18 October 2010

Periodic Report

BRE Bank Securities

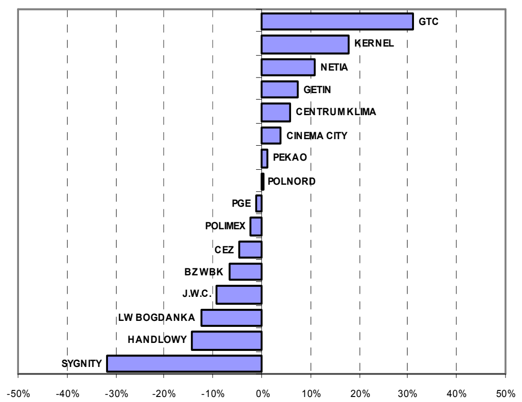
Forecasts of Quarterly Results

Q3 2010

Equity Market

WIG	**45 806**
Average 2010E P/E	15.9
Average 2011E P/E	13.3
Avg dialy trading volume (3M)	PLN 1 611m

EPS dynamics of selected companies*



**calculated for: 4Q'09-3Q'10 / 3Q'09-2Q'10*

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Banks. We expect only a small improvement in our banks' aggregate bottom line. Kredyt Bank, Millennium and PKO BP will show the fastest profit growth, while the earnings of Getin Holding, BZ WBK and Handlowy will decline. The main earnings drivers will still be interest income and provisions. We expect a decline in trading income.

Fuels. The refiner's earnings will be supported by seasonal effects and foreign-exchange gains, which will offset the reduction in product margins and the Urals/Brent pricing differential. We expect improved earnings from PGNiG thanks to a reduction in the sales of imported gas and the lack of one-off factors that affected second-quarter earnings.

Power Utilities. The earnings of power utilities should be comparable in y/y terms when adjusted for long-term contract compensation. We expect a bigger improvement only at Enea due to a low base (as a result of write-downs on LTC compensation). Just like in Q2, CEZ will report negative y/y profit growth.

Telecommunications. TPSA's operating earnings should confirm an improvement in the Company's environment, but the bottom line will be weighed down by high provisions for the DPTG compensation.

Media. We expect good quarterly earnings from Cinema City and TVN. Agora's results will be weighed down by the consolidation of Helios in September.

IT. Asseco Poland will post good results, while Sygnity's will be weighed down by restructuring expenses, Among distributors, we expect positive surprises from AB and Asbis. Komputronik will be in the black this quarter, for the first time in a long while.

Mining, Metals. Thanks to high commodity prices, KGHM's and LWB's quarterly earnings will approach historical records.

Manufacturers. We expect good earnings from Centrum Klima and Cersanit thanks to favorable weather conditions. Astarta will also report good earnings (thanks to high sugar prices), as will Kernel (thanks to rising prices of sunflower oil).

Construction. Good results can be expected from Budimex and PBG. The companies' earnings could deteriorate in 2011. At the moment, the risk of negative surprises in third-quarter earnings exists for Mostostal Warszawa and Polimex.

Property Developers. In Q3 2010, J.W. Construction will deliver a staggering 780 homes and post the best results in the sector. The earnings of other developers will not change considerably vs. the preceding quarters.

Retailers. We expect Eurocash's bottom line to be flat q/q. In turn, we expect a considerable improvement at Emperia, which is in line with the Management's recent presentations.

Banks

BZ WBK

Hold

Banks

Analyst: Iza Rokicka

FY10E P/E	16.6	FY10E P/BV	2.4
FY11E P/E	14.8	FY11E P/BV	2.1

Current price PLN 212.0
Target price PLN 215.9

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Net interest income	449	413	9%	1 312	1 129	16%	1 789	1 563	14%
Net fee income	3.37%	2.93%	-	3.27%	2.65%	-	3.24%	2.80%	-
NIM	327	345	-5%	994	995	0%	1 340	1 315	2%
Income f. bank oper.	836	819	2%	2 566	2 388	7%	3 465	3 239	7%
Operating expenses	-447	-382	17%	-1 285	-1 188	8%	-1 708	-1 622	5%
Operating income*	395	438	-10%	1 292	1 213	7%	1 774	1 644	8%
Provisions	-119	-97	22%	-335	-381	-12%	-467	-481	-3%
Pre-tax income	276	344	-20%	958	832	15%	1 308	1 163	12%
Net income	199	264	-24%	683	641	7%	934	886	5%

** before provisions*

Negative balance-sheet trends and high operating expenses, but interest margin is strong

We expect the bottom line to contract by 20% q/q in Q3 2010 to PLN 199m, after Q2 saw the Bank recognize dividends from Aviva. Adjusted for this, earnings will be flat q/q. We expect negative trends in the balance sheet, with loans and deposits both declining by 3% q/q, the former due to the shrinking portfolio of corporate loans (mostly property loans) and the latter due to the Bank's strategy aimed at reducing its cost of financing. The outflow of expensive deposits should lead to an improvement in the interest margin, estimated at 18bps q/q to 3.37%. As a result, we expect a 2% q/q increase in interest income to PLN 449m. We expect fee income to decline by 3% q/q, mostly due to a reduction in income from stock brokerage activities and investment funds. In our opinion, a negative surprise in expenses is possible (+6% q/q), especially in payroll expenses (+13% q/q) due to the pressure on salaries. Costs of risk should decline by 33bps q/q to 140bps, leading to a 19% q/q reduction in provisions to PLN 119m.

Getin

Hold

Banks

Analyst: Iza Rokicka

FY10E P/E	18.6	FY10E P/BV	1.8
FY11E P/E	15.0	FY11E P/BV	1.6

Current price PLN 10.57
Target price PLN 10.40

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Net interest income	331	256	29%	936	703	33%	1 305	978	34%
Net fee income	3.16%	2.94%	-	3.22%	2.82%	-	3.36%	2.94%	-
NIM	110	100	10%	338	290	16%	455	443	3%
Income f. bank oper.	598	451	33%	1 816	1 556	17%	2 456	2 094	17%
Operating expenses	-225	-208	8%	-661	-614	8%	-956	-861	11%
Operating income*	368	237	56%	1 157	919	26%	1 640	1 200	37%
Provisions	-270	-178	52%	-871	-591	47%	-1 191	-842	41%
Pre-tax income	98	59	67%	285	327	-13%	449	358	26%
Net income	69	46	49%	284	230	24%	406	276	47%

** before provisions*

Core profitability will improve a notch, no one-offs in the income statement

We expect poor performance from Getin Holding, with a net profit of just PLN 69m (-35% q/q). Let us point out that we do not expect any one-offs to affect the holding's income statement this year. Getin Noble Bank's sale of its 20% stake in TU Europa and the gain on it (estimated at PLN 105m) will be directly reflected in Getin Holding's equity (in contrast to the earnings of GNB itself, which will disclose the profit in other operating income). We expect interest income to increase by 5% q/q (assuming flat interest margin) and net insurance income by 6% q/q, but fee income and trading income will both contract (by 4% q/q and by 90% q/q to PLN 10m, respectively). Income will fall more than operating expenses (-13% q/q vs. -4% q/q), pushing the cost/income ratio up by 350bps q/q to 37.9%. While we expect provisions to go down (by 16% q/q), at 345bps the costs of risk will remain significantly ahead of the industry's average. Provisions will improve thanks to cash and car loans, while the mortgage portfolio will continue to generate high costs of risk. Finally, we expect GH's tax to be calculated using a normalized tax rate.

Handlowy

Banks | **Hold**

Analyst: Iza Rokicka

FY10E P/E	15.9	FY10E P/BV	1.7	**Current price**	**PLN 87.0**
FY11E P/E	12.8	FY11E P/BV	1.7	**Target price**	**PLN 87.0**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009F	change
Net interest income	376	376	0%	1 123	1 150	-2%	1 504	1 505	0%
Net fee income	3.80%	3.76%	-	3.90%	3.79%	-	3.88%	3.75%	-
NIM	160	150	7%	476	407	17%	636	556	14%
Income f. bank oper.	635	622	2%	1 922	1 812	6%	2 542	2 418	5%
Operating expenses	-353	-328	8%	-1 030	-1 055	-2%	-1 387	-1 379	1%
Operating income*	289	409	-29%	902	905	0%	1 174	1 201	-2%
Provisions	-65	-55	17%	-231	-388	-40%	-268	-546	-51%
Pre-tax income	224	355	-37%	671	516	30%	906	655	38%
Net income	179	285	-37%	529	403	31%	716	504	42%

** before provisions*

Considerable Q/Q drop in provisions expected

We expect Bank Handlowy's net profit in Q3 2010 to fall by 10% q/q due to a reduction in its trading income. In our opinion, both loans and deposits will shrink vs. Q2 2010, by 1% and 3%, respectively. In addition, we expect a slight pressure on the interest margin. In consequence, interest income should be flat Q/Q. We expect fee income to contract by 4% q/q to PLN 160m due to a reduction in income from stock broking activities and from the sales of insurance and investment products. We expect proprietary trading income to fall to ca. PLN 15m (vs. PLN 56m in Q1 2010). After the very strong Q2 2010, trading income should also fall by 29% q/q to PLN 100m. We expect operating expenses to increase only slightly, by 1% q/q, due to an increase in advertising spend. The combination of falling income (by 7% q/q) and rising costs (by 1% q/q) will lead to a deterioration in the cost/income ratio by 412bps to ca. 55.0%. We forecast a considerable contraction in provisions, by 27% q/q to PLN 65m, which entails costs of risk of 228bps (-80bps q/q). This improvement will be driven by the retail segment.

ING BSK

Banks | **Hold**

Analyst: Iza Rokicka

FY10E P/E	14.2	FY10E P/BV	1.9	**Current price**	**PLN 840.0**
FY11E P/E	12.9	FY11E P/BV	1.7	**Target price**	**PLN 815.0**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Net interest income	397	377	5%	1 192	1 048	14%	1 607	1 417	13%
Net fee income	2.58%	2.34%	-	2.62%	2.09%	-	2.66%	2.19%	-
NIM	258	253	2%	733	737	-1%	973	964	1%
Income f. bank oper.	674	689	-2%	1 981	1 895	5%	2 652	2 488	7%
Operating expenses	-405	-393	3%	-1 202	-1 138	6%	-1 583	-1 488	6%
Operating income*	275	301	-8%	800	772	4%	1 096	991	11%
Provisions	-52	-54	-4%	-139	-220	-37%	-179	-304	-41%
Pre-tax income	234	257	-9%	690	589	17%	956	738	30%
Net income	189	211	-10%	558	474	18%	770	595	29%

** before provisions*

Slight pressure on interest margin, costs of risk

We expect ING BSK to generate a net profit of PLN 189m in Q3 2010 (-1% q/q and -10% y/y). We expect a relatively strong growth in loans (+3% q/q), especially in the retail segment. After the Bank's promotional campaign for new funds deposited into the savings account between mid-June and mid-September (5% APR, i.e. 175bps more than in the standard offer), we see no risk of a further reduction of deposits. On the other hand, we believe this might have a negative impact on interest margin and outweigh the positive effect of an increased share of loans in assets. In consequence, we forecast a slight decline in interest income (-1% q/q). Fee income should increase 4% q/q as income from accounts, stock brokerage activities and investment funds goes up. With a 2% q/q increase in revenue and operating expenses flat, the cost/income ratio will improve by 88bps q/q to 59.5%. We expect provisions to increase by 32% q/q to PLN 52m (which implies costs of risk of 65bps, +14bps q/q) after the excellent Q2 2010.

Kredyt Bank

Banks | **Hold**

Analyst: Iza Rokicka

FY10E P/E 20.4 | FY10E P/BV 1.4 | **Current price** **PLN 14.9**
FY11E P/E 12.9 | FY11E P/BV 1.3 | **Target price** **PLN 15.2**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Net interest income	279	271	3%	826	787	5%	1 121	1 061	6%
Net fee income	2.64%	2.71%	-	2.71%	2.71%	-	2.71%	2.73%	-
NIM	79	82	-3%	157	146	7%	322	304	6%
Income f. bank oper.	393	395	-1%	766	753	2%	1 572	1 530	3%
Operating expenses	-233	-245	-5%	-452	-518	-13%	-926	-1 023	-10%
Operating income*	171	172	-1%	337	275	23%	690	848	-19%
Provisions	-115	-156	-26%	-239	-273	-13%	-437	-803	-46%
Pre-tax income	56	16	250%	99	2	-	255	47	-
Net income	45	10	-	74	4	-	199	35	-

** before provisions*

Significant Q/Q bottom line improvement, but return on equity will remain low

We expect a considerable Q/Q improvement in Kredyt Bank's bottom line in Q3 2010, by 226% q/q to PLN 45m. On the other hand, this entails a ROE of merely 6.5%. Loans should be flat Q/Q, because the appreciation of the zloty vs. the CHF by 6Q q/q will offset the decline in new mortgages (PLN 735m, -22% q/q). Deposits will increase by 3% q/q, facilitating a 330bps q/q reduction in the loans/deposit ratio to 101.6%. In our opinion, the interest margin will be flat Q/Q, because the negative impact of the expiration of the high-margin portfolio of Żagiel loans will be offset by the improving costs of financing. In consequence, interest income should increase vs. the preceding quarter. Following the weak Q2 2010, the Bank should improve its fee income (by 4% q/q), but this means that it will still remain very low at ca. PLN 80m. We expect operating expenses to increase by 3% q/q, due to an increase in advertising spend. We believe that provisions will decline to PLN 115m (-19% q/q, costs of risk at 171bps). In our opinion, a considerable improvement in the corporate segment will be partially offset by increased provisioning for retail loans.

Millennium

Banks | **Reduce**

Analyst: Iza Rokicka

FY10E P/E 20.7 | FY10E P/BV 1.5 | **Current price** **PLN 5.00**
FY11E P/E 15.4 | FY11E P/BV 1.3 | **Target price** **PLN 4.60**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Net interest income	231	190	21%	666	403	65%	902	599	51%
Net fee income	2.00%	1.70%	-	1.96%	1.18%	-	1.99%	1.30%	-
NIM	137	122	12%	421	355	19%	561	494	14%
Income f. bank oper.	423	322	31%	1 248	1 030	21%	1 662	1 434	16%
Operating expenses	-272	-263	4%	-796	-782	2%	-1 064	-1 023	4%
Operating income*	153	54	185%	456	254	79%	603	431	40%
Provisions	-54	-160	-66%	-184	-345	-47%	-245	-436	-44%
Pre-tax income	99	-106	-	272	-83	-	359	2	-
Net income	79	-87	-	217	-66	-	286	1	-

** before provisions*

Q/Q interest margin improvement, but higher costs of risk

We expect Bank Millennium to report a PLN 79m net profit for Q3 2010 (+14% q/q). Given the appreciation of the PLN vs. the CHF (6%), the Bank will not be able to show a Q/Q increase in its loan portfolio, despite extending PLN 480m worth of mortgages (vs. PLN 497m in Q2 2010). We expect a 1% q/q decline. Deposits will barely expand (1% q/q). The gradual expiration of the relatively more expensive term deposits and their renewal at lower interest rates will have a positive impact on interest margin (+10bps q/q) and interest income (+6% q/q). We expect fee income to be flat Q/Q, and trading income to increase by 11% q/q thanks to higher foreign-exchange gains. Payroll costs should stabilize while administrative costs will increase slightly (by 2% q/q). With income growing faster than expenses, the cost/income ratio will fall by 265bps q/q to 64.0%. We expect provisions to rise by 15% q/q to PLN 54m (i.e. costs of risk will figure to 59bps) following the excellent result posted in Q2 2010. Despite the improvement expected in the corporate segment, retail provisions will increase considerably vs. last quarter.

Banks

Pekao

Reduce

Analyst:
Iza Rokicka

FY10E P/E 18.6	FY10E P/BV 2.4	**Current price**	**PLN 183.2**
FY11E P/E 16.6	FY11E P/BV 2.2	**Target price**	**PLN 145.0**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010	2009	change
Net interest income	1 026	970	6%	3 034	2 828	7%	4 143	3 802	9%
Net fee income	3.07%	3.08%	-	1.72%	2.94%	-	3.11%	2.90%	-
NIM	603	594	2%	1 764	1 676	5%	2 404	2 289	5%
Income f. bank oper.	1 809	1 765	2%	5 328	5 275	1%	7 260	7 063	3%
Operating expenses	-909	-897	1%	-2 715	-2 760	-2%	-3 649	-3 673	-1%
Operating income*	916	901	2%	2 659	2 581	3%	3 675	3 467	6%
Provisions	-130	-151	-14%	-407	-396	3%	-539	-535	1%
Pre-tax income	805	765	5%	2 310	2 231	4%	3 214	2 997	7%
Net income	649	620	5%	1 871	1 800	4%	2 584	2 412	7%

** before provisions*

Stable improvement continues

We expect Pekao to improve its net profit by 5% q/q in Q3 2010, to PLN 649m. We expect a 2% q/q increase in deposits and loans, the former thanks to the strong corporate segment (considerable inflows especially in September) and the latter thanks to the retail segment (growth will exceed sector average due to the small share of CHF mortgages whose impact will be negative due to the appreciation of the zloty vs. last quarter). We expect stabilization of the interest margin, and, in consequence, a 2% q/q increase in interest income. In fee income as well we expect a 2% q/q increase, driven primarily by credit cards, loans and investment funds. With trading income flat Q/Q, total income will increase by 2% q/q. We expect only a marginal increase in operating expenses (+1% q/q), due in full to higher payroll costs. Provisions will decline slightly (by 4% q/q), entailing costs of risk of 63bps (-6bps q/q).

Banks

PKO BP

Hold

Analyst:
Iza Rokicka

FY10E P/E 17.8	FY10E P/BV 2.7	**Current price**	**PLN 45.85**
FY11E P/E 15.8	FY11E P/BV 2.4	**Target price**	**PLN 45.70**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010	2009F	change
Net interest income	1 668	1 332	25%	4 735	3 634	30%	6 434	5 051	27%
Net fee income	4.00%	3.69%	-	3.90%	3.45%	-	3.95%	3.47%	-
NIM	802	701	14%	2 329	1 873	24%	3 076	2 583	19%
Income f. bank oper.	2 545	2 142	19%	7 324	6 320	16%	9 911	8 607	15%
Operating expenses	-1 066	-1 029	4%	-3 101	-3 104	0%	-4 314	-4 244	2%
Operating income*	1 509	1 177	28%	4 329	3 437	26%	5 737	4 624	24%
Provisions	-450	-364	24%	-1 333	-1 128	18%	-1 670	-1 681	-1%
Pre-tax income	1 059	814	30%	2 991	2 310	29%	4 063	2 943	38%
Net income	848	639	33%	2 351	1 789	31%	3 213	2 306	39%

** before provisions*

Another solid quarter

We expect PKO BP to post solid earnings for Q3 2010, with an 8% q/q increase in net profit to PLN 848m (+33% y/y). In our opinion, despite the appreciation of the zloty vs. the CHF by 6% q/q, the Bank will be able to boast a 2% q/q increase in loans thanks to satisfactory new mortgage lending (PLN 3.3bn, +6% q/q) and consumer lending (PLN 2.5bn, -4% q/q). Deposits should grow slower than loans (+1% q/q). We believe that thanks to a gradual reduction in interest rates on term deposits, PKO BP will be able to expand its interest margin vs. last quarter, and report a strong interest income (+5% q/q). We believe the Bank should be able to replicate its excellent Q2 2010 fee income, especially with lending remaining strong. We expect foreign-exchange gains to increase by 9% q/q, supported by increased lending in the EUR. Operating expenses will increase by 3% q/q, driven primarily by payroll (+5% q/q). We also expect rising administrative expenses (+3% q/q) due to increased marketing expenditures. We expect only a small Q/Q improvement in provisions (-2% q/q) to PLN 450m (i.e. 143bps). While we expect an improvement in the corporate segment, this will be offset by retail.

Fuels, Chemicals

Ciech

Chemicals — **Buy**

Analyst: Kamil Kliszcz

FY10E P/E 51.3 | FY10E EV/EBITDA 5.9 | **Current price PLN 21.61**

FY11E P/E 10.1 | FY11E EV/EBITDA 4.1 | **Target price PLN 34.50**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	994.0	898.4	10.6%	2 944.1	2 792.1	5.4%	4 062.5	3 684.2	10.3%
EBITDA	75.1	81.8	-8.2%	275.8	376.9	-26.8%	394.7	365.1	8.1%
margin	7.6%	9.1%	-	9.4%	13.5%	-	11.63%	10.86%	-
EBIT	15.2	25.7	-40.8%	97.1	207.3	-53.2%	165.9	135.0	22.9%
Pre-tax profit	-28.2	-36.0	-	-45.8	-6.6	-	108.3	-88.0	-
net profit	-35.4	-39.7	-	-69.2	-24.6	-	87.7	-85.5	-

No one-offs, q/q decline in EBIT

In our opinion, Ciech's consolidated EBIT in Q3 will be considerably worse q/q (PLN 15m vs. PLN 40m), largely due to the lack of one-offs such as those recognized in Q2 (caverns, emission reduction units for a net total of PLN 23m). The Soda segment will show a slight operating loss, generated mostly by the Romanian plant, which saw a PLN 18-20m EBIT loss in the second quarter. We expect that this time Govora will reduce the segment's EBIT by ca. PLN 12m (q/q improvement assuming no failure-related downtimes), and the segment's overall loss will end be in the vicinity of PLN 5.9m. In the Organic segment, earnings should be strong epoxy resins and EPI, but this will probably be offset by a maintenance downtime on the TDI installation and a reduction in margins on this product. All told, the EBIT of the Organic division will be close to the second-quarter result (PLN 10.5m vs. PLN 10.3m). This should also be the case in the Agro division (PLN 9.7m) and for Silicates (PLN 5.4m). The Company should see foreign-exchange gains (+PLN 7.4m), but due to an increase in interest expenses (new loan agreement with higher spreads) and amortization of the bank fees (standstill agreement, breach of covenants), its overall financial balance will be -PLN 43m. We also assume that just as in the preceding quarters, the Company will recognize an income tax despite its pre-tax loss, and the bottom line loss will figure to -PLN 35m. In our forecasts, we do not take into account the potential impact of the sale of a property in Warsaw, since in Q3 only the preliminary agreement was signed, and it is expected to be finalized in Q4.

Lotos

Oil and Gas — **Reduce**

Analyst: Kamil Kliszcz

FY10E P/E 10.0 | FY10E EV/EBITDA 10.6 | **Current price PLN 30.2**

FY11E P/E 6.8 | FY11E EV/EBITDA 6.8 | **Target price PLN 26.5**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	4 860.4	4 132.0	17.6%	13 519.1	10 296.5	31.3%	17 438.7	14 320.5	21.8%
EBITDA	204.5	256.8	-20.4%	672.4	557.4	20.6%	805.9	724.1	11.3%
margin	4.2%	6.2%	-	5.0%	5.4%	-	4.6%	5.1%	-
EBIT	111.5	185.0	-39.7%	408.2	338.0	20.8%	457.1	424.2	7.8%
Pre-tax profit	968.8	730.1	32.7%	150.3	854.6	-82.4%	484.2	1 092.0	-55.7%
net profit	784.7	579.4	35.4%	164.2	659.7	-75.1%	391.6	883.3	-55.7%

Q2 foreign-exchange losses offset

Lotos's bottom-line earnings for Q3 2010 will reflect high foreign-exchange gains on the revaluation of USD-denominated loans (+PLN 821m) and currency hedges (+PLN 98m), which will make it possible to offset foreign-exchange losses incurred in Q2. Operating income should reach PLN 111m, including PLN 61m from the Refining business, with a negative LIFO effect of -PLN 23m. The good result in this area (in q/q terms) will come in spite of lower crack spreads and Urals/Brent pricing differential, and it will be a consequence of improved profitability of asphalts (higher crack spreads and volumes), lower operating foreign-exchange losses than in Q2 (-PLN 158m) and a more stable situation in the crude oil market, which given Lotos's output structure, should facilitate better margin control on non-benchmark products. In Retail, we expect Lotos to repeat its very good Q3'09 performance (PLN 17m). We expect PLN 33m in Upstream EBIT, which, just as in Q2 2010, will be made possible by some of the margin having been shifted from the preceding quarter (this effect should no longer obtain in Q4). All in all, consolidated LIFO EBIT will figure to PLN 134m vs. PLN 98m last year. Thanks to the abovementioned foreign-exchange differences, the bottom line should figure to PLN 785m.

Oil and Gas

PGNiG

Buy

Analyst: Kamil Kliszcz	FY10E P/E	12.2	FY10E EV/EBITDA	6.1	Current price	PLN 3.56
	FY11E P/E	11.8	FY11E EV/EBITDA	5/2	Target price	PLN 4.26

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	3 819.9	3 407.9	12.1%	14 581.8	13 661.5	6.7%	21 558.0	19 290.4	11.8%
EBITDA	578.8	841.7	-31.2%	2 525.6	925.0	173.0%	3 486.5	2 830.0	23.2%
margin	15.2%	24.7%	-	17.3%	6.8%	-	16.2%	14.7%	-
EBIT	195.3	494.8	-60.5%	1 397.0	-184.4	-	1 977.4	1 333.8	48.3%
Pre-tax profit	195.3	490.0	-60.1%	1 411.9	-86.9	-	2 043.6	1 442.1	41.7%
net profit	158.2	406.2	-61.1%	1 150.8	-87.2	-	1 655.3	1 202.0	37.7%

Much better than in Q2 2010

After a very weak Q2, which gave rise very pessimistic expectations for the subsequent quarters of the year, we expect third-quarter earnings to bring a positive surprise. In Upstream, we expect an EBIT of PLN 183m vs. PLN 21.3m the year before and PLN 98m last quarter. The q/q improvement will be a consequence of much higher revenue from crude oil (+40 kt q/q due to the lack of a maintenance downtime), lower costs of labor (in Q2, seasonal bonuses across the Group figured to PLN 140m) and third-party services (in our opinion, Q2 saw PLN 20m shifted from Q1). In Trade & Storage, despite the consistently negative spread on imported gas, the EBIT should figure to PLN 24m vs. -PLN 103m in Q2'10 and PLN 481m one year before, as a result of the seasonal decrease in sales volumes (which reduced the loss on Russian gas to ca. PLN 50-60m), improved sales mix (with a lower share of imports) and a higher average tariff (thanks to a hike in June), which will make it possible to improve earnings on own production. We are not assuming any write-offs on receivables (Q2: PLN 24m for ZAK). In Distribution, despite the lower volumes, we expect the operating loss to be only slightly higher than in Q2 (-PLN 12.2m vs. -PLN 9.8m) due to the abovementioned lack of seasonal bonuses (note that this segment accounts for 44% of total employee headcount). All in all, we expect a consolidated EBIT of PLN 195m. Assuming a neutral financial balance, net profit should amount to PLN 158m.

Oil and Gas

PKN Orlen

Hold

Analyst: Kamil Kliszcz	FY10E P/E	11.0	FY10E EV/EBITDA	6.3	Current price	PLN 39.9
	FY11E P/E	11.4	FY11E EV/EBITDA	5.4	Target price	PLN 40.2

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	21 993.7	18 649.0	17.9%	60 503.8	50 120.9	20.7%	83 784.3	67 928.0	23.3%
EBITDA	1 168.4	1 050.0	11.3%	3 968.4	2 697.6	47.1%	4 248.3	3 665.0	15.9%
margin	5.3%	5.6%	-	6.6%	5.4%	-	5.1%	5.4%	-
EBIT	552.2	423.0	30.6%	2 139.2	763.6	180.2%	1 619.3	1 097.0	47.6%
Pre-tax profit	1 086.1	1 108.0	-2.0%	1 995.0	1 171.6	70.3%	1 965.5	1 441.0	36.4%
net profit	856.2	930.5	-8.0%	1 444.1	1 006.6	43.5%	1 553.0	1 308.7	18.7%

Seasonalities will partially offset the weaker macroeconomic environment

In Q3 2010, the macroeconomic environment for refining has clearly weakened, which will be reflected by a weaker EBIT on this business (down from PLN 530m to PLN 208m assuming a neutral inventory revaluation effect). This will be partially offset by improved earnings on asphalts (ca. PLN 60-70m from improved margins and a seasonal increase in volumes), but according to our calculations, the negative impact of the narrowed Urals/Brent pricing differential and refining margins could be as high as PLN 530m. In turn, Orlen's consolidated earnings will be supported by a seasonal increase in Retail EBIT, which should amount to ca. PLN 379m vs. ca. PLN 363m one year ago. The Petrochemical segment should benefit from high margins, but it will be difficult to record a q/q improvement (PLN 114m vs. PLN 122m) given that in Q2 2010 the Company's recognized an other net operating income of PLN 86m (emission reduction units, CO2 sales). All in all, taking into account unallocated expenses of PLN 150m, Orlen should generate an operating profit of PLN 552m. Financial operations should bring gains of PLN 534m, thanks to foreign-exchange gains on loans (PLN 168m) and other liabilities (PLN 396m). After all this, net profit will come in at a staggering PLN 856m.

Chemicals

Police

Hold

Analyst: Kamil Kliszcz	FY10E P/E	-	FY10E EV/EBITDA	9.4	Current price	PLN 5.77
	FY11E P/E	16.7	FY11E EV/EBITDA	5.4	Target price	PLN 5.50

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	516.8	207.8	148.7%	1 439.2	1 081.2	33.1%	1 919.9	1 485.6	29.2%
EBITDA	14.9	-118.0	-	22.1	-286.7	-	70.5	-327.4	-
margin	2.9%	-56.8%	-	1.5%	-26.5%	-	3.7%	-22.0%	-
EBIT	-3.7	-138.5	-	-34.6	-347.2	-	-6.1	-407.5	-
Pre-tax profit	-3.9	-104.0	-	-28.1	-355.2	-	-12.3	-404.7	-
net profit	-3.9	-95.0	-	-26.0	-323.2	-	-12.3	-422.1	-

EBITDA break even

We expect Police to break even at the EBITDA level in Q3 2010, although, given the announcement convening the general meeting of shareholders where the decision as to remain in business was to be taken, it can be estimated that as recently as in July the Company was in the red by some PLN 8m. However, in our opinion this was a consequence of the seasonal weakness of July, and the following months were better. In Q3 2009, the average price of DAP was nearly 9% higher q/q (translated into PLN), and the prices of core feedstock materials (except for natural gas and sulfur) practically did not budge. As far as gas is concerned, the increase in expenses on this account can be estimated at PLN 2-4m, but this should be offset by a lower cost of sulfur. At the topline, Police should see a slight q/q improvement in earnings, despite seasonalities typical for the industry. We believe the Company took advantage of the improved situation in export markets, which allowed it to sustain volumes (announcements on capacity utilization improvements seem to confirm this). All in all, we expect Police to reduce its EBIT loss to –PLN 7.7m from –PLN 23m in Q2 2010. Let us point out that we conservatively assume that the Company will increase its expenditures on maintenance work this quarter (third-party services), which it has been postponing until now.

Chemicals

ZA Puławy

Hold

Analyst: Kamil Kliszcz	FY10E P/E	16.5	FY10E EV/EBITDA	5.3	Current price	PLN 71.05
	FY11E P/E	6.0	FY11E EV/EBITDA	2.6	Target price	PLN 72.05

(PLN m)	1Q10/11F	1Q09/10	change	2010/11F	2009/10	change	2011/12F	2010/11F	change
Revenue	498.1	383.4	29.9%	2 391.1	2 055.9	16.3%	2 848.6	2 391.1	19.1%
EBITDA	28.6	-30.0	-	200.9	82.2	144.5%	407.4	200.9	102.8%
margin	5.7%	-7.8%	-	8.4%	4.0%	-	14.3%	8.4%	-
EBIT	9.3	-46.8	-	101.2	15.2	566.5%	282.4	101.2	179.1%
Pre-tax profit	15.3	-39.7	-	101.9	46.9	117.1%	280.2	101.9	175.0%
net profit	12.2	-31.0	-	82.5	35.5	132.2%	226.9	82.5	175.0%

Maintenance season will neutralize higher margins

In Q3, we saw a clear increase in benchmark margins on fertilizers, but there was a seasonal drop in volumes and Polish producers kept their prices lower below import prices to strengthen their position prior to the more crucial Q4. In fertilizers, we should also take into consideration maintenance downtimes on urea (no granulated urea sales as the new oxygen facility was being linked up) and ammonium nitrate. Volumes should also be supported by UAN, whose prices increased considerably vs. Q2. In the case of caprolactam, we expect the high spread from the previous period to be sustained, but as is the case every year, this quarter included a maintenance downtime. However, an additional margin should be generated in the case of melamine, thanks to higher prices. All told, we expect a consolidated EBIT of PLN 9.3m, which factors in the high cost of third-party services (maintenance work). When comparing this figure with the PLN 39.6m earned in Q2, it should be remembered that that last result included PLN 53.5m from ERU sales, which is not something to be expected now. With support from financial income, the Q3 ZAP's net profit should approximate PLN 12m.

Power Utilities

CEZ

Utilities | **Hold**

Analyst: Kamil Kliszcz

FY10E P/E	9.0	FY10E EV/EBITDA	6.2	**Current price**	**PLN 121.7**
FY11E P/E	8.5	FY11E EV/EBITDA	5.8	**Target price**	**PLN 140.3**

(CZK m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	44 916.1	42 986.0	4.5%	143 599.1	140 047.0	2.5%	199 223.5	196 352.0	1.5%
EBITDA	18 170.9	19 181.0	-5.3%	65 357.9	71 007.0	-8.0%	85 877.8	91 075.0	-5.7%
margin	40.5%	44.6%	-	45.5%	50.7%	-	43.1%	46.4%	-
EBIT	12 483.9	13 631.0	-8.4%	48 239.9	54 475.0	-11.4%	61 928.9	68 199.0	-9.2%
Pre-tax profit	12 061.7	14 965.0	-19.4%	46 816.7	58 121.0	-19.4%	58 038.6	64 946.0	-10.6%
net profit	9 745.8	12 080.0	-19.3%	38 404.8	46 937.0	-18.2%	46 176.3	51 547.0	-10.4%

Solar energy weighs earnings down

In Q3 2010, CEZ should be able to generate an EBIT of ca. CZK 12.2bn, i.e. 11% less than in Q2 and 8% less than in Q3 2009. In Generation, we expect an EBIT of CZK 9.6bn, the q/q decline (by -CZK 0.7bn) resulting from a lower share of output from nuclear power plants (according to daily reports, the Q3 output of Dukovany and Temelin totaled 6.2 TWh vs. 6.7 TWh in Q2) and lower gains from the sale of CO2 emission credits (-CZK 400m). In turn, the launch of the first Romanian wind farm might be a positive factor. In Distribution, a q/q deterioration is expected (CZK 1.3bn vs. CZK 2.3bn) due to the rising costs of solar electricity purchases, which are not factored into regulated tariffs. According to our estimates, the additional expense for CEZ on this account could figure to as much as +CZK 1bn q/q (taking into account seasonal increases in solar energy generation and new capacity being opened). In Mining, EBIT should be close to the Q2 level of CZK 0.6bn. We expect net finance losses, but lower than in the preceding quarter (-CZK 0.4bn vs. -CZK 0.8bn) thanks to a gain on the valuation of options for MOL stock and lower expenses within the Turkish projects. All told, net profit should figure to CZK 9.7bn.

Enea

Utilities | **Hold**

Analyst: Kamil Kliszcz

FY10E P/E	15.5	FY10E EV/EBITDA	5.8	**Current price**	**PLN 23.00**
FY11E P/E	15.0	FY11E EV/EBITDA	5.6	**Target price**	**PLN 21.43**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	2 116.9	1 647.5	28.5%	6 034.7	5 239.4	15.2%	7 629.3	7 167.3	6.4%
EBITDA	335.5	178.8	87.7%	1 053.5	921.6	14.3%	1 371.6	1 167.0	17.5%
margin	15.8%	10.8%	-	17.5%	17.6%	-	18.2%	16.3%	-
EBIT	175.1	15.4	1033.6%	568.6	439.4	29.4%	699.7	505.6	38.4%
Pre-tax profit	214.8	64.4	233.8%	672.4	556.7	20.8%	808.1	653.1	23.7%
net profit	174.0	54.9	217.0%	538.0	446.4	20.5%	654.6	513.6	27.5%

Artificially low base in 2009

Last year, Enea posted a very week EBIT due to write-offs of long-term contract compensation for more than PLN 100m, and this factor has to be taken into consideration in y/y comparisons. We expect a consolidated EBIT of PLN 175m in Q3'10, which represents a q/q increase stemming from the expected reduction in payroll expenses, as it seems that these increased by PLN 27m in Q2 due to actuarial reserves and the recognition of seasonal bonuses. In Generation, we expect an EBIT of PLN 50.5m vs. PLN 56.6m in Q2 (let us point out, however, that Q2'10 earnings included PLN 15.6m in LTC compensation, which we do not expect in Q3). In Distribution, we expect an EBIT of PLN 65m vs. PLN 54m thanks to the abovementioned reduction in payroll expenses, a seasonal increase in volumes and higher income from network access fees. In Sales, we expect that just as in the past Enea will not change its pricing policies for end users, keeping higher margins at the cost of falling volumes. With support from financial income (PLN 40m), the Enea's net profit should approximate PLN 174m.

Utilities

PGE

Buy

Analyst: Kamil Kliszcz

FY10E P/E	13.0	FY10E EV/EBITDA	5.6	Current price	PLN 21.77
FY11E P/E	10.8	FY11E EV/EBITDA	4.9	Target price	PLN 26.73

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	4 760.3	4 770.3	0%	14 871.2	15 870.4	-6.3%	21 029.7	21 623.4	-2.7%
EBITDA	1 586.5	1 754.7	-10%	5 180.8	5 963.2	-13.1%	6 995.8	7 983.4	-12.4%
margin	33.3%	36.8%	-	34.8%	37.6%	-	33.3%	36.9%	-
EBIT	937.5	1 113.0	-16%	3 218.4	4025.8	-20.1%	4 288.2	5344.7	-19.8%
Pre-tax profit	1 043.1	1 140.8	-9%	3 320.7	4016.0	-17.3%	4 370.6	5378.5	-18.7%
net profit	696.8	727.2	-4%	2 196.3	2521.9	-12.9%	3 124.5	3370.7	-7.3%

** Given the merger-related stock offering, we have adjusted minority interest in the FY report.*

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

Just as in the preceding quarter, PGE is seeing its EBITDA shrink y/y as it books lower long-term contract compensation. In Generation, we expect an EBIT of PLN 675m vs. PLN 788m last year, which does represent a y/y increase when adjusted for long-term contracts, but only due to a change in the way margin on electricity generation is recognized (seen already in Q2) and its full concentration within the segment rather than the wholesale area. In accordance with the Company's assurances, we assume that the costs of the flooding of the Turów power plant will not have a big impact on earnings. Wholesale EBIT will be in the red at -PLN 11m, compared to +PLN 149 a year ago. In Distribution, we expect a continuation of positive trends from previous periods and a y/y improvement in earnings (PLN 132m vs. PLN 60m in Q3'09). Likewise, Renewable Energy will improve on last year (PLN 55m), thanks to the expected increase in the prices of green certificates. Let us point out, however, that second-quarter earnings will not be matched due to the one-time developments observed then. Retail, in turn, will be under competitive pressure, which will impact margin, bringing the EBIT down to PLN 66m from PLN 82m last year. We expect a big improvement in financial operations (+PLN 105m vs. –PLN 43m in Q2'09), as foreign-exchange losses on loans get reversed; also, Q2'10 saw a one-time expense for a fee for early repayment of a loan to the Bełchatów power plant. All told, the bottom line should figure to PLN 696m, assuming that PGE will not change its accounting approach to minority interest.

Utilities

Tauron

Buy

Analyst: Kamil Kliszcz

FY10E P/E	11.8	FY10E EV/EBITDA	4.4	Current price	PLN 6.07
FY11E P/E	11.6	FY11E EV/EBITDA	4.1	Target price	PLN 8.87

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009F	change
Revenue	3 479.4	-	-	10 739.7	-	-	13 864.0	13 633.6	1.7%
EBITDA	653.3	-	-	2 124.6	-	-	2 651.0	2 580.8	2.7%
margin	18.8%	-	-	19.8%	-	-	19.1%	18.9%	-
EBIT	313.6	-	-	1 096.3	-	-	1 257.3	1 259.7	-0.2%
Pre-tax profit	261.0	-	-	982.5	-	-	1 140.7	1 165.0	-2.1%
net profit	182.5	-	-	664.3	-	-	904.6	732.4	23.5%

** Our FY bottom line forecast factors in share offering in exchange for minority interest and the consequent adjustment in minority profits.*

Long-term contracts will offset mining losses

In Q3'10, just as in the preceding quarter, the Company should recognize high revenue from long-term contract compensation (PLN 130m vs. PLN 151m in Q2'10), which will be the main contributor to Generation EBIT, estimated at PLN 162m vs. PLN 176m (the decline will be less profound than expected on the grounds of LTC compensation alone thanks to a seasonal increase in volumes). In Mining, we expect an operating loss, though not as big as in the preceding quarter (-PLN 1.8m vs. -PLN 38m). To be sure, on occasion of the publication of second-quarter earnings, the Management did signal that that technical problems on the coal deposit had been overcome, but it will probably not be possible to return to optimal output level yet. In Distribution, we expect earnings to be relatively flat q/q (PLN 11m vs. PLN 110m in Q2), and likewise for Renewable Energy (PLN 38m). Our forecast for Sales assume that the costs of competitive struggle for the end customers will decline, allowing the EBIT to increase from PLN 28m to PLN 38m. However, the margin will still be much lower than in Q1'10 and the FY 2009 average. All in all, consolidated EBIT should approach PLN 313m vs. PLN 306.7m in Q2 2010. With financial losses of PLN 30m, the bottom line should figure to PLN 182m.

Telecommunications

Netia

Telco | Reduce

Analyst: Michał Marczak

FY10E P/E	28.0	FY10E EV/EBITDA	5.0	Current price	PLN 5.4
FY11E P/E	19.2	FY11E EV/EBITDA	4.2	Target price	PLN 5.3

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	394.9	370.3	6.7%	1 175.6	1 119.6	5.0%	1 555.9	1 505.9	3.3%
EBITDA	94.8	82.9	14.3%	283.6	222.1	27.7%	358.8	284.3	26.2%
margin	24.0%	22.4%	-	24.1%	19.8%	-	23.1%	18.9%	-
EBIT	20.6	7.1	191.3%	60.6	-1.0	-	70.1	-14.2	-
Pre-tax profit	23.6	4.2	462.7%	63.8	-10.9	-	83.6	1.1	-
net profit	18.3	3.2	462.3%	48.2	-11.4	-	75.2	88.7	-15.2%

Steadily forward

The third quarter should bring an acceleration in the growth of broadband subscriber base (+29.5k to 653k), compared to the weak Q2 (+20k q/q). We assume that the overall share of LLU connections in this base will increase to 14% (92k), which will have a positive impact on operating expenses. We expect that Netia will add ca. 10k voice subscribers, including 9k on LLU basis. The number of subscribers added directly under WLR will stop growing. In Q2'10, an important driver of earnings were wholesale services (+PLN 7m q/q), which are hard to forecast (we assume they will remain flat). Our forecasts assume no one-off developments. The Company should generate a 24% EBITDA margin, i.e. the same as in H1 (but with one-offs such as asset divestment, settlements with P4).

TP SA

Telco | Hold

Analyst: Michał Marczak

FY10E P/E	5749	FY10E EV/EBITDA	6.8	Current price	PLN 18.0
FY11E P/E	18.3	FY11E EV/EBITDA	5.2	Target price	PLN 16.9

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009F	change
Revenue	3 920.0	4 058.0	-3.4%	11 780.0	12 555.0	-6.2%	15 835.1	15 516.0	2.1%
EBITDA	1 483.0	1 577.0	-6.0%	4 370.0	4 800.0	-9.0%	4 568.7	5 662.8	-19.3%
margin	37.8%	38.9%	-	37.1%	38.2%	-	28.9%	36.5%	-
EBIT	513.0	529.0	-3.0%	1 494.0	1 639.0	-8.8%	719.7	1 813.8	-60.3%
Pre-tax profit	383.0	421.0	-9.0%	1 151.0	1 267.0	-9.2%	289.0	1 422.2	-79.7%
net profit	302.6	327.0	-7.5%	911.6	1 029.0	-11.4%	4.2	1 150.0	-99.6%

A quarter of high provisions

TPSA's earnings for Q3 will be distorted by high provisions created due to the unfavorable arbitration ruling in the dispute with DPTG. We do not know whether TPSA will decide to finally and fully "clean" its earnings of this problem, which means that our bottom line forecast has a considerable margin of error. At the operating level, third-quarter earnings should confirm positive trends already seen in second-quarter earnings: further expansion of the mobile customer base (+100k), end of broadband churn (-5k in Q2) and less rapid decline in the number of POTS subscribers (-13.5% y/y).

Above, we have present our quarterly forecast without factoring in the potential provisions for DPTG. Our FY forecast, in turn, assumes that the Company will create a PLN 1.3bn provision in total (PLN 467m at stage one, PLN 815m at stage 2). This assumption is a conservative one, and it is based on the worst-case scenario. Given that TPSA is not planning to pay DPTG the amount awarded by the court of arbitration, it can be assumed that it will not choose to create such a high a provision for the second stage of the dispute this early. Should the Company create both of these provisions in Q3, it will show a net loss of -PLN 994m, and -PLN 179m if only the provision for stage one of the dispute is created. TPSA bottom line should be somewhere between these extremes. From the point of view of valuation, a non-cash provision is irrelevant - our valuation takes into account the full amount due to DPTG (PLN 2.38bn).

Media

Agora

Media

Hold

Analyst: Piotr Grzybowski

FY10E P/E	20.6	FY10E EV/EBITDA	7.4	Current price	PLN 27.20
FY11E P/E	21.5	FY11E EV/EBITDA	7.3	Target price	PLN 25.80

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	252.8	246.8	2.4%	782.2	819.0	-4.5%	1 063.8	1 110.1	-4.2%
EBITDA	27.0	33.4	-19.1%	107.0	94.6	13.1%	154.7	134.1	15.4%
margin	10.7%	13.5%	-	13.7%	11.6%	-	14.5%	12.1%	-
EBIT	7.2	12.8	-43.7%	48.0	33.4	43.7%	73.2	52.9	38.4%
Pre-tax profit	8.1	13.1	-38.1%	52.4	34.1	53.7%	81.4	54.4	49.7%
net profit	6.5	10.2	-36.2%	48.4	23.5	106.0%	67.6	38.3	76.5%

Earnings hit by Helios consolidation

Agora is a bit unfortunate as far as the consolidation of the cinema operator Helios is concerned: while Q3'10 was an excellent month for the industry in Poland, it will only consolidate the earnings from September, which was very poor. We therefore expect a ca. PLN 1.5m reduction in consolidated earnings on this account. Outside of this, earnings will be strongly affected by an increase in the costs of representation and advertising (with some costs shifted from Q2 due to the period of national mourning) and intensified readership promotions, as is typical at the end of a year. We also expect an increase in salaries (+3.9% y/y). Only the costs of materials and energy will decline, though not as fast as in H1 (-9.9% y/y).
As far as revenues are concerned, advertising revenue will slow down vs. Q2 (-0.7% vs. +0.8%).. All told, Q3'10 EBIT is estimated at PLN 7.2m, and the bottom line at PLN 6.5m.

Cienema City

Media

Hold

Analyst: Piotr Grzybowski

FY10E P/E	19.1	FY10E EV/EBITDA	10.0	Current price	PLN 42.77
FY11E P/E	15.6	FY11E EV/EBITDA	8.7	Target price	PLN 39.90

(EUR m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	56.5	50.7	11.4%	172.8	156.0	10.8%	238.7	211.6	12.8%
EBITDA	12.9	9.6	33.7%	44.2	35.3	25.3%	54.5	46.5	17.0%
margin	22.8%	19.0%	-	25.6%	22.6%	-	22.8%	22.0%	-
EBIT	8.1	5.5	45.2%	29.8	23.5	26.6%	35.6	30.2	17.9%
Pre-tax profit	7.6	5.4	40.8%	27.3	21.8	25.3%	34.0	28.2	20.4%
net profit	6.4	5.1	26.9%	24.0	19.7	21.8%	28.9	24.4	18.3%

A good quarter for the cinema market

Several blockbusters were released in the third quarter, which will have a considerable impact on earnings. *Shrek 4 3D* (2.5 million tickets sold in Poland), *Inception* (1.0m) and *Step Up 3D* (0.6m) will help bring the aggregate number of tickets sold by CCI to 7.4m. We believe that the weaker September was a peculiarity of the Polish market and growth continued in the other markets. In consequence, we expect a 12.2% increase in ticket sales to EUR 34.2m. Advertising revenue will be ca. EUR 7.4m, and snack sales will figure to ca. EUR 10.5m. The gross margin will figure to 20.1%, and operating expenses to EUR 3.3m. We believe that the Company used the proceeds of the sale of Bulgarian real-estate development projects to reduce its net debt, which will reduce finance costs (-EUR 0.5m). Our net income forecast is EUR 6.4m.

Cyfrowy Polsat Hold

Media

Analyst: Piotr Grzybowski

FY10E P/E 14.0 | FY11E P/E 13.3

FY10E EV/EBITDA 9.2 | FY11E EV/EBITDA 8.4

Current price **PLN 14.25**

Target price **PLN 15.30**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	369.9	323.4	14.4%	1112.2	983.1	13.1%	1469.2	1266.1	16.0%
EBITDA	105.4	82.5	27.7%	337.0	254.0	32.7%	413.2	327.4	26.2%
margin	28.5%	25.5%	-	30.3%	25.8%	-	28.1%	25.9%	-
EBIT	84.4	71.5	17.9%	281.0	225.1	24.8%	347.0	285.5	21.6%
Pre-tax profit	83.7	73.7	13.5%	273.0	233.1	17.1%	337.3	293.7	14.8%
net profit	67.7	60.2	12.6%	220.9	189.0	16.9%	273.2	237.9	14.8%

No surprises

In the third quarter, Cyfrowy Polsat should match its second-quarter performance. We expect consolidated revenue of PLN 370m, including PLN 347m in subscription fees. Content licensing costs will figure to PLN 101.0m, and salaries and signal transmission costs both to PLN 21m. Distribution and marketing expenses can be estimated at PLN 67.0m. mPunkt will generate an operating loss of PLN 8.0m. Consolidated EBIT will be PLN 84.4m. Finance gains will figure to PLN 0.7m, to a small extent only reflecting a reversal of FX losses on payables. The bottom line will figure to PLN 67.7m. We expect the Company to have added 40,000 subscribers (net) in Q3.

TVN Hold

Media

Analyst: Piotr Grzybowski

FY10E P/E 38.7 | FY11E P/E 26.2

FY10E EV/EBITDA 12.9 | FY11E EV/EBITDA 10.6

Current price **PLN 18.83**

Target price **PLN 16.69**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	491.2	427.9	14.8%	1 697.8	1 443.0	17.7%	2 493.6	2 123.4	17.4%
EBITDA	95.1	48.9	94.7%	419.8	440.8	-4.8%	661.3	794.8	-16.8%
margin	19.4%	11.4%	-	24.7%	30.5%	-	26.5%	37.4%	-
EBIT	30.1	-3.7	-920.7%	233.3	309.3	-24.6%	432.4	612.1	-29.4%
Pre-tax profit	51.9	48.4	7.2%	54.3	176.5	-69.2%	301.5	380.8	-20.8%
net profit	45.9	58.1	-21.0%	11.7	178.0	-93.4%	288.0	420.8	-31.6%

Advertising revenue on the rise

We believe the positive trend in TV advertising persisted in the third quarter. We forecast a 7.6% increase in advertising revenue for the Group as a whole, with a 19% increase in the online segment. As for 'n'. we expect it to be in the black at the EBITDA level again, this time without one-offs. EBIT is estimated at PLN 30.1m. The appreciation of the zloty witnessed in Q3 will make it possible to reverse foreign-exchange losses on debt revaluation incurred in Q2. We expect FX gains of PLN 92.8m. Interest charges will figure to PLN 72.3m and tax to PLN 6.0m, entailing a bottom line loss of PLN 45.9m.

Sector IT

IT

AB

Accumulate

Analyst:
Piotr Grzybowski

FY10E P/E	9.3	FY10E EV/EBITDA	6.9	**Current price**	**PLN 20.83**
FY11E P/E	8.2	FY11E EV/EBITDA	6.1	**Target price**	**PLN 23.40**

(PLN m)	1Q10/11F	1Q09/10	change	2011/12F	2010/11	change	2010/11	2009/10	change
Revenue	667.5	622.1	7.3%	3 109.4	2 891.8	7.5%	2 891.8	2 882.1	0.3%
EBITDA	10.1	9.0	11.5%	63.1	58.5	7.8%	58.5	67.1	-12.7%
margin	1.5%	1.5%	-	2.0%	2.0%	-	2.0%	2.3%	-
EBIT	8.1	6.8	17.9%	55.3	50.8	8.8%	50.8	59.1	-14.1%
Pre-tax profit	8.4	7.0	19.4%	48.2	42.6	13.0%	42.6	45.4	-6.2%
Net profit	6.7	4.9	37.8%	39.0	34.5	13.0%	34.5	34.6	-0.3%

New FY will start well

We expect AB to post very good earnings for the first quarter of its fiscal year 2010/2011. Revenue growth should exceed 7.3%, driven by the parent company as it makes up for last year's big losses. Its revenue should increase by over 15% y/y. In the Czech Republic, revenue should continue growing, albeit at a slower pace (+3.0% y/y). The gross margin should also increase vs. last year (4.7% vs. 4.4%), as foreign-exchange differences shrink as proportion of sales. In both cases, the reported margins are depressed by foreign-exchange differences. All in all, AB should see a considerable improvement in its operating income (from PLN 6.8m to PLN 8.1m). We expect other net operating gains of PLN 0.3m, including PLN 3.1m in foreign-exchange gains, which will offset the reduction in the gross margin. The bottom line will figure to PLN 6.7m.

IT

Action

Reduce

Analyst:
Piotr Grzybowski

FY10E P/E	13.7	FY10E EV/EBITDA	9.5	**Current price**	**PLN 19.40**
FY11E P/E	10.3	FY11E EV/EBITDA	7.5	**Target price**	**PLN 18.16**

(PLN m)	3Q2010F	5Q2008/09*	change	1-3Q2010F	3-5Q08/09	change	2010F	2008/09	change
Revenue	549.0	495.5	10.8%	1 519.7	1 392.1	9.2%	2 183.1	3 079.4	-29.1%
EBITDA	12.7	13.9	-9.0%	30.4	39.5	-23.1%	42.9	49.9	-14.0%
margin	2.3%	2.8%	-	2.0%	2.8%	-	2.0%	1.6%	-
EBIT	9.8	11.7	-16.5%	21.6	32.8	-34.0%	34.0	38.1	-10.6%
Pre-tax profit	8.8	10.9	-19.3%	18.7	29.8	-37.3%	30.1	31.8	-5.2%
Net profit	7.1	8.4	-15.3%	15.2	23.6	-35.8%	24.4	23.3	4.7%

** August – November 2009*

Revenue grows, but margin shrinks

We believe Action's earnings for Q3'10 will be slightly worse than those reported in Q5 2008/2009 (August – October). We expect an over 10% increase in revenue vs. that period. However, due to a plunge in gross margin caused by the appreciation of the zloty, operating income will decline by 16.5% (from PLN 11.7m to PLN 9.8m), despite savings thanks to which general expenses will decline to 6.3% of revenues from 6.7%. We expect subsidiaries to have neutral impact on consolidated earnings. Net profit will figure to PLN 7.1m.

IT

ASBIS

Accumulate

Analyst:	FY10E P/E	17.1	FY10E EV/EBITDA	7.4	**Current price**	**PLN 4.30**
Piotr Grzybowski	FY11E P/E	0.8	FY11E EV/EBITDA	6.0	**Target price**	**PLN 4.08**

(USD m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	354.3	289.0	22.6%	954.9	758.2	25.9%	1360.0	1167.9	16.4%
EBITDA	4.8	2.8	69.9%	7.0	-0.1	-10871.2%	14.5	5.8	151.1%
margin	1.3%	1.0%	-	0.7%	0.0%	-	1.1%	0.5%	-
EBIT	4.1	2.1	94.0%	4.8	-2.2	-319.5%	11.6	2.9	300.0%
Pre-tax profit	2.8	1.0	163.0%	1.1	-5.8	-118.5%	6.0	-2.8	-314.1%
Net profit	2.2	1.0	121.0%	0.2	-5.5	-103.9%	4.6	-3.2	-244.6%

FY in the black after excellent Q3

We expect that following the weak H1, Asbis's luck will change and it will report excellent earnings, driven by a rebound in sales to the east. Total sales will increase by 22.6%. In addition, forex trends reversed and started to work to the Company's advantage. As a result of all these factors, we estimate the gross margin at 5.0%, which, with general expenses at USD 13.8m, entails an operating profit of USD 4.1m and a bottom line of 2.2m.

IT

Asseco Poland

Buy

Analyst:	FY10E P/E	9.9	FY10E EV/EBITDA	6.4	**Current price**	**PLN 51.70**
Piotr Grzybowski	FY11E P/E	10.5	FY11E EV/EBITDA	5.9	**Target price**	**PLN 65.30**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	730.2	697.2	4.7%	2 182.6	2 114.6	3.2%	3 193.7	3 050.3	4.7%
EBITDA	166.4	167.3	-0.5%	478.7	475.4	0.7%	641.2	646.1	-0.7%
margin	22.8%	24.0%	-	21.9%	22.5%	-	20.1%	21.2%	-
EBIT	137.4	139.1	-1.2%	391.3	391.5	-0.1%	517.6	525.5	-1.5%
Pre-tax profit	132.4	145.3	-8.8%	372.5	375.8	-0.9%	523.5	514.4	1.8%
Net profit	92.7	102.3	-9.4%	298.1	278.8	6.9%	404.2	373.4	8.3%

A successful quarter

Asseco Poland did well in the third quarter, generating earnings only slightly below last year's. This good performance was driven by the parent company as well as most subsidiaries, which, in spite of the tough macroeconomic environment, managed to improve their earnings vs. last year (including Asseco Central Europe, Asseco Eastern Europe and Asseco Business Solutions). Asseco Spain and IT Practice will, in turn, do worse than last year. All in all, however, AP will see its consolidated revenue increase by ca. 4.7% to PLN 730.2m. The gross margin will decline slightly from 35.3% last year to 34.5%. With general expenses forecasted at PLN 116m, we expect operating earnings of PLN 137.4m, and a net profit of PLN 92.7m.

IT

Comarch

Hold

Analyst: Piotr Grzybowski

FY10E P/E 17.2 FY10E EV/EBITDA 9.2 **Current price PLN 74.45**
FY11E P/E 13.7 FY11E EV/EBITDA 5.7 **Target price PLN 75.90**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	140.1	174.1	-19.5%	460.2	497.5	-7.5%	701.4	729.4	-3.8%
EBITDA	14.4	14.6	-1.0%	32.2	20.1	60.3%	55.4	56.2	-1.4%
margin	10.3%	8.4%	-	-	-	-	7.9%	7.7%	-
EBIT	3.4	8.4	-59.2%	-2.0	-10.3	-80.3%	15.8	14.3	10.3%
Pre-tax profit	4.5	10.4	-56.6%	0.7	-8.2	-108.7%	20.1	18.4	8.8%
Net profit	5.1	12.8	-60.1%	10.4	6.9	50.0%	34.9	32.3	8.2%

Year-on-year downturn

Comarch's earnings for Q3 2010 will decline vs. last year due to, on the one hand, the lack of big contracts such as the one for PGNiG last year, and to a reduction in SoftM's revenue on the other. As a result, consolidated revenue will decline by 19.5% y/y to PLN 140.1m. We expect the German subsidiary to break even at the operating level. SPVs will generate an operating loss of PLN 2.0m. As a result, consolidated operating profit will figure to PLN 3.4m. We expect financial income of PLN 1.1m and minority losses of PLN 0.8m, which entails a net profit attributable to Comarch shareholders in the amount of PLN 5.1m.

IT

Komputronik

Hold

Analyst: Piotr Grzybowski

FY10E P/E 25.5 FY10E EV/EBITDA 8.9 **Current price PLN 9.70**
FY11E P/E 13.7 FY11E EV/EBITDA 6.3 **Target price PLN 10.12**

(PLN m)	2Q10F	Q309	change	1H10/11F	2-3Q09/10	change	2010/11F	2009/10	change
Revenue	196.3	187.1	4.9%	374.8	358.9	4.4%	834.5	374.8	122.7%
EBITDA	3.8	-1.0	-486.1%	4.7	-0.4	-1353.1%	13.8	4.7	190.7%
margin	1.9%	-0.5%	-	1.3%	-0.1%	-	1.7%	1.3%	-
EBIT	1.6	-3.4	-147.7%	0.1	-4.9	n/a	5.5	0.1	n/a
Pre-tax profit	0.4	-3.2	-113.3%	-2.3	-7.1	-67.4%	2.8	-2.3	n/a
Net profit	0.8	-1.8	-145.2%	-1.2	-3.7	-68.1%	3.3	-1.2	n/a

In the black thanks to one-time events

Komputronik will be in the black operationally and at the bottom line thanks to the fact that Karen stopped being consolidated in September, which, coupled with the acquisition of its showrooms, will allow Komputronik to book all revenues generated in the old structure of the Group but exclude a portion of Karen's overhead expenses. In addition, we expect Komputronik to recognize a PLN 1.0m profit on the sale of Techmex receivables. Karen, in turn, will post a considerable profit stemming from the sale of showrooms to Komputronik (estimated at PLN 3.5m), but it will not be consolidated. As a result, the Group's EBIT will figure to PLN 1.6m, which entails a net profit of PLN 0.8m and minority losses of PLN 0.5m (despite Karen's standalone profit – in consequence of the abovementioned elimination).

IT

Sygnity

Buy

Analyst:	FY10E P/E	-	FY10E EV/EBITDA	10.4	**Current price**	**PLN 16.00**
Piotr Grzybowski	FY11E P/E	16.2	FY11E EV/EBITDA	5.7	**Target price**	**PLN 18.20**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	124.3	126.8	-2.0%	347.1	408.4	-15.0%	653.0	572.7	14.0%
EBITDA	-5.1	4.5	-215.4%	-21.8	-79.9	-72.8%	22.0	-60.3	-136.4%
margin	-4.1%	3.5%	-	-6.3%	-19.6%	-	3.4%	-10.5%	-
EBIT	-12.1	-4.6	162.9%	-43.3	-106.1	-59.2%	-9.6	-94.8	-89.9%
Pre-tax profit	-13.6	-6.0	128.2%	-48.0	-111.6	-57.0%	-16.9	-103.1	-83.6%
Net profit	-12.7	-3.7	241.7%	-43.5	-96.6	-55.0%	-13.7	-89.4	-84.7%

No positive restructuring effects

Sygnity will not count Q3 among successful quarters. Its earnings will still fail to show the positive impact of cost-cutting moves. In addition, we expect that in the expectation of upcoming downsizing the Company created provisions for severance payments in the amount of ca. PLN 4.0m. Revenue will continue to decline slightly (by 2.0% to PLN 124.3m). Profitability will improve vs. the preceding quarters, reaching 20.8% with general expenses at PLN 34.0m. Combined with the abovementioned provisions, this entails an operating loss of PLN 12.1m. Efforts to streamline financing costs will reduce finance losses to -PLN 1.5m, which, combined with negative tax of PLN 0.9m, will bring the bottom line to -PLN 12.7m.

Mining & Metals

Metals

KGHM

Hold

Analyst:	FY10E P/E	5.7	FY10E EV/EBITDA	3.7	**Current price**	**PLN 114.9**
Michał Marczak	FY11E P/E	8.4	FY11E EV/EBITDA	5.0	**Target price**	**PLN 96.1**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	3 698.4	2 636.4	40.3%	10 898.0	7 735.7	40.9%	14 925.1	11 060.5	34.9%
EBITDA	1 570.8	613.3	156.1%	4 641.4	2 647.6	75.3%	6 346.0	3 645.7	74.1%
margin	42.0%	40.6%	-	37.4%	39.9%	-	42.5%	33.0%	-
EBIT	1 416.3	477.5	196.6%	4 180.7	2 243.6	86.3%	5 736.7	3 098.1	85.2%
Pre-tax profit	1 411.3	471.4	199.4%	4 159.1	2 218.6	87.5%	5 710.0	3 066.6	86.2%
net profit	1 143.1	382.2	199.1%	3 369.8	1 854.8	81.7%	4 626.0	2 540.9	82.1%

Macroeconomic environment not much different from Q2

Despite sharp rises in LME metal prices, when converted to PLN they are quite close to the averages for Q2 2010. The average price of copper in Q3 was USD 7,278/t compared to USD 7,042/t in Q2 (+3.3%), which, taking into account forex changes, entails an increase from PLN 22,270/t to PLN 22,554/t (+1.3%). In the case of silver, the average price increased from USD 596/kg to USD 617/kg (+3.4%). The current increases in metal prices will lead to a more significant increase in the average price in Q4 (+3.5% q/q at the moment). Our forecasts assume copper sales volumes of 130 kt (including 25k from third-party feedstock), and in the case of silver, 280 kt. Relative to 2008/2009, KGHM will sustain a higher share of highly processed copper in the sales mix, which will allow it to increase its premium vs. LME pricing. Our forecasts assume that 49 kt of copper will be hedged (options cost USD 300-400/t depending on the series vs. the LME). We estimate the unit cost of copper production at PLN 12,600/t (+1.5% y/y). Despite the similar macroeconomic circumstances, third-quarter bottom line will be much lower than in the preceding quarter. In Q2, the Company booked dividends from Polkomtel and sold 145 kt of copper (partially from stockpiles).

Coal Mining

LW Bogdanka

Hold

Analyst:	FY10E P/E	18.0	FY10E EV/EBITDA	9.6	**Current price**	**PLN 106.4**
Michał Marczak	FY11E P/E	14.3	FY11E EV/EBITDA	6.4	**Target price**	**PLN 85.4**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	310.8	329.9	-5.8%	888.9	850.7	4.5%	1 221.4	1 118.0	9.2%
EBITDA	113.4	145.8	-22.2%	308.1	319.5	-3.5%	389.8	368.0	5.9%
margin	36.5%	44.2%	-	34.7%	37.6%	-	31.9%	32.9%	--
EBIT	76.9	108.8	-29.3%	203.6	213.3	-4.6%	240.3	226.7	6.0%
Pre-tax profit	79.9	113.2	-29.4%	212.7	217.4	-2.2%	260.3	229.8	13.3%
net profit	64.5	91.0	-29.1%	170.7	174.4	-2.1%	200.9	191.5	4.9%

Coal prices on the rise

The weakest point of second-quarter earnings was the low unit price of coal, which declined to PLN 202/t. Looking at the data of the Ministry of the Economy, we assume that in Q3'10 effective sales prices started rising for LWB as well. In the case of Silesian coal mines, the average price of steam coal in Q2 was PLN 241/t, and it increased by 8% in July. In our quarterly forecast, we assume that in the third quarter the Company sold its coal at PLN 210/t on average. Sales volumes figured to 1.48 Mt, i.e. 1.8% less than in the excellent Q3 2009 (with some sales shifted from the preceding quarters) and 9% more than in Q2 2010. The increase vs. the preceding quarter is a seasonal effect, as power utilities prepare for the winter. We estimate the unit cost of coal production at PLN 156/t, i.e. 0.9% less than in the quarter before (thanks to higher volumes). Our forecasts assumes no big provisions, whether created or released.

Manufacturers

Astarta

Food Industry — **Sell**

Analyst: Jakub Szkopek

FY10E P/E	5.8	FY10E EV/EBITDA	5.0	**Current price**	**PLN 74.00**
FY11E P/E	13.6	FY11E EV/EBITDA	8.0	**Target price**	**PLN 45.83**

(UAH m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	549.7	340.9	61.3%	1 457.8	839.8	73.6%	2 193.5	1 354.8	61.9%
EBITDA	305.6	137.8	121.7%	844.1	407.1	107.4%	995.4	550.5	80.8%
margin	55.6%	40.4%	-	57.9%	48.5%	-	45.4%	40.6%	-
EBIT	261.0	98.8	164.2%	716.1	322.1	122.3%	881.7	457.5	92.7%
Pre-tax profit	243.5	31.4	-	687.2	228.6	200.6%	806.6	328.7	145.4%
net profit	231.3	27.8	731.5%	663.9	228.4	190.6%	769.5	323.4	137.9%

Excellent quarter

In Q3'10, the price of sugar and milk in Ukraine has remained high (USD 928.5/t and USD 356.2/t, respectively). Grain prices were very high as well (wheat at USD 223.1/t, barley at USD 208.1/t, sunflower at USD 390.6/t, corn at USD 211.1/t and soybean at USD 335.6/t). After H1'10, the Company had ca. 45 kt of sugar and ca. 10 kt of grain available for sale. We believe that the high prices of grain and investment financing needs (to expand cropland) prompted the Company to sell considerable amounts of grain in Q3'10, estimated at 110.6 kt.

Centrum Klima

Building Materials — **Hold**

Analyst: Jakub Szkopek

FY10E P/E	13.9	FY10E EV/EBITDA	9.6	**Current price**	**PLN 14.10**
FY11E P/E	13.3	FY11E EV/EBITDA	7.7	**Target price**	**PLN 14.65**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	24.8	19.0	31.0%	64.0	54.0	18.5%	75.4	71.7	5.2%
EBITDA	3.8	2.7	40.6%	8.4	7.7	9.0%	11.0	9.7	13.9%
margin	15.3%	14.2%	-	13.1%	14.2%	-	14.6%	13.5%	-
EBIT	2.7	2.3	17.3%	7.0	5.9	18.1%	9.0	8.0	12.1%
Pre-tax profit	2.7	2.3	19.5%	6.6	6.5	2.1%	9.8	8.0	22.2%
net profit	2.2	1.8	21.7%	5.4	5.2	3.8%	8.0	6.7	19.2%

Strong sales and strong earnings despite plant move

In Q3'10, we expect strong revenue growth (+31.0% y/y) driven by the Manufacturing segment (+16.4% y/y) and Distribution (+34.8% y/y). We expect a considerable improvement in the gross margin of the latter segment (from 23.0% in Q2 to 24.4%) thanks to the reduced volatility of the USD/PLN exchange rate and higher sales volumes. In turn, we estimate the gross margin in manufacturing at 20.5% vs. 32.4% in Q2 due to the expected increase in D&A charges with volumes increasing only slightly vs. the preceding quarters. We take into account PLN 0.7m in damages on account for defects at the Wieruchów plant (in other operating expenses). We believe that despite the fact that the production hall and storage facilities were moved in Q3'10, high sales volumes will allow the Company to generate a net profit 21.7% y/y higher and an EBITDA 40.6% higher.

Building Materials

Cersanit

Hold

Analyst: Jakub Szkopek

FY10E P/E	17.0	FY10E EV/EBITDA	10.5	**Current price**	**PLN 11.95**
FY11E P/E	17.7	FY11E EV/EBITDA	9.0	**Target price**	**PLN 9.65**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	451.5	413.3	9.3%	1 148.6	1 085.8	5.8%	1 506.9	1 415.2	6.5%
EBITDA	84.5	79.3	6.6%	208.0	217.2	-4.2%	323.3	284.7	13.5%
margin	18.7%	19.2%	-	18.1%	20.0%	-	21.5%	20.1%	-
EBIT	57.5	51.0	12.9%	126.9	129.0	-1.6%	207.1	168.1	23.2%
Pre-tax profit	21.7	1.2	-	146.5	-48.6	-	178.3	-8.1	-
net profit	17.8	-6.7	-	128.6	-56.3	-	150.9	-8.1	-

Domestic market revives in Q3’10 thanks to good weather

A revival in the market for home redecoration materials in August (PSB saw its sales increase by 2% y/y in July and by 20% y/y in August) opens an excellent perspective for the Company’s earnings in Q3’10. Just as in Q2’10, in the third quarter strong exports to the east were accompanied by a relative strength of the local currencies vs. the zloty (with the RUB down 2.4% vs. PLN and the UAH, 1.3% relative to Q2'10). In contrast to Q1’10 and Q2’10, the impact of foreign-exchange differences should be negative due to the weakening of the UAH vs. the EUR (-11.7% during the quarter), leading to the revaluation of the loans of Cersanit Invest Sp. z o.o. This effect is partially offset by the appreciation of the zloty vs. the EUR (3.8%) in Q3’10. which means that the revaluation of the portfolio of loans taken out by Cersanit S.A. has a positive impact on the income statement. All told, we estimate the negative impact of the revaluation of loans at PLN 23.2m.

Machinery

Famur

Reduce

Analyst: Jakub Szkopek

FY10E P/E	14.5	FY10E EV/EBITDA	9.9	**Current price**	**PLN 2.35**
FY11E P/E	13.3	FY11E EV/EBITDA	7.7	**Target price**	**PLN 2.20**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	170.4	103.4	64.9%	513.9	534.2	-3.8%	689.0	695.1	-0.9%
EBITDA	33.4	24.6	36.0%	79.1	132.0	-40.1%	114.3	133.6	-14.5%
margin	19.6%	23.8%	-	15.4%	24.7%	-	15.4%	19.2%	-
EBIT	22.4	16.5	35.9%	60.3	106.9	-43.6%	89.2	100.8	-11.5%
Pre-tax profit	23.9	28.4	-15.7%	70.6	79.5	-11.2%	97.2	77.9	24.8%
net profit	18.8	24.4	-22.9%	57.2	60.7	-5.6%	77.9	58.0	34.3%

KW contract a source of risk

In Q2 2010 the Company was working on two powered roof support contracts, one for a Mexican contractor for PLN 28.8m (ca. 25% of its value came in Q3’10) and a portion of a PLN 53.1m contract for Kompania Węglowa. With a higher proportion of powered roof supports built for domestic contractors than in Q2’10, and the expected low profitability due to tight competition in this market in H1, we expect a reduction in the gross margin of Mining Machinery and Equipment (from 43.8% to 37.0%). Zamet's sales (fully consolidated in Q3) will bring PLN 16m. We believe sales should improve in the Metal Castings segment (+9% q/q) and in Lifting and Loading Equipment (+7% q/q) thanks to the improved situation in manufacturing. As far as financial operations are concerned, we do not expect the Company to book the discount on KHW bonds (the two tranches currently active, PLN 38m and PLN 29.2m, will be settled in Q4’11 and Q1’11, respectively). Net profit should be boosted (+PLN 2.5m) by the valuation of forward contracts in EUR which mature in the following quarter (PLN 61.9m at the end of Q2 2010) and in Q3 2010 (PLN 29.9m at the end of Q2 2010) (EUR/PLN -3% during Q3).

Kernel

Food Industry

Analyst: Jakub Szkopek

Accumulate

FY10E P/E	8.5	FY10E EV/EBITDA	7.4	**Current price**	**PLN 64.80**
FY11E P/E	6.6	FY11E EV/EBITDA	5.5	**Target price**	**PLN 77.28**

(USD m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	466.5	240.3	94.2%	1 117.5	1 020.5	9.5%	1 117.5	1 501.3	34.3%
EBITDA	83.4	35.8	133.3%	236.5	190.7	24.0%	236.5	292.2	23.6%
margin	17.9%	14.9%	-	21.2%	18.7%	-	21.2%	19.5%	-
EBIT	76.8	30.7	150.4%	210.0	168.2	24.9%	210.0	265.0	26.2%
Pre-tax profit	72.6	38.8	87.1%	193.3	152.6	26.7%	193.3	249.4	29.0%
net profit	66.2	39.2	68.9%	180.0	153.0	17.7%	180.0	232.2	29.0%

Excellent quarter expected

In Q1'10 (Q3'10) we expect strong sales of bulk oil (144.2 kt) thanks to high export volumes from Ukraine (+8.2% y/y). In Grain Exports as well we expect decent volumes despite obstruction by customs officers (650 kt). Revenues will be boosted by the high average prices of grains in Q1'10 (Q3'10), with wheat going up by 60.9% and barley by 33.7%, as well as of sunflower oil (+22.6%). We expect grain and sunflower oil sales to be very profitable. In the case of wheat, the domestic price was 17.8% lower than the export price, and the theoretical margin on sunflower oil production was 90.1% q/q higher (-1.5% y/y). We expect this to be a very good quarter.

Kęty

Metals

Analyst: Jakub Szkopek

Hold

FY10E P/E	13.0	FY10E EV/EBITDA	7.3	**Current price**	**PLN 114.9**
FY11E P/E	11.5	FY11E EV/EBITDA	6.6	**Target price**	**PLN 115.3**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	332.1	299.1	11.0%	865.0	825.0	4.9%	1 206.9	1 111.0	8.6%
EBITDA	63.2	54.6	15.8%	139.4	152.2	-8.4%	177.8	189.0	-5.9%
margin	19.0%	18.2%	-	16.1%	18.4%	-	14.7%	17.0%	-
EBIT	45.9	38.7	18.5%	88.0	104.3	-15.7%	110.0	124.9	-11.9%
Pre-tax profit	49.6	41.8	18.7%	93.9	72.7	29.2%	100.9	91.9	9.8%
net profit	37.4	32.4	15.4%	71.7	55.8	28.5%	81.5	70.6	15.5%

Quarterly profit at the highest level since 2001

Kęty's Management expects sales of PLN 330m, EBIT of PLN 45-46m and net profit of PLN 36-37m. The high EBIT and bottom line will be a consequence of a high number of orders for aluminum systems and extruded products on the one hand, and of the 4-5% hike in prices introduced in the third quarter. As far as financial activities are concerned, there will be gains on aluminum hedges (+1m PLN) and on the revaluation of FX loans (PLN 5.7m) (in Q3'10, we saw the USD/PLN rate slump 13.8%, and the EUR/PLN rate 3.8%). We expect Kęty to post the best quarterly results since 2001.

Kopex

Machinery — **Accumulate**

Analyst: Jakub Szkopek

FY10E P/E	22.1	FY10E EV/EBITDA	8.9	**Current price**	**PLN 18.10**
FY11E P/E	12.2	FY11E EV/EBITDA	6.6	**Target price**	**PLN 19.80**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	557.9	603.1	-7.5%	1 676.8	1 713.1	-2.1%	2 225.6	2 313.4	-3.8%
EBITDA	47.3	57.6	-17.9%	123.7	196.1	-36.9%	191.8	217.1	-11.7%
margin	8.5%	9.6%	-	7.4%	11.4%	-	8.6%	9.4%	-
EBIT	27.0	39.9	-32.4%	62.6	143.0	-56.2%	105.5	145.3	-27.4%
Pre-tax profit	20.1	31.6	-36.4%	52.2	108.5	-51.9%	84.4	109.7	-23.0%
net profit	14.9	20.8	-28.7%	39.5	72.2	-45.2%	60.9	87.2	-30.2%

Earnings reflecting weak situation in mining investment in H1'10

In Q3'10, we expect a revenue of PLN 557.9m (-7.5% y/y), which will be a consequence of increased sales in Mining Services (-26.2% y/y, +8.2% q/q) following increased involvement in the construction of the Bzie-2 pit shaft for JSW and increased revenue in Electronic and Electrical Machinery (+6.9%, +21.7% q/q) as subsidiary Hansen improves its earnings. Sales should also be boosted by Metal Castings (+75.7% y/y, +37% q/q) following the improved situation in Polish manufacturing. We believe growth will remain negative in Underground Mining Machinery and Equipment despite the Ryfama takeover (-22.3% y/y and 21.3% q/q) due to the small number of domestic contracts acquired in H1'10 and the lack of considerable foreign contracts (in Q3'10, Ryfama was consolidated in 65% until 16 September and at 78.97% thereafter). Just as in Q2'10, Electricity Sales should see a decline (-34.1% y/y, 1.1% q/q) as the attractiveness of electricity exports falls. We expect the Company will sell coal acquired through KHW's coal bonds for a total of PLN 45.3m. An improvement in gross margin should be visible in Mining Services (from 18.4% to 22.0%) thanks to the increased involvement in the JSW contract and in Underground Mining Machinery and Equipment following a reduction in Tagor's headcount from 900 at the end of 2009 to ca. 550 at the end of 2010. Operating earnings should be boosted by the booking of the discount from KHW bonds (ca. PLN 1.5m).

Mondi

Paper — **Hold**

Analyst: Michał Marczak

FY10E P/E	18.0	FY10E EV/EBITDA	10.4	**Current price**	**PLN 77.0**
FY11E P/E	11.3	FY11E EV/EBITDA	7.8	**Target price**	**PLN 71.1**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenues	588.3	322.7	82.3%	1 630.2	934.7	74.4%	2 108.4	1 360.8	54.9%
EBITDA	132.8	48.8	171.9%	334.1	123.3	171.0%	431.4	217.9	98.0%
margin	22.6%	15.1%	-	20.5%	13.2%	-	20.5%	16.0%	-
EBIT	92.8	22.4	313.4%	216.5	44.7	384.0%	260.1	99.6	161.1%
Pre-tax profit	71.8	21.3	237.2%	147.7	31.2	374.0%	226.8	74.6	204.0%
net profit	68.2	24.9	174.2%	145.3	32.8	342.7%	213.5	71.4	199.0%

Earnings boosted by higher paper prices, cheaper scrap paper

Despite the appreciation of the PLN vs. the EUR, Q3'10 was a successful one for the Company in terms of its macroeconomic environment. Industrial production is still growing fast in the key export markets, allowing paper producers to hike their prices. In Q3, the average price of kraftliner was EUR 577/t (+11.1% q/q), and the average prices of the testiner and fluting varieties increased precisely by 4.6%. Adjusting this for currency shifts, the prices increased by 7.6% for kraftliner and 1.3% for the latter two. While the latter figure is not high, earnings will be boosted by the decline in scrap paper prices observed in Q3 (-2.8% in EUR, -5.7% in PLN). As a result of it, the average increase in the differential between testliner price and scrap paper price (in PLN) increased by PLN 917/t, i.e. 4.3% q/q, The Company is likely to increase production on the MP7 machine, though it should be remembered the summer is a time of a maintenance downtime.

Construction

Construction

Budimex

Reduce

Analyst: Maciej Stokłosa

FY10E P/E	11.8	FY10E EV/EBITDA	6.5	**Current price**	**PLN 94.95**
FY11E P/E	12.2	FY11E EV/EBITDA	8.5	**Target price**	**PLN 85.20**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	1 214.4	913.2	33.0%	2 937.8	2 390.8	22.9%	4 270.5	3 289.9	29.8%
EBITDA	68.5	58.9	16.3%	241.5	146.4	64.9%	276.9	221.7	24.9%
margin	5.6%	6.5%	-	8.2%	6.1%	-	6.5%	6.7%	-
EBIT	63.5	53.8	18.0%	226.4	130.4	73.6%	256.7	200.5	28.0%
Pre-tax profit	65.0	62.6	3.9%	221.2	153.2	44.3%	253.0	224.2	12.9%
net profit	52.7	52.5	0.3%	179.2	119.4	50.1%	205.0	173.7	18.0%

With third-quarter earnings like this, PLN 220m in FY10 is within reach?

Third-quarter earnings might turn out better than we assumed, due to unexpected derivative revaluation gains of PLN 4.8m and, most likely, lower provisions (+PLN 5m vs. +PLN 10m previously expected). A net profit of PLN 52.7m means that PBG's FY10 bottom-line guidance of PLN 220m may be realistic.

We expect an increase in revenues (Q2: PLN 1.14m), as further infrastructural contracts enter the construction stage. We predict a gross margin of 8.0% inclusive of a +PLN 5m change in provisions, without which the margin would figure to 8.4%. We expect PLN 36m in general expenses, PLN 1.9m in other net operating expenses and PLN 4.8m in derivative gains (PLN appreciation at the end of the month).

We forecast other net finance income of PLN 2m, and we expect an effective tax rate of 19%. All told, we expect a bottom line of PLN 52.7m.

Construction

Elektrobudowa

Reduce

Analyst: Maciej Stokłosa

FY10E P/E	17.8	FY10E EV/EBITDA	11.1	**Current price**	**PLN 183.0**
FY11E P/E	16.0	FY11E EV/EBITDA	9.6	**Target price**	**PLN 165.7**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	180.0	173.8	3.6%	492.6	478.2	3.0%	683.5	700.9	-2.5%
EBITDA	19.3	15.7	22.8%	51.0	53.1	-4.0%	68.4	79.1	-13.6%
margin	10.7%	9.0%	-	10.3%	11.1%	-	10.0%	11.3%	-
EBIT	16.6	13.1	26.5%	42.8	45.7	-6.2%	52.8	69.0	-23.4%
Pre-tax profit	16.8	13.6	23.5%	43.1	47.7	-9.7%	60.6	70.6	-14.2%
net profit	13.6	11.4	19.9%	35.1	36.4	-3.7%	49.1	54.5	-9.9%

Another stable quarter

We expect the Company's third-quarter earnings to be higher than last year, but lower than in Q2 2010, when there were atypical events such as the recognition of old, high-margin contracts and production from materials bought at a bargain. Just as last year, we expect Q3 revenues to be comparable with second-quarter sales; stronger growth will come in Q4. The gross margin will figure to 11.25% (Q2 2010: 14.2%, Q3 2009: 11.6%).

General expenses will be at last quarter's level of PLN 4.3m. Other operating expenses will figure to PLN 0.6m, and the EBIT to PLN 16.6m. We expect other financial income of PLN 0.25m and a bottom line of PLN 13.6m (Q2 2010: PLN 15.5m).

To sum up, our expectations for Q3 2010 might suggest that our FY revenue forecast will end up being slightly overshot (by less than 5%). Our consolidated bottom line forecast has not changed.

Construction

Erbud

Accumulate

Analyst:	FY10E P/E	12.6	FY10E EV/EBITDA	8.9	**Current price**	**PLN 51.3**
Maciej Stokłosa	FY11E P/E	12.9	FY11E EV/EBITDA	8.4	**Target price**	**PLN 54.1**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	340.6	279.2	22.0%	864.8	667.6	29.5%	1 226.0	954.6	28.4%
EBITDA	19.2	16.1	19.1%	50.7	53.5	-5.3%	66.9	68.3	-2.1%
margin	5.6%	5.8%	-	5.9%	8.0%	-	5.5%	7.2%	-
EBIT	17.2	14.2	21.4%	44.8	47.8	-6.3%	60.7	60.5	0.3%
Pre-tax profit	17.7	12.5	41.1%	42.7	44.2	-3.5%	65.0	56.3	15.5%
net profit	14.3	11.2	27.5%	33.4	34.5	-3.1%	51.3	41.7	23.0%

Earnings comparable q/q

We expect that the Company's third-quarter results will not diverge much from its Q2 earnings. Revenue will figure to PLN 340.6m and the gross margin to 9% (compared to PLN 339.8m and 9.8% in Q2, respectively). In terms of individual segments, we expect PLN 248.6m in general contracting revenue (gross margin = 8.9%), PLN 40m from exports (9%), PLN 30m from road construction (9.5%) and PLN 22m from real-estate development (10%). General expenses will amount to PLN 13.1m (Q2: PLN 12.6m), and other net operating expenses to ca. PLN 0.5m. The EBIT will be PLN 17.2m (Q2: PLN 19.6m).

Other financial expenses will reach PLN 0.5m, and the effective tax rate will be 19%. To sum up, our forecast assumes a net profit of PLN 14.3m (Q2: PLN 14.6m). If our expectations play out, it may turn out that our FY forecast for Erbud is slightly too high.

Construction

Mostostal Warszawa

Hold

Analyst:	FY10E P/E	15.9	FY10E EV/EBITDA	8.2	**Current price**	**PLN 63.25**
Maciej Stokłosa	FY11E P/E	16.8	FY11E EV/EBITDA	8.2	**Target price**	**PLN 66.10**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	702.2	747.3	-6.0%	1 841.4	1 944.1	-5.3%	2 585.0	2 712.1	-4.7%
EBITDA	31.2	40.0	-22.0%	99.2	160.1	-38.0%	134.7	209.1	-35.6%
margin	4.4%	5.4%	-	5.4%	8.2%	-	5.2%	7.7%	-
EBIT	22.9	33.0	-30.8%	74.1	139.6	-46.9%	97.7	181.2	-46.1%
Pre-tax profit	23.7	28.5	-16.9%	80.2	116.1	-30.9%	106.7	169.5	-37.1%
net profit	19.2	15.3	25.1%	61.2	76.6	-20.2%	79.5	117.3	-32.2%

Margin erosion visible in third-quarter earnings

We expect relatively weak third-quarter earnings. The Group will generate lower revenue than last year, and its gross profitability will figure to 6.8%. At the standalone level, we expect PLN 511.2m in revenues and a gross margin of 5.8%, i.e. we do not expect an improvement vs. the preceding quarters (Q2 2010: 5.6%, Q1 2010: 5.9%). We expect PLN 36m in revenue from Mostostal Płock (9.5% gross margin), PLN 35m from Remak (7.5%) and PLN 120m from the other subsidiaries (10%).

General expenses will be at last quarter's level (PLN 23.8m), and other operating expenses will figure to PLN 1m. All in all, the EBIT will figure to PLN 22.9m, i.e. 31.9% less than in Q3 2009, the decline stemming from lower profitability of new construction contracts. We forecast other net finance income of PLN 0.8m, and we expect an effective tax rate of 19%. All told, the forecasted bottom line of PLN 19.2m is higher than in Q1 2010 (PLN 18.6m), but lower than in Q2 2010 (PLN 23.4m). Q3 2009 is not comparable due to a considerable number of one-offs that weighed down EBIT and net profit (contract provisions, write-down on Terramost goodwill).

Construction

PBG

Sell

Analyst:	FY10E P/E	15,1	FY10E EV/EBITDA	10.6	**Current price**	**PLN 227.0**
Maciej Stokłosa	FY11E P/E	14.7	FY11E EV/EBITDA	10.4	**Target price**	**PLN 194.0**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	798.5	702.5	13.7%	1996.8	1 651.1	20.9%	3 295.0	2 578.0	27.8%
EBITDA	86.3	78.5	10.0%	207.8	204.0	1.9%	338.9	333.6	1.6%
margin	10.8%	11.2%	-	10.4%	12.4%	-	10.3%	12.9%	-
EBIT	74.5	66.1	12.6%	172.2	168.7	2.1%	288.6	286.5	0.7%
Pre-tax profit	65.5	53.0	23.7%	162.5	147.6	10.1%	270.5	262.6	3.0%
net profit	54.5	38.9	39.9%	134.8	109.1	23.5%	214.9	210.6	2.0%

Far from stellar earnings, but FY forecast remains realistic

We expect worse bottom-line earnings than in Q3 2010 than in Q2, due to a reduction in the Company's gross margin (12.6% vs. 15.4%) and a deterioration in financial operations. That said, our FY forecasts of PBG's earnings remain realistic.

In the third quarter, we expect a revenue of nearly PLN 798.5m. Just as last year, we expect strong revenue growth this quarter. We assume general expenses of PLN 29m, i.e. lower than in Q2 (PLN 32.2m). We expect other net operating income of PLN 2.85m. EBIT will figure to PLN 74.5m, i.e. a little more than in Q2, when it was depressed by other operating expenses. We expect PLN 9m in other net finance expenses (in Q2 2010, PBG posted small finance gains). The effective tax rate will be 16%, and minority profit PLN 0.55m.

We expect relatively weak earnings at Hydrobudowa – our forecast assumes a revenue of PLN 460m, an EBIT of PLN 9m and a net profit of just PLN 4.7m. The weak bottom line will be a consequence of a low gross margin (5.2%).

Construction

Polimex Mostostal

Hold

Analyst:	FY10E P/E	14.3	FY10E EV/EBITDA	9.3	**Current price**	**PLN 4.25**
Maciej Stokłosa	FY11E P/E	15.7	FY11E EV/EBITDA	9.2	**Target price**	**PLN 4.23**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	1 195.0	1 258.2	-5.0%	3 001.2	3 311.9	-9.4%	4 504.9	4 836.7	-6.9%
EBITDA	85.2	80.4	5.9%	216.2	252.2	-14.3%	294.9	343.6	-14.2%
margin	7.1%	6.4%	-	7.2%	7.6%	-	6.5%	7.1%	-
EBIT	60.8	67.4	-9.8%	143.0	190.8	-25.0%	193.5	264.9	-27.0%
Pre-tax profit	43.9	51.6	-14.9%	107.1	158.3	-32.3%	159.8	215.6	-25.9%
net profit	31.0	33.8	-8.2%	73.7	105.9	-30.4%	142.1	156.4	-9.1%

No y/y improvement, overly ambitious bottom line forecasts?

Polimex is likely to disappoint with its third-quarter earnings for a number of reasons: the increasing losses of Coifer, low manufacturing margins due to competitive pressure, weak earnings of selected subsidiaries and foreign-exchange losses prompted by the appreciating PLN. We expect PLN 1.195bn in revenue and a gross margin of 10.5%. SG&A expenses will amount to an estimated PLN 63.2m and other net operating expenses will be PLN 1.5m. All told, the EBIT is estimated at PLN 60.8m.

Other net financial expenses will amount to PLN 17.2m (including PLN 3m negative exchange differences), and the share in income of associates will bring PLN 0.3m. We do not expect Polimex to recognize a tax credit on account of its investment in special economic zones. The effective tax rate will be 19%, and minority profit PLN 4.5m.

All in all, a YTQ3 bottom-line profit of PLN 73.7m suggests that getting to PLN 140m at year end may be impossible without tax credits. This is the scenario underlying our FY forecast. Our EBIT forecast may be overshot slightly if there are no goodwill write-downs at Coifer, which could happen in Q4 2010 (its balance-sheet value is nearly PLN 30m).

Rafako

Construction | **Accumulate**

Analyst: Maciej Stokłosa

FY10E P/E	16.7	FY10E EV/EBITDA	9.0	**Current price**	**PLN 12.35**
FY11E P/E	14.3	FY11E EV/EBITDA	7.1	**Target price**	**PLN 13.70**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	265.0	217.8	21.6%	839.5	699.1	20.1%	1 036.0	963.7	7.5%
EBITDA	16.6	13.8	20.1%	56.3	55.9	0.7%	68.0	67.5	0.7%
margin	6.2%	6.3%	-	6.7%	8.0%	-	6.6%	7.0%	-
EBIT	13.6	10.0	36.0%	47.3	45.1	4.8%	54.0	53.9	0.2%
Pre-tax profit	14.3	12.4	15.7%	42.7	33.0	29.5%	64.9	52.2	24.3%
net profit	11.4	8.4	36.5%	32.9	21.0	57.0%	51.4	37.7	36.3%

Earnings flat on previous quarters

We expect that the Company's third-quarter results will not diverge much from its earnings for Q1 and Q2. We expect a revenue of PLN 265m, i.e. more than in Q1 2010 (PLN 237.1m), but less than in the record-strong Q2 2010 (PLN 337.4m) We expect a gross margin of 11%. Our forecast does not assume major changes in provisions. SG&A expenses will approximate PLN 14.6m, other net operating expenses will amount to PLN 1.0m and EBIT to PLN 13.6m.

We expect PLN 0.8m in financial gains We expect an effective tax rate will of 19%, minority profits of PLN 0.2m and a net profit of PLN 11.4m. The bottom line was PLN 10.0m in Q1 2010 and PLN 11.5 in Q2 2010.

We do not see any major provision reversals, although this might happen in Q4 2010 if the Company decides to do so. Without provision reversals, FY 2010 earnings forecast would have to go down, and the FY 2011 forecast, up.

Trakcja Polska

Construction | **Hold**

Analyst: Maciej Stokłosa

FY10E P/E	18.0	FY10E EV/EBITDA	10.2	**Current price**	**PLN 4.69**
FY11E P/E	15.8	FY11E EV/EBITDA	8.5	**Target price**	**PLN 4.16**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	130.2	193.7	-32.8%	280.7	524.8	-46.5%	698.5	711.6	-1.8%
EBITDA	8.1	32.5	-75.0%	33.6	65.2	-48.5%	54.8	86.8	-36.9%
margin	6.2%	16.8%	-	12.0%	12.4%	-	7.8%	12.2%	-
EBIT	5.5	29.9	-81.5%	25.7	57.8	-55.5%	44.3	76.7	-42.2%
Pre-tax profit	5.8	28.7	-79.9%	26.5	66.7	-60.3%	51.7	87.9	-41.2%
net profit	4.7	22.5	-79.3%	21.1	53.0	-60.1%	41.9	71.6	-41.5%

Increasing revenues and weaker margins entail a weak quarter

We expect the Company to see its revenues rise q/q but its margins fall. The increase in revenues will be a consequence of the launch of the contract for the modernization of the Działdowo control center. The contract, however, entails a decline in margins, since the Company books all the revenue, but 50% of the work is performed by its consortium partners. We reiterate the view that TP's earnings in Q3 2010 – Q3 2011 will be weak, due to the low utilization of own capacity. The decline in profit in Q3 2010 might not be very steep, however, as the Company will also book margins from older construction contracts.

We expect a revenue of PLN 130.2m, a gross margin of 9.9%, general expenses of PLN 6.9m and other net operating expenses of PLN 0.5m. EBIT is expected to come in at PLN 5.5m. Other financial expenses will amount to PLN 0.3m, the effective tax rate to 19% and net profit to PLN 4.7m. Q4 2010 bottom line will probably be higher due to an increased impact of the Działdowo contract.

Construction

Ulma Construccion Accumulate

Analyst: Maciej Stokłosa	FY10E P/E 39.9	FY10E EV/EBITDA 5.2	**Current price**	**PLN 80.9**
	FY11E P/E 11.8	FY11E EV/EBITDA 4.1	**Target price**	**PLN 85.9**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	58.0	41.9	38.5%	153.5	125.7	22.1%	213.5	175.4	21.7%
EBITDA	31.5	16.8	87.5%	73.5	49.3	49.3%	107.3	72.1	48.9%
margin	54.2%	40.1%	-	47.9%	39.2%	-	50.2%	41.1%	-
EBIT	10.6	0.1	-	14.6	-0.1	-	27.5	4.0	593.4%
Pre-tax profit	7.0	-1.8	-	4.2	-7.5	-	13.5	-6.6	-
net profit	5.7	-1.2	-	3.1	-6.4	-	10.7	-5.5	-

Improvement is gradual

We expect Q3'10 earnings to show a gradual improvement which will continue in the following quarters. We expect a revenue of PLN 58m, compared to PLN 55.2m last quarter. COGS will amount to PLN 42.8m, and gross profit to PLN 15.2m. General expenses will figure to PLN 4.2m, other net operating expenses to PLN 0.4m and EBIT to PLN 10.6m (Q2: PLN 6.0m).

After other net financial expenses of PLN 3.6m and an effective tax rate of 19%, the bottom-line profit will figure to PLN 5.7m. In Q4 2010 we expect sales of PLN 60.4m, EBIT of PLN 12.9m and net profit of PLN 7.5m. In the ensuing quarters of 2011, growth will continue except for Q1 2011, which may be impacted by the weather.

Construction

Unibep Accumulate

Analyst: Maciej Stokłosa	FY10E P/E 12.8	FY10E EV/EBITDA 9.7	**Current price**	**PLN 8.5**
	FY11E P/E 14.4	FY11E EV/EBITDA 10.5	**Target price**	**PLN 9.3**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	178.1	70.4	153.1%	280.2	234.3	19.6%	680.2	395.6	72.0%
EBITDA	9.5	6.7	41.1%	15.6	17.8	-12.4%	33.0	28.5	15.7%
margin	5.3%	9.6%	-	5.6%	7.6%	-	4.9%	7.2%	-
EBIT	8.1	5.1	58.6%	11.5	14.7	-21.6%	28.0	24.1	16.4%
Pre-tax profit	7.6	4.2	82.5%	10.9	14.4	-24.2%	27.9	23.5	19.0%
net profit	6.1	3.4	80.4%	8.6	11.0	-22.0%	22.6	18.3	23.1%

Gradual q/q growth in revenue, profit

In Q3’10, we expect Unibep to generate a revenue of PLN 178.1m (Q2’10: PLN 160.7m). Our estimate the consolidated gross margin is 7.5%. In terms of individual segments, we expect PLN 102.9m in construction revenue (gross margin = 6%), PLN 20.3m from road construction (6%), PLN 10.3m from the Russian business (6%), PLN 25.1m from real-estate development (19.5%) and PLN 19.5m from manufacturing and other activities (2.5%).

The low margin on road construction and general contracting in Poland is a consequence of the lower profitability of new orders (a development factored into our earnings). The margin on the activities in Russia is high given the very low general expenses allocated to the segment (ca. 1-1.5% of revenue). This high margin is driven by the St. Petersburg contract. The low margin on manufacturing is a consequence of the fact that the segment has only launched operations this year (the prefabricate home factor is a start-up).

We estimate general expenses at PLN 5m, and other net operating expenses at PLN 0.25m. All told, the EBIT will figure to PLN 8.1m. After other net financial expenses of PLN 0.6m and an effective tax rate of 19%, the bottom-line profit will figure to PLN 6.1m (Q2: PLN 4.7m). In Q4’10, we should see further revenue growth to ca. PLN 215m. We see no risks for the Management’s FY earnings guidance.

Construction

ZUE

Analyst:
Maciej Stokłosa

Current price **PLN 15.0**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	133.0	-	-	224.5	-	-	415.8	199.9	108.0%
EBITDA	11.3	-	-	19.4	-	-	34.7	18.7	85.6%
margin	8.5%	-	-	8.6%	-	-	8.3%	9.4%	-
EBIT	9.3	-	-	13.9	-	-	27.2	16.8	62.2%
Pre-tax profit	8.0	-	-	9.5	-	-	21.9	10.9	101.1%
net profit	6.2	-	-	7.3	-	-	17.2	8.6	99.6%

Revenues will rise gradually, peak in Q4 2010

We expect gradual q/q revenue growth at ZUE, as work on tram projects tends to be concentrated towards the end of a year, and also because of the Company's revenue recognition policies. Unfortunately, we do not have comparable data for Q3 2009. Our FY forecasts, which require at least PLN 191m in revenue in Q4 2010, remain in force.

We estimate third-quarter revenues at PLN 133m, and the gross margin at 10.2%. According to our forecast, general expenses will figure to PLN 3.8m, other net operating expenses to PLN 0.4m and EBIT to PLN 9.3m. We expect other net financial expenses of PLN 1.3m, an effective tax rate of 19% and minority profits of PLN 0.3m.

All told, ZUE should generate a net profit of PLN 7.3m. Thus, to meet our PLN 9.9m bottom line forecast for FY 2010, ZUE should earn PLN 9.9m in Q4, which seems realistic on rising revenues.

Property Developers

Property Developers

Analyst:
Maciej Stokłosa

Dom Development Accumulate

FY10E P/E 42.5	FY10E EV/EBITDA 31.0	**Current price**	**PLN 46.4**
FY11E P/E 13.6	FY11E EV/EBITDA 10.9	**Target price**	**PLN 50.1**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	107.9	132.1	-18.4%	410.6	514.7	-20.2%	481.3	704.4	-31.7%
EBITDA	14.2	9.8	45.4%	51.9	95.2	-45.5%	44.9	113.6	-60.4%
margin	13.2%	7.4%	-	12.6%	18.5%	-	9.3%	16.1%	-
EBIT	13.6	9.2	48.4%	50.1	93.4	-46.3%	43.0	111.2	-61.3%
Pre-tax profit	11.5	6.0	92.2%	43.1	86.1	-49.9%	33.1	100.8	-67.2%
net profit	9.4	4.5	107.2%	34.4	68.7	-50.0%	26.8	80.2	-66.6%

As announced, earnings worse than in the preceding quarter

Dom Development's earnings for Q3'10 will be worse than in Q1 and Q2 due to the low number of homes delivered to buyers. We expect this figure at 120, including 27 in the Grzybowska project, where DD is also going to deliver 1500 square meters of commercial space. We expect a revenue of PLN 107.9m, including PLN 82.2m from homes and PLN 25.7m from commercial space. The gross margin will come in at an estimated 29.3% (vs. 26.8% in Q2 2010 and 21.6% in Q1 2010), after rising thanks to the handover of high-margin commercial space.

General expenses will amount to PLN 17.7m, i.e. no change vs. Q2 2010. Other operating expenses are forecasted at PLN 0.35m, and other net financial expenses will be about PLN 2.1m. We expect an effective tax rate will of 19% and a net profit of PLN 9.4m.

Property Developers

Analyst:
Maciej Stokłosa

GTC Accumulate

FY10E P/E 6.8	FY10E EV/EBITDA 9.2	**Current price**	**PLN 22.22**
FY11E P/E 7.1	FY11E EV/EBITDA 8.5	**Target price**	**PLN 23.90**

(EUR m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	43.9	33.4	31.5%	121.8	116.9	4.2%	193.0	156.4	23.4%
EBITDA	21.2	-29.7	-	71.0	-14.3	-	274.0	-121.7	-
margin	48.3%	-88.9%	-	58.3%	-12.2%	-	141.9%	-77.8%	-
EBIT	21.1	-29.8	-	70.6	-14.6	-	273.6	-122.1	-
Pre-tax profit	4.0	-46.1	-	20.2	-47.3	-	221.7	-161.7	-
net profit	3.2	-32.9	-	11.9	-42.7	-	184.3	-125.2	-

No property revaluation, no surprises on the upside

We expect relatively weak earnings from GTC, comparable to its Q2 results. We expect EUR 26.3m in net rental revenue and EUR 10.2m from the housing business, with a gross margin of 4% (gross profit: EUR 0.4m). General expenses will figure to EUR 5.3m. We do not expect any commercial property revaluation gains and we expect PLN 0.35m in other net operating expenses. EBIT is expected to come in at EUR 21.1m.

Other net financial expenses will be EUR 17.1m, including EUR 1.3m as share in profits of associates. Tax will amount to EUR 0.8m and net profit to EUR 3.2m.

Q4 2010 should bring an increase in rental revenue and property revaluation gains. Demand for commercial assets is improving as low interest rates persist globally. Various companies' estimates of how far capitalization rates have fallen differ, but a decline is clear and should have a positive impact on the valuation of GTC's assets and earnings in the final quarter of the year.

Property Developers

J.W. Construction Hold

Analyst: Maciej Stokłosa

FY10E P/E	5.9	FY10E EV/EBITDA	5.8	**Current price**	**PLN 17.79**
FY11E P/E	6.7	FY11E EV/EBITDA	7.9	**Target price**	**PLN 16.40**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	221.7	159.9	38.7%	462.9	491.1	-5.7%	804.5	713.3	12.8%
EBITDA	68.2	35.0	94.8%	123.2	110.9	11.0%	243.4	156.8	55.3%
margin	30.7%	21.9%	-	26.6%	22.6%	-	30.3%	22.0%	-
EBIT	65.0	31.5	106.3%	113.6	100.1	13.6%	224.8	142.7	57.5%
Pre-tax profit	63.5	26.1	143.0%	102.8	83.9	22.5%	202.7	119.2	70.0%
net profit	51.4	20.0	157.0%	83.4	69.4	20.3%	164.2	100.4	63.5%

Long-awaited earnings growth comes in Q3'10

In Q3 2010, J.W. Construction will hand over 780 homes, including 510 within the Lewandów II project. 90 homes will be recognized for the Górczewska Park project, 80 for Osiedle Bursztynowe and 45 for Wiślana Aleja. We estimate property development revenue at PLN 214.7m, and other revenue at PLN 7m. The gross margin will come in at an estimated 35% (vs. 27.4% in Q2'10 and 29.3% in Q1 2010), driven above all by Lewandów and Lewandów II. Both of these projects were built on cheaply acquired land and at a low cost (relative to the period when their construction was launched).

General expenses will amount to PLN 12.6m. Other net operating expenses are forecasted at PLN 0.5m, and EBIT at PLN 65m. Our forecast foresees other financial expenses of PLN 1.5m and a net profit of PLN 51.4m. Despite these good earnings, we believe the FY profit forecast may prove overly ambitious and may have to be revised downwards.

Property Developers

Polnord Buy

Analyst: Maciej Stokłosa

FY10E P/E	24.3	FY10E EV/EBITDA	20.9	**Current price**	**PLN 38.16**
FY11E P/E	12.3	FY11E EV/EBITDA	14.8	**Target price**	**PLN 50.70**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenue	37.0	66.7	-44.5%	133.4	170.2	-21.7%	414.2	221.3	87.2%
EBITDA	0.6	25.2	-97.8%	31.2	51.3	-39.2%	60.4	106.9	-43.5%
margin	1.5%	37.7%	-	23.4%	30.1%	-	14.6%	48.3%	-
EBIT	0.0	24.6	-99.8%	29.6	49.7	-40.4%	58.5	104.9	-44.2%
Pre-tax profit	12.0	21.7	-44.5%	48.3	42.3	14.4%	42.3	86.0	-50.8%
net profit	9.8	17.1	-43.0%	35.4	32.2	9.8%	34.3	63.6	-46.2%

Few home handovers, big gain on Wilanów mall

The press interview on third-quarter earnings contained an error. The results will encompass a gain on the valuation of CH Wilanów, but the number of homes handed over to buyers will be lower than in Q2. We expect Polnord to recognize the sale of 112 homes, including 64 in the Ostoja project and 24 in the City Park project. All told, revenues will figure to PLN 37m (including PLN 3m from services), and the gross margin to 20.8% (vs. 17.5% in Q2'10). SG&A expenses will approximate PLN 18.75m (vs. PLN 20.9m in Q2 2010) This high level will be a consequence of efforts undertaken to acquire new PPP projects. SG&A expenses should start falling in Q4 2010.

We expect property revaluation gains of PLN 11m. All told, the EBIT, factoring in these gains, will be close to zero. We estimate other net financial expenses at PLN 12m, of which PLN 20m is the estimated gain on the sale of shares in the shopping mall project in Wilanów (Warsaw). Of the remaining -PLN 8m, -PLN 6m are foreign exchange losses (revaluation of Fadesa's EUR-denominated loans and loans of the Russian subsidiaries). We estimate pre-tax earnings at PLN 12m, and the bottom line at PLN 9.8m. Without the sale of shares in the Wilanów mall and the revaluation gain, Polnord would have incurred a PLN 15.9m loss in Q3.

Retail\Wholesale

Emperia Holding

Retail | **Suspended**

Analyst:	FY10E P/E	19.8	FY10E EV/EBITDA 9.9	**Current price**	**PLN 101.0**
Kamil Kliszcz	FY11E P/E	17.8	FY11E EV/EBITDA 8.7	**Target price**	**PLN -**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenues	1 524.3	1 415.5	7.7%	4 356.5	4 099.9	6.3%	6 051.6	5 525.7	9.5%
EBITDA	52.6	45.5	15.6%	133.4	133.6	-0.1%	187.2	176.5	6.0%
margin	3.5%	3.2%	-	3.1%	3.3%	-	3.1%	3.2%	-
EBIT	35.6	29.1	22.3%	82.6	86.4	-4.4%	112.5	113.2	-0.6%
Pre-tax profit	31.8	25.4	25.0%	71.3	69.5	2.5%	95.2	92.2	3.2%
net profit	25.8	20.6	25.1%	58.2	52.2	11.5%	77.1	69.3	11.2%

Revenues growing fast again, profitability improves

The Management's last presentation and earnings guidance for FY 2010 suggest a considerable improvement in earnings in H2, which should be visible already in Q3. The agreement with Orlen and the addition of further Społem networks should lead to a 8% y/y increase in sales. Relative to Q2, sales growth will be supported by the lack of one-offs that affected that quarter (presidential plane crash, floods, lower temperatures). Higher capacity utilization at new distribution centers will, in turn, make it possible to improve distribution margins (2.6% EBITDA vs. 2% in Q2'10). In retail, following a weak Q2 we expect better earnings as well, mostly due to seasonal factors. Our forecast does not assume any property transactions that could further boost the Company's operating earnings. All in all, we expect an EBIT of PLN 35.6m, which implies a nearly 22% y/y growth. Financial losses should be similar to those incurred in the preceding quarters (-PLN 3.8m), which, given an effective tax rate of 19%, will allow the Company to generate a net profit of PLN 25.8m. Given the recently-announced working capital optimization, we can expect shorter inventory and receivables turnovers, which will generate an additional cash flow.

Eurocash

Retail | **Suspended**

Analyst:	FY10E P/E	27.0	FY10E EV/EBITDA 14.7	**Current price**	**PLN 25.23**
Kamil Kliszcz	FY11E P/E	22.0	FY11E EV/EBITDA 12.5	**Target price**	**PLN -**

(PLN m)	3Q2010F	3Q2009	change	1-3Q2010F	1-3Q2009	change	2010F	2009	change
Revenues	1 906.2	1 850.4	3.0%	5 211.2	5 050.0	3.2%	7 395.4	6 698.3	10.4%
EBITDA	54.6	47.5	14.9%	136.5	122.2	11.7%	220.1	194.5	13.2%
margin	2.9%	2.6%	-	2.6%	2.4%	-	3.0%	2.9%	-
EBIT	41.0	35.1	16.8%	96.1	85.9	11.8%	173.7	145.2	19.7%
Pre-tax profit	40.6	34.9	16.4%	94.0	82.6	13.8%	155.0	128.8	20.4%
net profit	32.9	27.8	18.3%	79.8	65.5	21.8%	125.5	102.5	22.5%

**excl. the ongoing acquisition of the wholesale operations of CEDC*

Seasonal increase in revenues, y/y margin improvement

In Q3 revenues should increase for seasonal reasons, but in y/y terms we are more likely to see growth rates observed in the preceding quarter (+3%). Delikatesy Centrum should return to LFL growth, while revenue from active distribution will continue to fall due to ongoing Group restructuring (with cigarette sales moved to KDWT, and some independent stores to Delikatesy Centrum), as well as to the continuation of negative trends for tobacco products. The gross margin could seasonally decline, although this will be partially offset by a systematic decline in the share of cigarettes in overall sales. Operating profit should figure to PLN 41m, improving q/q thanks to there being no other operating losses (-PLN 1.8m in Q2). Net profit, in turn, will be lower than in Q2 as the effective tax rate returns to 19% from 12% in H1 2010.

Report publication dates

Company	Standalone Q3'10	Consolidated Q3'10	Consolidated Q4'10
AB		02.11.10*	
ACTION		15.11.10	01.03.11
AGORA		15.11.10	
ASBIS		09.11.10	
ASSECO POLAND		12.11.10	
ASTARTA		12.11.10	
BUDIMEX		27.10.10	
BZWBK		09.11.10	
CENTRUM KLIMA		11.11.10	
CERSANIT		15.11.10	
CEZ		19.11.10	
CIECH		15.11.10	
CINEMA CITY		19.11.10	
COMARCH		12.11.10	
CYFROWY POLSAT		05.11.10	
DOM DEVELOPMENT		04.11.10	
ELEKTROBUDOWA		15.11.10	
EMPERIA HOLDING		15.11.10	
ENEA		15.11.10	
ERBUD		15.11.10	
EUROCASH		10.11.10	
FAMUR		12.11.10	
GETIN		12.11.10	
GTC		15.11.10	
HANDLOWY		09.11.10	
ING BSK		10.11.10	16.02.11
J.W. CONSTRUCTION		09.11.10	
KERNEL		15.11.10**	
KĘTY		27.10.10	
KGHM		10.11.10	
KOMPUTRONIK		30.11.10***	14.02.11****
KOPEX		15.11.10	
KREDYT BANK		10.11.10	10.02.11
LOTOS		04.11.10	
LW BOGDANKA		15.11.10	
MILLENNIUM		26.10.10	
MONDI		02.11.10	
MOSTOSTAL WARSZAWA		15.11.10	01.03.11
NETIA		04.11.10	
PBG		15.11.10	
PEKAO		10.11.10	
PGE		15.11.10	
PGNiG		10.11.10	
PKN ORLEN		29.10.10	
PKO BP		04.11.10	
POLICE		09.11.10	
POLIMEX MOSTOSTAL		09.11.10	
POLNORD		15.11.10	
PZU		15.11.10	
RAFAKO		15.11.10	
SYGNITY		15.11.10	
TAURON		15.11.10	
TELEKOMUNIKACJA POLSKA		27.10.10	
TRAKCJA POLSKA		10.11.10	
TVN		10.11.10	
ULMA CONSTRUCCION POLSKA		12.11.10	
UNIBEP		15.11.10	
ZA PUŁAWY		15.11.10*****	28.02.11*******

*Source: Companies; * Annual report for 2009/2010; **Report for Q1 2010; *** Report for H1 10/11; ****Report for Q3 10/11; ***** Quarterly report for Q1 10/11; ****** Report for H1 2010/2011*

Current ratings by BRE Bank Securities

Company	Rating	Target Price	Current Price	Rating Issued	Price on Rating Day	FY2010E P/E
AB	Accumulate	23.40	20.83	2010-09-28	20.60	9.3
ACTION	Reduce	18.16	19.40	2010-09-28	19.70	13.7
AGORA	Hold	25.80	27.20	2010-10-05	28.30	20.6
ASBIS	Accumulate	4.08	4.30	2010-09-28	3.62	19.5
ASSECO POLAND	Buy	65.30	51.70	2010-08-31	55.00	9.9
ASTARTA	Sell	45.83	74.00	2010-05-11	57.50	6.9
BUDIMEX	Reduce	85.20	95.45	2010-09-13	95.10	11.9
BZWBK	Hold	215.90	212.00	2010-09-15	215.40	16.6
CENTRUM KLIMA	Hold	14.65	14.10	2010-09-03	14.83	15.1
CERSANIT	Hold	9.65	11.85	2010-06-04	14.00	17.0
CEZ	Hold	140.30	121.70	2010-09-13	131.20	8.9
CIECH	Buy	34.50	21.61	2010-08-23	28.27	6.9
CINEMA CITY	Hold	39.90	42.77	2010-07-16	39.00	19.6
COMARCH	Hold	79.50	74.45	2010-09-03	79.35	17.2
CYFROWY POLSAT	Hold	15.30	14.25	2010-09-14	14.92	14.0
DOM DEVELOPMENT	Accumulate	50.10	46.40	2010-07-05	44.80	42.5
ELEKTROBUDOWA	Reduce	165.70	183.00	2010-09-03	186.00	17.7
EMPERIA HOLDING	Suspended		101.00	2010-10-05	99.50	19.8
ENEA	Hold	21.43	23.00	2010-09-13	20.50	15.5
ERBUD	Accumulate	54.10	51.30	2010-07-05	50.00	12.6
EUROCASH	Suspended		25.23	2010-10-05	26.38	27.1
FAMUR	Reduce	2.2	2.35	2010-09-13	2.43	14.5
GETIN	Hold	10.40	10.57	2010-09-15	10.11	18.6
GTC	Accumulate	23.90	22.22	2010-10-05	22.15	6.8
HANDLOWY	Hold	87.00	87.00	2010-10-05	87.60	15.9
ING BSK	Hold	815.00	840.00	2010-09-15	800.00	14.2
J.W. CONSTRUCTION	Hold	16.40	17.79	2010-07-09	16.10	5.9
KERNEL	Accumulate	77.28	64.80	2010-10-05	66.80	9.5
KĘTY	Hold	115.38	114.90	2010-10-05	114.70	13.0
KGHM	Hold	96.10	131.50	2010-05-27	93.70	7.6
KOMPUTRONIK	Hold	10.12	9.70	2010-09-28	10.80	25.5
KOPEX	Accumulate	19.8	18.10	2010-09-13	17.80	22.1
KREDYT BANK	Hold	15.20	14.90	2010-09-15	15.49	20.4
LOTOS	Reduce	26.50	30.20	2010-09-03	30.04	10.0
LW BOGDANKA	Hold	85.40	106.40	2010-09-01	83.70	19.2
MILLENNIUM	Reduce	4.60	5.00	2010-10-05	5.00	20.7
MONDI	Hold	71.10	77.00	2010-08-13	73.70	18.0
MOSTOSTAL WARSZAWA	Hold	66.10	63.25	2010-09-16	64.80	15.9
NETIA	Reduce	5.30	5.40	2010-10-05	5.70	28.0
PBG	Sell	194.00	227.00	2010-10-05	243.00	15.1
PEKAO	Reduce	145.00	183.20	2010-09-15	159.50	18.6
PGE	Buy	26.73	21.77	2010-09-13	23.78	13.0
PGNiG	Buy	4.26	3.56	2010-09-27	3.52	12.7
PKN ORLEN	Hold	40.20	39.90	2010-04-08	39.40	11.0
PKO BP	Hold	45.70	45.85	2010-10-05	44.99	17.8
POLICE	Hold	5.50	5.77	2010-06-02	5.39	12.3
POLIMEX MOSTOSTAL	Hold	4.23	4.25	2010-09-03	4.44	14.3
POLNORD	Buy	50.70	38.16	2010-06-02	37.70	24.6
PZU	Suspended		384.00	2010-08-04	399.00	14.7
RAFAKO	Accumulate	13.70	12.35	2010-09-03	12.80	16.7
SYGNITY	Buy	18.20	16.00	2010-03-02	12.57	
TAURON	Buy	8.87	6.07	2010-09-13	5.56	11.8
TELEKOMUNIKACJA POLSKA	Hold	16.90	18.00	2010-09-08	16.50	5749.1
TRAKCJA POLSKA	Hold	4.16	4.69	2010-05-06	4.14	17.9
TVN	Hold	16.69	18.83	2010-09-03	17.15	22.3
ULMA CONSTRUCCION POLSKA	Accumulate	85.90	80.90	2010-09-22	75.00	39.9
UNIBEP	Accumulate	9.30	8.50	2010-09-14	8.38	12.8
ZA PUŁAWY	Hold	72.05	71.05	2010-01-06	80.90	16.5

Recommendations issued in the last month

Company	Recommendation	Previous	Target price	Date issued
AB	Accumulate	Accumulate	23.40	2010-09-28
ACTION	Reduce	Accumulate	18.16	2010-09-28
AGORA	Hold	Accumulate	25.80	2010-10-05
ASBIS	Accumulate	Hold	4.08	2010-09-28
EMPERIA HOLDING	Suspended	Hold		2010-10-05
EUROCASH	Suspended	Reduce		2010-10-05
GTC	Accumulate	Hold	23.90	2010-10-05
HANDLOWY	Hold	Accumulate	87.00	2010-10-05
KERNEL	Accumulate	Buy	77.28	2010-10-05
KĘTY	Hold	Accumulate	115.38	2010-10-05
KOMPUTRONIK	Hold	Hold	10.12	2010-09-28
MILLENNIUM	Reduce	Hold	4.60	2010-10-05
NETIA	Reduce	Accumulate	5.30	2010-10-05
PBG	Sell	Reduce	194.00	2010-10-05
PGNiG	Buy	Buy	4.26	2010-09-27
PKO BP	Hold	Accumulate	45.70	2010-10-05
ULMA CONSTRUCCION PL	Accumulate	Accumulate	85.90	2010-09-22

Recommendation Statistics

	All					Issuers for which BRE Bank Securities S.A. has rendered services				
Statistics	Sell	Reduce	Hold	Accumulate	Buy	Sell	Reduce	Hold	Accumulate	Buy
number	2	8	30	9	7	0	4	16	3	6
percentage	3.6%	14.3%	53.6%	16.1%	12.5%	0.0%	13.8%	55.2%	10.3%	20.7%

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

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ACCUMULATE – we expect that the rate of return from an investment will range from 5% to 15%
HOLD – we expect that the rate of return from an investment will range from –5% to +5%
REDUCE – we expect that the rate of return from an investment will range from -5% to -15%
SELL – we expect that an investment will bear a loss greater than 15%
Recommendations are updated at least once every nine months.

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