

13 November 2009

Update


Media
Poland

Current price	PLN 19.75
Target price	PLN 23.70
Market cap	PLN 1036bn
Free float	PLN 563m
Average daily trading (3M)	PLN 6.42m

Shareholder structure

Agora-Holding Sp. z o.o.	12.85%
BZ WBK AIB AM	32.81%
Others	54.34%

Sector Outlook

Advertising is a late-cycle industry dependent on GDP growth and investments. Advertisers typically have high operating leverage. In spite of a slowdown in GDP growth and a hiatus in investments, we are optimistic about the growth of advertising expenditure in the long term, as it is still considerably lower per capita and as a percentage of GDP than in EU15.

Company Profile

Agora is one of the largest Polish media groups. Its business includes newspaper, magazine, and book publishing, outdoor advertising and radio broadcasting. We estimate that Agora has a 12.8% share in advertising expenses in general, a 45% share in newspaper advertising, and a ca. 27% share in outdoor advertising. The company owns one of Poland's biggest web portals, gazeta.pl

Agora

AGOD.WA; AGO.PW

Buy

(Upgraded)

Exemplary Cost Cutting

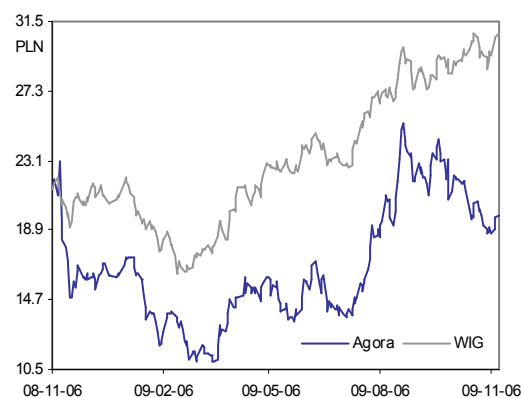
Agora's Q3 2009 earnings surprised us with the scale of savings attained. While revenues are still hugely impacted by the downturn in the advertising market, here too we can note the first symptoms of improvement, as the rate of decline has decelerated in most segments. Although we do not believe Q3 can be treated as indicative of the scale of cost reduction that Agora can attain (we believe around PLN 3.5m of the savings are one-off cuts), the trends that we see shaping in both revenues and costs confirm our scenario of a considerable improvement in Agora's earnings in the ensuing quarters. Due to the considerable plunge in the price of the stock over the past few weeks, we are upgrading our rating to buy with a target price of PLN 23.7 per share (vs. PLN 24.1 previously).

Surprising Q3'09

We consider Q3'09 earnings good. While the improvement in the advertising market was limited, the company was able to significantly reduce its operating expenses and to post an EBIT of PLN 12.8m and a net profit of PLN 10.2m, which are both impressive in today's tough times. The biggest reductions in expenses were attained in salaries (by PLN 12.3m y/y), promotion and advertising (by PLN 12.5m y/y) and other operating expenses (by PLN 11.1m y/y). In case of the former two, we estimate that ca. PLN 3.5m came from one-offs.

Outlook for Q4'09

We reiterate our view that Agora's earnings will be gradually improving. We expect that compared to Q3'09, revenues should improve as advertising income declines more slowly while the impact of higher subscription prices on income from newspaper and magazine sales increases. We do not believe the company can replicate its cost-cutting achievements though. Savings on promotional and advertising expenses in particular will be lower, because as the top newspapers enter into negotiations with media houses, they will want to improve their circulation.

Agora vs. WIG


(PLN m)	2007	2008	2009F	2010F	2011F
Revenue	1272.3	1277.7	1124.2	1133.5	1204.2
EBITDA	198.6	128.4	127.6	155.8	160.9
<i>EBITDA margin</i>	15.6%	10.0%	11.3%	13.7%	13.4%
EBIT	120.3	44.6	43.4	71.2	76.0
Net profit	100.3	23.4	35.8	60.1	68.4
DPS	0.3	0.0	0.3	0.6	0.7
P/E	10.8	46.4	28.9	17.2	15.1
P/CE	6.1	10.1	8.6	7.2	6.8
P/BV	0.9	0.9	0.9	0.8	0.8
EV/EBITDA	4.5	7.6	7.3	5.5	5.0
DYield	1.7%	0.0%	1.7%	2.9%	3.3%

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Financial Standing

Q3 2009: A Nice Surprise

In the third quarter, Agora surprised us with the pace at which it reduced its operating expenses, which pushed its earnings much above expectations. Revenues declined by 13.3% to PLN 246.8m, mostly due to the tough situation in the advertising market: advertising income shrank by 21.4% y/y, to PLN 160.9m. Despite such a drastic reduction, the company saw its situation improve on the preceding quarter, when the rate of reduction was the staggering 25.2% y/y. As far as newspaper and magazine sales are concerned, earnings were helped by two increases in Gazeta Wyborcza cover price, which considerably reduced the rate at which this line of revenues was shrinking. Here as well we observed an improvement on the previous quarter, thanks to the higher number of subscriptions renewed at the higher price. As expected for book collections, the exceptional weakness of Q3'08 was not repeated, and an 86.6% y/y increase was observed to PLN 12.5m.

Outside of depreciation and amortization, materials and energy costs were the only line of expenses to increase due to the recent increases in electricity prices on the one hand, and to the greater number of new publications on the other. In the other areas, costs declined, and we were particularly struck by the 16.6% cut in salary expenses (to PLN 61.6m) and the reduction in "other" expenses from PLN 85.7m to PLN 74.6m. We suspect that such profound cuts may have been driven by one-offs. We estimate their impact on EBIT at ca. PLN 3.5m. The costs of representation and promotion declined at the expected rate of 29.2%, to PLN 30.3m. As a result, the company's operating earnings amounted to the staggering PLN 12.8m, vs. PLN 4.2m forecasted and PLN 2.5m consensus. With PLN 0.5m in finance gains and an effective tax rate of 26%, Agora was able to post a net profit of PLN 10.2m.

Agora's Q3 2009 earnings vs. our forecasts, consensus

(PLN m)	3Q2009	3Q2008	Change	3Q2009F	Difference	Consensus Estimates	Difference	2009F	2008	Change
Revenue	246.8	284.7	-13.3%	245.7	0.4%	245.0	0.7%	1124.2	1277.7	-12.0%
EBITDA	33.4	38.1	-12.3%	24.7	35.0%	23.1	44.6%	127.6	128.4	-0.6%
Margin	13.5%	13.4%	-	10.1%		9.4%		11.3%	10.0%	-
EBIT	12.8	17.2	-25.6%	4.2	201.6%	2.5	414.1%	43.4	128.4	-66.2%
Pre-tax income	13.1	18.1	-27.6%	4.0	223.9%			43.8	47.9	-8.6%
Net income	10.2	13.8	-26.1%	3.3	205.0%	2.2	370.0%	35.8	23.3	53.9%

Source: Agora, estimates by BRE Bank Securities, PAP

Among individual segments, newspapers, the internet and the radio stand out, as they were able to improve earnings vs. the preceding quarter, despite the fact that Q3 should have been the toughest period for them due to seasonal factors. Especially the case of the radio segment is worth paying attention to, as the improvement in its EBITDA, both q/q and y/y, was attained despite the huge drop in advertising revenues (-24.4% y/y). Outdoor, which performed the best last quarter, surprised on the downside. We believe that its weakness may be due to seasonal patterns and that it will recover in the quarters to come.

3Q 2009 earnings by segment

(PLN m)	Q3 2009			Q3 2008		
	Revenue	EBITDA	Margin	Revenue	EBITDA	Margin
Newspapers	156.4	41.1	26.3%	178.3	48.8	27.4%
Internet	19.9	-0.3	-1.5%	19.4	-1.1	-5.7%
Outdoor	35.8	-1.4	-3.9%	41.2	2.6	6.3%
Magazines	22.4	4.9	21.9%	27.1	5.3	19.6%
Radio	13.8	0.9	6.5%	18.3	0.8	4.4%

Source: Agora

Outlook for Q4 2009

We expect the downward path of advertising revenues will continue to get less steep in the final quarter of the year, especially in the case of newspapers (-20%) and outdoor advertising (-9%). For the group as a whole, we project 15-16% decline in advertising revenue.



As far as costs are concerned, we believe there will be further savings on account of the downsizing program, which concluded on 31 October. The scale of the savings may be more limited, however, as Q3 2009 expenses were reduced by a one-off. We also expect representation and promotion expenditure to decline slower than in Q3. The fourth quarter is the time when newspapers strive to boost their circulation so as to strengthen their bargaining power with advertisers as the latter prepare their budgets for the following year; as a result, we may expect a somewhat looser approach to savings on promotional expenses.

Long-Term Outlook

We reiterate our view that Agora's earnings are set to improve rapidly next year, as we will be able to see the full impact of cost cuts and price hikes. The rebound in the advertising market, which we expect to see in 2011, will give a positive effect on Agora as well. In addition, we expect that due to the reduced competition (we believe the new *Dziennik. Gazeta Prawna* competes primarily with *Rzeczpospolita* rather than with *Gazeta Wyborcza*), expenditure on representation and promotion will grow slower than advertising revenue.

Forecast Revision

As the company achieved savings in excess of our predictions, thereby showing that its potential in this respect was greater than we had thought, we have adjusted our forecasts of operating expenses in FY2009 and in the following years. At the same time, we are adjusting our expectations as regards the growth rate of advertising revenues in FY2010, from -18.4% to -10.2%. All in all, we are increasing our FY2009 net income forecast from PLN 33.9m to PLN 35.8m, but lowering it for FY2010 from PLN 61.9m to PLN 60.1m.

Valuation

Valuation overview

	PLN m	Weight	9MTP
DCF valuation	1 142.3	50%	
Relative valuation	1 154.4	50%	
based on			
P/E	883.5	50%	
EV/EBITDA	1 425.4	50%	
Average	1 148.4		1 244.8
per share			23.7

Model Assumptions

1. Our valuation is based on the forecast of Agora's earnings in 2009-2018.
2. In the forecast horizon and beyond, our assumed risk-free rate is 6.2% (yield on 10Y T-bonds).
3. Expected FCF growth rate after the forecast horizon is 3.0%.
4. We subtract the number of treasury shares held at the end of 2008 (2.54m) from the total number of shares issued.

Relative Valuation

Our relative valuation is based on EV/EBITDA and P/E multiples for foreign media companies for 2009, 2010 and 2011, weighted at 25%, 45% and 30%, respectively.

P/E and EV/EBITDA estimates for comparable media companies

	Price	EV/EBITDA			P/E		
		2009F	2010F	2011F	2009F	2010F	2011F
Promotora de information (Prisa)		9.0	8.4	7.5	14.7	8.3	4.6
Gruppo Editoriale L'Espresso		14.0	7.6	6.9	69.1	18.9	16.3
Axel Springer AG		7.7	7.2	6.5	12.4	11.5	9.9
Daily Mail		9.0	8.7	8.2	12.2	11.6	10.5
McClatchy Corp		1.1	1.3	-	10.1	152.0	-
New York Times Corp		7.5	7.7	-	56.2	22.3	-
Naspers Ltd		18.9	16.2	13.1	26.8	19.9	15.6
RCS Mediagroup		43.9	11.2	9.4	-	29.4	16.6
Arnoldo Mondadori Editore		10.1	8.2	8.1	15.5	11.9	11.6
Maximum		43.9	16.2	13.1	69.1	152.0	16.6
Minimum		1.1	1.3	6.5	10.1	8.3	4.6
Median		9.0	8.2	8.1	15.1	18.9	11.6
Agora	19.8	7.3	5.5	5.0	28.9	17.2	15.1
Premium/discount		-18.6%	-32.6%	-38.1%	91.4%	-8.7%	30.8%



DCF Valuation Model

(PLN m)	2009F	2010F	2011F	2012F	2013F	2014F	2015F	2016F	2017F	2018F	2018+
Revenues	1 124.2	1 133.5	1 204.2	1 289.4	1 374.0	1 452.5	1 520.8	1 576.9	1 620.6	1 663.5	
Change	-12.0%	0.8%	6.2%	7.1%	6.6%	5.7%	4.7%	3.7%	2.8%	2.6%	
EBITDA	127.6	155.8	160.9	177.1	190.5	200.6	209.9	218.2	224.5	229.6	
EBITDA margin	11.3%	13.7%	13.4%	13.7%	13.9%	13.8%	13.8%	13.8%	13.9%	13.8%	
Amortization and depreciation	84.2	84.6	84.9	85.3	85.7	86.1	86.5	87.0	87.4	87.8	
EBIT	43.4	71.2	76.0	91.8	104.8	114.4	123.3	131.3	137.2	141.7	
EBIT margin	3.9%	6.3%	6.3%	7.1%	7.6%	7.9%	8.1%	8.3%	8.5%	8.5%	
Tax rate on EBIT	8.2	13.5	14.4	17.4	19.9	21.7	23.4	24.9	26.1	26.9	
NOPLAT	35.1	57.7	61.5	74.4	84.9	92.7	99.9	106.3	111.1	114.8	
CAPEX	-85.0	-69.2	-72.0	-75.6	-78.9	-81.8	-83.9	-85.3	-85.9	-87.8	
Working capital	-38.6	13.6	-1.2	-2.6	-2.3	-1.9	-1.7	-1.4	-1.1	-0.9	
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCF	-4.3	86.6	73.2	81.5	89.4	95.2	100.9	106.6	111.5	113.9	117.3
WACC	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	
discount factor	98.2%	88.4%	79.5%	71.4%	64.3%	57.8%	52.0%	46.7%	42.0%	37.8%	
PV FCF	-4.2	76.5	58.2	58.2	57.4	55.0	52.4	49.8	46.9	43.0	
WACC	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	0.0%
Cost of debt	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%
Risk-free rate	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%
Risk premium	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Effective tax rate	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	0.0%
Net debt / EV	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cost of Equity	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%
Risk premium	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Beta	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0

FCF growth after the forecast horizon	3.0%	Sensitivity analysis					
Terminal value	1 430.4	FCF growth in perpetuity					
Present value of the terminal value (PV TV)	540.6	1.0%	2.0%	3.0%	4.0%	5.0%	
Present value of FCF in the forecast horizon	493.3	WACC +1.0pp	19.5	20.3	21.2	22.3	23.7
Equity value (EV)	1 033.8	WACC +0.5pp	20.4	21.3	22.3	23.6	25.3
Net debt	-108.5	WACC	21.4	22.4	23.6	25.2	27.2
Other non-operating assets	0.0	WACC -0.5pp	22.5	23.6	25.1	26.9	29.4
Minority interests	0.0	WACC -1.0pp	23.7	25.0	26.7	29.0	32.0
Equity value	1 142.3						
Number of shares (millions)	52.4						
Equity value per share (PLN)	21.8						
Cost of equity (9M)	8.4%						
Target Price	23.6						
EV/EBITDA('09) for the target price	8.1						
P/E('09) for the target price	34.6						
TV to EV	52%						

**Income Statement**

(PLN m)	2007	2008	2009F	2010F	2011F	2012F	2013F
Revenues	1 272.3	1 277.7	1 124.2	1 133.5	1 204.2	1 289.4	1 374.0
<i>Change</i>	12.2%	0.4%	-12.0%	0.8%	6.2%	7.1%	6.6%
Advertising	847.7	916.1	740.2	740.8	807.8	889.3	969.9
Book sales	210.7	200.2	198.7	200.5	198.7	197.1	195.5
Book collections	127.2	63.2	87.2	88.5	89.9	92.1	94.4
Other sales	86.7	98.2	98.1	103.7	107.8	110.9	114.2
Operating Expenses	1 152.0	1 233.1	1 080.8	1 062.3	1 128.2	1 197.5	1 269.2
Materials, energy and goods	258.8	211.2	220.8	217.7	227.0	238.0	250.7
Salaries	258.9	298.7	272.7	260.8	269.7	287.2	303.8
Incentive program	32.6	27.2	9.2	13.6	29.0	32.4	34.2
Amortization and depreciation	78.3	83.8	84.2	84.6	84.9	85.3	85.7
Representation and advertising	211.1	218.2	149.2	149.9	160.8	173.8	187.6
One-off events	0.0	41.7	0.0	0.0	0.0	0.0	0.0
Other	312.3	352.3	344.7	335.7	356.7	380.9	407.2
EBIT	120.3	44.6	43.4	71.2	76.0	91.8	104.8
<i>Change</i>	203.9%	-62.9%	-2.8%	64.2%	6.7%	20.9%	14.1%
<i>EBIT margin</i>	9.5%	3.5%	3.9%	6.3%	6.3%	7.1%	7.6%
Profit on financing activity	9.0	4.9	2.0	4.4	8.6	12.4	16.6
Share of profit of associates	0.0	-1.6	-1.6	-1.1	0.2	1.3	1.4
Pre-tax income	129.4	47.9	43.8	74.4	84.8	105.6	122.8
Tax	-29.1	-24.6	-8.3	-14.1	-16.1	-20.1	-23.3
Minority interests	-0.1	-0.1	-0.4	0.2	0.3	0.4	0.5
Net income	100.3	23.4	35.8	60.1	68.4	85.1	99.0
<i>Change</i>	308.0%	-76.7%	53.1%	67.6%	13.9%	24.4%	16.3%
<i>Margin</i>	7.9%	1.8%	3.2%	5.3%	5.7%	6.6%	7.2%
Amortization and depreciation	78.3	83.8	84.2	84.6	84.9	85.3	85.7
EBITDA	198.6	128.4	127.6	155.8	160.9	177.1	190.5
<i>Change</i>	170.4%	-35.3%	-0.6%	22.1%	3.3%	10.1%	7.5%
<i>EBITDA margin</i>	15.6%	10.0%	11.3%	13.7%	13.4%	13.7%	13.9%
Shares at year-end (millions)	55.0	55.0	52.4	52.4	52.4	52.4	52.4
EPS	1.8	0.4	0.7	1.1	1.3	1.6	1.9
CEPS	3.2	2.0	2.3	2.8	2.9	3.3	3.5
ROAE	8.4%	2.0%	3.0%	4.9%	5.4%	6.5%	7.3%
ROAA	6.4%	1.5%	2.3%	3.7%	4.1%	4.9%	5.5%

**Balance Sheet**

(PLN m)	2007	2008	2009F	2010F	2011F	2012F	2013F
ASSETS	1 600.8	1 598.6	1 578.1	1 635.6	1 688.8	1 756.3	1 829.7
Fixed assets	930.8	1 065.8	1 066.6	1 051.2	1 038.3	1 028.5	1 021.8
Property, plant and equipment	616.0	650.7	650.8	647.8	645.2	643.2	641.9
Intangible assets	289.9	397.0	397.6	385.3	375.0	367.2	361.7
Long-term financial assets	3.2	0.2	0.2	0.2	0.2	0.2	0.2
Equity in associates	0.0	0.4	0.4	0.4	0.4	0.4	0.4
Long term receivables and prepayments	7.0	6.8	6.8	6.8	6.8	6.8	6.8
Deferred income tax assets	14.7	10.7	10.7	10.7	10.7	10.7	10.7
Current assets	670.1	532.7	511.5	584.4	650.5	727.7	807.9
Inventories	17.5	18.9	22.5	22.1	23.4	24.9	26.4
Trade receivables and prepayments	249.3	244.9	224.7	226.5	240.7	257.7	274.6
Current tax receivables	2.2	5.3	4.6	4.7	5.0	5.3	5.7
Short-term financial assets	63.5	0.0	0.0	0.0	0.0	0.0	0.0
Cash	337.7	263.7	259.8	331.1	381.4	439.8	501.3
LIABILITIES	1 600.8	1 598.6	1 578.1	1 635.6	1 688.8	1 756.3	1 829.7
EQUITY	1 215.6	1 167.1	1 202.6	1 244.9	1 283.6	1 334.9	1 391.8
Share capital	55.0	55.0	55.0	55.0	55.0	55.0	55.0
Reserves	290.5	219.5	219.5	219.5	219.5	219.5	219.5
Retained earnings	870.2	892.8	928.6	970.8	1 009.1	1 060.0	1 116.5
Minority interests	-0.1	-0.1	-0.5	-0.3	0.0	0.4	0.9
Long-term liabilities	147.6	138.5	117.4	134.6	137.0	139.8	142.7
Loans	104.4	95.5	95.5	95.5	95.5	95.5	95.5
Provisions	42.4	43.0	20.9	38.1	40.5	43.3	46.2
Long-term accruals	0.8	0.1	1.0	1.0	1.0	1.0	1.0
Short-term liabilities	237.6	292.9	258.2	256.1	268.3	281.6	295.2
Loans	34.8	59.7	59.7	59.7	59.7	59.7	59.7
Trade creditors	138.7	167.6	146.9	144.4	153.4	162.8	172.5
Other debt	0.3	0.1	0.1	0.1	0.1	0.1	0.1
Provisions	2.9	15.0	13.2	13.3	14.1	15.1	16.1
Prepayments	60.9	50.5	38.2	38.6	41.0	43.9	46.7
Debt	139.2	155.2	155.2	155.2	155.2	155.2	155.2
Net debt	-198.4	-108.5	-104.5	-175.9	-226.2	-284.6	-346.0
(Net debt / Equity)	-16.3%	-9.3%	-8.7%	-14.1%	-17.6%	-21.3%	-24.9%
(Net debt / EBITDA)	-1.0	-0.8	-0.8	-1.1	-1.4	-1.6	-1.8
BVPS	22.1	21.2	22.9	23.7	24.5	25.5	26.5

**Cash Flows**

(PLN m)	2007	2008	2009F	2010F	2011F	2012F	2013F
Cash flows from operating activities	185.9	183.5	79.0	154.0	143.8	155.7	166.2
Pre-tax income	129.4	47.9	43.8	74.4	84.8	105.6	122.8
Interest	6.4	-4.9	-2.0	-4.4	-8.6	-12.4	-16.6
Amortization and depreciation	78.3	83.8	84.2	84.6	84.9	85.3	85.7
Working capital	-28.8	30.2	-38.6	13.6	-1.2	-2.6	-2.3
Tax	-29.1	-32.1	-8.3	-14.1	-16.1	-20.1	-23.3
Other	29.9	58.7	0.0	0.0	0.0	0.0	0.0
Cash flows from investing activities	-100.7	-153.0	-66.7	-48.5	-47.1	-46.8	-46.0
CAPEX	-51.2	-114.6	-85.0	-69.2	-72.0	-75.6	-78.9
Equity investments	0.0	-120.0	0.0	0.0	0.0	0.0	0.0
Other	-49.5	81.6	18.3	20.7	24.9	28.7	32.9
Cash flows	-82.3	-104.5	-16.3	-34.2	-46.3	-50.5	-58.9
Debt	-1.5	16.0	0.0	0.0	0.0	0.0	0.0
Stock offering	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends/share buy-back	-82.4	-98.9	0.0	-17.9	-30.0	-34.2	-42.6
Interest	-8.0	-16.2	-16.3	-16.3	-16.3	-16.3	-16.3
Other	9.7	-5.4	0.0	0.0	0.0	0.0	0.0
Change in cash	3.0	-74.0	-4.0	71.3	50.3	58.4	61.4
Cash at end of period	337.7	263.7	259.8	331.1	381.4	439.8	501.3
DPS (PLN)	0.3	0.0	0.3	0.6	0.7	0.8	0.9
FCF	90.5	19.7	-4.3	86.6	73.2	81.5	89.4
(CAPEX / Sales)	4.1%	9.1%	7.6%	6.1%	6.0%	5.9%	5.7%

Market multiples

	2007	2008	2009F	2010F	2011F	2012F	2013F
P/E	10.8	46.4	28.9	17.2	15.1	12.2	10.5
P/CE	6.1	10.1	8.6	7.2	6.8	6.1	5.6
P/BV	0.9	0.9	0.9	0.8	0.8	0.8	0.7
P/S	0.9	0.8	0.9	0.9	0.9	0.8	0.8
FCF/EV	10.2%	2.0%	-0.5%	10.1%	9.0%	10.8%	12.9%
EV/EBITDA	4.5	7.6	7.3	5.5	5.0	4.2	3.6
EV/EBIT	7.4	21.9	21.5	12.1	10.7	8.2	6.6
EV/S	0.7	0.8	0.8	0.8	0.7	0.6	0.5
DYield	1.7%	0.0%	1.7%	2.9%	3.3%	4.1%	4.8%
Price (PLN)							
Shares at year-end (millions)	55.0	55.0	52.4	52.4	52.4	52.4	52.4
MC (PLN m)	1085.8	1085.8	1035.6	1035.6	1035.6	1035.6	1035.6
Equity attributable to minority shareholders (PLN m)	-0.1	-0.1	-0.5	-0.3	0.0	0.4	0.9
EV (PLN m)	887.3	977.2	930.6	859.5	809.4	751.4	690.5



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**List of abbreviations and ratios contained in the report:**

EV – net debt + market value
EBIT – Earnings Before Interest and Taxes
EBITDA – EBIT + Depreciation and Amortisation
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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Rating	Buy	Hold	Accumulate
Rating date	2009-07-24	2009-08-25	2009-09-04
Price on rating day	15.85	25.00	21.88
WIG on rating day	33529.50	38744.26	36009.43