ANALYTICAL REPORT
Comarch

Information Technology

ISSN 1508-308X Warsaw, 15.05.03

Sources of Growth: Exports and CDN

* According to our estimates, Comarch is currently traded on the stock exchange with a small premium (in regard to the EV/EBITDA, EV/EBIT and P/E ratios for 2003 and 2004) in relation to Prokom, and the same level as Emax and with a clear discount relative to Computerland. Comarch is considerably more expensive than Western European counterparts. We estimate the fair value of Comarch stock at PLN 30 and recommend **holding** the shares.

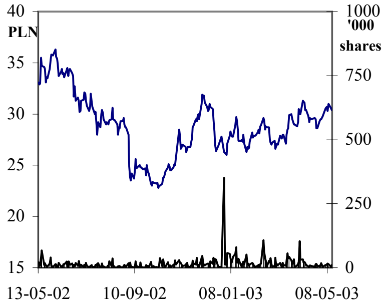
* Comarch's technological skills and its rich portfolio of company made software are the firm's strong points. We are convinced that 2003 will be the period when the company overcomes the final results of losing TPSA as a client of the Tytan billing system. We expect a further growth in exports of billing systems and domestic sales of the enterprise resource planning systems for small and medium size businesses offered by CDN. A clear improvement in Interia's situation is also likely at the end of 2003 when it begins to generate revenues from Internet access.

* Comarch's non-participation in the largest IT tenders in Poland and its focus on contracts not exceeding several million zlotys lessens the company's dependence (compared to the case of Prokom and Computerland) on the outcome of competing for a single contract and on the success of its later realisation. On the other hand, these large contracts will be the main sources of Polish IT market growth in the next several years. We believe Comarch will carve out for itself the position of a major contractor of small contracts, which the largest IT companies could just as well ignore. In addition, the company is at an advantage in terms of competition with small firms. Comarch has sufficient resources allowing it to invest in its products and survive periods of low demand, as is the case at present.

* For these reasons CDN, supported by Comarch, will increase its share in the market of software for small and medium size businesses. Other than technological reliability as well as the presence of the main shareholder and resources assuring clients that the software provider will not suddenly disappear from the market, CDN has a very efficient, still developing sales network comprising independent firms offering Comarch software and services connected with its installation and application.

* We expect Comarch to increase the operating margin this year and next year, as the Polish economy begins to pick up speed and the major competitors begin working on the large contracts for which they are competing today.

* In our opinion, the planned investment in Cracovia is a serious risk factor. At present the company is planning to invest only PLN 3 mn in the club, but taking it to the premier league could turn out to be much more costly. As the main owner and sponsor of the club, Comarch could find itself under pressure to increase its commitment in Cracovia.



Recommendation	HOLD
Price	**30.4**
Target price	**30.0**

Basic Data	
Post buyback no. of shares (ths)	6 730
Free float	51%
Market cap (PLN mn)	205

Shareholder Structure*	
Mr. & Mrs. Filipiak	45%
Other board members	4%
Others	51%

* post buyback

Analyst

Witold Samborski
witold.samborski@breinwest.com.pl

tel. (48 22) 697 47 36
fax (48 22) 697 47 43
Dom Inwestycyjny BRE Banku S.A.
ul. Wspólna 47/49
00-490 Warszawa, skr. poczt. 21

www.brebrokers.com.pl

	Sales (PLN mn)	EBIT (PLN mn)	Net profit (PLN mn)	Cash earn. (PLN mn)	Price (PLN)	EPS (PLN)	P/E	BVPS (PLN)	P/BV	CEPS (PLN)	P/CE	EV/EBDIT
2001	174	8,0	9,2	17,7	30,4	1,3	24,0	16,3	1,9	2,5	12,4	15,3
2002	191	9,7	8,8	17,6	30,4	1,2	24,9	16,6	1,8	2,4	12,5	10,4
2003F	199	10,9	10,2	19,2	30,4	1,5	20,0	16,3	1,9	2,9	10,6	9,5
2004F	233	15,6	14,2	24,2	30,4	2,1	14,4	18,4	1,7	3,6	8,5	7,3
2005F	261	17,7	16,5	27,5	30,4	2,5	12,4	20,9	1,5	4,1	7,4	6,1

NOTE: F - BRE Bank Securities forecast, consolidated data excluding Interia

Investment conclusion, valuation

We estimate the **current fair value of a Comarch share at PLN 30 and recommend holding these shares.**

We can see and concur with the positive changes occurring in Comarch, manifested by the good results generated in the last 3 quarters, the higher level of orders than last year and the improvement in results and prospects for the major subsidiary firms. Unfortunately, these favourable phenomena are balanced by high values of core ratios used for the comparative valuation in relation to Western European IT companies.

The three most important factors that could raise our valuation of Comarch in the future are: faster recovery of domestic sales to the telecommunications sector than we expect, an even faster growth in export sales than we forecast and a growth in Interia's value due to the appearance of profits from new products. Risk factors for Comarch are: the lack of long-term contracts with clients, a strong concentration on the technical aspects of products, high costs of foreign expansion as well as investments in Interia and Cracovia.

Table 1: DCF valuation of Comarch

	2 002	**2003F**	**2004F**	**2005F**	**2006F**	**2007F**	**2008F**	**2009F**	**2010 +**
FCF	**-23.3**	**7.5**	**0.5**	**11.3**	**13.8**	**16.5**	**19.6**	**23.0**	**26.8**
Debt/EV	30%	30%	30%	30%	30%	30%	0%	0%	0%
risk free rate	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%
market premium	**5.5%**	**5.5%**	**5.5%**	**5.5%**	**5.5%**	**5.5%**	**5.5%**	**5.5%**	**5.5%**
beta	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05
cost of debt	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	5.7%	5.7%	5.7%
cost of equity	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%
WACC	11.4%	11.1%	11.1%	11.1%	11.1%	11.1%	11.5%	11.5%	11.5%
discount factor	1.0	1.1	1.2	1.4	1.5	1.7	1.9	2.1	
PV (FCF)	**0.0**	**6.8**	**0.4**	**8.3**	**9.1**	**9.8**	**10.4**	**11.0**	

Source: BRE Bank Securities estimates and forecasts

PLN mn	
DCF	56
growth rate in perpetuity	**4.0%**
terminal value	359
discounted terminal value	171
EV	227
net debt	-27
equity	**254**
number of shares (mn)	6.73
value per share (PLN)	**38**

Source: BRE Bank Securities estimates and forecasts

Susceptibility of DCF valuation of Comarch to changes in assumptions concerning growth rate after 2009:

g	3.0%	3.5%	4.0%	4.5%	5.0%
Final CF	27	27	27	27	27
TV	317	336	359	385	414
DTV	151	160	171	183	197
MC	233	243	254	266	280
share price	35	36	**38**	40	42

Source: BRE Bank Securities estimates and forecasts

Susceptibility of DCF valuation of Comarch to changes in assumptions concerning growth rate and cost of equity:

	3.0%	3.5%	**4.0%**	4.5%	5.0%
9.0%	44	47	**50**	55	60
10.0%	39	42	**44**	47	50
10.5%	38	39	**42**	44	47
11.0%	36	38	**39**	42	44
12.0%	33	35	**36**	38	39
11.5%	**35**	**36**	**38**	**40**	**42**

Source: BRE Bank Securities estimates and forecasts

Table 2: Ratios for Comarch and for companies used in the comparative valuation

	price	EV/EBITDA				EV/EBIT				P/E			
	on 14.05	**2001**	**2002**	**2003**	**2004**	**2001**	**2002**	**2003**	**2004**	**2001**	**2002**	**2003**	**2004**
Comarch	**30.4**	15.3	10.4	9.5	7.3	31.6	19.8	17.5	12.0	24.0	24.9	20.0	14.4
Compland	**84.1**	9.6	13.0	11.4	10.8	12.6	22.8	19.5	16.9	19.8	42.0	50.6	40.1
Emax	**70.0**	14.7	10.4	10.0	8.6	19.0	12.6	12.4	10.8	31.6	23.6	22.0	17.9
Prokom	**117.5**	11.3	7.2	7.9	7.9	15.5	8.4	9.6	9.7		20.1	14.1	11.7
14.05.03	price	EV/ EBITDA				EV/ EBIT				P/E			
		2001	**2002**	**2003**		**2001**	**2002**	**2003**		**2001**	**2002**	**2003**	
LogicaCMG	94 p	1.8	2.2	5.6		2.1	2.6	10.3		3.8	5.0	18.0	
CapGemini	€ 25.25	4.1	n/m	6.4		6.3	n/m	n/m		11.8	n/m	n/m	
TietoEnator	€ 13.79	5.0	5.0	4.2		6.8	7.2	5.9		11.2	12.6	10.3	
IDS Scheer	€ 6.35	8.4	5.1	4.0		10.9	6.7	4.9		23.3	15.6	11.9	
Atos Origin	€ 25.25	4.3	4.5	4.6		6.9	6.9	7.0		7.6	7.6	8.6	

Source: BRE Bank Securities and Commerzbank estimates and forecasts. n/m – value less than zero

Table 3: Comparative valuation of Comarch using ratios for 2003 and 2004

	EV/ EBITDA				**EV/ EBIT**				**P/E**				**average**
	2001	**2002**	**2003**	**2004**	**2001**	**2002**	**2003**	**2004**	**2001**	**2002**	**2003**	**2004**	**2003-4**
Average ratios for Polish companies CPL, EMX, PKM													
	11.9	10.2	9.7	9.1	15.7	14.6	13.8	12.4	25.7	28.6	28.9	23.2	
Average ratios for foreign companies													
	4.7	4.2	5.0		6.6	5.9	7.0		11.5	10.2	12.2		
Comarch valuated according to Polish companies (share price in PLN)													
	22.6	29.9	31.0	37.1	12.8	23.3	24.5	31.3	32.5	34.9	43.9	48.9	**36**
Comarch valuated according to foreign companies (share price in PLN)													
	6.2	14.5	16.8		2.7	11.6	13.5		14.6	12.4	18.5		**16**
Comarch valuated according to Polish and foreign companies equally weighted at 50% (share price in PLN)													**26**

Source: BRE Bank Securities and Commerzbank estimates and forecasts

The divergence between the valuations of Comarch obtained by comparing the ratios of Comarch and other Polish IT companies as well as by the DCF method and the valuation received by comparing these same ratios of Comarch and Western European IT companies is significant. A Comarch share is valued at PLN 38 by the DCF method, at PLN 36 when compared with Polish IT companies and PLN 16 compared with foreign IT companies. The difference between the comparative valuations made using Polish companies and Western European companies can be explained by investor expectations that the entire Polish IT market will grow significantly faster in coming years than the market in Western Europe and that Polish companies will maintain their current positions on the domestic market. In our opinion, expectations of the Polish IT market developing relatively faster is justified by the low level of IT investments in Poland (in relation to GDP) in comparison with more economically developed countries and with the probable process of eliminating these differences. However, in our opinion, the assumption concerning a long-term competitive advantage of Polish service companies over foreign competitors is debatable. Such an advantage does currently exist and results from the considerably larger human resources of Polish companies. As the Polish IT market develops it will be increasingly more appreciated by foreign service providers. The result of this is the gradual, but evident entry of foreign IT firms onto the Polish market of IT services, whether through the establishment and expansion of representative offices (HP, IBM, QAD and IDS Scheer) or through the creation of joint ventures with Polish firms (EDB and Ster-Projekt). This process could be additionally driven by the growing role of foreign entities in the Polish economy. These entities, for various reasons, could be inclined to choose IT solutions and service providers which they use on other markets. In summary, the large difference in the market ratios of Polish and foreign IT companies, shown in Table 2, in our opinion does not appear justified, which in turn leads us to believe that Polish IT stock exchange-listed companies are expensive in comparison with their Western European counterparts.

Our estimate of the fair value of one Comarch share, resulting from the DCF and comparative valuations, is PLN 30.

Forecast

We use the consolidated model of Comarch, adjusted by excluding Interia from consolidation whereby, instead of Interia shares, Comarch possesses cash equal to the value of its Interia shares according to the company’s accounting books at the end of 2002 (i.e., PLN 3.38 per share). This method of presentation corresponds to a valuation of Comarch stock through adding the value of components divided into two groups: entities engaged in IT activities and Interia, an entity operating to a greater degree in the field of media. Entities conducting IT activity are valuated by the DCF and comparative methods and Interia according to market price. The downside of this approach is the necessity of continually (each quarter) adjusting the valuation by the change in the value of the Interia stake per Comarch share.

Therefore, we will not forecast the non-consolidated results of Comarch. When the two important and rapidly developing fields of activity of the Comarch Group, software exports and the development of enterprise resource planning software, are largely conducted outside the structures of the parent company, using the consolidated approach permits a better analysis of the overall situation of the company.

Sales

We expect Comarch’s consolidated sales to increase 4% in 2003 to PLN 199 mn. This is a significantly smaller growth in sales than the 20% forecast by the executive board. We also expect a decline in sales to the telecommunications sector due to a considerably smaller level of sales to TPSA, despite the expected rapid growth in export sales of billing systems. The source of growth in Comarch Group sales will be rapidly increasing sales to industry and the trade sector as well as to other clients, including public administration. Our forecast is based on the assumption that Comarch will continue to focus on the sale of its own products and on acquiring contracts characterised by high margins (i.e., containing substantial servicing and little equipment or third-party software). Changing this policy would mean the possibility of Comarch generating substantially higher sales, but noting a similar level of profits (due to low margins on the sale of hardware and non-company software).

Table 4: Forecast of consolidated sales of Comarch by sectors

	2001	2002	2003F	2004F	2005F
Sales (PLN mn), of which to	174	191	199	233	261
Telecommunications	49%	38%	31%	33%	31%
of which exports	4%	8%	13%	15%	13%
Industry, trade	22%	25%	29%	30%	32%
Banking and insurance	18%	13%	13%	12%	11%
Others	11%	24%	27%	26%	27%

Source: F- 2003-2005 BRE Bank Securities estimates and forecasts

Table 5: Forecast of growth rate for consolidated sales of Comarch by sectors

	2001	2002	2003F	2004F	2005F
Sales, of which, to	36%	10%	4%	17%	12%
Telecommunications	40%	-17%	-14%	22%	5%
of which exports		132%	63%	40%	0%
Industry, trade	23%	19%	20%	20%	20%
Banking and insurance	32%	-24%	5%	5%	5%
Others	141%	138%	15%	15%	15%

Source: F- 2002-2005 BRE Bank Securities estimates and forecasts

We fear that domestic demand for Comarch's products designated for **telecommunications** firms will not be high enough in 2003 for the company to achieve the level of sales noted last year. The reason for this will be the lack of further orders from TPSA for servicing the Tytan billing system, which that company replaced with Spin's system. The loss in sales of approximately PLN 20 mn will be difficult to make up in the short run. Well developing exports will be an area of growth for sales of billing systems and other systems designated for telecommunications operators. We believe that Comarch's export sales will leap to PLN 25 mn in 2003 (from PLN 15.3 mn in 2002) and to PLN 35 mn in 2004.

In our opinion, sales of IT systems for **industry and trade** will be the second most important source (following exports) of sales growth for Comarch in coming years. Both its own Aurum software (customer relations management) and the ERP systems of its subsidiary CDN are selling well. Aurum's selling point is the high technological level for a relatively low price. Comarch's CRM system is purchased by firms in the non-durable consumer goods sector – branches of major foreign concerns (such as Procter & Gamble and Unilever), but also Polish manufacturers of such goods (such as Mieszko). Sales of CDN's enterprise resource planning systems increased several dozen percent in 2002, while many other sellers of ERP systems noted a decline in sales. Support from financially strong Comarch means CDN's ERP systems are regularly updated and users can be sure that they will receive technical support. In terms of technology, this is a high quality product and was one of few in the world that was included in Microscoft's integrated software, designed by independent software companies and containing MS Office. The well organised distribution network, including approximately 350 partners, local IT firms, is a contributory factor to the market success of CDN's ERP system. In 2003, this network, which Comarch had consider adequate only in southern Poland, will be developed in the Warsaw region, increasing expectations of a further rapid growth in sales.

The third engine driving the growth in Comarch Group sales, following exports and enterprise resource planning systems, will be the **public sector**. Comarch has good references in several possible areas of national and local government investments: systems for the police, Internet systems for offices (National Bank of Poland, Marshal's Office of Małopolskie Voivodship), IT system security (Ministry of Finance), and building computer labs for schools.

We believe that the **financial sector** will be the slowest growing source of Comarch Group sales in the next several years. Banks are limiting IT investments due to weak financial results and the lack of short-term prospects for the market to again note rapid increases in the volumes of transactions. It appears unlikely that Comarch will participate in two projects being the main sources of demand growth for IT from the financial sector in the next 2 years: the centralisation of systems in PKO BP and PZU.

Operating costs, margins

Comarch is focusing on acquiring contracts, the values of which do not exceed several million zlotys, thereby avoiding large contracts for which competition is generally very fierce between the largest Polish and several foreign service providers. We expect this strategy to pay off with a gradual growth in margins over the next 2 years, as the Polish economy begins to pick up speed and the major competitors begin working on the large contracts currently on offer and competing to a smaller degree for the relatively minor contracts in which Comarch is interested. We assume that the EBITDA margin will grow to 10% in 2003 and then to 11%. Comarch's operating profit margin will also grow at a respective rate (to almost 7% in 2005). This will occur, if according to our forecasts, Comarch Group investments remain on the level of replacement investments (in the area of PLN 10 mn annually).

Call, share buyback, bond redemption

We assume that the convertible bonds will be redeemed in 2007. The PLN 57.1 conversion price is higher than our estimated fair value of Comarch stock in 2007 (PLN 51).

We expect no obstacles to the planned redemption of 0.5 mn shares, purchased in the public tender and bought from Bank Handlowy in 2003.

Table 6: Forecast of consolidated results of Comarch (excluding Interia) (PLN mn)

	2001	2002	2003F	2004F	2005F
Sales	173.8	191.2	198.6	233.0	261.3
EBITDA	16.6	18.5	19.9	25.6	28.7
EBITDA margin	9.5%	9.7%	10.0%	11.0%	11.0%
Amortisation excluding goodwill write-offs from consolidation	8.6	8.8	9.0	10.0	11.0
Operating profit	8.0	9.7	10.9	15.6	17.7
Operating profit margin	4.6%	5.1%	5.5%	6.7%	6.8%
Net financial revenues and costs	13.8	1.0	1.5	1.1	1.6
Goodwill write-down from consolidation	-11.2	-0.7	-0.8	-0.8	-0.8
Gross profit	10.6	10.0	11.5	15.9	18.5
Taxes	1.4	0.7	1.3	1.8	2.0
Profit of minorities	0.1	0.5	0.0	0.0	0.0
Net profit	9.2	8.8	10.2	14.2	16.5

Source: F- 2003-2005 BRE Bank Securities estimates and forecasts

Table 8: Forecast of consolidated balance sheet of Comarch(excluding Interia) (PLN mn)

	2001	**2002**	**2003F**	**2004F**	**2005F**
Assets	151.5	216.7	207.9	229.5	252.1
Fixed assets	68.1	67.0	67.4	66.6	64.8
Tangible and intangible fixed assets	56.4	60.0	61.0	61.0	60.0
Goodwill of subordinated entities	0.3	2.9	2.1	1.3	0.5
Long-term investments	7.5	0.9	0.9	0.9	0.9
Long-term interperiod settlements	3.9	3.2	3.5	3.5	3.5
Current assets	83.4	149.7	140.4	162.8	187.3
Inventories	10.0	8.7	9.0	10.6	11.9
Short-term accounts receivable	46.5	64.5	67.0	86.4	97.0
Short-term investments	23.6	66.9	54.7	56.1	68.7
Short-term interperiod settlements	3.3	9.7	9.7	9.7	9.7
Liabilities	151.5	216.7	207.9	229.5	252.1
Share equity	118.1	120.0	109.6	123.8	140.3
Equity of minorities	2.2	2.7	2.7	2.7	2.7
Liabilities and reserves for liabilities	31.2	93.9	95.5	103.0	109.1
Long-term liabilities	0.0	39.9	39.9	39.9	39.9
Short-term liabilities	26.1	41.4	43.0	50.5	56.6
interest-bearing	0.0	0.0	0.0	0.0	0.0
non-interest bearing	26.1	41.4	43.0	50.5	56.6
Interperiod settlements	4.9	11.0	11.0	11.0	11.0

F- 2003-2005 BRE Bank Securities estimates and forecasts

Table 9: Forecast of consolidated cash flow of Comarch (PLN mn)

	2001	2002	2003F	2004F	2005F
Operating flows	15.8	10.0	18.5	11.4	22.6
Net profit	9.2	8.8	10.2	14.2	16.5
Amortisation including goodwill write-down	19.8	9.5	9.8	10.8	11.8
Change in working capital	-8.3	-1.4	-1.2	-13.6	-5.7
Other operating flows	-4.9	-7.4	-0.3	0.0	0.0
Investment flows	-11.1	-40.4	-10.0	-10.0	-10.0
Financial flows	-0.2	38.4	-20.6	0.0	0.0
Receipts	0.0	40.6	0.0	0.0	0.0
Payments	0.0	-2.2	-20.6	0.0	0.0
Bond redemption	0.0	0.0	0.0	0.0	0.0
Share buyback	0.0	0.0	-20.6	0.0	0.0
Total cash flow	4.5	8.1	-12.1	1.4	12.6

F- 2003-2005 BRE Bank Securities estimates and forecasts

Interia – improvement

For the first time in its history, Interia noted a positive balance of cash flow on operating and investment activity in 1Q 2003. This is due to the improving cash result on operating activity and to limiting investment expenditures to a minimum. We consider these results to be a significant improvement in the company's situation and we are becoming increasingly convinced that a scenario is possible in which Interia generates a profit. Although the company announced that 2Q and 3Q will be worse than 1Q, in 4Q the positive influence of offering fee-based Internet access, in co-operation with telecommunication operator Energis, will bolster the seasonal recovery on the advertising market. Considering the success of the OnetKonekt dialup service, provided by competitor Onet.pl also jointly with Energis, Interia could build an important source of revenues from access. Based on TPSA data, we estimate that Onet's quarterly revenues from access services totalled approximately PLN 1.7 mn in 1Q 2003. It is difficult to evaluate whether the goal set by Interia is realistic (to gain half of the dialup market share that Onet has). Nevertheless, it is clear that potential revenues are considerable for Interia, which generates a monthly cash revenue stream of PLN 800-900 thous.

The question of who will buy Interia from Comarch remains unanswered. RMF would be a natural candidate to be a partner in this venture, but it has enough of its own financial problems and does need to increase them purchasing Interia. Unfortunetly, there is no line of willing buyers for Interia.

Cracovia – risky investment

Investing PLN 3 mn in a sports club proud of its 100-year tradition and being one of the symbols of Kraków, the registered seat of Comarch, might at first glance seem like a good idea to improve the company's image and get advertising. The problem with this is that, according to our knowledge, based on the case of the Dyskobolia football club, the sponsor of which is Groclin, a football club can be a bottomless pit in terms of needs and even investments required by regulations (in the case of premier league clubs). In taking over control of Cracovia, Comarch becomes responsible for the future of this club. The company has set the goal of taking the club into the premier league. According to our estimates, the cost of leading a team to the premier league could run into the tens of millions of zlotys. In such a case, Comarch would face a choice of seeking a co-sponsor for the club, bearing extremely high (for Comarch) costs or resigning from sponsoring the club, with all the negative consequences this would entail for Comarch's image.

Risk factors
Dependence on the general rate of economic growth (lack of long-term contracts)

Tendency to place too much attention on technological improvements and the quality of software at the expense of meeting the needs of the client. Comarch has many technologically excellent products, for which, however, it has no clients.

Costs of developing export sales

Investment in Interia (value could fall)

Investment in Cracovia

Previous recommendation issued for Comarch S.A.

recommendation	HOLD
date issued	2001-06-05
price on day of recommendation	57.00
WIG on day of recommendation	15442.96

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*

Recommendations of BRE Bank Securities.
A recommendation is valid for a period of 3-6 months, unless a subsequent recommendation is issued within this period.
BUY – we expect that the rate of return from an investment in a company's shares will be at least 15% higher than the WIG
ACCUMULATE – we expect that the rate of return from an investment in a company's shares will be 5%-15% higher than the WIG
HOLD – we expect that the rate of return from an investment in a company's shares will be within +/-5% in relation to the WIG
REDUCE – we expect that the rate of return from an investment in a company's shares will be 5%-15% lower than the WIG
SELL – we expect that the rate of return from an investment in a company's shares will be at least 15% lower in relation to the WIG

The present report expresses the knowledge as well as opinions of the authors on day the report was prepared.

The present report was prepared observing principles of methodological correctness and objectivity, on the basis of sources available to the public, which BRE Bank Securities. considers reliable.
However, BRE Bank Securities., 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. bears no responsibility for investment decisions taken on the basis of the present report nor for any damages incurred as a result of investment decisions taken on the basis of the present report.

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

Strong and weak points of valuation methods used in recommendations:
DCF – acknowledged as the most methodologically correct method of valuation; it consists in discounting financial flows generated by a company; its weak point is the significant susceptibility to a change of forecast assumptions in the model
Multiple – based on a comparison of valuation multipliers of companies from a given sector; simple in construction, reflects the current state of the market better than DCF; weak points include substantial variability (fluctuations together with market indices) as well as difficulty in the selection of the group of comparable companies

DOM INWESTYCYJNY BRE BANKU S.A.

Warszawa – ul. Wspólna 47/49, 00-950 Warszawa, skr. pocztowa 21

	TELEFON (0-22)	**FAX (0-22)**
Centrala i informacja	697-49-00	697-49-44
Kierownik Punktu Obsługi Klientów	697-48-33	697-48-75
Obsługa Rynku Niepublicznego	697-48-16	697-48-14
Sekretariat Biura	697-47-00	697-47-01
Dep. Sprzedaży Instytucjonalnej	697-49-10	697-49-61
Departament Analiz	697-47-37	697-47-43
Departament Rynku Pierwotnego	697-47-22	697-47-05
Departament Rozliczeń Finansowych	697-49-07 do 09	697-48-14
Zespół Zleceń Telefonicznych	697-49-49	697-48-58

PUNKT OBSŁUGI	**ADRES**	**TELEFON**	**FAX**
BIELSKO-BIAŁA	Pl. Wolności 7, 43-304 Bielsko-Biała	(33) 813-93-50	(33) 813-93-55
BYDGOSZCZ	ul Grodzka 17, 85-109 Bydgoszcz	(52) 584-31-51	(52) 584-31-52
GDAŃSK	ul. Okopowa 7, 80-819 Gdańsk	(58) 346-24-21	(58) 301-15-51
KATOWICE	ul. Powstańców 43, 40-024 Katowice	(32) 200-64-81	(32) 200-64-80
KRAKÓW	ul. Augustiańska 15, 31-064 Kraków	(12) 618-45-84	(12) 618-45-85
LUBLIN	ul. Krakowskie Przedmieście 6, 20-954	(81) 532-94-13	(81) 532-94-42
ŁÓDŹ	ul. Piotrkowska 148/150, 90-063 Łódź	(42) 636-15-27	(42) 636-27-00
OLSZTYN	ul. Głowackiego 28, 10-448 Olsztyn	(89) 522-03-41	(89) 522-03-42
POZNAŃ	ul. Szyperska 20/21, 60-967 Poznań	(61) 856-86-36	(61) 856-86-36
RZESZÓW	ul. Sokoła 6, 35-010 Rzeszów	(17) 850-38-10	(17) 852-66-50
SZCZECIN	ul. Tkacka 55, 70-556 Szczecin	(91) 488-39-82	(91) 488-39-63
WROCŁAW	ul. Podwale 62A, 50-010 Wrocław	(71) 342-15-68	(71) 341-88-79