4 July 2012

Periodic Report

BRE Bank Securities

Monthly Report

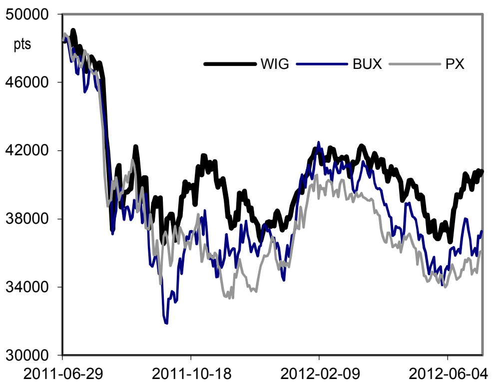
July 2012

Equity Market

Macroeconomics

WIG	**40 788**
Average 2012E P/E	10.0
Average 2013E P/E	9.5
Avg daily trading volume	PLN 703m

WIG vs. indices in the region



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Macroeconomics
BRE Bank Economists

Equity Market

After the June gains, our expectations for July involve a mix of weak economic data and anticipation of central bank actions, leading to a consolidation of stock indices at the same or only slightly higher levels as now.

Company Outlook

Financial Sector. We would advise investors to cash in their bank shares ahead of a weak earnings season, with bank profits weighed down by provisions for possible losses on construction industry loans. Our top pick in the sector is PZU (which is paying high dividend and which remains attractive even as the State Treasury is planning to increase the supply of its stock). Our least favorite bets are Pekao (due to its demanding valuation and outstanding loans from the bankrupt PBG) and Millennium (which also has PBG as a borrower).

Gas & Oil. Oil stocks are likely to trade higher ahead of what is expected to be a strong second-quarter earnings season, but in the medium term much will depend on oil prices. By contrast, PGNiG is expected to report weak results for Q2.

Power Utilities. The improved sentiment to European power stocks should carry over into the Polish sector. Out top pick remains Tauron which has the most potential to beat low expectations.

Telecoms. We remain neutral on the telecom sector. Market trends are working against Netia and TPSA, but at current levels the continuing subscriber losses seem to be priced in in both cases.

Media. In a persistently unfavorable market environment, Agora and TVN display some upside potential provided by their low valuations and possible ownership changes.

IT. Polish IT companies have welcomed the unlocking of funds allocated to e-administration projects, and the signing of contracts with tender winners. Forthcoming contract awards will help sustain positive sentiment to the sector.

Mining and Metals. Despite weak data, anticipation of action from the FOMC and the Chinese government should keep the prices of industrial metals elevated.

Manufacturers. The outlook for July is most promising for Impexmetal and Kęty. We would also encourage investors to take a look at AC SA and Berling.

Construction. The drama unfolding in the road sector is not likely to spread to other sectors of the construction industry. We would overweight construction stocks, especially small and medium-sized companies.

Real Estate Developers. Polnord was the real estate sector's star performer in June thanks to its successful land compensation case against the City of Warsaw. Overall, however, market conditions have not been favorable for housing developers. After the downslide of the last few days, P.A. Nova is currently trading at attractive levels.

Ratings. As of the date of this Monthly Report, we are upgrading our ratings for ZA Puławy (Hold), we are downgrading Ciech (Hold), Millennium (Reduce), MOL (Reduce), Pekao (Reduce), PKO BP (Hold), and PZU (Hold), and we are terminating coverage of Centrum Klima.

Equity market

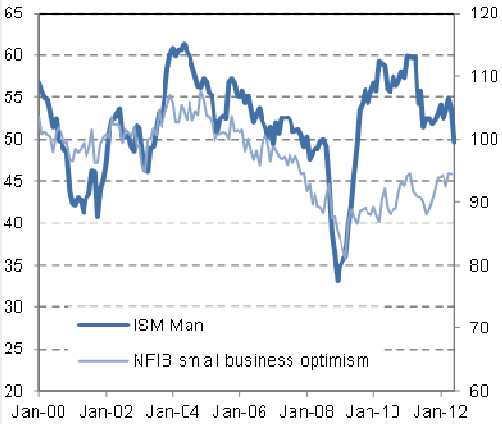
June saw most stock market indices go up (S&P by 4% m/m, DAX by 2.4% m/m and WIG20 by 8.5% m/m), which means that, so far, the positive three month-scenario we proposed in early June is playing out. The climb in stock prices was associated with falling commodity prices, a factor that should support the global economy in the future. The economic data that were published during that time were predominantly disappointing, especially ISM Manufacturing, which we had used earlier to support our view that American manufacturing was expecting a revival (as recently as May, the new orders index stood at 60pts). The surprisingly weak June reading (primarily due to a 12.3pts. m/m plunge in new orders) suggest that the American economy may actually decelerate, which, of course, makes economic stimuli measures on the part of FOMC and the Obama administration more likely (especially in the context of the weak economic momentum in Europe and the approaching presidential election in the USA). In our opinion, weaker 'hard' economic data will be offset by expectations of actions on the part of the Fed. The earnings reporting season is also approaching. Results for Q1'12 helped equity owners, but now there is a risk that solid earnings will be interspersed with warning signs. The weak economic data were offset by the effects of the EU summit. Relative to expectations and disappointments that the earlier summits were, investors were surprised on the upside this time. It is still to be seen whether and how quickly the declarations made there turn into facts, but we believe that the summit is going to have a calming effect on the Eurozone over the next few weeks. The yield on Spain's 10Y bonds has fallen to 6.2% (from nearly 7.3%), and on Italian bonds, to 5.6% (from 6.3%). American investors remain pessimistic, however. At the end of June, 28.7% of investors surveyed were bulls on S&P500 (vs. 28% previously), 55.4% were bears (vs. 42% previously) and 27% were undecided (vs. 30% previously). In turn, the VIX volatility index fell 17pts, which is a warning sign. After a strong June, we expect July to be marked by a combination of weak economic data and expectations of further steps on the part of central banks, leading to consolidation at close to the current level, or slight movement north. The decisions taken at the EU summit towards banks may have a negative impact on the industry's relative performance in Poland (investors will buy cheap shares in banks in the region, and Polish banks may appear to be more defensive), all the more so that the PKO BP (and, in terms of valuation multiples, also Pekao) and PZU stocks have reached levels that might prompt the State Treasury to sell its stakes. Moreover, the banks' provisions for loans to construction industry have proved higher than expected (cf. the data for May). In turn, expectations of actions on the part of FOMC and the Chinese government should keep prices of industrial metals high.

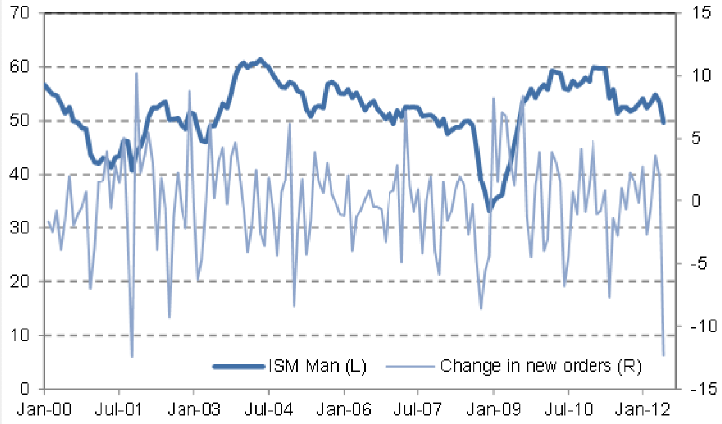
Very weak ISM Manufacturing reading in USA

In our opinion, the biggest negative surprise in last months' economic data was the very weak ISM Manufacturing index, which fell from 53.5pts to 49.7pts (vs. 52pts expected), this being the first time since the end of the previous recession that it has dipped below 50pts (a level that, in theory, implies industrial contraction). Unfortunately, what drove the index down was the new orders sub-index, which plunged by 12.3pts, from 60.1pts to 47.8pts. The production index also fell significantly (from 55.6pts. to 51.0pts.) We have not seen such as sharp plunge in new orders since October 2001 (-12.4pts.) At that time, it rebounded sharply the following month (by 10.4pts) and then continued growing four straight months. Since 2000, there have been five other instances of the new orders index falling by 7pts. m/m or more, usually from high levels of ca. 60pts., harbingering a soft-patch. In two cases (2000 and 2008) such plunges occurred from levels of under 50pts., 2-5 months before ISM Manufacturing bottomed out (at times of deep economic slowdown).

The fact that ISM Manufacturing has fallen below 50pts. does not mean the entire US economy will go into recession. Most of the country's GDP comes from services. In statistical terms, the GDP can be expected to fall when ISM Manufacturing falls below 47pts. It is worth noting that small companies, whose exposure to the global economic trends is more limited, are still experiencing improvements in their situation (thanks to, inter alia, increased availability of credit). Due to the credit crunch and because of size limitations, such companies did not feel a material improvement in their situation in the initial revival phase after the last recession.

ISM Manufacturing vs. NFIB Small Firms Index (L), monthly change in new orders sub-index vs. ISM Manufacturing (R)





Source: Bloomberg

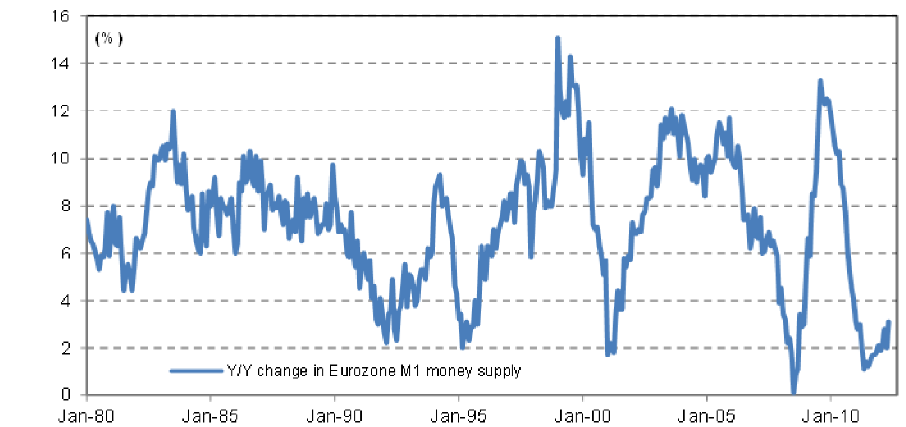
The weaker ISM reading makes it more likely that the FOMC will act. According to our macroeconomics team, the "standard" Quantitative Easing (i.e. a broad asset-buying scheme) is reserved for a potential escalation of the Eurozone crisis. If the economy continues to weaken, or fails to improve, FOMC is likely to test alternative stimulus programs, which it is probably currently developing.

EU summit: a positive surprise, but what next?

Relative to expectations and to disappointments that previous EU summits led to, the most recent one brought surprisingly concrete solutions, although it should be stressed that these are still 'palliative' rather than 'curative' efforts. That said, with additional support from the ECB, financial markets should be calm for a while. The most important decisions taken at the summit include: the declaration that the establishment of European banking supervision will be accelerated (with the work to be concluded by the end of the year) and the increase in the flexibility of stability funds (which means, for example, that Italian bonds can be bought directly by EFS/ESM, and that Spain and other countries can recapitalize their banks directly from EFS/ESM, without putting a burden on their national budgets). In addition, the summit included a discussion on instruments that would make it possible to reduce Spain's and Italy's financing costs (the details are to be agreed on during the summit planned for 9 July). In the next few weeks, we will find out whether the agreed measures will be pursued (signals of dissent have already come from some countries), or whether they get stuck in political discussions, and we will learn what further summits bring and what the ECB's role is going to be.

In spite of the dismal sentiment in Eurozone, it should be noted that late June and early July brought economic data that were weak but better than expected. This is true of retail sales (+0.6% m/m vs. +0.3% m/m expected) and PMI Services (up from 46.7pts. to 47.1pts. vs. 46.8pts. expected), while PMI Manufacturing stopped falling (45.1 in May and June). Note also that M1 money supply has been improving for several months.

M1 money supply in Eurozone



Source: Bloomberg

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Macroeconomics

Monetary council on interest rates

The global economic outlook has worsened, and Poland's GDP data for the first quarter as well have confirmed a slowdown (some of the members of the Monetary Policy Council expect even weaker data for the second quarter, and we agree). The MPC seems to be divided into a number of small camps in its discussions about the nature of the slowdown (there is no majority or even a minority consensus). MPC members are more in accord with each other when it comes to the job market: not only is the unemployment rate not falling, but jobs are actually on a decline, reassuring some of the MPC members that salaries are not coming under any major pressure (the MPC has considerably softened its stance since the last meeting; the risk of second round effects is limited). The MPC has retained its stance on inflation, indicating that the period when inflation will be deviating from the target may be longer than originally thought, with core inflation considered to be the main cause (moving towards commodities in May). CPI's decline after an unexpected increase in April should appease the concerns of those MPC members who point to core inflation. There has been a major change in rhetoric when it comes to interest rates: some MPC members have suggested that, at the current level, interest rates seem to be supporting price stability in the medium term. Interestingly, there is a minority voice saying that rate hikes would hamper consolidation measures in the public finance sector, leading to more severe fiscal restrictions and further deceleration in growth. Some of the MPC members stressed that, given the obvious economic cooling, the latest central bank rate hike was probably a sufficient measure adjusting interest rate levels to the current and future macroeconomic situation in Poland. While the majority of MPC members are still waiting for projections, the Council's newly discovered sensitivity to economic data minimizes the risk of decision-making based on projections, especially in a fast-changing macro environment. We maintain that the MPC will keep rates steady at the July meeting. The market's attention is moving towards possible interest rate cuts (the FRA curve reflects two cuts in the next nine months, one cut within six months, and a possible cut within three months), particularly after the positive inflation surprise in May, but we believe these expectations will not be met. Data shows that the slowdown is gradual, and, as the MPC uses much more dovish rhetoric, stability issues will gain in importance. The MPC will not start thinking about stimulus measures until inflation drops to levels necessitating hikes in real interest rates.

Retail sales

Retail sales increased 7.7% in May, marking an acceleration from the 5.5% y/y growth recorded in April. Excluding food, fuel, and autos, the expansion from the year before amounted to 6.9% in May compared to 4.5% in April (with even growth recorded across all basic categories). The main growth drivers included fuel (3.2% m/m), food (where 2ppts of the 5.8% y/y increase were contributed by base effects), and the category of furniture, electronics, and household appliances (6.2% m/m). The biggest surprise came from the (hard to predict) category of "other sales" (which accounts for over 20% of total sales) which showed month-on-month expansion by 6.8%. In turn, retail sales of clothes and footwear fell 5.1% relative to April, and "other sales in non-specialized stores" were down 3.1%. Looking at the trends observed across the different categories, we can see that the EURO2012 soccer Cup was influencing consumer behavior ahead of its June launch. Note for instance the increase in electronics purchases paired with a drop in fashion shopping (a shift confirmed by slower sales generated by shopping centers which had to use summer price discounts earlier than usual to attract shoppers). By the same token, we can expect further departures from seasonal patterns in June, obscuring the trends that are indicative of the economy's real state. Still, this does not affect our core scenario which foresees a downturn in consumption in 2012 due to a number of strong fundamental factors (including the decelerating labor market) as well as long-term correlates of personal spending (economic expectations of households, a record-low savings rate).

Manufacturing

In May, industrial production shot up unexpectedly by a staggering 4.6% y/y (4.5% m/m) and by 3.1% y/y (0.1% m/m) in seasonally-adjusted terms. While this reading comes as a surprise, the May car manufacturing forecasts published by Samar suggested that the y/y growth rate in manufacturing would approach 5%, which at the time seemed unrealistic given our economic slowdown scenario and the very weak seasonally-adjusted industrial production trend. The actual reading did in fact validate Samar's indicator, with manufacturing output growing at 5.2% y/y. In terms of individual sectors, there has been little change from the preceding month, with growth in 23 categories out of 34 vs. 22 in April. The biggest drops were observed in exports-oriented industries such as furniture (-10.3% y/y) and cars (-7.2% y/y), with the strongest growth recorded in chemicals (+15.3% y/y) and electrical appliances (+12.5% y/y). It is hard to draw firm conclusions here. We can see, however, that the weaker zloty is not boosting exports-oriented output. Strong growth was also observed in the food industry, which could be due to the Euro 2012 soccer championship, although this factor should be much less relevant for industrial output as opposed to other variables. In June and July, we will still see positive base effects (as well as, possibly, positive Euro 2012 effects), but once the summer ends industrial production will enter a downturn not just as a result of the progressing economic slowdown (sentiment indicators are still pointing south), but also due to 2011 base effects (a solid recovery path from an earlier soft patch). Construction output grew 23.7% m/m in May, which translated into 6.2% y/y growth (vs. 8.1% y/y in April). Growth was faster when adjusted for seasonal factors: 7.2% y/y vs. 1.9% y/y in April. All the sectors demonstrated growth vs. April: civil engineering (27.8%), building construction (27.4%) and specialist work (11.3%), although the latter category saw a contraction vs. May 2011. We believe that this structure suggests that infrastructural projects are being continued, an effect that may persist for 1-2 months before gradually waning. Therefore, we are expecting a clear slowdown in investment starting with Q3.

Job market

Average employment in the private sector sustained the May growth rate of 0.3% y/y. In month-on-month terms, employment did not change vs. April due to rounding; in absolute figures, 800 jobs were lost. The data are consistent with a scenario of a progressing slowdown. When we have seen a more detailed breakdown of the data, we will be able to assess where employment structure is heading. Even now, however, we would venture to say that the main problem area is construction, where the number of jobs seems to be falling. Manufacturing seems to be relatively stable (which is likely to change as signals of economic downturn intensify), while growth may have been recorded in retail and in restaurants and hotels (note that both of these categories may have benefitted from the Euro 2012 soccer championship). This "soccer effect" will affect the data primarily in June (a surprise on the upside is possible), but afterwards, regular economic developments will have the upper hand. Therefore, we expect the m/m employment growth rate to remain in the (-0.2)-0.0% range, which could bring the y/y rate below zero for a few months. That said, the current employment slowdown remains much more controlled than in 2009. Salary growth accelerated from 3.4% y/y in April to 3.8% y/y in May. We do not need to see the data broken down into individual categories to say that salaries are slowing down in manufacturing, i.e. the area that is the most sensitive to economic situation turns, and that the growth stems from last year's base effect. In the upcoming months, salaries will be in a downtrend. In this situation, real salary growth remains close to zero, if not slightly below, which, coupled with reduced employment in the private sector, will have a negative effect on consumption in 2012 and most likely in 2013 as well.

Government deficit

The Polish government deficit totaled PLN 27bn in May, reaching 77.2% of the 2012 target, in keeping with the schedule which predicted achievement of a 77.3% ratio by that time. Such consistency was owed to the revenue side (actual: 38.6%, budgeted: 38.7%) as well as the spending side (right on target at 43%). Most of the major component categories remained steady compared to past years. Such precision in delivery of the budget targets ceases to amaze once one learns that the latest budget projections were just published a few weeks ago. What is more interesting are current trends in tax receipts in light of the weaker-than-forecasted first-quarter GDP data. Direct tax collections in the first few months of 2012 remained virtually unchanged relative to the same months a year ago, showing much weaker year-on-year growth rates, which have mostly hovered around zero (except in March and May when they displayed year-on-year contraction). By contrast, direct tax receipts in early 2011 showed year-on-year growth over 10%. When it comes to direct taxes, 2012 resembles the weak 2009, confirming our belief in a gradual moderation of business activity in Poland. Summing up, we maintain that 2012 will be a leaner-than-expected year for the government in terms of revenues.

Current recommendations of BRE Bank Securities S.A.

Company	Recommendation	Date issued	Price on report date	Target price	Current price	Upside / Downside	P/E 2012	P/E 2013	EV/EBITDA 2012	EV/EBITDA 2013
Banks										
GETIN NOBLE BANK (f.GET BANK)	Hold	2012-06-05	1.42	1.85	1.76	5.1%	9.5	9.3		
HANDLOWY	Hold	2012-01-19	73.95	69.25	78.40	-11.7%	14.1	13.2		
ING BSK	Hold	2012-01-19	80.70	80.00	81.00	-1.2%	12.3	11.1		
KREDYT BANK	Suspended	2012-02-28	11.96	-	13.01	-	-	-		
MILLENNIUM	Reduce	2012-07-04	3.68	3.30	3.68	-10.3%	11.9	9.8		
PEKAO	Reduce	2012-07-04	150.40	130.00	150.40	-13.6%	14.4	13.4		
PKO BP	Hold	2012-07-04	33.70	33.70	33.70	0.0%	12.5	11.2		
Insurance										
PZU	Hold	2012-07-04	327.00	345.00	327.00	5.5%	12.0	11.3		
Financial services										
KRUK	Buy	2012-03-29	50.90	59.40	46.25	28.4%	9.5	8.4		
Fuels, chemicals										
CIECH	Hold	2012-07-04	20.51	21.60	20.51	5.3%	47.7	10.8	5.7	4.6
LOTOS	Reduce	2012-03-05	26.84	21.60	28.50	-24.2%	8.8	6.8	8.3	6.5
MOL	Reduce	2012-07-04	264.60	208.19	264.60	-21.3%	13.3	10.4	6.3	5.3
PGNiG	Reduce	2012-01-16	4.04	3.69	4.07	-9.3%	24.8	8.3	8.1	4.6
PKN ORLEN	Hold	2011-11-17	39.25	39.00	37.80	3.2%	13.5	11.3	6.3	5.6
POLICE	Hold	2012-01-16	9.62	10.00	9.90	1.0%	9.7	8.6	5.6	4.4
ZA PUŁAWY	Hold	2012-07-04	100.40	96.60	100.40	-3.8%	11.0	11.2	5.4	5.6
Power Utilities										
CEZ	Hold	2012-06-05	127.80	117.50	114.20	2.9%	8.5	8.3	6.2	6.3
ENEA	Accumulate	2011-11-04	17.77	21.24	15.88	33.8%	7.9	7.7	3.1	3.5
PGE	Buy	2012-03-05	19.80	23.07	19.30	19.5%	8.1	9.2	4.3	5.0
TAURON	Buy	2012-01-02	5.35	7.13	4.50	58.4%	5.8	7.6	3.6	4.1
Telecommunications										
NETIA	Hold	2012-06-05	5.72	5.70	5.87	-2.9%	19.2	15.8	4.8	4.5
TPSA	Hold	2012-01-23	17.90	15.90	15.48	2.7%	17.2	15.3	4.5	4.3
Media										
AGORA	Buy	2012-01-23	10.66	15.30	10.09	51.6%	17.0	15.3	3.0	2.8
CINEMA CITY	Hold	2012-03-05	32.00	33.50	27.56	21.6%	11.6	9.5	6.0	5.1
CYFROWY POLSAT	Hold	2011-10-13	15.35	14.80	14.76	0.3%	13.1	12.5	8.3	7.8
TVN	Accumulate	2012-06-05	8.10	10.20	9.09	12.2%	10.6	10.0	7.5	6.7
IT										
AB	Hold	2012-03-05	21.72	22.50	20.10	11.9%	7.5	6.7	6.1	5.6
ACTION	Reduce	2012-03-05	23.25	17.30	21.60	-19.9%	9.7	9.0	6.8	6.3
ASBIS	Hold	2012-03-05	2.80	2.60	2.66	-2.3%	8.5	7.4	5.0	5.0
ASSECO POLAND	Buy	2011-05-27	49.60	62.80	49.00	28.2%	9.0	8.4	5.4	4.9
COMARCH	Reduce	2011-10-13	50.25	45.90	65.50	-29.9%	16.4	15.3	7.4	6.5
SYGNITY	Hold	2012-03-05	21.76	23.00	20.35	13.0%	14.1	10.0	5.8	4.7
Mining & Metals										
JSW	Buy	2012-01-23	99.00	127.00	100.60	26.2%	8.1	10.0	3.5	3.8
KGHM	Hold	2012-03-05	151.40	151.50	150.00	1.0%	7.1	11.7	2.5	3.3
LW BOGDANKA	Hold	2012-03-05	127.80	132.00	126.00	4.8%	14.4	9.2	6.5	4.5
Manufacturers										
ASTARTA	Hold	2012-06-05	51.95	56.1	58.40	-3.9%	4.2	3.4	4.8	3.9
BORYSZEW	Hold	2012-06-05	0.60	0.65	0.60	8.3%	15.0	14.3	7.8	7.4
CENTRUM KLIMA	Suspended	2012-07-04	14.21	-	14.21	-	-	-	-	-
FAMUR	Reduce	2012-06-05	3.94	3.6	3.99	-9.8%	13.9	13.5	7.8	7.9
IMPEXMETAL	Buy	2012-01-19	3.46	5.7	3.50	62.9%	8.7	7.4	5.9	5.0
KERNEL	Hold	2012-06-05	58.00	61.1	60.90	0.3%	5.6	4.9	4.8	3.8
KĘTY	Accumulate	2012-03-05	123.40	136.7	118.00	15.8%	9.8	9.4	6.1	5.8
KOPEX	Suspended	2012-05-07	20.01	-	18.15	-	-	-	-	-
ROVESE	Suspended	2012-06-14	3.40	-	2.56	-	-	-	-	-
Construction										
BUDIMEX	Accumulate	2012-02-27	87.80	87.10	58.10	49.9%	6.3	7.8	1.7	4.4
ELEKTROBUDOWA	Hold	2012-03-05	116.00	112.40	96.50	16.5%	10.0	8.4	6.2	5.2
ERBUD	Buy	2012-01-26	17.25	24.00	14.97	60.3%	7.0	6.8	4.2	3.6
MOSTOSTAL WAR.	Buy	2012-01-26	18.72	27.20	14.68	85.3%	7.6	5.6	2.7	2.0
PBG	Suspended	2012-06-05	14.63	-	8.48	-	-	-	-	-
POLIMEX MOSTOSTAL	Buy	2012-05-07	1.00	2.01	0.73	175.3%	3.7	3.5	4.0	3.6
RAFAKO	Accumulate	2012-05-07	9.27	11.00	7.67	43.4%	8.2	7.0	5.0	3.7
TRAKCJA TILTRA	Suspended	2011-12-19	1.10	-	0.92	-	-	-	-	-
ULMA CP	Accumulate	2012-05-07	55.75	69.30	39.50	75.4%	7.2	14.4	2.4	2.5
UNIBEP	Buy	2012-01-23	6.04	7.00	4.90	42.9%	6.2	6.0	5.9	3.2
ZUE	Buy	2012-01-26	7.33	9.20	6.58	39.8%	7.3	7.2	3.6	3.2
Property Developers										
BBI DEVELOPMENT	Accumulate	2012-06-05	0.30	0.34	0.29	17.2%	316.9	34.4	30.6	48.3
DOM DEVELOPMENT	Hold	2012-01-23	29.50	31.40	28.80	9.0%	8.3	13.6	6.7	12.3
ECHO	Buy	2012-01-24	3.75	4.70	3.60	30.6%	5.7	10.4	9.5	27.0
GTC	Buy	2012-06-14	6.10	7.30	6.31	15.7%	34.0	14.7	20.2	15.0
J.W.C.	Hold	2012-05-07	5.38	6.10	4.75	28.4%	9.1	9.1	13.2	15.7
PA NOVA	Buy	2012-01-23	19.23	25.80	17.00	51.8%	9.5	5.3	12.9	6.8
POLNORD	Hold	2012-01-23	15.10	15.70	14.96	4.9%	6.2	5.4	18.4	-
ROBYG	Hold	2012-03-05	1.46	1.43	1.36	5.1%	8.3	11.6	8.6	11.8

Ratings issued in the past month

Company	Rating	Previous Rating	Target Price	Rating Day
ASTARTA	Hold	Reduce	56.10	2012-06-05
BBI DEVELOPMENT	Accumulate	Hold	0.34	2012-06-05
BORYSZEW	Hold	Reduce	0.65	2012-06-05
ROVESE	Suspended	Accumulate		2012-06-14
CEZ	Hold	Reduce	117.50	2012-06-05
FAMUR	Reduce	Hold	3.60	2012-06-05
GETIN NOBLE BANK (f.GET BANK)	Hold	Reduce	1.85	2012-06-05
GTC	Buy	Suspended	7.30	2012-06-14
KERNEL	Hold	Reduce	61.10	2012-06-05
MILLENNIUM	Hold	Sell	3.30	2012-06-05
MOL	Hold	Reduce	208.19	2012-06-05
NETIA	Hold	Reduce	5.70	2012-06-05
PBG	Suspended	Buy		2012-06-05
PEKAO	Hold	Reduce	130.00	2012-06-05
TVN	Accumulate	Hold	10.20	2012-06-05

Ratings changed as of 4 July 2012

Company	Rating	Previous Rating	Target Price	Rating Day
CENTRUM KLIMA	Suspended	Sell		2012-07-04
CIECH	Hold	Buy	21.60	2012-07-04
MILLENNIUM	Reduce	Hold	3.30	2012-07-04
MOL	Reduce	Hold	208.19	2012-07-04
PEKAO	Reduce	Hold	130.00	2012-07-04
PKO BP	Hold	Accumulate	33.70	2012-07-04
PZU	Hold	Accumulate	345.00	2012-07-04
ZA PUŁAWY	Hold	Reduce	96.60	2012-07-04

Rating Statistics

	All					For issuers who are clients of BRE Bank Securities				
Statistics	Sell	Reduce	Hold	Accumulate	Buy	Sell	Reduce	Hold	Accumulate	Buy
count	0	9	25	8	15	0	5	10	1	12
as % of total	0.0%	15.8%	43.9%	14.0%	26.3%	0.0%	17.9%	35.7%	3.6%	42.9%

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Previous ratings for companies re-rated as of the date of this Monthly Report

CENTRUM KLIMA

rating	Buy	Suspended	Sell
rating day	2011-11-15	2012-05-07	2012-05-09
price on rating day	9.65	14.25	14.28
WIG on rating day	40235.00	39888.00	39268.41

CIECH

rating	Buy	Buy
rating day	2012-01-16	2012-05-15
price on rating day	17.35	17.70
WIG on rating day	37991.91	38500.68

MILLENNIUM

rating	Reduce	Sell	Hold
rating day	2012-01-19	2012-03-05	2012-06-05
price on rating day	3.82	4.34	3.42
WIG on rating day	39056.43	41639.72	37287.97

MOL

rating	Reduce	Hold
rating day	2012-04-19	2012-06-05
price on rating day	242.10	226.80
WIG on rating day	40526.80	37287.97

PEKAO

rating	Hold	Reduce	Hold
rating day	2011-11-04	2012-01-19	2012-06-05
price on rating day	153.00	145.90	136.00
WIG on rating day	41313.92	39056.43	37287.97

PKO BP

rating	Accumulate	Hold	Accumulate
rating day	2012-01-19	2012-03-05	2012-04-05
price on rating day	32.89	34.49	33.00
WIG on rating day	39056.43	41639.72	40754.08

PZU

rating	Hold	Accumulate
rating day	2011-11-18	2012-01-23
price on rating day	321.00	327.00
WIG on rating day	39797.19	39518.87

ZA PUŁAWY

rating	Reduce	Reduce
rating day	2012-04-05	2012-05-25
price on rating day	102.00	100.30
WIG on rating day	40754.08	36852.75

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

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BUY – we expect that the rate of return from an investment will be at least 15%
ACCUMULATE – we expect that the rate of return from an investment will range from 5% to 15%
HOLD – we expect that the rate of return from an investment will range from –5% to +5%
REDUCE – we expect that the rate of return from an investment will range from -5% to -15%
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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