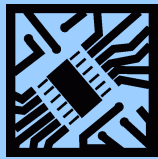


3 August 2010

Update


IT
Poland

| | |
|-------------------------------|------------------|
| Current price | PLN 86.35 |
| Target price | PLN 79.50 |
| Market cap | PLN 695m |
| Free float | PLN 156.5m |
| Avg daily trading volume (3M) | PLN 0.52m |

Shareholder Structure (shares/votes)

| | |
|-------------------|-----------------|
| Janusz Filipiak | 32.23% / 41.04% |
| Elżbieta Filipiak | 10.63% / 28.29% |
| BZ WBK AIB AM | 34.62%/18.43% |

| | |
|--------|-----------------|
| Others | 22.52% / 12.24% |
|--------|-----------------|

Sector Outlook

The IT market dropped in value by several percent in 2009. No big rebound can be expected this year as the economic situation remains uncertain while access to credit is constrained. The industry is still awaiting big government-funded projects subsidized by the EU.

Company Profile

Comarch is one of Poland's biggest IT integrators and software suppliers. Most of its business comes from the financial industry and the telecom sector. In addition, the Company is expanding abroad, especially in Germany and France. This year, half of the revenues will be generated abroad.

Comarch

COMH.WA; CMR PW

Reduce

(Downgraded)

Improvement Unlikely This Year

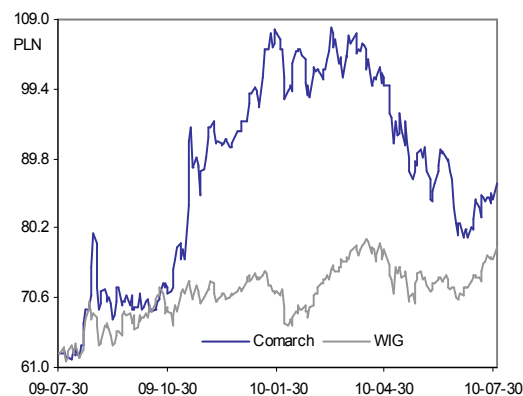
Following a share capital increase carried out by Comarch AG, the Group received EUR 1m in external capital, while its interest in German and French assets (which contribute ca. 33% to consolidated sales) decreased from 100% to 60%. Following the issue, the estimated minority interest in enterprise value has increased from PLN 10.5m to PLN 36.1m, which reduces our valuation by ca. PLN 2.82 per share. In addition, in expectation of weak earnings for H1 2010 we have decided to downgrade our FY forecasts and to reduce the rate of expected earnings improvement. Comarch still trades at a considerable premium to its Polish and foreign peers, which we find unjustified even if the Company does grab a big portion of upcoming governmental projects, as we assume. We are therefore reducing our rating from hold to reduce with a target price of PLN 79.5 per share.

Q2 2010 Forecasts

We expect the second quarter to be only slightly better operationally than the very poor Q2 2009, due to the expected write-downs on assets following the share capital increase at Comarch AG and the resulting PLN 9.9m dilution on the subsidiary's assets. We also expect EBIT losses at SoftM (EUR 1m) and SPVs (PLN 3.0m). As a result, the Group will post a consolidated second-quarter loss of PLN 11.3m (vs. PLN 12.8m the year before). Since the asset write-downs will take place at the consolidated level, we expect minority losses to be considerably reduced, to PLN 1.6m. The resulting net loss attributable to Comarch's shareholders will be PLN 8.7m.

FY 2010 Forecast Update

In the light of weaker earnings attained by SPVs and SoftM, we believe that the Management's promises related to these subsidiaries unrealistic (reduction of SPV losses to PLN 4.0m, EBIT break even for SoftM). We are therefore lowering our expectations for the SPVs to -PLN 10m (from PLN 4.0m) and for SoftM to -EUR 2.0m (from -EUR 1.5m). At the consolidated level, we also take into account the expected write-downs, which will further reduce consolidated earnings by PLN 9.9m.

Comarch vs. WIG


| (PLN m) | 2008 | 2009 | 2010F | 2011F | 2012F |
|---------------|-------|-------|-------|-------|-------|
| Revenue | 701.0 | 729.4 | 701.4 | 803.5 | 852.7 |
| EBITDA | 66.0 | 56.2 | 50.9 | 86.1 | 97.8 |
| EBITDA margin | 9.4% | 7.7% | 7.3% | 10.7% | 11.5% |
| EBIT | 45.9 | 14.3 | 11.3 | 47.1 | 59.3 |
| Net profit | 199.1 | 32.3 | 20.9 | 43.8 | 51.4 |
| DPS | 0.0 | 0.0 | 0.0 | 0.0 | 1.9 |
| P/E | 3.5 | 21.3 | 33.3 | 15.9 | 13.5 |
| P/CE | 3.1 | 9.3 | 11.5 | 8.4 | 7.7 |
| P/BV | 1.3 | 1.2 | 1.2 | 1.1 | 1.1 |
| EV/EBITDA | 9.5 | 10.6 | 12.0 | 6.8 | 5.8 |

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Earnings Will Not Improve in 2010

Financial Standing

Q2 2010 Forecasts

We expect the second quarter to bring a certain improvement in operating earnings vs. the very weak Q2 2009, but the scale of this improvement will disappoint investors greatly. Revenues will decline by 9.2% y/y, due to a decline in SoftM's revenue and the effect the appreciating zloty has had on income generated abroad.

SoftM will once again have a negative impact on earnings, which we estimate at -PLN 6.3m (EBIT loss of EUR 1.0m and an additional PLN 2.0m in goodwill amortization). SPVs will shave a further PLN 3.0m off the Company's consolidated earnings. Further, we assume that the Company will recognize write-downs on its foreign assets in the amount of PLN 9.9m (we believe this may be necessary following the share capital increase at Comarch AG).

Our estimate the consolidated gross margin at 16.6%. General and administrative expenses will figure to PLN 25.6m, and other operations will bring losses of PLN 10.4m. Comarch will see an EBIT loss of PLN 11.3m. As the write-downs on foreign assets will most likely occur as the consolidated level, we expect minority losses to be much lower than last year (-PLN 1.6m). All in all, Comarch's bottom line will figure to -PLN 8.7m.

Q2 2010 earnings forecast

| (PLN m) | Q2 2010F | Q2 2009 | Change | 2010F | 2009 | Change |
|--------------|----------|---------|--------|-------|-------|--------|
| Revenue | 148.7 | 163.7 | -9.2% | 701.4 | 729.4 | -3.8% |
| EBITDA | 0.2 | 2.2 | -90.8% | 50.9 | 56.2 | -9.5% |
| Margin | 0.14% | 1.36% | - | 7.25% | 7.70% | - |
| EBIT | -11.3 | -12.8 | -11.9% | 11.3 | 14.3 | -21.1% |
| Gross profit | -10.1 | -11.7 | -13.5% | 15.7 | 18.4 | -14.9% |
| Net income | -8.7 | -3.1 | 177.2% | 20.9 | 32.3 | -35.3% |

Source: Comarch, estimates by BRE Bank Securities

FY 2010 Forecast Revision

In our opinion, the weakness of Comarch's H1 results makes it unlikely that the targets outlined by the Management towards the end of last year will be reached (operating break-even for SoftM, reduction in the SPV's EBIT losses to PLN 4.0m). We are lowering our forecast of SoftM's EBIT to -EUR 2.0m from -EUR 1.5m); for the SPVs, we project an EBIT loss of PLN 10.0m rather than PLN 4.0m previously forecasted.

In addition, our forecasts factor in the expected PLN 9.9m write-down on foreign assets, although it is omitted from the DCF model as it is a non-cash event. With these adjustments, our FY EBITDA forecast goes down to PLN 50.9m (from PLN 66.8m previously). For 2011-2013, we stand by the optimistic assumption that Comarch will be able to get PLN 100m per year in revenue from "E-government" projects.

Share Capital Increase at Comarch AG and Its Implications for Valuation

A share capital increase has been carried out at Comarch AG, as a result of which the Company's interest decreased from 100% to 60%. We believe this transaction has a considerable impact on valuation, as it leads to a significant shareholder dilution with regard to the Company's German and French assets. Comarch AG includes, inter alia, SoftM; for which Comarch paid EUR 13.9m towards the end of 2008 (80.89% stake, including share capital increase and tender offer). In addition, Comarch AG is responsible for telecommunications contracts with Vodafone and Mobile, which accounted for a considerable portion of the Group's foreign revenue. All in all, in 2009 the German market brought Comarch a revenue of PLN 204.3m (ca. 28% of consolidated sales), and the French market, PLN 35.0m (4.8%). As a result of the reduction in interest in Comarch AG, the valuation of minority interest increases from PLN 10.5m to PLN 36.1m, which is only partly offset by the inflow of external cash from the share offering (EUR 1.0m).



Valuation

Valuation Summary

| | PLN m | Weight | 9MTP |
|--------------------|--------------|--------|--------------|
| DCF Analysis | 614.4 | 50% | |
| Relative Valuation | 568.4 | 50% | |
| incl. | | | |
| based on P/E | 479.4 | 50% | |
| based on EV/EBITDA | 657.3 | 50% | |
| Average | 591.4 | | 639.9 |
| Average per share | | | 79.5 |

Assumptions:

1. Our earnings forecast horizon extends from FY 2010 to FY 2019.
2. In the forecast horizon and beyond, our assumed risk-free rate is 5.9% (yield on 10Y T-bonds).
3. We increase our valuation by the discounted value of the tax relief on account of Comarch's operations in the Kraków Special Economic Zone.
4. Expected FCF growth rate after the last year of the forecast horizon is 3.0%.

Relative Valuation

We compared the EV/EBITDA and P/E multiples of Comarch and its foreign peers as estimated for the years 2010, 2011, and 2012. The forecast years are given 25%, 45%, and 30% weights respectively.

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

| | Price | EV/EBITDA | | | P/E | | |
|--------------------|-------|-------------|------------|------------|-------------|-------------|-------------|
| | | 2010F | 2011F | 2012F | 2010F | 2011F | 2012F |
| Microsoft Corp | | 7.6 | 6.7 | 6.2 | 12.7 | 11.0 | 10.0 |
| Cap Gemini | | 6.6 | 5.5 | 4.9 | 20.4 | 14.7 | 12.5 |
| SAP AG | | 10.6 | 9.3 | 8.4 | 17.1 | 14.9 | 13.3 |
| Oracle Corp | | 9.4 | 8.0 | 7.4 | 15.1 | 12.8 | 11.5 |
| Accenture Ltd | | 7.4 | 7.1 | 6.7 | 15.2 | 13.7 | 12.3 |
| Indra Sistemas | | 7.3 | 7.0 | 6.5 | 10.0 | 9.6 | 9.4 |
| Tietoerator | | 6.1 | 5.4 | 5.0 | 12.6 | 10.3 | 9.3 |
| Atos Origin SA | | 4.8 | 4.3 | 4.0 | 12.8 | 10.4 | 9.2 |
| LOGICA Plc | | 6.0 | 5.7 | 5.5 | 9.0 | 8.4 | 7.6 |
| IBM | | 7.5 | 7.0 | 6.6 | 11.4 | 10.4 | 9.6 |
| Asseco Poland | | 7.3 | 6.7 | 6.1 | 12.7 | 11.9 | 11.0 |
| Sygnity | | 9.3 | 5.1 | 3.9 | - | 14.0 | 8.4 |
| Maximum | | 10.6 | 9.3 | 8.4 | 20.4 | 14.9 | 13.3 |
| Minimum | | 4.8 | 4.3 | 3.9 | 9.0 | 8.4 | 7.6 |
| Median | | 7.4 | 6.7 | 6.2 | 12.7 | 11.5 | 9.8 |
| Comarch | 86.4 | 12.0 | 6.8 | 5.8 | 33.3 | 15.9 | 13.5 |
| Premium / discount | | 62.4% | 2.0% | -6.1% | 161.9% | 38.5% | 37.8% |



DCF Valuation Model

| (PLN m) | 2010F | 2011F | 2012F | 2013F | 2014F | 2015F | 2016F | 2017F | 2018F | 2019F | 2019+ |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|----------------|----------------|--------------|
| Sales revenue | 701.4 | 803.5 | 852.7 | 905.9 | 926.5 | 973.7 | 1 018.1 | 1 061.5 | 1 097.4 | 1 130.3 | |
| Change | -3.8% | 14.5% | 6.1% | 6.2% | 2.3% | 5.1% | 4.6% | 4.3% | 3.4% | 3.0% | |
| EBITDA | 50.9 | 86.1 | 97.8 | 105.2 | 95.7 | 100.5 | 105.2 | 110.7 | 113.7 | 116.3 | |
| EBITDA margin | 7.3% | 10.7% | 11.5% | 11.6% | 10.3% | 10.3% | 10.3% | 10.4% | 10.4% | 10.3% | |
| D&A expenses | 39.6 | 39.0 | 38.5 | 38.1 | 30.1 | 30.5 | 30.9 | 31.2 | 31.6 | 31.9 | |
| EBIT | 11.3 | 47.1 | 59.3 | 67.1 | 65.6 | 70.0 | 74.3 | 79.5 | 82.1 | 84.4 | |
| EBIT margin | 1.6% | 5.9% | 7.0% | 7.4% | 7.1% | 7.2% | 7.3% | 7.5% | 7.5% | 7.5% | |
| Tax rate on EBIT | 2.1 | 8.9 | 11.3 | 12.7 | 12.5 | 13.3 | 14.1 | 15.1 | 15.6 | 16.0 | |
| NOPLAT | 9.2 | 38.1 | 48.0 | 54.3 | 53.2 | 56.7 | 60.2 | 64.4 | 66.5 | 68.4 | |
| CAPEX | -55.6 | -53.3 | -47.7 | -42.2 | -40.1 | -39.2 | -38.1 | -36.6 | -34.8 | -31.9 | |
| Working capital | -6.4 | -10.8 | -6.5 | -5.8 | -5.5 | -7.5 | -9.9 | -6.3 | -5.6 | -7.1 | |
| Other | 12.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| FCF | -1.2 | 13.1 | 32.4 | 44.5 | 37.6 | 40.5 | 43.1 | 52.8 | 57.7 | 61.3 | 63.1 |
| WACC | 10.9% | 10.9% | 10.9% | 10.9% | 10.9% | 10.9% | 10.9% | 10.9% | 10.9% | 10.9% | 10.9% |
| discount factor | 95.8% | 86.3% | 77.8% | 70.1% | 63.2% | 57.0% | 51.4% | 46.3% | 41.7% | 37.6% | 33.9% |
| PV FCF | -1.1 | 11.3 | 25.2 | 31.2 | 23.8 | 23.1 | 22.1 | 24.4 | 24.1 | 23.1 | 299.1 |
| WACC | 10.9% | 10.9% | 10.9% | 10.9% | 10.9% | 10.9% | 10.9% | 10.9% | 10.9% | 10.9% | 10.9% |
| Cost of debt | 6.9% | 6.9% | 6.9% | 6.9% | 6.9% | 6.9% | 6.9% | 6.9% | 6.9% | 6.9% | 6.9% |
| Risk-free rate | 5.9% | 5.9% | 5.9% | 5.9% | 5.9% | 5.9% | 5.9% | 5.9% | 5.9% | 5.9% | 5.9% |
| 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 | 10.9% | 10.9% | 10.9% | 10.9% | 10.9% | 10.9% | 10.9% | 10.9% | 10.9% | 10.9% | 10.9% |
| 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 | 795.1 | FCF growth in perpetuity | | | | | |
| Present value of the terminal value (PV TV) | 299.1 | 1.0% | 2.0% | 3.0% | 4.0% | 5.0% | |
| Present value of FCF in the forecast horizon | 207.2 | WACC +1.0pp | 67.8 | 70.5 | 73.8 | 78.0 | 83.3 |
| Enterprise value (EV) | 506.3 | WACC +0.5pp | 71.0 | 74.1 | 77.9 | 82.8 | 89.2 |
| Net debt | -108.4 | WACC | 74.5 | 78.1 | 82.6 | 88.4 | 96.1 |
| Other non-operating assets | 35.8 | WACC -0.5pp | 78.4 | 82.5 | 87.8 | 94.8 | 104.3 |
| Minority interests | 36.1 | WACC -1.0pp | 82.7 | 87.6 | 93.9 | 102.3 | 114.2 |
| Equity value | 614.4 | | | | | | |
| Number of shares (millions) | 8.1 | | | | | | |
| Equity value per share (PLN) | 76.3 | | | | | | |
| Cost of equity (9M) | 8.2% | | | | | | |
| Target Price | 82.6 | | | | | | |
| EV/EBITDA(*10) for the target price | 10.0 | | | | | | |
| P/E(*10) for the target price | 31.8 | | | | | | |
| TV to EV | 59% | | | | | | |

**Income Statement**

| (PLN m) | 2008 | 2009 | 2010F | 2011F | 2012F | 2013F | 2014F |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Sales revenue | 701.0 | 729.4 | 701.4 | 803.5 | 852.7 | 905.9 | 926.5 |
| <i>Change</i> | 20.6% | 4.1% | -3.8% | 14.5% | 6.1% | 6.2% | 2.3% |
| TMT | 114.7 | 148.5 | 157.5 | 166.9 | 181.9 | 192.8 | 204.4 |
| Finance and Banking | 146.7 | 117.4 | 118.6 | 128.1 | 139.6 | 152.2 | 165.9 |
| Trade and Services | 65.4 | 60.4 | 70.1 | 77.1 | 86.3 | 93.3 | 100.7 |
| Manufacturers and Utilities | 63.2 | 106.6 | 74.6 | 77.6 | 82.3 | 88.0 | 94.2 |
| Public sector | 203.7 | 59.6 | 59.6 | 131.2 | 137.8 | 144.7 | 115.7 |
| SME Poland | 54.7 | 55.8 | 56.9 | 60.4 | 64.0 | 67.8 | 71.9 |
| SME DACH | 37.6 | 169.7 | 150.7 | 148.8 | 146.6 | 152.0 | 157.6 |
| Other | 14.8 | 12.7 | 13.4 | 13.4 | 14.2 | 15.2 | 16.1 |
| COGS | 551.0 | 590.7 | 567.3 | 633.9 | 666.4 | 707.0 | 723.5 |
| Gross profit | 149.9 | 138.7 | 134.1 | 169.5 | 186.3 | 198.9 | 203.0 |
| Selling costs | 49.2 | 70.8 | 65.4 | 71.1 | 73.2 | 75.4 | 78.7 |
| General and administrative expenses | 46.8 | 51.9 | 44.9 | 48.9 | 51.3 | 54.0 | 56.3 |
| Net sales profit | 53.9 | 16.0 | 23.8 | 49.5 | 61.7 | 69.5 | 68.0 |
| Other operations | -8.0 | -1.7 | -12.5 | -2.5 | -2.4 | -2.4 | -2.3 |
| EBIT | 45.9 | 14.3 | 11.3 | 47.1 | 59.3 | 67.1 | 65.6 |
| <i>Change</i> | 4.3% | -68.8% | -21.1% | 316.1% | 26.0% | 13.1% | -2.2% |
| <i>EBIT margin</i> | 6.6% | 2.0% | 1.6% | 5.9% | 7.0% | 7.4% | 7.1% |
| Profit/loss on financial activity | 198.6 | 4.6 | 4.4 | 4.8 | 6.2 | 8.1 | 10.3 |
| Other | 0.0 | -0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Gross profit | 244.5 | 18.4 | 15.7 | 51.8 | 65.5 | 75.2 | 76.0 |
| Tax | -43.3 | 8.0 | 2.4 | -7.8 | -12.4 | -14.3 | -14.4 |
| Minority interests | 2.1 | -5.9 | -2.8 | 0.2 | 1.6 | 2.6 | 3.8 |
| Net income | 199.1 | 32.3 | 20.9 | 43.8 | 51.4 | 58.3 | 57.8 |
| <i>Change</i> | 365.6% | -83.8% | -35.3% | 109.9% | 17.4% | 13.3% | -0.8% |
| <i>Margin</i> | 28.4% | 4.4% | 3.0% | 5.5% | 6.0% | 6.4% | 6.2% |
| D&A expenses | 20.1 | 41.8 | 39.6 | 39.0 | 38.5 | 38.1 | 30.1 |
| EBITDA | 66.0 | 56.2 | 50.9 | 86.1 | 97.8 | 105.2 | 95.7 |
| <i>Change</i> | 8.1% | -14.8% | -9.5% | 69.3% | 13.6% | 7.5% | -9.0% |
| <i>EBITDA margin</i> | 9.4% | 7.7% | 7.3% | 10.7% | 11.5% | 11.6% | 10.3% |
| Shares at year-end (millions) | 8.0 | 8.0 | 8.1 | 8.1 | 8.1 | 8.1 | 8.1 |
| EPS | 25.0 | 4.1 | 2.6 | 5.4 | 6.4 | 7.2 | 7.2 |
| CEPS | 27.5 | 9.3 | 7.5 | 10.3 | 11.2 | 12.0 | 10.9 |
| ROAE | 47.7% | 5.9% | 3.7% | 7.4% | 8.1% | 8.6% | 8.0% |
| ROAA | 27.0% | 3.6% | 2.3% | 4.7% | 5.2% | 5.5% | 5.2% |

**Balance Sheet**

| (PLN m) | 2008 | 2009 | 2010F | 2011F | 2012F | 2013F | 2014F |
|-------------------------------|--------------|--------------|--------------|--------------|----------------|----------------|----------------|
| ASSETS | 915.2 | 895.1 | 900.7 | 972.4 | 1 023.5 | 1 084.1 | 1 134.4 |
| Fixed assets | 406.3 | 413.7 | 429.4 | 444.8 | 454.5 | 459.1 | 469.4 |
| Property, plant and equipment | 257.1 | 256.3 | 258.7 | 260.8 | 262.2 | 262.8 | 264.3 |
| Intangible assets | 98.7 | 84.7 | 98.3 | 110.4 | 118.2 | 121.6 | 130.1 |
| Goodwill on consolidation | 26.3 | 42.7 | 42.7 | 42.7 | 42.7 | 42.7 | 42.7 |
| Financial assets | 1.3 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| Other investment | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Other receivables | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 |
| Deferred-tax assets | 12.7 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 | 19.6 |
| Long-term prepayments | 8.4 | 8.1 | 7.8 | 8.9 | 9.5 | 10.0 | 10.3 |
| Current assets | 508.9 | 481.4 | 471.3 | 527.6 | 569.0 | 625.0 | 665.0 |
| Inventories | 29.6 | 33.0 | 33.3 | 37.2 | 39.1 | 41.4 | 42.4 |
| Prepayments | 12.2 | 8.5 | 8.2 | 9.4 | 9.9 | 10.6 | 10.8 |
| Trade debtors | 244.6 | 221.9 | 219.1 | 251.0 | 266.4 | 283.0 | 289.5 |
| Other receivables | 0.2 | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 | 0.5 |
| Financial assets | 3.0 | 13.5 | 13.5 | 13.5 | 13.5 | 13.5 | 13.5 |
| Cash | 219.3 | 204.1 | 196.8 | 216.1 | 239.6 | 275.9 | 308.3 |
| (PLN m) | 2008 | 2009 | 2010P | 2011P | 2012P | 2013P | 2014P |
| LIABILITIES | 915.2 | 895.1 | 900.7 | 972.4 | 1 023.5 | 1 084.1 | 1 134.4 |
| Equity | 534.2 | 554.3 | 569.5 | 613.8 | 653.0 | 699.0 | 747.0 |
| Share capital | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 |
| Reserves | 139.7 | 148.5 | 148.5 | 148.5 | 148.5 | 148.5 | 148.5 |
| Retained earnings | 348.5 | 380.8 | 398.9 | 442.9 | 480.5 | 523.9 | 568.1 |
| Minority interests | 38.0 | 17.0 | 14.2 | 14.4 | 16.0 | 18.7 | 22.4 |
| Long-term liabilities | 158.8 | 138.6 | 136.5 | 141.0 | 141.0 | 141.0 | 138.5 |
| Loans | 94.4 | 82.8 | 82.8 | 82.8 | 82.8 | 82.8 | 82.8 |
| Long-term payables | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Reserves | 64.4 | 55.8 | 53.7 | 58.2 | 58.2 | 58.1 | 55.6 |
| Long-term accruals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Short-term liabilities | 222.3 | 202.2 | 194.7 | 217.6 | 229.5 | 244.1 | 248.9 |
| Loans | 26.8 | 12.9 | 12.9 | 12.9 | 12.9 | 12.9 | 12.9 |
| Trade creditors | 177.2 | 175.0 | 168.0 | 189.5 | 201.0 | 215.2 | 220.2 |
| Other liabilities | 6.2 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 |
| Reserves | 6.4 | 5.3 | 5.1 | 5.4 | 5.3 | 5.1 | 4.7 |
| Accruals | 5.7 | 7.7 | 7.4 | 8.4 | 8.9 | 9.5 | 9.7 |
| Debt | 121.2 | 95.7 | 95.7 | 95.7 | 95.7 | 95.7 | 95.7 |
| Net debt | -98.1 | -108.4 | -101.1 | -120.3 | -143.9 | -180.2 | -212.6 |
| (Net debt / Equity) | -18.4% | -19.5% | -17.8% | -19.6% | -22.0% | -25.8% | -28.5% |
| (Net debt / EBITDA) | -1.5 | -1.9 | -2.0 | -1.4 | -1.5 | -1.7 | -2.2 |
| BVPS | 67.1 | 69.6 | 70.7 | 76.2 | 81.1 | 86.8 | 92.8 |

**Cash Flows**

| (PLN m) | 2008 | 2009 | 2010F | 2011F | 2012F | 2013F | 2014F |
|---|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Cash flows from operating activities | -102.2 | 65.5 | 44.0 | 67.7 | 80.5 | 87.8 | 79.6 |
| Gross profit | 201.2 | 26.4 | 18.0 | 44.1 | 53.0 | 60.9 | 61.5 |
| Interest | -198.6 | -4.6 | -4.4 | -4.8 | -6.2 | -8.1 | -10.3 |
| D&A expenses | 20.1 | 41.8 | 39.6 | 39.0 | 38.5 | 38.1 | 30.1 |
| Working capital | 37.5 | 8.4 | -6.4 | -10.8 | -6.5 | -5.8 | -5.5 |
| Tax | -3.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | -159.2 | -6.6 | -2.8 | 0.2 | 1.6 | 2.6 | 3.8 |
| Cash flows from investing activities | 244.9 | -60.5 | -51.2 | -48.5 | -41.5 | -34.1 | -29.8 |
| CAPEX | 93.3 | -65.4 | -55.6 | -53.3 | -47.7 | -42.2 | -40.1 |
| Equity investments | -34.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | 185.8 | 4.9 | 4.4 | 4.8 | 6.2 | 8.1 | 10.3 |
| Cash flows from financing activities | 6.2 | -20.2 | 0.0 | 0.0 | -15.4 | -17.5 | -17.3 |
| Debt | 28.4 | -25.5 | 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/buy-back | 0.0 | 0.0 | 0.0 | 0.0 | -15.4 | -17.5 | -17.3 |
| Other | -22.2 | 5.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Change in cash | 148.9 | -15.2 | -7.3 | 19.2 | 23.6 | 36.3 | 32.4 |
| Cash at end of period | 219.3 | 204.1 | 196.8 | 216.1 | 239.6 | 275.9 | 308.3 |
| DPS (PLN) | 0.0 | 0.0 | 0.0 | 0.0 | 1.9 | 2.2 | 2.2 |
| FCF | 188.7 | 5.4 | -12.8 | 15.0 | 32.4 | 44.5 | 37.6 |
| (CAPEX / Sales) | -13.3% | 6.2% | 5.8% | 5.4% | 5.0% | 4.7% | 4.3% |

Market multiples

| | 2008 | 2009 | 2010F | 2011F | 2012F | 2013F | 2014F |
|--|-------|-------|-------|-------|-------|-------|-------|
| P/E | 3.5 | 21.3 | 33.3 | 15.9 | 13.5 | 11.9 | 12.0 |
| P/CE | 3.1 | 9.3 | 11.5 | 8.4 | 7.7 | 7.2 | 7.9 |
| P/BV | 1.3 | 1.2 | 1.2 | 1.1 | 1.1 | 1.0 | 0.9 |
| P/S | 1.0 | 0.9 | 1.0 | 0.9 | 0.8 | 0.8 | 0.8 |
| FCF/EV | 30.1% | 0.9% | -2.1% | 2.5% | 5.7% | 8.3% | 7.5% |
| EV/EBITDA | 9.5 | 10.6 | 12.0 | 6.8 | 5.8 | 5.1 | 5.3 |
| EV/EBIT | 13.7 | 41.6 | 53.8 | 12.5 | 9.6 | 8.0 | 7.7 |
| EV/S | 0.9 | 0.8 | 0.9 | 0.7 | 0.7 | 0.6 | 0.5 |
| DYield | 0.0% | 0.0% | 0.0% | 0.0% | 2.2% | 2.5% | 2.5% |
| Price (PLN) | | | | | | | |
| Shares at year-end (millions) | 8.0 | 8.0 | 8.1 | 8.1 | 8.1 | 8.1 | 8.1 |
| MC (PLN m) | 687.4 | 687.4 | 695.3 | 695.3 | 695.3 | 695.3 | 695.3 |
| Equity attributable to minority shareholders (PLN m) | 38.0 | 17.0 | 14.2 | 14.4 | 16.0 | 18.7 | 22.4 |
| EV (PLN m) | 627.2 | 596.1 | 608.4 | 589.4 | 567.4 | 533.8 | 505.1 |



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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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HOLD – we expect that the rate of return from an investment will range from –5% to +5%
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| Price on rating day | 102.90 | 81.00 |
| WIG on rating day | 37933.01 | 39805.41 |