

11 May 2010

Update


Food Producers

Poland

Current price	PLN 57.60
Target price	PLN 45.83
Market cap	PLN 1.4bn
Free float	PLN 0.3bn
Avg daily trading volume (3M)	PLN 2.7m

Shareholder structure

Viktor Ivanchyk	40.19%
Valery Korotkov	35.19%
Aviva Investors Poland S.A.	5.15%
Others	19.45%

Sector Outlook

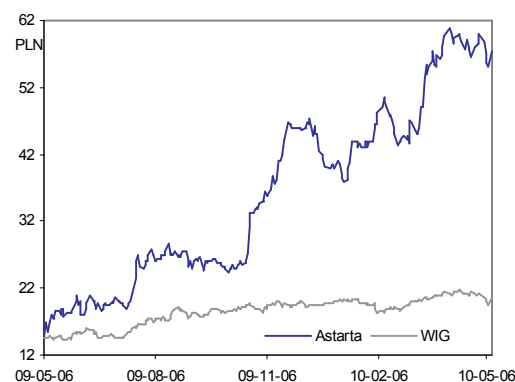
The sugar and grain industry by and large hinges on the situation in agriculture and global prices. Crop failures pose a considerable risk. At the moment, worldwide prices of sugar are on a downward curve led by increasing production of sugarcane and expectations of larger outputs in the next season. A price downturn is also observed in the Ukraine, in spite of a sugar-beet shortage.

Company Profile

Astarta produces sugar and trades in grain in Ukraine. The Company operates six beet-based sugar refineries. It also leases 175,000 hectares of land used for extensive cultivation of grain, oilseed crops, and sugar beets. Another segment of the Company's business is milk production.

Important Dates

14.05 consolidated Q1'10 report
 27.08 consolidated H1'10
 12.09 consolidated Q3'10 report

AST vs. WIG

Jakub Szkopek

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

Astarta

ASTH.WA; AST.PW

Sell

(Reiterated)

High - But Unsustainable - Profits

Encouraged by last year's worldwide rally in the prices of sugar and sugarcane, producers are increasing growing areas, and this has already been discounted by financial markets which have made sugar the fastest-falling agricultural commodity so far this year (a 38.5% price drop). In Astarta's home market of Ukraine, the potential lucrativeness of sugar beet-growing is also expected to encourage smaller farms to increase acreage for the next season. Moreover, major producers should have no problem securing beet feedstock because they are largely vertically integrated with growers. As a result, the next growing season will be marked by much higher supply and a drop in sugar prices expected in Q4 2010. Astarta faces additional pressure from a strengthening Ukrainian hryvnia which will affect the competitiveness of local agricultural products. Astarta is expected to report very strong but unsustainable earnings figures for Q1 2010. We made upward revisions to our FY2010 forecasts for the company, and we are raising our price target from PLN 31.60 to PLN 45.83 a share. However, we believe that Astarta's stock is trading at a premium, hence, we are reiterating our investment rating at sell.

Sugar Prices In Ukraine

The soaring prices of sugar in the Ukraine are an effect of a shortage of sugar beet whose production generated returns to the tune of 23.4% in 2009, the highest since the 1990s, and second only to sunflower seeds. Next season, smaller farms are expected to get in line for the potentially sweet profits, and three of Ukraine's largest producers have also announced plans to increase their sugar beet growing areas by at least 30%. The fact that the six leading Ukrainian sugar makers are vertically integrated with farming facilities means that they will have no problem obtaining feedstock in the coming season. At the moment, prices in the Ukraine (after taking into account 50% duties) are 7.1% higher than LIFFE contracts maturing in May 2010, and 22.1% higher than contracts maturing in August 2010.

Prices of Agricultural Products

Ukraine's stabilizing economy is giving strength to the hryvnia, which in turn is affecting the competitiveness of local agricultural commodities. If the Ukrainian currency continues to appreciate, producers like Astarta will be forced to cut export prices, with implications for future revenues and profits.

(UAH m)	2007	2008	2009	2010F	2011F
Revenue	615.3	970.7	1 354.8	2 193.5	1 714.4
EBITDA	213.7	223.5	550.5	995.4	470.1
<i>EBITDA margin</i>	34.7%	23.0%	40.6%	45.4%	27.4%
EBIT	178.8	150.8	457.5	881.7	351.8
Net income	149.0	-89.2	323.4	769.5	240.9
P/E	24.6	-	11.3	4.8	15.2
P/CE	19.9	-	8.8	4.2	10.2
P/BV	5.0	5.8	2.7	1.7	1.7
EV/EBITDA	17.5	21.1	8.4	4.2	8.4
DYield	0.0%	0.0%	0.0%	0.0%	6.3%

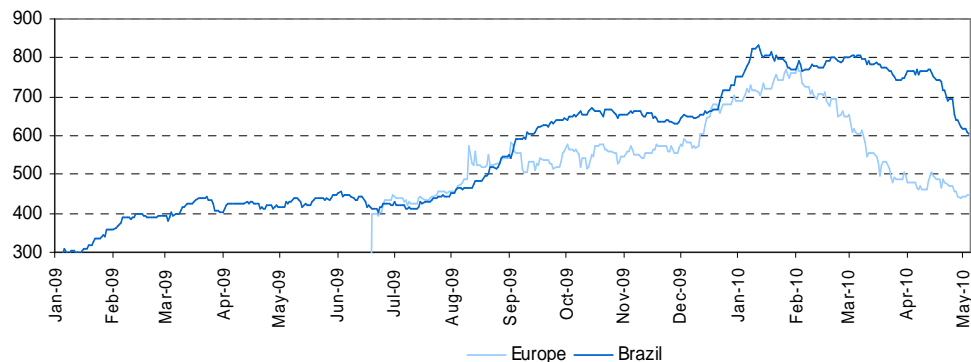
UAH/PLN = 0.3922

World Sugar Prices

In line with our predictions, sugar prices went on a downward spiral in February in response to a production increase by Brazilian growers, and a reduction in the global sugar deficit. According to the latest forecasts, Brazil, the world's largest sugar supplier, will produce 38.7MT of sugar this season, marking a rise from an earlier prediction of a 35.8MT output, resulting among others from above-average rainfall observed in the last few weeks. The storms caused much devastation in the coastal areas, but provided extra moisture to the sugarcane plantations in the center of the country. A similar situation took place a few months earlier in India (the world's biggest sugar consumer), where heavy rainfall raised concerns over sugarcane yields at first, but provided a boost to the harvests in the end. India produced 15MT of cane sugar between 1 October and 15 March, and it is expected to increase output to over 17MT by the end of August (in our previous report on Astarta, we quoted a source who predicted the total sugar volume of the 2009/2010 season at 17.3MT). In the future, India wants to be self-sufficient in sugar production so as to avoid negative effects of price volatility as seen in 2009 and 2010. The government is considering putting in place regulations that will ensure proper returns to sugarcane growers, who have already increased the sowing areas for the 2010/2011 season, and are expected to deliver an output of 23MT, matching the national demand recorded in the 2009-2010 season. Another reason behind the decline in world sugar prices were delayed deliveries to importing countries which postponed orders in hopes of even sharper price drops. A pickup in orders finally occurred at the beginning of April, bringing with it a temporary steadying of prices (Pakistan made a particularly large order for 0.7 MT of sugar to be delivered by the end of June, and other countries in the region, as well as North Africa, followed suit). By late April, however, speculation over production increases in Brazil and India pushed prices south again. Summing up, a sugar shortage of the proportions seen in the 2008/2009 season is not likely to occur again in the near future given the long-term plans to increase production announced by India, China, and Thailand. So, weather permitting, future global demand can be expected to be fully met.

As we mentioned in our March Monthly report, sugar prices have staged two major rallies before during the 1970s, each lasting two to three years, with peaks recorded in winter months (in the Northern Hemisphere) followed by dramatic drops. We think that the current situation is similar, and we predict that prices will revert to per-ton levels of \$200-300 in two to three years.

Sugar prices in Europe and Brazil (USD/T)

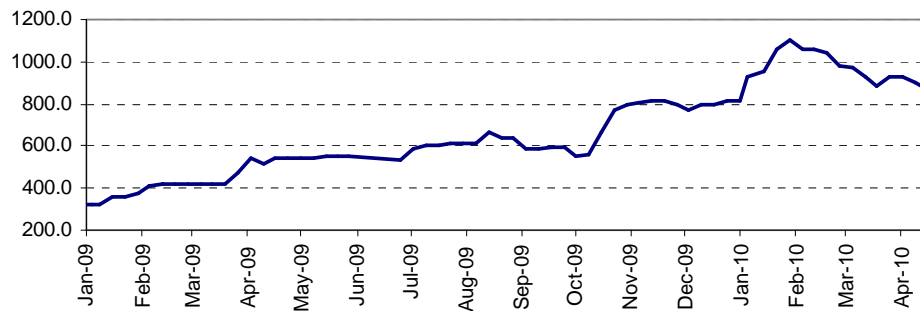


Source: BRE Bank Securities, Bloomberg

Sugar Prices In Ukraine

The Ukrainian sugar market has followed the same trends as the rest of the world, except that prices there reached much higher levels, fueled by a supply shortage resulting from insufficient feedstock. The shortage of sugar beets occurred because many growers, especially smaller ones, were discouraged by the poor returns generated by beet crops in 2007 and 2008, and reduced acreage in the next season. Another factor which contributed to the reduction in sugar-beet areas were a series of sugar-mill closures which tightened the market for beets. Further, sugar prices were fueled by unused import quotas (totaling 260KT) which, in 2009, were distributed between Ukrainian sugar producers proportionately to their respective contributions to the total output. Since some of the producers eligible to import were no longer in business in the 2009 season, while others were not interested in buying sugar abroad, in the end, the Ukrainian in-quota imports amounted to a mere 39.5KT. Moreover, the sugar rally was fueled by a weakening of the Ukrainian hryvnia, and a lack of imports from Ukraine's close trade partner Belarus, and from Russia, where prices skyrocketed as well.

Sugar prices in Ukraine (USD/T)

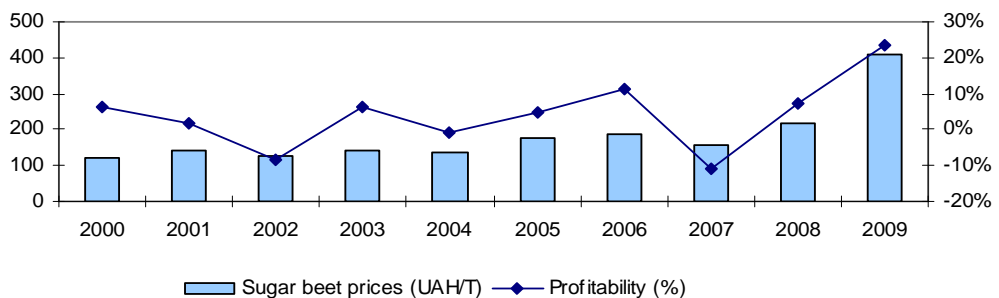


Source: BRE Bank Securities, Bloomberg

In the current, 2009-2010 season, sugar production in the Ukraine is expected to be 1.3MT, while demand is estimated at 1.9MT, suggesting a deficit of 0.45-0.60 MT. According to latest reports, the 2010 import quotas (267.8KT in total) had been 96% used by April 8th, 2010. Ukraine can also import about 0.10-0.15MT of sugar subject to preferential WTO customs tariffs, and bring in a further 0.15MT from Belarus which offers deferred VAT and duty payments. If all these opportunities are taken, the sugar deficit will shrink to 0.03MT. The Ukrainian government has already negotiated sugar purchases from Belarusian producers at Belarusian prices, and local politicians are generally showing a great deal of commitment to bringing sugar prices down. In spite of these efforts, by the time beet harvest starts in the fall, prices will have pulled back from UAH 7000 to a lower, but still high, UAH 4000 a ton.

The Ukrainian Ministry of Agriculture predicts that the sugar-beet growing areas will increase by 41% to 450,000 hectares in the 2010/2011 season. It is not clear yet what kinds of incentives the government plans to use to encourage beet sowing, apart from increasing subsidies from UAH 750 to UAH 1000 per hectare. Last year, the subsidy scheme failed because the financial crisis shrunk government revenues and prevented payouts. Nevertheless, in our view, governmental measures are much less important in promoting crop expansion than market mechanisms. The shortage-driven rally in sugar beet prices from UAH 218.9 in 2008 to UAH 409.9 a ton in 2010 led to an increase in the profitability of crop production from 7.1% to 23.4%. The prospect of raking in higher returns will not doubt spur a mass run toward increasing sugar-beet areas among smaller growers, who are more susceptible to bandwagon effects (similarly, the shortage of beets observed this season was largely an effect of small farms reducing beet acreage), and who are encouraged by the fact that the profitability of sugar beet production in 2009 was second only to returns generated on sunflower seeds.

Sugar beet prices and returns in the Ukraine (2000 – 2009)



Source: The State Committee of Statistics, Ukraine, BRE Bank Securities

Increased beet production is also expected from large growers who are vertically integrated with sugar processing plants. In fact, sugar refiners that are vertically integrated with sugar beet growers accounted for over 55% of the total 2009 sugar output. Astarta and three other producers have already announced plans to increase sugar production by at least 30% this season.

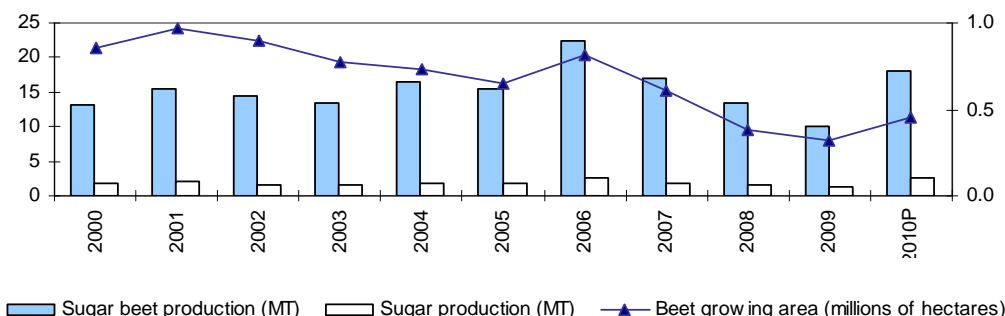
Major Ukrainian producers by market share, growing area, and capacity plans

Company	2009 market share	Cropland at year-end 2008	Capacity increase planned for 2010/2011 season
Astarta	17.8%	175.000 ha	42%
Ukrros	10.3%	120 000 ha	n/a
Ukrprom-invest	8.1%	90 000 ha	31%
Rise-Tsukor	8.0%	115 000 ha	n/a
Mriya	5.9%	150 000 ha	n/a
Dakor	less than 5%	163 000 ha*	41%

Source: Kęty, BRE Bank Securities
 *Estimate for December 2009

If weather is good, the Ukrainian sugar beet harvest in the 2010-2011 season could range between 15.8 and 18.0 million tons, and yield a sugar volume of 2.0-2.5 MT depending on the sugar content (many growers did not manage to prepare their fields for beet sowing on time to ensure maximum yields in the fall). In any case, the increased local supply will probably be enough to satisfy the 2.0MT demand, and if not, Ukraine still has the option to import between 250 and 280KT in 2011 under the WTO quotas.

Beet and sugar production (left scale), sugar-beet areas (right scale) in Ukraine



Source: The State Committee of Statistics, Ukraine, BRE Bank Securities

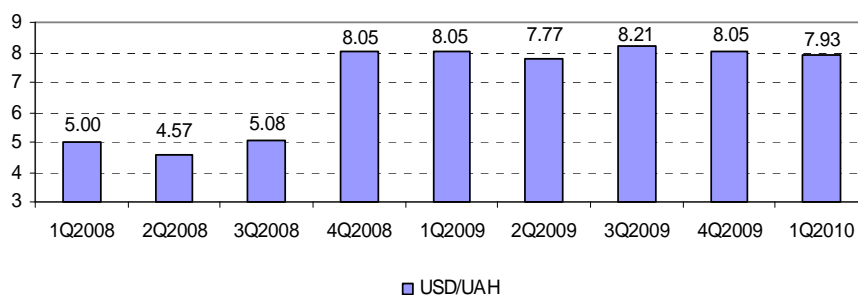
Moreover, high prices could encourage new players to eventually enter the Ukrainian market, and put defunct factories back into operation. Note that Ukraine used to produce more than 5 million tons of sugar before 1991. Some of the out-of-commission sugar mills are beyond saving, but there are a few that can be brought back on line with the right amount of money.

Summing up, we believe that increasing production will keep prices on their current downward momentum going forward. This effect could be further reinforced by corporate buyers, namely beverage and confectionery producers, who are more sensitive to price fluctuations than individuals, and who may postpone orders for as long as possible in anticipation of further price reductions.

Prices of Agricultural Products In Ukraine

As the Ukrainian hryvnia appreciates relative to the US dollar, the likelihood increases of a price slump in local farm produce. The dramatic fall of the local currency observed in the fourth quarter of 2008 boosted the competitiveness of Ukraine’s produce exports, and prompted increased production of grain and oilseed crops in the country. Stronger demand and price convergence to international levels resulted in a recovery in hryvnia prices, and hence also in the profitability of the farming business. This had a positive effect on Astarta which sells its products to dollar exporters, and gets paid in hryvnias. The UAH/USD exchange rate stabilized toward the end of 2009, and Ukraine’s recovering economy has shifted the currency trends, with the hryvnia appreciating 1.5% (to 7.92 UAH/USD) in the course of just the first quarter of 2010. How badly Ukraine-based producers will be hurt by the appreciation depends on the rate at which world prices of agricultural products increase relative to the hryvnia’s value. Further, if hryvnia produce prices increase faster than the zloty appreciates versus the hryvnia, in the long term, this will affect the attractiveness of Astarta’s WSE-traded shares.

USD/UAH exchange rates



Source: BRE Bank Securities, Bloomberg

Financial Results for Q1 2010

Astarta's 2009 fourth-quarter figures missed our estimates. Sales revenues fell 13.3% short of expectations on sugar volumes that were 17.7% lower than predicted, resulting in a 15.0% lower-than-forecasted revenue figure posted by the segment of Sugar Production. Differences in the expected and actual composition of grain sales (we expected 1.6% higher volumes) led to discrepancies in the Q409 revenue result of the Agricultural segment which fell 21.4% short of our estimate. In the Cattle Farming segment, high prices of milk in the Ukraine drove revenues 70.8% ahead of expectations.

Fourth-quarter EBIT was 26.0% higher than predicted thanks to lower COGS, and transportation expenses which were kept down by lower sugar sales. Due to higher-than-expected milk prices, revaluation of biological assets generated higher-than-expected gains. Moreover, thanks to the Ukrainian government's exceptional diligence in settling VAT subsidies, Astarta was able to credit UAH 47.6m to other operating income.

EBITDA exceeded our estimate by 44.7%, thanks to a higher EBIT and D&A expenses.

Pre-tax income was only 7.4% higher in spite of higher-than-expected debt-service costs, but the bottom-line profit beat our estimate by 47.0% thanks to lower taxes which amounted to UAH 5.2m vs. our forecasted UAH 28.6m. Our tax predictions were based on the assumption that, since fewer of Astarta's subsidiaries (13 in 2009 compared to 58 in 2010) opted to pay the "Fixed Agricultural Tax" (FAT) in 2009 than in 2008, the resulting charges would be higher (FAT is set to remain in force in the Ukraine until 1 January 2011).

Reported vs. forecasted Q4 2009 results

(UAH m)	4Q2009F	differ.	4Q2009	change	4Q2008	2009F	differ.	2009	change	2008
Revenue	594.1	-13.3%	515.0	20.6%	427.1	1 470.4	-7.9%	1 354.8	39.6%	970.7
EBITDA	110.3	44.7%	159.6	-	-23.1	501.2	9.8%	550.5	146.4%	223.5
margin	18.6%	-	31.0%	-	-5.4%	34.1%	-	40.6%	-	23.0%
EBIT	107.5	26.0%	135.4	-	-49.1	429.6	6.5%	457.5	203.4%	150.8
Pre-tax income	93.2	7.4%	100.1	-	-268.6	321.8	2.1%	328.7	-	-116.5
Net income	64.6	47.0%	95.0	-	-242.6	293.1	10.3%	323.3	-	-89.2

Source: Astarta, BRE Bank Securities

As for year-on-year earnings trends, high sugar prices, paired with higher crop volumes, led to a 20.6% increase in Q4 2009 revenues. Moreover, an increased cattle and milk production capacity and soaring milk prices boosted the profitability of production, driving the operating profit to UAH 135.4m. EBITDA surged to UAH 159.6m, and bottom-line profit reached UAH 95.0m.

Earnings summary

(UAH m)	2008	2009	change	4Q2008	4Q2009	change
Revenues, incl.	970.7	1 354.8	39.6%	427.1	515.0	20.6%
Sugar	642.4	888.5	38.3%	299.2	348.3	16.4%
Crops	232.7	336.7	44.7%	97.1	127.9	31.7%
Cattle and milk production	72.0	93.1	29.4%	13.1	28.0	114.3%
Other	34.0	36.5	7.2%	17.8	10.7	-39.6%
EBIT	150.8	457.5	203.4%	-49.1	135.4	-
EBIT margin	15.5%	33.8%	-	-11.5%	26.3%	-
EBITDA	223.5	550.5	146.4%	-23.1	159.6	-
EBITDA margin	23.0%	40.6%	-	-5.4%	31.0%	-
Net income	-89.2	323.4	-	-242.6	95.0	-

Source: Astarta, BRE Bank Securities



Summing up, what surprised us the most in Astarta's fourth-quarter report were higher-than-expected D&A expenses incurred in relation to new capital investment, and lower-than-expected taxes.

Investments

Cropland

Astarta is committed to expanding its cropland through acquisitions of existing farms. This year, the company plans to increase arable land holdings from 175 to 200 thousand hectares. In the past, the profitability of farming in the Ukraine, and the availability of land for large-scale production, encouraged large agri-businesses, including those with access to foreign capital, to take over smaller illiquid farms that leased arable land. As a result, the price expectations of farm owners there have gone up, which makes it harder to find bargain deals. That is why we doubt that Astarta can succeed in increasing its cropland holdings at a rate of 30% a year. We assume in our financial forecasts that the company will buy 10,000 hectares annually.

Biogas Plants

Astarta has recently announced plans to build biogas-fired plants near its sugar mills. The biogas will be generated from sugar-beet processing waste, providing heating and electricity that will substantially enhance the effectiveness of sugar production by reducing the costs of natural gas. Astarta operates six sugar plants dispersed across the Ukrainian territory. The company has not yet developed more concrete plans with respect to the biogas project.

Sugar Capacity

Astarta says that it is open to good opportunities to buy more sugar mills. Such opportunities are plenty in the Ukraine, where 45% of the sugar market is controlled by small producers.

Q1 2020 Forecast

We made revisions to our financial forecasts for Q1 2010. The revenue estimate has been reduced by 15.1% as a result of adjustments in expected wholesale sugar prices (Astarta typically charges between 5% and 10% more than average from its wholesale corporate customers, but, in Q409, the VAT-adjusted wholesale prices were 1.6% lower than market averages). Consequently, we revised the Q1 EBIT estimate down by 6.6%, and lowered the EBITDA estimate by 0.1% to account for higher expected D&A expenses. Finally, we increased the bottom-line estimate by 15.5% due to lower-than-originally-thought tax charges resulting from more effective FAT settlements.

Q1 2010 forecasts

(UAH m)	1Q2010F	1Q2009	change	2010F	2009	change	2011F	2010F	change
Revenue	396.1	233.8	69.4%	2 193.5	1 354.8	61.9%	1714.4	2 193.5	-21.8%
EBITDA	190.9	41.2	363.4%	995.4	550.5	80.8%	470.1	995.4	-52.8%
margin	48.2%	17.6%		45.4%	40.6%		27.4%	45.4%	
EBIT	162.5	18.3	788.9%	881.7	457.5	92.7%	351.8	881.7	-60.1%
Pre-tax income	150.5	2.9		806.6	328.7	145.4%	321.3	806.6	-60.2%
Net income	143.0	9.6	1386.2%	769.5	323.4	137.9%	240.9	769.5	-68.7%

Source: Astarta, BRE Bank Securities



Valuation

Based on DCF analysis and relative valuation, we set the nine-month price target on Astarta at PLN 45.83 per share.

	Weight	Price
Relative Valuation (PLN)	50%	42.51
DCF Analysis (PLN)	50%	40.82
		price
		41.66
	9M target price	45.83

Source: BRE Bank Securities

In our relative valuation, we have applied a 30% discount to peers stemming from the fact that the cost of equity in Ukraine is much higher than in other countries.

Relative Valuation

	Country	2009 P/E	2010F P/E	2011F P/E	2012F P/E	2009 EV/EBITDA	2010F EV/EBITDA	2011F EV/EBITDA	2012F EV/EBITDA
AGRANA BETEILIGUNGS AG	Austria	-	17.1	16.4	13.9	12.1	9.3	8.5	7.8
BAJAJ HINDUSTHAN LIMITED	India	44.8	5.8	8.8	9.6	12.0	5.8	7.9	8.2
COSAN SA INDUSTRIA COMERCIO	Brazil	-	10.4	9.3	11.9	-	7.1	5.3	6.1
DELTA SUGAR	Egypt	22.2	7.8	6.4	6.2	9.4	5.7	5.2	5.1
DHAMPUR SUGAR MILLS LTD	India	6.4	3.3	2.1	3.2	-	-	-	-
ILLOVO SUGAR LTD	South Africa	14.1	15.9	13.0	12.0	9.4	8.3	6.8	6.0
KWS SAAT AG	Germany	16.5	15.5	13.2	12.0	8.6	7.7	6.9	6.4
RAZGULAY GROUP-CLS	Russia	-	-	17.3	10.6	8.5	6.8	5.8	5.1
ROGERS SUGAR INC FD-TR UTS	Canada	-	7.9	9.0	-	9.1	7.8	7.8	-
SUEDZUCKER AG	Germany	18.4	14.6	12.0	10.9	8.8	7.8	7.2	6.9
TONGAAT HULETT LTD	South Africa	15.3	13.9	11.8	9.9	8.8	7.2	6.7	5.9
TRIVENI ENGINEERING & INDUS	India	15.8	12.5	12.9	11.9	8.1	7.8	8.2	8.1
VIRO TVORNICA SECERA	Croatia	-	12.7	8.3	12.6	13.4	6.6	5.4	6.0
Maximum		44.8	17.1	17.3	13.9	13.4	9.3	8.5	8.2
Minimum		6.4	3.3	2.1	3.2	8.1	5.7	5.2	5.1
Median		16.1	12.6	11.8	11.4	9.1	7.5	6.8	6.1
Astarta		11.3	4.8	15.2	15.4	8.4	4.2	8.4	8.2
premium (discount)		42.4%	165.2%	22.3%	25.9%	-11.0%	-89.4%	20.1%	28.1%
Implied value									
Median		16.1	12.6	11.8	11.4	9.1	7.5	6.8	6.1
Discount			30%	30%	30%		30%	30%	30%
Multiple weight			50%				50%		
Year weight			20%	30%	50%		20%	30%	50%
Equity value per share (UAH)		108.38							
Equity value per share (PLN)		42.51							

Source: BRE Bank Securities, Bloomberg

A comparison of forecasted P/E and EV/EBITDA multiples indicates a discount to 2009 and 2010 ratios, and a premium to the multiples of subsequent years. Multiples comparison produced a per-share value of PLN 42.51.

**DCF Analysis**

We based our DCF analysis on the following assumptions:

- Risk-free rate in Ukraine = 7.55% (yield on Ukrainian dollar-denominated 8-year T-bonds).
- Expected FCF rate growth after FY2018 = 2.0%.
- Beta = 1.0.
- Astarta may distribute dividends to shareholders in 2011.
- Net debt value is as at year-end 2009.

Future cash flows are discounted to their present value as of 30 April.

- The valuation factors in the non-cash effects of the hryvnia's appreciation against the US dollar, expected to reflect on Astarta's dollar-debt revaluations.
- Astarta will pay lower taxes in 2010 thanks to FAT regulations.

Macroeconomic Assumptions

Price	2010F	2011F	2012F	2013F	2014F	2015F	2016F	2017F	2018F	2019F
Sugar beets (USD/T)	50.0	36.1	34.3	33.6	33.5	33.6	33.6	33.7	33.8	34.3
Sugar beets (UAH/T)	402.5	290.8	276.3	270.7	269.8	270.3	270.8	271.3	271.8	275.9
Sugar (USD/T)	630.0	400.0	380.0	391.8	399.7	405.8	409.9	414.1	418.3	422.5
Sugar (UAH/T)	5 008.5	3 021.0	2 783.9	2 783.9	2 783.9	2 783.9	2 783.9	2 783.9	2 783.9	2 783.9
Molasses (USD/T)	92.9	93.8	94.8	95.7	96.7	97.7	98.6	99.6	100.6	101.6
Molasses (UAH/T)	748.0	755.5	763.0	770.7	778.4	786.2	794.0	802.0	810.0	818.1
Milk (USD/T)	300.0	255.0	258.8	262.7	266.6	270.6	274.7	278.8	281.6	284.4
Milk (UAH/T)	2 415.0	2 052.8	2 083.5	2 114.8	2 146.5	2 178.7	2 211.4	2 244.6	2 278.2	2 312.4
Wheat (USD/T)	157.8	164.4	171.6	174.1	173.0	173.4	174.6	174.8	176.6	178.3
Wheat (UAH/T)	1 254.5	1 241.8	1 257.3	1 237.0	1 204.8	1 189.7	1 186.0	1 175.2	1 175.1	1 175.0
Barley (USD/T)	140.7	146.6	153.0	155.2	154.2	154.6	155.7	155.8	157.4	159.0
Barley (UAH/T)	1 118.3	1 107.0	1 120.9	1 102.7	1 074.0	1 060.6	1 057.3	1 047.7	1 047.6	1 047.5
Sunflower seeds (USD/T)	338.1	351.0	378.3	369.0	366.1	376.7	385.3	383.7	387.6	391.5
Sunflower seeds (UAH/T)	2 688.2	2 651.2	2 771.7	2 622.0	2 549.3	2 584.1	2 616.6	2 579.9	2 579.7	2 579.4
Corn (USD/T)	163.2	169.3	175.4	173.8	175.0	176.9	170.9	167.9	169.6	171.3
Corn (UAH/T)	1 297.4	1 278.4	1 285.1	1 235.0	1 219.0	1 213.4	1 160.3	1 128.8	1 128.7	1 128.5
Soybean (USD/T)	380.2	396.2	413.5	419.4	416.8	417.9	420.8	421.2	425.4	429.6
Soybean (UAH/T)	3 022.6	2 992.1	3 029.4	2 980.5	2 902.9	2 866.5	2 857.6	2 831.6	2 831.3	2 831.0
Rapeseed (USD/T)	391.0	407.4	425.3	431.3	428.7	429.8	432.7	433.1	437.5	441.8
Rapeseed (UAH/T)	3 108.5	3 077.1	3 115.5	3 065.1	2 985.4	2 947.9	2 938.7	2 912.0	2 911.8	2 911.5
Thousands of tons	2010F	2011F	2012F	2013F	2014F	2015F	2016F	2017F	2018F	2019F
Beet processing volumes	2 200.0	2 200.0	2 200.0	2 200.0	2 200.0	2 200.0	2 200.0	2 200.0	2 200.0	2 200.0
Sugar sales volumes	291.7	330.0	330.0	330.0	330.0	330.0	330.0	330.0	330.0	330.0
Beet harvest	2 064.0	2 115.6	2 168.5	2 222.7	2 278.3	2 335.2	2 393.6	2 453.4	2 514.8	2 577.7
Wheat harvest	150.7	169.9	184.2	197.3	207.0	216.9	227.0	237.2	247.6	254.2
Barley harvest	84.2	92.7	101.4	109.5	115.8	122.1	128.6	135.2	141.9	146.0
Sunflower harvest	32.4	33.2	37.2	41.3	45.5	49.7	53.9	58.2	62.5	66.9
Corn harvest	107.7	122.5	138.1	153.0	168.5	184.6	201.2	218.4	235.1	244.9
Soybean harvest	38.0	43.0	47.5	51.5	55.5	59.0	62.6	66.2	69.9	71.7
Exchange rates	2010F	2011F	2012F	2013F	2014F	2015F	2016F	2017F	2018F	2019F
USD/UAH	7.95	7.55	7.33	7.11	6.96	6.86	6.79	6.72	6.66	6.59
change	-1.1%	-5.0%	-3.0%	-3.0%	-2.0%	-1.5%	-1.0%	-1.0%	-1.0%	-1.0%

Source: BRE Bank Securities

In our forecasts, we expect the hryvna to appreciate vs. the USD, and we expect the prices of grains and sugar to change in line with OECD forecasts and the price of milk in line with the USDA's expectations. We expect sugar mill output to be at 2,200T p.a. starting in 2011.

**Astarta's cropland**

thousands of hectares	2010F	2011F	2012F	2013F	2014F	2015F	2016F	2017F	2018F	2019F
Sugar beet	43	43	43	43	43	43	43	43	43	43
Wheat	31	33	35	36	38	39	40	42	43	44
Barley	26	27	29	30	31	33	34	36	37	38
Forage crops	17	18	20	21	23	24	26	27	28	29
Soybean	22	23	25	26	28	29	31	32	33	34
Sunflower	12	13	15	16	18	19	20	22	23	24
Corn	14	15	17	18	20	21	23	24	25	26
Fallow	8	9	11	12	14	15	17	18	19	20
Other	2	2	2	2	2	2	2	2	2	2
Total	175	185	195	205	215	225	235	245	255	260

Source: BRE Bank Securities

We assume in our forecasts that Astarta will be increasing its arable land by 10,000 hectares annually, thus producing higher crop yields.

Forecast of Astarta cropland yields per hectare

Tones per hectare	2010F	2011F	2012F	2013F	2014F	2015F	2016F	2017F	2018F	2019F
Sugar beet	48.00	49.20	50.43	51.69	52.98	54.31	55.67	57.06	58.48	59.95
Wheat	4.86	5.10	5.31	5.47	5.52	5.58	5.63	5.69	5.75	5.80
Barley	3.24	3.40	3.54	3.64	3.68	3.72	3.75	3.79	3.83	3.87
Soybean	1.73	1.85	1.92	1.97	2.01	2.03	2.05	2.07	2.09	2.10
Sunflower seed	2.77	2.80	2.81	2.82	2.84	2.85	2.87	2.88	2.89	2.91
Corn	7.70	8.00	8.24	8.41	8.58	8.75	8.92	9.10	9.24	9.33

Source: BRE Bank Securities



DCF Valuation Model

(UAH m)	2010F	2011F	2012F	2013F	2014F	2015F	2016F	2017F	2018F	2019F	+
Sales	2 193.5	1 714.4	1 758.8	1 841.7	1 919.8	2 003.2	2 080.2	2 154.6	2 242.4	2 318.3	2 357.9
change	61.9%	-21.8%	2.6%	4.7%	4.2%	4.3%	3.8%	3.6%	4.1%	3.4%	1.7%
EBITDA	995.4	470.1	479.3	539.3	591.8	644.4	690.2	734.3	787.5	833.6	842.3
EBITDA margin	45.4%	27.4%	27.3%	29.3%	30.8%	32.2%	33.2%	34.1%	35.1%	36.0%	35.7%
D&A expenses	113.7	118.3	119.2	120.2	121.1	122.1	123.0	124.0	124.9	125.8	126.8
EBIT	881.7	351.8	360.0	419.1	470.6	522.4	567.2	610.4	662.6	707.7	715.5
EBIT margin	40.2%	20.5%	20.5%	22.8%	24.5%	26.1%	27.3%	28.3%	29.5%	30.5%	30.3%
EBITDA	37.0	80.3	79.6	94.9	106.6	119.2	130.0	141.4	155.0	167.0	167.9
NOPLAT	844.7	271.4	280.4	324.2	364.1	403.2	437.2	469.0	507.5	540.7	547.6
CAPEX	-165.0	-129.0	-129.7	-130.6	-131.6	-132.5	-133.5	-134.4	-135.4	-136.3	-126.8
Working capital	-239.4	112.6	-11.8	-21.8	-20.1	-21.1	-19.0	-18.1	-21.0	-17.8	-9.2
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF	554.0	373.4	258.2	292.0	333.6	371.7	407.7	440.5	476.1	512.4	538.4
WACC	13.0%	13.1%	13.1%	13.2%	13.3%	13.3%	13.4%	13.5%	13.5%	13.5%	13.5%
discount factor	0.92	0.81	0.72	0.63	0.56	0.49	0.43	0.38	0.33	0.29	0.26
PV FCF	510.6	304.3	185.9	185.4	186.6	182.9	176.3	166.9	158.3	150.1	138.9
WACC	13.0%	13.1%	13.1%	13.2%	13.3%	13.3%	13.4%	13.5%	13.5%	13.5%	13.5%
Cost of debt	9.38%	9.38%	9.38%	9.38%	9.38%	9.38%	9.38%	9.38%	9.38%	9.38%	9.38%
Risk-free rate	7.55%	7.55%	7.55%	7.55%	7.55%	7.55%	7.55%	7.55%	7.55%	7.55%	7.55%
Risk premium	1.83%	1.83%	1.83%	1.83%	1.83%	1.83%	1.83%	1.83%	1.83%	1.83%	1.83%
Effective tax rate	4.6%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Net debt / EV	11.7%	7.3%	6.8%	5.5%	4.4%	3.3%	2.2%	0.8%	0	0	0
Cost of Equity	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%
Risk premium	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Beta	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

FCF growth after the forecast horizon	2.0%	Sensitivity Analysis (PLN)					
Terminal value	4 663.2	FCF growth in perpetuity					
Present value of the terminal value (PV TV)	1 365.7	0.0%	1.0%	2.0%	3.0%	5.0%	
Present value of FCF in the forecast horizon	2 207.3	WACC +2.0ppt	33.48	34.50	35.67	37.02	40.49
Enterprise value (EV)	3 573.0	WACC +1.0ppt	37.16	38.43	39.90	41.62	46.16
Net debt	960.3	WACC	41.42	43.02	44.90	47.13	53.17
Other non-operating assets	0.0	WACC -1.0ppt	46.40	48.45	50.88	53.83	62.06
Minority interests	10.9	WACC -2.0ppt	52.31	54.96	58.17	62.13	73.68
Equity value	2 601.8						
Number of shares (millions)	25.0						
Equity value per share (UAH)	104.07						
Cost of equity (9M)	10.0%						
9M Target Price (UAH)	114.48						
Target Price (PLN)	44.90						
EV/EBITDA for the target price	3.8						
P/E (FY10) for the target price	3.8						
TV to EV	38.2%						



Income Statement

(UAH m)	2007	2008	2009	2010F	2011F	2012F	2013F	2014F	2015F
Sales	615.3	970.7	1 354.8	2 193.5	1 714.4	1 758.8	1 841.7	1 919.8	2 003.2
change		57.8%	39.6%	61.9%	-21.8%	2.6%	4.7%	4.2%	4.3%
Sugar production	411.4	642.4	888.5	1 294.2	961.4	919.7	945.5	963.2	977.0
Sugar	343.7	556.1	807.1	1 183.6	850.1	807.6	832.6	849.5	862.5
Molasses	25.3	34.0	40.3	64.2	64.8	65.5	66.1	66.8	67.5
Beets, forage	15.0	18.3	16.8	22.0	22.0	22.0	22.0	22.0	22.0
Other	27.4	34.0	24.3	24.4	24.5	24.7	24.8	24.9	25.0
Grain crops	148.5	232.7	336.7	740.1	599.4	676.2	725.1	777.4	838.8
Cattle farming	51.4	72.0	93.1	122.7	117.2	126.4	134.7	142.7	151.0
COGS	467.6	766.8	894.0	1 208.5	1 224.3	1 257.7	1 280.5	1 305.3	1 335.3
G&A expenses	52.6	91.5	92.1	95.2	98.3	101.6	105.1	108.7	112.5
Selling expenses	29.1	53.5	64.6	83.5	92.1	93.5	95.0	96.6	98.4
Other net operating income	88.2	42.0	196.8	75.4	52.1	54.1	57.9	61.5	65.3
EBIT	178.8	150.8	457.5	881.7	351.8	360.0	419.1	470.6	522.4
change		-15.7%	203.4%	92.7%	-60.1%	2.3%	16.4%	12.3%	11.0%
EBIT margin	29.1%	15.5%	33.8%	40.2%	20.5%	20.5%	22.8%	24.5%	26.1%
Profit/loss on financial activity	-62.5	-342.3	-133.8	-75.1	-30.4	-41.6	-39.6	-44.4	-45.8
Extraordinary gains/losses	-3.2	1.1	5.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax income	148.4	-116.5	328.7	806.6	321.3	318.5	379.5	426.2	476.6
Tax	0.6	27.2	5.4	37.0	80.3	79.6	94.9	106.6	119.2
Minority interests	-0.7	0.6	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Net income	149.0	-89.2	323.4	769.5	240.9	238.7	284.5	319.5	357.3
change		-159.9%	-462.4%	137.9%	-68.7%	-0.9%	19.2%	12.3%	11.8%
margin	24.2%	-9.2%	23.9%	35.1%	14.0%	13.6%	15.4%	16.6%	17.8%
D&A expenses	34.9	72.7	93.0	113.7	118.3	119.2	120.2	121.1	122.1
EBITDA	213.7	223.5	550.5	995.4	470.1	479.3	539.3	591.8	644.4
change		4.5%	146.4%	80.8%	-52.8%	2.0%	12.5%	9.7%	8.9%
EBITDA margin	34.7%	23.0%	40.6%	45.4%	27.4%	27.3%	29.3%	30.8%	32.2%
Shares at year-end (millions)	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
EPS	6.0	-3.6	12.9	30.8	9.6	9.5	11.4	12.8	14.3
CEPS	7.4	-0.7	16.7	35.3	14.4	14.3	16.2	17.6	19.2
ROAE	20.5%	-14.0%	24.2%	36.4%	11.1%	10.7%	12.2%	13.2%	14.2%
ROAA	11.6%	-4.6%	12.3%	22.2%	7.0%	6.8%	7.9%	8.7%	9.5%

**Balance Sheet**

(UAH m)	2007	2008	2009	2010F	2011F	2012F	2013F	2014F	2015F
ASSETS	1 281.3	1 954.0	2 639.7	3 465.2	3 451.2	3 499.7	3 586.0	3 668.0	3 758.1
Fixed assets	646.7	941.2	1 431.6	1 482.9	1 493.6	1 504.1	1 514.5	1 525.0	1 535.5
Intangible assets	1.0	55.2	43.5	44.8	45.4	45.9	46.3	46.8	47.3
Property, plant and equipment	578.1	818.1	1 219.5	1 269.5	1 279.5	1 289.5	1 299.5	1 309.5	1 319.5
Equity value	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term receivables	6.8	5.1	8.7	8.7	8.7	8.7	8.7	8.7	8.7
Biological assets	112.9	164.5	230.8	242.3	196.2	221.4	237.4	254.5	274.6
Long-term investments	47.8	58.5	148.2	148.2	148.2	148.2	148.2	148.2	148.2
Long-term prepayments	0.9	4.3	11.8	11.8	11.8	11.8	11.8	11.8	11.8
Current assets	646.7	1 012.8	1 208.0	1 982.2	1 957.6	1 995.6	2 071.5	2 143.0	2 222.7
Inventories	384.7	622.9	767.9	1 005.6	895.8	907.4	928.8	948.5	969.1
Short-term receivables	135.5	162.3	186.6	244.4	217.7	220.5	225.7	230.5	235.5
Trade debtors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short-term investments	0.0	49.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash	7.9	10.7	22.3	489.4	647.3	645.8	679.1	709.0	742.9
Short-term prepayments	5.7	3.0	0.4	0.5	0.5	0.5	0.5	0.5	0.5
(UAH m)	2007	2008	2009	2010F	2011F	2012F	2013F	2014F	2015F
LIABILITIES	1 281.3	1 954.0	2 639.7	3 465.2	3 451.2	3 499.7	3 586.0	3 668.0	3 758.1
Equity	727.6	637.2	1 334.5	2 113.1	2 160.9	2 228.4	2 330.8	2 421.9	2 517.4
Share capital	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Supplementary capital	371.7	372.0	398.2	398.2	398.2	398.2	398.2	398.2	398.2
Undistributed profits	192.0	108.0	436.6	1 206.1	1 216.1	1 262.1	1 343.8	1 421.5	1 507.2
Minority interests	7.5	10.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Long-term liabilities	46.2	145.6	616.2	606.9	569.0	547.4	526.5	512.9	503.0
Debt	41.9	136.9	606.2	596.9	559.0	537.4	516.4	502.9	492.9
Short-term liabilities	428.2	1 095.8	562.1	600.5	584.1	585.9	589.2	592.2	595.4
Trade creditors	89.7	180.4	185.7	224.0	207.7	209.5	212.8	215.8	218.9
Debt	338.6	915.5	376.5	376.5	376.5	376.5	376.5	376.5	376.5
Provisions	0.0	0.0	39.4	39.4	39.4	39.4	39.4	39.4	39.4
Other	45.3	20.7	86.6	104.5	96.9	97.7	99.2	100.7	102.1
Debt	380.5	1 052.4	982.6	973.4	935.5	913.9	892.9	879.4	869.4
Net debt	74.4	1 041.7	960.3	484.0	288.1	268.0	213.8	170.3	126.5
(Net debt / Equity)	10.2%	163.5%	72.0%	22.9%	13.3%	12.0%	9.2%	7.0%	5.0%
(Net debt / EBITDA)	0.3	4.7	1.7	0.5	0.6	0.6	0.4	0.3	0.2
BVPS	29.1	25.5	53.4	84.5	86.4	89.1	93.2	96.9	100.7

**Cash Flows**

(UAH m)	2007	2008	2009	2010F	2011F	2012F	2013F	2014F	2015F
Cash flows from Operating Activities	14.0	-47.1	158.5	716.4	586.1	384.1	427.3	461.3	493.8
Net income	149.0	-89.2	323.4	769.5	240.9	238.7	284.5	319.5	357.3
D&A expenses	34.9	72.7	93.0	113.7	118.3	119.2	120.2	121.1	122.1
Working capital	-55.9	-164.6	-108.2	-239.4	112.6	-11.8	-21.8	-20.1	-21.1
Other	-114.1	134.0	-149.7	72.7	114.3	37.9	44.4	40.7	35.5
Cash flows from investing activities	-162.37	-353.09	-57.63	-164.97	-128.96	-129.70	-130.65	-131.59	-132.54
CAPEX	-162.42	-305.84	-106.01	-164.97	-128.96	-129.70	-130.65	-131.59	-132.54
Equity investments	0.05	-47.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash flows from financing activities	136.4	403.0	-89.2	-84.3	-299.2	-255.9	-263.4	-299.8	-327.3
Debt	99.2	343.6	-182.6	-94.4	-90.7	-88.6	-86.6	-85.3	-84.3
Dividends/share buy-back	0.0	0.0	0.0	0.0	-230.8	-192.7	-202.9	-241.8	-271.6
Other	37.2	59.4	93.4	10.1	22.4	25.5	26.1	27.3	28.6
Change in cash	-12.0	2.8	11.6	467.1	157.9	-1.5	33.3	29.9	33.9
Cash at end of period	7.9	10.7	22.3	489.4	647.3	645.8	679.1	709.0	742.9
DPS (UAH)	0.00	0.00	0.00	0.00	9.23	7.71	8.12	9.67	10.86
FCF	-40.2	-270.3	330.8	554.0	373.4	258.2	292.0	333.6	371.7
(CAPEX / Sales)	-26.4%	-31.5%	-7.8%	-7.5%	-7.5%	-7.4%	-7.1%	-6.9%	-6.6%

Market multiples

	2007	2008	2009	2010F	2011F	2012F	2013F	2014F	2015F
P/E	24.6	-41.1	11.3	4.8	15.2	15.4	12.9	11.5	10.3
P/CE	19.9	-221.0	8.8	4.2	10.2	10.2	9.1	8.3	7.6
P/BV	5.0	5.8	2.7	1.7	1.7	1.6	1.6	1.5	1.5
P/S	6.0	3.8	2.7	1.7	2.1	2.1	2.0	1.9	1.8
FCF/EV	-1.1%	-5.7%	7.2%	13.4%	9.4%	6.6%	7.5%	8.7%	9.8%
EV/EBITDA	17.5	21.1	8.4	4.2	8.4	8.2	7.2	6.5	5.9
EV/EBIT	21.0	31.3	10.1	4.7	11.2	10.9	9.3	8.2	7.3
EV/S	6.1	4.9	3.4	1.9	2.3	2.2	2.1	2.0	1.9
DYield	0.0%	0.0%	0.0%	0.0%	6.3%	5.3%	5.5%	6.6%	7.4%
Price (UAH)	146.61	146.61	146.61	146.61	146.61	146.61	146.61	146.61	146.61
Shares at year-end (millions)	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
MC (UAH m)	3 665.2	3 665.2	3 665.2	3 665.2	3 665.2	3 665.2	3 665.2	3 665.2	3 665.2
Equity attributable to minority shareholders (UAH m)	7.5	10.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
EV (UAH m)	3 747.2	4 717.8	4 626.4	4 150.1	3 954.2	3 934.1	3 879.9	3 836.4	3 792.5



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

Research Department:

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

Analysts:

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

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

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

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

Sales and Trading:

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

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

Traders:

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

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

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

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

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

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

"Private Broker"

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

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

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

**List of abbreviations and ratios contained in the report:***EV – net debt + market value**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***Recommendations of BRE Bank Securities**

A recommendation is valid for a period of 6-9 months, unless a subsequent recommendation is issued within this period. Expected returns from individual recommendations are as follows:

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

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

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

Recommendations are based on essential data from the entire history of a company being the subject of a recommendation, with particular emphasis on the period since the previous recommendation. Investing in shares is connected with a number of risks including, but not limited to, the macroeconomic situation of the country, changes in legal regulations as well as changes on commodity markets. Full elimination of these risks is virtually impossible.

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

The present report was not transferred to the issuer prior to its publication.

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

Copying or publishing the present report, in full or in part, or disseminating in any way information contained in the present report requires the prior written agreement of BRE Bank Securities S.A.

Recommendations are addressed to all Clients of BRE Bank Securities S.A. This report is not for distribution to third parties. The activity of BRE Bank Securities S.A. is subject to the supervision of the Polish Financial Supervision Commission.

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

Strong and weak points of valuation methods used in recommendations:

DCF – acknowledged as the most methodologically correct method of valuation; it is based in discounting financial flows generated by a company; its weak point is the significant susceptibility to a change of forecast assumptions in the model.

Comparative – based on a comparison of valuation multipliers of companies from a given sector; simple in construction, reflects the current state of the market; weak points include substantial variability (fluctuations together with market indices) as well as difficulty in the selection of the group of comparable companies.

Previous ratings issued for Astarta

Rating	Sell
Rating date	2010-02-12
Price on rating day	50.00
WIG on rating day	37322.52