



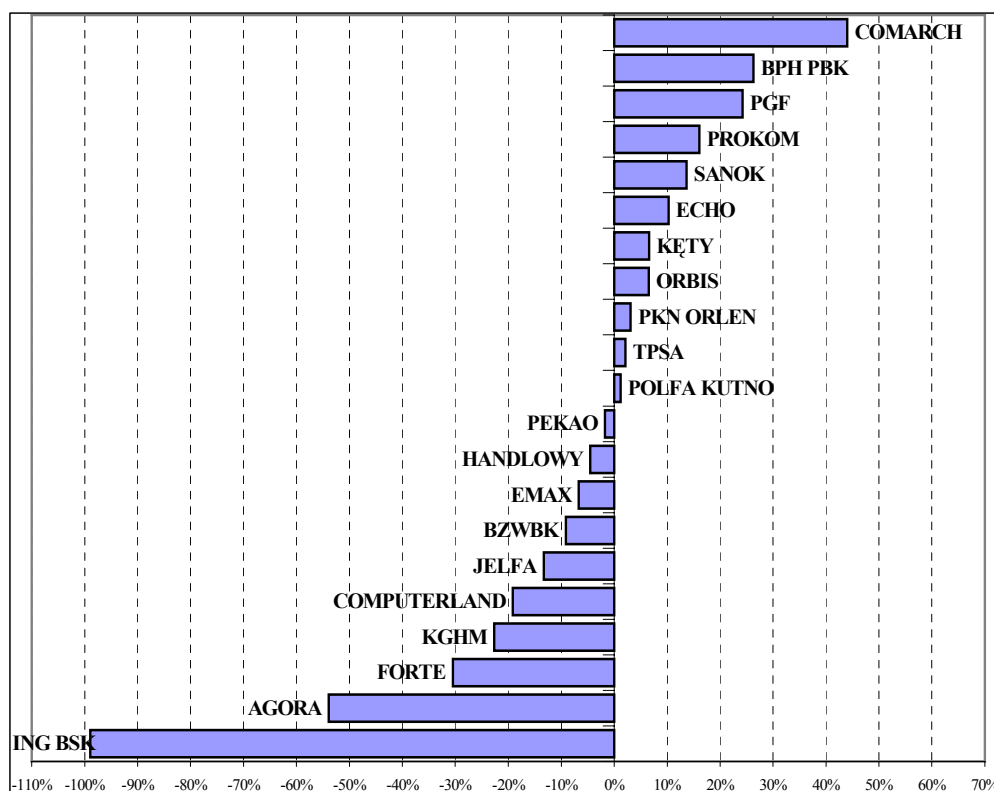
# Forecasts of Quarterly Results

## III Quarter 2003

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Prospective dynamic of EPS for selected stock exchange-listed companies (IVQ'02-IIIQ'03 / IIIQ'02-IIQ'03)



### Analysts:

Tomasz Mazurczak  
[Tomasz.Mazurczak@breinvest.com.pl](mailto:Tomasz.Mazurczak@breinvest.com.pl)  
 tel. (22) 697-47-35

Michał Marczak  
[Michal.Marczak@breinvest.com.pl](mailto:Michal.Marczak@breinvest.com.pl)  
 tel. (22) 697-47-38

Andrzej Powierza  
[Andrzej.Powierza@breinvest.com.pl](mailto:Andrzej.Powierza@breinvest.com.pl)  
 tel. (22) 697-47-41

Hanna Kędziora  
[Hanna.Kedziora@breinvest.com.pl](mailto:Hanna.Kedziora@breinvest.com.pl)  
 tel. (22) 697-47-37

Witold Samborski  
[Witold.Samborski@breinvest.com.pl](mailto:Witold.Samborski@breinvest.com.pl)  
 tel. (22) 697-47-36

Dom Inwestycyjny BRE  
 Banku S.A.  
 ul. Wspólna 47/49  
 00-950 Warszawa  
 skr. pocztowa 21  
 tel. (22) 697 47 41  
 fax. (22) 697 47 43

[www.brebrokers.com.pl](http://www.brebrokers.com.pl)

- With deposit and loan volumes stagnate as well as margins and the quality of loan portfolios stable, in 3Q 2003 ING BSK will note the smallest downturn in profit on banking activity in comparison with 3Q 2002, while BPH PBK will note the best improvement in the net result (page 2-7).
- TPSA's results for 3Q are expected to disappoint. Following their publication, comments are sure to appear, particularly from foreign brokers, that the company will not meet this year's forecast of a 3-5% growth in sales revenues. Following the publication of results, we will review our year-end forecast, which is currently in the low range of the management board's forecast (page 9).
- We are raising our year-end consolidated net profit forecast for PKN Orlen to PLN 985 mn (based on Polish accounting standards). High oil prices and refining margins will result in a large 3Q profit (PLN 203 mn).
- We are lowering our 2003 sales and profit forecasts for Jelfa. Considering Cefarm Kraków's inclusion in consolidation, we are raising the sales forecast of PGF and lowering the profit forecast (page 8).
- We expect Comarch and Prokom to turn in good results and disappointment from Computerland and Emax in 3Q (page 10-11).
- Sanok's excellent 3Q results (page 15) will be due to cost restructuring, broadening of the client base and a strong EUR.



### FORECASTS OF QUARTERLY RESULTS

#### BANKING SECTOR

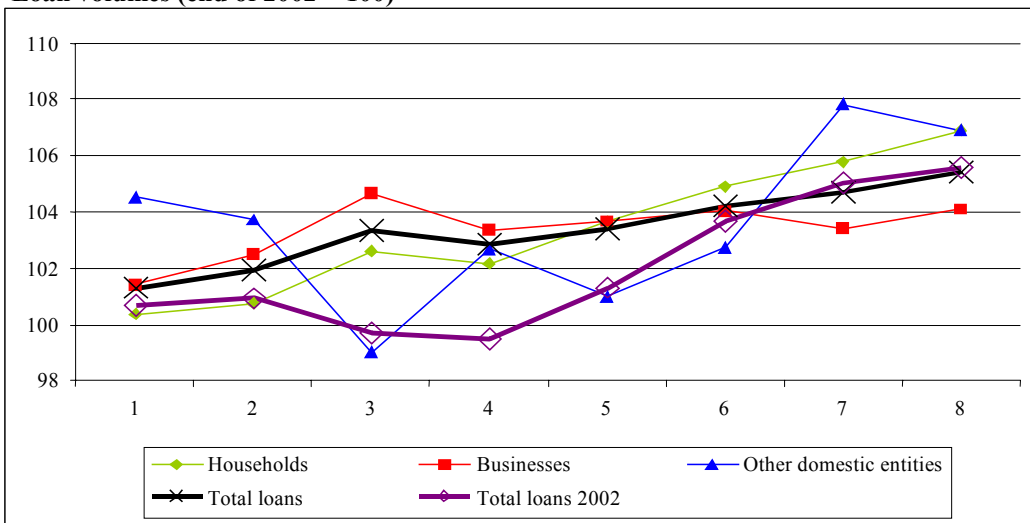
Expectations concerning the 3Q results in the banking sector can be summed up as follows:

- Stagnant volumes (slowdown of decline in deposits; slow increase in loans, the engine of which are housing loans);
- Stable margins (pressure on deposit spreads lifts, loan spreads unchanged);
- Losses on bond portfolios difficult to quantify;
- Net provisions remain low (portfolio quality stable).

#### Loans and deposits in the sector

The volume of loans in the sector is slowly growing but the dynamic, in relation to the beginning of the year, is similar to last year's. The increased volume is due to household loans (+6.9% in relation to the beginning of the year), while the growth rate of corporate loans has been below average since July (growing only 4.1% since the beginning of the year).

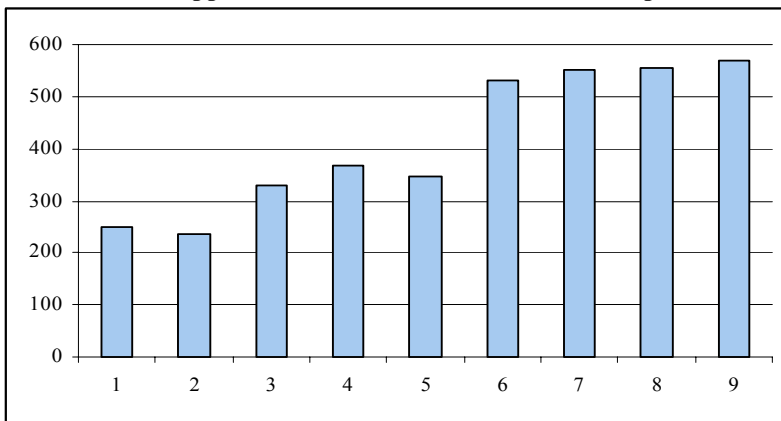
#### Loan volumes (end of 2002 = 100)



Source: NBP, BRE Bank Securities

According to NBP, in 1H loans for financing real estate (both housing for households and extended to businesses) accounted for approximately 80% of the increase in client debt. It appears that this trend will intensify in 3Q. According to the firm Expander, the number of loan applications submitted in its branches increased considerably in June and remains high. We believe that the interest in the offer of the financial mediator can be a reliable basis for forecasting the behaviour of the entire market.

#### Number of loan applications submitted in branches of Expander during successive months of 2003.



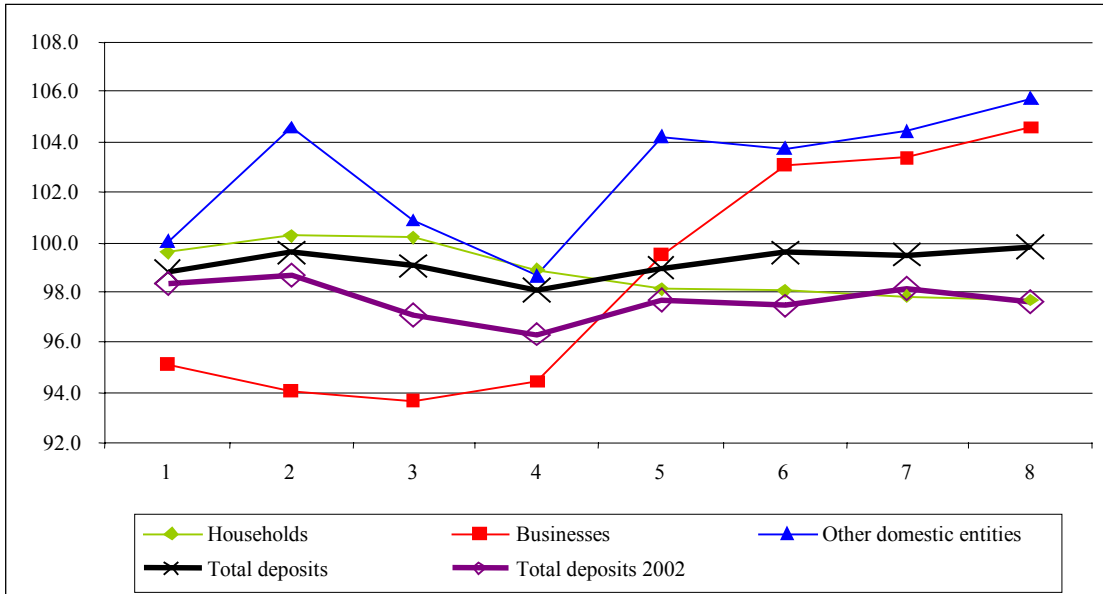
Source: Gazeta Wyborcza, BRE Bank Securities



## BRE Bank Securities

The decline in deposits is smaller than that noted last year. Following a decline in the first four months of this year and a growth in spring, their volume is similar to that noted in December. Unfortunately, household deposits continue to fall (-2,3%), and the increase is due to corporate deposits (+4.6% in relation to the end of December) – this could be a signal that businesses are generating higher revenues, but if so they are not earmarking them for new investments.

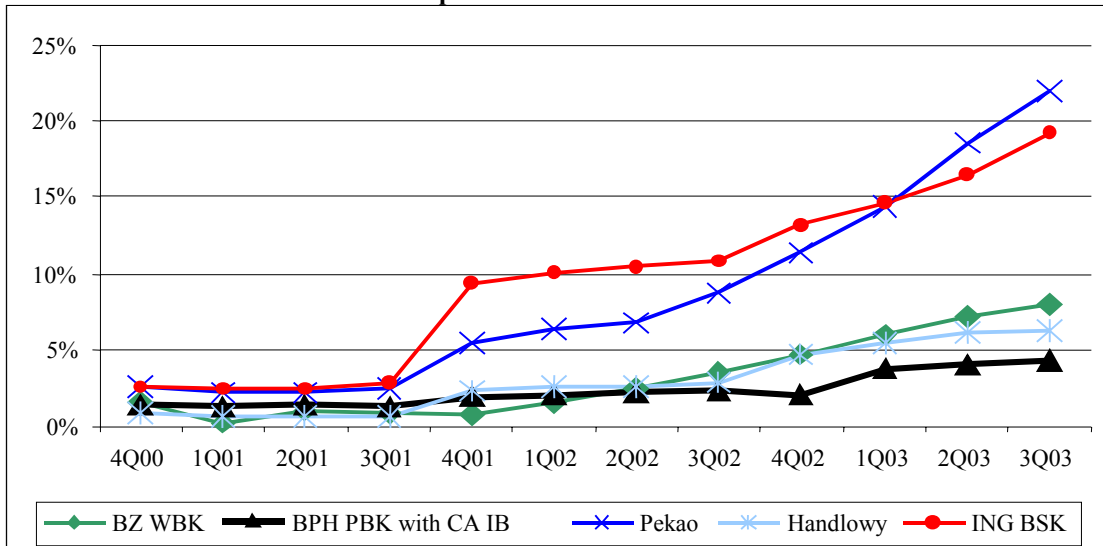
### Loan volumes (end of 2002 = 100)



Source: NBP, BRE Bank Securities

Substantial funds continue to flow into investment funds. The structure of funds has changed (the bull market on the stock exchange resulted in the share of funds investing in stocks increasing during the holiday period), but Pioneer remains the leader (we estimate that, at the end of 3Q, money invested in the funds managed by Pioneer will account for approximately 22% of the deposits of Pekao clients).

### Assets of investment funds as a % of deposits



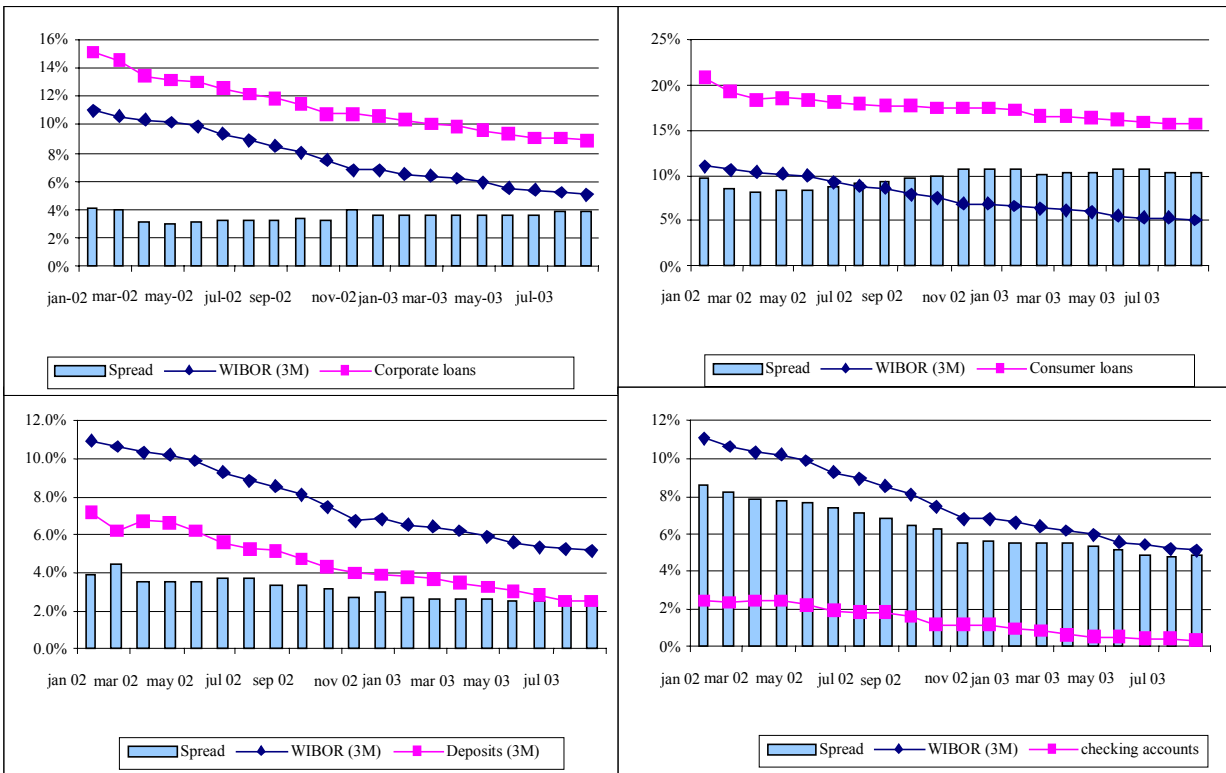
Source: hoga.pl, BRE Bank Securities

### Interest income

According to NBP data, a decline in margins should not be expected in 3Q. In regard to loans, the spread remains flat, while at the end of the period interest rate reductions halted the decline in deposit spreads.



Loan and deposit spreads in the sector



Source: NBP, BRE Bank Securities

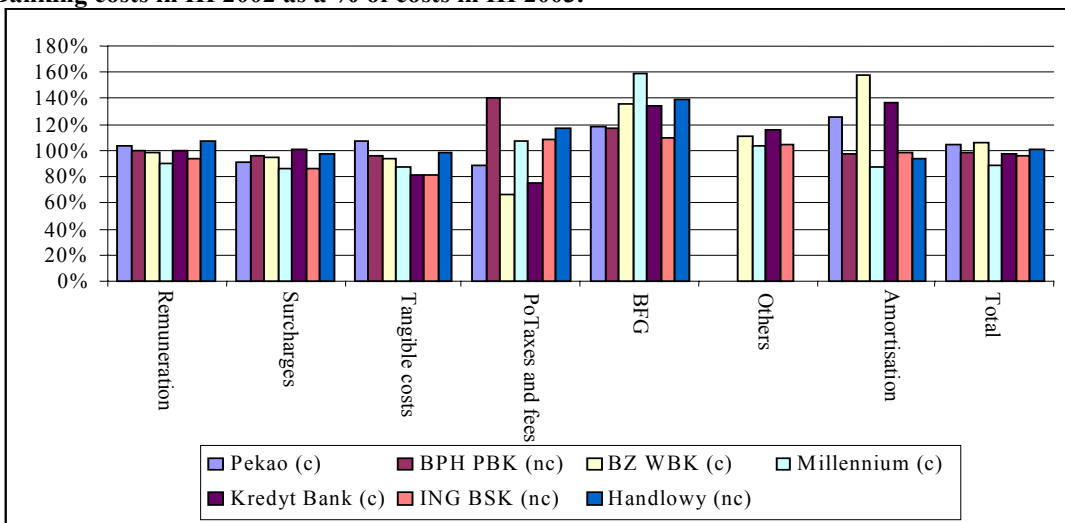
Non-interest income

Based on communiqués issued by banks, there is no reason to expect that extraordinary transactions occurred in 3Q will increase their results. Losses that the majority of banks will probably bear on the bond portfolio will have a negative influence on profit on banking activity.

Costs remain under control

An analysis of the general expenses of banks in IH shows that costs are under control, while the only items showing an increase were costs of the BFG contribution (in the entire sector) and amortisation (which increased in banks that have or are installing new IT systems: Pekao, Kredyt Bank, and particularly in BZ WBK). We do not expect the situation to change in 3Q and costs will remain on the level noted in 2Q.

Banking costs in IH 2002 as a % of costs in IH 2003.



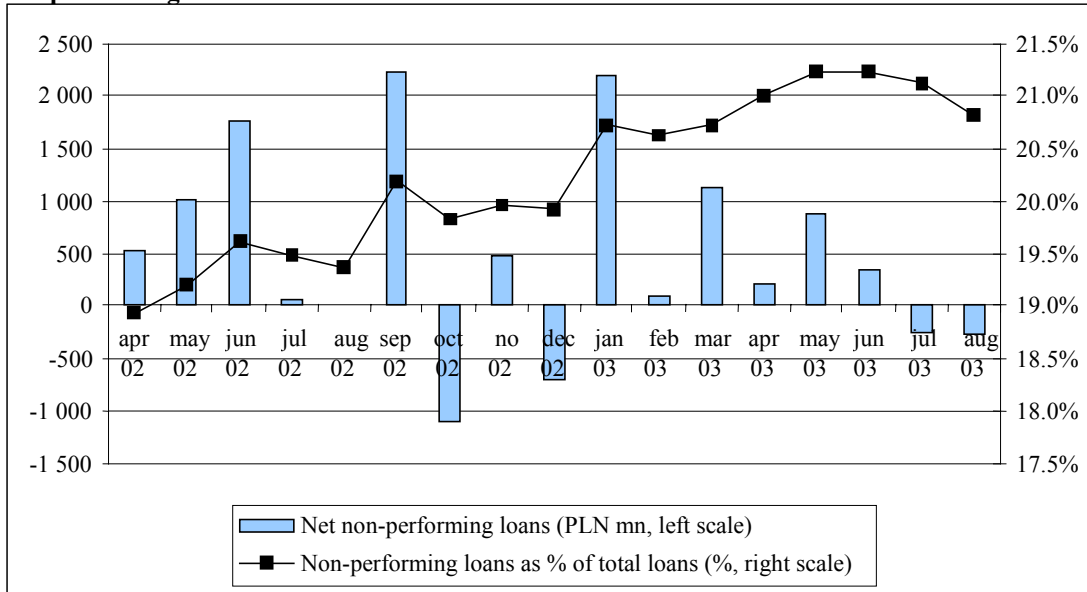
Source: banks, BRE Bank Securities



## BRE Bank Securities

Due to the continuing economic recovery, banks have announced that the financial situation of their clients is not worsening as a result of which the volume of non-performing loans is not increasing. This is confirmed by NBP data.

### Non-performing loans in the sector



Source: NBP, BRE Bank Securities

### Pekao

We assume that the bank's income will be similar to that noted in 2Q, but we also expect a change in its structure. We believe that, despite the holiday months, commission income will increase (+2.6% q/q, +12% y/y), while income from financial operations will fall (loss on the bond portfolio). We expect a minimal dip in the interest margin (from 3.53% in 2Q to 3.5%) as well as profit from exchange operations to remain on the average level noted in IH 2003. Assuming costs and net provisions stabilise only slightly higher than in 2Q (PLN 75 mn against PLN 63 mn in 2Q, a growth from 22 bp to 27 bp), we expect a net profit of PLN 254 mn and therefore similar to the result noted in 1Q (PLN 252 mn) and 2Q (PLN 254 mn).

### BPH PBK

A significant portion of the bank's income in recent quarters originated from operations of its Treasury Department. This is a consequence of the effectively introduced strategy, due to which the bank has become one of the leaders on the domestic market of bills and bonds. Unfortunately, the consequence of the commitment in operations on the debt market was a large portfolio of marketable bonds (PLN 4.2 mn at the end of 2Q), on which the bank will probably bear substantial losses in 3Q. We expect the negative effect of this factor to outweigh the benefits resulting from a gradual growth in the core business (slightly higher interest income, higher commission income). As a result, even a further reduction of costs as well as maintaining a low balance of provisions will not be enough to generate a gross profit on the level noted in 2Q. Moreover, we do not expect the significant positive result from holdings in subordinated entities to be repeated and therefore the net result will no doubt be much lower than in 2Q.

### BZ WBK

Following two quarters in which the bank benefited from the positive effect of extraordinary and seasonal events, the moment (quarter) of truth has come. While we believe that due to investing the portfolio of marketable securities mainly in treasury bills and not bonds, the bank avoided significant losses on the bonds, we also believe that the bank's income will fall approximately 8% in comparison with 2Q. The cost side will not be able to compensate for this as benefits resulting from employee layoffs will not be seen until next year. Therefore, we forecast a decline in operating profit before provisions of 17% q/q and a decline in gross profit of 21%. Without significant changes in tax policy, this would have resulted in a net profit similar to that noted in 1Q of this year.



### ING BSK

We expect stabilisation of the margin plus only a small loss on bonds together with lower costs (the bank booked costs connected reducing employment in 2Q) to allow the bank to increase operating profit before provisions approximately 6% q/q. However, we do not believe net provision will fall significantly and therefore we do not think that 3Q results will be a turning point (according to our forecasts annualised ROE in 3Q will amount to only 3%).

### Handlowy

The bank's results in 3Q would have been much closer to results noted in 2Q (the margin stopped falling, while the level of income from fees and commissions, general expenses and costs of provisions stabilised), if not for two events: the loss on the bond portfolio and the sale of the 7.79% stake in Globe Trade Centre (GTC). The GTC shares were valued in the bank's balance sheet at PLN 7.32 mn, and the sale could have generated an approximate PLN 60 mn pre-tax profit (but the above valuation is rather an estimate as we did not conduct a thorough valuation of GTC, and moreover we do not know the terms of the transaction). We believe that the profits from this transaction more than neutralised the negative influence of the loss on bonds and made it possible to increase revenues (+5%) and profit before provisions (+22%) in relation to 2Q. We expect provisions slightly higher than in 2Q (PLN 50 mn vs. PLN 32 mn) and net profit to be similar to that noted in 2Q (we do not believe the considerable profit from participation in the results of subordinated entities will be repeated).

### BPH PBK

(PLN mn)	IIIQ 2003F	IIIQ 2002	Dynamic	2003F	2002	Dynamic
Net interest income	270	289	-6%	1082	1075	1%
Profit on banking activity	552	670	-18%	2358	2549	-7%
Profit (loss) before provisions	179	227	-21%	822	913	-10%
Gross profit (loss)	115	15	681%	482	191	152%
Net profit (loss)	79	17	356%	390	130	201%

### BZWBK (consolidated)

(PLN mn)	IIIQ 2003F	IIIQ 2002	Dynamic	2003F	2002	Dynamic
Net interest income	199	187	7%	787	819	-4%
Profit on banking activity	399	444	-10%	1626	1709	-5%
Profit (loss) before provisions	99	160	-38%	410	555	-26%
Gross profit (loss)	70	83	-16%	290	389	-25%
Net profit (loss)	49	71	-31%	209	273	-23%

### HANDLOWY

(PLN mn)	IIIQ 2003F	IIIQ 2002	Dynamic	2003F	2002	Dynamic
Net interest income	187	187	0%	712	686	4%
Profit on banking activity	467	583	-20%	1825	2099	-13%
Profit (loss) before provisions	162	296	-45%	612	877	-30%
Gross profit (loss)	94	113	-16%	244	361	-32%
Net profit (loss)	75	83	-10%	189	243	-22%

### PEKAO (consolidated)

(PLN mn)	IIIQ 2003F	IIIQ 2002	Dynamic	2003F	2002	Dynamic
Net interest income	560	714	-22%	2 395	2 868	-17%
Profit on banking activity	985	1 143	-14%	4 204	4 798	-12%
Profit (loss) before provisions	420	621	-32%	1 899	2 564	-26%
Gross profit (loss)	348	373	-7%	1 409	1 173	20%
Net profit (loss)	254	273	-7%	1 032	770	34%

### ING BSK

(PLN mn)	IIIQ 2003F	IIIQ 2002	Dynamic	2003F	2002	Dynamic
Net interest income	215	126	71%	912	1004	-9%
Profit on banking activity	378	417	-9%	1525	1672	-9%
Profit (loss) before provisions	134	156	-14%	463	601	-23%
Gross profit (loss)	34	76	-55%	161	232	-30%
Net profit (loss)	20	47	-58%	130	154	-16%

**PHARMACEUTICAL MANUFACTURERS****Jelfa**

(PLN mn)	IIIQ 2003F	IIIQ 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	57.0	59.1	-3.6%	242.1	247.7	-2.3%
Operating profit	9.1	10.0	-8.4%	28.0	33.7	-16.7%
Gross profit (loss)	8.7	11.8	-26.2%	26.5	40.3	-34.1%
Net profit (loss)	6.4	8.6	-26.2%	19.4	26.3	-26.3%

As we have discussed in earlier reports, Jelfa is encumbered with significant costs this year connected with the dynamically developing sales network. The company is noting a decline in revenues on the domestic market, which is only partly compensated by the growth in exports. The increase in the EUR exchange rate at the end of September resulted in booking differences from valuations of financial instruments in financial costs, which amounted to approximately PLN 0.5 mn. Moreover, the company significantly reduced the level of cash (the payment of a dividend of somewhat more than PLN 20 mn), as a result of which the level of financial revenues declined. In our opinion, the chances of obtaining revenues on the level noted in the previous year are currently not good. Therefore, we are reducing our year-end forecast of sales revenues to PLN 242 mn. We are forecasting a year-end net profit of PLN 19.4 mn (previous forecast PLN 21 mn).

**Polfa Kutno**

(PLN mn)	IIIQ 2003F	IIIQ 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	70.3	58.5	20.2%	243.5	211.2	15.3%
Operating profit	16.2	14.7	10.3%	46.1	39.1	17.7%
Gross profit (loss)	14.0	13.6	2.6%	41.6	34.0	22.3%
Net profit (loss)	10.2	9.9	3.4%	30.4	23.1	31.6%

We expect Polfa Kutno to generate a 3Q net profit of PLN 10.2 mn. Due to the large team of representatives, company sales continue to grow. The gross margin also remains high (particularly as the portfolio of offered products included Furaginum and Ceclor during the entire quarter – and in the case of the latter, due to seasonality, high sales can be expected in 4Q). Nevertheless, we expect a decline in the operating margin relative to 2Q due to an increase in general expenses (begun or planned promotional campaigns for Vibovit and Rutovit C).

**PGF**

(PLN mn)	IIIQ 2003F	IIIQ 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	838.0	747.6	12.1%	3 478.9	3 157.8	10.2%
Operating profit	16.3	20.4	-20.4%	65.8	72.1	-8.7%
Gross profit (loss)	17.0	10.0	69.1%	51.9	33.9	53.1%
Net profit (loss)	12.3	5.2	136.3%	34.1	24.5	39.4%

Third quarter sales revenues of pharmaceutical wholesalers are usually the lowest of the year. However, in the case of PGF, some improvement can be expected in relation to 2Q, but this results only from including revenues obtained by the Kraków Cefarm in consolidation. On the level of operating profit, the result could be worse than that noted the previous year as the consolidated firm is characterised by a significantly lower profitability. Despite high interest costs, the result on financial activity in 3Q will be positive due to booking income from the sale of real estate in Lublin by the consolidated entity Cefarm Lublin. Gross profit on this sale amounted to PLN 8.7 mn. Considering PGF's results to date as well as our forecast for 3Q, we are updating the year-end forecast. With group revenues totalling almost PLN 3.5 bn, we believe the net result will amount to approximately PLN 34.1 mn.

**MEDIA****Agora**

(PLN mn)	IIIQ 2003F	IIIQ 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	186.9	173.1	8.0%	858.0	785.3	9.3%
Operating profit	-2.9	7.2	-139.8%	54.4	74.3	-26.8%
Gross profit (loss)	-5.1	9.2	-155.7%	34.4	78.4	-56.1%
Net profit (loss)	-3.3	5.0	-165.8%	22.0	53.1	-58.5%

Due to the holiday period, 3Q is traditionally not a good one for the media sector. Our assumed growth in sales revenues is based on including AMS in consolidation using the full method (which was consolidated in 2Q 2002 with the equity method). Moreover, on the operating level we expect an improvement in the results of magazines, which supported with an marketing campaign are increasing revenues. For Gazeta Wyborcza, we expect a PLN 12 mn (-8.7%) decline in revenues in relation to 3Q 2002.

The advertising campaign of Gazeta Wyborcza (conducted in order to strengthen the daily's position prior to the Axel Springer daily "Fakt" entering the market) will have a negative influence on the level of the operating result. We estimate the costs of the (outsourced) campaign at PLN 5 mn. Moreover, in relation to 3Q 2002 this year's net result is encumbered with a larger write-off of goodwill from consolidation (PLN 2.9 mn in relation to PLN 0.9 mn the previous year).

**TELECOMMUNICATIONS****TPSA**

(PLN mn)	IIIQ 2003F	IIIQ 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	4 621.4	4 580.7	0.9%	18 596.0	18 000.9	3.3%
Operating profit	857.3	846.0	1.3%	3 171.0	2 873.3	10.4%
Gross profit (loss)	377.0	362.8	3.9%	1 332.0	997.0	33.6%
Net profit (loss)	239.6	212.6	12.7%	981.0	840.4	16.7%

TPSA's results for 3Q are expected to disappoint. Following their publication, comments are sure to appear, particularly from foreign brokers, that the company will not meet this year's forecast of a 3-5% growth in sales revenues. Following the publication of results, we will review our year-end forecast, which is currently in the low range of the management board's forecast.

The reduction in prices of calls to mobile telephones (since June of this year) will have a negative influence on the level of fixed line telephony revenues. We estimate a decline of revenues in this segment of approximately PLN 70 mn in relation to 2Q. Moreover, the operator is slowly but systematically losing market share in the segment of long distance and international calls. In our forecasts, we assume that fixed line telephony revenues will fall 5% in relation to the analogous period of the previous year.

Data concerning Neostrada sales should be a positive aspect of reported results. While results in 3Q will not translate into a growth in revenues (promotional sales, PLN 1 monthly fee for access) but only into costs connected with promotion of the service and connecting new clients, the growth in the subscriber base (which we estimate to increase to 81 thous.) will convince the market that, in the future, this segment of services will partly fill the gap in revenues created following the decline in revenues from fixed line telephony connections.

Mobile telephony is traditionally the force driving group revenues, in the case of which we expect a IIIQ2003/IIIQ2002 dynamic of revenue growth of 27%.

In connection with the PLN weakening relative to the EUR, the company will show negative exchange differences, which according to our forecast, will amount to PLN 200 mn and will have a significant influence on lowering pre-tax profit.

**Netia**

(PLN mn)	IIIQ 2003F	IIIQ 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	184.0	152.4	20.8%	674.5	604.4	11.6%
Operating profit	-10.0	-133.1	-	-318.6	-262.8	-
Gross profit (loss)	-24.8	-335.2	-	-376.6	-680.4	-
Net profit (loss)	-25.0	-328.1	-	-376.1	-675.0	-

We expect Netia to increase sales revenues in 3Q to PLN 184 mn (i.e., 21% more than in 3Q 2002). The high dynamic is due to the growth in the operator's sales of indirect services (prefix 1055), wholesale services (growing utilisation of the



## BRE Bank Securities

backbone network) and including in consolidation the company TDC Internet, acquired in the first half of the year. According to our forecast, 3Q revenues will be only 1% higher than those generated in 2Q, which results from the seasonal decline in telecom traffic during the summer as well as the reduction in prices of calls to mobile telephones (since 1 July 2003).

We expect the company to show a loss on financial activity of PLN 15 mn in 3Q. The loss will primarily result from booking unrealised exchange differences created in connection with revaluating licensing liabilities. This is only a booking procedure and will not affect the company's cash flow.

### INFORMATION TECHNOLOGY

#### Comarch

(PLN mn)	IIIQ 2003F	IIIQ 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	40.0	41.7	-4%	198.6	195.1	2%
Operating profit	3.0	1.1	173%	10.9	9.2	18%
Gross profit (loss)	2.0	0.9	122%	11.5	8.5	35%
Net profit (loss)	1.5	-0.1		8.0	4.4	82%

Consolidated data

#### Comarch excluding Interia

(PLN mn)	IIIQ 2003F	IIIQ 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	40.0	41.7	-4%	198.6	195.1	2%
Operating profit	3.0	1.1	173%	10.9	9.2	18%
Gross profit (loss)	2.0	0.9	122%	11.5	8.5	35%
Net profit (loss)	2.0	0.7	186%	10.2	7.9	29%

Consolidated data

We do not believe Comarch's sales will grow in 3Q, despite the growth in the value of the order portfolio, due to the fact that an increasing share of contracts have a long-term character (such as contracts for the electronic exchange of commercial documents and for servicing company software), which will not have an impact on current sales, but will stabilise them and improve margins in the longer term. At the turn of 2Q and 3Q Comarch signed a number of export contracts, the realisation of which will partially be reflected in 3Q results. However, we mainly expect these export contracts to have a positive impact on the margins achieved by Comarch. The third quarter of this year differed from previous quarters of the year in that the costs of developing export sales, borne by the company, were accompanied by revenues from these sales.

We expect an equally significant improvement in the results of the Comarch Group's IT business (i.e., consolidated results not including Comarch's share in the financial results of Interia).

According to the latest data, Interia's situation is stable. After launching an Internet access number with Energis, concluding a long-term cooperation agreement with Polsat, continuing cooperation with Comarch on projects connected with the Internet and the result of strong growth on the Polish Internet advertising market, according to the company's management board, Interia will not require additional financing.

#### Computerland

(PLN mn)	IIIQ 2003F	IIIQ 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	120.0	100.5	19%	490.0	502.3	-2%
Operating profit	4.5	4.4	2%	22.0	25.6	-14%
Gross profit (loss)	1.5	4.2	-64%	11.0	17.7	-38%
Net profit (loss)	1.0	2.7	-63%	7.7	12.3	-37%

Computer data

We expect an improvement in Computerland's sales in 3Q 2003. The main argument for the growth in sales is the increase in the order portfolio at mid-year. Simultaneously, we expect the rate of operating profit to fall, mainly due to the company bearing the costs of preparing for the large tenders, which on an annual basis will encumber the company approximately PLN 20 mn.



## BRE Bank Securities

According to our estimates, the balance of financial revenues and financial costs was negative in 2Q. Lower interest rates, which reduced revenues from interest on investing the cash surplus to approximately PLN 1 mn, as well as fairly high costs connected with convertible bonds (PLN 4.4 mn) contributed to this.

Computerland maintains its earlier statements that, in terms of results, the second half of the year will be better than the first half. According to our estimates, this in fact appears to be the case.

### Emax

(PLN mn)	IIIQ 2003F	IIIQ 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	40.0	30.3	32%	221.3	204.9	8%
Operating profit	2.0	2.8	-29%	26.4	19.8	33%
Gross profit (loss)	0.5	1.8	-72%	20.2	13.9	45%
Net profit (loss)	0.0	0.9	-100%	13.6	9.2	48%

Consolidated data

According to our estimates, Emax's profits will be lower than those achieved the previous year despite a growth in sales. Winuel's realisation of the first part of a large contract, mainly involving the delivery of hardware, was one reason for the decline in the operating margin in 3Q. According to the company, the second part, which will influence 4Q results, is to be characterised by significantly higher margins, due to the large share of services.

In our opinion, the growth in the goodwill write-off from consolidation was the main reason for the significant negative difference between operating profit and gross profit. However, interest costs fell following the temporary designation of a portion of funds from the issue for reducing debt.

If Emax's results in 2Q actually turn out not to be extraordinary we will consider lowering the year-end forecast. In the longer term, we remain optimistic regarding prospects for the company, which is continually seeking promising areas of activity in order to benefit from possessed resources. This brings pleasant surprises, such as Winuel's large export contract for Slovakia, placing the Emax Group among the leaders of Polish software exporters.

### Prokom

(PLN mn)	IIIQ 2003F	IIIQ 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	220.0	213.7	3%	1020.4	891.9	14%
Operating profit	27.0	40.0	-33%	140.8	132.8	6%
Gross profit (loss)	32.0	11.7	174%	130.0	143.2	-9%
Net profit (loss)	24.0	7.8	208%	94.9	100.7	-6%

Computer data

We expect a slight improvement in Prokom's sales results in 3Q 2003. The company primarily realised contracts with key clients, such as ZUS and TPSA. Prokom has not yet noted a recovery on the market of smaller contracts.

We assume that the rate of operating profit remained at approximately 12%. However, 3Q was probably weaker than the previous 2 quarters in terms of the balance of financial revenues and financial costs. The share prices of Softbank and Ster-Projekt have not increased as rapidly. The company de-booked a portion of profit from the dissolution of a reserve for a bonus that Prokom was to pay Aleksander Lesz (following the change in the settlement principles between Mr. Lesz and Prokom). The balance of financial revenues and financial costs should amount to several million PLN.

In summary, we believe Prokom's non-consolidated 3Q net profit will be significantly better than in the analogous period of the previous year.

**CONSTRUCTION****Budimex**

(PLN mn)	IIIQ 2003F	IIIQ 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	790.0	761.5	4%	2500.0	2439.5	2%
Operating profit	13.2	38.3	-66%	25.0	4.4	468%
Gross profit (loss)	10.7	37.1	-71%	13.0	-24.7	
Net profit (loss)	8.0	23.0	-65%	9.5	-38.0	

Consolidated data

According to CSO data concerning sales of Polish construction firms, assembly-construction production in Poland fell approximately 3% in 3Q in relation to 3Q 2002. Average prices of construction services were also slightly lower than the previous year. This means that the environment in which Budimex operates improved only marginally relative to previous quarters.

Despite this, we expect that Budimex managed to increase its share in the Polish construction market as it did in the previous two quarters, primarily due to the firm's financial strength, guaranteeing it an image as a reliable contractor (in the eyes of investors) as well as allowing it to finance projects.

We forecast Budimex obtained gross margins on sales of approximately 8% and administrative costs and selling costs totalled approximately PLN 40 mn. Moreover, we cautiously assume Budimex created net allowances for accounts receivable of PLN 10 mn in 3Q 2003, which would be an amount similar to average allowance costs from each of the previous quarters of the year.

Our forecast does not include profit from the sale of the office building on Marszalkowska Street in Warsaw. The company has not yet established how to present this sale in financial reports. According to the latest information, the value of the building in the consolidated balance sheet was approximately PLN 20 mn, but PLN 91 mn in the balance sheet of the subsidiary company Budimex Nieruchomości. The building was sold for PLN 97.5 mn.

Despite the unfavourable demand situation on the market of construction services, we continue to believe that due to cost reductions and closer monitoring of client credit worthiness Budimex should generate a decidedly better year-end result than last year, both on the operating and net profit levels.

**Echo Investment**

(PLN mn)	IIIQ 2003F	IIIQ 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	85.0	68.8	24%	320.0	235.2	36%
Operating profit	20.0	16.6	20%	77.0	49.3	56%
Gross profit (loss)	10.0	8.0	25%	49.0	39.2	25%
Net profit (loss)	7.0	4.7	49%	34.0	25.0	36%

Consolidated data

According to our estimates, Echo generated better results in 3Q than it did one year ago. In our opinion, stable revenues from leasing and high sales of dwellings, driven by fears of higher prices following the introduction of a higher VAT rate next year, will improve sales. However, the increased demand for housing was not accompanied by a growth in margins achieved on their sale. Therefore, operating profit increased at a rate similar to sales.

PLN weakening against the EUR had a negative impact on Echo's financial costs in 2Q 2003 – the negative balance of financial revenues and financial costs increased to PLN 8 mn. However, it should be kept in mind that Echo has naturally protected against the exchange risk: agreements for leasing commercial space are concluded in euro, due to which weakening of the PLN against the EUR increases the value of leased facilities and Echo's value, expressed in EUR. (An Echo investment expressed in PLN gives a profit expressed in EUR, therefore a growth in the value of the EUR increases this profit calculated in PLN, without changing the value of the investment.)

**OTHER COMPANIES****Amica**

(PLN mn)	IIIQ 2003F	IIIQ 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	289.4	279.4	3.6%	973.7	923.8	5.4%
Operating profit	15.2	18.5	-17.7%	19.1	44.4	-57.0%
Gross profit (loss)	6.3	8.8	-28.1%	-15.8	2.8	-665.1%
Net profit (loss)	6.3	5.9	7.8%	-12.8	4.6	-378.0%

Amica was a major beneficiary of the growth in sales noted throughout the sector, particularly as large demand was noted in the segment of built-in appliances, which is characterised by the highest profitability. Growing export sales also exerted a positive influence on realised revenues. We believe that changes occurring in the structure of demand, and therefore the growth in demand for average and higher priced appliances, as well as conducted restructuring (in particular the reorganisation of the marketing and sales departments), contributed to improving margins in relation to the first half of this year. The third quarter of 2003 will be the first quarter in the last 12 months to note a profit. We estimate that Amica will note a consolidated profit of approximately PLN 6.3 mn. Net profit could be PLN 3-4 mn higher in the company report. However, this will be insufficient, in cumulative terms, to generate a positive result, but losses for the full year will certainly be lower than were expected following results for the first half of the year.

**Forte**

(PLN mn)	IIIQ 2003F	IIIQ 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	96.5	91.9	5.0%	346.5	266.2	30.2%
Operating profit	7.2	9.1	-20.4%	20.3	16.4	23.3%
Gross profit (loss)	5.7	8.6	-33.4%	16.4	7.8	110.7%
Net profit (loss)	4.2	7.9	-47.3%	11.2	7.5	49.6%

The entire second half of 2003 should be somewhat better for the company than that noted in the analogous period of the previous year on the EBIT level and somewhat worse in terms of net profit. The lower net profit on higher revenues (the furniture market has noted significant growth in recent months) will be due to:

- a higher tax rate than that of one year ago (no tax shield),
- bearing costs of revaluating loans (loans of approximately PLN 40 mn are denominated in EUR),
- July's stoppage connected with installation of new machinery (modernisation of machinery estimated at approximately PLN 15 mn).

The third quarter of 2002 was an excellent quarter in terms of sales. Seasonality should be more typical this year (i.e., in terms of sales, 4Q should be significantly better than 3Q). Moreover, we expect that the negative influence of the exchange rate in 3Q 2003 should largely be eliminated by the end of the year. Increased labour efficiency could also be evident in 4Q 2003 following the reduction of employment from 1600 to 1400 in September. According to company representatives, year-end net profit should exceed the earlier forecast of PLN 8.4 mn. We estimate it will amount to PLN 11.2 mn.

**Grupa Kęty**

(PLN mn)	IIIQ 2003F	IIIQ 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	203,0	173,6	17,0%	691,5	623,3	10,9%
Operating profit	31,8	31,5	0,8%	88,3	81,6	8,2%
Gross profit (loss)	28,5	24,7	15,7%	81,5	61,3	33,0%
Net profit (loss)	23,9	20,0	19,5%	62,9	47,7	31,9%

We expect the trends observed in previous months to continue in 3Q (i.e., a dynamic growth of volume and sales revenues on export markets as well as stable growth in domestic sales). Despite the fact that the company did not manage to obtain earlier planned contracts in the segment of aluminium profiles, the growth in orders from small clients compensated for the gap created in this way in relation to budget assumptions. Moreover, macroeconomic factors, such as low prices of aluminium, a weak dollar and strong euro, are favourable for Kęty.



**Hoop**

(PLN mn)	IIIQ 2003F	IIIQ 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	100.0	n/a	n/a	378.1	329.1	15%
Operating profit	12.0	n/a	n/a	29.9	29.6	1%
Gross profit (loss)	8.0	n/a	n/a	25.9	17.0	52%
Net profit (loss)	8.0	n/a	n/a	23.8	16.2	47%

Consolidated data, net sales – according to the 2003 method of presentation, data for 2002 – estimates BRE Bank Securities

Available data concerning the financial results of Hoop for 3Q 2002 are incomparable with the current method of presenting results (among others, the balance sheet did not include leasing), as a result of which the above table does not contain comparable data. Such data will be available when Hoop publishes 3Q results.

From estimates based on AC Nielsen data for the first 8 months of 2003, it results that the market shares of Hoop increased in July and August 2003 in relation to July and August 2002 in two of the three most important product categories: carbonated beverages (from 7.5% to 8.5%) and mineral waters (from 4% to 6%). However, Hoop's share in the market of non-carbonated beverages fell (from 18.5% to 16.3%). This data, in comparison with data concerning the size of individual segments of the market, would indicate an approximate 20% growth in Hoop's sales. However, company estimates state a growth in sales of only several percent. Only following the publication of the quarterly report will we be able to explain this discrepancy. For the time being, we assume that Hoop's forecasts will be confirmed.

We expect the company to maintain an operating margin of 12%, comparable to that obtained one year ago with a similar level of sales. Negative exchange differences were probably high, resulting from PLN weakening relative to the EUR in 3Q and changes in valuations of leasing liabilities.

If our forecast of 3Q results are confirmed, it is unlikely that Hoop will meet our year-end forecast, and as a result we will be forced to adjust it downward.

**KGHM**

(PLN mn)	IIIQ 2003F	IIIQ 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	1 157.1	1 082.8	6.9%	4 596.5	4 501.0	2.1%
Operating profit	81.2	48.9	66.1%	284.2	228.0	24.6%
Gross profit (loss)	33.4	117.6	-71.6%	334.5	286.0	17.0%
Net profit (loss)	26.2	103.5	-74.6%	260.5	223.0	16.8%

With an average price of copper of 1751 USD/t and an average USD/PLN exchange rate of 3.93, we expect the company to generate revenues of PLN 1.157 bn (i.e., 6.9% more than in 3Q 2002 and 7.6% more than in 2Q 2003, in which the two core parameters defining sales amounted to 1642 USD/t and 3.93, respectively). In relation to 3Q 2002, in our forecasts we assume a 1% growth in the volume of copper sales as well as a 3% decline in the volume of silver sales. The lower level of silver sales should be compensated by the increase in the average price of the metal, which increased 7.4% in relation to 2Q 2003. In regard to operating costs, we expect the per unit cost of copper production will amount to 6 528 PLN/t, and to 6 175 PLN/t in cumulative terms for the first 3 quarters of the year.

In the case of KGHM, it is traditionally difficult to estimate the result on financial activity, due to the fact that the company does not disclose information concerning the current level of reserves for fluctuations in copper prices and exchange rates. We adopted a scenario in the forecasts in which the company will bear a loss of PLN 56 mn on transactions involving the above.

**Orbis**

(PLN mn)	IIIQ 2003F	IIIQ 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	268.3	250.8	7.0%	793.5	819.4	-3.2%
Operating profit	39.5	36.2	9.2%	51.2	32.3	58.6%
Gross profit (loss)	41.7	37.4	11.6%	74.2	51.4	44.3%
Net profit (loss)	28.6	24.6	16.1%	54.8	35.0	56.5%



## BRE Bank Securities

Based on statements of president Grelowski, it results that the occupancy rate for all the company's hotels in 3Q exceeded 60%. This would be a surprising but very good result, indicating an increase in the occupancy rate in relation to 3Q 2002 from a level of 53%. Translating the data concerning the occupancy rate into the number of sold roomnights, the company would note a 13% growth. If this data is confirmed, 3Q results for Orbis will be very good indeed. The main reason for the growth in the occupancy rate is the growth in sales of hotel services in tourist regions. A weak PLN and expensive foreign holidays persuaded more Polish tourists to holiday in Poland.

In our forecasts, we assume that the company will sell 12% more roomnights than it did one year ago. The Average Daily Room Rate will amount to PLN 202, which is 3% less than in the analogous period of the previous year. With an assumed growth in sales revenues and the effect of operating leverage, we expect a result on operating activity of PLN 40 mn.

### PKN ORLEN

(PLN mn)	IIIQ 2003F	IIIQ 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	8 827	7 161	23.3%	32 563	26 328	23.7%
Operating profit	340	290	17.3%	1 314	762	72.5%
Gross profit (loss)	276	259	6.9%	1 214	778	56.1%
Net profit (loss)	203	177	14.8%	985	486	102.5%

We expect PKN Orlen to generate a net profit of approximately PLN 203 mn in 3Q. The continuing high price of petroleum (28.8 USD/barrel, although it is worth noting that the Ural/Brent differential – USD 1.24 – was lower than in IH), refining margins (approximately USD 2.5 per barrel), and the somewhat higher average PLN/USD exchange rate (3.94) all had a favourable influence on the result. However, the latter element had a negative influence on the value of foreign currency loans possessed by PKN Orlen and therefore financial costs were higher than in the analogous quarter of the previous year. Our forecast of full year net profit was PLN 793 mn. Considering the expected very good result for 3Q as well as the fact that in 4Q net profit will be increased almost PLN 100 mn from revaluating the reserve for income tax in connection with the reduction in the tax rate (which we did not include earlier), we are raising our year-end forecast to PLN 985 mn.

### Stomil Sanok

(PLN mn)	IIIQ 2003F	IIIQ 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	71.1	55.0	29.2%	254.7	202.5	25.8%
Operating profit	10.7	7.0	52.0%	29.5	15.8	86.8%
Gross profit (loss)	10.9	7.6	43.6%	29.0	17.2	68.2%
Net profit (loss)	7.9	5.5	44.5%	21.1	12.6	68.2%

We expect 3Q to be a very good quarter for Stomil Sanok due to factors on which the company has no influence, such as seasonality (particularly in construction segments: sealing systems for windows and self-adhesive seals) and the high price of the EUR (Stomil Sanok is a net exporter in EUR). Activities undertaken by the company, such as cost restructuring (including among others reduced raw materials losses, increased labour efficiency, and re-negotiating contracts with suppliers) and broadening the client base will also contribute to the good results. Our year-end forecast is similar to forecasts issued by the company's management board.

**Publication dates of quarterly reports for IIIQ 2003**

Company	Publication date of non-consolidated report for IIIQ 2003	Publication date of consolidated report for IIIQ 2003
7 BULLS		04.11.2003
AGORA		06.11.2003
AMICA	04.11.2003	14.11.2003
BACA		29.10.2003
BPH PBK		29.10.2003
BRE		14.11.2003
BUDIMEX		13.11.2003
BZWBK		13.11.2003
CERSANIT		14.11.2003
COMARCH	04.11.2003	14.11.2003
COMPUTERLAND	04.11.2003	14.11.2003
CSS		14.11.2003
DĘBICA	04.11.2003	
ECHO INVESTMENT		14.11.2003
ELEKTRIM	04.11.2003	14.11.2003
ELEKTROBUDOWA	21.10.2003	
FARMACOL	04.11.2003	14.11.2003
GETIN	24.10.2003	
GROCLIN		06.11.2003
GRUPA ONET		14.11.2003
HANDLOWY	04.11.2003	14.11.2003
IMPEXMETAL	04.11.2003	
ING BSK		14.11.2003
IRENA	04.11.2003	14.11.2003
JELFA	04.11.2003	
KGHM	04.11.2003	14.11.2003
KĘTY	06.11.2003	
KREDYT BANK		14.11.2003
KRUSZWICA	04.11.2003	
LENTEX		07.11.2003
LPP	04.11.2003	
MENNICA	04.11.2003	14.11.2003
MILLENNIUM	20.10.2003	20.10.2003
MOSTOSTAL GDAŃSK	04.11.2003	14.11.2003
MOSTOSTAL WARSZAWA	04.11.2003	14.11.2003
MOSTOSTAL ZABRZE		14.11.2003
MPEC WROCLAW	04.11.2003	
NETIA	05.11.2003	05.11.2003
OKOCIM		07.11.2003
OPTIMUS		14.11.2003
ORBIS	05.11.2003	14.11.2003
ORFE		14.11.2003
PEKAO S.A.		13.11.2003
PGF	14.11.2003	14.11.2003
PKN ORLEN		
POLFA KUTNO	04.11.2003	
POLIFARB CW	04.11.2003	14.11.2003
PROKOM		14.11.2003
PROSPER	04.11.2003	14.11.2003
RAFAKO	27.10.2003	31.10.2003



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SOFTBANK	12.11.2003	12.11.2003
STER PROJEKT	04.11.2003	14.11.2003
STOMIL OLSZTYN	04.11.2003	
ŚWIECIE	20.10.2003	
TPSA		14.11.2003
TRAS TYCHY	04.11.2003	14.11.2003
ŻYWIEC		14.11.2003

*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

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*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