

30 July 2010

Update


Construction
 Poland

Current price	PLN 4.74
Target price	PLN 4.27
Market cap	PLN 2.18bn
Free float	PLN 1.41bn
Avg daily trading volume (3M)	PLN 8.02m

Shareholder Structure

Pionier Pekao IM	9.01%
ING OFE	8.70%
OFE PZU	8.61%
AVIVA OFE BZ WBK	5.92%
Polimex-Cekop Development	2.83%
Others	64.93%

Sector Outlook

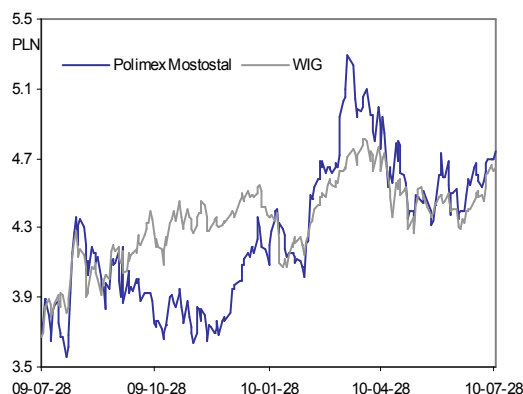
As builders complete high-margin contracts captured in 2008, they become increasingly risky investments. There is a potential for surprises on the upside in the case of power-engineering companies. We are skeptical towards the sector as a whole and we recommend underweighting it. Within the industry, we recommend overweighting small and medium companies vs. the big fish.

Company Profile

Polimex manufactures galvanized-steel products, steel components, and boilers for the power industry, and offers construction services to the manufacturing, chemical, power, road, and railroad industries as well as developing properties.

Ważne daty

31.08.2010 - 1H 2010 report
 09.11.2010 - 3Q 2010 report

PXM vs. WIG

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Polimex Mostostal Reduce

MOSD. WA; PXM.PW

(Downgraded)

Overly High Consensus Is a Risk Factor

Polimex is among the companies best poised to benefit from electric power producers' investment in the construction of new units. Unfortunately, such projects tend to get delayed. Even if Polimex is able to land a big contract for the construction of a new power-generation unit towards the end of the year, this will not have a material impact on its earnings until 2012 (with construction work starting in H2 2011). We believe that in the meantime (2010-2011), the Company's earnings may be a source of negative surprises. FY 2010 is a tougher year for power- and chemical-engineering companies as far as contract acquisition is concerned, due to, inter alia, a temporary investment slowdown in 2009. The situation has also deteriorated since last year as regards steel products – while Polimex is able to sustain high volumes, this is achieved at the expense of its margins. The situation in the manufacturing segment at selected subsidiaries (Coifer, Elektromontaż Pólnoc) looks definitely worse than last year. Given all these factors, we believe that the current consensus forecast for Polimex, based on the Management's pronouncements from early 2010, is too high. Our revised EBIT and net profit projections for 2010-2011 are 10%-30% lower than the consensus estimate. We believe a negative surprise is possible already in Q2 2010, which could lead to a revision to the overly optimistic forecasts. Given this risk, as well as the risk of a delay in power-sector investment, we are lowering our target price from PLN 5.16 to PLN 4.27, and we are downgrading our investment rating to "reduce".

Power-Sector Tenders

In 2010, the following contracts could be awarded: for renovation work at the Bełchatów Power Plant (PLN 2-3bn, July-August 2010 at the earliest), for the construction of a new power-generation unit at the Siekierki Power Plant (PLN 3bn, Q4 2010 at the earliest) and for the construction of new units at the Opole Power Plant (PLN 9-10bn, late 2010 or early 2011). Unfortunately, delays are common in this industry, both as far as the awarding of contracts is concerned, and their subsequent execution. There is a risk that Polimex will report one or two quarters of weaker earnings before it wins any big new contracts. Such contracts will not start affecting earnings until 2012-2013.

Earnings Quality Watch

We believe that in 2010 and 2011 Polimex may choose to boost its weaker bottom line with tax credits on account of investment in a special economic zone. We have factored this scenario into our forecasts. Therefore, our forecasts diverge more from the consensus at the EBIT level than at the bottom line.

(PLN m)	2008	2009	2010F	2011F	2012F
Revenue	4301.7	4836.7	4504.9	4760.7	5251.9
EBITDA	298.5	343.6	294.9	286.0	346.1
EBITDA margin	6.9%	7.1%	6.5%	6.0%	6.6%
EBIT	228.1	264.9	193.5	184.7	243.9
Net income	120.1	156.4	142.1	140.5	202.6
P/E	18.1	13.9	15.8	17.4	12.1
P/CE	11.4	9.3	9.2	10.1	8.0
P/BV	2.1	1.8	1.6	1.6	1.4
EV/EBITDA	9.2	8.4	10.1	10.0	7.9
DYield	0.2%	0.2%	0.8%	0.0%	0.0%



Forecasted Q2 Earnings

We expect Polimex to record lower revenue in Q2 2010 than in Q2 2009. The Y/Y drop will be above all a consequence of a change in accounting rules (Polimex no longer recognizes revenue attributable to its junior partners in a consortium). A factor that is more important than the decline in revenue is the low gross margin we project (Q2 2010: 10.6%, Q2 2009: 11.2%, when revenues were inflated by PLN 100-150m in revenue attributable to consortium partners). In line with earlier expectations, the main risk factor are still power- and chemical-engineering subsidiaries. Their earnings were truly excellent in 2009 and created a high base of comparison. Since then, the situation in the market has deteriorated as far as the number of contracts is concerned. In addition, the situation in manufacturing looks worse than we expected, but better than in Q1 2010.

SG&A expenses will be slightly higher than in Q1 (PLN 56.8m vs. PLN 55.2m) and other net operating income will figure to PLN 1.3m. Other finance expenses will figure to PLN 14.1m, and associate profits PLN 1.25m. We assume that the F/X differences and derivative valuation changes will offset each other, as was the case in the preceding quarters. We expect Polimex to take advantage of a considerable portion of tax credits available to it due to its special economic zone investments in the second quarter, which will improve its bottom line. We thus expect an effective tax rate of 5%. Minority interests will figure to PLN 2.2m, and net profit will come in at PLN 32.6m (-14.2% y/y),

Forecasted Q2'10 earnings

(PLN m)	Q2 2010F	Q2 2009	Change	H1 2010F	H1 2009	Change
Revenue	1015.0	1176.4	-13.7%	1786.8	2053.7	-13.0%
EBITDA	75.3	86.8	-13.2%	133.0	163.8	-18.8%
Margin	7.4%	7.4%	-	7.4%	8.0%	-
EBIT	49.5	65.8	-24.8%	81.3	123.3	-34.1%
Gross profit	36.6	55.5	-34.0%	58.3	106.7	-45.4%
Net income	32.6	37.9	-14.2%	49.4	72.1	-31.5%

Source: BRE Bank Securities

Forecasted Q2'10 earnings by segment

	Revenue	Gross profit	Pct. margin
Manufacturing	165.0	25.9	15.7%
Construction	305.0	31.1	10.2%
Power Engineering	195.0	17.9	9.2%
Chemical engineering	165.0	16.0	9.7%
Roads & Railroads	185.0	16.7	9.0%
Total	1015.0	107.6	10.6%

Source: BRE Bank Securities

Consensus Forecast vs. Our Projections

We expect Polimex to post weak Q2'10 earnings, which will enforce a revision of the current overly optimistic consensus forecast. Our new, revised EBIT and net profit projections for 2010-2011 are 10%-30% lower than the consensus estimate. We expect FY 2010 to be worse as far as the bottom line is concerned than FY 2009. We would also like to point out that we expect the earnings to be of poorer quality (with a high reduction in tax due to the expected lower effective tax rate). We do not expect new power-engineering projects to have a significant impact on earnings until 2012. In 2011, the Company will be busy making bids for new projects, and, if successful, designing. Construction work on new power-generation units will not start until H2 2011. We therefore believe that we cannot expect a considerable improvement in earnings already in FY 2011. We are likely to see a shift in earnings structure though: while the Y/Y deterioration in earnings in 2010 can be attributed to subsidiaries (power engineering, chemical engineering and manufacturing), in 2011 we are concerned about the outlook for the parent (the impact of new contracts, roads and railroads, construction).

**Consensus forecast of Polimex's earnings in FY 2010 (PLN m)**

Forecast number	Revenue	EBIT	Net income
1	4 737.0	249.0	142.0
2	4 596.0	235.0	158.0
3	4 953.0	263.0	161.0
4	4 706.0	248.0	-
5	5 091.0	-	215.0
6	4 503.0	210.0	157.0
7	4 760.0	236.0	155.0
8	4 707.0	274.0	170.0
9	4 939.0	269.0	169.0
Median	4 737.0	248.5	159.5
Old forecast by DI BRE	4 503.0	210.0	157.0
Difference vs. consensus	-4.9%	-15.5%	-1.6%
New forecast by DI BRE	4 504.9	193.5	142.1
Difference vs. consensus	-4.9%	-22.1%	-10.9%

Source: BRE Bank Securities, Bloomberg

Consensus forecast of Polimex's earnings in FY 2011 (PLN m)

Forecast number	Revenue	EBIT	Net income
1	5 051.0	288.0	171.0
2	4 838.0	242.0	177.0
3	5 455.0	274.0	187.0
4	4 938.0	252.0	-
5	5 562.0	-	283.0
6	4 761.0	217.0	172.0
7	4 893.0	214.0	158.0
8	4 839.0	280.0	196.0
9	5 296.0	285.0	204.0
Median	4 938.0	263.0	182.0
Old forecast by DI BRE	4 761.0	217.0	172.0
Difference vs. consensus	-3.6%	-17.5%	-5.5%
New forecast by DI BRE	4 760.7	184.7	140.5
Difference vs. consensus	-3.6%	-29.8%	-22.8%

Source: BRE Bank Securities, Bloomberg

Valuation

We have valued the Polimex Mostostal stock using the DCF model and relative valuation. Our target price is PLN 4.27 per share. We recommend reducing the stock.

Valuation

	Per share	Weight
DCF Analysis	3.78	75%
Relative valuation	4.47	25%
Average	3.95	
Cost of equity (9M)	8.0%	
Target Price	4.27	

Source: BRE Bank Securities

Relative Valuation

The peer group for Polimex Mostostal comprises big construction companies listed on the WSE. Polimex Mostostal is trading at a 9.0% premium to its peers (based on average P/E and EV/EBITDA multiples for 2010-2012).

Relative valuation of Polimex Mostostal

	2010 P/E	2011 P/E	2012 P/E	2010 EV/EBITDA	2011 EV/EBITDA	2012 EV/EBITDA
Budimex	13.0	15.0	14.9	10.4	10.4	10.0
Erbud	12.6	12.9	11.5	8.9	8.4	7.1
Elektrobudowa	16.4	14.8	12.6	10.1	8.7	7.3
Mostostal Warszawa	12.7	14.4	12.8	6.9	7.3	6.2
PBG	15.3	14.9	14.4	10.7	10.5	9.9
Rafako	17.3	14.8	13.4	9.5	7.5	6.3
Trakcja Polska	16.3	17.1	12.9	8.9	8.8	5.8
Unibep	14.0	14.5	7.4	10.6	10.6	5.6
Median	14.7	14.8	12.9	9.8	8.7	6.7
Polimex Mostostal	15.8	17.4	12.1	10.1	10.0	7.9
Premium (discount)	7.8%	17.6%	-6.3%	3.3%	14.2%	17.6%
Weight	20.0%	20.0%	10.0%	20.0%	20.0%	10.0%

Source: BRE Bank Securities

DCF Analysis

Assumptions:

- Risk-free rate = 5.8% (10Y T-bond yield).
- Expected FCF rate growth after FY2017 = 3%.
- Credit risk premium at 1.5% in 2009 through 2017.
- We add the value of land for development to the valuation.
- We adjust the number of shares for maximum dilution possible under the incentive scheme and for treasury shares held by Polimex-Cekop-Development.
- We take into account the consolidation of subsidiaries from mid-Q4 in revenue forecast and in the number of shares.



DCF Valuation Model

(PLN m)	2010F	2011F	2012F	2013F	2014F	2015F	2016F	2017F	2018F	2019F	2019+
Sales revenue	4 504.9	4 760.7	5 251.9	5 764.7	6 248.2	6 601.6	6 969.7	7 342.3	7 665.6	7 970.6	
Change	-6.9%	5.7%	10.3%	9.8%	8.4%	5.7%	5.6%	5.3%	4.4%	4.0%	
EBITDA	294.9	286.0	346.1	392.2	422.0	441.9	456.7	471.1	481.8	494.0	
EBITDA margin	6.5%	6.0%	6.6%	6.8%	6.8%	6.7%	6.6%	6.4%	6.3%	6.2%	
D&A expenses	101.3	101.3	102.2	103.9	105.6	107.3	109.0	110.5	111.0	111.0	
EBIT	193.5	184.7	243.9	288.3	316.4	334.6	347.7	360.6	370.7	382.9	
EBIT margin	4.3%	3.9%	4.6%	5.0%	5.1%	5.1%	5.0%	4.9%	4.8%	4.8%	
Tax rate on EBIT	9.7	9.2	12.2	47.6	60.1	63.6	66.1	68.5	70.4	72.8	
NOPLAT	183.8	175.4	231.7	240.8	256.3	271.0	281.6	292.1	300.3	310.2	
CAPEX	-42.3	-101.3	-102.2	-118.9	-120.6	-122.3	-124.0	-125.5	-121.0	-111.0	
Working capital	-276.4	-11.8	-72.8	-80.1	-72.5	-40.8	-38.1	-36.5	-33.4	-30.2	
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCF	-33.5	163.6	158.8	145.7	168.8	215.3	228.5	240.6	256.9	280.0	288.4
WACC	10.2%	10.4%	10.6%	10.7%	10.8%	10.8%	10.8%	10.8%	10.8%	10.6%	
discount factor	96.0%	87.0%	78.6%	71.0%	64.1%	57.8%	52.2%	47.1%	42.5%	38.5%	
PV FCF	-32.2	142.3	124.9	103.5	108.2	124.5	119.3	113.4	109.2	107.7	

WACC	10.2%	10.4%	10.6%	10.7%	10.8%	10.8%	10.8%	10.8%	10.8%	10.6%
Cost of debt	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%	7.1%
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	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Effective tax rate	5.0%	5.0%	5.0%	16.5%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
Net debt / EV	15%	10%	6%	1%	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%	Sensitivity analysis					
Terminal value	3 795.1	FCF growth in perpetuity					
Present value of the terminal value (PV TV)	1 459.3		2.0%	2.5%	3.0%	3.5%	4.0%
Present value of FCF in the forecast horizon	1 020.8	WACC -1.0pp	3.8	3.9	4.1	4.4	4.6
Enterprise value (EV)	2 480.0	WACC -0.5pp	3.7	3.9	4.1	4.3	4.6
Net debt	304.5	WACC	3.7	3.9	4.1	4.3	4.6
Property valuation*	25.0	WACC +0.5pp	3.7	3.8	4.0	4.3	4.5
Minority interests	234.0	WACC +1.0pp	3.6	3.8	4.0	4.2	4.5
Equity value	1 966.6						
Number of shares (millions) **	520.1						
Equity value per share (PLN)	3.78						
Cost of equity (9M)	8.0%						
Target Price	4.08						

EV/EBITDA('09) for the target price	7.1
P/E('09) for the target price	12.1
TV to EV	59%

*Valuation of land for development

** adjusted for shares issued on occasion of merger

**Income Statement**

(PLN m)	2006	2007	2008	2009	2010F	2011F	2012F
Sales revenue	2 483.4	3 720.5	4 301.7	4 836.7	4 504.9	4 760.7	5 251.9
<i>Change</i>	34.2%	49.8%	15.6%	12.4%	-6.9%	5.7%	10.3%
COGS	2 239.1	3 398.3	3 870.7	4 326.9	4 057.9	4 322.5	4 749.5
Gross profit	244.3	322.2	431.0	509.8	447.0	438.2	502.5
<i>Gross margin</i>	9.8%	8.7%	10.0%	10.5%	9.9%	9.2%	9.6%
Selling costs	-28.1	-28.3	-32.3	-26.8	-27.7	-27.7	-28.3
General and administrative expenses	-106.6	-137.1	-185.3	-213.2	-220.6	-220.6	-225.0
Other net operating expenses	-11.1	3.6	14.7	-4.9	-5.2	-5.2	-5.3
			77.1				
EBIT	98.5	160.4	228.1	264.9	193.5	184.7	243.9
<i>Change</i>	34.5%	62.8%	42.2%	16.1%	-27.0%	-4.6%	32.1%
<i>EBIT margin</i>	4.0%	4.3%	5.3%	5.5%	4.3%	3.9%	4.6%
Profit/loss on financial activity	-5.3	-15.4	-72.1	-55.5	-38.3	-38.1	-32.5
Equity in profits/losses of associates	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	-1.7	4.4	2.8	6.2	4.6	4.4	6.3
Gross profit	91.5	149.4	158.9	215.6	159.8	151.0	217.7
Tax	17.4	32.7	18.5	40.3	8.0	7.5	10.9
Minority interests	11.5	16.6	20.3	18.9	9.7	2.9	4.2
Net income	62.6	100.1	120.1	156.4	142.1	140.5	202.6
<i>Change</i>	46.2%	59.9%	20.0%	30.2%	-9.1%	-1.1%	44.2%
<i>Margin</i>	2.5%	2.7%	2.8%	3.2%	3.2%	3.0%	3.9%
D&A expenses	31.2	45.0	70.4	78.6	101.3	101.3	102.2
EBITDA	129.7	205.4	298.5	343.6	294.9	286.0	346.1
<i>Change</i>	28.1%	58.4%	45.3%	15.1%	-14.2%	-3.0%	21.0%
<i>EBITDA margin</i>	5.2%	5.5%	6.9%	7.1%	6.5%	6.0%	6.6%
Shares at year-end (millions)	455.7	463.6	463.6	463.6	477.7	520.1	520.1
EPS	0.1	0.2	0.3	0.3	0.3	0.3	0.4
CEPS	0.2	0.3	0.4	0.5	0.5	0.5	0.6
ROAE	19.3%	15.0%	11.8%	13.6%	10.9%	9.8%	12.6%
ROAA	4.6%	4.5%	3.9%	4.3%	3.7%	3.6%	4.8%

**Balance Sheet**

(PLN m)	2006	2007	2008	2009	2010F	2011F	2012F
ASSETS	1 631.8	2 801.4	3 438.6	3 827.7	3 786.2	4 038.6	4 377.8
Fixed assets	417.8	983.2	1 381.7	1 685.3	1 626.3	1 626.3	1 626.3
Intangible assets	19.6	437.6	509.4	517.7	517.7	517.7	517.7
Property, plant and equipment	261.7	426.4	710.8	947.9	888.9	888.9	888.9
Long-term investments	110.9	80.9	76.5	107.8	107.8	107.8	107.8
Other	25.6	38.3	84.9	111.9	111.9	111.9	111.9
Current assets	1 213.9	1 818.2	2 056.9	2 142.4	2 159.9	2 412.3	2 751.5
Inventories	168.8	348.9	395.1	350.9	371.0	412.9	465.2
Receivables	872.8	1 289.6	1 347.5	1 328.0	1 441.6	1 523.4	1 680.6
Short-term prepayments	8.8	9.8	11.2	9.9	9.9	9.9	9.9
Cash and cash equivalents	163.5	169.9	303.1	453.6	337.4	466.1	595.8
(PLN m)	2006	2007	2008	2009	2010F	2011F	2012F
LIABILITIES	1 631.8	2 801.4	3 438.6	3 827.7	3 786.2	4 038.6	4 377.8
Equity	354.9	983.0	1 053.9	1 242.7	1 366.2	1 506.7	1 709.2
Minority interests	93.9	102.6	114.9	140.8	118.5	118.5	118.5
Long-term liabilities	293.0	461.5	634.5	817.7	817.7	817.7	817.7
Loans, financial leases	171.3	329.9	435.9	603.4	603.4	603.4	603.4
Reserves	61.1	92.6	101.1	104.1	104.1	104.1	104.1
Other	60.6	39.0	97.5	110.3	110.3	110.3	110.3
Short-term liabilities	890.0	1 254.4	1 635.3	1 626.5	1 483.8	1 595.7	1 732.3
Loans	83.2	229.4	317.5	154.6	154.6	154.6	154.6
Trade creditors	762.6	897.7	1 240.4	1 414.1	1 271.3	1 383.2	1 519.8
Long-term accruals	44.2	127.2	77.4	57.8	57.8	57.8	57.8
Debt	254.5	559.3	753.4	758.0	758.0	758.0	758.0
Net debt	91.0	389.4	450.4	304.5	420.6	292.0	162.2
(Net debt / Equity)	25.6%	39.6%	42.7%	24.5%	30.8%	19.4%	9.5%
(Net debt / EBITDA)	0.7	1.9	1.5	0.9	1.4	1.0	0.5
BVPS	0.8	2.1	2.3	2.7	2.9	2.9	3.3

**Cash Flows**

(PLN m)	2006	2007	2008	2009	2010F	2011F	2012F
Cash flows from operating activities	43.6	-203.8	355.5	544.4	15.1	271.0	268.6
Net income	62.6	100.1	120.1	156.4	142.1	140.5	202.6
D&A expenses	31.2	45.0	70.4	78.6	101.3	101.3	102.2
Working capital	-93.8	-463.0	193.1	280.0	-276.4	-11.8	-72.8
Other	43.7	114.1	-28.1	29.4	48.1	41.0	36.7
Cash flows from investing activities	-120.0	-97.1	-303.4	-349.1	-74.3	-104.3	-106.4
CAPEX	-58.4	-143.7	-323.9	-352.1	-42.3	-101.3	-102.2
Equity investments	-42.1	46.9	0.0	0.0	-22.3	0.0	0.0
Other	-19.5	-0.2	20.5	3.1	-9.7	-2.9	-4.2
Cash flows from financing activities	122.1	257.7	100.1	-53.3	-56.9	-38.1	-32.5
Stock offering	10.9	0.0	0.0	0.0	0.0	0.0	0.0
Debt	-50.5	109.6	152.6	-44.9	0.0	0.0	0.0
Dividends (buyback)	-6.9	-8.5	-4.6	-4.6	-18.6	0.0	0.0
Other	168.5	156.7	-47.9	-3.7	-38.3	-38.1	-32.5
Change in cash	45.7	-43.1	152.2	142.1	-116.2	128.7	129.7
Cash at end of period	148.3	143.1	295.2	437.4	321.2	449.9	579.6
DPS (PLN)	0.02	0.02	0.01	0.01	0.04	0.00	0.00
FCF	-56.5	-442.8	172.6	196.2	-33.5	163.6	158.8
(CAPEX / Sales)	4.0%	2.6%	7.5%	7.3%	1.4%	2.1%	1.9%

Market multiples

	2006	2007	2008	2009	2010F	2011F	2012F
P/E	34.2	21.8	18.1	13.9	15.8	17.4	12.1
P/CE	22.8	15.0	11.4	9.3	9.2	10.1	8.0
P/BV	6.0	2.2	2.1	1.8	1.6	1.6	1.4
P/S	0.9	0.6	0.5	0.5	0.5	0.5	0.5
FCF/EV	-2.4%	-16.6%	6.3%	6.8%	-1.1%	5.7%	5.8%
EV/EBITDA	17.9	13.0	9.2	8.4	10.1	10.0	7.9
EV/EBIT	23.6	16.7	12.0	10.9	15.4	15.5	11.2
EV/S	0.9	0.7	0.6	0.6	0.7	0.6	0.5
DYield	0.3%	0.4%	0.2%	0.2%	0.8%	0.0%	0.0%
Price (PLN)	4.7						
Shares at year-end (millions)*	455.7	463.6	463.6	520.1	520.1	520.1	520.1
MC (PLN m)	2141.7	2178.8	2178.8	2444.7	2444.7	2444.7	2444.7
Equity attributable to minority shareholders (PLN m)	93.9	102.6	114.9	140.8	118.5	118.5	118.5
EV (PLN m)	2 326.7	2 670.8	2 744.1	2 889.9	2 983.8	2 855.1	2 725.4

* adjusted for maximum dilution possible under the incentive scheme and for treasury shares held by Polimex-Cekop-Development.



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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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Rating	Buy	Buy	Accumulate	Hold	Accumulate	Hold	Accumulate	Buy
Date issued	2009-11-04	2009-11-27	2010-01-06	2010-02-03	2010-03-12	2010-04-07	2010-05-06	2010-06-02
Price on rating day	3.66	3.70	4.00	4.40	4.65	5.24	4.65	4.44
WIG on rating day	37391.24	39275.95	41052.00	39904.02	41004.33	43562.01	41287.90	40931.54