17 November 2009

Update

BRE Bank Securities

Construction
Poland

Current price	**PLN 70.00**
Target price	**PLN 79.60**
Market cap	PLN 1.40bn
Free float	PLN 0.40bn
Avg daily trading volume (3M)	PLN 1.97m

Shareholder Structure

Acciona	50.09%
OFE PZU Złota Jesień	15.86%
AIG OFE	5.17%
Others	28.88%

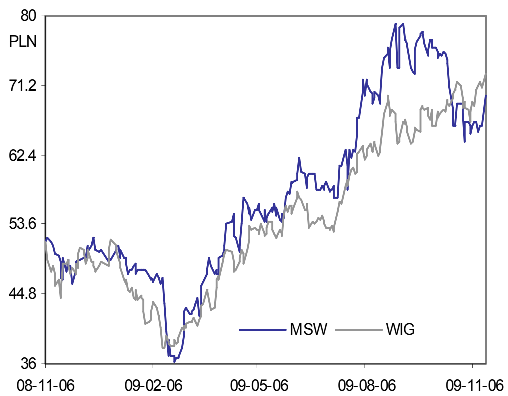
Sector Outlook

Our ratings have become more selective. We no longer focus just on a company's business lines or order portfolio, but we also pay attention to such factors as the risk of margin erosion, or net cash. We are also paying attention to smaller construction companies, which we believe could constitute an alternative to the biggest players listed on the WSE.

Company Profile

Mostostal Warszawa is one of Poland's largest construction firms. It acts as general contractor for buildings, industrial facilities, and infrastructure projects, as well as chemical and power plants, and environmental-engineering systems.

MSW vs. WIG



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Mostostal Warszawa Accumulate

MOWA. WA; MSW.PW (Downgraded)

Good Price for Strong Potential

Mostostal Warszawa (MSW) is the cheapest construction stock in our coverage universe, most probably because of a lack of large contracts in the pipeline. On that subject, we want to point out the impressive value of smaller orders that the company captured during the third quarter, totaling PLN 823m. What is more, MSW is well positioned to tap into the PLN 5-billion budget allocated toward high-value road-development contract awards scheduled for the next six months. We estimate that the 2010 standalone order backlog of the parent company is currently worth PLN 1.65bn, and the combined backlog of the subsidiaries is close to PLN 0.7bn (making for a total of PLN 2.4bn). The positive aspect of having few large contracts is reduced risk of an increase in building costs in the course of their performance. Another of MSW's advantages is a big cash hoard (cash per share is PLN 19.9 before adjustment for receivables and payables, and PLN 13.3 after) which can facilitate acquisition of high-margin specialist orders that require initial financing by the contractor (e.g. power-engineering services, construction and operation of waste incinerators). We made revisions to our financial forecasts for Mostostal Warszawa, the most notable being a reduction in the expected profits of the road-building business. We are downgrading our investment rating on MSW from buy to accumulate, and we are lowering our price target from PLN 84.7 to PLN 79.6 per share.

2009 charges support 2010 results

Mostostal Warszawa's weaker-than-expected Q3 2009 earnings figures resulted from contract provisions booked in the period. The PLN 23m charge against costs of goods sold is probably related to a contract for construction of a soccer stadium in Warsaw, and the cost and deadline risks entailed in it. The provision will probably be reversed in future periods as the risks diminish (we predict reversal of a half of the charge in 2010).

Terramost: a failed investment?

Mostostal Warszawa formed a joint venture called Terramost in July 2008 together with Spanish partner Terratest, taking a 50% stake for PLN 4m. The timing of the joint venture, which specializes in building cavity walls, was quite bad, as it coincided with a slump in the construction market. The consequent losses that Terramost generated during one year of operations have exceeded its equity, leading to recognition by Mostostal of an impairment loss on the investment (PLN 4m) as well as a loan granted to it (PLN 6m). Today, the construction industry is regaining momentum, creating stronger demand for building shells (including cavity walls), and our belief is that Terramost is going to generate a profit in 2010. As a result, Mostostal will be able to reverse the PLN 6m impairment loss on the loan.

(PLN m)	2007	2008	2009F	2010F	2011F
Revenue	1 928.4	2 154.2	2 668.1	2 788.8	3 012.0
EBITDA	78.5	136.3	199.1	162.0	157.5
EBITDA margin	*4.1%*	*6.3%*	*7.5%*	*5.8%*	*5.2%*
EBIT	58.9	113.4	175.3	137.9	133.4
Net profit	52.9	72.6	102.0	103.0	101.0
P/E	26.4	19.3	13.7	13.6	13.9
P/CE	19.3	14.7	11.1	11.0	11.2
P/BV	4.9	4.3	3.4	3.0	2.7
EV/EBITDA	15.5	9.1	6.3	7.6	7.5
DYield	0.1%	0.0%	2.6%	3.6%	3.7%

Q3 2009 Earnings Impacted by One-Offs

Mostostal Warszawa's (MSW) Q3 2009 earnings figures fell short of our forecasts and consensus estimates, but mostly due to one-time expenses. They included a PLN 23m provision against contracts, and MSW also recognized a PLN 10m impairment loss on its investment in, and a loan granted to, subsidiary Terramost. In addition to one-time charges, Mostostal Warszawa also recorded one-time gains in Q3'09 (other net operating income amounted to PLN 10.8m). After adjustment for these one-offs, the Q3'09 bottom-line profit still falls PLN 3m short, but is much closer to our estimate. General expenses were also lower than expected (PLN 21.7m vs. PLN 23.4m). Including the Terramost impairment loss, other net finance losses totaled PLN 4.6m, and were PLN 5m higher than we had predicted.

Q309 Actuals vs. Forecasts

(PLN m)	Q3 2009	Q3 2008	Change	Our forecasts	Difference	Consensus Estimates	Difference
Revenue	747.3	577.8	29.3%	683.7	9.3%	667.0	12.0%
Gross profit	44.0	66.4	-33.8%	72.4	-39.2%	-	-
%	*5.9%*	*11.5%*	-	*10.6%*	-	-	-
EBIT	33.0	44.9	-26.3%	48.0	-31.2%	50.7	-34.8%
Pre-tax income	28.5	45.0	-36.8%	48.6	-41.4%	-	-
Net income	15.3	30.4	-49.7%	35.4	-56.7%	35.0	-56.2%

Source: Mostostal Warszawa, BRE Bank Securities

We want to stress that the contract provisions and impairment losses recognized in Q3'09 may be reversed in the future. The contract provisions are a result of conservative cost estimates made keeping in mind the different risks entailed in design-and-build projects. Admittedly, there have been delays in the construction of the stadium in Wrocław, but this does not necessarily mean that the company will not meet the final deadline. As for Terramost, it was established in July 2008 to develop expertise in the highly-specialized and lucrative field of slurry walls. Mostostal Warszawa acquired a 50% in the company for PLN 4m, meaning that the PLN 10m impairment loss is comprised of PLN 4m equity and a PLN 6m loan. We think that the reason for the impairment charge was Terramost's accumulated loss for the last 12 months of over PLN 8m (equivalent to the company's share capital). The reason for the loss, in turn, was the company's positioning early in the construction cycle, and its establishment at a very inopportune time when the construction industry was slumping. The current growth in demand for construction services should enable Terramost to capture new orders, and possibly generate a profit in 2010, resulting in at least a partial reversal of the impairment loss (including all of the PLN 6m loan).

Reported vs. adjusted Q3 2009 earnings figures vs. our forecasts

(PLN m)	Q3 2009	Q3 2009 ex. one-off	Our forecasts	Difference
Revenue	747.3	747.3	683.7	9.3%
Gross profit	44.0	67.0	72.4	-7.5%
%	*5.9%*	*9.0%*	*10.6%*	-
EBIT	33.0	45.3	48.0	-5.7%
Pre-tax income	28.5	45.3	48.6	-6.8%
Net income	15.3	32.4	35.4	-8.4%

Source: Mostostal Warszawa, BRE Bank Securities

Analyzed by standalone business segment, the parent, Mostostal Warszawa, reported better-than-expected revenue and weaker-than-expected profits. After adjustment for the contract provision referred to above, Q3'09 gross amounts to PLN 42.7m, suggesting a gross margin of 9.6% (less than our forecasted 11%). The combined third-quarter earnings of Mostostal Płock and Remak exceeded expectations in spite of a weaker revenue at the former. MSW's other consolidated subsidiaries also generated very strong, and probably unsustainable margins in spite of lower-than-expected revenues.

Q3'09 Actuals vs. Forecasts

(PLN m)	Q3 2009	Q3 2009F
Consolidated revenue	747.3	683.7
Standalone revenue	532.6	445.0
Subsidiary revenue	214.7	238.7
Subsidiary revenue ex. Mostostal Płock and Remak	112.1	125.0
Consolidated gross profit	44.0	72.4
Standalone gross profit	19.7	49.0
Gross profit generated by subsidiaries	24.3	23.4
Subsidiary gross profit ex. Mostostal Płock and Remak	13.2	10.0
Consolidated gross margin	5.9%	10.6%
Standalone gross margin	4.4%	11.0%
Gross margin generated by subsidiaries	8.0%	9.8%
Subsidiary gross margin ex. Mostostal Płock and Remak	11.8%	8.0%

Source: Mostostal Warszawa, BRE Bank Securities

Relative Valuation

Mostostal Warszawa is trading with a 7.9% discount to the other big construction companies. The discount is especially prominent when the EV/EBITDA ratio is used, as it takes into account Mostostal's considerable cash position. We would also like to point out that Budimex's multiples declined sharply following the consolidation of the remaining 50% stake in Budimex Nieruchomości. The multiples of Erbud, Polimex Mostostal and Trakcja Polska may increase as our forecasts are revised.

	2009F P/E	2010F P/E	2011F P/E	2009F EV/EBITDA	2010F EV/EBITDA	2011F EV/EBITDA
Budimex	11.87	10.84	12.64	9.41	8.18	8.52
Elektrobudowa	15.55	17.21	13.68	10.50	11.88	9.61
Erbud	15.21	14.46	15.82	9.18	8.94	7.72
PBG	16.34	14.58	13.17	11.62	9.94	8.96
Polimex Mostostal	11.77	13.54	13.05	7.44	7.39	7.01
Trakcja Polska	9.51	12.27	12.99	4.36	5.43	5.22
Median	**13.54**	**14.00**	**13.11**	**9.29**	**8.56**	**8.12**
Mostostal Warszawa	**13.72**	**13.60**	**13.86**	**6.26**	**7.59**	**7.52**
Discount	1.34%	-2.89%	5.66%	-32.59%	-11.27%	-7.47%

Source: BRE Bank Securities

Valuation

Based on DCF analysis, we set the nine-month price target on Mostostal Warszawa's stock at PLN 79.6/share.

DCF analysis

Model Assumptions

- Risk-free rate = 6.2% (based on yields on 10Y T-bonds).
- FCF growth rate after FY2017 = 3%.

DCF Valuation Model

(PLN m)	2009F	2010F	2011F	2012F	2013F	2014F	2015F	2016F	2017F	2018F	2018+
Revenues	**2 668.1**	**2 788.8**	**3 012.0**	**3 279.3**	**3 519.1**	**3 698.3**	**3 870.7**	**4 053.8**	**4 229.9**	**4 382.5**	
Change	*23.9%*	*4.5%*	*8.0%*	*8.9%*	*7.3%*	*5.1%*	*4.7%*	*4.7%*	*4.3%*	*3.6%*	
EBITDA	**199.1**	**162.0**	**157.5**	**170.2**	**180.2**	**184.5**	**188.4**	**194.2**	**201.3**	**206.0**	
EBITDA margin	*7.5%*	*5.8%*	*5.2%*	*5.2%*	*5.1%*	*5.0%*	*4.9%*	*4.8%*	*4.8%*	*4.7%*	
Amortization and depreciation	23.7	24.1	24.1	24.1	24.0	24.4	24.9	25.5	25.5	25.5	
EBIT	**175.3**	**137.9**	**133.4**	**146.1**	**156.1**	**160.1**	**163.5**	**168.7**	**175.8**	**180.5**	
EBIT margin	*6.6%*	*4.9%*	*4.4%*	*4.5%*	*4.4%*	*4.3%*	*4.2%*	*4.2%*	*4.2%*	*4.1%*	
Tax rate on EBIT	33.3	26.2	25.3	27.8	29.7	30.4	31.1	32.0	33.4	34.3	
NOPLAT	**142.0**	**111.7**	**108.1**	**118.3**	**126.5**	**129.7**	**132.4**	**136.6**	**142.4**	**146.2**	
CAPEX	-33.2	-31.3	-28.9	-28.9	-28.8	-29.2	-29.9	-30.6	-25.5	-25.5	
Working capital	-50.7	-25.6	0.9	-12.5	-10.9	-7.1	-6.7	-7.6	-7.9	-6.4	
FCF	**81.8**	**78.9**	**104.1**	**101.1**	**110.8**	**117.7**	**120.7**	**124.0**	**134.5**	**139.8**	**144.0**
WACC	*11.2%*	*11.2%*	*11.2%*	*11.2%*	*11.2%*	*11.2%*	*11.2%*	*11.2%*	*11.2%*	*10.6%*	
discount factor	*98.2%*	*88.4%*	*79.5%*	*71.4%*	*64.3%*	*57.8%*	*52.0%*	*46.7%*	*42.0%*	*38.0%*	
PV FCF	80.4	69.7	82.7	72.2	71.2	68.0	62.7	57.9	56.5	53.1	

	2009F	2010F	2011F	2012F	2013F	2014F	2015F	2016F	2017F	2018F
WACC	***11.2%***	***11.2%***	***11.2%***	***11.2%***	***11.2%***	***11.2%***	***11.2%***	***11.2%***	***11.2%***	***10.6%***
Cost of debt	*7.4%*	*7.4%*	*7.4%*	*7.4%*	*7.4%*	*7.4%*	*7.4%*	*7.4%*	*7.4%*	*6.8%*
Risk-free rate	*6.2%*	*6.2%*	*6.2%*	*6.2%*	*6.2%*	*6.2%*	*6.2%*	*6.2%*	*6.2%*	*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	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Cost of Equity	*11.2%*	*11.2%*	*11.2%*	*11.2%*	*11.2%*	*11.2%*	*11.2%*	*11.2%*	*11.2%*	*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	1 894.5
Present value of the terminal value (PV TV)	719.8
Present value of FCF in the forecast horizon	674.6
Equity value (EV)	1 394.4
Net debt	-212.6
Other non-operating assets	0.0
Minority interests	136.2
Equity value	1 470.8
Number of shares (millions)	20.0
Equity value per share (PLN)	**73.5**
Cost of equity (9M)	8.3%
Target Price	**79.6**

Sensitivity analysis

FCF growth in perpetuity

	2.0%	**2.5%**	**3.0%**	**3.5%**	**4.0%**
WACC -1.0pp	75.2	77.5	80.0	82.9	86.3
WACC -0.5pp	75.0	77.3	79.8	82.7	86.1
WACC	74.9	77.1	**79.6**	82.5	85.8
WACC +0.5pp	74.7	76.9	79.4	82.3	85.6
WACC +1.0pp	74.5	76.7	79.2	82.1	85.4

EV/EBITDA('09) for the target price	7.1
P/E('09) for the target price	15.6
TV to EV	49%

Income Statement

(PLN m)	2006	2007	2008	2009F	2010F	2011F	2012F
Revenues	**1 188.1**	**1 928.4**	**2 154.2**	**2 668.1**	**2 788.8**	**3 012.0**	**3 279.3**
Change	*42.0%*	*62.3%*	*11.7%*	*23.9%*	*4.5%*	*8.0%*	*8.9%*
Cost of sales	1 123.1	1 822.2	1 952.9	2 395.4	2 553.1	2 770.6	3 015.7
Gross profit	65.0	106.2	201.4	272.7	235.7	241.3	263.6
Gross profit margin	*5.5%*	*5.5%*	*9.3%*	*10.2%*	*8.5%*	*8.0%*	*8.0%*
Selling expenses	-0.8	-0.8	-1.0	-1.4	-1.1	-1.2	-1.3
General and administrative expenses	-54.5	-59.2	-74.4	-100.2	-94.8	-102.4	-111.5
Other net operating profit	11.5	12.7	-12.5	4.3	-1.8	-4.3	-4.7
EBIT	**21.2**	**58.9**	**113.4**	**175.3**	**137.9**	**133.4**	**146.1**
Change	*-395.5%*	*178.0%*	*92.6%*	*54.6%*	*-21.3%*	*-3.3%*	*9.5%*
EBIT margin	*1.8%*	*3.1%*	*5.3%*	*6.6%*	*4.9%*	*4.4%*	*4.5%*
Profit on financing activity	-2.0	1.3	1.4	-23.3	9.5	11.1	13.4
Equity in income of associates	0.3	2.2	-1.7	0.4	0.9	1.1	1.2
Pre-tax income	**19.5**	**62.3**	**113.1**	**152.4**	**148.4**	**145.6**	**160.7**
Tax	-1.5	-3.7	-26.4	-33.3	-28.2	-27.7	-30.5
Minority interests	1.1	5.7	14.1	17.1	17.2	16.9	18.7
Net income	**17.0**	**52.9**	**72.6**	**102.0**	**103.0**	**101.0**	**111.5**
Change	-	*211.7%*	*37.2%*	*40.5%*	*0.9%*	*-1.9%*	*10.3%*
Margin	*1.4%*	*2.7%*	*3.4%*	*3.8%*	*3.7%*	*3.4%*	*3.4%*
Amortization and depreciation	19.4	19.6	22.9	23.7	24.1	24.1	24.1
EBITDA	**40.6**	**78.5**	**136.3**	**199.1**	**162.0**	**157.5**	**170.2**
Change	*275.4%*	*93.2%*	*73.7%*	*46.1%*	*-18.6%*	*-2.8%*	*8.0%*
EBITDA margin	*3.4%*	*4.1%*	*6.3%*	*7.5%*	*5.8%*	*5.2%*	*5.2%*
Shares at year-end (millions)	17.0	20.0	20.0	20.0	20.0	20.0	20.0
EPS	1.0	2.6	3.6	5.1	5.1	5.1	5.6
CEPS	2.1	3.6	4.8	6.3	6.4	6.3	6.8
ROAE	*10.9%*	*20.8%*	*23.7%*	*27.5%*	*23.2%*	*20.3%*	*20.2%*
ROAA	*2.8%*	*6.0%*	*6.7%*	*8.0%*	*7.2%*	*6.6%*	*6.7%*

Balance Sheet

(PLN m)	2006	2007	2008	2009F	2010F	2011F	2012F
ASSETS	**750.2**	**1 009.0**	**1 173.1**	**1 371.4**	**1 470.1**	**1 588.4**	**1 726.9**
Fixed assets	**165.5**	**184.2**	**239.0**	**248.5**	**255.7**	**260.6**	**265.4**
Intangible assets	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Equity in associates	2.2	4.2	4.2	4.2	4.2	4.2	4.2
Property, plant and equipment	139.5	150.7	175.8	185.3	192.6	197.4	202.2
Long-term investments	1.5	1.3	1.3	1.3	1.3	1.3	1.3
Other	21.2	26.8	56.5	56.5	56.5	56.5	56.5
Current assets	**584.6**	**824.8**	**934.1**	**1 122.8**	**1 214.4**	**1 327.8**	**1 461.5**
Inventories	30.7	54.6	58.5	71.8	76.5	83.0	90.4
Receivables	323.2	332.0	424.9	526.3	550.1	585.9	637.9
Short-term prepayments	57.4	147.3	188.9	263.2	309.4	334.2	363.9
Cash and cash equivalents	170.6	287.7	258.6	258.4	275.1	321.5	366.2
Other	2.7	3.2	3.2	3.2	3.2	3.2	3.2

(PLN m)	2006	2007	2008	2009F	2010F	2011F	2012F
LIABILITIES	**750.2**	**1 009.0**	**1 173.1**	**1 371.4**	**1 470.1**	**1 588.4**	**1 726.9**
EQUITY	**224.3**	**284.9**	**328.9**	**413.5**	**473.2**	**522.7**	**583.7**
Minority shares	54.4	59.5	59.5	59.5	59.5	59.5	59.5
Long-term liabilities	**50.2**	**34.4**	**35.0**	**36.6**	**36.6**	**37.0**	**37.5**
Loans, finance leases	24.1	16.5	16.5	16.5	16.5	16.5	16.5
Reserves and other	26.1	17.9	18.5	20.1	20.1	20.5	21.0
Short-term liabilities	**421.2**	**630.2**	**749.7**	**861.8**	**900.8**	**969.1**	**1 046.2**
Loans	16.8	29.3	29.3	29.3	29.3	29.3	29.3
Trade creditors	249.1	311.7	331.7	406.9	433.7	470.6	512.3
Long-term accruals	90.0	217.3	278.2	341.3	363.7	394.7	429.6
Other	65.3	71.9	110.5	84.3	74.1	74.5	75.0
Debt	40.9	45.8	45.8	45.8	45.8	45.8	45.8
Net debt	-129.7	-241.9	-212.8	-212.6	-229.3	-275.7	-320.4
(Net debt / Equity)	*-57.8%*	*-84.9%*	*-64.7%*	*-51.4%*	*-48.5%*	*-52.7%*	*-54.9%*
(Net debt / EBITDA)	-3.2	-3.1	-1.6	-1.1	-1.4	-1.8	-1.9
BVPS	13.2	14.2	16.4	20.7	23.7	26.1	29.2

Cash Flows

(PLN m)	2006	2007	2008	2009F	2010F	2011F	2012F
Cash flows from operating activities	**43.9**	**101.7**	**31.6**	**109.8**	**106.7**	**132.6**	**129.3**
Net income	17.0	52.9	72.6	102.0	103.0	101.0	111.5
Amortization and depreciation	19.4	19.6	22.9	23.7	24.1	24.1	24.1
Working capital	-39.5	-1.7	-5.3	-17.7	-15.8	-11.2	-10.8
Other	47.0	30.9	-58.6	1.7	-4.6	18.7	4.5
Cash flows from investing activities	**-11.6**	**28.9**	**-62.1**	**-50.3**	**-48.5**	**-45.8**	**-47.5**
CAPEX	-11.8	28.3	-48.0	-33.2	-31.3	-28.9	-28.9
Equity investments	-36.5	-21.6	-48.0	-33.2	-31.3	-28.9	-28.9
Other	36.7	22.1	33.9	16.1	14.1	12.0	10.2
Cash flows from financing activities	**74.9**	**-13.5**	**1.4**	**-59.7**	**-41.5**	**-40.4**	**-37.1**
Stock offering	117.9	0.0	0.0	0.0	0.0	0.0	0.0
Debt	-40.0	-9.1	0.0	0.0	0.0	0.0	0.0
Dividend (buy-back)	0.0	-0.9	0.0	-36.3	-51.0	-51.5	-50.5
Other	-3.0	-3.5	0.0	0.0	0.0	0.0	0.0
Change in cash	**107.2**	**117.1**	**-29.1**	**-0.2**	**16.7**	**46.4**	**44.7**
Cash at end of period	170.6	287.7	258.6	258.4	275.1	321.5	366.2
DPS (PLN)	0.0	0.0	0.0	1.8	2.6	2.6	2.5
FCF	-5.3	68.3	-20.4	81.8	78.9	104.1	101.1
(CAPEX / Sales)	*1.0%*	*-1.5%*	*2.2%*	*1.2%*	*1.1%*	*1.0%*	*0.9%*

Market multiples

	2006	2007	2008	2009F	2010F	2011F	2012F
P/E	70.1	26.4	19.3	13.7	13.6	13.9	12.6
P/CE	32.7	19.3	14.7	11.1	11.0	11.2	10.3
P/BV	5.3	4.9	4.3	3.4	3.0	2.7	2.4
P/S	1.0	0.7	0.6	0.5	0.5	0.5	0.4
FCF/EV	*-0.5%*	*5.6%*	*-1.6%*	*6.6%*	*6.4%*	*8.8%*	*8.9%*
EV/EBITDA	27.5	15.5	9.1	6.3	7.6	7.5	6.7
EV/EBIT	52.7	20.7	11.0	7.1	8.9	8.9	7.8
EV/S	0.9	0.6	0.6	0.5	0.4	0.4	0.3
DYield	*0.0%*	*0.1%*	*0.0%*	*2.6%*	*3.6%*	*3.7%*	*3.6%*
Price (PLN)	**70.0**						
Shares at year-end (millions)	17.0	20.0	20.0	20.0	20.0	20.0	20.0
MC (PLN m)	1191.0	1400.0	1400.0	1400.0	1400.0	1400.0	1400.0
Equity attributable to minority shareholders (PLN m)	54.4	59.5	59.5	59.5	59.5	59.5	59.5
EV (PLN m)	1 115.7	1 217.6	1 246.7	1 246.9	1 230.2	1 183.8	1 139.1

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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%
REDUCE – we expect that the rate of return from an investment will range from -5% to -15%
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Previous ratings issued for Mostostal Warszawa

Rating	Buy	Buy	Buy	Accumulate	Accumulate	Accumulate	Buy
Date issued	2009-02-20	2009-03-04	2009-05-22	2009-06-04	2009-08-14	2009-09-09	2009-11-04
Price on rating day	39.00	39.50	54.80	59.10	69.65	77.05	66.00
WIG on rating day	22199.49	21999.05	29681.36	31030.61	35998.12	37261.23	37391.24