

7 May 2010

Update


Real Estate Developers
 Poland

Current price	PLN 52.00
Target price	PLN 50.90
Market cap	PLN 1.28bn
Free float	PLN 0.32bn
Avg daily trading volume (3M)	PLN 1.30m

Shareholder Structure

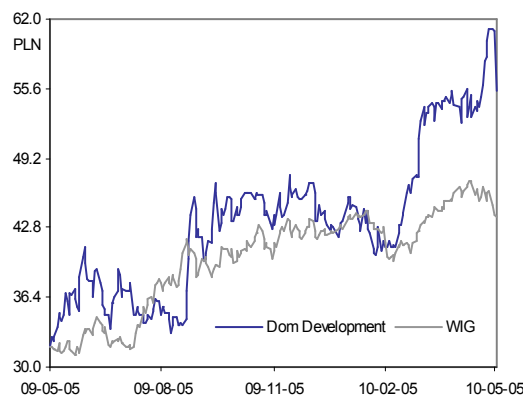
Dom Development B.V.	63.10%
Jarosław Szanajca	6.25%
Grzegorz Kielpsz	5.21%
Others	25.44%

Company Profile

Dom Development is a real-estate developer operating solely in the residential segment in Warsaw. Previously, the company focused on high-end apartments; currently, it is primarily offering affordable apartments.

Important Dates

24.08 - H1 2010 report
 04.11 - Q3 2010 report

Dom Development vs. WIG

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Dom Development

Hold

DOM.PW; DOMD.WA

(Upgraded)

No Positive Surprises on the Horizon

In nominal terms, Dom Development undershot our expectations. Still, we do not consider the PLN 2.3m difference in net profit significant in the context of the Company's expected future earnings. There is no mystery as to what brought about the discrepancy between the actual earnings and our forecasts and we are not concerned about our FY projections and valuation. We believe that of more interest than the earnings for Q1 2010 are the data the Company released on this occasion: it had recorded net sales of 343 homes during the quarter, i.e. it had sold more apartments than in Q1'08 (328). Further, sales have remained good in April. Dom Development's share of new home sales in Warsaw in Q1'10 was 15.9%. Despite this positive surprise, we believe that as competitors launch new projects, the Company's ratio of apartments sold to all homes on offer is likely to decline. Dom Development is cautious about land purchases (it is hard to buy land at a good price these days) and new projects. Therefore, we should not expect to be surprised on the upside as regards the number of homes in projects launched through the end of the year. The Management expects positive cash flows of PLN 100m in 2010, where we expect PLN 52.9m. The cause of this discrepancy is the fact that the Company expects lower construction costs; further, its calculations in the area of working capital are more optimistic. This factor has little impact on valuation. In our monthly report for May we lowered our rating for the Company following the rise of its stock above PLN 60 per share. After the general stock slide on the WSE, the current price of Dom Development shares no longer entails a considerable downside potential vs. out valuation. We are therefore returning to a hold rating.

Causes of Discrepancy Between Earnings and Forecasts

The discrepancy between actual and forecasted earnings at the operating level arises from a different-than-expected makeup of premises delivered to buyers on the one hand and from higher-than-expected SG&A costs on the other. While the number of apartments delivered to buyers was close to our projection (278 vs. 276), Dom Development only delivered 100 square meters of commercial space in the Grzybowska project (we had expected 250 square meters). This fully accounts for the lower-than-expected gross profit. As for expenses, the difference stems from higher-than-forecasted selling costs. We nonetheless believe our FY expectations in this respect remain valid. In the following quarters, the Company will be launching further stages of projects currently executed, which should lead to a reduction in marketing needs.

(PLN m)	2008	2009	2010F	2011F	2012F
Revenue	698.2	704.4	481.3	651.4	932.3
EBITDA	168.1	113.6	44.9	119.9	137.8
<i>EBITDA margin</i>	24.1%	16.1%	9.3%	18.4%	14.8%
EBIT	165.7	111.2	43.0	117.9	135.9
Net income	136.9	80.2	26.8	83.9	124.0
P/E	9.3	15.9	47.7	15.2	10.3
P/CE	9.2	15.5	44.4	14.9	10.1
P/BV	1.9	1.7	1.7	1.5	1.4
EV/EBITDA	9.2	13.8	34.1	12.0	7.2
DYield	3.9%	1.5%	0.5%	1.6%	3.9%



First-Quarter Results

Dom Development's Q1 revenues exceeded our forecast by 6.4%, but the gross margin fell short at 21.6% vs. our estimate of 23.6% as a result of a different-than-expected composition the housing stock sold in the period.

Reported vs. forecasted Q1 2010 results

(PLN m)	Q1 2010	Q1 2010F	differ.	consensus estimates	differ.	Q1 2009	change
Sales	159.9	150.3	6.4%	152.4	4.9%	190.6	-16.1%
Gross profit	34.6	35.5	-2.7%	-	-	70.4	-50.9%
Gross margin	21.6%	23.6%	-	-	-	36.9%	-
EBIT	17.4	18.9	-8.0%	18.9	-7.8%	53.5	-67.4%
EBIT margin	10.9%	12.6%	-	12.4%	-	28.1%	-
Pre-tax income	14.9	17.4	-14.2%	-	-	51.7	-71.2%
Pre-tax margin	9.3%	11.6%	-	-	-	27.1%	-
Net income	11.8	14.1	-16.0%	14.0	-15.6%	41.6	-71.6%
Net margin	7.4%	9.4%	-	9.2%	-	21.8%	-

Source: Dom Development, F- forecasts by BRE Bank Securities, consensus estimates by PAP

DOM delivered 278 homes (we forecasted 276 deliveries) in Q1 2010, and 100 square meters (we expected 250 sqm) of commercial spaces in the "Grzybowska" project. The gap between our revenue forecast and the reported figure stems from our underestimated sales-price forecasts, probably those pertaining to the Grzybowska project where apartment prices range from PLN 12,500 to nearly PLN 30,000 per square meter. In turn, the gap between the reported and forecasted gross margins is an effect of sales composition (see table below). Based on DOM's Q1 report, we concluded that the developer delivered a smaller-than-forecasted commercial square meterage.

Reported vs. forecasted Q1 2010 sales structure

Type of space	Reported Numbers		Forecast		
	Number of units	Gross profit	Number of units	Gross profit	Gross profit *
Single-family houses	11		27	0.5	0.2
Luxury apartments	53		55	22.4	21.6
Affordable flats	214		194	10.6	11.7
Commercial space	100 m2		250 m2	2.0	0.8
	278	34.6	276	35.5	34.3

Source: Dom Development, BRE Bank Securities

*What we would have forecasted knowing the actual sales composition

SG&A expenses exceeded our forecast by PLN 1.2m at PLN 17.8m. We had predicted that these expenses would grow throughout the year, though at a more even pace (reaching a quarterly average of PLN 18m). General and administrative expenses are fueled by an increasing employee headcount, but they should not rise by more than 10% this year. In turn, costs of sales are expected to decline going forward as DOM reduces advertising for already-launched housing projects.

Other net operating expenses amounted to PLN 0.6m (vs. PLN 0.75m forecasted), and other net financial expenses were higher than predicted (PLN 0.8m) at PLN 2.5m. The effective tax rate was in line, and bottom-line profit fell 16% short of expectations because of a low gross profit (which missed our estimate by PLN 0.9m) and high SG&A. All in all, however, we have a neutral view on DOM's first-quarter earnings figures, which came relatively close to our predictions in absolute terms considering the company's size and future earnings prospects.

Home Sales In Q1 2010

Dom Development sold 343 homes (360 gross) in Q1 2010 – its best quarterly result since Q1 2008 (see table below). Note that 209 out of the 343 dwellings sold in the period were work in progress, and only 134 were finished flats. DOM exceeded our 305-unit sales estimate for Q1 2010, and its success resulted from a temporary shortage of new affordable homes on the Warsaw market which will soon be relieved by competition.

**Sales vs. housing stock**

	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008
Average housing stock on offer	1221	882	893	1048	1180	1269	1414	1536
Gross home sales	360	317	251	215	126	105	234	366
Gross sales / Housing stock	29%	36%	28%	21%	11%	8%	17%	24%

Source: Dom Development, BRE Bank Securities

Dom Development expects that April sales will be strong following 1418 new home listings in Q1. The company is in no hurry to buy new land for development, and it is waiting for prices to ease. As for new projects, in addition to the next stages of existing developments ('Derby', 'Regaty', 'Adria', 'Saska Kępa', 'Klasyków'), just one fresh residential project ('Górczewska') is set for a launch this year.

DOM expects to generate PLN 100m in cash flows in 2010, based on predictions of PLN 600m inflows from homebuyers, PLN 200m building expenses (1200-1400 new dwellings will have been in progress by the end of the year), general expenses in the amount of PLN 70m, and PLN 200m land purchases. For our part, we predict that the company will report negative cash flows approximating PLN 52.9m, based on the assumption of 1496 new home starts in 2010 and differences in working-capital calculations (DOM assumes 90-day payment periods to contractors). In the end, however, the differences in cash-flow estimations should not affect the company's share value.

Valuation

Using relative valuation and DCF analysis, we set the per-share price target on DOM stock at PLN 50.9. The target is just 1.4% higher than the current price, prompting a hold rating.

Valuation

	Value per share	Weight
DCF Analysis	48.1	90%
Relative Valuation	38.8	10%
Average	47.1	
Cost of equity (9M)	8.0%	
Target Price	50.9	

Source: Dom Development, BRE Bank Securities

Relative Valuation

We assign a weight of just 10% to relative valuation because of limited comparability. The financial crisis delayed the building cycles of most developers. Some, like J.W. Construction, have many home deliveries scheduled for 2010, and can therefore look forward to strong earnings and low price multiples. Others, like Polnord, are selling the last of their housing stocks this year. Dom Development will report a surge in core profits in 2011, and JWC and Polnord will also grow earnings thanks to revaluations of new commercial projects. EV/EBITDA multiples are also incomparable - Polnord's building schedule (including a shopping center in Warsaw) will keep its cash resources low until 2013 (FY2013E EV/EBITDA = 5.4).

Limited comparability also pertains to P/BV ratios. The ratios estimated for Polnord are the lowest as a result of land revaluations performed in 2009 (PLN 81.8m), and goodwill recognized on the balance sheet (PLN 140.0m) on the one hand, and because the book value of its road development sites is shown to be zero, meanwhile we estimate these assets at PLN 167.3m. In turn, JWC has high P/BV multiples stemming from a large housing stock (ca. 4 thousand units). The high P/BV ratio of Dom Development stems from surplus liquidity.

**Multiples comparison**

	2010F	2011F	2012F	2010F	2011F	2012F	2010F	2010F	2010F
	P/BV	P/BV	P/BV	P/E	P/E	P/E	EV/EBITDA	EV/EBITDA	EV/EBITDA
J.W. Construction	1.47	1.24	1.06	5.6	8.1	7.2	6.3	9.9	6.8
Polnord	0.74	0.70	0.67	23.9	12.3	8.9	19.9	14.4	8.4
Median	1.10	0.97	0.86	14.8	10.2	8.1	13.1	12.1	7.6
Dom Development	1.66	1.54	1.41	47.7	15.2	10.3	34.1	12.0	7.2
Premium (discount)	50.7%	58.4%	63.2%	223.2%	48.7%	27.7%	159.5%	-0.9%	-4.9%
Multiple weight	15.0%	15.0%	15.0%	0.0%	10.0%	20.0%	0.0%	10.0%	15.0%
Valuation	5.2	4.9	4.8	0.0	3.5	8.1	0.0	5.9	6.4

Source: BRE Bank Securities

DCF Analysis**DCF model assumptions:**

- Home prices are lower than market prices depending on location and stage of construction.
- Building costs increase by 7% in H2 2010 and by 3% in subsequent years.
- Home prices grow at a rate of 3% a year starting in 2012.
- Risk-free rate = 5.8% (10Y T-bond yield).
- Working-capital ratios are the same for all developers in 2015 and beyond.
- LTV for investment work in progress and housing projects in progress is less than 60%.
- 2010 land purchases assumed at PLN 135m.



DCF Valuation Model

(PLN m)	2010F	2011F	2012F	2013F	2014F	2015F	2016F	2017F	2018F	2019F	2019+
Sales	481.3	651.4	932.3	978.9	1 027.9	1 076.2	1 123.6	1 166.3	1 207.1	1 249.3	
<i>change</i>	-31.7%	241.7%	43.1%	5.0%	5.0%	4.7%	4.4%	3.8%	3.5%	3.5%	
EBITDA	44.9	119.9	137.8	144.5	148.0	150.9	156.5	163.1	169.3	175.6	
<i>EBITDA margin</i>	9.3%	18.4%	14.8%	14.8%	14.4%	14.0%	13.9%	14.0%	14.0%	14.1%	
D&A expenses	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	
EBIT	43.0	117.9	135.9	142.5	146.0	149.0	154.6	161.2	167.3	173.7	
<i>EBIT margin</i>	8.9%	18.1%	14.6%	14.6%	14.2%	13.8%	13.8%	13.8%	13.9%	13.9%	
Tax rate on EBIT	8.2	22.4	25.8	27.1	27.7	28.3	29.4	30.6	31.8	33.0	
NOPLAT	34.8	95.5	110.1	115.4	118.3	120.7	125.2	130.6	135.5	140.7	
CAPEX	-1.9	-1.9	-1.9	-1.9	-1.9	-1.9	-1.9	-1.9	-1.9	-1.9	
Working capital	14.2	24.7	376.8	7.1	-34.7	-33.2	-29.6	-26.8	-26.6	-25.6	
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCF	49.0	120.2	486.9	122.6	83.6	87.5	95.6	103.8	108.9	115.1	118.5
<i>WACC</i>	9.9%	10.2%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.6%	
<i>discount factor</i>	93.1%	84.5%	76.3%	68.8%	62.1%	56.1%	50.6%	45.7%	41.2%	37.3%	
PV FCF	45.7	101.6	371.3	84.4	51.9	49.1	48.4	47.4	44.9	42.9	
WACC	9.9%	10.2%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.6%	
Cost of debt	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	6.8%	
Risk-free rate	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.6%	
Credit risk premium	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	
Effective tax rate	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	
Net debt / EV	17%	12%	0%	0%	0%	0%	0%	0%	0%	0%	
Cost of Equity	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%	10.6%	
Risk premium	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	
FCF growth after the forecast horizon		3.0%									
Terminal value		1 559.5									
Present value of the terminal value (PV TV)		581.2									
Present value of FCF in the forecast horizon		887.5									
Enterprise valu		1 468.7									
Net debt		288.3									
Land liquidation value		0.0									
Minority interests		0.0									
Equity value		1 180.4									
Number of shares (millions)		24.6									
Equity value per share (PLN)		48.1									
Cost of equity (9M)		8.0%									
Target Price		51.9									
EV/EBITDA('09) for the target price		10.4									
P/E('09) for the target price		15.9									
TV to E		40%									

Sensitivity Analysis

FCF growth in perpetuity

	2.0%	2.5%	3.0%	3.5%	4.0%
WACC -1.0ppt	51.9	53.7	55.8	58.3	61.1
WACC -0.5ppt	50.3	51.9	53.7	55.8	58.3
WACC	48.9	50.3	51.9	53.7	55.8
WACC +0.5ppt	47.6	48.9	50.3	51.9	53.7
WACC +1.0ppt	46.4	47.6	48.9	50.3	51.9

**Income Statement**

(PLN m)	2006	2007	2008	2009	2010F	2011F	2012F
Sales	729.8	878.8	698.2	704.4	481.3	651.4	932.3
<i>change</i>	35.9%	20.4%	-20.6%	0.9%	-31.7%	35.3%	43.1%
COGS	496.9	545.7	429.0	508.1	363.5	451.5	709.5
Gross profit	232.9	333.1	269.1	196.3	117.8	199.9	222.9
<i>gross margin</i>	31.9%	37.9%	38.5%	27.9%	24.5%	30.7%	23.9%
Commercial expenses	-21.7	-22.4	-30.0	-22.3	-24.2	-26.6	-28.7
General and administrative expenses	-41.3	-57.7	-61.9	-43.1	-47.6	-52.4	-53.9
Other net operating income	-5.0	-12.1	-11.5	-19.7	-3.0	-3.0	-4.3
EBIT	165.0	241.0	165.7	111.2	43.0	117.9	135.9
<i>change</i>	130.7%	46.1%	-31.2%	-32.9%	-61.3%	174.2%	15.2%
<i>EBIT margin</i>	22.6%	27.4%	23.7%	15.8%	8.9%	18.1%	14.6%
Profit/loss on financial activity	2.8	9.4	7.2	-10.4	-9.9	-14.3	17.2
Extraordinary gains/losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax income	167.8	250.4	173.0	100.8	33.1	103.6	153.1
Tax	-32.6	-49.7	-36.0	-20.5	-6.3	-19.7	-29.1
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	135.2	200.6	136.9	80.2	26.8	83.9	124.0
<i>change</i>	-	48.4%	-31.7%	-41.4%	-66.6%	213.4%	47.7%
<i>margin</i>	18.5%	22.8%	19.6%	11.4%	5.6%	12.9%	13.3%
D&A expenses	1.6	2.2	2.4	2.4	1.9	1.9	1.9
EBITDA	166.5	243.2	168.1	113.6	44.9	119.9	137.8
<i>change</i>	127.3%	46.0%	-30.9%	-32.4%	-60.4%	166.7%	15.0%
<i>EBITDA margin</i>	22.8%	27.7%	24.1%	16.1%	9.3%	18.4%	14.8%
Shares at year-end (millions)	22.3	24.6	24.6	24.6	24.6	24.6	24.6
EPS	6.1	8.2	5.6	3.3	1.1	3.4	5.0
CEPS	6.1	8.3	5.7	3.4	1.2	3.5	5.1
ROAE	43.2%	33.8%	19.9%	11.2%	3.5%	10.5%	14.3%
ROAA	17.9%	18.4%	9.1%	4.8%	1.7%	5.5%	7.6%

**Balance Sheet**

(PLN m)	2006	2007	2008	2009	2010F	2011F	2012F
ASSETS	923.9	1 252.1	1 764.6	1 587.7	1 518.7	1 552.1	1 714.8
Fixed assets	17.0	21.9	20.9	19.0	19.0	19.0	19.0
Intangible assets	0.7	0.7	1.4	0.7	0.7	0.7	0.7
Investments in associates	0.8	1.0	1.1	0.0	0.0	0.0	0.0
Property, plant and equipment	5.5	6.5	6.8	5.5	5.5	5.5	5.5
Deferred-tax assets	7.5	10.6	8.4	9.3	9.3	9.3	9.3
Other	2.4	3.0	3.3	3.5	3.5	3.5	3.5
Current assets	906.9	1 230.2	1 743.7	1 568.7	1 499.7	1 533.0	1 695.8
Inventories	594.9	862.4	1 458.1	1 305.1	1 190.2	1 122.4	811.7
Receivables	60.8	65.9	55.5	26.7	38.2	51.8	74.1
Other current assets	23.7	26.4	6.3	6.1	6.1	6.1	6.1
Cash and cash equivalents	227.5	275.5	223.7	230.8	265.1	352.8	803.9
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(PLN m)	2006	2007	2008	2009	2010F	2011F	2012F
LIABILITIES	923.9	1 252.1	1 764.6	1 587.7	1 518.7	1 552.1	1 714.8
Equity	491.9	696.1	683.5	748.8	768.9	831.9	906.3
Minority interests	0.0	0.0	-0.2	-0.2	-0.2	-0.2	-0.2
Long-term liabilities	154.8	330.4	462.9	406.0	406.0	406.0	406.0
Loans, financial leases	102.2	241.8	433.3	384.9	384.9	384.9	384.9
Reserves	52.6	88.6	29.6	21.0	21.0	21.0	21.0
Short-term liabilities	277.2	225.5	618.4	433.1	344.0	314.4	402.7
Loans and other debt	98.9	37.0	62.5	134.2	134.2	134.2	134.2
Trade creditors	143.8	121.0	145.5	104.8	184.2	154.6	243.0
Other	34.5	67.5	410.4	194.0	25.5	25.5	25.5
Debt	201.1	278.8	495.8	519.2	519.2	519.2	519.2
Net debt	-26.4	3.3	272.1	288.3	254.0	166.4	-284.8
(Net debt / Equity)	-5.4%	0.5%	39.8%	38.5%	33.0%	20.0%	-31.4%
(Net debt / EBITDA)	-0.2	0.0	1.6	2.5	5.7	-	-
BVPS	22.0	28.3	27.8	30.5	31.3	33.9	36.9

**Cash Flows**

(PLN m)	2006	2007	2008	2009	2010F	2011F	2012F
Cash flows from Operating Activities	-30.3	-22.3	-215.0	4.6	52.9	124.9	485.5
Net income	135.2	200.6	136.9	80.2	26.8	83.9	124.0
D&A expenses	1.6	2.2	2.4	2.4	1.9	1.9	1.9
Working capital	-211.8	-295.7	-245.5	152.9	14.2	24.7	376.8
Other	44.8	70.6	-108.8	-230.9	9.9	14.3	-17.2
Cash flows from investing activities	-1.8	-3.6	-3.5	-0.5	-1.9	-1.9	-1.9
CAPEX	-1.4	-3.6	-3.5	-0.7	-1.9	-1.9	-1.9
Equity investments	-0.3	0.0	0.0	0.2	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flows from financing activities	185.8	73.9	166.7	3.1	-16.6	-35.3	-32.4
Stock offering	220.5	0.0	0.0	0.0	0.0	0.0	0.0
Debt	-34.8	77.6	216.8	22.9	0.0	0.0	0.0
Dividends (buyback)	0.0	-3.7	-50.1	-19.6	-6.7	-21.0	-49.6
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in cash	153.7	48.0	-51.8	7.2	34.3	87.6	451.2
Cash at end of period	227.5	275.5	223.7	230.8	265.1	352.8	803.9
DPS (PLN)	0.0	0.2	2.0	0.8	0.3	0.9	2.0
FCF				244.3	49.0	120.2	486.9
(CAPEX / Sales)	0.2%	0.4%	0.5%	0.1%	0.4%	0.3%	0.2%

Market multiples

	2006	2007	2008	2009	2010F	2011F	2012F
P/E	8.6	6.4	9.3	15.9	47.7	15.2	10.3
P/CE	8.5	6.3	9.2	15.5	44.4	14.9	10.1
P/BV	2.4	1.8	1.9	1.7	1.7	1.5	1.4
P/S	1.6	1.5	1.8	1.8	2.7	2.0	1.4
FCF/EV	0.0%	0.0%	0.0%	15.6%	3.2%	8.3%	49.1%
EV/EBITDA	6.8	5.3	9.2	13.8	34.1	12.0	7.2
EV/EBIT	6.9	5.3	9.3	14.1	35.6	12.2	7.3
EV/S	1.6	1.5	2.2	2.2	3.2	2.2	1.1
DYield	0.0%	0.3%	3.9%	1.5%	0.5%	1.6%	3.9%
Price (PLN)	52.0						
Shares at year-end (millions)	22.3	24.6	24.6	24.6	24.6	24.6	24.6
MC (PLN m)	1160.3	1277.1	1277.1	1277.1	1277.1	1277.1	1277.1
Equity attributable to minority shareholders (PLN m)	0.0	0.0	-0.2	-0.2	-0.2	-0.2	-0.2
EV (PLN m)	1 133.9	1 280.4	1 549.1	1 565.3	1 531.0	1 443.4	992.2



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

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Previous ratings issued for Dom Development

rating	Suspended	Accumulate	Accumulate	Buy	Hold	Hold	Reduce
rating day	2009-09-04	2009-09-28	2009-11-05	2010-02-03	2010-03-05	2010-04-13	2010-05-06
price on rating day	42.70	44.59	44.00	41.40	51.00	55.65	60.95
WIG on rating day	36009.43	38214.58	38148.50	39904.02	39885.37	43554.22	41287.90