2 723.7	2 615.7	4.1%
EBITDA	15.4	49.0	-68.5%	114.0	209.1	-45.5%	127.1	114.0	11.5%
margin	2.1%	6.4%	-	4.4%	7.7%	-	4.7%	4.4%	-
EBIT	5.7	41.6	-86.3%	77.9	181.2	-57.0%	89.2	77.9	14.4%
Pre-tax profit	6.8	53.4	-87.2%	84.4	169.5	-50.2%	96.1	84.4	13.8%
Net profit	5.0	40.7	-87.7%	60.9	117.3	-48.1%	69.2	60.9	13.5%

Q4 profits weighed down by contract provisions

Mostostal Warszawa (MSW) is expected to report a weak profit for Q4 2010, depressed by a PLN 10m increase in provisions for contract losses recorded by the parent company. A consolidated revenue of an estimated PLN 727.1m will consist of PLN 530m generated by the parent, PLN 32.1m by Mostostal Płock, PLN 35m by Remak, and PLN 130m by the other subsidiaries. The consolidated gross margin will be ca. 4.7% (incl. the parent's 3.6%, Mostostal Płock and Remak's 10%, and 6.5% contributed by others).

General expenses are expected to increase to PLN 28m from PLN 19.8m in Q3 due to end-of-year bonuses. We expect to see other net operating expenses of PLN 0.5m, other net financial income of PLN 1.1m, and minority interests of PLN 0.5m, resulting in a Q4 net profit of PLN 5m.

If it had not been for the increased provisions, the bottom-line figure would be higher at ca. PLN 13m. MSW is currently trading at FY2010E P/E = 15.8 and EV/EBITDA = 6.8, which is not expensive given that the company is poised to regain upward momentum in the coming years thanks to power-plant orders.

Construction

PBG

Reduce

Analyst:
Maciej Stokłosa

FY10E P/E	12.7	FY10E EV/EBITDA	9.3	**Current price**	**PLN 196.4**
FY11E P/E	12.7	FY11E EV/EBITDA	9.1	**Target price**	**PLN 194.0**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	884.3	646.9	36.7%	2 815.4	2 578.0	9.2%	3 923.6	2 815.4	39.4%
EBITDA	126.7	126.8	0.0%	333.5	333.6	0.0%	330.8	333.5	-0.8%
margin	14.3%	19.6%	-	11.8%	12.9%	-	8.4%	11.8%	-
EBIT	115.1	115.1	0.0%	286.5	286.5	0.0%	280.1	286.5	-2.2%
Pre-tax profit	100.4	93.0	7.9%	270.0	262.6	2.8%	287.5	270.0	6.5%
Net profit	81.2	71.6	13.5%	220.3	210.6	4.6%	221.2	220.3	0.4%

In line with expectations

PBG's in-line Q4 2010 results will contribute to an in-line full-year net profit of PLN 220m. We estimate the gross margin for the period at 14.8%. General expenses will approximate PLN 37.7m. Other operating income will be high at PLN 22.4m. As a result, EBIT will come in at PLN 115.1m.

After other net financial expenses of PLN 14.7m, an effective tax rate of 19.6%, and a PLN 0.5m loss from minority interests, the Q4 bottom-line profit will amount to PLN 81.2m. We want to point out again that much of the in-line fourth-quarter profits will be owed to non-core other operating income. Cash flows for the period are expected to include advances received toward a major road contract performed by Aprivia.

PBG's publicly-traded subsidiary Hydrobudowa is expected to generate a revenue of PLN 359m in Q4 2010, with gross profit at PLN 7.3m and gross margin at 2.0%. The company's general expenses will total PLN 13.3m, and there will be a sales loss of PLN 6.0m. EBIT will come in at an estimated PLN 8.9m, supported by non-core operating income, but the bottom line will be close to zero.

Construction

Polimex Mostostal

Accumulate

Analyst:
Maciej Stokłosa

FY10E P/E	15.1	FY10E EV/EBITDA	7.4	**Current price**	**PLN 3.6**
FY11E P/E	13.1	FY11E EV/EBITDA	7.4	**Target price**	**PLN 4.2**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	1 225.0	1 753.4	-30.1%	4 203.7	4 836.7	-13.1%	5 125.5	4 203.7	21.9%
EBITDA	121.8	91.4	33.3%	322.9	343.6	-6.0%	321.6	322.9	-0.4%
margin	9.9%	5.2%	-	7.7%	7.1%	-	6.3%	7.7%	-
EBIT	97.8	74.1	31.9%	226.5	264.9	-14.5%	201.6	226.5	-11.0%
Pre-tax profit	72.0	57.4	25.4%	163.9	215.6	-24.0%	152.6	163.9	-6.9%
Net profit	50.4	50.5	-0.2%	110.4	156.4	-29.4%	143.3	110.4	29.8%

High Q4 profit thanks to one-offs

Polimex's expected strong profits for Q4 2010 will be attributed mainly to one-time events including a carryback of PLN 10m losses incurred by Coifer, "other" operating income of PLN 30m (including provision reversals and property sales), FX losses (PLN 10m), and a high effective tax rate (25%). The adjusted bottom-line figure of PLN 32m is still a big improvement from the PLN 17.3m posted in Q3 2010 and PLN 25.9m reported in Q2 2010.

The Q4 gross margin is estimated at 10.6% (9.8% adjusted), compared to 8.9% in Q3 and 10.8% in Q2. General expenses of PLN 62.2m will be slightly higher than in Q3 (PLN 59.1m).

Polimex will post other net financial expenses of PLN 25.9m (including PLN 10m negative exchange differences). Equity in profits of associates will be close to zero. Minority interests will amount to PLN 3.6m. Our Q4 2010 forecasts do not take into account tax credits due for operations located in Special Economic Zones.

Construction

Rafako

Accumulate

Analyst:	FY10E P/E	21.5	FY10E EV/EBITDA 11.0	Current price	PLN 12.4
Maciej Stokłosa	FY11E P/E	15.3	FY11E EV/EBITDA 8.7	Target price	PLN 13.5

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	275.0	103.1	166.8%	1 135.6	963.7	17.8%	1 418.2	1 135.6	24.9%
EBITDA	13.1	14.2	-7.9%	64.6	67.5	-4.3%	77.5	64.6	20.0%
margin	4.8%	13.8%	-	5.7%	7.0%	-	5.5%	5.7%	-
EBIT	10.1	11.3	-10.7%	52.7	53.9	-2.2%	63.7	52.7	20.9%
Pre-tax profit	11.2	11.3	-0.5%	52.1	52.2	-0.1%	70.7	52.1	35.7%
Net profit	8.8	6.4	36.3%	40.1	37.7	6.2%	56.3	40.1	40.4%

Steady quarterly profits

We expect Rafako to report steady profits for the fourth quarter of 2010. The gross margin is estimated at 10.25%. General expenses will amount to PLN 17.1m, compared to PLN 15.9m posted in Q2 (Q3 expenses were high at PLN 30.3m due to one-offs). Other net operating expenses will approximate PLN 1m, and EBIT will come in at an estimated PLN 10.1m.

We expect to see other net financial income of PLN 1.1m, and minority interests of PLN 0.3m. The Q4 net profit will come in at an estimated PLN 40.1m. Rafako is poised for a stronger upward momentum in earnings expected to come in H2 2011, provided among others by provision reversals.

Construction

Trakcja Polska

Hold

Analyst:	FY10E P/E	16.7	FY10E EV/EBITDA 7.4	Current price	PLN 3.65
Maciej Stokłosa	FY11E P/E	12.3	FY11E EV/EBITDA 5.8	Target price	PLN 4.16

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	211.3	186.8	13.1%	484.8	711.6	-31.9%	962.4	484.8	98.5%
EBITDA	21.1	21.6	-2.1%	53.0	86.8	-38.9%	53.7	53.0	1.4%
margin	10.0%	11.5%	-	10.9%	12.2%	-	5.6%	10.9%	-
EBIT	18.4	18.8	-2.1%	42.4	76.7	-44.6%	42.9	42.4	1.2%
Pre-tax profit	19.1	21.5	-11.0%	44.2	87.9	-49.8%	48.8	44.2	10.6%
Net profit	15.5	18.6	-16.8%	35.0	71.6	-51.1%	39.6	35.0	13.0%

Q4 profits driven by old contracts

We expect Trakcja Polska to report a strong, PLN 15.5m profit for Q4 2010 on growing revenues which will increase to an estimated PLN 211.3m from PLN 123.1m in Q3, fueled by new contracts. In turn, a gross margin of 12.4% will be owed primarily to old contracts completed in the quarter.

We expect to see general expenses of PLN 8.5m (vs. PLN 6.8m in Q3), other net operating expenses of PLN 0.5m, and other net financial income of PLN 0.7m.

Our current financial forecasts for 2011 do not factor in Trakcja Polska’s merger with Tiltra Group which we consider a risky move.

Construction

Ulma CP

Accumulate

Analyst: Maciej Stokłosa	FY10E P/E	41.3	FY10E EV/EBITDA 5.5	**Current price**	**PLN 81.8**
	FY11E P/E	12.9	FY11E EV/EBITDA 4.3	**Target price**	**PLN 85.9**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	60.4	49.7	21.5%	215.7	175.4	23.0%	256.0	215.7	18.7%
EBITDA	35.5	22.4	58.4%	107.2	72.1	48.7%	128.8	107.2	20.2%
margin	58.7%	45.1%	-	49.7%	41.1%	-	50.3%	49.7%	-
EBIT	13.1	4.1	223.2%	27.4	4.0	591.6%	52.8	27.4	92.9%
Pre-tax profit	9.2	0.9	911.2%	13.8	-6.6	-309.9%	41.2	13.8	198.1%
Net profit	7.5	0.9	735.5%	10.7	-5.5	-295.5%	33.3	10.7	211.0%

Profits on strong upward momentum

Ulma's Q4 2010 profits will be supported by higher formwork rental rates and improved asset turnover owed to record order volumes received from road developers. Revenues are estimated at PLN 60.4m, with COGS at PLN 42.8m and gross profit at PLN 17.6m.

General expenses will approximate PLN 4.3m. We expect to see other net operating expenses of PLN 0.25m and other net financial expenses of PLN 3.9m (including PLN 0.3m FX losses). After all this, the bottom-line profit will come in at an estimated PLN 7.5m. We expect the strong momentum started in Q4 2010 to continue into 2011, except maybe for Q1 2011 which may be affected by cold weather.

Construction

Unibep

Hold

Analyst: Maciej Stokłosa	FY10E P/E	14.6	FY10E EV/EBITDA 10.6	**Current price**	**PLN 9.56**
	FY11E P/E	16.2	FY11E EV/EBITDA 11.7	**Target price**	**PLN 9.30**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	200.4	158.5	26.5%	672.2	392.7	71.2%	734.6	672.2	9.3%
EBITDA	10.9	13.6	-19.7%	34.4	31.4	9.5%	29.7	34.4	-13.5%
margin	5.4%	8.6%	-	5.1%	8.0%	-	4.0%	5.1%	-
EBIT	9.5	12.0	-20.9%	28.8	26.6	7.9%	24.6	28.8	-14.5%
Pre-tax profit	8.9	10.4	-13.9%	27.9	24.8	12.7%	24.8	27.9	-11.2%
Net profit	7.2	6.8	6.6%	22.2	17.8	24.8%	20.0	22.2	-10.0%

In line with guidance

Unibep's Q4 2010 results should be just enough to deliver the full-year net profit target of PLN 22m. Revenues for the quarter are estimated at PLN 200.4m, of which PLN 120m from general contracting in Poland, PLN 20.3m from road construction, PLN 19m from international operations, PLN 27m from real-estate development, and PLN 14m from other operations. The gross margin is estimated at 7.8% (including 24% in real estate, 5.8% in construction, and 0% in other lines).

After general expenses of PLN 6m, other net operating expenses of PLN 0.25m, and other net financial expenses of PLN 0.6m, the Q4 net profit will come in at PLN 7.2m.

Construction

ZUE

Buy

Analyst:	FY10E P/E	19.2	FY10E EV/EBITDA 7.1	**Current price**	**PLN 18.2**
Maciej Stokłosa	FY11E P/E	10.7	FY11E EV/EBITDA 5.7	**Target price**	**PLN 19.3**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	158.6	54.0	193.7%	395.8	199.9	98.0%	505.4	395.8	27.7%
EBITDA	15.0	6.1	145.2%	34.4	18.5	86.3%	46.8	34.4	36.0%
margin	9.5%	11.3%	-	8.7%	9.2%	-	9.3%	8.7%	-
EBIT	13.2	5.7	132.2%	26.9	16.8	60.3%	38.5	26.9	43.0%
Pre-tax profit	11.8	6.7	75.8%	21.1	10.9	93.7%	38.1	21.1	80.8%
Net profit	9.3	5.3	75.6%	16.3	8.6	88.2%	29.0	16.3	78.3%

2010 profits slightly off mark

We expect ZUE's 2010 revenue to be about PLN 20m lower than predicted in the company's prospectus, leading to slight, 5% max underperformance in EBIT and net profit. Our outlook for 2011 remains positive.

We estimate ZUE’s Q4 2010 gross margin at 11.0%. General expenses will be PLN 4.2m. We expect to see other net financial expenses of PLN 1.4m, minority interests of PLN 0.25m, and an effective tax rate of 19%.

Property Developers

Property Developers

BBI Development Buy

Analyst: Maciej Stokłosa

FY10E P/E	31.7	FY10E EV/EBITDA	34.4	**Current price**	**PLN 0.43**
FY11E P/E	9.7	FY11E EV/EBITDA	11.1	**Target price**	**PLN 0.55**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	3.3	0.4	729.3%	51.3	1.0	-	80.4	51.3	56.9%
EBITDA	-10.3	-3.6	-	9.7	-7.9	-	38.8	9.7	301.3%
margin	-309.8%	-900.0%	-	18.9%	-790.0%	-	48.3%	18.9%	-
EBIT	-10.3	-3.6	-	9.5	-7.9	-	38.3	9.5	302.3%
Pre-tax profit	-10.1	-3.6	-	10.0	-8.2	-	38.6	10.0	287.9%
Net profit	-8.2	-4.6	-	7.1	-9.1	-	23.3	7.1	229.1%

Weak fourth quarter

We suspect that BBI's Q4 2010 results will fall far short of our November predictions, due partly to a delayed delivery of the "Dom na Dolnej" residential project which, on the upside, will give a big boost to the Q1 2011 profits. We estimate the Q4 2010 housing sales at PLN 3.7m, with gross margin at 23%. After a PLN 0.4m revaluation loss caused by a decrease in the EUR/PLN exchange rate, sales will amount to PLN 3.3m.

The fourth-quarter bottom-line figure will be a loss resulting mainly from a sale of a real-estate project which brought a PLN 8.6m charge against net profit, but at the same time reduced BBI's debt by PLN 8.4m. Since we had assumed that the sold project would be built and generate additional margins, its sale has a slight negative impact on our valuation of BBI.

Property Developers

Dom Development Buy

Analyst: Maciej Stokłosa

FY10E P/E	29.4	FY10E EV/EBITDA	19.6	**Current price**	**PLN 48.0**
FY11E P/E	14.3	FY11E EV/EBITDA	13.1	**Target price**	**PLN 54.4**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	93.9	189.6	-50.5%	511.2	704.4	-27.4%	625.6	511.2	22.4%
EBITDA	10.5	18.4	-42.7%	62.0	113.6	-45.4%	101.3	62.0	63.4%
margin	11.2%	9.7%	-	12.1%	16.1%	-	16.2%	12.1%	-
EBIT	9.9	17.8	-44.1%	59.6	111.2	-46.4%	98.9	59.6	65.9%
Pre-tax profit	8.3	14.7	-43.3%	50.6	100.8	-49.8%	101.9	50.6	101.3%
Net profit	6.7	11.5	-41.3%	40.1	80.2	-50.0%	82.5	40.1	105.6%

116 home deliveries, PLN 6.7m net profit

We estimate that Dom Development delivered 116 flats in Q4 2010, including fewer than expected luxury apartments in the "Grzybowska" project, which implies a lower-than-expected profit in Q4 2010 but better profits in future quarters once the apartments are finally delivered.

We estimate Q4 revenues at PLN 93.9m, and expect gross profit to reach PLN 25.8m (gross margin at 27.5%), thanks partly to a reversal of a PLN 7.7m provision. We expect to see general expenses of PLN 17.7m (vs. PLN 16.8m in Q3), other operating income of PLN 1.8m (including a PLN 2.3m gain from a property sale), and other net financial expenses of PLN 1.6m. The Q4 net profit will come in at an estimated PLN 6.7m.

Property Developers

GTC

Accumulate

Analyst: Maciej Stokłosa

FY10E P/E	26.8	FY10E EV/EBITDA	22.7	**Current price**	**PLN 21.05**
FY11E P/E	8.0	FY11E EV/EBITDA	10.0	**Target price**	**PLN 24.00**

(EURm)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	41.7	39.4	5.9%	156.4	156.4	0.0%	202.1	156.4	29.3%
EBITDA	35.2	-107.5	-	105.9	-121.7	-	265.5	105.9	150.6%
margin	*84.4%*	*-272.6%*	-	*67.7%*	*-77.8%*	-	*131.3%*	*67.7%*	-
EBIT	35.1	-107.5	-	105.4	-122.1	-	265.0	105.4	151.4%
Pre-tax profit	31.7	-117.5	-	52.9	-164.8	-	204.7	52.9	286.8%
Net profit	27.5	-85.6	-	44.1	-128.3	-	165.8	44.1	275.6%

Strong finish to an average year

GTC's Q4 2010 results were influenced by a number of developments. Firstly, the company opened new shopping centers in the Czech Republic and Bulgaria. In Poland, even though rent-free periods in properties completed in mid-2010 are coming to an end, the resulting increase in rental revenues will be minor because of low occupancy rates. Positive contributions to fourth-quarter profits will also come from renegotiated leases. All these factors will contribute to an expected 9.7% q/q increase in the Q4 rental income to PLN 25m.

As for the housing business, we anticipate higher sales and deliveries than in the third quarter, generating a revenue of EUR 8.8m and a gross profit of EUR 0.9m (vs. EUR 5.8m and EUR 0.3m respectively in Q3).

We expect fair value adjustment gains to approximate EUR 14.2m (assuming recognition of a portion of the margins expected to be generated from work in progress). The October sale of the "Nefryt" and "Topaz" office buildings did not contribute to fourth-quarter profits because they had been reclassified as assets held for sale at their sales prices. We expect to see general expenses of EUR 4.5m, net financial expenses of EUR 17.2m, and minority interests of EUR -1.8m.

Property Developers

J.W. Construction

Accumulate

Analyst: Maciej Stokłosa

FY10E P/E	8.2	FY10E EV/EBITDA	7.7	**Current price**	**PLN 13.95**
FY11E P/E	7.8	FY11E EV/EBITDA	7.1	**Target price**	**PLN 16.30**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	154.8	222.2	-30.3%	612.3	713.3	-14.2%	528.3	612.3	-13.7%
EBITDA	42.8	45.1	-5.1%	155.6	156.8	-0.7%	153.0	155.6	-1.6%
margin	27.7%	20.3%	-	25.4%	22.0%	-	29.0%	25.4%	-
EBIT	39.7	42.0	-5.5%	143.0	142.7	0.2%	136.2	143.0	-4.8%
Pre-tax profit	29.7	35.3	-15.9%	113.7	119.2	-4.6%	119.0	113.7	4.7%
Net profit	24.0	31.0	-22.6%	91.9	100.4	-8.4%	96.4	91.9	4.9%

Strong 2010 profit thanks to 487 home deliveries

We estimate that JWC delivered 487 homes in Q4 2010, and the resulting strong profits will contribute to a full-year bottom line of an estimated PLN 91.9m.

JWC's core business of real-estate development is expected to generate a revenue of PLN 148.1m and a gross profit of PLN 52.3m (with a high gross margin of 35.3% owed to a cheap land bank). Non-core operations will contribute PLN 6.7m to the period's revenue and add PLN 1.4m to gross profit. The consolidated gross margin is estimated at 34.7%.

General expenses will be PLN 13.3m. We expect to see other net operating expenses of PLN 0.75m and other net financial expenses of PLN 10.0m (resulting mostly from loans financing finished projects).

Property Developers

P.A. Nova

Buy

Analyst: Maciej Stokłosa

FY10E P/E	17.0	FY10E EV/EBITDA	14.0	**Current price**	**PLN 33.1**
FY11E P/E	15.8	FY11E EV/EBITDA	15.7	**Target price**	**PLN 40.4**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	42.8	40.9	4.8%	143.2	157.6	-9.2%	181.0	143.2	26.4%
EBITDA	13.2	2.5	427.1%	27.7	24.4	13.6%	32.3	27.7	16.5%
margin	30.9%	6.1%	-	19.4%	15.5%	-	17.9%	19.4%	-
EBIT	12.7	2.0	528.3%	25.4	22.5	13.3%	30.0	25.4	18.0%
Pre-tax profit	11.6	2.0	467.8%	24.1	23.2	3.9%	25.9	24.1	7.3%
Net profit	9.4	1.5	518.5%	19.5	18.6	4.7%	21.0	19.5	7.6%

PA Nova delivers on prospectus promises

We expect PA Nova to fulfill (or even slightly exceed) the 2010 earnings targets provided in its SPO prospectus. Our reiterated Q4 2010 estimates are PLN 42.8m revenue (vs. PLN 31.8m in Q3), PLN 14.3m gross profit (with gross margin at 33.3%), PLN 0.8m general expenses, PLN 0.8m other net operating expenses, and PLN 12.7m EBIT.

After other net financial expenses of PLN 1m, the Q4 bottom-line profit will come in at PLN 9.4m. The strong fourth-quarter figures are owed to delivery in the period of several shopping-center contracts performed for external customers. We stand by our outlook for PA Nova for the coming years.

Property Developers

Polnord

Buy

Analyst: Maciej Stokłosa

FY10E P/E	14.2	FY10E EV/EBITDA	38.8	**Current price**	**PLN 31.8**
FY11E P/E	11.9	FY11E EV/EBITDA	15.4	**Target price**	**PLN 43.5**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	40.3	51.1	-21.1%	177.9	221.3	-19.6%	352.9	177.9	98.3%
EBITDA	9.6	55.6	-82.7%	37.2	106.9	-65.2%	91.2	37.2	145.4%
margin	23.9%	109.0%	-	20.9%	48.3%	-	25.9%	20.9%	-
EBIT	9.1	55.2	-83.6%	35.0	104.9	-66.7%	89.1	35.0	154.8%
Pre-tax profit	5.4	43.7	-87.7%	65.8	86.0	-23.5%	72.7	65.8	10.5%
Net profit	4.3	31.4	-86.2%	49.5	63.6	-22.2%	58.9	49.5	19.0%

Q4 profit boosted by fair value adjustments

Polnord's Q4 2010 profit will be built largely on fair-value adjustments, but this time these adjustments pertain to investment properties (office buildings in progress which are already partly leased out) rather than land.

We estimate that the company delivered 121 homes in the fourth quarter (a downward revision from an earlier estimate of 150 units), generating a revenue of PLN 39.8m. An additional PLN 0.5m will be contributed by other operations. The gross margin is estimated at 22%. At PLN 16.8m, general expenses are expected to be lower than in Q3 and Q2 2010. We expect to see a PLN 7.9m loss on sales.

Gains on property revaluation are estimated at PLN 17.5m, and other operating expenses will be ca. PLN 0.5m. EBIT is expected to come in at PLN 9.1m. Other net financial expenses will be PLN 3.7m. The Q4 net profit will amount to PLN 4.3m.

Property Developers

Robyg

Buy

Analyst: Maciej Stokłosa

FY10E P/E	14.2	FY10E EV/EBITDA	17.0	**Current price**	**PLN 1.85**
FY11E P/E	13.3	FY11E EV/EBITDA	15.8	**Target price**	**PLN 2.59**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	91.1	-	-	282.9	102.0	177.4%	234.7	282.9	-17.0%
EBITDA	15.7	-	-	49.9	8.8	468.2%	50.7	49.9	1.6%
margin	17.2%	-	-	17.6%	8.6%	-	21.6%	17.6%	-
EBIT	15.5	-	-	49.1	8.0	510.3%	49.8	49.1	1.4%
Pre-tax profit	12.0	-	-	46.4	8.5	444.2%	51.8	46.4	11.5%
Net profit	11.3	-	-	33.5	6.3	433.3%	35.7	33.5	6.7%

200 home deliveries, PLN 33.5m net profit for 2010

We estimate that Robyg delivered about 200 homes in Q4 2010, half of them in the “Osiedle Zdrowa” project, generating a net profit of PLN 11.3m which will contribute to a full-year bottom line of PLN 33.5m. This estimate represents a slight revision of our January forecast of a PLN 31.0m profit on PLN 279.4m revenue.

The gross margin is estimated at 25.8%. General expenses of ca. PLN 9.9m will include PLN 6m in costs of employee incentives. Other net operating income will approximate PLN 1.9m, and will include PLN 2m from property revaluations.

Other net financial expenses will be PLN 3.5m. Minority interests will be PLN 2.6m. Robyg should recognize a PLN 2m tax refund in Q4 following recognition of a tax asset created by a liquidated subsidiary (PLN +4.25m).

Retail\Wholesale

Eurocash — Buy

Retail

Analyst:	FY10E P/E	31.3	FY10E EV/EBITDA	17.9	**Current price** PLN 30.1
Gabriela Borowska	FY11E P/E	22.0	FY11E EV/EBITDA	12.0	**Target price** PLN 37.4

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenues	2 340.0	1 648.3	42%	7 834.2	6 698.3	17%	13 895.0	7 834.2	77.4%
EBITDA	97.1	72.3	34.4%	236.5	194.5	21.6%	411.0	236.5	73.8%
margin	4.15%	4.38%	-	3.02%	2.90%	-	2.96%	3.02%	-
EBIT	80.3	59.3	35.4%	176.8	145.2	21.8%	319.6	176.8	80.8%
Pre-tax profit	57.6	46.5	23.9%	149.7	129.9	15.2%	237.0	149.7	58.3%
Net profit	50.4	37.0	36.4%	131.3	102.5	28.1%	202.0	131.3	53.8%

CEDC boosts Q4 earnings

We expect Eurocash to report a nearly 42% y/y surge in Q4 2010 sales driven mainly (PLN 657m) by recognition of the revenues of Premium Distributors recently acquired from CEDC. The EBITDA margin will contract on lower margins generated by the segments of delivered wholesale (ex Premium Distributors) and alcohol distribution. The operating profit is expected to display a 35.4% increase relative to Q4 2009. Financial expenses will increase due to higher interest expenses and costs of credit taken out to finance the Premium Distributors acquisition. For FY2010, we expect 17.0% expansion in revenues, a 21.8% increase in the operating profit, and PLN 28.1% bottom-line growth.

LPP — Accumulate

Retail

Analyst:	FY10E P/E	25.8	FY10E EV/EBITDA	13.2	**Current price** PLN 2,070
Gabriela Borowska	FY11E P/E	16.7	FY11E EV/EBITDA	9.5	**Target price** PLN 2,300

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenues	618.6	543.6	13.8%	2 068.1	2 003.1	3.3%	2 393.8	2 068.1	15.8%
EBITDA	138.2	147.3	-6.2%	293.6	277.4	5.8%	398.1	293.6	35.6%
margin	22.34%	27.10%	-	14.20%	13.85%	-	16.63%	14.20%	-
EBIT	113.0	123.8	-8.8%	198.0	181.3	9.2%	292.9	198.0	47.9%
Pre-tax profit	107.9	104.9	2.9%	177.4	139.3	27.4%	274.9	177.4	54.9%
Net profit	90.6	83.5	8.5%	140.4	104.7	34.0%	217.4	140.4	54.9%

Earnings supported by restructuring

Based on monthly sales figures, we estimate LPP's Q4 2010 revenue at PLN 618.6m, with gross profit projected at PLN 369m. Sales in December were 5% weaker than expected, and the gross margin was 2 ppts lower, resulting in a lower net profit. The results for Q4 2010 were influenced by the sale of Esotiq and Henderson underwear inventories which added about PLN 16m to revenues but weighed down on the gross margin for December. We estimate LPP's retail area at year-end 2010 at 317,000 square meters (after the Esotiq chain which occupied about 7000 sqm of store space), and we expect Q4 2010 LFL sales to show a marginal uptick. Total sales will be about 13.8% higher than in the same period a year earlier. Due to record-high gross margins reported in Q4 2009 (65.3% vs. 59.7% expected in Q4'10), even though LPP reduced SG&A expenses by 2%, the profit on sales will display a 11.7% y/y decrease. We predict that the sale of the two underwear brands generated other costs in the amount of PLN 4.0m. Estimated before FX differences, the Q4 2010 bottom line will be 8.5% higher than in Q4 2009. As for full-year results, 2010 sales will be flat vs. 2009, while the net profit figure will show 34.0% y/y growth.

Retail

NG2

Hold

Analyst: Gabriela Borowska	FY10E P/E 18.7	FY10E EV/EBITDA 14.6	**Current price**	**PLN 59.8**
	FY11E P/E 15.7	FY11E EV/EBITDA 11.1	**Target price**	**PLN 62.7**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenues	322.0	270.9	18.9%	1 030.2	922.4	11.7%	1 199.0	1 030.2	16.4%
EBITDA	62.7	56.3	11.4%	158.0	126.5	24.9%	213.2	158.0	34.9%
margin	19.47%	20.77%	-	15.34%	13.71%	-	17.78%	15.34%	-
EBIT	57.5	50.9	12.9%	136.5	108.2	26.2%	189.1	136.5	38.6%
Pre-tax profit	54.7	48.9	12.0%	127.0	99.7	27.5%	181.2	127.0	42.6%
Net profit	46.4	40.1	15.7%	122.5	83.5	46.8%	146.0	122.5	19.2%

2010 profit helped by one-off

NG2's Q4 2010 sales of PLN 322m are expected to be 18.9% higher than in the same period a year ago. Since the stronger sales were probably owed to seasonal price cuts, the retail gross margin for the period will be weaker, but this effect will be offset by SG&A expenses growing at a slower rate than revenues. As a result, EBIT is expected to be 12.8% higher than in Q4 2009. We estimate NG2's Q4 2010 net profit at PLN 46.4m. The full-year estimate is PLN 122.5m, almost twice the figure posted in 2009. The 2010 profit target of PLN 122m was achieved partly through a one-time gain from trademark revaluations and establishment of a new subsidiary in the amount of PLN 18.6m (in Q2'10, the company recognized a deferred tax asset). Assuming an effective tax rate of 19%, without the one-off, NG2's 2010 net profit would approximate PLN 102.9m, falling 16% off the target.

Retail

Vistula

Reduce

Analyst: Gabriela Borowska	FY10E P/E 122.1	FY10E EV/EBITDA 11.7	**Current price**	**PLN 2.16**
	FY11E P/E 23.3	FY11E EV/EBITDA 9.4	**Target price**	**PLN 2.10**

(PLN m)	4Q2010F	4Q2009	change	2010F	2009	change	2011F	2010F	change
Revenues	110.4	104.2	5.9%	356.9	408.4	-12.6%	405.2	356.9	13.5%
EBITDA	17.0	9.0	89.2%	39.9	57.9	-31.0%	49.6	39.9	24.4%
margin	15.40%	8.62%	-	11.18%	14.17%	-	12.25%	11.18%	-
EBIT	13.1	10.7	23.3%	24.0	40.2	-40.4%	34.1	24.0	42.2%
Pre-tax profit	7.4	6.8	8.4%	2.4	11.1	-78.1%	12.8	2.4	424.4%
Net profit	5.8	7.3	-19.4%	2.0	16.9	-88.3%	10.3	2.0	424.4%

Weak jewelry sales weigh on profits

We expect Vistula's clothing business (Vistula, Wólczanka, Deni Cler stores) to report strong sales and a year-on-year contraction (we estimate 2.5 ppts) in gross margin in Q4 2010. Same-store jewelry sales are expected to show a slight decline, which, combined with a lower gross margin (we predict a 3.0 ppt decrease vs. Q409), will result in flat year-on-year sales. A decrease in SG&A expenses should contribute to 23.3% growth in EBIT. Without taking into account FX differences, we assume that Vistula paid a higher tax charge in Q4'10 than a year earlier, and we expect the Q4 2010 net profit to show a 19.4% drop vs. Q4 2009. The full-year 2010 earnings figures (after other operating income which added PLN 44.5m to the 2009 earnings and PLN 0.5m in 2010) should show year-on-year improvement across all income lines.

2010 Earnings Dates

Company	Q4 2010	FY2010 Standalone Figures	FY2010 Consolidated
AB	2011-02-28*	2011-05-16**	2011-05-16**
ACTION		2011-03-21	2011-03-21
AGORA	2011-02-25	2011-04-12	2011-04-12
ASBIS	2011-02-23	2011-03-30	2011-03-30
ASSECO POLAND		2011-03-18	2011-03-18
ASTARTA		2011-04-27	2011-04-27
BBI DEVELOPMENT	2011-03-01	2011-04-29	2011-04-29
BUDIMEX		2011-03-21	2011-03-21
BZWBK	2011-03-02	2011-03-02	2011-03-02
CENTRUM KLIMA		2011-03-15	2011-03-15
CERSANIT		2011-03-21	2011-03-21
CEZ		2011-02-28	2011-02-28
CIECH	2011-03-01	2011-04-29	2011-04-29
CINEMA CITY		2011-03-15	2011-03-15
COMARCH	2011-03-01	2011-04-29	2011-04-29
CYFROWY POLSAT		2011-03-17	2011-03-17
DOM DEVELOPMENT		2011-03-10	2011-03-10
ELEKTROBUDOWA		2011-03-21	2011-03-21
EMPERIA	2011-03-01	2011-05-02	2011-05-02
ENEA	2011-03-01	2011-04-28	2011-04-28
ERBUD	2011-02-28	2011-04-29	2011-04-29
EUROCASH	2011-02-25	2011-04-08	2011-04-08
FAMUR	2011-03-01	2011-04-29	2011-04-29
GETIN		2011-03-21	2011-03-21
GTC		2011-03-21	2011-03-21
HANDLOWY	2011-02-10	2011-03-16	2011-03-16
ING BSK	2011-02-16	2011-03-31	2011-03-31
IMPEXMETAL	2011-02-24	2011-04-15	2011-04-15
J.W.C.		2011-03-15	2011-03-15
KERNEL	2011-02-14***	2011-05-02****	2011-05-02****
KĘTY	2011-02-09	2011-04-14	2011-04-14
KGHM	2011-03-01	2011-03-31	2011-03-31
KOMPUTRONIK	2011-02-14	2011-06-20	2011-06-20
KOPEX	2011-03-01	2011-05-02	2011-05-02
KREDYT BANK	2011-02-10	2011-02-25	2011-02-25
LOTOS	2011-02-15	2011-04-15	2011-04-15
LPP	2011-02-23	2011-04-20	2011-04-20
LW BOGDANKA		2011-03-21	2011-03-21
MILLENNIUM	2011-02-01	2011-02-01	2011-02-01
MONDI		2011-02-23	2011-02-23
MOSTOSTAL WAR.		2011-03-21	2011-03-21
NETIA		2011-02-22	2011-02-22
NG2	2011-02-17	2011-04-29	2011-04-29
PBG	2011-03-01	2011-04-29	2011-04-29
PEKAO		2011-03-10	2011-03-10
PA. NOVA		2011-03-15	2011-03-15
PGE		2011-03-21	2011-03-21
PGNiG		2011-03-31	2011-03-31
PKN ORLEN	2011-02-10	2011-03-31	2011-03-31
PKO BP	2011-03-07	2011-03-07	2011-03-07
POLICE	2011-02-17	2011-03-31	2011-03-31
POLIMEX MOSTOSTAL	2011-02-28	2011-04-28	2011-04-28
POLNORD		2011-02-28	2011-02-28
PZU		2011-03-17	2011-03-17
RAFAKO		2011-03-21	2011-03-21
ROBYG		2011-03-17	2011-03-17
SYGNITY		2011-03-21	2011-03-21
TAURON		2011-03-15	2011-03-15
TPSA		2011-02-23	2011-02-23
TRAKCJA POLSKA		2011-03-18	2011-03-18
TVN	2011-02-22	2011-02-22	2011-02-22
VISTULA		2011-03-21	2011-03-21
ULMA CP		2011-03-18	2011-03-18
UNIBEP		2011-03-22	2011-03-22
ZA PUŁAWY	2011-02-28*****	2011-05-16******	2011-05-16******
ZUE		2011-03-31	2011-03-31

*Source: Companies; *H1 2010/2011 report; ** Q3 2010/2011 report;*** Q2 2011 report; ****H1 2011 report; ***** H1 2010/2011 report; ****** Q3 2010/2011 report*

Current ratings by BRE Bank Securities

Company	Rating	Rating Day	Price on Rating Day	Target Price	Current Price	Upside / Downside	2010E P/E	2011E P/E	2010 EV/ EBITDA	2011E EVEBITDA
Banks										
BZ WBK	Hold	2011-01-18	213.50	219.00	223.20	-1.9%	17.5	15.4		
GETIN	Accumulate	2011-01-17	11.75	12.70	12.97	-2.1%	23.9	14.3		
HANDLOWY	Hold	2011-01-18	93.00	94.00	88.00	6.8%	15.4	12.7		
ING BSK	Hold	2011-01-18	840.50	850.00	845.00	0.6%	14.3	12.3		
KREDYT BANK	Accumulate	2011-01-18	15.44	17.40	15.80	10.1%	24.6	12.9		
MILLENNIUM	Hold	2011-02-03	5.23	5.10	5.60	-8.9%	20.3	15.2		
PEKAO	Reduce	2011-01-18	170.00	155.00	168.80	-8.2%	17.1	14.4		
PKO BP	Buy	2011-01-18	41.30	48.00	41.95	14.4%	16.4	12.5		
Insurers										
PZU	Accumulate	2010-12-13	360.50	390.00	348.00	12.1%	13.3	12.1		
Gas&Oil, Chemicals										
CIECH	Buy	2010-08-23	28.27	27.60	23.31	18.4%	91.9	7.1	6.3	4.4
LOTOS	Sell	2011-01-18	38.49	28.40	40.49	-29.9%	8.9	10.4	9.6	6.2
PGNiG	Buy	2010-12-03	3.61	4.40	3.85	14.3%	11.3	13.1	6.4	6.5
PKN ORLEN	Reduce	2010-12-03	46.49	40.70	44.91	-9.4%	8.1	10.0	5.7	6.6
POLICE	Sell	2010-12-03	6.95	5.50	9.00	-38.9%	-	26.1	13.5	8.3
ZA PUŁAWY	Hold	2011-02-04	114.00	106.10	112.40	-5.6%	16.4	11.4	9.0	6.5
Power Utilities										
CEZ	Hold	2010-11-29	124.50	129.50	133.80	-3.2%	8.8	9.7	6.9	7.2
ENEA	Reduce	2010-12-03	23.50	21.43	22.23	-3.6%	14.7	14.5	5.5	6.1
PGE	Buy	2010-09-13	23.78	26.73	22.65	18.0%	14.0	11.2	6.5	5.8
TAURON	Buy	2010-09-13	5.56	8.87	6.18	43.5%	12.5	11.8	4.3	4.5
Telecoms										
NETIA	Hold	2011-01-18	5.15	5.40	5.23	3.3%	33.3	18.6	4.7	4.3
TPSA	Accumulate	2010-12-01	16.17	17.60	16.60	6.0%	133.2	17.3	5.7	4.7
Media										
AGORA	Accumulate	2011-01-03	26.10	28.90	25.70	12.5%	18.6	19.2	7.8	6.4
CINEMA CITY	Hold	2011-01-18	42.35	42.90	41.30	3.9%	17.5	15.5	9.6	8.6
CYFROWY POLSAT	Hold	2010-12-17	17.30	15.30	15.14	1.1%	15.8	14.2	9.9	8.9
TVN	Hold	2010-11-29	16.50	16.50	16.15	2.2%	57.7	18.0	12.1	10.2
IT										
AB	Accumulate	2011-01-18	25.42	27.60	24.40	13.1%	10.7	7.8	7.8	6.4
ACTION	Accumulate	2011-01-18	16.65	18.16	20.51	-11.5%	13.4	10.9	8.7	7.8
ASBIS	Accumulate	2011-01-18	3.80	4.32	4.00	8.0%	30.5	10.0	7.6	6.0
ASSECO POLAND	Buy	2010-08-31	55.00	65.30	50.20	30.1%	9.4	10.2	5.9	5.7
COMARCH	Hold	2011-01-18	88.95	88.00	93.75	-6.1%	17.7	17.3	8.7	7.5
KOMPUTRONIK	Accumulate	2011-01-18	9.03	10.12	8.84	14.5%	23.2	12.5	8.3	5.9
SYGNITY	Buy	2011-01-18	17.56	18.30	18.01	1.6%	-	100.5	-	6.2
Mining & Metals										
KGHM	Sell	2011-01-18	176.80	145.00	173.70	-16.5%	7.6	6.4	5.2	4.3
LW BOGDANKA	Accumulate	2011-02-04	118.30	125.90	117.10	7.5%	17.7	15.5	9.7	7.3
Manufacturers										
ASTARTA	Sell	2011-01-18	101.00	63.6	95.20	-33.2%	6.9	9.9	1.6	1.3
CENTRUM KLIMA	Hold	2011-01-18	16.00	16.9	16.05	5.3%	18.3	13.5	12.8	8.3
CERSANIT	Reduce	2011-01-18	11.30	10.4	12.00	-13.3%	19.3	19.6	12.6	10.2
FAMUR	Sell	2011-01-18	2.85	2.3	3.33	-30.9%	20.1	21.3	11.9	10.3
IMPEXMETAL	Buy	2011-02-11	5.15	5.9	5.15	14.6%	14.3	12.6	8.5	6.8
KERNEL	Hold	2011-01-18	78.80	79.1	83.30	-5.0%	12.4	10.1	8.7	7.4
KĘTY	Hold	2011-01-18	126.50	125.5	123.70	1.5%	12.7	11.8	6.7	6.1
KOPEX	Reduce	2011-01-18	17.40	15.9	19.67	-19.2%	42.6	17.7	11.0	8.4
MONDI	Hold	2011-01-18	77.80	80.0	78.50	1.9%	18.3	11.6	10.1	7.8
Construction										
BUDIMEX	Reduce	2011-01-17	103.20	91.50	95.50	-4.2%	9.5	11.9	4.9	8.1
ELEKTROBUDOWA	Hold	2011-02-08	168.40	178.60	168.60	5.9%	16.8	14.2	10.5	9.2
ERBUD	Hold	2011-01-19	54.55	55.00	50.10	9.8%	18.5	12.1	10.6	7.5
MOSTOSTAL WAR.	Buy	2011-02-11	48.20	59.90	48.20	24.3%	15.8	16.7	6.8	7.2
PBG	Reduce	2010-11-05	226.00	194.00	196.40	-1.2%	12.7	12.7	9.3	9.1
POLIMEX MOSTOSTAL	Accumulate	2011-01-18	3.86	4.20	3.60	16.7%	15.1	13.1	7.4	7.4
RAFAKO	Accumulate	2011-02-01	11.60	13.40	12.40	8.1%	21.5	15.3	11.0	8.7
TRAKCJA POLSKA	Hold	2010-05-06	4.14	4.16	3.65	14.0%	16.7	12.3	7.4	5.8
ULMA CP	Accumulate	2011-02-04	78.00	85.90	81.80	5.0%	41.3	12.9	5.5	4.3
UNIBEP	Hold	2010-12-03	9.94	9.30	9.56	-2.7%	14.6	16.2	10.6	11.7
ZUE	Buy	2010-11-24	14.50	19.30	14.15	36.4%	19.2	10.7	7.9	5.7
Real-Estate Developers										
BBI DEVELOPMENT	Buy	2010-11-10	0.45	0.55	0.43	27.9%	31.7	9.7	34.4	11.1
DOM DEVELOPMENT	Buy	2011-01-07	41.49	54.40	48.00	13.3%	29.4	14.3	19.6	13.1
GTC	Accumulate	2011-02-03	20.92	24.03	21.05	14.2%	26.8	8.0	22.7	10.0
J.W.C.	Accumulate	2011-01-18	14.50	16.30	13.95	16.8%	8.2	7.8	7.7	7.1
PA NOVA	Buy	2011-01-07	30.89	40.40	33.09	22.1%	17.0	15.8	14.0	15.7
POLNORD	Buy	2011-01-07	32.20	43.50	31.78	36.9%	14.2	11.9	38.8	15.4
ROBYG	Buy	2011-01-07	1.86	2.59	1.85	40.0%	14.2	13.3	17.0	15.8
Retailers & Wholesalers										
EMPERIA	Suspended	2010-10-05	99.50	-	106.00	-	-	-	-	-
EUROCASH	Buy	2011-02-04	30.50	37.40	30.10	24.3%	31.3	22.0	17.9	12.0
LPP	Accumulate	2010-12-03	2 140.00	2 300.00	2 070.00	11.1%	25.8	16.7	13.2	9.5
NG2	Hold	2010-12-03	62.50	62.70	59.80	4.8%	18.7	15.7	14.6	11.1
VISTULA	Reduce	2010-12-14	2.21	2.10	2.16	-2.8%	122.1	23.3	11.7	9.4

Ratings issued in the past month

Company	Rating	Previous Rating	Target Price	Rating Day
AB	Accumulate	Accumulate	27.60	2011-01-18
ACTION	Accumulate	Hold	18.16	2011-01-18
ASBIS	Accumulate	Accumulate	4.32	2011-01-18
ASTARTA	Sell	Sell	63.60	2011-01-18
BUDIMEX	Reduce	Reduce	91.50	2011-01-17
BZ WBK	Hold	Hold	219.00	2011-01-18
CENTRUM KLIMA	Hold	Hold	16.90	2011-01-18
CERSANIT	Reduce	Reduce	10.40	2011-01-18
CINEMA CITY	Hold	Hold	42.90	2011-01-18
COMARCH	Hold	Hold	88.00	2011-01-18
ELEKTROBUDOWA	Hold	Hold	178.60	2011-02-08
ERBUD	Hold	Hold	55.00	2011-01-19
EUROCASH	Accumulate	Suspended	37.40	2011-01-17
FAMUR	Sell	Reduce	2.30	2011-01-18
GETIN	Accumulate	Hold	12.70	2011-01-17
GTC	Accumulate	Hold	24.03	2011-02-03
HANDLOWY	Hold	Hold	94.00	2011-01-18
ING BSK	Hold	Hold	850.00	2011-01-18
IMPEXMETAL	Buy	Buy	5.90	2011-02-11
J.W.C.	Accumulate	Hold	16.30	2011-01-18
KERNEL	Hold	Buy	79.10	2011-01-18
KĘTY	Hold	Hold	125.50	2011-01-18
KGHM	Sell	Reduce	145.00	2011-01-18
KOMPUTRONIK	Accumulate	Hold	10.12	2011-01-18
KOPEX	Reduce	Reduce	15.90	2011-01-18
KREDYT BANK	Accumulate	Hold	17.40	2011-01-18
LOTOS	Sell	Reduce	28.40	2011-01-18
LW BOGDANKA	Accumulate	Buy	125.90	2011-02-04
MILLENNIUM	Hold	Hold	5.10	2011-02-03
MONDI	Hold	Hold	80.00	2011-01-18
MOSTOSTAL WAR.	Buy	Buy	59.90	2011-02-11
NETIA	Hold	Hold	5.40	2011-01-18
PEKAO	Reduce	Sell	155.00	2011-01-18
PKO BP	Buy	Accumulate	48.00	2011-01-18
POLIMEX MOSTOSTAL	Accumulate	Hold	4.20	2011-01-18
RAFAKO	Accumulate	Accumulate	13.40	2011-02-01
SYGNITY	Buy	Buy	18.30	2011-01-18
ULMA CP	Accumulate	Hold	85.90	2011-02-04
ZA PUŁAWY	Accumulate	Hold	106.10	2011-01-14

Ratings Statistics

	All					For clients of BRE Bank Securities				
Statistics	Sell	Reduce	Hold	Accumulate	Buy	Sell	Reduce	Hold	Accumulate	Buy
count	5	10	20	15	15	0	3	10	6	9
% of total	7.7%	15.4%	30.8%	23.1%	23.1%	0.0%	10.7%	35.7%	21.4%	32.1%

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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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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%
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