

16 April 2008

Periodic Report



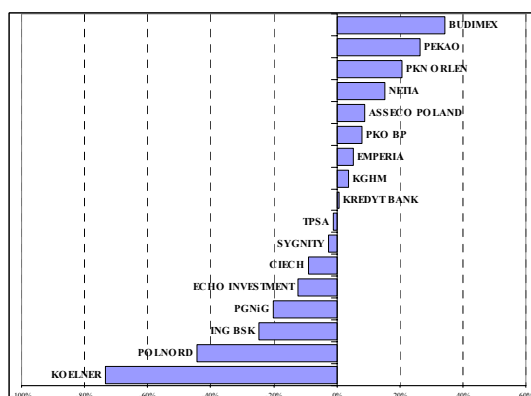
Equity Market

| | |
|-------------------------------|---------------|
| WIG | 47 006 |
| Average 2008E P/E | 14.6 |
| Average 2009E P/E | 11.7 |
| Avg daily trading volume (3M) | PLN 1 557m |

Forecasts of Quarterly Results

Q1 2008

EPS growth for selected stocks*



* Q2'07/Q1'08, Q1'07/Q4'07

Analysts:

Michał Marczak
(+48 22) 697 47 38
michal.marczak@dibre.com.pl

Marta Jeżewska
(+48 22) 697 47 37
marta.jezewska@dibre.com.pl

Kamil Kliszcz
(+48 22) 697 47 06
kamil.kliszcz@dibre.com.pl

Piotr Janik
(+48 22) 697 47 40
piotr.janik@dibre.com.pl

Kacper Żak, CFA
(+48 22) 697 47 41
kacper.zak@dibre.com.pl

Piotr Grzybowski
(+48 22) 697 47 17
piotr.grzybowski@dibre.com.pl

Banks. Earnings will be under pressure from the depressed capital markets (investment funds and brokerage houses) and the expanding costs (pressure on salaries, inflation, expanding networks). PKO BP's quarterly results are crucial. If the bank is able to show PLN 1bn in net income without lowering its provisions, it will be the highlight of this reporting season.

Gas&Oil. Given the macroeconomic environment (margins and the USD/PLN exchange rate), Lotos and Orlen will find it difficult to attain high-quality operating results, but for both of them, nominal earnings should grow year-on-year thanks to the LIFO effect. At the net income level, foreign exchange gains will give an additional boost. PGNiG's earnings will plunge by ca. 30% y/y because the new natural gas tariff was not introduced in Q1.

Telecommunications. For TP, we are expecting that the slower rate of revenue decrease (-0.8%) will be positively received, and that the EBITDA margin will remain at 41.5% (a conservative assumption). Netia is generating high losses as it bears the costs of entry into the mass market and continues to consolidate PLAY's results.

Media. As a result of fast-growing consumption, the advertising market is growing fast as well. For both TVN and Agora, we are expecting the higher advertising revenues to offset expanding costs and to boost their EBITDA margins.

IT. The first quarter is always the weakest earnings season for IT companies, and this year was no different, with government agencies making hardly any orders. Even so, we expect to be positively surprised by some tech companies.

Metals. KGHM and Kęty are both under pressure from a strong zloty (the negative impact is already discounted in their stock prices), but the former's first-quarter earnings will receive a boost from dividends received from Polkomtel.

Construction. Mild weather allowed construction companies to continue working throughout the first quarter (production in constant prices rose 6.6% y/y in January and 20.7% y/y in February against a high base).

Developers. The housing market remained slow during the first quarter, and developers are still hoping for a rebound in the second quarter. The earnings of commercial developers are affected by the euro's depreciation against the zloty. No significant revaluation gains were recognized on development property portfolios in Q1.

Retail. We expect considerable year-on-year improvement in retailer earnings, driven by strong revenues generated by both Emperia (organic growth and acquisitions), and Eurocash (organic growth). Eurocash is likely to exceed expectations and double its net income in spite of a seasonal slowdown.

Financial Sector



Banks

 Analyst:
Marta Jeżewska

BZ WBK

Accumulate

| | | | | | |
|----------|------|-----------|-----|----------------------|------------------|
| 2008 P/E | 11.7 | 2008 P/BV | 2.5 | Current price | PLN 165.9 |
| 2009 P/E | 10.1 | 2009 P/BV | 2.1 | Target price | PLN 208.9 |

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|-----------------------|---------|--------|--------|-------|-------|--------|-------|-------|--------|
| Net interest income | 378 | 290 | 30.2% | 1594 | 1287 | 23.9% | 1842 | 1594 | 15.6% |
| Net interest margin | 3.6% | 3.4% | | 3.5% | 3.5% | | 3.5% | 3.5% | |
| Rev. from bank. oper. | 769 | 678 | 13.3% | 3 413 | 2 941 | 16.1% | 3 859 | 3 413 | 13.1% |
| Operating profit* | 372 | 346 | 7.5% | 1619 | 1395 | 16.0% | 1867 | 1619 | 15.3% |
| Pre-tax profit | 348 | 366 | -5.1% | 1485 | 1391 | 6.7% | 1705 | 1485 | 14.8% |
| Net profit | 248 | 261 | -4.8% | 1035 | 955 | 8.4% | 1201 | 1035 | 16.0% |

Under pressure from equity markets

Earnings are under strong pressure from the weakened sentiment in equity markets, as a result of which customers are selling their investment fund units, inflows are meager and the stock market turnover is down. At the same time, costs can be expected to expand fast vs. Q1'07 (we assume by 23% y/y), due to the pressure on salaries, to inflation and to network expansion. We are expecting fee income to decrease by 7% q/q, from PLN 401m to PLN 373m, and to remain basically unchanged vs. Q1'07 (PLN 367m). We are also expecting the Bank's earnings to be more impacted by the cost of risk. The Bank's capacity to release provisions is decreasing, but given the high quality of its assets and the good macroeconomic situation, it does not appear necessary to create significant new ones. We assume they will be equal to 0.3% of the average net loan portfolio (-PLN 24m). This level is much higher than in Q4'07 (only -PLN 1m) and in Q1'07, when the bank released PLN 21m worth of provisions. We are expecting net income to improve strongly vs. Q4'07 (to PLN 170m, +46% q/q). This will happen because expenses will decrease sharply, interest income will continue to improve and there will be no loss on the sale of bad debt (PLN 26m in Q4'07). Net income, however, will decrease by 5% y/y, due to the fast-expanding costs, credit risk provisions and the slower growth of interest income.



Banks

 Analyst:
Marta Jeżewska

Handlowy

Buy

| | | | | | |
|----------|------|-----------|-----|----------------------|------------------|
| 2008 P/E | 11.7 | 2008 P/BV | 2.0 | Current price | PLN 91.4 |
| 2009 P/E | 11.0 | 2009 P/BV | 1.9 | Target price | PLN 109.8 |

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|-----------------------|---------|--------|--------|-------|-------|--------|-------|-------|--------|
| Net interest income | 323 | 290 | 11.4% | 1438 | 1204 | 19.4% | 1570 | 1438 | 9.2% |
| Net interest margin | 3.2% | 3.1% | | 3.6% | 3.2% | | 3.6% | 3.6% | |
| Rev. from bank. oper. | 608 | 590 | 3.0% | 2 734 | 2 447 | 11.7% | 2 974 | 2 734 | 8.8% |
| Operating profit* | 211 | 229 | -8.0% | 1255 | 995 | 26.2% | 1420 | 1255 | 13.1% |
| Pre-tax profit | 211 | 249 | -15.5% | 1255 | 1042 | 20.5% | 1335 | 1255 | 6.3% |
| Net profit | 171 | 197 | -13.6% | 1017 | 826 | 23.1% | 1081 | 1017 | 6.3% |

Restructuring expenses

The Bank has announced a plan to improve basic ratios within three years. The goal is for ROE to exceed 20% in each of the three upcoming years, and for the C/I ratio to fall below 50% at year-end 2010. This would indeed be a significant improvement. To achieve these goals, the Bank will expand its retail division, improve its standing in the corporate segment and cut expenses. We will have to wait for the positive effects of intensified sales efforts. Customer service is to be improved by network optimization, increased contact with clients and a reform at the back-office, which, until now, has been organized by customer segment and not by business segment. There are plans to lay off approximately 490 people, which will make it necessary to create a restructuring reserve. We assume that as a result of this, personnel costs will be ca. PLN 40m higher in Q1'08, after which they should decrease. Other expectations are an increase of over 10% in interest income due to the growing volumes, flat fee income (PLN 181m vs. PLN 178m in Q1'07 and PLN 182m in Q4'07) and lower trading income (PLN 104m vs. PLN 122m in Q1'07 and PLN 110m in Q4'07). Fee income is being depressed by the decreased sales of investment and insurance products, as well as by the decrease in assets under management. The brokerage house will not have a negative impact on fee income, as its revenues increased by 9.9% y/y (vs. a ca. 15% decrease in the entire market). Q1'07 trading income was boosted by the sales of capital investments, which we do not expect to happen in this quarter. We are assuming a zero balance of provisions, although releases are still possible.


Banks

 Analyst:
Marta Jeżewska

ING BSK

Hold

 2008 P/E 12.9 2008 P/BV 1.5
 2009 P/E 10.6 2009 P/BV 1.3

Current price **PLN 524.0**
Target price **PLN 562.0**

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|-----------------------|---------|--------|--------|-------|-------|--------|-------|-------|--------|
| Net interest income | 274 | 261 | 4.8% | 1202 | 1049 | 14.6% | 1396 | 1202 | 16.1% |
| Net interest margin | 2.0% | 2.0% | | 2.1% | 2.1% | | 2.2% | 2.1% | |
| Rev. from bank. oper. | 517 | 512 | 1.1% | 2 195 | 2 010 | 9.2% | 2 469 | 2 195 | 12.5% |
| Operating profit* | 166 | 190 | -12.4% | 705 | 639 | 10.2% | 857 | 705 | 21.6% |
| Pre-tax profit | 157 | 209 | -24.8% | 663 | 788 | -15.8% | 803 | 663 | 21.1% |
| Net profit | 126 | 167 | -24.9% | 530 | 631 | -16.0% | 643 | 530 | 21.2% |

Growing return on bonds and shrinking investment fund assets put a pressure on earnings

ING investment fund assets decreased by 21% q/q and 20% y/y. ING BSK is the main distributor of the units of these funds (over 47% of all sales at year-end 2007). We are assuming that fee income will reach PLN 235m (vs. PLN 244m in Q4'07 and PLN 203m in Q1'07). At the same time, the bank may recognize losses from debt valuation, and its exposure to debt instruments is rather high (30% of assets at year-end 2007). This will have a negative impact on trading income. We are not expecting large losses, i.e. such as in Q4'07, but we should not expect significant gains either (+PLN 9m, vs. -PLN 44m in Q4'07 and PLN 48m in Q1'07). Revenue will grow at a moderate rate, due to the decreasing net income and to the decelerating fee income. We anticipate PLN 355m in total costs (vs. PLN 347m in Q4'07 and PLN 335m in Q1'07). Costs will increase 6% vs. Q1'07, which is in line with Q4'07 (5.6% y/y). We assume that the Bank will have less and less room to release provisions. We estimate there will be net provision charges of PLN 21m (0.5% of the average net loan portfolio). We do, however, see the potential for the level of provisions to be lower. We are expecting net income to improve strongly vs. Q4'07, by 29% (from PLN 97m). This change is due to trading income. At the same time, trading income is responsible for the 25% year-on-year net income decrease, as described above.


Banks

 Analyst:
Marta Jeżewska

Kredyt Bank

Accumulate

 2008 P/E 15.9 2008 P/BV 2.2
 2009 P/E 12.2 2009 P/BV 2.0

Current price **PLN 21.5**
Target price **PLN 25.1**

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|-----------------------|---------|--------|--------|-------|------|--------|-------|-------|--------|
| Net interest income | 240 | 199 | 20.9% | 999 | 871 | 14.7% | 1155 | 999 | 15.6% |
| Net interest margin | 3.5% | 3.6% | | 3.2% | 3.5% | | 3.3% | 3.2% | |
| Rev. from bank. oper. | 360 | 300 | 20.2% | 1524 | 1362 | 11.8% | 1747 | 1524 | 14.7% |
| Operating profit* | 126 | 100 | 26.2% | 544 | 470 | 15.7% | 702 | 544 | 29.0% |
| Pre-tax profit | 105 | 101 | 4.1% | 454 | 502 | -9.5% | 593 | 454 | 30.5% |
| Net profit | 85 | 80 | 7.2% | 368 | 391 | -5.7% | 480 | 368 | 30.5% |

No more one-off revenues

As in the previous years Kredyt Bank's earnings were significantly boosted by one-off revenues, in 2008 net income will not improve. Last year, just the sales of bad debt brought in PLN 55m in additional revenues (PLN 8m in Q1'07 and the whopping PLN 34m in Q4'07). According to the Bank, in Q4'07 the last retail NPLs were sold and we should not expect further transactions of this kind in the upcoming quarters. Without these revenues, overall banking income will decrease, which will be seen already in Q1'08/Q1'07 comparisons. We are also expecting that the Bank's own collections will slow down, which will be reflected in the balance of provisions. Last year, the Bank released provisions totaling PLN 30m. This year, we are anticipating net provision charges equal to 0.5% of the average net loan portfolio (of that -PLN 21m coming in Q1'08). We do, however, see the potential for further collections, which will have a positive impact on the balance of provisions.

As far as operations are concerned, we are expecting significant increases in both interest income (21% y/y) and fee income (PLN 80m forecasted, 26% y/y). The Bank does not have a brokerage house or investment funds among its subsidiaries. It does distribute the units of KBC funds, which, due to the high share of closed funds and capital protection funds, did not tumble as dramatically as the entire market (+0.1% y/y and only -9% q/q, vs. -7% y/y and -19% q/q for the entire market). We are expecting costs to expand by 13% y/y due to the pressure on salaries and the expanding network. We do believe that expenses could be reduced, as the C/I ratio is high (-67.5% in 2007, -70% without counting the revenues from the sale of bad debt).


Banks

 Analyst:
Marta Jeżewska

Millennium

Accumulate

 2008 P/E 13.1 2008 P/BV 2.4
 2009 P/E 10.7 2009 P/BV 2.1

Current price **PLN 8.2**
Target price **PLN 9.7**

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|-----------------------|---------|--------|--------|-------|-------|--------|-------|-------|--------|
| Net interest income | 230 | 169 | 36.6% | 995 | 772 | 29.0% | 1 214 | 995 | 22.0% |
| Net interest margin | 3.0% | 2.7% | | 2.9% | 2.8% | | 2.9% | 2.9% | |
| Rev. from bank. oper. | 435 | 364 | 19.7% | 1 994 | 1 648 | 21.0% | 2 341 | 1 994 | 17.4% |
| Operating profit* | 173 | 140 | 23.6% | 821 | 673 | 22.0% | 1 017 | 821 | 23.8% |
| Pre-tax profit | 145 | 106 | 37.5% | 667 | 606 | 10.0% | 821 | 667 | 23.1% |
| Net profit | 118 | 84 | 39.8% | 530 | 483 | 9.6% | 652 | 530 | 23.1% |

Still growing fast

The Bank will continue to see high Y/Y growth of its loan portfolio, with the effects of dampened demand for mortgages noticeable in the latter part of the year. The Bank is aiming to maintain its market shares in the segment, which, given our assumptions for the entire market, entails an over 30% y/y portfolio growth. As mortgages constitute more than 50% of all Bank Millennium loans, they will determine how fast the entire loan portfolio grows. Interest income will grow by 37% y/y. Fee income in turn will be under pressure from the shrinking assets under management at investment funds (-31% q/q and -19% y/y on March 31, 2008), the lack of distribution fees and the slowdown in the stock market. We are forecasting PLN 130m in fee income (vs. PLN 145m in Q4'07 and PLN 114m in Q1'07). We are expecting operating costs of PLN 272m, i.e. -12% q/q and +18% y/y. The quarter-on-quarter decrease is partially a seasonality, but it is above all due to the one-off charge-off of the value of the old headquarters that was recognized in Q4'07 (PLN 21m). The year-on-year growth is due to the network expansion and to the pressure on salaries. We estimate that there will be net provision charges equal to 0.5% of the average net loan portfolio (-PLN 28m vs. -PLN 1m in Q4'07 and the whopping -PLN 34m in Q1'07). The decrease vs. Q1'07 stems from the very high costs of risk in that quarter (related to the creation of general risk IBNR reserve). Due to the high costs in Q4'07, net income will be flat quarter-on-quarter (PLN 122m in Q4'07). The lower costs will offset the effect of the decelerating fee income. Given the high balance of provisions in Q1'07, net income will grow very fast year-on-year (almost 40%).


Banks

 Analyst:
Marta Jeżewska

Noble Bank

Accumulate

 2008 P/E 13.3 2008 P/BV 3.1
 2009 P/E 10.8 2009 P/BV 2.4

Current price **PLN 10.2**
Target price **PLN 11.4**

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|-----------------------|---------|--------|--------|-------|------|--------|-------|-------|--------|
| Net interest income | 22 | 7 | 232.7% | 74 | 33 | 127.8% | 113 | 74 | 51.6% |
| Net interest margin | 3.8% | 4.8% | | 2.7% | 3.4% | -21.1% | 2.9% | 2.7% | 7.5% |
| Rev. from bank. oper. | 83 | 41 | 100.4% | 370 | 245 | 51.3% | 494 | 370 | 33.5% |
| Operating profit* | 48 | 25 | 88.4% | 224 | 138 | 62.2% | 292 | 224 | 30.5% |
| Pre-tax profit | 48 | 27 | 79.3% | 212 | 156 | 36.2% | 263 | 212 | 24.3% |
| Net profit | 39 | 25 | 55.4% | 165 | 126 | 30.1% | 203 | 165 | 23.6% |

Despite clouds on the horizon, our PLN 165m net income forecast for FY2008 should be met

Noble Bank should have PLN 39m in net income, +PLN 1m on Q4'07. Had it not been for the net provision releases of PLN 14m in Q4'07, we would be seeing a greater quarter-on-quarter improvement (in Q1'08, there are zero costs of risk). At the OPEX level, we are expecting a 58% q/q improvement (by PLN 18m). It is possible to achieve such a high quarter-on-quarter growth rate because the Bank is in the early stages of its development.

Despite the worsened sentiment in the mortgage loan market, NB is seeing very good results in this segment. Even if MetroBank sells the same amount of loans as in Q4'07 (PLN 426m), this will entail an over 29% q/q portfolio growth, and over 5-fold y/y growth. The soaring loan portfolio will be boosting interest income and foreign exchange gains (there is a significant share of foreign-currency loans). OF could be expected to suffer from the dampened demand for mortgages, but according to Noble Bank representatives February and March will bring in record-high sales revenues. Until now, the highest quarterly revenues from mortgage brokerage were seen in Q2'07 (PLN 1.2bn). We believe that there is a real chance that this record will be broken, which implies a significant increase of OF's market share.

The sales of investment products will decrease, both for own products and for products of other companies. At the end of Q1'08m, the assets of Noble Funds (retail funds only) stood at PLN 884m, which is 21% less than at the end of 2007. This is in line with market trends (assets under management down by 19% q/q), but in February they decreased by over 7% m/m, while the entire market saw only a 1% fall. We see little potential coming from the distribution of investment fund units. Year-on-year, there was a huge increase in assets under management (over 700%), because the funds are at an early stage of development. We expect that sales of investment fund units via OF will not be significant due to the overall sentiment in the market.


Banks

 Analyst:
Marta Jeżewska

Pekao

Buy

 2008 P/E 12.7 2008 P/BV 3.2
 2009 P/E 11.1 2009 P/BV 2.9

Current price **PLN 194,8**
Target price **PLN 245,0**

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|-----------------------|---------|--------|--------|-------|------|--------|-------|-------|--------|
| Net interest income | 1174 | 593 | 98.0% | 5024 | 4323 | 16.2% | 5457 | 5024 | 8.6% |
| Net interest margin | 3.7% | 3.4% | | 3.7% | 3.5% | | 3.7% | 3.7% | |
| Rev. from bank. oper. | 2083 | 1205 | 72.8% | 9116 | 8314 | 9.6% | 10000 | 9116 | 9.7% |
| Operating profit* | 1391 | 627 | 121.8% | 5236 | 4510 | 16.1% | 6027 | 5236 | 15.1% |
| Pre-tax profit | 1338 | 617 | 116.7% | 4963 | 4342 | 14.3% | 5705 | 4963 | 14.9% |
| Net profit | 1080 | 502 | 115.1% | 4012 | 3547 | 13.1% | 4612 | 4012 | 14.9% |

** historical data for Pekao prior to the merger; uncomparable data

Significant costs of the merger

Everybody will be expecting Pekao's results with impatience. This will be the first occasion for the investors to assess Big Pekao functioning as one bank. Any pro-forma estimates hitherto made did not fully reflect the strengths and weaknesses of the merged bank. In addition to recurrent activities, the Q1'08 earnings will be impacted by two factors: the gain from the sale of the corporate division of CDM Pekao and expenses stemming from the merger (IT outsourcing, consulting, customer transfer to the Pekao IT system). According to an announcement made by the Bank, the sale of the corporate division of CDM Pekao brought in PLN 450m, to be adjusted for the audited 2007 earnings. We are assuming that the Bank's pre-tax profit on this sale will be PLN 430m. This will boost net income by ca. PLN 348m. As for merger expenses, in Q1'08 they will reach PLN 100m. Net income will exceed PLN 1bn, but this will mostly be due to this one-off transaction. Had it not happened, the PLN 1bn mark would have been missed by quite a wide margin. Our forecasts have a wide error margin, as we have limited information on Big Pekao earnings in Q4'07 (in particular on accounting principles used).


Banks

 Analyst:
Marta Jeżewska

PKO BP

Buy

 2008 P/E 13.7 2008 P/BV 3.1
 2009 P/E 11.1 2009 P/BV 2.6

Current price **PLN 44.4**
Target price **PLN 55.5**

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|-----------------------|---------|--------|--------|-------|-------|--------|-------|-------|--------|
| Net interest income | 1405 | 1029 | 36.5% | 5330 | 4644 | 14.8% | 6307 | 5330 | 18.3% |
| Net interest margin | 5.0% | 4.0% | | 4.6% | 4.4% | | 4.7% | 4.6% | |
| Rev. from bank. oper. | 2122 | 1641 | 29.3% | 8 489 | 7 447 | 14.0% | 9 726 | 8 489 | 14.6% |
| Operating profit* | 1219 | 870 | 40.0% | 4477 | 3662 | 22.3% | 5521 | 4477 | 23.3% |
| Pre-tax profit | 1123 | 873 | 28.7% | 4054 | 3609 | 12.3% | 5008 | 4054 | 23.5% |
| Net profit | 900 | 672 | 33.8% | 3241 | 2904 | 11.6% | 4007 | 3241 | 23.6% |

PLN 1bn in net income without releasing provisions would be a highlight of this reporting season

We believe that in Q1'08, PKO BP's earnings will be among the best for all listed banks. Operating income before provisions is expected to be 40% higher than a year earlier. At PLN 1.2bn, this is 27% of our forecast for FY2008. If our assumptions in this respect are exceeded, we would have a reason to revise our net income forecast for the fiscal year. These good results will be achieved primarily through fast interest income growth. At the same time, we are expecting fee income to decrease by PLN 13m q/q due to the decrease in assets under management (by 18% q/q), which was however accompanied by increased customer activity in other areas of the Bank's business. Fee income should increase strongly year-on-year, because at the end of March, PKO TFI investment funds had 18% more assets under management than a year earlier (while AUM in the entire market decreased by 7%).

The current CEO, Rafał Juszczak, said that in Q1'08 net income could exceed PLN 1bn. We had expected the bank to show PLN 900m. We do not think the Bank can beat the PLN 900m mark without releasing provisions, or without assuming a lower cost of risk than we did. We assume it will be 0.5% of the average net loan portfolio in the quarter (-PLN 96m). With zero cost of risk, the Bank's net income would be ca. PLN 977m, and net provision releases would send earnings past the PLN 1bn mark. It is difficult to estimate the Bank's level of provisions, because despite net releases seen in the previous quarter (a whopping PLN 81m), the high rate of collections in recent years and the very low levels of NPLs suggest that there is little potential left in this area.

* operating income before provisions

Oil and Gas



Oil and Gas

 Analyst:
Kamil Kliszcz

Lotos

Accumulate

| | | | | | |
|----------|-----|----------------|-----|----------------------|------------------|
| 2008 P/E | 7.7 | 2008 EV/EBITDA | 3.7 | Current price | PLN 33.40 |
| 2009 P/E | 8.6 | 2009 EV/EBITDA | 3.0 | Target price | PLN 46.00 |

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|----------------|---------|---------|--------|--------|--------|--------|--------|--------|--------|
| Revenue | 3 368.8 | 2 548.0 | 32.2% | 13 190 | 13 133 | 0.4% | 12 699 | 13 190 | -3.7% |
| EBITDA | 158.3 | 127.9 | 23.7% | 995 | 1 030 | -3.4% | 1 213 | 995 | 21.9% |
| margin | 4.7% | 5.0% | - | 7.5% | 7.8% | - | 9.6% | 7.5% | - |
| EBIT | 78.3 | 52.9 | 47.9% | 647 | 719 | -10.0% | 752 | 647 | 16.1% |
| Pre-tax profit | 257.2 | 80.9 | 217.9% | 664 | 984 | -32.5% | 614 | 664 | -7.5% |
| net profit | 194.9 | 56.0 | 247.8% | 491 | 764 | -35.7% | 439 | 491 | -10.5% |

Net income much better Y/Y thanks to financing gains

Due to the very strong crack spreads on diesel in Q1'08, in PLN terms Lotos should not feel a significant impact from the Y/Y decrease in refining margins. The fact that there was no hydrocracking downtime, which did affect earnings a year ago, and that there was a strong positive LIFO effect (+PLN 51.9m vs. -PLN 1.9m in Q1'07) should also boost the Company's EBIT. Differential, on the other hand, did tumble in zloty terms, which will have an impact on the profitability of the company. All in all, we are estimating that the operating profit on production will be PLN 54.1m vs. PLN 19m a year earlier. For the E&P sector, we are forecasting the same volumes as in Q1 2007, but given the recently reported earnings in this segment, which are somewhat "difficult to understand", as well as the fact that according to our estimates in the previous quarters the Company had processed most of Petrobaltic's crude oil, we are expecting EBIT to decrease year-on-year from PLN 44m to PLN 36.2m. Lotos should not see such high losses on its retail and other activities as it did in Q4'07, but we do not believe it will be able to break even, given the high crude oil prices and the pressure on retail margins. On the other hand, earnings will be boosted by hedging gains (short positions open on USD/PLN 0.5bn and long on EUR/USD 0.5bn), estimated at PLN 181m.



Oil and Gas

 Analyst:
Kamil Kliszcz

PGNiG

Accumulate

| | | | | | |
|----------|------|----------------|-----|----------------------|-----------------|
| 2008 P/E | 13.6 | 2008 EV/EBITDA | 6.0 | Current price | PLN 4.31 |
| 2009 P/E | 15.2 | 2009 EV/EBITDA | 6.3 | Target price | PLN 5.53 |

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|----------------|---------|--------|--------|--------|--------|--------|--------|--------|--------|
| Revenue | 5 269 | 5 049 | 4.4% | 18 110 | 16 630 | 8.9% | 20 415 | 18 110 | 12.7% |
| EBITDA | 983 | 1 246 | -21.1% | 3 570 | 2 731 | 30.7% | 3 416 | 3 570 | -4.3% |
| margin | 18.7% | 24.7% | - | 19.7% | 16.4% | - | 16.7% | 19.7% | - |
| EBIT | 617 | 918 | -32.7% | 2 066 | 1 301 | 58.8% | 1 867 | 2 066 | -9.6% |
| Pre-tax profit | 655 | 997 | -34.2% | 2 215 | 1 458 | 51.9% | 2 006 | 2 215 | -9.4% |
| net profit | 531 | 787 | -32.5% | 1 791 | 1 251 | 43.2% | 1 622 | 1 791 | -9.5% |

Lack of tariff hikes will be painful

As a higher tariff was not introduced in Q1 2008, the Company's margins will be much lower than last year. We estimate the unit loss on 1,000 m³ of natural gas at PLN 111, i.e. almost PLN 50/1,000 m³ higher y/y, despite the clear strengthening of the zloty. Moreover, this year PGNiG's capacity to offset the loss on imports through the sales of stored gas will be much more limited, as this buffer was by and large used up last year. Given sales growth of 5% (mostly higher demand from industry) and lower natural gas stockpiles at the end of December (by ca. 0.3bn m³ y/y), we are assuming that the Company increased imports by ca. 0.6bn m³. On the other hand, the trade segment earnings will be boosted by the fact that since Q3'07 sales profits have been recognized there instead of the distribution segment. All in all, in this business line PGNiG should generate ca. PLN 222m in EBIT vs. PLN 403m a year earlier. Since January, the Company has been bearing the cost of maintaining assets taken over from GazSystem in December, which has not yet been taken into account in Q1 tariffs and which we estimate at ca. PLN 60m. Given this burden, in our opinion the distribution segment will generate earnings close to the Q4'07 level (PLN 54m), i.e. completely uncomparable year-on-year (the inflated Q1'07 base was PLN 246m). High growth rates will on the other hand be observed in the E&P segment, where the high crude prices will allow PLN 345m in operating profit to be attained (vs. PLN 262m a year earlier). One remaining unknown as regards the final consolidated EBIT are new accounting charge-offs on the value of EuroPolGaz shares, which we consider likely given the further weakening of the dollar. As for financing activities, we are expecting a result similar to Q4'07 (by the end of Q1'08, the zloty strengthened vs. the dollar by ca. PLN 0.2, vs. by PLN 0.23 in Q4'07), but without EuroPolGaz profits consolidated under the equity method (PLN 48.8m in Q4'07, 0 assumed in Q1'08). All in all, net income for the entire group of companies should amount to PLN 531m, i.e. -32% y/


Oil and Gas

PKN Orlen

Hold

 Analyst:
Kamil Kliszcz

 2008 P/E 9.9 2008 EV/EBITDA 5.7
 2009 P/E 10.1 2009 EV/EBITDA 5.0

Current price **PLN 41.16**
Target price **PLN 44.30**

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|----------------|---------|--------|--------|--------|--------|--------|--------|--------|--------|
| Revenue | 18 700 | 13 408 | 39.5% | 74 375 | 63 793 | 16.6% | 73 344 | 74 375 | -1.4% |
| EBITDA | 1 110 | 994 | 11.7% | 4 938 | 5 039 | -2.0% | 5 543 | 4 938 | 12.2% |
| margin | 5.9% | 7.4% | - | 6.6% | 7.9% | - | 7.6% | 6.6% | 13.8% |
| EBIT | 492 | 375 | 31.3% | 2 344 | 2 621 | -10.5% | 2 622 | 2 344 | 11.8% |
| Pre-tax profit | 751 | 215 | 248.7% | 2 346 | 2 893 | -18.9% | 2 348 | 2 346 | 0.1% |
| net profit | 531 | 49 | 980.2% | 1 785 | 2 323 | -23.1% | 1 742 | 1 785 | -2.4% |

EBIT up, but no thanks to favorable macro

PKN Orlen's macroeconomic environment continued to deteriorate in the first quarter, affecting profit margins (we predict a drop from \$3.7/Bbl to \$1.3/Bbl), and a 2% decline in the differential, further aggravated by a weak dollar. Generally, currency trends were the main factor shaping PKN's Q1 results. The US dollar depreciated by PLN 0.58 relative to Q107, compared to a year-on-year difference of PLN 0.46 in Q407. The earnings results of the Refinery segment were most probably supported by larger throughput and better quality of output produced by Mazeikiu Nafta (and a lack of reserves which depressed last year's Q1 profit by PLN 63m). But, because the Lithuanian refinery only re-launched the destroyed distilling tower in late January, with CUR remaining below 100%, we do not expect a big improvement in performance, especially considering the unfavorable macroeconomic trends in the period. All in all, we expect PKN Orlen's Refinery segment to post an operating profit of PLN 244m, which is a big improvement compared to the PLN 65m posted a year earlier, albeit achieved only thanks to a positive LIFO effect (+PLN 230m vs. -PLN 184m in Q107). In the Retail segment, high prices of crude oil prevented EBIT from increasing (estimated PLN 58m in Q108 compared to PLN 68m in Q107). PKN's Chemicals and Petrochemicals segment should make a strong EBIT showing (PLN 379m vs. PLN 452m a year earlier) thanks to high margins earned on petrochemicals and fertilizers, even despite Unipetrol's cold box problems which led to a slight reduction in volumes, and despite the zloty's appreciation against the euro and the US dollar, which affected the zloty margins earned on different products. Finally, PKN Orlen's consolidated bottom-line profit will show a big year-on-year improvement, achieved mainly thanks to high finance gains from F/X debt revaluation (ca. PLN 270m).


Chemicals

ZA Puławy

Buy

 Analyst:
Kamil Kliszcz

 2008 P/E 12.7 2008 EV/EBITDA 6.7
 2009 P/E 11.4 2009 EV/EBITDA 5.9

Current price **PLN 133.5**
Target price **PLN 159.2**

| (PLN m) | IIIQ07/08F* | IIIQ06/07F* | change | I-III 2007/08 | I-III 2007/06 | change | 2007/08F | 2006/07 | change |
|----------------|-------------|-------------|--------|---------------|---------------|--------|----------|---------|--------|
| Revenue | 688.1 | 602.3 | 14.2% | 1 811.0 | 1 600.9 | 13.1% | 2 449.2 | 2 205.3 | 11.1% |
| EBITDA | 151.0 | 104.9 | 43.9% | 325.1 | 199.4 | 63.0% | 352.4 | 252.3 | 39.7% |
| margin | 21.9% | 17.4% | - | 18.0% | 12.5% | - | 14.4% | 11.4% | - |
| EBIT | 133.0 | 80.2 | 65.8% | 272.1 | 124.7 | 118.3% | 278.1 | 151.4 | 83.6% |
| Pre-tax profit | 141.0 | 84.5 | 66.8% | 305.9 | 129.2 | 136.7% | 310.6 | 158.5 | 96.0% |
| net profit | 114.2 | 68.6 | 66.5% | 247.7 | 105.5 | 134.7% | 251.6 | 130.0 | 93.5% |

**third quarter of ZAP's business season (first calendar quarter)*
Fertilizer margins on the rise

We expect ZA Puławy to raise its FY2008 earnings guidance (net profit pegged at PLN 224m) after what was its third business quarter, a period marked by continuing strong demand which drove profits to exceed levels achieved a year earlier as well as in the preceding quarter. The sales "star" this time was ammonium nitrate, which appreciated 30% in zloty terms from its average level recorded between October and December 2007. Q/q UAN prices were flat, while prices of urea dropped nearly 9%, but without much affecting ZAP's revenue because of the product's small share in total sales. As far as chemicals are concerned, the unit zloty spread between the prices of caprolactam and benzene tightened 12% relative to the preceding quarter, while the synthetic margin on melamine (product price minus gas costs) widened by 6%. Costs of energy and coal increased 15% in January, but there was no anticipated hike in natural gas prices in the third quarter (PGNiG's new, lower-than-expected tariff regime will probably enter into force in May). We predict that ZA Puławy will exceed our full-year financial forecasts thanks to favorable trends in product markets and weaker-than-expected pressure from prices of energy and raw materials.


Chemicals

 Analyst:
Kamil Kliszcz

Ciech

Buy

 2008 P/E 9.0 2008 EV/EBITDA 5.3
 2009 P/E 6.7 2009 EV/EBITDA 4.3


Current price **PLN 83.0**
Target price **PLN 101.1**

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|----------------|---------|--------|--------|---------|---------|--------|---------|---------|--------|
| Revenue | 1 089.3 | 919.7 | 18% | 4 365.3 | 3 418.7 | 28% | 4 754.4 | 4 365.3 | 9% |
| EBITDA | 214.5 | 192.7 | 11% | 649.7 | 487.4 | 33% | 792.8 | 649.7 | 22% |
| margin | 19.69% | 20.95% | - | 14.88% | 14.26% | - | 16.68% | 14.88% | - |
| EBIT | 152.5 | 155.6 | -2% | 410.0 | 310.2 | 32% | 531.1 | 410.0 | 30% |
| Pre-tax profit | 130.0 | 153.3 | -15% | 317.3 | 302.3 | 5% | 426.9 | 317.3 | 35% |
| net profit | 105.3 | 130.0 | -19% | 257.0 | 233.4 | 10% | 345.8 | 257.0 | 35% |

Demand still strong, but currency trends and debt weigh on earnings


We expect a considerable improvement in Ciech's Q1 revenue (consolidation of Sodawerk Stassfurt) and EBITDA (+11%). On the downside, EBIT will be affected by PLN 25m higher depreciation charges, and bottom-line profit is under pressure from debt service costs (we predict that the company will recognize a PLN 22.5m finance loss). The first-quarter results will show how Ciech is dealing with fast-growing energy costs (incl. coal), but we do not expect a big negative impact on profitability after the company increased the prices of most of its products (except for resins) in the period. Rising prices of fertilizers should widen profit margins earned by the Agro Division, which also experienced stronger demand from farmers (whose increasing purchasing power enabled the first price hikes in a few years). In the Organic Division, TDI most likely continued to be the main earnings driver after a 4.5% y/y increase in its zloty prices, accompanied by a 4% decrease in the prices of its component, toluene. The synthetic zloty spread on epichlorohydrin improved (propylene prices declined 12%, ECH prices down 9%), but a slight deterioration in the resin market prevented margins from expanding. In our Q1 forecasts for Ciech, we did not take into account potential gains from the sale of an office building in Warsaw and salt caverns in Germany.

Telecommunications

| | | Netia | | | | | Hold | | |
|---|---------|--------------|--------|----------------|--------|----------------------|-----------------|-------|---------|
|  | | Telco | | | | | | | |
| Analyst: Michał Marczak | | 2008 P/E | 5.1 | 2008 EV/EBITDA | 9.4 | Current price | PLN 3.61 | | |
| | | 2009 P/E | Neg. | 2009 EV/EBITDA | 6.5 | Target price | PLN 3.80 | | |
| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
| Revenue | 232.2 | 204.4 | 13.6% | 949.2 | 838.0 | 13.3% | 1 118.5 | 949.2 | 17.8% |
| EBITDA | 29.5 | 54.6 | -46.0% | 142.4 | 170.7 | -16.6% | 215.3 | 142.4 | 51.2% |
| margin | 12.7% | 26.7% | -52.4% | 15.0% | 20.4% | -26.3% | 19.3% | 15.0% | 28.3% |
| EBIT | -33.6 | -14.9 | 125.4% | -98.6 | -103.8 | -5.0% | -22.4 | -98.6 | -77.3% |
| Pre-tax profit | -78.6 | -38.7 | 102.9% | 294.2 | -266.6 | -210.4% | -13.9 | 294.2 | -104.7% |
| net profit | -78.6 | -37.9 | 107.6% | 300.7 | -268.9 | -211.8% | -14.5 | 300.7 | -104.8% |

Expensive growth

We predict that, for the first time in history, Q108 will see an over-10% increase in sales revenues achieved on an expanding base of broadband customers (bitstream access plus cable operator acquisitions), and new lines rented from TPSA on a wholesale basis (Netia launched WLR-based services in Q407). Revenue growth was weighed down by decreasing POTS sales (-8% y/y) to direct customers. Rapid addition of new users comes at a price of huge acquisition- and infrastructure costs (mainly LLU investments), which affected Q1 EBITDA and EBITDA margin (which, we expect, contracted to 13% from 27% a year earlier). An improvement cannot be expected before the fourth quarter given the operator's investment plans for this year. Netia has sold an over-20% stake in mobile operator P4 in April, which means that Q1 results will still include the subsidiary's consolidated losses of approximately PLN 45m. In the second quarter, the P4 sale will add PLN 408m to income.

| | | TP SA | | | | | Accumulate | | |
|---|---------|--------------|--------|----------------|----------|----------------------|-------------------|----------|--------|
|  | | Telco | | | | | | | |
| Analyst: Michał Marczak | | 2008 P/E | 13.6 | 2008 EV/EBITDA | 4.6 | Current price | PLN 22.0 | | |
| | | 2009 P/E | 13.7 | 2009 EV/EBITDA | 4.6 | Target price | PLN 23.6 | | |
| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
| Revenue | 4 405.0 | 4 440.0 | -0.8% | 17 949.8 | 18 244.0 | -1.6% | 17 564.0 | 17 949.8 | -2.1% |
| EBITDA | 1 828.1 | 1 899.0 | -3.7% | 7 636.7 | 7 721.0 | -1.1% | 7 472.0 | 7 636.7 | -2.2% |
| margin | 41.5% | 42.8% | -3.0% | 42.5% | 42.3% | 0.5% | 42.5% | 42.5% | 0.0% |
| EBIT | 733.1 | 784.0 | -6.5% | 3 282.4 | 3 282.0 | 0.0% | 3 282.4 | 3 282.4 | 0.0% |
| Pre-tax profit | 608.1 | 644.0 | -5.6% | 2 788.3 | 2 830.0 | -1.5% | 2 769.6 | 2 788.3 | -0.7% |
| net profit | 495.6 | 518.0 | -4.3% | 2 256.5 | 2 273.0 | -0.7% | 2 241.4 | 2 256.5 | -0.7% |

No surprises

Alternative operators continue to leverage BSA and WLR opportunities to chip away at TPSA's fixed-line market share, which we expect to fall to a sustained 75% (similar as in carrier preselection). If we add to this customer churn to mobile networks, fixed-line revenues are bound to decrease at a rate of 15.3%. In the mobile business, Centertel will record an increase in the number of subscribers by 250,000, a 3% decline in ARPU compared to Q107, and a 12% increase in overall mobile revenue. The first quarter is usually marked by a seasonally high EBITDA margin. We expect TPSA to post net finance costs (including positive exchange differences) of PLN 125m, but no new provisions were probably made against the fines imposed by the National Regulatory Authority in 2006 and 2007 (PLN 600m total) as the company awaits rulings on its appeals.

Media



Media

 Analyst:
 Michał Marczak

Agora

Accumulate

| | | | | | |
|----------|------|----------------|-----|----------------------|------------------|
| 2008 P/E | 18.4 | 2008 EV/EBITDA | 9.4 | Current price | PLN 41.09 |
| 2009 P/E | 14.0 | 2009 EV/EBITDA | 7.6 | Target price | PLN 53.00 |

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|----------------|---------|--------|--------|---------|---------|--------|---------|---------|--------|
| Revenue | 317.4 | 302.7 | 4.8% | 1 344.4 | 1 152.0 | 16.7% | 1 398.7 | 1 344.4 | 4.0% |
| EBITDA | 41.3 | 37.7 | 9.6% | 212.7 | 198.6 | 7.1% | 258.0 | 212.7 | 21.3% |
| margin | 13.0% | 12.5% | 4.5% | 15.8% | 17.2% | -8.2% | 18.4% | 15.8% | 16.6% |
| EBIT | 21.4 | 18.8 | 14.1% | 140.5 | 120.3 | 16.8% | 187.1 | 140.5 | 33.2% |
| Pre-tax profit | 23.9 | 20.9 | 14.5% | 152.1 | 129.3 | 17.6% | 200.1 | 152.1 | 31.6% |
| Net profit | 18.4 | 14.3 | 29.1% | 122.9 | 100.2 | 22.7% | 161.8 | 122.9 | 31.6% |

We expect Agora to improve first-quarter revenues to PLN 317m, i.e. by 4.8% compared to a year earlier. Earnings growth in the period was affected by lower book sales which amounted to PLN 35m versus PLN 47.5m achieved a year earlier on best-selling collections. Agora's flagship newspaper *Gazeta Wyborcza* ("GW") increased advertising revenues by an estimated 5.5% compared to Q107 which included a very weak period in March. In spite of a decrease in daily sales, GW is still generating revenue growth (+PLN 3m) thanks to the introduction of the "double-price" policy ("naked" paper vs. paper + supplements) for all daily editions. Revenues in the first quarter were most robust in the free-newspaper segment and in online advertising (+70% to PLN 18m). Other business lines increased sales by an estimated 12% y/y. The main cost driver in the first quarter were salaries, which rose an estimated 8% y/y. Overall Q1 results were positively impacted by lower prices of paper and the zloty's appreciation against the euro.



Media

 Analyst:
 Piotr Grzybowski

TVN

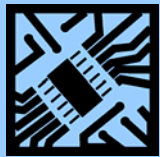
Hold

| | | | | | |
|----------|------|----------------|------|----------------------|------------------|
| 2008 P/E | 18.1 | 2008 EV/EBITDA | 12.4 | Current price | PLN 22.44 |
| 2009 P/E | 15.5 | 2009 EV/EBITDA | 10.9 | Target price | PLN 22.90 |

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|----------------|---------|--------|--------|--------|--------|--------|--------|-----------|--------|
| Revenue | 399.2 | 329.1 | 21.3% | 1842.2 | 1554.7 | 18.5% | 2078.2 | 1842.1517 | 12.8% |
| EBITDA | 147.3 | 112.0 | 31.5% | 671.3 | 554.1 | 21.1% | 761.0 | 671.3 | 13.4% |
| margin | 36.9% | 34.0% | | 36.4% | 35.6% | | 36.6% | 36.4% | |
| EBIT | 129.2 | 95.3 | 35.6% | 597.8 | 482.1 | 24.0% | 679.9 | 597.8 | 13.7% |
| Pre-tax profit | 115.4 | 61.4 | 87.8% | 530.2 | 297.3 | 78.4% | 620.9 | 530.2 | 17.1% |
| Net profit | 86.0 | 47.0 | 82.9% | 429.5 | 243.3 | 76.5% | 503.0 | 429.5 | 17.1% |

TVN's first-quarter earnings results were driven by an excess of demand over supply of commercial air time, and a new successful programming lineup. Strong demand enabled the broadcaster to increase ad prices. The positive influence of advertising sales was partly offset by a change in pricing policy (from GRP-based to rate-card prices), with TVN taking only partial advantage of strong viewership ratings.

Information Technology


IT

 Analyst:
Piotr Janik

ABG

Accumulate

 2008 P/E 16.0 2008 EV/EBITDA 9.8
 2009 P/E 14.4 2009 EV/EBITDA 8.8

Current price **PLN 6.85**
Target price **PLN 7.30**

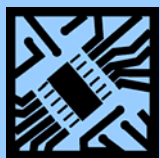
| (PLN m) | 1Q2008F | 1Q2007* | change | 2008F | 2007** | change | 2009F | 2008F | change |
|----------------|---------|---------|---------|-------|--------|--------|-------|-------|--------|
| Revenue | 125.0 | 86.6 | 44.4% | 652.9 | 459.2 | 42.2% | 709.8 | 652.9 | 8.7% |
| EBITDA | 13.4 | 1.0 | 1211.3% | 65.4 | 46.8 | 39.7% | 70.4 | 65.4 | 7.6% |
| margin | 10.7% | 1.2% | | 10.0% | 10.2% | | 9.9% | 10.0% | |
| EBIT | 9.4 | -2.1 | - | 50.3 | 34.7 | 45.1% | 54.8 | 50.3 | 8.9% |
| Pre-tax profit | 8.6 | -0.6 | - | 49.9 | 38.1 | 30.9% | 55.5 | 49.9 | 11.2% |
| Net profit | 7.0 | -1.5 | - | 40.4 | 31.0 | 30.3% | 44.9 | 40.4 | 11.1% |

* pro-forma Q1 results of ABG and SPIN

** consolidated results of ABG for four quarters of 2007 excl. SPIN's H107 earnings

Excellent quarter

We expect healthy first-quarter results from ABG in spite of a seasonal slowdown and a hiatus in government orders. Major contracts completed in the period included a PLN 9.4m hardware order from the Ministry of Education, and a PLN 15m contract for hardware and services awarded by NATO. ABG's management estimate Q1 revenue at over PLN 100m, and expect EBIT margin to be at least flat from 2007 (7.6% on a consolidated basis and 5.2% pro forma including SPIN's estimated losses for H1 2007). We predict that a favorable revenue structure can generate an operating margin of 7.5%. With a net finance loss of PLN 0.75m, net profit for the first quarter will reach an estimated PLN 7.0m.


IT

 Analyst:
Piotr Janik

Asseco Poland

Buy

 2008 P/E ** 2008 EV/EBITDA **
 2009 P/E 2009 EV/EBITDA

Current price **PLN 69.00**
Target price **PLN 85.45**

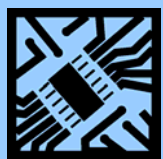
| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F* | 2007 | change | 2009F* | 2008F* | change |
|----------------|---------|--------|--------|---------|---------|--------|---------|---------|--------|
| Revenue | 399.5 | 209.8 | 90.5% | 1 604.9 | 1 282.8 | 25.1% | 1 800.1 | 1 604.9 | 12.2% |
| EBITDA | 75.5 | 44.2 | 70.9% | 267.0 | 271.9 | -1.8% | 301.0 | 267.0 | 12.7% |
| margin | 18.9% | 21.1% | | 16.6% | 21.2% | | 16.7% | 16.6% | |
| EBIT | 64.6 | 36.7 | 75.7% | 242.5 | 234.0 | 3.6% | 274.1 | 242.5 | 13.0% |
| Pre-tax profit | 57.5 | 35.0 | 64.6% | 249.7 | 232.7 | 7.3% | 281.8 | 249.7 | 12.9% |
| Net profit | 38.8 | 24.4 | 58.7% | 158.4 | 163.4 | -3.1% | 178.0 | 158.4 | 12.4% |

* forecasts do not include the acquisition of Prokom Software or other acquisitions made after H1 2007

** forecast under revision

Another strong showing

We expect a strong first-quarter earnings showing from Asseco Poland, with revenues boosted by acquisitions as well as strong standalone sales (ca. PLN 135m). We predict that consolidated revenues will amount to PLN 399.5m, and operating profit will reach PLN 64.6m (EBIT margin at 16.2%). Due to high debt-service costs and high distributions to minority interests, consolidated net profit will come in at an estimated PLN 38.8m. We are working on a revision of our full-year forecasts for Asseco to account for acquisitions made in the second half of 2007 and the merger with Prokom Software. The FY08E P/E calculated based on a tentative full-year net profit forecast of PLN 250m figures to 19.58 (assuming 70.9m shares traded at PLN 69.0 apiece).


IT

 Analyst:
Piotr Janik

Comarch

Hold

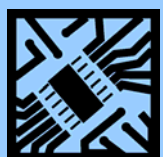
| | | | | | |
|----------|------|----------------|------|----------------------|------------------|
| 2008 P/E | 13.5 | 2008 EV/EBITDA | 10.2 | Current price | PLN 106.2 |
| 2009 P/E | 10.9 | 2009 EV/EBITDA | 7.9 | Target price | PLN 178.7 |

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|----------------|---------|--------|--------|-------|-------|--------|-------|-------|--------|
| Revenue | 118.1 | 98.4 | 20.0% | 777.8 | 581.5 | 33.8% | 895.1 | 777.8 | 15.1% |
| EBITDA | 11.9 | 12.8 | -7.3% | 88.9 | 61.9 | 43.7% | 109.8 | 88.9 | 23.5% |
| margin | 10.0% | 13.0% | | 11.4% | 10.6% | | 12.3% | 11.4% | |
| EBIT | 7.6 | 8.9 | -14.7% | 70.3 | 44.9 | 56.5% | 86.5 | 70.3 | 23.0% |
| Pre-tax profit | 10.1 | 10.2 | -1.3% | 67.7 | 46.5 | 45.4% | 84.3 | 67.7 | 24.5% |
| Net profit | 9.9 | 10.0 | -0.7% | 62.6 | 43.5 | 43.8% | 77.9 | 62.6 | 24.4% |

* forecast under revision

20% sales growth

In line with the company's guidance, we expect Comarch to report a 20% year-on-year increase in first-quarter revenue. The hiatus in hardware orders observed in the period will have a positive effect on the gross profit margin, which we expect to reach 24.9%. High SG&A expenses and stock option plan costs will trim the EBIT margin to 6.4%, with operating profit at PLN 7.6m. Finance income from the sale of Interia.pl shares will have a positive impact on pre-tax profit, and reversal of a deferred tax asset will boost bottom-line profit, which we expect to be reported at PLN 9.9m (after adjustment for the PLN 158m one-time gain from Interia.pl disposition).


IT

 Analyst:
Piotr Janik

Macrologic

Buy

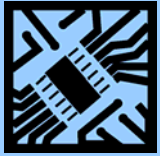
| | | | | | |
|----------|------|----------------|-----|----------------------|-----------------|
| 2008 P/E | 13.5 | 2008 EV/EBITDA | 8.0 | Current price | PLN 50.0 |
| 2009 P/E | 10.7 | 2009 EV/EBITDA | 6.3 | Target price | PLN 59.5 |

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|----------------|---------|--------|--------|-------|-------|--------|-------|-------|--------|
| Revenue | 11.7 | 8.7 | 34.6% | 51.6 | 43.2 | 19.5% | 58.5 | 51.6 | 13.4% |
| EBITDA | 2.6 | 2.1 | 23.6% | 12.0 | 11.6 | 3.8% | 13.3 | 12.0 | 10.8% |
| margin | 22.2% | 24.2% | | 23.3% | 26.8% | | 22.7% | 23.3% | |
| EBIT | 1.5 | 1.4 | 12.3% | 8.6 | 8.3 | 3.6% | 10.7 | 8.6 | 24.4% |
| Pre-tax profit | 1.6 | 1.4 | 16.1% | 8.6 | 8.4 | 2.2% | 10.9 | 8.6 | 26.7% |
| Net profit | 1.3 | 1.0 | 30.6% | 7.0 | 6.1 | 14.0% | 8.8 | 7.0 | 25.7% |

Growing like ERP

We predict that Macrologic will garner a 34.6% increase in sales revenues for the first quarter. Even on a fully comparable basis (not all of the company's subsidiaries were consolidated in the financial statements for the first two months), the sales results show impressive growth at 14.8%. The operating margin will reach an estimated 13.2%, on an EBIT of PLN 1.5m. Net profit after factoring in the earnings of associates accounted for with the equity method, and a neutral finance income, will be an estimated PLN 1.3m (+30.6% y/y).

One important development of the first quarter was realignment of the best salespeople to work toward a common goal, which resulted in an increase in new orders (approx. PLN 3m so far), sure to positively influence future sales results.



IT

 Analyst:
Piotr Janik

Sygnity

Buy

 2008 P/E 10.1 2008 EV/EBITDA 4.6
 2009 P/E 6.9 2009 EV/EBITDA 3.1

Current price **PLN 35.99**
Target price **PLN 65.00**

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|----------------|---------|--------|--------|---------|---------|--------|---------|---------|--------|
| Revenue | | 266.3 | - | 1 328.7 | 1 269.2 | 4.7% | 1 428.3 | 1 328.7 | 7.5% |
| EBITDA | | -8.2 | - | 105.4 | -22.0 | - | 141.8 | 105.4 | 34.5% |
| margin | | - | | 7.9% | - | | 9.9% | 7.9% | |
| EBIT | | -21.1 | - | 58.3 | -71.4 | - | 82.0 | 58.3 | 40.7% |
| Pre-tax profit | | -23.7 | - | 48.6 | -83.4 | - | 77.0 | 48.6 | 58.4% |
| Net profit | | -17.4 | - | 42.3 | -64.8 | - | 62.4 | 42.3 | 47.5% |

We will publish our first-quarter forecasts for Sygnity at a later date. The company's Q108 earnings announcement is scheduled for 15 May.

Metals



Metals

Analyst:
Michał Marczak

Kęty

Buy

2008 P/E 11.2 2008 EV/EBITDA 7.3
2009 P/E 9.4 2009 EV/EBITDA 6.4

Current price **PLN 126.0**
Target price **PLN 165.9**

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|----------------|---------|--------|--------|---------|---------|--------|---------|---------|--------|
| Revenue | 293.0 | 288.5 | 1.6% | 1 520.3 | 1 253.0 | 21.3% | 1 595.8 | 1 520.3 | 5.0% |
| EBITDA | 49.4 | 39.1 | 26.3% | 212.4 | 194.0 | 9.5% | 237.0 | 212.4 | 11.6% |
| margin | 16.9% | 13.6% | 24.4% | 14.0% | 15.5% | -9.8% | 14.9% | 14.0% | 6.3% |
| EBIT | 35.2 | 27.1 | 29.8% | 150.5 | 141.9 | 6.1% | 174.0 | 150.5 | 15.6% |
| Pre-tax profit | 22.2 | 28.2 | -21.2% | 239.9 | 187.1 | 28.2% | 241.5 | 239.9 | 0.6% |
| Net profit | 18.8 | 21.6 | -13.0% | 103.6 | 97.8 | 5.9% | 123.8 | 103.6 | 19.5% |

In line with guidance

As always, actual first-quarter results will be in line with the company's guidance (at the upper end of the predicted earnings range). Investors already know that the low point of the first-quarter performance were the sales figures posted by the Extruded Products Segment (8% decrease in volumes, 15% drop in value), which look weak against a high Q107 base (warm temperatures generated stronger-than-usual demand in Q1), and which declined after the EPS cut back sales of products which generate zero or negative margins at the current price level. The segment's estimated year-on-year EBITDA was flat. The EPS will demonstrate a pickup in sales in the second quarter against a low Q207 base. Kęty's Flexible Packaging Segment saw an estimated 14% increase in revenues, and an operating margin of 9-10% in Q108. Revenue growth in the two youngest lines of Kęty's business, Construction Services and Construction Accessories, exceeds 30%.



Metals

Analyst:
Michał Marczak

KGHM

Accumulate

2008 P/E 6.6 2008 EV/EBITDA 4.3
2009 P/E 9.9 2009 EV/EBITDA 6.0

Current price **PLN 101.0**
Target price **PLN 119.0**

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|----------------|---------|---------|--------|----------|----------|--------|---------|----------|--------|
| Revenue | 2 921.0 | 2 643.5 | 10.5% | 11 569.7 | 12 183.0 | -5.0% | 9 472.8 | 11 569.7 | -18.1% |
| EBITDA | 1 259.1 | 1 188.8 | 5.9% | 4 062.6 | 5 034.0 | -19.3% | 2 851.8 | 4 062.6 | -29.8% |
| margin | 43.1% | 45.0% | -4.1% | 35.1% | 41.3% | -15.0% | 30.1% | 35.1% | -14.3% |
| EBIT | 1 171.2 | 1 100.9 | 6.4% | 3 656.0 | 4 682.0 | -21.9% | 2 390.1 | 3 656.0 | -34.6% |
| Pre-tax profit | 1 186.2 | 1 094.9 | 8.3% | 3 788.1 | 4 656.0 | -18.6% | 2 523.4 | 3 788.1 | -33.4% |
| Net profit | 960.8 | 914.3 | 5.1% | 3 068.3 | 3 799.0 | -19.2% | 2 044.0 | 3 068.3 | -33.4% |

Expensive metals, strong zloty

KGHM's first-quarter earnings were buoyed by favorable LME price trends (avg. price of copper at \$7 740 /t, avg. price of silver at \$560/kg), but the impact was partly offset by the zloty's appreciation against the dollar (+19%). The zloty price of copper in the period was an average PLN 18,400/t, 5.8% more than a year earlier. The difference in case of silver was 6.5%. We estimate that KGHM sold 130,000 tons of copper in Q108, i.e. 8,000 tons more than in Q407. The increase in copper prices was further supported by higher unit costs of production and a reduction in the usage of own mining output in favor of third-party feedstock. The unit cost of production in Q1 was an estimated PLN 11.34 thousand after an 18% increase from a year earlier fueled by high prices of precious metals. Q108 pre-tax income received a PLN 125m boost from dividends received from Polkomtrel, but was affected by costs of hedging contracts.


Metals

 Analyst:
Kamil Kliszczyk

Koelner

Hold

| | | | | | |
|----------|------|----------------|-----|----------------------|------------------|
| 2008 P/E | 16.6 | 2008 EV/EBITDA | 8.3 | Current price | PLN 21.45 |
| 2009 P/E | 10.5 | 2009 EV/EBITDA | 6.2 | Target price | PLN 24.20 |

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|----------------|---------|--------|--------|-------|-------|--------|-------|-------|--------|
| Revenue | 174.8 | 115.5 | 51% | 774.8 | 542.1 | 43% | 917.2 | 774.8 | 18% |
| EBITDA | 16.7 | 18.1 | -8% | 101.2 | 48.4 | 109% | 134.5 | 101.2 | 33% |
| margin | 9.58% | 15.7% | - | 13.1% | 8.9% | - | 14.7% | 13.1% | - |
| EBIT | 12.2 | 14.8 | -17% | 76.5 | 40.6 | 89% | 107.5 | 76.5 | 41% |
| Pre-tax profit | 4.7 | 12.6 | -62% | 57.1 | 18.5 | 208% | 86.6 | 57.1 | 52% |
| Net profit | 3.3 | 10.6 | -68% | 42.2 | 8.3 | 408% | 66.7 | 42.2 | 58% |

Too soon for a breakthrough

The situation at Koelner is apparently slowly returning to normal. The logistics problems which the company stumbled upon in Q3 and Q407 (access to warehouses, price calculation, production bottlenecks) are being addressed, and the move of Rawlplug's production from Scotland to Śrubex's site is almost over. In spite of buoyant revenues (generated by Koelner itself and Śrubex), consolidated profit figures will not be very impressive. We estimate EBITDA at PLN 17m, with profitability squeezed by the costs of Rawlplug restructuring (ca £1m) and consolidation of the low-margin sales of Śrubex. The year-on-year difference will be much bigger in net profit due to increasing costs of debt (PLN 4m) and further losses recognized on revaluation of receivables from Rawlplug after the sterling depreciated 9% (although the costs should not be as high as the PLN 7m reported in Q407 as the loan is being converted into equity).

Construction



Construction

 Analyst:
Kacper Żak

Budimex

Kupuj

| | | | | | |
|----------|------|----------------|------|----------------------|------------------|
| 2008 P/E | 35.4 | 2008 EV/EBITDA | 17.2 | Current price | PLN 75.15 |
| 2009 P/E | 13.0 | 2009 EV/EBITDA | 7.9 | Target price | PLN 98.40 |

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|----------------|---------|--------|---------|--------|--------|--------|--------|--------|--------|
| Revenue | 863.4 | 654.4 | 31.9% | 4058.5 | 3075.9 | 31.9% | 4908.5 | 4058.5 | 20.9% |
| EBITDA | 16.3 | 5.6 | 191.8% | 104.7 | 51.7 | 102.5% | 227.7 | 104.7 | 117.5% |
| margin | 1.9% | 0.9% | 121.1% | 2.6% | 1.7% | 53.5% | 4.6% | 2.6% | 79.8% |
| EBIT | 10.9 | 0.2 | 5369.1% | 75.6 | 28 | 170.0% | 197.4 | 75.6 | 161.1% |
| Pre-tax profit | 4.9 | 1.4 | 252.7% | 64.4 | 13.6 | 373.3% | 186.1 | 64.4 | 189.1% |
| Net profit | 4.0 | -1.2 | - | 54.2 | 15.1 | 258.6% | 148.0 | 54.2 | 173.4% |

Crucial H2

In 2008, the share of revenue and profits coming from road construction contracts should increase for the entire group of companies. In Q1'08, however, we will not see strong revenues from such contracts, as most of the work will be carried out in Q2'08 and Q3'08. Against our expectations, property development will have a positive impact on earnings. With a slowdown in the market, H2'07 saw Budimex Nieruchomości sell fewer apartments that had been expected. In Q1'08, the situation improved and Budimex Nieruchomości did manage to sell most of the completed apartments that it had failed to pre-sell. Moreover, in Q1'08 BN did not buy as much land as it had assumed. Its initial assumption was that 2,000 apartments would be presold in 2008, but at the end of 2007 this target was lowered to 1,000 apartments. As a result, the costs of financing will be lower.



Construction

 Analyst:
Kacper Żak

Elektrobudowa Akumuluj

| | | | | | |
|----------|------|----------------|------|----------------------|------------------|
| 2008 P/E | 19.9 | 2008 EV/EBITDA | 12.8 | Current price | PLN 200.0 |
| 2009 P/E | 16.5 | 2009 EV/EBITDA | 9.8 | Target price | PLN 221.5 |

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|----------------|---------|--------|--------|--------|-------|--------|--------|-------|--------|
| Revenue | 168.4 | 133.0 | 26.6% | 842.00 | 679.6 | 23.9% | 1018.8 | 842.0 | 21.0% |
| EBITDA | 12.0 | 9.6 | 24.6% | 64.2 | 49.6 | 29.4% | 82.3 | 64.2 | 28.1% |
| margin | 7.1% | 7.2% | - | 7.6% | 7.3% | - | 8.1% | 7.6% | - |
| EBIT | 10.5 | 8.3 | 26.6% | 57.6 | 44.2 | 30.3% | 73.2 | 57.6 | 27.0% |
| Pre-tax profit | 12.7 | 8.1 | 56.8% | 56.1 | 44.8 | 25.2% | 69.0 | 56.1 | 23.0% |
| Net profit | 10.3 | 5.9 | 74.3% | 42.3 | 34.7 | 22.0% | 51.2 | 65.9 | -22.3% |

Solid Q1'08 results

In 2007, Elektrobudowa had PLN 679.6m in revenues, which missed its PLN 695.9m target announced on December 10, 2007 by PLN 16.3m. These delayed revenues should boost the Company's Q1'08 earnings. On January 15, 2008, subscriptions ended and all the D-stock shares on offer were allocated (527,512 at PLN 170.00). All in all, the Company gained PLN 88.9m net, which will boost its Q1'08 financing revenue. A part of these funds, however, has already been used. In the first quarter, Elektrobudowa successfully accomplished some of the objectives of the offering: it bought a 100% share in the Energoefekt for PLN 10m, it signed a conditional agreement for the purchase of a 62% share in Energotest—Energopomiar for PLN 18.7m, and it bought a 49% share in "Vector" for PLN 3.8m. As Energoefekt and Energotest will not be consolidated until Q2'08, they will not have an impact on Q1'08 earnings. Vector will start contributing to the Company's revenues in 2010, after it has launched production of switchgears and container stations (this requires an investment of ca. PLN 20m).


Construction

 Analyst:
Kacper Żak

Erbud

Accumulate

| | | | | | |
|----------|------|----------------|------|----------------------|-----------------|
| 2008 P/E | 21.4 | 2008 EV/EBITDA | 14.1 | Current price | PLN 88.0 |
| 2009 P/E | 15.0 | 2009 EV/EBITDA | 9.1 | Target price | PLN 95.0 |

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|----------------|---------|--------|--------|-------|-------|--------|--------|-------|--------|
| Revenue | 196.1 | 139.8 | 40.3% | 932.5 | 664.7 | 40.3% | 1306.2 | 932.5 | 40.1% |
| EBITDA | 11.5 | 6.8 | 69.6% | 69.9 | 42.3 | 65.3% | 103.4 | 69.9 | 48.0% |
| margin | 5.9% | 4.9% | - | 7.5% | 6.4% | - | 7.9% | 7.5% | - |
| EBIT | 10.8 | 6.7 | 61.6% | 66.2 | 40.3 | 64.2% | 98.9 | 66.2 | 49.5% |
| Pre-tax profit | 10.0 | 6.8 | 47.5% | 70.3 | 40.8 | 72.3% | 104.8 | 70.3 | 49.1% |
| Net profit | 8.1 | 4.5 | 80.5% | 51.6 | 32.1 | 60.7% | 74.0 | 51.6 | 43.4% |

First property development revenues

Given the weak home sales in H2'07, Budlex's sales in that period were weak. In Q1'08, however, a revival started in the market and the apartments that Budlex had completed in 2007 were sold. We are therefore estimating that property development made a significant contribution to Q1'08 total revenues (PLN 29.7m). Apartments were sold at relatively low prices (PLN 4,000-5,500 per square meter of usable space). Therefore, PLN 2.2m is Erbud's estimated share in Budlex net income (it owns a 75% share). We are expecting that despite the warm winter Erbud's standalone earnings on building construction will show seasonal effects (low Q1 revenues). Moreover, earnings may be affected by the purchase of Rembet Plus (positive goodwill write-off).


Construction

 Analyst:
Kacper Żak

Polimex Mostostal Hold

| | | | | | |
|----------|------|----------------|------|----------------------|----------------|
| 2008 P/E | 23.9 | 2008 EV/EBITDA | 11.5 | Current price | PLN 7.1 |
| 2009 P/E | 16.7 | 2009 EV/EBITDA | 8.9 | Target price | PLN 9.1 |

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|----------------|---------|--------|--------|--------|--------|--------|--------|--------|--------|
| Revenue | 945.9 | 665.8 | 42.1% | 4131.4 | 3701.7 | 11.6% | 4935.3 | 4131.4 | 19.5% |
| EBITDA | 53.7 | 54.1 | -0.7% | 307.1 | 219.3 | 40.0% | 396.4 | 307.1 | 29.1% |
| margin | 5.7% | 8.1% | - | 7.4% | 5.9% | - | 8.0% | 7.4% | - |
| EBIT | 38.3 | 44.5 | -13.8% | 205.3 | 163.1 | 25.9% | 278.0 | 205.3 | 35.4% |
| Pre-tax profit | 30.0 | 43.0 | -30.1% | 191.3 | 152 | 25.9% | 269.5 | 191.3 | 40.9% |
| Net profit | 19.5 | 33.2 | -41.2% | 139.2 | 103.8 | 34.1% | 199.6 | 139.2 | 43.4% |

Falling margins

Although last year's comparison base was high, the mild weather in Q1'08 allowed construction and assembly output to grow at high rates (6.6% y/y in January, 20.7% y/y in February, in constant prices). As a result, demand for steel construction was strong, as were Polimex's sales in the segment. Paradoxically, however, gross margin on steel constructions remained low (in 2007, it had decreased by 5.4%). This was due to the expanding costs of salaries, energy and basic materials, to the strengthening of the zloty vs. the euro and to the tightening competition. There are therefore some reasons to worry about the Company's earnings in the subsequent quarters, when sales go down to the levels typical for a given quarter (the steel construction business is subject to seasonalities).


**Construc-
tion**

 Analyst:
Kacper Żak

Ulma Construcción

Accumulate

 2008 P/E 18.9 2008 EV/EBITDA 9.2
 2009 P/E 15.3 2009 EV/EBITDA 7.5

Current price **PLN 232.2**
Target price **PLN 221.5**

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|----------------|---------|--------|--------|-------|-------|--------|-------|-------|--------|
| Revenue | 57.8 | 49.1 | 17.6% | 269.8 | 222.6 | 21.2% | 299.8 | 269.8 | 11.1% |
| EBITDA | 25.4 | 24.8 | 2.5% | 145.2 | 108.5 | 33.8% | 172.9 | 145.2 | 19.1% |
| margin | 44.0% | 50.5% | - | 53.8% | 48.7% | - | 57.7% | 53.8% | - |
| EBIT | 16.5 | 15.9 | 3.8% | 88.6 | 66.6 | 33.0% | 104.7 | 88.6 | 18.1% |
| Pre-tax profit | 15.5 | 14.4 | 7.7% | 79.6 | 62.2 | 27.9% | 98.3 | 79.6 | 23.5% |
| Net profit | 12.6 | 11.6 | 8.3% | 64.5 | 50.9 | 26.6% | 79.6 | 64.5 | 23.5% |

More projects, greater earnings

The first two months of the year were good for the Company, as a result of the warm winter and several ahead-of-schedule project completions. March was somewhat slower, as will be April. We are not expecting the construction market to pick up until next month.

Real Estate Development



Residential Development

Analyst:
Kacper Żak

Dom Development Buy

2008 P/E 11.1 2008 EV/EBITDA 8.2 **Current price** **PLN 71.0**
 2009 P/E 9.5 2009 EV/EBITDA 5.5 **Target price** **PLN 103.6**

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|----------------|---------|--------|--------|-------|-------|--------|--------|-------|--------|
| Revenue | 217.0 | 171.9 | 26.2% | 951.0 | 878.8 | 8.2% | 1370.0 | 951.0 | 44.1% |
| EBITDA | 61.9 | 44.5 | 39.1% | 199.7 | 243.5 | -18.0% | 229.5 | 199.7 | 14.9% |
| margin | 28.5% | 25.9% | - | 21.0% | 27.7% | - | 16.7% | 21.0% | - |
| EBIT | 61.4 | 44 | 39.6% | 197.8 | 241.0 | -17.9% | 227 | 197.8 | 15.0% |
| Pre-tax profit | 60.4 | 46.6 | 29.6% | 194.7 | 250.4 | -22.2% | 227.4 | 194.7 | 16.8% |
| Net profit | 48.9 | 37.4 | 30.8% | 157.7 | 200.6 | -21.4% | 184.0 | 157.7 | 16.7% |

Home sales at last quarter's level

In Q1'08, the key development for the company was the launch of the Grzybowska project. Even before the project was launched, reservations had been made for over 10% of apartments. We are expecting that many of them have already generated preliminary agreements. We believe that as regards the number of agreements signed, Q1'08 should not differ significantly from Q4'07 (i.e. 350-380 apartments). FY earnings hinge on Q2 and Q4.



Residential Development

Analyst:
Kacper Żak

Echo Investment Buy

2008 P/E 15.6 2008 EV/EBITDA 13.6 **Current price** **PLN 6.6**
 2009 P/E 9.8 2009 EV/EBITDA 9.7 **Target price** **PLN 8.0**

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|----------------|---------|--------|--------|-------|--------|--------|-------|-------|--------|
| Revenue | 75.0 | 65.4 | 14.7% | 476.5 | 380.8 | 25.1% | 792.3 | 476.5 | 66.3% |
| EBITDA | 42.7 | 90.5 | -52.8% | 306.0 | 410.0 | -25.4% | 457.3 | 306.0 | 49.5% |
| margin | 56.9% | 138.4% | - | 64.2% | 107.7% | - | 57.7% | 64.2% | - |
| EBIT | 42.0 | 89.5 | -53.1% | 303.3 | 403.7 | -24.9% | 454.5 | 303.3 | 49.9% |
| Pre-tax profit | 27.0 | 74.7 | -63.9% | 220.9 | 401.8 | -45.0% | 354.8 | 220.9 | 60.7% |
| Net profit | 21.3 | 61.3 | -65.3% | 177.4 | 321.9 | -44.9% | 283.9 | 177.4 | 60.0% |

No project completed in Q1'08

We are estimating Q1'08 revenues at PLN 75m, which is 14.7% more than in the same period last year. In Q1'08, the annual indexation of rental rates took place. We believe that rental revenues on commercial space will amount to ca. PLN 50m. In Q1'08, the Company did not complete a single commercial or residential project. The Company sold several apartments from the Inflancka project and it recognized over PLN 10m in Q4'07 revenues, which were delayed by construction completion procedures. All in all, we are estimating revenues from the residential segment at ca. PLN 20m.

Compared to Q1'07, profits plunged. This is due to the high comparison base stemming from the high revaluation gains in Q1'07. For this quarter, given the lack of project completions, the stalling property prices and the weakening of the euro towards the PLN we are forecasting a small revaluation loss. (Revaluations will be more significant in Q3'08, when the company verifies its cap rates).

| | | GTC | | | | | Buy | | |
|----------------|---------|--------------------------------|--------|---------------|---------------------|--------------------------------|------------|--------|--------|
| | | Residential Development | | | | | | | |
| | | Analyst: Kacper Żak | | 2008 P/E 12.2 | 2008 EV/EBITDA 10.7 | Current price PLN 37.07 | | | |
| | | | | 2009 P/E 4.5 | 2009 EV/EBITDA 5.2 | Target price PLN 42.88 | | | |
| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
| Revenue | 59.0 | 58.1 | 1.5% | 761.8 | 278.5 | 173.5% | 1848.1 | 761.8 | 142.6% |
| EBITDA | 135.4 | 64.3 | 110.6% | 996.8 | 1170.6 | -14.8% | 2710.8 | 996.8 | 171.9% |
| margin | 229.5% | 110.7% | 118.8% | 130.9% | 420.3% | -289.5% | 146.7% | 130.9% | 15.8% |
| EBIT | 135.1 | 64 | 111.1% | 995.8 | 1169.5 | -14.9% | 2709.6 | 995.8 | 172.1% |
| Pre-tax profit | 115.1 | 62.2 | 85.0% | 877.6 | 1078.6 | -18.6% | 2472.7 | 877.6 | 181.7% |
| Net profit | 82.8 | 43.4 | 90.8% | 670.0 | 845.9 | -20.8% | 1812.7 | 670.0 | 170.6% |

Two projects completed

We believe GTC Q1'08 sales revenues will be slightly higher year-on-year. Approximately PLN 55m will come from commercial space rentals. In Q1'08, not a single residential project was completed. Therefore, the impact on this segment on this quarter's revenues will not be significant. Our forecasts assume that a smattering of the apartments completed earlier will be sold (ca. PLN 15m).

The Company completed two office projects: Globis in Wrocław and Nefryt in Warsaw. We are estimating that these two projects brought pre-tax revaluation gains of PLN 112m. The completion of the Galeria Bazau has been postponed till the next quarter.

| | | J.W. Construction | | | | | Buy | | |
|----------------|---------|--------------------------------|--------|--------------|--------------------|--------------------------------|------------|--------|--------|
| | | Residential Development | | | | | | | |
| | | Analyst: Kacper Żak | | 2008 P/E 9.2 | 2008 EV/EBITDA 6.8 | Current price PLN 32.75 | | | |
| | | | | 2009 P/E 9.2 | 2009 EV/EBITDA 6.8 | Target price PLN 51.40 | | | |
| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
| Revenue | 117.6 | 106.3 | 10.6% | 1110.4 | 782.7 | 41.9% | 1322.1 | 1110.4 | 19.1% |
| EBITDA | 37.1 | 20.1 | 84.7% | 255.8 | 214.7 | 19.1% | 251.6 | 255.8 | -1.6% |
| margin | 31.6% | 18.9% | - | 23.0% | 27.4% | - | 19.0% | 23.0% | - |
| EBIT | 33.8 | 17.9 | 88.8% | 246.6 | 201.4 | 22.5% | 243.3 | 246.6 | -1.4% |
| Pre-tax profit | 23.2 | 14.2 | 63.4% | 239.9 | 187.1 | 28.2% | 241.5 | 239.9 | 0.6% |
| Net profit | 18.8 | 11.2 | 67.8% | 194.3 | 148.4 | 31.0% | 195.6 | 194.3 | 0.6% |

Q1 seasonally slow

JW Construction's accounting policy did not allow the company to recognize revenues from any of the 2000 dwelling units sold in 2007, which will be posted in Q3, or, even more probably, in Q4 (these are two developments in Warsaw of which only one has received requisite permits so far, and the other is expected to in a month). All in all, sales were not too buoyant in the first quarter, mainly because all that was left to sell were leftover apartments in developments that are otherwise sold out. A pickup in sales is not expected until the third quarter, when JWC offers for sale new dwellings in Ożarów (we expect some 250 apartments). While the forecast of a total of 2.9 thousand apartments sold in 2008 is not completely unrealistic, it is under pressure due to intense competition from other developers like Dom Development. To meet the sales target, JWC will have to sell 2-3 times more apartments in the second half of the year than in the first, which could be hard to achieve given the increasing costs of credit, and the fact that prospective buyers remain in "pause" mode.


**Residential
Development**

 Analyst:
Kacper Żak

Polnord

Buy


| | | | | | |
|----------|------|----------------|------|----------------------|------------------|
| 2008 P/E | 12.7 | 2008 EV/EBITDA | 11.1 | Current price | PLN 108.8 |
| 2009 P/E | 7.2 | 2009 EV/EBITDA | 6.5 | Target price | PLN 202.3 |

| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
|----------------|---------|--------|--------|-------|-------|--------|--------|-------|--------|
| Revenue | 102.3 | 24.6 | 315.9% | 723.8 | 132.7 | 445.4% | 1376.3 | 723.8 | 90.2% |
| EBITDA | 47.0 | 7.8 | 502.6% | 215.1 | 34.8 | 518.2% | 361.3 | 215.1 | 68.0% |
| margin | 45.9% | 31.7% | - | 29.7% | 26.2% | - | 26.3% | 29.7% | - |
| EBIT | 46.6 | 7.2 | 547.2% | 209.0 | 33.2 | 529.6% | 355.3 | 209.0 | 70.0% |
| Pre-tax profit | 44.8 | 5.8 | 672.4% | 187.9 | 35.9 | 423.3% | 332.5 | 187.9 | 77.0% |
| Net profit | 36.3 | 4.5 | 706.4% | 152.2 | 96.5 | 57.7% | 269.3 | 152.2 | 77.0% |

Gdańsk apartments boosted Q1 earnings


Polnord's first-quarter results were boosted by the sale of a development in Gdańsk for PLN 46m. Adjusted for this gain, the company achieved a revenue of PLN 56.3m and a gross profit of PLN 19.2m in the period, from remaining apartments in the "Ostoja" developments, and mostly from the "Ostoja 3" and "Królewskie Przedmieście" projects, which we expect to have generated a total revenue of PLN 25.3m. Further, Polnord earned PLN 8.0m from developments in Russia.

Retail

| | | Emperia Holding | | | | | Accumulate | | |
|---|---------|------------------------|--------|----------------|---------|----------------------|-------------------|---------|--------|
|  | | Retail | | | | | | | |
| Analyst: | | 2008 P/E | 19.7 | 2008 EV/EBITDA | 11.4 | Current price | PLN 152.4 | | |
| Kamil Kliszcz | | 2009 P/E | 15.2 | 2009 EV/EBITDA | 8.6 | Target price | PLN 166.1 | | |
| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
| Revenues | 1 312.1 | 1 067.8 | 22.9% | 5 936.2 | 4 596.5 | 29.1% | 6 757.4 | 5 936.2 | 13.8% |
| EBITDA | 42.0 | 31.0 | 35.5% | 210.8 | 173.4 | 21.5% | 278.0 | 210.8 | 31.9% |
| margin | 3.2% | 2.9% | 10.3% | 3.6% | 3.8% | - | 4.1% | 3.6% | - |
| EBIT | 32.5 | 22.2 | 46.2% | 153.1 | 134.3 | 13.9% | 198.6 | 153.1 | 29.8% |
| Pre-tax profit | 26.5 | 20.7 | 27.9% | 143.5 | 111.2 | 29.0% | 185.6 | 143.5 | 29.3% |
| Net profit | 21.5 | 16.7 | 28.3% | 116.2 | 89.7 | 29.5% | 150.3 | 116.2 | 29.3% |

Greater scale, greater profits


Emperia's Q108 results are not comparable because of the acquisitions that the company completed over the year. Although like-for-like growth was probably slower than reported by Eurocash, we expect Emperia to report a 23% increase in revenue, driven by new wholesale and retail outlets. The topline figure would have been higher if Emperia started to consolidate 100% of the earnings of its December acquisitions Sydo and Alpaga-Xema in the first quarter (annual revenue upside estimated at PLN 400m). But, because redemption of 50% of the shares is set to be completed in the second quarter, Emperia only recognized 50% of the revenue of Alpaga and Sydo in its first-quarter financial statements. While we expect to see a year-on-year improvement in Q108 EBITDA margin (bigger scale, better purchase prices, BOS integration benefits), seasonally, it will be weaker than in the coming quarters.

| | | Eurocash | | | | | Hold | | |
|---|---------|-----------------|--------|----------------|---------|----------------------|-----------------|---------|--------|
|  | | Retail | | | | | | | |
| Analyst: | | 2008 P/E | 20.3 | 2008 EV/EBITDA | 10.8 | Current price | PLN 12.9 | | |
| Kamil Kliszcz | | 2009 P/E | 16.2 | 2009 EV/EBITDA | 9.0 | Target price | PLN 11.5 | | |
| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
| Revenues | 1 243.5 | 1 008.8 | 23% | 6 719.6 | 4 729.4 | 42% | 7 838.3 | 6 719.6 | 17% |
| EBITDA | 21.7 | 16.5 | 31% | 156.6 | 121.9 | 29% | 188.7 | 156.6 | 20% |
| margin | 1.74% | 1.64% | - | 2.33% | 2.58% | - | 2.41% | 2.33% | - |
| EBIT | 12.5 | 8.1 | 54% | 108.5 | 85.8 | 27% | 133.3 | 108.5 | 23% |
| Pre-tax profit | 10.7 | 5.9 | 80% | 99.8 | 73.7 | 35% | 124.2 | 99.8 | 24% |
| Net profit | 8.6 | 4.5 | 94% | 81.8 | 58.9 | 39% | 102.9 | 81.8 | 26% |

Good quarter despite seasonality factors

As usual, Eurocash saw seasonal tightening in profit margins in the first quarter, but we expect to be positively surprised by the sales figures and year-on-year profit growth driven by expanding scale. Even though Eurocash did not consolidate McLane's earnings in Q1 (the acquisition is just about to be completed), its revenues surged by over 20% on the back of organic growth alone. The EBITDA margin increased compared to Q107, but probably only a little given the company's strategy of expanding scale by attracting new customers with low prices. While profitability is expected to display only a moderate improvement, nominal EBIT and EBITDA will be several dozen percent higher than a year earlier, and net profit will almost double. If these forecasts are accurate, we might revise upward our full-year earnings projections for Eurocash.

Others

| | | Mondi | | | | | Buy | | |
|---|---------|--------------|--------|----------------|---------|----------------------|-----------------|---------|--------|
|  | | Paper | | | | | | | |
| Analyst: | | 2008 P/E | 10.6 | 2008 EV/EBITDA | 6.0 | Current price | PLN 44.5 | | |
| Michał Marczak | | 2009 P/E | 11.4 | 2009 EV/EBITDA | 6.3 | Target price | PLN 76.4 | | |
| (PLN m) | 1Q2008F | 1Q2007 | change | 2008F | 2007 | change | 2009F | 2008F | change |
| Revenues | 368.3 | 386.7 | -4.8% | 1 522.2 | 1 610.4 | -5.5% | 1 545.4 | 1 522.2 | 1.5% |
| EBITDA | 77.7 | 120.0 | -35.3% | 368.4 | 400.0 | -7.9% | 344.0 | 368.4 | -6.6% |
| margin | 21.1% | 31.0% | -32.1% | 24.2% | 24.8% | -2.6% | 22.3% | 24.2% | -8.0% |
| EBIT | 51.6 | 93.5 | -44.9% | 258.3 | 295.7 | -12.6% | 236.7 | 258.3 | -8.4% |
| Pre-tax profit | 54.9 | 98.2 | -44.2% | 256.9 | 303.8 | -15.4% | 237.0 | 256.9 | -7.7% |
| Net profit | 44.4 | 80.1 | -44.5% | 210.7 | 246.2 | -14.4% | 194.5 | 210.7 | -7.7% |

Unfavorable market conditions

Mondi is being affected by unfavorable market trends. The average euro price of kraftliner in Q108 was 1% lower than a year earlier, while prices of testliner and fluting surged 13% and 17.5% respectively. But the zloty's appreciation against the euro in the period curbed the actual prices by 7.5%. Mondi hedges itself against currency risks, and we expect to see an additional PLN 14m other operating profit from these contracts in Q1. On the downside, increasingly expensive wood is driving production costs (wood appreciated 20% in 2007), although the company is reporting that the situation is stabilizing. Mondi's contract with Poland's forest administrator PGL LP provides for price hikes from the 2007 level ranging between 5% and 11%, plus, Mondi can import much cheaper (ca. 20% than last year) wood from Germany, which is selling out windfall from hurricane Emma. For all these reasons, Mondi's first-quarter EBITDA is expected to back off last year's record level of 31% to 21% in 2008. We anticipate that actual Q1 results will prompt a downward revision to our full-year forecasts for the company.

Earnings Release Schedule

| Company | Q1 2008 standalone report | Q1 2008 consolidated report | 2007 consolidated report |
|--------------------------|------------------------------|-----------------------------------|--------------------------------|
| ABG SPIN | 12.05.08 | 12.05.08 | |
| AGORA | 15.05.08 | 15.05.08 | 11.04.07 |
| ASSECO POLAND | 14.05.08 | 14.05.08 | 22.04.08 |
| BPH | 07.05.08 | 07.05.08 | 21.03.08 |
| BUDIMEX | 09.05.08 | 09.05.08 | 31.03.08 |
| BZWBK | 08.05.08 | 08.05.08 | 25.02.08 |
| CIECH | 15.05.08 | 15.05.08 | 06.06.08 |
| COMARCH | 15.05.08 | 15.05.08 | 08.05.08 |
| DOM DEVELOPMENT | 12.05.08 | 12.05.08 | 17.03.08 |
| ECHO INVESTMENT | 15.05.08 | 15.05.08 | 13.06.08 |
| ELEKTROBUDOWA | 15.05.08 | 15.05.08 | 31.03.08 |
| EMPERIA HOLDING | 15.05.08 | 15.05.08 | 29.04.08 |
| ERBUD | 15.05.08 | 15.05.08 | 12.06.08 |
| EUROCASH | 15.05.08 | 15.05.08 | 25.04.08 |
| FARMACOL | 15.05.08 | 15.05.08 | 13.06.08 |
| GTC | 15.05.08 | 15.05.08 | 27.02.08 |
| HANDLOWY | 08.05.08 | 08.05.08 | 20.03.08 |
| ING BSK | 14.05.08 | 14.05.08 | 31.03.08 |
| J.W. CONSTRUCTION | 14.05.08 | 14.05.08 | 29.05.08 |
| KĘTY | 29.04.08 | 29.04.08 | 10.04.08 |
| KGHM | 15.05.08 | 15.05.08 | 22.04.08 |
| KOELNER | 15.05.08 | 15.05.08 | 30.06.08 |
| KOGENERACJA | 15.05.08 | 15.05.08 | 29.05.08 |
| KREDYT BANK | 15.05.08 | 15.05.08 | 29.02.08 |
| LOTOS | 15.05.08 | 15.05.08 | 08.05.08 |
| MACROLOGIC | 30.04.08 | 30.04.08 | 29.05.08 |
| MILLENNIUM | 21.04.08 | 21.04.08 | |
| MONDI | 25.04.08 | 25.04.08 | 22.02.08 |
| NETIA | 15.05.08 | 15.05.08 | 28.02.08 |
| NOBLE BANK | 15.05.08 | 15.05.08 | 12.03.08 |
| PEKAO | 07.05.08 | 07.05.08 | 21.03.08 |
| PGF | 15.05.08 | 15.05.08 | 14.05.08 |
| PGNiG | 14.05.08 | 14.05.08 | |
| PKN ORLEN | 15.05.08 | 15.05.08 | 23.04.08 |
| PKO BP | 08.05.08 | 08.05.08 | 15.04.08 |
| POLIMEX MOSTOSTAL | 09.05.08 | 09.05.08 | 30.05.08 |
| POLNORD | 15.05.08 | 15.05.08 | 30.04.08 |
| PROSPER | 15.05.08 | 15.05.08 | 11.08.08 |
| RAFAKO | 15.05.08 | 15.05.08 | 03.04.08 |
| SYGNITY | 15.05.08 | 15.05.08 | 30.04.08 |
| TELEKOMUNIKACJA POLSKA | 29.04.08 | 29.04.08 | 28.03.08 |
| TORFARM | 15.05.08 | 15.05.08 | 07.05.08 |
| TVN | 13.05.08 | 13.05.08 | 18.02.08 |
| ULMA CONSTRUCCION POLSKA | 15.05.08 | 15.05.08 | 15.04.08 |
| WSiP | 12.05.08 | 12.05.08 | 15.05.08 |
| ZA PUŁAWY | 30.04.08 | 30.04.08 | |

Source: Parkiet

**Current Ratings by BRE Bank Securities**

| Company | Rating | Target Price | Date |
|--------------------------|----------------|--------------|------------|
| ABG SPIN | Accumulate | 7.30 | 2008-01-31 |
| AGORA | Accumulate | 53.00 | 2008-01-17 |
| ASSECO POLAND | Buy | 85.45 | 2008-01-17 |
| BPH | Suspended | | 2008-02-28 |
| BUDIMEX | Buy | 98.40 | 2007-10-30 |
| BZWBK | Accumulate | 208.90 | 2008-04-03 |
| CIECH | Buy | 101.10 | 2008-04-09 |
| COMARCH | Hold | 178.70 | 2007-12-11 |
| DOM DEVELOPMENT | Buy | 103.60 | 2008-03-04 |
| ECHO INVESTMENT | Buy | 8.00 | 2008-02-15 |
| ELEKTROBUDOWA | Accumulate | 221.50 | 2008-02-04 |
| EMPERIA HOLDING | Accumulate | 166.10 | 2008-03-17 |
| ERBUD | Accumulate | 95.00 | 2008-02-04 |
| EUROCASH | Hold | 11.50 | 2008-03-06 |
| FARMACOL | Suspended | | 2007-10-16 |
| GTC | Accumulate | 42.88 | 2008-04-03 |
| HANDLOWY | Buy | 109.80 | 2008-04-01 |
| ING BSK | Hold | 562.50 | 2008-04-03 |
| J.W. CONSTRUCTION | Buy | 51.40 | 2007-12-11 |
| KĘTY | Buy | 165.90 | 2008-02-11 |
| KGHM | Accumulate | 117.00 | 2008-02-15 |
| KOELNER | Hold | 24.20 | 2008-02-27 |
| KOGENERACJA | Under revision | | 2007-06-06 |
| KREDYT BANK | Accumulate | 25.10 | 2008-04-03 |
| LOTOS | Accumulate | 46.00 | 2008-01-14 |
| MACROLOGIC | Buy | 59.50 | 2008-04-03 |
| MILLENNIUM | Accumulate | 9.70 | 2008-04-03 |
| MONDI | Buy | 76.40 | 2007-12-04 |
| NETIA | Hold | 4.00 | 2008-04-14 |
| NOBLE BANK | Accumulate | 11.40 | 2008-04-03 |
| PEKAO | Buy | 245.00 | 2008-01-24 |
| PGF | Suspended | | 2007-10-16 |
| PGNiG | Accumulate | 5.53 | 2008-03-11 |
| PKN ORLEN | Hold | 44.30 | 2008-03-10 |
| PKO BP | Buy | 55.50 | 2008-02-18 |
| POLIMEX MOSTOSTAL | Hold | 9.10 | 2007-12-04 |
| POLNORD | Buy | 202.30 | 2007-12-11 |
| PROSPER | Suspended | | 2007-10-16 |
| RAFAKO | Suspended | | 2008-01-17 |
| SYGNITY | Buy | 65.00 | 2008-02-26 |
| TELEKOMUNIKACJA POLSKA | Accumulate | 23.60 | 2008-04-14 |
| TORFARM | Suspended | | 2007-10-16 |
| TVN | Hold | 22.90 | 2008-03-07 |
| ULMA CONSTRUCCION POLSKA | Accumulate | 322.90 | 2007-11-07 |
| WSiP | Buy | 18.10 | 2007-07-13 |
| ZA PUŁAWY | Buy | 159.20 | 2008-02-12 |



Recommendations Issued This Month

| Company | Rating | Old | Target Price | Date |
|------------------------|------------|------------|--------------|------------|
| BZWBK | Accumulate | Buy | 208.90 | 2008-04-03 |
| EMPERIA HOLDING | Accumulate | Hold | 166.10 | 2008-03-17 |
| GTC | Accumulate | Buy | 42.88 | 2008-04-03 |
| HANDLOWY | Buy | Buy | 109.80 | 2008-04-01 |
| ING BSK | Hold | Accumulate | 562.50 | 2008-04-03 |
| KREDYT BANK | Accumulate | Buy | 25.10 | 2008-04-03 |
| MACROLOGIC | Buy | Accumulate | 59.50 | 2008-04-03 |
| MILLENNIUM | Accumulate | Buy | 9.70 | 2008-04-03 |
| NETIA | Hold | Hold | 4.00 | 2008-04-14 |
| NOBLE BANK | Accumulate | Buy | 11.40 | 2008-04-03 |
| TELEKOMUNIKACJA POLSKA | Accumulate | Hold | 23.60 | 2008-04-14 |

Recommendation Statistics

| Statistics | All | | | | | Issuers who are clients of BRE Bank Securities | | | | |
|---------------|------|--------|-------|------------|-------|--|--------|-------|------------|-------|
| | Sell | Reduce | Hold | Accumulate | Buy | Sell | Reduce | Hold | Accumulate | Buy |
| count | 0 | 0 | 9 | 5 | 16 | 0 | 0 | 2 | 7 | 5 |
| pct. of total | 0.0% | 0.0% | 22.5% | 37.5% | 40.0% | 0.0% | 0.0% | 14.3% | 50% | 35.7% |



Michał Marczak tel. (+48 22) 697 47 38
Managing Director
Head of Research
michal.marczak@dibre.com.pl
Strategy, telco, mining, metals, media

Research Department:

Marta Jeżewska tel. (+48 22) 697 47 37
Deputy Director
marta.jezewska@dibre.com.pl
Banks

Analysts:

Kamil Kliszcz tel. (+48 22) 697 47 06
kamil.klischcz@dibre.com.pl
Retail, materials, other

Piotr Janik tel. (+48 22) 697 47 40,
piotr.janik@dibre.com.pl
IT, other

Kacper Żak tel. (+48 22) 697 47 41
kacper.zak@dibre.com.pl
Real-estate developers, other

Piotr Grzybowski tel. (+48 22) 697 47 17
piotr.grzybowski@dibre.com.pl
Other

Sales and Trading:

Piotr Dudziński tel. (+48 22) 697 48 22
Director
piotr.dudzinski@dibre.com.pl

Grzegorz Domagała tel. (+48 22) 697 48 03
Deputy Director
grzegorz.domagala@dibre.com.pl

Marzena Łempicka-Wilim tel. (+48 22) 697 48 95
Deputy Director
marzena.lempicka@dibre.com.pl

Traders:

Emil Onyszczyk tel. (+48 22) 697 49 63
emil.onyszczyk@dibre.com.pl

Grzegorz Stępień tel. (+48 22) 697 48 62
grzegorz.stepien@dibre.com.pl

Tomasz Dudź tel. (+48 22) 697 49 68
tomasz.dudz@dibre.com.pl

Michał Jakubowski tel. (+48 22) 697 47 44
michal.jakubowski@dibre.com.pl

Tomasz Jakubiec tel. (+48 22) 697 47 31
tomasz.jakubiec@dibre.com.pl

Grzegorz Strublewski tel. (+48 22) 697 48 76
grzegorz.strublewski@dibre.com.pl

Dom Inwestycyjny
BRE Banku S.A.
ul. Wspólna 47/49
00-950 Warszawa
www.dibre.com.pl

**List of abbreviations and ratios contained in the report.**

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

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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%
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Comparative – 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.