19 April 2010

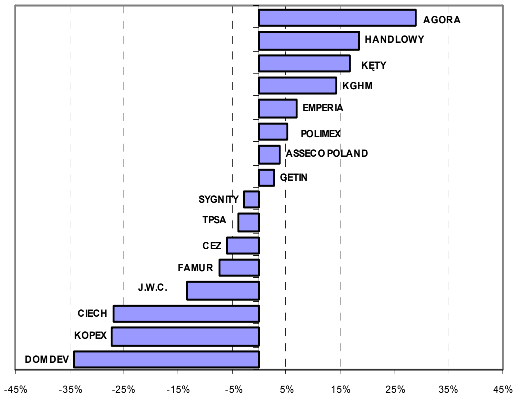
Periodic Report

Forecasts of Quarterly Results

Equity Market

WIG	**43 913**
Average 2010E P/E	15.4
Average 2011E P/E	12.6
Avg dialy trading volume (3M)	PLN 1 472m

EPS growth for selected companies*



**calculated for Q209-Q1 2010 / Q109-Q409*

Analysts:

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

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

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

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

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

Jakub Szkopek
(48 22) 697 47 40
jakub.szkopek@dibre.com.pl

Q1 2010

Banks. We expect Polish banks to report first-quarter profits 19% higher than in the preceding quarter (thanks to lower expenses and reserves) and 44% higher than in Q1 2009 (an increase from a low base). Revenues will show an estimated 6% year-on-year increase thanks to lower costs of financing, higher fee income, and stronger financial markets (Q1 results were the weakest in 2009, among others due to option losses).

Fuels. PGNiG is expected to report a record EBIT figure driven by strong sales, positive import margins, and a higher distribution price tariff. The first-quarter LIFO EBIT figures of oil refiners will be weighed down by freezing winter temperatures, low margins, and a narrow Ural/Brent differential.

Power Utilities. The 2010 first-quarter results of power utilities will not be as buoyant as last year: CEZ experienced a considerable drop in average sales prices in the period, and PGE received much lower compensation for canceled long-term contracts. On the upside, Q1 profits will reflect increased distribution tariffs.

Telecoms. Both Netia and TPSA are expected to report flat year-on-year Q1 earnings. Netia is still benefitting from favorable market regulations, expected to work to its advantage throughout the first half of the year.

Media. Media companies are expected to report good first-quarter results. TVN saw an increase in advertising revenues in the period, but its operating profit will be lower than in Q109 because of negative consolidation effects of the 'n' platform. Agora is expected to report substantial cost cuts. Cyfrowy Polsat's Q1 2010 earnings were supported by a stronger zloty and the effects of the subscriber-base expansion achieved toward the end of 2009.

IT. We expect a solid first-quarter showing from Asseco Poland, and a weak showing from Sygnity. Comarch is likely to report a small quarterly profit thanks to lower losses generated by subsidiary SoftM. As for IT distributors, AB will report good results, Action's profits will be slightly weaker than a year ago, Asbis should report substantial sales growth, and the earnings of Komputronik will be depressed by a harsh winter.

Mining, Metals. The 2010 first-quarter results of KGHM and LWB were boosted by high commodity prices, producing what we expect to be the best quarterly showing of the year.

Producers. The first quarter of 2010 was another weak one for mining machine manufacturers. Producers of building materials are also expected to make weak showings because of harsh winter weather. Astarta will report strong Q1 2010 earnings fueled by high prices of sugar.

Construction. We expect to be surprised by the 2010 first-quarter results of construction companies, whose profits were shaped by derivatives revaluations, real-estate sales, low operating- and financial leverages, and continuing, high-margin contracts.

Property Developers. The first-quarter results of housing developers depend on home sales achieved in the period. Polnord's profits will be boosted by the sale of a major office project, and GTC is expected to report gains on property revaluations.

Retailers. The first-quarter sales of Polish FMCG companies were affected by unfavorable weather conditions which kept EBITDA growth slow.

Banks

BZ WBK

Banks

Hold

Analyst: Marta Jeżewska

FY10E P/E	16.2	FY10E P/BV	2.4
FY11E P/E	12.6	FY11E P/BV	2.1
Current price	**PLN 220.0**		
Target price	**PLN 204.5**		

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Net interest income	424	362	17.4%	1 798	1 563	15.0%	1 914	1 798	6.5%
Net fee income	333	314	6.0%	1 434	1 315	9.0%	1 531	1 434	6.8%
NIM	3.0%	2.5%	-	3.2%	2.8%	-	3.1%	3.2%	-
Income f. bank oper.	819	725	12.9%	3 466	3 239	7.0%	3 694	3 466	6.6%
Operating expenses	-417	-407	2.4%	-1 679	-1 622	3.6%	-1 795	-1 679	6.9%
Operating income*	409	325	25.7%	1 813	1 644	10.2%	1 926	1 813	6.2%
Provisions	-103	-161	-36.0%	-478	-481	-0.6%	-236	-478	-50.7%
Pre-tax income	306	162	89.3%	1 335	1 163	14.7%	1 690	1 335	26.6%
Net income	230	119	93.3%	993	886	12.1%	1 270	993	27.9%

** before provisions*

As planned

In Q1'10, we expect a net profit of PLN 230m, which will represent a considerable improvement vs. last year (+93% y/y), both in terms of operating income before provisions (+26% y/y) and provisions (-36% y/y). The year-on-year improvement is mostly a consequence of higher interest income (thanks to higher margin), but also fee income (upturn in equity markets). At the same time, costs will remain in check (we expect them to grow on a par with inflation or slower). We believe the Bank will not beat its Q4'09 result (PLN 246m). We expect pressure on interest income, which will fall from PLN 434m to PLN 424m. Deposits will expand and the higher volumes will push the cost of financing up. At the same time, we expect a contraction in corporate loans, due to market-wide trends in the segment (-1.5% q/q) and the Bank's attempts to reduce its exposure to loans to property developers (loan repayment).

Getin

Banks

Reduce

Analyst: Marta Jeżewska

FY10E P/E	14.5	FY10E P/BV	1.8
FY11E P/E	11.6	FY11E P/BV	1.6
Current price	**PLN 11.06**		
Target price	**PLN 10.34**		

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Net interest income	301	248	21.2%	1 208	978	23.6%	1 330	1 208	10.1%
Net fee income	104	119	-12.5%	482	443	9.0%	504	482	4.5%
NIM	3.3%	3.1%	-	3.2%	2.9%	-	3.2%	3.2%	-
Income f. bank oper.	517	639	-19.0%	2 208	2 094	5.4%	2 394	2 208	8.4%
Operating expenses	-219	-222	-1.6%	-930	-861	8.0%	-987	-930	6.1%
Operating income*	290	393	-26.2%	1 231	1 200	2.5%	1 352	1 231	9.8%
Provisions	-226	-245	-7.8%	-561	-842	-33.3%	-414	-561	-26.2%
Pre-tax income	64	150	-57.2%	669	358	87.1%	937	669	40.1%
Net income	111	103	7.4%	544	276	97.0%	677	544	24.6%

** before provisions*

High pre-tax income not coming until H2 2010

We expect Getin Holding to generate a net profit of PLN 140m in Q1'10, with the pre-tax profit at PLN 101m. Net profit will be significantly boosted by the reversal of tax provisions (+PLN 74.4m according to comments made after the publication of earnings for Q4'09). Our forecast for FY 2010 is PLN 669m (over PLN 165m per quarter on average). We believe pre-tax income will increase in the second half of the year, when loan-loss provisions decline. We expect rapid growth in interest income (from PLN 274m to PLN 301m) thanks to an improvement in net interest margin from 3.1% to over 3.3%. Fee income will be under pressure (PLN 120m, flat q/q), as the potential stemming from new product sales to existing clients expires. On the other hand, fees on new loans will increase, as lending expands q/q. We expect zero trading income (vs. –PLN 4m a quarter earlier) and stable income from insurance activities. Expenses will remain in check (+0.4% y/y). We believe loan-loss provisions will continue to weigh earnings down. In Q1'10, we expect them to figure to 35% of our FY forecast. We expect them to go down in the second half of the year.

Banks

Handlowy

Accumulate

Analyst:
Marta Jeżewska

FY10E P/E	17.0	FY10E P/BV	1.7	**Current price**	**PLN 82.2**
FY11E P/E	12.4	FY11E P/BV	1.6	**Target price**	**PLN 90.9**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Net interest income	371	390	-5.0%	1 508	1 505	0.2%	1 561	1 508	3.5%
Net fee income	153	125	22.3%	645	556	16.0%	702	645	8.8%
NIM	3.9%	3.6%	-	3.8%	3.8%	-	3.7%	3.8%	-
Income f. bank oper.	598	576	3.9%	2 483	2 418	2.7%	2 600	2 483	4.7%
Operating expenses	-338	-374	-9.7%	-1 420	-1 379	2.9%	-1 487	-1 420	4.8%
Operating income*	266	221	20.6%	1 133	1 201	-5.6%	1 183	1 133	4.4%
Provisions	-91	-152	-40.4%	-327	-546	-40.1%	-78	-327	-76.2%
Pre-tax income	175	67	162.1%	806	655	23.0%	1 105	806	37.1%
Net income	140	46	203.4%	633	504	25.6%	869	633	37.1%

** before provisions*

Gradual improvement

Interest income will be gradually recovering after three quarters of deterioration driven by the growing cost of financing and declining bond yield. In Q1’10, we expect it to increase to PLN 371m from PLN 355m recorded in Q4’09. Fee income will improve vs. Q1’09 (thanks to reviving equity market and fee hikes implemented last year), but we do not expect significant growth vs. Q4’09 (PLN 153m vs. PLN 151m). We expect income from banking operations to increase by 4% y/y, which will be PLN 10m than in Q4’09, as the increase in interest income will be offset by weak trading income. In other income, the Bank will write-off ca. PLN 13m on transactions involving Lehman Brothers’ bonds. Saving programs implemented last year will bear fruit this year as well: we expect costs to go down by 10% y/y. Loan-loss provisions will remain comparatively high at 3% of average net loans, but this will be much less than last year (4.1%). We believe the Bank will not create additional provisions in the corporate segment (-PLN 59m in Q4'09), while in the retail segment they will be at a similar level as in Q4’09 (PLN 91m vs. PLN 98m).

Banks

ING BSK

Hold

Analyst:
Marta Jeżewska

FY10E P/E	15.0	FY10E P/BV	1.8	**Current price**	**PLN 780**
FY11E P/E	11.0	FY11E P/BV	1.6	**Target price**	**PLN 749**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Net interest income	382	310	23.6%	1 539	1 442	6.7%	1 659	1 539	7.8%
Net fee income	233	204	14.4%	972	900	8.0%	1 040	972	7.0%
NIM	2.5%	1.8%	-	2.5%	2.2%	-	2.5%	2.5%	-
Income f. bank oper.	651	550	18.5%	2 650	2 488	6.5%	2 848	2 650	7.5%
Operating expenses	-389	-362	7.6%	-1 553	-1 488	4.4%	-1 620	-1 553	4.3%
Operating income*	267	195	37.2%	1 116	991	12.7%	1 247	1 116	11.7%
Provisions	-58	-102	-43.4%	-329	-304	8.2%	-157	-329	-52.3%
Pre-tax income	226	103	119.3%	841	738	13.9%	1 145	841	36.2%
Net income	183	81	126.2%	678	595	13.9%	923	678	36.2%

** before provisions*

Higher earnings again

ING BSK posted a weaker profit for Q4'09 (PLN 121m) largely because of one-off factors (weak trading income, loss on property valuation, loan portfolio reviews). These factors will not be present in Q1’10, and we expect the net profit to go up to PLN 183m. The Bank's active stance as regards lending in FY 2009 (rapid growth in retail loans, wins in tenders for loans to local authorities for a total of PLN 1.7bn) will support interest income. We believe the Bank will partially reestablish its position in interbank assets and securities, which will lead to an increase in assets. We expect interest income of PLN 382m (thanks to higher volumes but especially a higher margin on loans). Fee income will sustain a good momentum, thanks to improving equity markets. The Bank’s high levels of activity and low cost base in 2009 mean that expenses are likely to increase (+8% y/y, +11% q/q). Compared to Q1’09, growth will be driven by payroll expenses, and compared to Q4’09, by a considerable increase in costs recognized in the books (in Q4'09 the Bank reviewed projects that had had an impact on expenses throughout the year). We believe the Bank will considerably reduce loan-loss provisions vs. Q4’09 (cf. its conservative approach to retail clients, the relatively young loan portfolio dominated by mortgages) as well as vs. Q1'09.

Kredyt Bank

Banks

Analyst:
Marta Jeżewska

Hold

FY10E P/E	31.1	FY10E P/BV	1.5
FY11E P/E	9.1	FY11E P/BV	1.3

Current price **PLN 14.75**
Target price **PLN 15.30**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Net interest income	279	247	12.9%	1 110	1 061	4.6%	1 175	1 110	5.8%
Net fee income	85	72	17.1%	354	304	16.4%	384	354	8.3%
NIM	2.9%	2.4%	-	2.8%	2.7%	-	2.9%	2.8%	-
Income f. bank oper.	391	392	-0.3%	1 597	1 530	4.4%	1 699	1 597	6.4%
Operating expenses	-227	-270	-15.9%	-1 026	-1 023	0.2%	-1 079	-1 026	5.2%
Operating income*	184	137	34.2%	651	848	-23.2%	700	651	7.5%
Provisions	-126	-184	-31.9%	-491	-803	-38.9%	-148	-491	-69.9%
Pre-tax income	59	-47	-	161	47	245.1%	552	161	243.1%
Net income	47	-37	-	129	35	272.7%	442	129	243.1%

** before provisions*

Improvement vs. 2009

We expect the Bank to post its highest quarterly earnings since the start of Q1 2009. Last year's cost streamlining projects, combined with the sale of the financial broker Żagiel, will lead to a clear reduction in the cost base (-16% y/y), which will support operating income before provisions (+34% y/y). We expect both interest and fee income to increase, but income from banking operations will not go up due to the decline in trading income. Interest income will grow thanks to the reduction in the cost of financing vs. Q1'09, but the quarter-on-quarter increase will not be that notable (increase from PLN 274m to PLN 279m), because the Bank now bears costs related to the distribution of loans by Żagiel. The y/y increase in fee income will be driven by increasing revenue, but compared to Q4'09 the source of the improvement will lie on the cost side (lower costs of credit reports from BIK – in Q4'09, the Bank carried out a review of its loan portfolio). High loan-loss provisions in Q4'09 and the loan portfolio review suggest provisions will be lower this time (the review applied to all retail loans, not just those distributed by Żagiel). We expect provisions of PLN 126m, which will still be one of the highest levels in the industry (2% of net loans).

Millennium

Banks

Analyst:
Marta Jeżewska

Hold

FY10E P/E	22.7	FY10E P/BV	1.4
FY11E P/E	11.9	FY11E P/BV	1.3

Current price **PLN 4.77**
Target price **PLN 4.38**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Net interest income	227	180	26.0%	965	691	39.6%	1101	965	14.1%
Net fee income	148	126	17.7%	568	494	15.1%	608	568	7.0%
NIM	2.0%	1.5%	-	2.0%	1.5%	-	2.1%	2.0%	-
Income f. bank oper.	420	397	5.6%	1 726	1 434	20.3%	1 926	1 726	11.6%
Operating expenses	-262	-258	1.6%	-1080	-1023	5.5%	-1154	-1080	6.9%
Operating income*	163	143	14.1%	667	431	54.8%	792	667	18.7%
Provisions	-89	-129	-31.2%	-352	-436	-19.2%	-193	-352	-45.3%
Pre-tax income	74	13	454.6%	314	2	-	599	314	90.5%
Net income	59	12	388.4%	255	1	-	485	255	90.5%

** before provisions*

Improvement becomes palpable

In Q1'10, we expect a net profit of PLN 59m driven by a y/y surge in interest and fee income. On the other hand, the Bank will no longer benefit from the high trading income that boosted its earnings in H1'09. The increase in interest income (24% y/y and 9% q/q) will be driven above all by a higher margin on deposits (which was still negative in Q4'09 at -0.2%) and proceeds of the share offering (PLN 1bn in mid-February). In the case of fee income, a 6% q/q increase (+18% y/y) will come from higher equity-market volumes and higher income from insurance activities. Compared to last year, an important factor is the increase in fees on transactions. We expect a considerable increase in expenses compared to Q4'09 (PLN 262m vs. PLN 241m) driven by payroll expenses. At the same time, cost restructuring activities carried out last year suggest they should not expand y/y. Loan-loss provisions will remain high, and will be more and more impacted by provisions for retail loans. We believe that both market-wide trends and the portfolio review carried out in Q3'09 point towards lower provisions in this area, but the situation in the labor market and the fact that the Bank created relatively low retail provisions throughout 2009 suggest they will expand.

Banks

Pekao

Hold

Analyst:
Marta Jeżewska

FY10E P/E	17.5	FY10E P/BV	2.5	**Current price**	**PLN 178.0**
FY11E P/E	14.8	FY11E P/BV	2.3	**Target price**	**PLN 175.7**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Net interest income	994	910	9.3%	4 314	3 802	13.4%	4 660	4 314	8.0%
Net fee income	623	529	17.9%	2 542	2 289	11.1%	2 722	2 542	7.1%
NIM	3.1%	2.7%	-	3.2%	2.9%	-	3.3%	3.2%	-
Income f. bank oper.	1 777	1 694	4.9%	7 553	7 063	6.9%	8 131	7 553	7.7%
Operating expenses	-937	-925	1.3%	-3 823	-3 673	4.1%	-3 940	-3 823	3.1%
Operating income*	859	789	8.8%	3 806	3 466	9.8%	4 267	3 806	12.1%
Provisions	-140	-92	53.0%	-571	-534	7.0%	-424	-571	-25.8%
Pre-tax income	740	711	4.1%	3 306	2 998	10.3%	3 920	3 306	18.6%
Net income	596	566	5.3%	2 661	2 412	10.3%	3 157	2 661	18.7%

** before provisions*

Lack of volume expansion stumps revenue growth

We believe Pekao will not improve on net profit posted in Q4'09 (PLN 612m) as the expansion in its costs will not be fully offset by increasing revenues. We expect higher payroll expenses (higher bonus reserves, plus there has been no downsizing or freeze on salaries). In year-on-year terms, this increase will be in line with the Bank's long-term strategy (i.e. below inflation). Income from banking operations will increase by nearly 5% y/y, but will remain flat vs. Q4'09 (PLN 1.78bn vs. PLN 1.79bn). Lack of growth in loans and the possible loss of some of the deposits obtained a quarter before (when the Bank saw a surge in its corporate deposits) suggest rapid growth in interest income is unlikely. Fee income also has limited upside potential (pressure on loan fees due to a decline in sales and intensification in competition). Both of these components will see only a slight improvement (by PLN 30m on aggregate). On the other hand, we can expect a decline in trading income. We expect loan-loss provisions to remain at the Q4'09 level (ca. 0.7% of net loans). Last year, the Bank's costs of risk were among the lowest in the sector, which is why we do not see a considerable potential for them to go down.

Banks

PKO BP

Hold

Analyst:
Marta Jeżewska

FY10E P/E	17.6	FY10E P/BV	2.4	**Current price**	**PLN 43.6**
FY11E P/E	12.6	FY11E P/BV	2.2	**Target price**	**PLN 40.1**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Net interest income	1 469	1 193	23.2%	6 224	5 051	23.2%	6 824	6 224	9.6%
Net fee income	718	550	30.5%	2 915	2 583	12.8%	3111	2 915	6.7%
NIM	3.8%	3.5%	-	3.8%	3.5%	-	3.7%	3.8%	-
Income f. bank oper.	2 308	2 099	9.9%	9 637	8 607	12.0%	10 447	9 637	8.4%
Operating expenses	-1 088	-1 082	0.6%	-4 436	-4 244	4.5%	-4 540	-4 436	2.3%
Operating income*	1 260	1 063	18.5%	5 462	4 624	18.1%	6 168	5 462	12.9%
Provisions	-429	-374	14.7%	-1 538	-1 681	-8.5%	-707	-1 538	-54.0%
Pre-tax income	831	695	19.6%	3 925	2 943	33.4%	5 462	3 925	39.2%
Net income	665	541	23.0%	3 101	2 306	34.5%	4 315	3 101	39.2%

** before provisions*

Palpable improvement, but PLN 3.1bn profit is far off

We expect the Bank to post a net profit of PLN 665m (+23% y/y, +29% q/q), with an 18.5% y/y improvement in operating income before provisions. Growth will be driven by revenue (income from banking operations: +10% y/y), with costs remaining under control. The rapid growth in interest and fee income compared to Q1'09 will be a consequence of the low base of comparison (the deposit war, lower fees on transactions – these did not increase until Q2'09, lower income revenue from exposure to equity markets, much lower level of assets). Compared to Q4'09, increases will be less impressive. Improvement in interest income will be prevented by low market interest rates. We expect loan-loss provisions to remain fairly high, still because of the retail segment (nearly 3/4 of last year's total), where Q1'09 provisions were lower than in the subsequent quarters. We believe provisions in the corporate segment cannot be expected to go down either. In order to meet our FY 2010 net income projection of PLN 3.1bn (FY10 P/E = 17.5), the Bank will have to see its profits grow q/q, so as to reach a PLN 800m per-quarter average.

Fuels, Chemicals

Ciech

Chemicals

Accumulate

Analyst: Kamil Kliszcz

FY10E P/E	13.2	FY10E EV/EBITDA	6.0	**Current price**	**PLN 33.6**
FY11E P/E	8.3	FY11E EV/EBITDA	4.9	**Target price**	**PLN 39.2**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	1 021.6	990.8	3.1%	3 962.3	3 685.8	7.5%	4 332.3	3 962.3	9.3%
EBITDA	124.4	146.7	-15.2%	461.0	400.2	15.2%	513.6	461.0	11.4%
margin	12.2%	14.8%	-	11.6%	10.9%	-	11.9%	11.6%	-
EBIT	65.0	84.6	-23.1%	233.0	171.2	36.1%	273.9	233.0	17.5%
Pre-tax profit	14.9	71.9	-79.3%	87.9	-44.3	-	139.3	87.9	-
Net profit	12.0	51.9	-76.8%	71.2	-56.8	-	112.8	71.2	-

Soda margin contraction, delayed planting season

Ciech's 2010 first-quarter results could be weaker than in the same period a year ago when the Soda Division reported record profits. This year, profit margins earned on soda dwindled, and EBIT (which we expect to drop to an estimated PLN 33.7m from PLN 65m in Q409) was probably built mainly by cavern proceeds (ca. PLN 20m). The Agro Division is also expected to post a weaker y/y operating profit (PLN 13.3m vs. PLN 24.9m) due to a delayed planting season and lower usage of fertilizers and high-margin plant protection agents. On the upside, the Organic Division should report year-on-year growth in EBIT (to PLN 15.7m from PLN -9.7m) fueled by stronger volumes and expanding margins on TDI and other products. The Silicates and Glass Division saw growth as well thanks to a recovering sulfur market, but its contribution to the consolidated EBIT will be minor. Further, we expect Ciech to book a huge negative financial income of PLN 50m, including ca. PLN 30m in interest expenses and PLN 20m charges stemming from negative exchange differences. All told, we predict that the Q1 2010 bottom line profit will be just PLN 12m.

Lotos

Oil and Gas

Reduce

Analyst: Kamil Kliszcz

FY10E P/E	10.9	FY10E EV/EBITDA	11.0	**Current price**	**PLN 33.00**
FY11E P/E	7.4	FY11E EV/EBITDA	7.0	**Target price**	**PLN 26.50**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	3 635.0	2 716.6	33.8%	17 438.7	14 320.5	21.8%	23 976.6	17 438.7	37.5%
EBITDA	190.4	75.0	153.7%	805.9	724.1	11.3%	1 438.6	805.9	78.5%
margin	5.2%	2.8%	-	4.6%	5.1%	-	6.0%	4.6%	-
EBIT	106.7	1.7	-	457.1	424.2	7.8%	662.0	457.1	44.8%
Pre-tax profit	48.5	-789.8	-	484.2	1 092.0	-55.7%	711.7	484.2	47.0%
Net profit	39.3	-659.0	-	391.6	883.3	-55.7%	576.0	391.6	47.1%

Margin on previously extracted petroleum, LIFO effect

W expect Lotos to report an EBIT upwards of PLN 106m in Q1 2010, compared to PLN 86m in Q409 and PLN 1.7m in Q109, after a boost (which could reach PLN 49m) from an overdue margin earned on 87KT of Rozewie crude extracted but unsold in Q409. The margin will drive the operating profit of the E&P segment over PLN 63m (although the adjustment will probably be booked through intercompany accounts). The EBIT of the Refining segment (estimated at PLN 45.5m vs. PLN 105m in Q409 and PLN -4m in Q109) will be largely a result of the LIFO effect which we expect to reach PLN 45m. The adjusted operating profit will be weak because of weak trading volumes and a seasonal slump in asphalt sales. Moreover, we do not think that Lotos was able to use the full capacity of its new CDU plant due to an unfavorable economic environment. A seasonal slowdown, aggravated by heavy snowfall, will lead to a small (PLN -2m) operating loss for the Retail segment. Financial income will be affected by losses on EUR/USD hedges to the tune of PLN 61m. After all this, the Q1 2010 net income will be small at PLN 39m.

Oil and Gas

PGNiG

Buy

Analyst: Kamil Kliszcz

FY10E P/E	10.6	FY10E EV/EBITDA	4.9	**Current price**	**PLN 3.64**
FY11E P/E	12.6	FY11E EV/EBITDA	5.0	**Target price**	**PLN 4.32**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	6 376.8	6 378.9	0.0%	20 751.9	19 290.4	7.6%	21 034.5	20 751.9	1.4%
EBITDA	1 934.0	-87.7	-	4 082.7	2 830.0	44.3%	3 935.7	4 082.7	-3.6%
margin	30.3%	-1.4%	-	19.7%	14.7%	-	18.7%	19.7%	-
EBIT	1 542.6	-457.2	-	2 504.4	1 333.8	87.8%	2 177.2	2 504.4	-13.1%
Pre-tax profit	1 542.6	-433.8	-	2 504.8	1 442.1	73.7%	2 106.9	2 504.8	-15.9%
Net profit	1 249.5	-398.8	-	2 028.9	1 202.0	68.8%	1 706.6	2 028.9	-15.9%

Record trading profits, strong rebound in Distribution

We expect PGNiG to report record profits for Q1 2010 thanks to strong performance across virtually all business segments. The key earnings driver of the period was Trade & Storage, which generated high sales volumes (an increase by 350m m^3, or 8%), and a positive margin on imported gas (ca. PLN 58/1000 m^3), driving EBIT to a staggering PLN 812m vs. a PLN 1.1bn loss posted a year ago. We think that the natural gas inventories built in Q2 and Q3 2009 (and sold in Q1 2010) had a neutral influence on the period's weighted average gas costs. Distribution is also expected to report a substantial improvement in operating profit (PLN 503m vs. PLN 393m in Q109), fueled by strong sales (owing to a cold winter) and the mid-2009 tariff hikes. Exploration and Production is expected to be the only segment to report year-on-year EBIT contraction (to PLN 226m from PLN 272m) led by higher D&A expenses, lower non-tariff gas prices, and weaker profitability of services. All in all, the consolidated first-quarter EBIT should exceed PLN 1.5bn, with bottom-line profit at PLN 1.2bn.

Oil and Gas

PKN Orlen

Hold

Analyst: Kamil Kliszcz

FY10E P/E	10.6	FY10E EV/EBITDA	5.1	**Current price**	**PLN 38.5**
FY11E P/E	11.0	FY11E EV/EBITDA	4.3	**Target price**	**PLN 40.2**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	17 991.8	14 701.9	22.4%	83 784.3	67 928.0	23.3%	89 823.6	83 784.3	7.2%
EBITDA	856.3	330.6	159.0%	4 248.3	3 665.0	15.9%	4 964.1	4 248.3	16.9%
margin	4.76%	2.25%	-	5.07%	5.40%	-	5.53%	5.07%	-
EBIT	216	-320	-	1 619.3	1 097.0	47.6%	2 030.3	1 619.3	25.4%
Pre-tax profit	490	-1 271	-	1 965.5	1 441.0	36.4%	1 908.1	1 965.5	-2.9%
Net profit	392	-1 095	-	1 553.0	1 308.7	18.7%	1 502.7	1 553.0	-3.2%

Q1 marked by harsh winter, but Petchem improves

PKN Orlen's first-quarter performance was shaped by seasonality, underpinned by heavy snowfall, on the one hand, and by improving macro conditions on the other hand. The Refining segment is expected to report an EBIT of PLN 200m, of which PLN 175m will be the LIFO effect. Operating profits deteriorated relative to preceding quarters, because of a less favorable refinery slate and weaker sales volumes affected by bad weather (which also led to a shrinkage in margins on imported goods). The weather must have also affected the sales performance of the Retail segment, resulting in an EBIT of just PLN 61m compared to PLN 87m booked in Q1 2009. On the upside, the Petrochemical segment should report an improvement thanks to a seasonal increase in fertilizer demand, expanding olefin margins, and sustained global demand. The segment's results hinge mostly on Unipetrol which had the most potential to improve versus Q409 thanks to higher crack spreads and a new butadiene unit. We expect Petrochemicals to generate an EBIT of PLN 94m vs. losses of PLN 17m in Q409 and PLN 72m in Q109. After unattributed costs to the tune of PLN 139m (similar to the level reported last year after adjustment for provisions), the consolidated first-quarter EBIT is expected to amount to PLN 216m. We predict that PKN will report financial income resulting from revaluations of euro-denominated loans (a PLN 311m boost), and a bottom-line profit of PLN 392m.

Chemicals

Police

Reduce

Analyst:	FY10E P/E	-	FY10E EV/EBITDA	10.3	**Current price**	**PLN 6.65**
Kamil Kliszcz	FY11E P/E	19.3	FY11E EV/EBITDA	5.9	**Target price**	**PLN 5.50**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	539.9	518.0	4.2%	1 919.9	1 485.6	29.2%	2 168.7	1 919.9	13.0%
EBITDA	18.9	-66.0	-	70.5	-327.4	-	123.5	70.5	75.2%
margin	3.5%	-12.7%	-	3.7%	-22.0%	-	5.7%	3.7%	-
EBIT	-0.7	-86.7	-	-6.1	-407.5	-	50.5	-6.1	-
Pre-tax profit	4.8	-169.5	-	-12.3	-404.7	-	25.9	-12.3	-
Net profit	4.8	-174.5	-	-12.3	-422.1	-	25.9	-12.3	-

Struggling to break even

ZCH Police is expected to deliver on its promise to break even in Q1 2010 thanks to a recovery in the fertilizer market. A seasonal uptrend in demand drove the prices of basic fertilizers in Europe, with DAP appreciating by an average 50%, and urea gaining 14% versus Q409 price levels. However, given ZCH Police's limited export operations, the improvement in its sales margins was far from spectacular (the price rally in Poland was weaker than elsewhere in Europe because it was preceded by a weaker downturn), and its contribution to the overall profitability will be curtailed by increased feedstock prices (phosphate rock and sulfur). As far a sales are concerned, they are bound to have increased together with higher demand, improving coverage of fixed costs (thanks to a smaller share of inventory sales). The company resumed production of NPK fertilizers after a period of downtime. All these factors are expected to contribute to a reduction in the operating loss below PLN 1m. Owing to financial income resulting from revaluation of open hedging positions, ZCH Police should report a profit (an estimated PLN 4.8m) for the first time in five quarters. On a less positive note, staying in the black will be hard to maintain in future quarters.

Chemicals

ZA Puławy

Hold

Analyst:	FY10E P/E	16.7	FY10E EV/EBITDA	5.3	**Current price**	**PLN 71.95**
Kamil Kliszcz	FY11E P/E	6.1	FY11E EV/EBITDA	2.6	**Target price**	**PLN 72.05**

(PLN m)	3Q09/10F	3Q08/09	change	1-3Q09/10F	1-3Q08/09	change	2009/10F	2008/09	change
Revenue	609.6	646.4	-5.7%	1 505.5	1 836.0	-18.0%	2 028.4	2 396.8	-15.4%
EBITDA	61.3	109.2	-43.9%	27.1	380.5	-92.9%	139.0	407.2	-65.9%
margin	10.0%	16.9%	-	1.8%	20.7%	-	6.9%	17.0%	-
EBIT	43.8	91.8	-52.3%	-24.6	332.8	-107.4%	67.9	338.3	-79.9%
Pre-tax profit	50.5	37.4	35.0%	-4.0	211.3	-101.9%	83.7	241.2	-65.3%
Net profit	40.4	30.1	34.5%	-5.6	170.0	-103.3%	67.8	194.6	-65.2%

Seasonal revenue growth

ZAP's earnings for the third quarter of fiscal Q3 2009/10 will display marked improvement from preceding quarters thanks to a seasonal uptrend in fertilizer sales, paired with price hikes following over 30% reductions in October 2009. The profitability of the Fertilizer segment should also have been supported by higher European benchmark prices, however, export sales of UAN were probably curtailed by unfavorable weather conditions and competition from US producers. The Chemicals segment is also expected to report profit expansion vs. Q2 09/10 fueled by wider spreads on melamine (+7%) and stronger sales volumes of caprolactam (affected in the preceding quarter by maintenance downtime). After an additional PLN 12m boost from sales of NOx emission credits, the consolidated EBIT is expected to reach PLN 43.8, marking a considerable improvement from a PLN 21.6m loss reported in Q2 09/10 (even after recognition of PLN 37m proceeds from NOx credits). With support from financial income, the Q3 2009/2010 net profit should approximate PLN 40m.

Power Utilities

Utilities — CEZ — Hold

Analyst: Kamil Kliszcz

FY10E P/E	10.5	FY10E EV/EBITDA	7.1	Current price	PLN 141.8
FY11E P/E	10.6	FY11E EV/EBITDA	7.0	Target price	PLN 140.3

(CZK m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	53 783.3	53 303.0	0.9%	189 756.3	196 352.0	-3.4%	194 221.9	189 756.3	2.4%
EBITDA	26 059.9	30 227.0	-13.8%	87 198.9	91 075.0	-4.3%	87 942.5	87 198.9	0.9%
margin	48.5%	56.7%	-	46.0%	46.4%	-	45.3%	46.0%	-
EBIT	19 853.2	24 797.0	-19.9%	61 657.7	68 199.0	-9.6%	61 339.4	61 657.7	-0.5%
Pre-tax profit	20 313.5	23 980.0	-15.3%	59 193.7	64 946.0	-8.9%	58 669.0	59 193.7	-0.9%
Net profit	16 047.7	19 091.0	-15.9%	47 095.3	51 547.0	-8.6%	46 677.9	47 095.3	-0.9%

Margins shrink on lower electricity prices

CEZ's Q1 2010 results are expected to display substantial reductions relative to the record earnings reported in Q1 2009. EBITDA was depressed by the Power Generation segment which was hit by a sales price drop by an average EUR 5/MWh. The impact of this drop was partly offset by a ca. 5% higher output produced by the company's nuclear plants and stronger heat sales fueled by cold winter temperatures. We do not expect CEZ to book any proceeds from sales of CO2 emission allowances because of unfavorable prices. As a result, the EBITDA of the Generation segment will approximate CZK 19.3bn compared to CZK 23.3bn a year earlier. A year-on-year EBITDA improvement is expected from the Distribution segment (an increase to CZK 3.9bn from CZK 3.7bn) which generated stronger sales volumes (+6%) and benefitted from increased network tariffs. The EBITDA of the Mining segment will decline from CZK 1.5bn to CZK 1.3bn as a result of falling electricity prices which weighed down on lignite prices. All these factors will contribute to a ca. 14% year-on-year decrease in EBITDA and a 20% drop in EBIT, additionally underpinned by higher D&A expenses. The Q1 2010 financial income will include the regular interest income as well as positive contributions from entities accounted for under the equity method (ca. CZK 0.5bn) and revaluation of MOL stock options (CZK 0.8bn), mitigating the year-on-year contraction in the bottom-line profit to just under 16%.

Utilities — Enea — Accumulate

Analyst: Kamil Kliszcz

FY10E P/E	12.4	FY10E EV/EBITDA	4.2	Current price	PLN 18.35
FY11E P/E	12.4	FY11E EV/EBITDA	4.1	Target price	PLN 21.62

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	1 931.9	1 884.7	2.5%	7 519.7	7 167.3	4.9%	7 602.7	7 519.7	1.1%
EBITDA	368.0	383.9	-4.1%	1 365.4	1 167.0	17.0%	1 379.8	1 365.4	1.1%
margin	19.1%	20.4%	-6.5%	18.2%	16.3%	-	18.1%	18.2%	-
EBIT	201.6	223.6	-9.9%	698.8	505.6	38.2%	699.5	698.8	0.1%
Pre-tax profit	245.8	252.0	-2.5%	806.6	653.1	23.5%	808.4	806.6	0.2%
Net profit	199.1	201.3	-1.1%	653.4	513.6	27.2%	654.8	653.4	0.2%

Q1 2010 results expected to bull back against high base

ENEA is not likely to report EBITDA growth in Q1 2010 against the record base of Q1 2009. The Energy Generation segment is expected to post a year-on-year EBIT slippage from PLN 123.4m to PLN 102.6m, led, among others, by lower electricity prices and proportional CO_2 cost allocations. The profits of the Trade segment will be affected by costs of alternative energy and possibly also lower margins earned on industrial customers who take advantage of third-party access rules to minimize their energy costs. The reduced profitability of the Generation and Trade segments will be partly offset by Distribution which, owing to higher tariffs and sales volumes (electricity usage in Poland increased 3.3% in the first two months of the year), should report an EBIT surge to PLN 68.8m from PLN 48.2m. The consolidated first-quarter EBIT, estimated at PLN 201.6m, will be boosted by interest income on cash and subsidiary profits (most notably the Białystok CHP), leading to a bottom-line profit of PLN 199.1m.

Utilities

PGE

Buy

Analyst:	FY10E P/E	12.1	FY10E EV/EBITDA	5.4	**Current price**	**PLN 21.99**
Kamil Kliszcz	FY11E P/E	11.5	FY11E EV/EBITDA	5.0	**Target price**	**PLN 27.90**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	5 450.8	-	-	21 123.7	21 623.4	-2.3%	22 348.1	21 123.7	5.8%
EBITDA	1 928.6	-	-	7 394.2	7 983.4	-7.4%	7 950.2	7 394.2	7.5%
margin	35.4%	-	-	35.0%	36.9%	-	35.6%	35.0%	-
EBIT	1 246.9	-	-	4 667.4	5344.7	-12.7%	4 889.6	4667.4	4.8%
Pre-tax profit	1 381.3	-	-	4 830.2	5378.5	-10.2%	5 010.3	4830.2	3.7%
Net profit	860.6	-	-	3 138.3	3370.7	-6.9%	3 305.3	3138.3	5.3%

Higher distribution volumes, lower LTC compensation

PGE's consolidated EBIT for the first quarter of 2010 will be close to the figure reported in Q4 2009 (unfortunately, no comparable data is available for Q1 2009), but its composition will be different. The Mining and Generation segment did not book any provision reversals, and received lower compensation for canceled long-term power-sales contracts (PLN 212m vs. PLN 416m received in Q409), but at the same time experienced a seasonal profitability improvement at combined-cycle plants. We expect the segment to report an EBIT of PLN 887m vs. PLN 1.06bn in Q409 and PLN 2.2bn in H109. Profits from Distribution expanded on the back of higher tariffs and sales volumes (EBIT at an estimated PLN 166m vs. PLN 207m in H109). In Wholesale, EBIT is expected to show flat quarter-on-quarter growth (PLN 89m), and Retail profits are expected to be decrease due to more intense competition and stringent requirements concerning 'green' certificates. In all, we expect the consolidated EBIT to approximate PLN 1.2bn, and we estimate the bottom-line profit (incl. interest income and minority interests) at PLN 860m.

Telecommunications

Netia

Telco — **Hold**

Analyst: Michał Marczak	FY10E P/E	50.4	FY10E EV/EBITDA	5.0	**Current price**	**PLN 4.88**
	FY11E P/E	24.2	FY11E EV/EBITDA	4.3	**Target price**	**PLN 4.30**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	394.1	375.7	4.9%	1 525.4	1 505.9	1.3%	1 629.0	1 525.4	6.8%
EBITDA	81.3	69.9	16.3%	323.5	284.3	13.8%	359.3	323.5	11.1%
margin	20.6%	18.6%	-	21.2%	18.9%	-	22.1%	21.2%	-
EBIT	6.2	-3.1	-	33.7	-14.2	-	79.2	33.7	135.1%
Pre-tax profit	5.7	-6.9	-	46.6	1.1	-	96.2	46.6	106.3%
Net profit	4.6	-6.4	-	37.4	88.7	-57.8%	78.1	37.4	108.6%

A solid quarter

An expanded broadband subscriber base is expected to drive Netia's first-quarter revenue up by 2% (PLN 10m) vs. Q4 2009. Sales of voice services will display a seasonal decrease that will not be offset by wholesale line rental, which is on a decline. Moreover, revenues from carrier pre-selection services were depressed by a decrease in effective call prices. We expect the adjusted Q1 2010 EBITDA margin to widen to 20.6% from 19.9% in Q409. In Q4 2009, Netia reported an operating profit of PLN 15m, achieved solely thanks to a one-time PLN 15m gain resulting from an arrangement with the incumbent operator, TPSA. We expect the company to post bottom-line profits in Q1 and subsequent quarters. Moreover, reduced costs of customer acquisitions are going to contribute to rapid EBITDA growth in the second half of the year, which may also witness a price war resulting from aggressive broadband pricing by TPSA.

TP SA

Telco — **Accumulate**

Analyst: Michał Marczak	FY10E P/E	23.1	FY10E EV/EBITDA	4.7	**Current price**	**PLN 16.66**
	FY11E P/E	21.3	FY11E EV/EBITDA	4.6	**Target price**	**PLN 19.20**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	3 901.0	4 312.0	-9.5%	15 215.9	15 525.4	-2.0%	15 061.5	15 215.9	-1.0%
EBITDA	1 443.0	1 670.0	-13.6%	5 597.8	5 597.7	0.0%	5 670.9	5 597.8	1.3%
margin	37.0%	38.7%	-	36.8%	36.1%	-	37.7%	36.8%	-
EBIT	463.0	610.0	-24.1%	1 665.5	1 578.7	5.5%	1 825.6	1 665.5	9.6%
Pre-tax profit	340.3	411.0	-17.2%	1 292.4	1 191.0	8.5%	1 486.4	1 292.4	15.0%
Net profit	279.0	328.0	-14.9%	1 044.9	962.7	8.5%	1 201.9	1 044.9	15.0%

No breakthrough in Q1

We do not expect TPSA's Q1 2010 results to reflect a reversal in the revenue and subscriber downtrends. Mobile revenues were affected by MTR symmetry (to be reduced in July), and broadband sales are expected to rebound after the launch of low-priced speeds in Q2 2010. All in all, we predict a 9.5% year-on-year decrease in Q1 revenues, led by an 8% drop recorded by the mobile business (MTRs were reduced by 23% in January, and are expected to be cut by a further 36% in July). Fixed-line revenues contracted by 17.8% on a shrinking subscriber base and ARPU, and as a result of reductions in the prices of F2M calls. Revenues from data transmission services will be flat at Q109 level (-1.5% y/y). We expect a decrease in Q1 2010 costs thanks to lower wholesale expenses and property rental. Our forecasts do not take into account additional allowances for pending court claims.

Media

Agora

Media

Hold

Analyst:
Piotr Grzybowski

FY10E P/E	21.4	FY10E EV/EBITDA	6.6	**Current price**	**PLN 24.96**
FY11E P/E	19.2	FY11E EV/EBITDA	6.0	**Target price**	**PLN 24.20**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	244.4	274.4	-10.9%	1 112.4	1 110.1	0.2%	1 180.2	1 112.4	6.1%
EBITDA	34.9	25.8	35.4%	149.7	134.1	11.6%	154.1	149.7	3.0%
margin	14.3%	9.4%	-	13.5%	12.1%	-	13.1%	13.5%	-
EBIT	14.4	5.7	153.4%	65.3	52.9	23.5%	69.5	65.3	6.3%
Pre-tax profit	15.0	6.3	138.8%	73.6	54.4	35.2%	81.9	73.6	11.4%
Net profit	12.2	1.1	-	59.6	38.3	55.6%	66.1	59.6	10.9%

Advertising revenues still on downslide

We predict that Agora's Q1 revenues continued to decrease at a double-digit, though a slower, pace. Advertising revenues fell by an estimated 12.2% to PLN 156.9m due to a sdownward momentum across all business segments except for online operations. Sales of newspaper ads are expected to display a 17.3% y/y decrease, outdoor sales fell an estimated 11.1%, radio advertising was down 12.0%, and magazine advertising should show 14.0% contraction. Revenues from book and CD collections are estimated at PLN 17.0m (-25.7% y/y), and newspaper copy sales will amount to PLN 47.0m (-5.1% y/y).

Lower revenues will be offset by deeper cost cuts, with costs of materials and utilities down to PLN 50.5m (owing to a weaker euro, reduced paper purchases, and curtailed book & CD collections), payroll expenses cut to PLN 59.0m, and entertainment expenses decreased to PLN 28.5m. After all this, we expect Agora to report an EBIT of PLN 14.4m and a net profit of PLN 12.2m.

Cyfrowy Polsat

Media

Accumulate

Analyst:
Piotr Grzybowski

FY10E P/E	13.2	FY10E EV/EBITDA	9.0	**Current price**	**PLN 15.00**
FY11E P/E	11.8	FY11E EV/EBITDA	7.7	**Target price**	**PLN 16.60**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	358.5	336.9	6.4%	1 456.4	1 266.1	15.0%	1 534.5	1 456.4	5.4%
EBITDA	121.2	93.6	29.5%	438.9	327.4	34.0%	505.6	438.9	15.2%
margin	33.8%	27.8%	-	30.1%	25.9%	-	32.9%	30.1%	-
EBIT	104.2	85.4	22.1%	374.7	285.5	31.3%	417.2	374.7	11.4%
Pre-tax profit	105.2	89.9	17.1%	376.1	293.7	28.1%	420.6	376.1	11.8%
Net profit	85.2	72.6	17.3%	304.7	237.9	28.0%	340.7	304.7	11.8%

Successful start into new year

We expect very good Q1 2010 results from Cyfrowy Polsat, fueled by an enlarged subscriber base which drove subscription revenues to an estimated PLN 338.9m. On the cost side, we expect a 30.4% quarter-on-quarter surge in D&A expenses, and distribution and marketing expenses to the tune of PLN 60.0m. Due to a stronger zloty and the fact that license costs are partly offset against broadcasting revenues, these costs are expected to decline 7.5% to PLN 90.2m. Payroll expenses are estimated at PLN 17.0m, and costs of set-top boxes will approximate PLN 19.0m. After all this, the Q1 2010 EBIT should come in at PLN 104.2m. Further, after financial income of PLN 1m and an effective tax rate of 19%, the bottom-line profit will amount to PLN 85.2m.

Media

TVN

Hold

Analyst:	FY10E P/E	21.9	FY10E EV/EBITDA	12.7	**Current price**	**PLN 18.30**
Piotr Grzybowski	FY11E P/E	17.9	FY11E EV/EBITDA	10.6	**Target price**	**PLN 16.00**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	571.0	435.1	31.2%	2 472.8	2 123.4	16.5%	2 691.1	2 472.8	8.8%
EBITDA	112.5	201.5	-44.2%	659.3	794.8	-17.0%	769.3	659.3	16.7%
margin	19.7%	46.3%	-	26.7%	37.4%	-	28.6%	26.7%	-
EBIT	59.5	174.4	-65.9%	430.3	612.1	-29.7%	525.7	430.3	22.2%
Pre-tax profit	98.0	-43.3	-	299.3	380.8	-21.4%	402.9	299.3	34.6%
Net profit	109.3	-29.1	-	284.7	420.8	-32.3%	348.7	284.7	22.5%

Recovery in advertising revenues

We expect TVN to report growth in first-quarter advertising revenues, expected to rise 2.4% to PLN 298.0m. On a less positive note, consolidation of the earnings of the 'n' platform throughout the period (compared to just 20 days of consolidation in Q1 2009) will contribute to an PLN 11.0m EBITDA loss (vs. PLN -8.7m a year earlier) and a PLN 38.0m EBIT loss (vs. PLN 12.9m). The programming costs of the TV segment will be flat at last year's level, and license amortization costs will be higher because of a larger digital-TV subscriber base. Further, TVN is expected to book PLN 4.5m in incentive costs, and PLN 23.0m in advertising expenses. The acquisition of a 49% stake in ITI Neovision resulted in a charge against the outstanding amount of the conditional payment for the previous acquisition, but this charge is expected to be booked through equity rather than P&L. The resulting EBIT is estimated at PLN 59.5m. The first-quarter financial operations brought PLN 64.2m in debt-service costs and a PLN 110.7m gain on foreign-exchange translations. Minority interests related to the consolidation of the 51% investment in 'n' are expected to show a PLN 8.9m loss, resulting in a net income attributed to majority shareholders in the amount of PLN 109.3m.

Media

WSiP

Hold

Analyst:	FY10E P/E	12.9	FY10E EV/EBITDA	8.8	**Current price**	**PLN 16.70**
Piotr Grzybowski	FY11E P/E	12.9	FY11E EV/EBITDA	8.9	**Target price**	**PLN 17.20**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	15.2	14.5	5.1%	198.2	226.0	-12.3%	200.2	198.2	1.0%
EBITDA	-9.1	-11.0	-	42.7	39.4	8.2%	42.8	42.7	0.4%
margin	-60.0%	-75.9%	-	21.5%	17.5%	-	21.4%	21.5%	-
EBIT	-10.9	-12.2	-	38.6	33.5	15.0%	38.7	38.6	0.3%
Pre-tax profit	-11.0	-12.0	-	39.6	31.3	26.8%	39.7	39.6	0.0%
Net profit	-11.4	-12.4	-	32.0	22.6	41.9%	32.0	32.0	0.0%

A seasonally slow quarter

The first quarter is typically a "dead" sales time for WSiP. We expect revenues to be slightly higher than in Q1 2009 (at PLN 15.2m vs. PLN 14.5m). The gross margin will reach an estimated 62%, SG&A expenses will approximate PLN 20.8m, and other operating income will be PLN 0.5m. WSiP is expected to report a first-quarter EBIT loss of PLN 10.9m. After finance expenses of PLN 0.2m and a PLN 0.4m tax charge, the bottom line will show a loss of approximately PLN 11.4m.

IT

IT

AB

Hold

Analyst:
Piotr Grzybowski

FY10E P/E	10.7	FY10E EV/EBITDA	7.8	**Current price**	**PLN 17.83**
FY11E P/E	10.4	FY11E EV/EBITDA	7.1	**Target price**	**PLN 18.80**

(PLN m)	3Q09/10F	3Q08/09	change	1-3Q09/10F	1-3Q08/09	change	2009/10F	2008/09	change
Revenue	649.0	646.8	0.3%	2 217.9	2 267.1	-2.2%	2 635.9	2 839.7	-7.2%
EBITDA	10.4	12.6	-17.6%	44.0	67.6	-35.0%	47.9	83.0	-42.3%
margin	1.6%	2.0%	-	2.0%	3.0%	-	1.8%	2.9%	-
EBIT	8.4	11.2	-24.7%	37.8	63.7	-40.6%	40.2	76.5	-47.4%
Pre-tax profit	5.4	6.9	-21.8%	33.0	26.2	25.9%	34.0	37.5	-9.3%
Net profit	4.4	4.5	-2.6%	25.6	17.8	43.7%	26.5	27.0	-1.7%

Minor impact of exchange rates

In spite of less favorable market conditions (a weaker Czech koruna paired with slower consumer demand), AB is expected to report good results for the third quarter of fiscal 2009/2010. Sales are expected to be near last year's level, with the depreciated koruna offset by stronger sales generated by Czech operations. The gross margin will approximate 5.1% on SG&A expenses of PLN 21.7m. Other operations will bring a loss of PLN 3.0m, resulting in a Q3 09/10 EBIT of PLN 8.4m. With financial expenses at PLN 3.0m, the bottom-line profit will come in at an estimated PLN 4.4m.

IT

Action

Hold

Analyst:
Piotr Grzybowski

FY10E P/E	14.2	FY10E EV/EBITDA	9.8	**Current price**	**PLN 22.26**
FY11E P/E	11.5	FY11E EV/EBITDA	8.4	**Target price**	**PLN 18.49**

(PLN m)	1Q2010F	3Q08/09*	change	2010F	2008/09	change	2011F	2010F	change
Revenue	442.0	466.3	-5.2%	2 142.3	3 079.4	-30.4%	2 344.6	2 142.3	9.4%
EBITDA	12.0	14.9	-19.3%	49.0	51.0	-4.0%	57.4	49.0	17.2%
margin	2.7%	3.2%	-	2.3%	1.7%	-	2.4%	2.3%	-
EBIT	10.5	12.9	-18.3%	40.1	38.1	5.3%	48.4	40.1	20.7%
Pre-tax profit	9.8	12.0	-18.4%	33.5	31.8	5.6%	42.2	33.5	25.7%
Net profit	7.9	9.6	-17.1%	27.0	23.3	15.8%	33.3	27.0	23.5%

** February through April 2009*

Year-on-year profit dip

Owing to the divestment of Action Ukraina and restructuring, we expect all of Action's operations to report profits for Q1 2010. However, the consolidated bottom line is going to be lower than last year because of a lack of one-time F/X gains. The revenues lost with the suspension of Ukrainian operations and closures of loss-making Sferis outlets should be partly offset by stronger sales generated by A.pl and Gramy.pl, resulting in a 5.2% year-on-year decline. The gross margin will reach an estimated 8.1% on SG&A expenses of PLN 27.3m (compared to PLN 33.7m a year earlier). We expect Action to book an other operating income of PLN 2.0m, and financial expenses of PLN 0.7m.

IT

ASBIS

Reduce

Analyst:
Piotr Grzybowski

FY10E P/E	12.5	FY10E EV/EBITDA	6.4	**Current price**	**PLN 4.78**
FY11E P/E	8.9	FY11E EV/EBITDA	5.4	**Target price**	**PLN 4.61**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	307.4	237.9	29.2%	1 316.8	1 167.9	12.7%	1 470.0	1 316.8	11.6%
EBITDA	3.8	-3.9	-	18.6	5.8	221.5%	22.6	18.6	21.5%
margin	1.2%	-1.7%	-	1.4%	0.5%	-	1.5%	1.4%	-
EBIT	3.0	-4.5	-	15.6	2.9	441.2%	19.6	15.6	25.1%
Pre-tax profit	1.8	-6.2	-	10.3	-2.8	-	14.2	10.3	38.0%
Net profit	1.4	-6.2	-	8.1	-3.2	-	11.3	8.1	38.8%

Unfavorable currency trends

Continuing sales expansion drove Asbis's first-quarter revenues by an estimated 29.2% to $307.4m. However, the substantial appreciation of the dollar vis-à-vis the euro and other CEE currencies must have affected the gross margin, which we expect to hover around 4.9%. SG&A expenses are estimated at $12.1m, and EBIT at $3.0m. With financial expenses at $1.4m, the Q1 2010 net profit should come in at $1.4m.

IT

Asseco Poland

Buy

Analyst:
Piotr Grzybowski

FY10E P/E	13.7	FY10E EV/EBITDA	7.8	**Current price**	**PLN 59.65**
FY11E P/E	12.9	FY11E EV/EBITDA	7.3	**Target price**	**PLN 72.10**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	715.0	710.0	0.7%	3 193.7	3 050.3	4.7%	3 389.2	3 193.7	6.1%
EBITDA	148.2	141.6	4.7%	641.2	646.1	-0.7%	663.2	641.2	3.4%
margin	20.7%	19.9%	-	20.1%	21.2%	-	19.6%	20.1%	-
EBIT	110.2	114.6	-3.8%	517.6	525.5	-1.5%	537.0	517.6	3.7%
Pre-tax profit	129.5	104.7	23.8%	514.9	514.4	0.1%	547.1	514.9	6.2%
Net profit	88.9	75.0	18.5%	337.1	373.4	-9.7%	358.2	337.1	6.2%

A good quarter despite lucrative contract completion

Even though it had completed the rollout phase of a system for PKO BP, Asseco Poland is expected to report good earnings results for the first quarter of 2010. Lower revenues generated by the parent company will be offset by new acquisitions which will bring the consolidated topline figure above last year's level (PLN 715.0m vs. PLN 710m). The gross margin will be higher than in the quarter before (32.3%) thanks to a higher share of high-margin contracts in the sales mix. The absorption of subsidiary ABG should contribute to a reduction in SG&A expenses to PLN 119.0m from PLN 125.1m a year ago. EBIT is estimated at PLN 110.2m.

Further, Asseco is expected to report a PLN 20m financial gain generated from a property acquired from Prokom Investments, equivalent to a previously written-off loan. The total financial income will approximate PLN 19.0m. After minority interests of PLN 16.0m, the Q1 2010 net profit will come in at PLN 88.9m.

Comarch

IT

Reduce

Analyst: Piotr Grzybowski	FY10E P/E	21.0	FY10E EV/EBITDA	11.2	**Current price**	**PLN 103.5**
	FY11E P/E	16.1	FY11E EV/EBITDA	8.3	**Target price**	**PLN 93.1**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	153.7	159.7	-3.8%	710.8	730.6	-2.7%	829.4	710.8	16.7%
EBITDA	12.9	3.3	292.1%	66.8	57.7	15.8%	89.0	66.8	33.2%
margin	11.38%	13.21%	-	9.4%	7.9%	-	10.7%	9.4%	-
EBIT	3.9	-5.9	-	34.8	15.8	119.7%	56.4	34.8	62.1%
Pre-tax profit	4.7	-6.9	-	38.2	19.9	92.3%	60.5	38.2	58.2%
Net profit	4.9	-2.8	-	39.2	33.3	17.7%	51.1	39.2	30.3%

Y/Y growth in spite of SoftM's loss

Comarch's Q1 2010 revenues are expected to be 3.8% lower than in Q1 2009 at PLN 153.7m because of a weaker euro and lower sales generated by German subsidiary SoftM which will probably report a EUR 0.4m loss again after turning a profit in Q409. Other subsidiary operations will also book losses of an estimated PLN 1.7m. The parent company is expected to post flat year-on-year revenues and a slightly higher profit margin, resulting in a consolidated EBIT of PLN 3.9m. After financial income of PLN 0.8m, a tax of PLN 0.7m, and a PLN 0.9m minority loss, the bottom-line income is expected to come in at PLN 4.9m.

Komputronik

IT

Hold

Analyst: Piotr Grzybowski	FY10E P/E	47.7	FY10E EV/EBITDA	15.0	**Current price**	**PLN 10.05**
	FY11E P/E	11.0	FY11E EV/EBITDA	7.7	**Target price**	**PLN 11.56**

(PLN m)	5Q09/10F	1Q09/10	change	2009/10F	2008	change	2010/11F	2009/10F	change
Revenue	179.7	186.0	-3.4%	1 025.4	758.7	35.2%	916.9	1 025.4	-10.6%
EBITDA	0.2	2.6	-91.5%	10.1	15.0	-32.5%	16.2	10.1	60.2%
margin	0.1%	1.4%	-	1.0%	2.0%	-50.1%	1.8%	1.0%	79.2%
EBIT	-1.2	1.2	-	2.3	10.0	-76.6%	10.8	2.3	362.3%
Pre-tax profit	-1.1	1.1	-	-1.0	6.1	-	8.0	-1.0	-
Net profit	-0.6	1.2	-	2.2	5.8	-63.0%	7.5	2.2	247.9%

Q1 profits affected by cold winter

Komputronik, like most retailers, saw its first-quarter sales weighed down by freezing winter temperatures, and we expect the company to post a 3.4% decrease in consolidated revenues. The gross margin is estimated at 12.2%, supported by higher cost refunds. SG&A expenses are expected to increase to PLN 23m in spite of a stronger zloty and fewer retail locations. As a result, Komputronik will book an EBIT loss of PLN 1.2m, a major portion of which will come from a PLN 2.1m operating loss generated by Karen. Further, the company will report financial income of PLN 0.1m, including a gain of an estimated PLN 0.5m stemming from the acquisition and sale of Techmex shares. After all this, the Q1 2010 bottom-line profit will approximate PLN 0.6m.

Sygnity

IT

Buy

Analyst:	FY10E P/E	-	FY10E EV/EBITDA	9.3	**Current price** **PLN 13.92**
Piotr Grzybowski	FY11E P/E	14.1	FY11E EV/EBITDA	5.1	**Target price** **PLN 18.20**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	120.4	140.4	-14.2%	653.0	572.7	14.0%	756.8	653.0	15.9%
EBITDA	-9.6	-6.3	-	22.0	-60.3	-	39.1	22.0	78.0%
margin	-8.0%	-4.5%	-	3.4%	-10.5%	-	5.2%	3.4%	-
EBIT	-17.6	-16.1	-	-9.6	-94.8	-	8.4	-9.6	-
Pre-tax profit	-20.6	-18.0	-	-16.9	-103.1	-	0.3	-16.9	-
Net profit	-19.6	-17.2	-	-13.7	-89.4	-	0.3	-13.7	-

A dismal first quarter

We predict that Sygnity will report a 14.2% drop in Q1 revenues to PLN 120.4m, resulting partly from last year's divestment of Web In and KPG which created a ca. PLN 8.5m gap relative to Q109. The gross margin will reach an estimated 19.5% on SG&A expenses of PLN 41.6m (compared to PLN 46.8m a year earlier). The effects of payroll restructuring will not be fully reflected in the period's costs yet, with savings at just about PLN 3.0m. The EBIT loss is expected to widen to PLN 17.6m from PLN 16.1m a year ago (the divested subsidiaries generated operating profits of ca. PLN 1m), and the net loss will come in at PLN 19.6m.

Mining & Metals

KGHM

Metals

Reduce

Analyst: Michał Marczak

FY10E P/E	10.0	FY10E EV/EBITDA	6.0	**Current price**	**PLN 116.1**
FY11E P/E	13.2	FY11E EV/EBITDA	8.8	**Target price**	**PLN 90.3**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	3 155.9	2 377.2	32.8%	11 060.5	10 600.3	4.3%	10 359.9	11 060.5	-6.3%
EBITDA	1 434.9	929.2	54.4%	3 641.5	3 211.5	13.4%	2 414.2	3 641.5	-33.7%
margin	45.5%	39.1%	-	32.9%	30.3%	-	23.3%	32.9%	-
EBIT	1 291.2	796.3	62.2%	3 098.1	2 663.8	16.3%	1 843.0	3 098.1	-40.5%
Pre-tax profit	1 286.2	783.6	64.1%	2 790.8	3 066.6	-9.0%	2 118.7	2 790.8	-24.1%
Net profit	1 041.8	627.9	65.9%	2 270.1	2 540.9	-10.7%	1 716.1	2 270.1	-24.4%

Best quarter due to high copper prices?

Copper prices averaged $7274/T in Q1 2010 after rising 9.5% from the preceding quarter. From the standpoint of KGHM, the positive effects of this rally were further reinforced by a slight depreciation of the zloty versus the dollar, pushing the increase in zloty prices to 11.9% q/q. First-quarter silver prices averaged $550/1 kg, marking a 3.5% decline from Q409. We expect KGHM's revenues in the period to be weighed down by lower copper sales (125KT vs. 146KT in Q409), but the impact on the operating profit will be offset by a more favorable sales composition, with the share of refined copper maintained at Q409 level (111KT vs. 112KT), and the share of scrap copper reduced to 14KT from 34KT. Moreover, profitability will be supported by a reduction in hedged copper volumes (39KT vs. 55KT in the quarter before).

LW Bogdanka

Coal Mining

Hold

Analyst: Michał Marczak

FY10E P/E	13.9	FY10E EV/EBITDA	5.5	**Current price**	**PLN 75.1**
FY11E P/E	9.9	FY11E EV/EBITDA	3.6	**Target price**	**PLN 80.5**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	285.4	-	-	1 184.0	1 118.0	5.9%	1 574.8	1 184.0	33.0%
EBITDA	106.1	-	-	388.9	362.1	7.4%	545.0	388.9	40.1%
margin	37.2%	-	-	32.8%	32.4%	-	34.6%	32.8%	-
EBIT	70.1	-	-	243.3	226.7	7.3%	333.8	243.3	37.2%
Pre-tax profit	75.1	-	-	238.3	229.0	4.1%	333.5	238.3	40.0%
Net profit	58.6	-	-	184.0	190.8	-3.6%	257.5	184.0	40.0%

Higher costs without major impact on profits

It is hard to predict year-on-year earnings trends in Q1 2010 because LW Bogdanka did not publish financial data for Q1 2009. We assume roughly that the miner will have sold 1.3MMT tons of coal for an average PLN 210 a ton. We expect the per-ton costs to increase to PLN 164 as a result of the continuing development of the Stefanów coal field. We do not think that the company will report reserves over the required limit set by mining laws. In our opinion, acceleration of work on the Stefanów field, in particular the coal-processing project, is more important than LW Bogdanka's financial performance in the first quarter.

Manufacturers

Food Industry

Astarta

Sell

Analyst:
Jakub Szkopek

FY10E P/E	16.0	FY10E EV/EBITDA	9.6	**Current price**	**PLN 58.25**
FY11E P/E	13.9	FY11E EV/EBITDA	8.4	**Target price**	**PLN 31.60**

(UAH m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	467.0	233.8	99.8%	1 624.5	1 468.8	10.6%	1 746.0	1 624.5	7.5%
EBITDA	192.4	41.2	367.0%	492.2	601.0	-18.1%	595.8	492.2	21.0%
margin	41.2%	17.6%	-	30.3%	40.9%	-	34.1%	30.3%	-
EBIT	174.0	18.3	851.6%	418.5	529.3	-20.9%	468.6	418.5	12.0%
Pre-tax profit	165.0	2.9	-	343.1	422.1	-18.7%	394.6	343.1	15.0%
Net profit	123.8	9.6	-	254.3	385.3	-34.0%	292.9	254.3	15.2%

Astarta posts sweet earnings numbers

Higher-than-global-average prices of sugar, which had surged 138.8% relative to Q1 2009, drove revenues and profits for Ukrainian sugar producers. We expect that the impact of the skyrocketing prices on sales volumes was negative (-6.8% y/y). We expect Astarta's segment of Sugar Production and Wholesale Distribution to report 105.0% y/y expansion in revenues, and the Agricultural segment to recognize an increase of a whopping 134.5% generated on 59.1% higher sales volumes and grain prices. The segment of Dairy Cattle Farming generated 578% stronger sales thanks to increased prices of milk and higher sales resulting from enhanced breeding capacity. In all, Astarta should report 99.8% y/y increase in Q1 2010 revenues. Further, high sugar prices and grain sales volumes drove EBIT to an estimated UAH 174.0m. As a result of a 1.5% appreciation in the Ukrainian hryvnia relative to the euro, the company probably booked a ca. UAH 11.8m gain on debt revaluation. We forecast the Q1 2010 net profit at UAH 123.8m.

Building Materials

Cersanit

Reduce

Analyst:
Jakub Szkopek

FY10E P/E	17.0	FY10E EV/EBITDA	10.2	**Current price**	**PLN 15.28**
FY11E P/E	15.8	FY11E EV/EBITDA	8.6	**Target price**	**PLN 13.63**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	290.3	303.2	-4.3%	1 496.3	1 413.6	5.8%	1605.1	1 496.3	7.3%
EBITDA	58.0	60.5	-4.1%	318.7	278.7	14.3%	366.9	318.7	15.1%
margin	20.0%	20.0%	-	21.3%	19.7%	-	22.9%	21.3%	-
EBIT	29.0	30.1	-3.7%	202.5	162.3	24.8%	247.3	202.5	22.1%
Pre-tax profit	39.7	-51.4	-	152.5	-11.7	-	172.7	152.5	13.2%
Net profit	38.0	-48.3	-	129.4	-10.3	-	139.9	129.4	8.1%

Profits depressed by bad weather

We expect Cersanit to report a 4.3% decline in Q1 2010 revenues to PLN 290.3m. We expect revenues from sales of ceramic sanitaryware to be higher, and revenues from ceramic tiles to be lower than in the same period in 2009. The first quarter of 2010 was marked by freezing temperatures and heavy snowfall which caused delays in many renovation and redecoration projects. Combined with intense competition, this created downward pressure on prices and profit margins. We expect Cersanit to report an EBIT of PLN 29.0m and an EBITDA of PLN 58.0m. Pre-tax income and the bottom lime will be boosted by revaluations of foreign-currency debt (the EUR/PLN exchange rate decreased 5.8% in Q1 2010, RON/PLN was down 2.6%, USD/PLN declined 0.04%, EUR/RON fell 3.3%, EUR/UAH dropped 7.3%, and UAH/PLN decreased 1.8%) which approximated PLN 30.9m. As a result, we expect the company to report a net profit of PLN 38.0m (the adjusted profit would figure to PLN 7.0m).

Machinery

Famur

Sell

Analyst:
Jakub Szkopek

FY10E P/E	17.5	FY10E EV/EBITDA	9.8	**Current price**	**PLN 2.59**
FY11E P/E	14.1	FY11E EV/EBITDA	8.0	**Target price**	**PLN 2.16**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	192.8	283.5	-32.0%	664.8	695.1	-4.4%	720.1	664.8	8.3%
EBITDA	22.2	73.4	-69.7%	126.1	133.5	-5.5%	148.5	126.1	17.7%
margin	11.5%	25.9%	-	19.0%	19.2%	-	20.6%	19.0%	-
EBIT	13.8	65.0	-78.8%	92.3	100.7	-8.4%	111.0	92.3	20.3%
Pre-tax profit	14.4	20.2	-28.5%	89.0	77.9	14.2%	110.3	89.0	24.0%
Net profit	11.7	15.9	-26.3%	71.2	58.0	22.7%	88.5	71.2	24.3%

Higher sales, lower profits

Famur is expected to report a 32.0% year-on-year revenue contraction in Q1 2010. Revenues generated by the segments of mining machinery and other mining equipment will continue their quarter-on-quarter growth accompanied by lower margins, and display a year-on-year decrease by 43.0% and 25.7% respectively. The segment of castings generated sales on a level with the Q409 figure and 59.0% lower than a year earlier. The segment of cranes and loading equipment saw a 33.7% revenue drop vs. Q1 2009 and a slight deterioration in profitability vs. Q4 2009 led by a stronger zloty. “Other” operations are expected to record a 148.6% surge relative to Q1 2009 on sales of coal received from KHW as an in-kind bond redemption. Famur recognizes the bond discount through financial operations, and books the revenues from coal sales through sales revenues and costs (at a margin hovering around zero). The latest acquisition Zamet was not yet consolidated in Famur’s Q1 2010 accounts. We expect the company to book PLN 3.6m in other operating income resulting from a subsidy granted to finance the Famur-2 production facilities. Financial operations will include a PLN 1.5m settlement of KHW bonds.

Metals

Kęty

Hold

Analyst:
Jakub Szkopek

FY10E P/E	12.2	FY10E EV/EBITDA	7.0	**Current price**	**PLN 116.6**
FY11E P/E	10.7	FY11E EV/EBITDA	6.3	**Target price**	**PLN 120.4**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	240.9	247.7	-2.7%	1 193.2	1 111.0	7.4%	1266.9	1 193.2	6.2%
EBITDA	31.0	46.0	-32.7%	189.7	189.0	0.4%	207.3	189.7	9.3%
margin	12.9%	18.6%	-	15.9%	17.0%	-	16.4%	15.9%	-
EBIT	14.9	30.1	-50.3%	123.4	124.9	-1.2%	138.6	123.4	12.4%
Pre-tax profit	18.1	4.4	311.4%	109.4	91.9	19.1%	124.6	109.4	13.9%
Net profit	14.7	2.8	427.5%	88.4	70.6	25.2%	100.8	88.4	14.0%

Earnings dip on cold weather

Kęty’s Q1 sales to the construction industry were depressed by unfavorable weather conditions. According to the company’s estimates, sales in the segments of Aluminum Systems, Building Services, and Building Accessories, were 10-15% lower than in the same period a year ago. A 30% year-on-year increase was experienced by the Extruded Products segment, and sales of Flexible Packaging were flat. Our own first-quarter predictions are revenues of PLN 240.9m, an operating profit of PLN 14.9m, and a net profit of PLN 14.7m.

Machinery

Kopex

Hold

Analyst:	FY10E P/E	14.8	FY10E EV/EBITDA	7.6	**Current price**	**PLN 21.70**
Jakub Szkopek	FY11E P/E	12.3	FY11E EV/EBITDA	6.5	**Target price**	**PLN 21.65**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	575.3	592.9	-3.0%	2 429.0	2 313.4	5.0%	2 572.2	2 429.0	5.9%
EBITDA	37.7	76.5	-50.7%	259.6	237.6	9.3%	285.8	259.6	10.1%
margin	6.6%	12.9%	-	10.7%	10.3%	-	11.1%	10.7%	-
EBIT	15.6	58.9	-73.4%	171.2	154.1	11.1%	195.0	171.2	13.9%
Pre-tax profit	12.5	50.3	-75.2%	144.7	120.2	20.4%	171.7	144.7	18.7%
Net profit	10.1	35.4	-71.4%	109.2	92.8	17.7%	131.1	109.2	20.0%

Weak first quarter

We expect Kopex to post weaker operating profits and similar revenues compared to Q1 2009. Sales of Mining Services will not display growth vs. Q409 in spite of acquisition of a PLN 180.5m mine-shaft deepening contract which will be recognized in Q2 2010. Revenues generated by the segment of Mining Machinery are expected to be 31.2% lower than in Q1 2009, but sales of Electrical and Electronic Equipment displayed continued growth at a strong rate of 22.1%. Revenues from Electricity Trading will be flat at Q409 level and 21.3% higher than in Q1 2009. Coal Sales are also expected to show high, 26.6% y/y growth as a result of an accounting policy whereby Kopex recognizes KHW coal bonds in gross profit at zero margin, and books the discount through financial gains and losses. First-quarter operating profits will decrease following completion of an $85m contract for China's Shenhua Ningxia Coal Industry Group, combined with lower margins kept down as the company prepares to deliver an order to JSW. The Castings segment is expected to report a continued loss in Q1 2010. First-quarter financial operations generated an income from forward positions (PLN 2-3m thanks to a strong zloty) and KHW bonds (PLN 0.57m) and interest income and expenses. We estimate the quarter's EBIT at PLN 15.6m, and expect net income to come in at PLN 10.1m.

Paper

Mondi

Reduce

Analyst:	FY10E P/E	17.9	FY10E EV/EBITDA	10.2	**Current price**	**PLN 71.50**
Michał Marczak	FY11E P/E	12.5	FY11E EV/EBITDA	8.4	**Target price**	**PLN 67.50**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenues	469.7	316.4	48.5%	1 799.9	1 360.8	32.3%	1 986.1	1 799.9	10.3%
EBITDA	101.0	36.9	173.6%	413.5	217.9	89.7%	493.3	413.5	19.3%
margin	21.5%	11.7%	-	23.0%	16.0%	-	24.8%	23.0%	-
EBIT	58.2	10.8	436.9%	242.2	99.6	143.1%	323.0	242.2	33.4%
Pre-tax profit	46.8	-4.2	-	209.0	74.6	180.2%	292.4	209.0	39.9%
Net profit	41.7	-3.8	-	195.7	71.4	174.1%	279.0	195.7	42.6%

Higher sales offset by higher materials prices

European prices of CCM moved up vs. Q409 by an average 2.2% for kraftliner, 2.8% for testliner, and 3.9% for fluting. The impact of the zloty's appreciation versus the euro was partly offset by hedges. We predict that the newly launched MP7 machine added 18KT to quarterly output assuming an increase in MP7's daily capacity to 1.15KT from 1KT in Q4 2009. The Q1 2010 pre-tax income received an expected PLN 4m boost from sales of CO_2 emission credits (we assume that the company sold half of the allowances left from 2009). Because of a q/q surge in recycled paper prices by 40%, and in spite of a simultaneous rise in paper prices, the EBITDA margin is expected to have contracted by 1 ppt vs. Q4 2009.

Construction

Construction	Budimex				Sell	
Analyst: Maciej Stokłosa	FY10E P/E	14.0	FY10E EV/EBITDA	11.2	**Current price**	**PLN 101.7**
	FY11E P/E	16.1	FY11E EV/EBITDA	11.2	**Target price**	**PLN 85.1**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	600.7	676.3	-11.2%	4 419.2	3 289.9	34.3%	4 548.0	4 419.2	2.9%
EBITDA	68.6	36.2	89.6%	238.3	221.7	7.5%	221.8	238.3	-6.9%
margin	11.4%	5.4%	-	5.4%	6.7%	-	4.9%	5.4%	-
EBIT	63.1	30.7	105.7%	216.2	200.5	7.8%	199.3	216.2	-7.8%
Pre-tax profit	62.2	41.7	49.1%	228.8	224.2	2.1%	199.4	228.8	-12.9%
Net profit	50.4	32.6	54.3%	185.3	173.7	6.7%	161.5	185.3	-12.9%

Strong earnings on sale of 350 homes, forward revaluations

We expect Budimex to record an 11.2% y/y decrease in revenues in Q1 2010 (Construction: PLN 387.0m, Real-Estate: PLN 183.8m, Other: PLN 30.0m). The overall gross margin is estimated at 13.6% (vs. 20.4% in Q109), including 12.9% in Construction, 16% in Real Estate, and 7.5% in Other. We do not expect to see much change in provisions. Because of unfavorable winter weather, continued old contracts will account for 62% of the first-quarter revenue.

We predict that SG&A expenses will be slightly higher than a year earlier (PLN 35.4m) at PLN 36.0m. We expect to see PLN 1.5m in other net operating expenses, an PLN 18.2m gain from derivatives valuations, PLN 1.1m in other net financial expenses (including PLN 3m negative exchange differences and interest accounts), and an effective tax rate of 19%. After all this, the Q1 2010 bottom-line profit will come in at over PLN 50m (after adjustment for the effects of exchange-rate movements, this figure decreases to PLN 38.0m). If Budimex had delivered one-fourth of the flats scheduled for delivery in 2010 (expected to generate revenues of PLN 568m), net profit would have amounted to PLN 45.0m (or PLN 32.7m after F/X adjustments).

Construction	Centrum Klima				Accumulate	
Analyst: Maciej Stokłosa	FY10E P/E	13.5	FY10E EV/EBITDA	8.9	**Current price**	**PLN 12.7**
	FY11E P/E	7.0	FY11E EV/EBITDA	6.2	**Target price**	**PLN 15.1**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	17.40	17.06	2.0%	75.25	72.43	3.9%	92.40	75.25	22.8%
EBITDA	2.13	2.34	-9.1%	10.74	10.15	5.9%	15.34	10.74	42.9%
margin	12.2%	13.7%	-	14.3%	14.0%	-	16.6%	14.3%	-
EBIT	1.62	1.94	-16.6%	8.68	8.59	1.1%	11.46	8.68	32.0%
Pre-tax profit	1.74	1.47	18.7%	9.80	8.56	14.4%	12.30	9.80	25.5%
Net profit	1.41	1.19	18.2%	7.90	6.91	14.3%	9.89	7.90	25.2%

Higher prices of goods and materials

We expect Centrum Klima's (CKL) Q109 revenues to be slightly higher than in Q1 2009. Slower sales in January and February were probably compensated in March. We predict that the overall gross margin will show a year-on-year decline to 26.2% from 27.3%, with the margin on production operations at 27.5% (vs. 32.3% in Q409), and the margin on distribution operations at 25.7% (vs. 25.8% in Q409). The contraction is a reflection of a late adjustment of CKL's prices for increased prices of goods and materials.

First-quarter SG&A expenses are estimated at PLN 2.9m, other operating expenses will approximate PLN 0.04m, and EBIT will amount to PLN 1.6m. Other net financial income will approximate PLN 0.13m (incl. PLN 0.1m in negative exchange differences). Gross profit will be PLN 1.74m, and net profit will be close to PLN 1.41m.

Construction

Elektrobudowa

Hold

Analyst:
Maciej Stokłosa

FY10E P/E	17.3	FY10E EV/EBITDA	10.7	**Current price**	**PLN 177.5**
FY11E P/E	15.5	FY11E EV/EBITDA	9.3	**Target price**	**PLN 169.2**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	113.5	122.7	-7.5%	683.5	692.9	-1.4%	726.6	683.5	6.3%
EBITDA	11.1	15.0	-26.2%	68.4	76.0	-10.1%	76.2	68.4	11.4%
margin	9.8%	12.2%	-	10.0%	11.0%	-	10.5%	10.0%	-
EBIT	8.2	12.6	-34.9%	52.8	63.7	-17.0%	55.3	52.8	4.6%
Pre-tax profit	8.2	12.7	-35.4%	60.3	67.3	-10.5%	67.4	60.3	11.8%
Net profit	6.6	9.5	-30.2%	49.1	53.4	-8.1%	54.6	49.1	11.2%

Weaker sales, Russian ops

Elektrobudowa's Q1 2010 revenues are expected to display a 7.5% y/y decrease as a result of unfavorable weather. We predict that the overall gross margin will show a year-on-year decline to 9.7% from 9.9% (the full-year margin is expected to be 1% higher than in 2009). SG&A expenses will approximate PLN 4.1m (vs. PLN 4.25m in Q109).

We expect to see an other operating income of PLN 1.3m, including an PLN 0.85m contribution from Russian operations, PLN 0.6m in other net operating expenses, and PLN 1.0m in interest income. Financial operations will have a neutral influence on first-quarter profits, with net income hovering around PLN 6.6m.

All in all, while Elektrobudowa keeps its gross margins relatively steady, the Q1 2010 gross profit was PLN 2.6m lower due to weaker sales. The results of "other" operations were also lower than in Q109, when they brought a PLN 3.2m gain (followed by a PLN 5.1m loss in Q209).

Construction

Erbud

Hold

Analyst:
Maciej Stokłosa

FY10E P/E	12.3	FY10E EV/EBITDA	8.6	**Current price**	**PLN 50.0**
FY11E P/E	12.6	FY11E EV/EBITDA	8.1	**Target price**	**PLN 54.6**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	195.0	162.4	20.1%	1226.0	958.6	27.9%	1340.5	1226.0	9.3%
EBITDA	9.2	18.0	-48.6%	66.9	69.5	-3.7%	66.2	66.9	-1.0%
margin	4.7%	11.1%	-	5.5%	7.2%	-	4.9%	5.5%	-
EBIT	7.7	16.6	-53.6%	60.7	61.6	-1.5%	59.9	60.7	-1.2%
Pre-tax profit	8.0	18.2	-55.8%	65.0	58.4	11.4%	63.5	65.0	-2.3%
Net profit	6.5	12.3	-47.3%	51.3	44.6	15.0%	50.0	51.3	-2.6%

Revenues rise in spite of harsh weather

Erbud's Q1 2010 revenues are expected to be higher than a year earlier at PLN 195m (including PLN 148.5m from general contracting, PLN 26.4m from international operations, PLN 4.2m from road construction, and PLN 15.9m from real estate. The gross margin is expected to shrink to 9.2% from a record 19.8% reported in Q109 thanks to completions a number of high-margin contracts.

SG&A expenses will be lower than in the same period a year ago (PLN 12.9m) at PLN 9.9m, mostly owing to cost cuts at subsidiary Budlex. Other net operating expenses will amount to ca. PLN 0.3m, EBIT will come in at PLN 7.7m, other net financial income will be PLN 0.4m, the effective tax rate will be 19%, and pre-tax income will approximate PLN 8m.

A 50% drop in EBIT and bottom-line profit relative to the record Q1 2009 does not mean that Erbud's Q1 2010 performance was weak. A net margin of an estimated 3.3% is not a bad achievement for a winter quarter.

Construction

Mostostal Warszawa Hold

Analyst:
Maciej Stokłosa

FY10E P/E	13.6	FY10E EV/EBITDA	7.5	**Current price**	**PLN 72.6**
FY11E P/E	15.4	FY11E EV/EBITDA	7.9	**Target price**	**PLN 78.2**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	537.8	570.8	-5.8%	2 731.7	2 700.8	1.1%	3 018.4	2 731.7	10.5%
EBITDA	39.6	61.9	-36.0%	168.8	211.7	-20.2%	156.3	168.8	-7.4%
margin	7.4%	10.9%	-	6.2%	7.8%	-	5.2%	6.2%	-
EBIT	30.4	55.3	-45.1%	131.8	183.8	-28.3%	118.4	131.8	-10.2%
Pre-tax profit	31.2	38.5	-19.0%	146.1	168.9	-13.5%	131.6	146.1	-9.9%
Net profit	20.3	26.9	-24.6%	107.4	120.3	-10.7%	94.8	107.4	-11.7%

Revenues edge up

We do not think that Mostostal Warszawa (MSW) was severely affected by cold winter weather. We expect the parent company to report a small, 1.4% increase in revenues to PLN 352.8m, and a year-on-year decline to PLN 185m (from PLN 222.9m) in the sales generated by subsidiaries. Gross margins will amount to 10.3% on a standalone basis and 10.15% on a consolidated basis (compared to 15.8% and 13.0% respectively in Q409).

SG&A expenses are expected to increase to PLN 22.4m from PLN 21.1m a year earlier, other net operating expenses will amount to ca. PLN 1.8m, and other financial income is estimated at PLN 0.8m. Minority interests will approximate PLN 5.0m, and net profit attributable to shareholders of the parent will come in at PLN 20.3m.

Summing up, we expect MSW to report solid Q1 2010 earnings in spite of a decline versus Q1 2009, thanks to continuing contracts characterized by stronger margins and less sensitivity to weather than new ones, which will account for 79% of the period's revenues. The first-quarter earnings will represent just under 20% of the full-year target.

Construction

PBG Sell

Analyst:
Maciej Stokłosa

FY10E P/E	16.0	FY10E EV/EBITDA	10.9	**Current price**	**PLN 228.0**
FY11E P/E	16.2	FY11E EV/EBITDA	10.8	**Target price**	**PLN 173.2**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	349.3	349.1	0.1%	3343.0	2733.1	22.3%	3506.3	3343.0	4.9%
EBITDA	22.9	46.5	-50.8%	343.2	338.5	1.4%	319.8	343.2	-6.8%
margin	6.6%	13.3%	-	10.3%	12.4%	-	9.1%	10.3%	-
EBIT	11.6	34.8	-66.7%	298.0	293.5	1.5%	274.4	298.0	-7.9%
Pre-tax profit	2.6	25.3	-89.6%	277.4	266.9	3.9%	278.6	277.4	0.4%
Net profit	2.1	23.2	-90.9%	203.1	191.5	6.1%	201.1	203.1	-1.0%

Q1 profits weakest since 2006. Huge impact of operating leverage.

We expect PBG to report flat year-on-year revenue growth, and a gross-margin shrinkage from 17.3% to 11.3% due to an unfavorable revenue composition. Work on high-margin jobs (LMG oil and gas mine, underground natural-gas storage facilities in Wierzchowice) was affected by unfavorable winter weather, and the first-quarter revenues displayed a high share of low-margin stadium contracts (which accounted for 40% of the consolidated revenue and 60% of Hydrobudowa's revenue). In fact, the stadium margins may have been revised downwards because of weather effects.

SG&A expenses are estimated at PLN 27.9m, and we do not expect to see any other operating income or expenses, or property revaluations, in the Q1 2010 accounts (revaluations of PBG's commercial property project in progress will result in a PLN 20.9m gain in 2010). EBIT is expected to come in at PLN 11.6m. After other net financial expenses of PLN 9.0m, a PLN 0.5m tax, and PLN 0.4m minority interests, the standalone net profit will be only PLN 2.1m. Note that PBG's first-quarter results were hugely impacted by operating leverage. The company is expected to have generated only 10.45% of the full-year revenue target in Q1 2010. Our first-quarter estimates for subsidiary Hydrobudowa are PLN 242m revenues, a 7.5% gross margin (vs. 12.0% in Q109), an EBIT of PLN 5.5m, and a bottom-line profit of PLN 1.8m.

Construction

Polimex Mostostal Hold

Analyst:	FY10E P/E	15.0	FY10E EV/EBITDA	9.3	**Current price**	**PLN 5.10**
Maciej Stokłosa	FY11E P/E	13.7	FY11E EV/EBITDA	8.6	**Target price**	**PLN 5.16**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	791.3	882.0	-10.3%	4 502.5	4 852.7	-7.2%	4 761.1	4 502.5	5.7%
EBITDA	52.3	81.7	-36.0%	311.1	353.9	-12.1%	318.6	311.1	2.4%
margin	6.6%	9.3%	-	6.9%	7.3%	-	6.7%	6.9%	-
EBIT	27.0	62.3	-56.7%	209.8	271.9	-22.8%	217.3	209.8	3.6%
Pre-tax profit	16.4	51.3	-68.0%	175.3	223.6	-21.6%	184.2	175.3	5.1%
Net profit	9.8	34.2	-71.2%	156.5	155.7	0.5%	171.7	156.5	9.7%

Weak profits due to weather, large impact of operating and financial leverage

We expect Polimex to report a 10% year-on-year drop in revenues. By business segment, we predict PLN 178.8m revenues from production, PLN 240.8m from construction, PLN 175.8m from power engineering, PLN 136m from chemical-plant engineering, and PLN 60m from road and railroad construction. The gross margin is estimated at 10.5%, 0.2% more than the full-year estimate. SG&A expenses are forecasted at PLN 55.1m (vs. PLN 53.9m in Q109), other net operating expenses will be ca. PLN 1.3m, and EBIT should come in at PLN 27.0m (marking a 56.7% y/y drop; EBIT margin will be 3.4%).

Other net financial expenses will approximate PLN 10.5m, and negative exchange differences will be PLN 1m higher than the positive effects of derivatives revaluation. The first-quarter tax, charged at an effective rate of 19%, will amount to PLN 3.1m. Minority interests are estimated at PLN 3.45m, and net income at PLN 9.8m.

All in all, we expect a weak Q1 showing from PBG, weighed down by operating and financial leverage. The revenue generated in the period will account for just 17.6% of the full-year estimate. The company will book high financial expenses (including net interest expenses of PLN 10.8m) and SG&A expenses. The segment of steel-frames production is expected to report a weak margin of 14.5% as a consequence of increased steel prices, decreased EUR/PLN exchange rate, new capacity, and weak seasonal demand. Production margins will expand in Q2 2010.

Construction

Rafako Hold

Analyst:	FY10E P/E	18.4	FY10E EV/EBITDA	10.3	**Current price**	**PLN 13.9**
Maciej Stokłosa	FY11E P/E	15.5	FY11E EV/EBITDA	8.2	**Target price**	**PLN 13.6**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	209.6	209.6	0.0%	1 036.0	996.5	4.0%	1 477.0	1 036.0	42.6%
EBITDA	11.0	27.8	-60.4%	70.2	72.7	-3.4%	80.6	70.2	14.7%
margin	5.3%	13.3%	-60.4%	6.8%	7.3%	-7.0%	5.5%	6.8%	-19.6%
EBIT	7.0	24.3	-71.3%	54.0	56.9	-5.1%	63.7	54.0	17.9%
Pre-tax profit	11.4	13.0	-12.5%	65.6	48.2	36.1%	77.8	65.6	18.6%
Net profit	8.8	9.4	-6.2%	53.1	34.7	53.2%	63.0	53.1	18.6%

Moderate weather impact, strong profits

We expect to see flat year-on-year revenue growth in Rafako' Q1 2010 report. Unfavorable winter weather could have slowed down work on some of the company's engineering contracts, but did not affect production We estimate the gross margin at 10.75% (vs. 17.85% in Q109 owed largely to provision reversals). We do not anticipate major changes in contract provisions.

First-quarter SG&A expenses will amount to PLN 14.8m (an increase from PLN 13.0m a year earlier) and other net operating expenses will approximate PLN 0.75m. As a result, EBIT will come in at PLN 7m. We expect Rafako to report other net operating expenses of PLN 4.4m, being a result of a PLN 11.85m gain on derivatives revaluations and negative exchange differences of PLN 9.2m. In a change of policy relative to past quarters, Rafako will book the costs of bank fees (which approximate PLN 2m per quarter) under COGS instead of financial expenses. After a 19% effective tax rate and minority interests of PLN 0.35m, the Q1 2010 net profit should come in at PLN 8.8m.

We expect that the first-quarter profit will account for less than 20% of the full-year forecast (the actual FY2010 earnings figures could differ significantly from our estimates depending on changes in contract provisions).

Construction

Trakcja Polska

Reduce

Analyst: Maciej Stokłosa					
FY10E P/E	17.2	FY10E EV/EBITDA	10.0	**Current price**	**PLN 4.50**
FY11E P/E	19.9	FY11E EV/EBITDA	9.3	**Target price**	**PLN 4.16**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	74.8	102.9	-27.3%	676.8	711.6	-4.9%	922.1	676.8	36.2%
EBITDA	10.9	0.3	-	52.2	86.7	-39.7%	53.2	52.2	1.9%
margin	14.6%	0.3%	-	7.7%	12.2%	-	5.8%	7.7%	-
EBIT	8.3	-2.0	-	41.7	76.7	-45.5%	42.5	41.7	1.8%
Pre-tax profit	8.7	2.6	229.9%	49.1	87.8	-44.1%	49.6	49.1	1.1%
Net profit	7.0	2.0	257.7%	39.8	71.6	-44.4%	40.2	39.8	1.1%

Profit boosted by derivatives revaluation

We expect Trakcja Polska to generate a revenue of PLN 74.8m in Q1 2010, of which PLN 6.9m will be contributed by derivatives revaluations, and PLN 3.5m will come from sales of PRK7's real-estate project. The gross margin will display a surge to 20.6% from 2.8% in Q109, but this will be an effect of one-time events (i.e. derivatives revaluation losses booked in Q1 2009 vs. gains in Q1 2010). The adjusted gross margin will approximate 12.5%. SG&A expenses will amount to PLN 6.7m vs. PLN 6.2m a year earlier.

EBIT is estimated at PLN 8.3m, other net operating expenses will be ca. PLN 0.45m, and other net financial income will be PLN 0.4m. After tax charged at an effective 19% rate, the Q1 2010 bottom-line profit will come in at PLN 7m (the adjusted profit would be PLN 1.5m).

In addition to valuation effects, Rafako's earnings in Q1 were supported by a 75% share in revenues of 'old' high-margin contracts. As these contracts are completed, their contribution to revenues will decrease to 25% in Q2/Q3.

Construction

Ulma Construccion

Hold

Analyst: Maciej Stokłosa					
FY10E P/E	17.0	FY10E EV/EBITDA	5.1	**Current price**	**PLN 80.5**
FY11E P/E	12.8	FY11E EV/EBITDA	4.5	**Target price**	**PLN 82.2**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	40.7	40.3	1.0%	221.4	175.4	26.2%	247.6	221.4	11.9%
EBITDA	17.7	15.6	13.7%	112.6	68.6	64.2%	125.2	112.6	11.2%
margin	43.6%	38.7%	-	50.9%	39.1%	-	50.6%	50.9%	-
EBIT	-1.0	-0.9	-	43.4	4.0	996.2%	52.0	43.4	19.8%
Pre-tax profit	-4.4	-3.6	-	30.8	-6.6	-	40.7	30.8	32.1%
Net profit	-3.6	-3.2	-	24.9	-5.5	-	33.0	24.9	32.5%

Flat y/y profits due to winter, higher EBITDA

We expect Ulma to generate quarterly revenue growth of just 1% from Q109, when construction projects were few due to the financial crisis, to Q1 2010 marked by stoppages caused by unfavorable weather. We predict that revenues will come in at PLN 40.7m, and the gross profit will be PLN 3.26m (vs. PLN 3.6m in Q109). SG&A expenses are estimated at PLN 4.0m (vs. PLN 4.2m in Q109). Other operating expenses will approximate PLN 0.25m, and the EBIT loss will amount to PLN 1.0m.

Further, we expect Ulma to report other net financial expenses of PLN 3.5m, a pre-tax loss of PLN 4.4m, and a net loss of PLN 3.6m. EBITDA is expected to be PLN 2.1m (13.7%) higher than in the same period a year ago as a result of increased D&A expenses (a PLN 2.3m increase on an enlarged formwork inventory). The higher EBITDA makes for better first-quarter performance than in 2009.

Construction

Unibep

Reduce

Analyst:
Maciej Stokłosa

FY10E P/E	14.4	FY10E EV/EBITDA	14.4
FY11E P/E	13.5	FY11E EV/EBITDA	13.5

Current price **PLN 8.00**
Target price **PLN 7.52**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	105.5	74.1	42.4%	658.3	395.6	66.4%	689.6	658.3	4.8%
EBITDA	5.8	5.1	14.8%	28.7	28.5	0.6%	27.2	28.7	-5.4%
margin	5.5%	6.9%	-	4.4%	7.2%	-	3.9%	4.4%	-
EBIT	4.6	4.5	2.5%	23.7	24.1	-1.6%	22.0	23.7	-6.9%
Pre-tax profit	4.3	5.6	-23.1%	23.4	23.5	-0.4%	24.8	23.4	6.3%
Net profit	3.5	3.7	-3.7%	18.9	18.3	2.9%	20.0	18.9	6.3%

Y/Y revenue growth, flat EBIT and net profit

We expect Unibep to generate 40% year-on-year revenue growth in Q1 2010. Revenue contributions by business segment are anticipated to be PLN 78.5m from general construction (vs. PLN 47.1m in Q109), just PLN 3m from road construction, PLN 19m from real-estate operations, and PLN 5m from other operations. In all, the Q1 2010 revenues will amount to PLN 105.5m, representing 16% of the full-year estimate. The consolidated gross margin is estimated at 9.2% (7.9% from general construction and an impressive 17.8% from real estate).

SG&A expenses will amount to PLN 4.6m, other net operating expenses will be PLN 0.55m, other net financial expenses will approximate PLN 0.25m, and tax will be paid at an effective rate of 19%, making for a bottom-line profit of an estimated PLN 3.5m.

Summing up, we expect Unibep to make a strong first-quarter showing, owing to a higher share of 'old' high-margin contracts due to weather-induced delays in new contracts, and strong performance of the real-estate business, which generated 27% of the full-year revenue target in the first quarter, and general construction which delivered 17.25% of the target.

Property Developers

Dom Development Hold

Property Developers

Analyst: Maciej Stokłosa

FY10E P/E	50.0	FY10E EV/EBITDA	36.0	**Current price**	**PLN 53.0**
FY11E P/E	15.6	FY11E EV/EBITDA	12.3	**Target price**	**PLN 51.6**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	150.3	190.6	-21.2%	481.3	704.4	-31.7%	651.4	481.3	35.3%
EBITDA	18.7	54.1	-65.5%	44.9	113.6	-60.4%	119.9	44.9	166.7%
margin	12.4%	28.4%	-	9.3%	16.1%	-	18.4%	9.3%	-
EBIT	18.2	53.5	-66.0%	43.0	111.2	-61.3%	117.9	43.0	174.2%
Pre-tax profit	17.4	51.7	-66.4%	32.1	100.8	-68.1%	102.9	32.1	220.3%
net profit	14.1	41.6	-66.2%	26.0	80.2	-67.6%	83.4	26.0	220.3%

Best quarterly profit in a lackluster year

Dom Development's 2010 home-sales target of ca. 800 units is half of last year's result. We estimate first-quarter sales at 276 units, with sales in subsequent quarters averaging 175 units. We also expect DOM to deliver 250 square meters of commercial spaces. The profitability mix of Q1 home deliveries will range from high-margin apartments in the Grzybowska project (29.5%), to lower-margin flats in the 'Derby' and 'Regaty' projects (16.5-17%). As a result, the first-quarter revenues will amount to PLN 150.3m, and the gross profit will come in at PLN 35.5m (gross margin at 23.6%).

SG&A expenses will approximate PLN 16.6m, other net operating expenses will amount to PLN 0.75m, and other financial expenses will approximate PLN 0.8m. The bottom-line profit will hover around PLN 14.1m, much less than in Q1 2009 (PLN 41.6m) when DOM delivered high-margin luxury apartments. On a more positive note, a PLN 14m profit is more than half of the full-year PLN 26m estimate. DOM's 2010 earnings figures will be far from impressive due to a small number of planned home deliveries.

GTC Reduce

Property Developers

Analyst: Maciej Stokłosa

FY10E P/E	17.1	FY10E EV/EBITDA	14.4	**Current price**	**PLN 24.0**
FY11E P/E	8.1	FY11E EV/EBITDA	9.4	**Target price**	**PLN 21.8**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	220.5	203.2	8.5%	881.8	719.5	22.6%	754.5	881.8	-14.4%
EBITDA	102.3	152.9	-33.1%	716.4	-341.6	-	1177.9	716.4	64.4%
margin	46.4%	75.2%	-	81.2%	-47.5%	-	156.1%	81.2%	-
EBIT	101.8	152.3	-33.2%	714.4	-343.5	-	1175.9	714.4	64.6%
Pre-tax profit	55.3	100.3	-44.9%	411.7	-600.4	-	870.4	411.7	111.4%
Net profit	40.6	9.7	321.1%	308.8	-482.1	-	648.4	308.8	110.0%

Positive revaluation effects

GTC is expected to report revenues of PLN 220.5m for Q1 2010, including PLN 123.3m in rental revenues and PLN 97.2m from housing developments. The housing segment will report a gross margin of 12.5%, and the commercial segment will generate 75%. The gross profit will approximate PLN 104.6m after being weighed down by SG&A expenses in the estimated amount of PLN 24.7m and other operating expenses of PLN 0.6m. First-quarter earnings will be positively impacted by property revaluations, with a PLN 22.5m mark-to-market gain on commercial properties in progress (the revaluation effects of finished properties will be the same as in Q409).

We predict that GTC will book interest expenses of PLN 61.4m in Q1 2010, and a PLN 14.8m gain from equity in profits of associates (i.e. from valuation of Czech work in progress). Tax will amount to an estimated PLN 10.5m, minority interests will approximate PLN 4.1m, making for a bottom-line profit of PLN 40.6m.

GTC's properties will be valued again by external appraisers at the end of H1 2010, and the result will be slight upward value revisions.

Property Developers

Analyst:
Maciej Stokłosa

J.W. Construction Hold

FY10E P/E	8.0	FY10E EV/EBITDA	6.7	**Current price**	**PLN 16.8**
FY11E P/E	8.9	FY11E EV/EBITDA	10.4	**Target price**	**PLN 15.1**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	93.5	240.5	-61.1%	776.3	713.3	8.8%	428.3	776.3	-44.8%
EBITDA	16.5	55.4	-70.2%	212.0	156.8	35.2%	155.8	212.0	-26.5%
margin	17.7%	23.0%	-	27.3%	22.0%	-	36.4%	27.3%	-
EBIT	11.4	51.6	-77.8%	191.7	142.7	34.3%	135.5	191.7	-29.3%
Pre-tax profit	8.1	44.6	-81.9%	180.4	119.2	51.3%	125.3	180.4	-30.5%
Net profit	6.5	35.5	-81.6%	146.1	100.4	45.5%	101.5	146.1	-30.5%

Q1 results similar to Q2 2009

We expect Q1 2010 to be a repeat of Q2 2009, when J.W. Construction delivered a disappointingly small number of homes. We estimate Q1 2010 sales at just 280 units, generating PLN 85.3m revenues and a PLN 20.2m gross profit (with gross margin at 23.7%). An additional PLN 5.3m revenue and PLN 1m gross profit (gross margin at 18%) will come from JWC's hotels, and low-cost TBS housing will contribute PLN 3.0m to revenues and PLN 1.5m to net profit (margin: 50%). As a result, the sum total of Q1 2010 revenues will figure to PLN 93.5m, and gross profit will amount to PLN 22.6m (margin: 24.2%). SG&A expenses are estimated at PLN 10.55m, other net operating expenses will be PLN 0.6m, with EBIT at PLN 11.4m.

JWC started construction on the 'Jerozolimskie Point' office project (4157 sqm) in Q1 2010, but this is not likely to be reflected in the period's earnings because this is a speculative project (financed by JWC itself, without pre-booked tenants). Q1 other net financial expenses are estimated at PLN 3.4m, tax will be PLN 1.5m, making for a net profit of PLN 6.5m. In conclusion, we must emphasize that our estimates are subject to error due to uncertainty about the number of homes actually sold in the quarter.

Property Developers

Analyst:
Maciej Stokłosa

Polnord Buy

FY10E P/E	25.3	FY10E EV/EBITDA	20.7	**Current price**	**PLN 41.1**
FY11E P/E	13.1	FY11E EV/EBITDA	14.9	**Target price**	**PLN 52.6**

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	115.8	22.5	414.7%	414.2	221.3	87.2%	311.0	414.2	-24.9%
EBITDA	24.3	17.2	41.4%	64.4	106.9	-39.8%	104.2	64.4	61.7%
margin	20.9%	76.3%	-	15.6%	48.3%	-	33.5%	15.6%	-
EBIT	23.8	16.6	42.9%	62.5	104.9	-40.4%	102.3	62.5	63.6%
Pre-tax profit	24.7	15.6	58.0%	44.4	86.0	-48.4%	85.7	44.4	93.3%
Net profit	20.0	11.9	67.7%	35.9	63.6	-43.5%	69.5	35.9	93.3%

Profit boosted by office-project sale

We expect Polnord to report PLN 38.0m in revenues and a PLN 8.3m gross profit (margin: 21.9%) from housing operations, and PLN 77.8m revenues and a PLN 26.2m gross profit (margin: 33.7%) from the sale of an office project to Asseco Poland. The number of home deliveries will amount to 86 (calculated taking into account Polnord's stakes in the projects). SG&A expenses will be an estimated PLN 12.5m (vs. PLN 14.9m in Q1 2009), there will be a revaluation gain of PLN 2m on an office building, and other operating expenses will amount to ca. PLN 0.25m,

We expect Polnord to generate a net financial income of PLN 0.9m (comprised of a PLN 1.4m on euro loan revaluations, a PLN 1.5m gain on valuation of derivatives positions closed in Q1 2010, and PLN 2m interest expenses). After all this, net profit will come in at PLN 20.0m.

If it had not been for the sale of the Asseco office project at a premium to book value, Polnord would post a Q1 2010 EBIT loss of PLN 4.2m and a net loss of PLN 1.2m.

Retail\Wholesale

Retail	Emperia Holding		Hold	
Analyst: Kamil Kliszcz	FY10E P/E 15.8	FY10E EV/EBITDA 8.2	Current price	PLN 80.5
	FY11E P/E 14.2	FY11E EV/EBITDA 7.2	Target price	PLN 81.6

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenues	1 314.2	1 286.5	2.2%	6 051.6	5 543.7	9.2%	6 462.5	6 051.6	6.8%
EBITDA	29.4	28.0	5.1%	187.2	174.2	7.4%	213.2	187.2	13.9%
margin	2.2%	2.2%	-	3.1%	3.1%	-	3.3%	3.1%	-
EBIT	13.0	13.3	-2.1%	112.5	110.7	1.7%	124.4	112.5	10.6%
Pre-tax profit	9.2	9.6	-4.7%	95.2	89.6	6.2%	105.6	95.2	11.0%
Net profit	7.4	2.6	185.0%	77.1	68.2	13.0%	85.6	77.1	11.0%

No growth vs. Q109 due to harsh winter

Emperia's 2010 first-quarter earnings will reflect the slowdown caused by heavy snowfall seen in January and February which is not likely to have been fully made up for in March. As a result, the wholesale segment is expected to report weak year-on-year sales growth. With the EBITDA margin close to last year's level, EBIT is not likely to have increased because of higher D&A charges. We do not expect to see any one-time gains or charges in Emperia's Q1 2010 accounts, but the period's bottom-line profit will show considerable improvement vs. Q1 2009 thanks to lower taxes (a year earlier, the company paid a huge, PLN 7m tax charged against a pre-tax income of PLN 9.6m).

Retail	Eurocash		Hold	
Analyst: Kamil Kliszcz	FY10E P/E 22.6	FY10E EV/EBITDA 12.2	Current price	PLN 21.09
	FY11E P/E 18.4	FY11E EV/EBITDA 10.4	Target price	PLN 18.60

(PLN m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenues	1 520.6	1 486.6	2.3%	7 395.4	6 698.3	10.4%	8 072.8	7 395.4	9.2%
EBITDA	29.8	27.7	7.4%	220.1	194.5	13.2%	259.2	220.1	17.8%
margin	2.0%	1.9%	-	3.0%	2.9%	-	3.2%	3.0%	-
EBIT	17.1	15.9	7.4%	173.7	145.2	19.7%	209.8	173.7	20.7%
Pre-tax profit	15.6	13.5	15.8%	155.0	128.8	20.4%	190.3	155.0	22.8%
Net profit	12.6	10.5	20.3%	125.5	102.5	22.5%	154.1	125.5	22.8%

Revenue growth depressed by snow

Heavy snowfall caused disruptions in transportation in January and February, affecting the first-quarter earnings of retailers including Eurocash (in particular the cash&carry stores). As a result, the company's revenue is expected to display a year-on-year uptick by just 2.3% at PLN 1.5bn. On a slightly higher EBITDA margin (owed to a decreasing share of low-margin cigarettes), EBIT will come in at an estimated PLN 30m. The bottom line will show stronger growth than EBITDA thanks to the effects of financial operations (a higher cash position) and a lower effective tax rate (19% vs. 22% in Q109).

Company Earnings Calendar

Company	Standalone Q1 2010 report	Consolidated Q1 2010 report	FY2009 report
AB	17.05.10*	17.05.10*	02.11.10**
ACTION	17.05.10	17.05.10	31.08.10
AGORA	13.05.10	13.05.10	12.04.10
ASBIS	06.05.10	06.05.10	30.03.10
ASSECO POLAND	14.05.10	14.05.10	30.04.10
ASTARTA	14.05.10	14.05.10	19.03.10
BPH	12.05.10	12.05.10	31.03.10
BRE	05.05.10	05.05.10	01.03.10
BUDIMEX	28.04.10	28.04.10	22.03.10
BZWBK	13.05.10	13.05.10	02.03.10
CENTRUM KLIMA	13.05.10	13.05.10	15.03.10
CERSANIT	17.05.10	17.05.10	30.04.10
CEZ	11.05.10	11.05.10	30.04.10
CIECH	17.05.10	17.05.10	30.04.10
COMARCH	14.05.10	14.05.10	30.04.10
CYFROWY POLSAT	11.05.10	11.05.10	18.03.10
DOM DEVELOPMENT	06.05.10	06.05.10	15.03.10
ELEKTROBUDOWA	17.05.10	17.05.10	22.03.10
EMPERIA HOLDING	17.05.10	17.05.10	30.04.10
ENEA	17.05.10	17.05.10	22.03.10
ERBUD	17.05.10	17.05.10	30.04.10
EUROCASH	12.05.10	12.05.10	19.04.10
FAMUR	17.05.10	17.05.10	30.04.10
GETIN	14.05.10	14.05.10	19.03.10
GTC	17.05.10	17.05.10	26.02.10
HANDLOWY	06.05.10	06.05.10	17.03.10
ING BSK	12.05.10	12.05.10	31.03.10
J.W. CONSTRUCTION	12.05.10	12.05.10	17.03.10
KĘTY	27.04.10	27.04.10	08.04.10
KGHM	14.05.10	14.05.10	31.03.10
KOMPUTRONIK	16.08.10	16.08.10	31.03.10
KOPEX	17.05.10	17.05.10	30.04.10
KREDYT BANK	12.05.10	12.05.10	26.02.10
LOTOS	27.04.10	27.04.10	30.04.10
LW BOGDANKA	17.05.10	17.05.10	22.03.10
MILLENNIUM	26.04.10	26.04.10	01.03.10
MONDI	06.05.10	06.05.10	24.02.10
MOSTOSTAL WARSZAWA	17.05.10	17.05.10	29.04.10
NETIA	06.05.10	06.05.10	22.02.10
PBG	17.05.10	17.05.10	30.04.10
PEKAO	12.05.10	12.05.10	12.03.10
PGE	17.05.10	17.05.10	22.03.10
PGNiG	13.05.10	13.05.10	22.03.10
PKN ORLEN	13.05.10	13.05.10	30.04.10
PKO BP	17.05.10	17.05.10	15.03.10
POLICE	17.05.10	17.05.10	31.03.10
POLIMEX MOSTOSTAL	13.05.10	13.05.10	15.04.10
POLNORD	17.05.10	17.05.10	22.03.10
RAFAKO	14.05.10	14.05.10	22.03.10
SYGNITY	17.05.10	17.05.10	29.04.10
TELEKOMUNIKACJA POLSKA	22.04.10	22.04.10	23.02.10
TRAKCJA POLSKA	14.05.10	14.05.10	19.03.10
TVN	13.05.10	13.05.10	18.02.10
ULMA CONSTRUCCION POLSKA	14.05.10	14.05.10	19.03.10
UNIBEP	14.05.10	14.05.10	22.03.10
WSiP	12.05.10	12.05.10	30.04.10
ZA PUŁAWY	11.05.10*	11.05.10*	11.05.10**

*Source: Companies; *Report for fiscal Q3 2009/2010; **Report for fiscal 2009/2010*

Current Ratings by BRE Bank Securities

Company	Rating	Target Price	Current Price	Rating Day	Price on Rating Day	FY2010E P/E
AB	Hold	18.80	17.83	2010-03-18	17.50	10.4
ACTION	Hold	18.49	22.26	2010-04-07	22.00	14.2
AGORA	Hold	24.20	24.96	2010-02-24	23.85	21.4
ASBIS	Reduce	4.61	4.78	2010-03-29	5.08	12.5
ASSECO POLAND	Buy	72.10	59.65	2010-04-06	57.60	13.7
ASTARTA	Sell	31.60	58.25	2010-02-12	50.00	16.1
BUDIMEX	Sell	85.10	101.70	2010-03-29	96.60	14.0
BZWBK	Hold	204.50	220.00	2010-04-07	216.50	16.2
CENTRUM KLIMA	Accumulate	15.10	12.67	2010-04-07	13.14	13.5
CERSANIT	Reduce	13.63	15.28	2010-04-01	16.03	17.0
CEZ	Hold	140.30	141.80	2010-03-03	133.90	10.5
CIECH	Accumulate	39.20	33.60	2010-03-17	33.40	13.2
COMARCH	Reduce	93.10	103.50	2010-02-15	102.90	21.0
CYFROWY POLSAT	Accumulate	16.60	15.00	2010-03-25	15.79	13.2
DOM DEVELOPMENT	Hold	51.60	53.00	2010-04-13	55.65	50.0
ELEKTROBUDOWA	Hold	169.20	177.50	2010-03-12	171.00	17.3
EMPERIA HOLDING	Hold	81.60	80.50	2010-03-09	77.50	15.8
ENEA	Accumulate	21.62	18.35	2010-03-30	18.91	12.4
ERBUD	Hold	54.60	50.00	2010-03-11	53.30	12.3
EUROCASH	Hold	18.60	21.09	2010-03-09	17.60	22.6
FAMUR	Sell	2.16	2.59	2010-03-08	2.60	17.5
GETIN	Reduce	10.34	11.06	2010-04-07	11.37	14.5
GTC	Reduce	21.80	24.00	2010-04-07	24.95	17.1
HANDLOWY	Accumulate	90.90	82.20	2010-04-07	83.90	17.0
ING BSK	Hold	749.00	780.00	2010-04-07	766.00	15.0
J.W. CONSTRUCTION	Hold	15.10	16.81	2010-04-13	15.65	8.0
KĘTY	Hold	120.36	116.60	2010-02-24	115.00	12.2
KGHM	Reduce	90.40	113.20	2009-12-01	107.80	10.0
KOMPUTRONIK	Hold	11.56	10.05	2009-12-08	11.39	11.0
KOPEX	Hold	21.65	21.70	2010-04-07	22.50	14.8
KREDYT BANK	Hold	15.30	14.75	2010-04-07	14.60	31.1
LOTOS	Reduce	26.50	33.00	2010-04-07	31.40	10.9
LW BOGDANKA	Hold	80.10	61.45	2010-02-03	77.00	11.4
MILLENNIUM	Hold	4.38	4.77	2010-04-07	4.45	22.7
MONDI	Reduce	67.30	70.00	2010-04-09	73.40	17.9
MOSTOSTAL WARSZAWA	Hold	78.20	72.65	2010-04-07	77.00	13.6
NETIA	Hold	4.30	4.85	2009-11-06	4.36	50.4
PBG	Sell	173.20	228.00	2010-04-07	216.00	16.0
PEKAO	Hold	175.70	178.00	2010-03-05	165.50	17.5
PGE	Buy	27.90	21.99	2010-03-30	23.00	12.1
PGNiG	Buy	4.32	3.64	2010-03-24	3.70	10.6
PKN ORLEN	Hold	40.20	38.50	2010-04-08	39.40	10.6
PKO BP	Hold	40.10	43.60	2010-03-17	39.07	17.6
POLICE	Reduce	5.50	6.65	2010-02-24	6.29	
POLIMEX MOSTOSTAL	Hold	5.16	5.10	2010-04-07	5.24	15.0
POLNORD	Buy	52.60	41.10	2010-04-13	39.29	25.3
RAFAKO	Hold	13.60	13.88	2010-03-12	13.55	18.4
SYGNITY	Buy	18.20	13.92	2010-03-02	12.57	14.1
TELEKOMUNIKACJA POLSKA	Accumulate	19.20	16.67	2009-10-30	17.58	23.1
TRAKCJA POLSKA	Reduce	4.16	4.50	2010-03-30	4.58	17.2
TVN	Hold	16.00	18.30	2010-02-22	15.30	21.9
ULMA CONSTRUCCION POLSKA	Hold	82.20	80.50	2010-01-06	84.50	17.0
UNIBEP	Reduce	7.52	8.00	2010-04-07	9.00	14.4
WSiP	Hold	17.20	16.70	2009-09-03	16.61	12.9
ZA PUŁAWY	Hold	72.05	71.95	2010-01-06	80.90	16.7

Ratings issued in the past month

Company	Rating	Old Rating	Target Price	Rating Day
ACTION	Hold	Accumulate	18.49	2010-04-07
ASBIS	Reduce	Hold	4.61	2010-03-29
ASSECO POLAND	Buy	Buy	72.10	2010-04-06
BUDIMEX	Sell	Accumulate	85.10	2010-03-29
BZWBK	Hold	Accumulate	204.50	2010-04-07
CENTRUM KLIMA	Accumulate	Buy	15.10	2010-04-07
CERSANIT	Reduce		13.63	2010-04-01
CYFROWY POLSAT	Accumulate	Hold	16.60	2010-03-25
DOM DEVELOPMENT	Hold	Hold	51.60	2010-04-13
ENEA	Accumulate	Accumulate	21.62	2010-03-30
GETIN	Reduce	Hold	10.34	2010-04-07
GTC	Reduce	Hold	21.80	2010-04-07
HANDLOWY	Accumulate	Buy	90.90	2010-04-07
ING BSK	Hold	Accumulate	749.00	2010-04-07
J.W. CONSTRUCTION	Hold	Hold	15.10	2010-04-13
KOPEX	Hold	Reduce	21.65	2010-04-07
KREDYT BANK	Hold	Accumulate	15.30	2010-04-07
LOTOS	Reduce	Hold	26.50	2010-04-07
MILLENNIUM	Hold	Accumulate	4.38	2010-04-07
MONDI	Reduce	Hold	67.30	2010-04-09
MOSTOSTAL WARSZAWA	Hold	Accumulate	78.20	2010-04-07
PBG	Sell	Reduce	173.20	2010-04-07
PGE	Buy	Buy	27.90	2010-03-30
PGNiG	Buy	Buy	4.32	2010-03-24
PKN ORLEN	Hold	Accumulate	40.20	2010-04-08
POLIMEX MOSTOSTAL	Hold	Accumulate	5.16	2010-04-07
POLNORD	Buy	Buy	52.60	2010-04-13
TRAKCJA POLSKA	Reduce	Hold	4.16	2010-03-30
UNIBEP	Reduce	Accumulate	7.52	2010-04-07

Ratings Statistics

	All					Clients of BRE Bank Securities S.A.				
Statistic	Sell	Reduce	Hold	Accumulate	Buy	Sell	Reduce	Hold	Accumulate	Buy
count	3	11	30	5	5	0	3	11	1	4
pct of total	5.6%	20.4%	55.6%	9.3%	9.3%	0.0%	15.8%	57.9%	5.3%	21.1%

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

Research Department:

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

Analysts:

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

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

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

Jakub Szkopek tel. (+48 22) 697 47 40
jakub.szkopek@dibre.com.pl
Manufacturers

Sales and Trading:

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

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

Traders:

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

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

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

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

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

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

"Private Broker"

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

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

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

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

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

The present report expresses the knowledge as well as opinions of the authors on day the report was prepared. The opinions and estimates contained herein constitute our best judgement at this date and time, and are subject to change without notice. The present report was prepared with due care and attention, observing principles of methodological correctness and objectivity, on the basis of sources available to the public, which BRE Bank Securities S.A. considers reliable, including information published by issuers, shares of which are subject to recommendations. However, BRE Bank Securities S.A., in no case, guarantees the accuracy and completeness of the report, in particular should sources on the basis of which the report was prepared prove to be inaccurate, incomplete or not fully consistent with the facts.

This document does not constitute an offer or invitation to subscribe for or purchase any financial instruments and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. It is being furnished to you solely for your information and may not be reproduced or redistributed to any other person. This document nor any copy hereof is not to be distributed directly or indirectly in the United States, Australia, Canada or Japan.

Recommendations are based on essential data from the entire history of a company being the subject of a recommendation, with particular emphasis on the period since the previous recommendation.

Investing in shares is connected with a number of risks including, but not limited to, the macroeconomic situation of the country, changes in legal regulations as well as changes on commodity markets. Full elimination of these risks is virtually impossible.
BRE Bank Securities S.A. bears no responsibility for investment decisions taken on the basis of the present report or for any damages incurred as a result of investment decisions taken on the basis of the present report.

It is possible that BRE Bank Securities S.A. renders, will render or in the past has rendered services for companies and other entities mentioned in the present report.

BRE Bank Securities S.A., its shareholders and employees may hold long or short positions in the issuers' shares or other financial instruments related to the issuers' shares. BRE Bank Securities S.A., its affiliates and/or clients may conduct or may have conducted transactions for their own account or for account of another with respect to the financial instruments mentioned in this report or related investments before the recipient has received this report.

Copying or publishing the present report, in full or in part, or disseminating in any way information contained in the present report requires the prior written agreement of BRE Bank Securities S.A. Recommendations are addressed to all Clients of BRE Bank Securities S.A.
The activity of BRE Bank Securities S.A. is subject to the supervision of the Polish Financial Supervision Commission.

BRE Bank Securities S.A. serves as animator in relation to the shares of the following companies: Certyfikaty Skarbiec Nieruchomości, Erbud, Es-System, LW Bogdanka, Macrologic, Magellan, Mieszko, Mondi, Nepentes, Pemug, Polimex-Mostostal, Torfarm.
BRE Bank Securities S.A. receives remuneration from issuers for services rendered to the following companies: Agora, Ambra, Arkus, Bakalland, BRE Bank, Deutsche Bank, DZ Bank Polska, Elektrobudowa, Elzab, Enea, Energoaparatura, Energomontaż Północ, Erbud, Es-System, Farmacol, Ferrum, Fortis Bank, GTC, Intergroclin Auto, Koelner, Komputronik, LW Bogdanka, Magellan, Mennica, Mercor, Mieszko, Mostostal Warszawa, Nepentes, Odratrans, Pemug, PGF, PGNiG, Polimex-Mostostal, Polmos Lublin, Polnord, Prokom Software, Seco Warwick, Sfinks, Sokołów, Sygnity, Techmex, Torfarm, Unibep, WSiP, ZA Puławy.
In the last 12 months BRE Bank Securities S.A. has been an offering agent of the issuer's shares in a public offering for the following companies: Centrum Klima, LW Bogdanka.
Asseco Poland provides IT services to BRE Bank Securities.

Individuals who did not participate in the preparation of recommendations, but had or could have had access to recommendations prior to their publication, are employees of BRE Bank Securities S.A. authorised to access the premises in which recommendations are prepared, other than the analysts mentioned as the authors of the present recommendations.

Strong and weak points of valuation methods used in recommendations:
DCF – acknowledged as the most methodologically correct method of valuation; it consists in discounting financial flows generated by a company; its weak point is the significant susceptibility to a change of forecast assumptions in the model.
Comparative – based on a comparison of valuation multipliers of companies from a given sector; simple in construction, reflects the current state of the market better than DCF; weak points include substantial variability (fluctuations together with market indices) as well as difficulty in the selection of the group of comparable companies.