

**Construction**

Poland

Current price	PLN 18.7
Target price	PLN 27.2
Market cap	PLN 0.37bn
Free float	PLN 0.09bn
Avg. daily trading volume	PLN 0.25m

Shareholder Structure

Acciona	50.09%
OFE PZU Złota Jesień	17.13%
AVIVA OFE Aviva BZ WBK	9.00%
Others	23.78%

Sector Outlook

The new year deals a new hand. The WIG Budownictwo index of construction stocks is not likely to be outperformed by the broad WIG index in 2012. The opportunities awaiting companies this year come from power plant contracts, and the risks stem from road contracts (weak operating cash flows, delayed payments). We would pick small and medium-sized builders over large players when looking for investments in the construction sector because they work on shorter deadlines and enjoy solid balance sheets.

Company Profile

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

Mostostal Warszawa Buy

MSW PW; MOWA.WA

(Reiterated)

Lost Contract Claims Priced In

Mostostal Warszawa's (MSW) shares have plummeted in recent months in anticipation of a huge net loss in Q4 2011 (we estimate the loss at PLN 71.9m). MSW uses a conservative accounting policy and it does not recognize legitimate claims for additional compensation under road contracts as revenue. The net loss aside, MSW should report considerable cash inflows for the fourth quarter (we estimate its net cash at December 2011 to be PLN 134.0m compared to net debt of PLN 1-2.9m reported at the end of Q3 2011). MSW is waiting to sign a PLN 2.3bn contract for construction of a power plant in Opole which would boost the estimated 2013 ratio of orders to expected revenue from the current 44% to 57%. We believe the likelihood that MSW will get the contract is high enough to factor it into our financial forecasts. Measured based on EV/S ratio, Mostostal Warszawa is one of the cheapest construction stocks on the WSE (EV/S = 0.08 compared to 1.01 for PBG and 0.34 for Polimex). Our assumptions with respect to future profit margins and cash, and the results for Q4 2011, are conservative. We assume that, on average, the company will report having net debt this year even despite the increase in cash flow recorded toward the end of 2011. We are reiterating a buy rating on MSW with the price target at PLN 27.2 per share.

Opole power plant contract

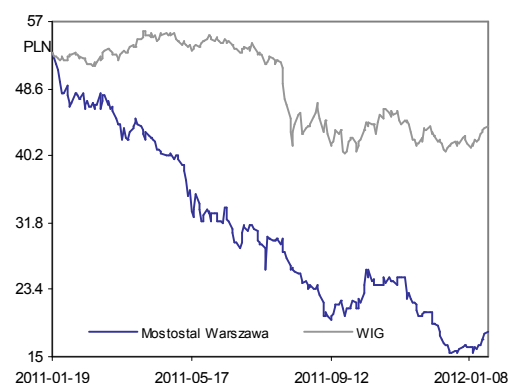
PGE selected a "Polish consortium" comprising Rafako, Polimex Mostostal and Mostostal Warszawa to build two power generation units at the Opole power plant. The consortium offered a price of PLN 9.5bn, of which Mostostal could get about PLN 2.3bn (representing 81% of our revenue forecast for 2013). The parties have not signed the contract yet, but they probably will inside the next two months.

2012 and 2013 order backlogs

MSW has accumulated ca. PLN 2.27bn-worth of orders for 2012, and it has secured PLN 1.24bn-worth of contracts for delivery in 2013. The Opole power plant contract can add about PLN 380m to the 2013 backlog.

Should reasonable contract claims be recognized as revenue?

Most construction companies have outstanding accounts receivable from the National Road Authority (GDDKiA) resulting from extra contract work. Most of these claims seem legitimate, but the GDDKiA refuses to recognize them for now. Even though IFRS allow for the recognition of such claims under revenues, MSW's conservative accounting policy may prompt it not to, and recognize losses as a result.

MSW vs. WIG**Maciej Stokłosa**

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(PLN m)	2009	2010	2011F	2012F	2013F
Revenue	2 712.1	2 570.4	3 227.6	2 843.7	2 832.8
EBITDA	209.1	119.7	-61.8	100.9	121.8
<i>EBITDA margin</i>	7.7%	4.7%	-1.9%	3.5%	4.3%
EBIT	181.2	84.3	-102.3	58.7	78.6
Net profit	117.3	62.5	-85.3	38.8	52.8
P/E	3.2	6.0	-	9.6	7.1
P/CE	2.6	3.8	-	4.6	3.9
P/BV	0.8	0.7	0.9	0.8	0.7
EV/EBITDA	0.5	0.7	-	3.5	2.7
DYield	1.6%	9.6%	3.3%	0.0%	3.1%

Order backlog

Mostostal Warszawa's order backlog amounts to PLN 2.27bn, which means that it is ca. 80% full. This is a decent result, given that ca. 25% of consolidated revenues comes from the subcontractor subsidiaries, whose contracts tend to be shorter.

We estimate the value of the 2013 order backlog at PLN 1.24bn (44% full). With a considerable order backlog for 2013, coupled with the Opole power plant contract, Mostostal Warszawa may be able to prevent its revenues from shrinking in 2013.

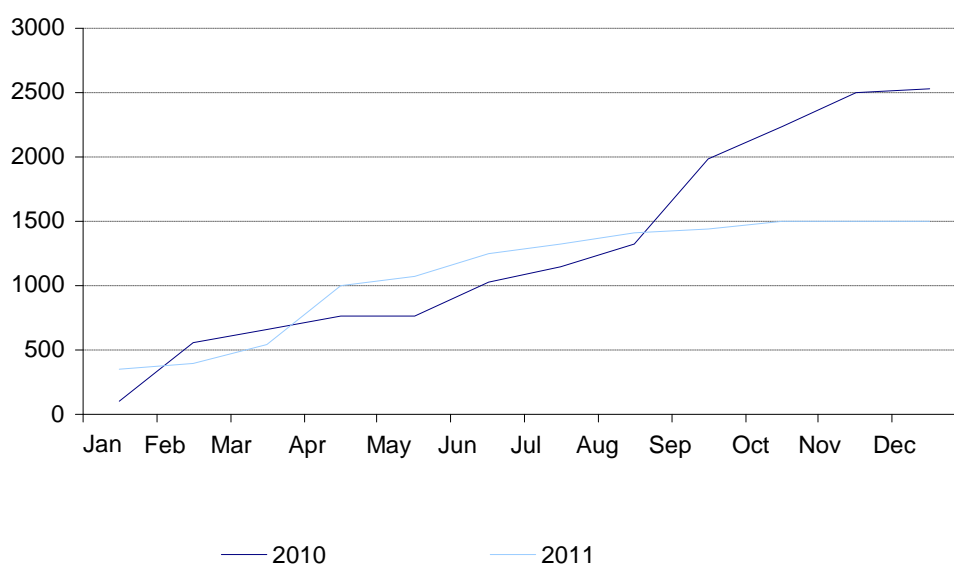
Order backlog

(PLN m)	2012	2013	2013+	Total
Mostostal Warszawa *	1 901.2	1 093.5	750.6	3 745.3
Remak	250.7	130.7	-53.5	327.9
Mostostal Plock	115.0	20.0	0.0	135.0
Total	2 266.9	1 244.2	697.1	4 208.2

Source: BRE Bank Securities, Mostostal Warszawa; *including other subsidiaries not listed on the WSE

Mostostal Warszawa is set to win fewer and fewer contracts as the years progress. It should be noted, however that (a) last year's considerable expansion in the order backlog was brought about by, inter alia, road construction contracts with their long timelines, (b) the signing of the contract for the construction of two new units at the Opole PP next year could reverse this trend (a PLN 9.5bn contract, of which PLN 2.3bn would go to Mostostal Warszawa, amounting to 81% of the revenues forecasted for 2013).

Aggregate value of contracts signed since the start of the year (PLN m)



Source: BRE Bank Securities, Mostostal Warszawa

Road contract losses: Estimates and assumptions

Most likely, three major road construction contracts are going to generate much lower margins than Mostostal Warszawa expected at the time of their signing. The contracts in question are:

- Stryków-Konotopa stretch of the A2 motorway (PLN 430.2m, signed in September 2009);
- Rzeszów Centralny – Rzeszów Wschód stretch of the A4 motorway (PLN 439.4m, signed in February 2010);
- Expansion of the S7 expressway bypass around Kielce (PLN 525.9m, signed in September 2010).

Most likely, the EBIT margin on these contracts has already been cut from ca. 2.5% to ca. 0%, which would mean that the budgets have also been adjusted by ca. PLN 34.9m. In addition,

provisions may have been created for these contracts. At the end of Q3 2011, Mostostal Warszawa had ca. PLN 37.4m worth of provisions for contract losses. Assuming that 85% of this amount are provisions for major road construction contracts, this entails an additional downward revision to contract budgets by PLN 31.8m.

In aggregate, this means that contract budgets were underestimated by 7.3%. Our forecasts assume that this gap would actually be wider at -14%. Adjustments to road construction contract budgets will be charged against Q4 2011 earnings.

The table below presents a sensitivity analysis of the valuation of Mostostal Warszawa to changes in assumptions on the losses incurred on road construction contracts. On the one hand, there is the risk of losses; on the other, there is an opportunity in the form of claims that construction companies are bringing against Poland's road authority GDDKiA.

The claims concern work already performed (past cash outflows) as well as remaining to be performed (future cash outflows). In general, we believe the claims are warranted, but it is hard to say when they are going to be accepted.

They claims must be accepted by:

- a) Project engineer (an external company);
- b) The GDDKiA.

The problem is that, for the time being, the GDDKiA refuses to acknowledge the claims (such a move would create a major risk to its employees, e.g. due to potential suspicions of corruption). In such a case, the only option remaining is litigation. We have factored the risk of claim non-payment by the GDDKiA into our valuation by adopting more conservative assumptions on changes to net debt.

Sensitivity of Mostostal Warszawa valuation to losses on road construction contracts (PLN m)

Variant	Value of contracts	Budgeted EBIT	Budget underestimation	Budget Profit	Incl. amount provisioned for	Loss to be recognized	Vs. baseline scenario	Difference PLN/share
1	1 395.5	2.5%	3%	-7.0	-66.7	-59.7	153.5	7.7
2	1 395.5	2.5%	5%	-34.9	-66.7	-31.8	125.6	6.3
3	1 395.5	2.5%	7%	-62.8	-66.7	-3.9	97.7	4.9
4	1 395.5	2.5%	10%	-104.7	-66.7	38.0	55.8	2.8
5	1 395.5	2.5%	12%	-132.6	-66.7	65.9	27.9	1.4
6	1 395.5	2.5%	14%	-160.5	-66.7	93.8	0.0	0.0
7	1 395.5	2.5%	20%	-244.2	-66.7	177.6	-83.7	-4.2
8	1 395.5	2.5%	25%	-314.0	-66.7	247.3	-153.5	-7.7

Source: BRE Bank Securities

Forecasted earnings by segment

Forecasted earnings by segment

(PLN m)	2012F	2013F	2014F	2015F
Segment				
Industrial construction	877.2	1 209.1	1 257.5	1 307.8
- incl. Remak	280.0	336.0	349.4	363.4
- incl. Mostostal Plock	141.3	151.2	157.2	163.5
- incl. new power units	0	0.0	0.0	0.0
Road construction and engineering	598.4	460.8	474.6	488.8
Building construction	1 368.1	1 162.9	1 209.4	1 257.8
Total	2 843.7	2 832.8	2 941.5	3 054.4

Source: BRE Bank Securities

Forecasted gross margins by segment

Segment	2012F	2013F	2014F	2015F
Segment				
Industrial construction	6.9%	7.3%	7.5%	7.5%
Road construction and engineering	2.7%	5.0%	5.0%	5.0%
Building construction	4.7%	5.0%	5.0%	5.0%
Total	5.0%	6.0%	6.1%	6.1%

Source: BRE Bank Securities

Valuation

We have valued the MSW stock using the DCF model and relative valuation. Our 9-month target price is PLN 27.2 per share. The target implies a 45.3% upside potential from current levels, prompting a buy rating.

Valuation

	Valuation	Weight
DCF Analysis	25.9	50%
Relative Valuation	24.6	50%
Average	25.2	
9M cost of equity	8.1%	
Target Price	27.2	

Source: BRE Bank Securities

Valuation

We compared Mostostal Warszawa to a group of general construction firms listed on the WSE. Our forecasts assume an improvement in the Company's working capital. Relative to peers, MSW is trading at a discount of ca. 37.9%.

Relative valuation

	2011F P/E	2012F P/E	2013F P/E	2011F EV/EBITDA	2012F EV/EBITDA	2013F EV/EBITDA
Budimex	8.1	8.3	11.0	2.2	4.1	6.9
Erbud	<0	8.6	8.4	<0	5.2	4.6
Elektrobudowa	11.9	10.3	8.7	6.7	6.3	5.3
PBG	5.1	10.9	7.0	10.7	9.4	6.9
Polimex Mostostal	8.3	8.9	8.3	5.9	5.7	5.3
Rafako	7.6	8.2	7.0	6.1	5.0	3.7
Unibep	9.2	7.6	7.5	5.7	6.8	4.1
ZUE	7.5	8.0	7.9	5.5	4.0	3.6
Median	8.1	8.4	8.1	5.9	5.4	4.9
Mostostal Warszawa	-4.2	9.3	6.8	-4.7	3.3	2.5
Premium (discount)	-152.1%	9.7%	-15.8%	-179.3%	-39.2%	-48.3%
Multiple weight	0.0%	30.0%	30.0%	0.0%	20.0%	20.0%

Source: BRE Bank Securities; multiples in relative valuation as of 23 January 2012

DCF Analysis

DCF Model Assumptions

- Growth rate after FY2017 = 3%.
- Risk-free rate = 5.7% (10Y T-bond yield).
- Margins start improving after H2 2012 after completion of major road construction contracts.
- We conservatively assume lower year-average cash levels than at year-end, which is factored into our model.
- Longer receivables turnover cycles in the forecast horizon.
- Minority interest valued at market cap.

DCF Model

(PLN m)	2011F	2012F	2013F	2014F	2015F	2016F	2017F	2018F	2019F	2020F	2020+
Revenue	3 227.6	2 843.7	2 832.8	2 941.5	3 054.4	3 171.7	3 293.5	3 420.0	3 545.7	3 661.1	
<i>Change</i>	25.6%	-11.9%	-0.4%	3.8%	3.8%	3.8%	3.8%	3.8%	3.7%	3.3%	
EBITDA	-61.8	100.9	121.8	128.7	133.2	135.7	137.1	140.4	143.7	146.7	
<i>EBITDA margin</i>	-1.9%	3.5%	4.3%	4.4%	4.4%	4.3%	4.2%	4.1%	4.1%	4.0%	
D&A expenses	40.5	42.1	43.3	44.4	45.6	46.8	46.8	46.8	46.8	46.8	
EBIT	-102.3	58.7	78.6	84.3	87.6	89.0	90.3	93.6	96.9	99.9	
<i>EBIT margin</i>	-3.2%	2.1%	2.8%	2.9%	2.9%	2.8%	2.7%	2.7%	2.7%	2.7%	
Tax on EBIT	-19.4	11.2	14.9	16.0	16.6	16.9	17.2	17.8	18.4	19.0	
NOPLAT	-82.9	47.6	63.7	68.3	71.0	72.1	73.1	75.8	78.5	80.9	
CAPEX	-38.3	-50.6	-51.9	-53.3	-54.7	-56.1	-52.4	-51.5	-51.5	-46.8	
Working capital	-126.5	-72.9	-7.5	-9.2	-8.8	-8.5	-8.8	-9.7	-9.7	-8.9	
FCF	-207.2	-33.8	47.5	50.2	53.1	54.2	58.7	61.4	64.1	72.0	74.2
WACC	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.6%	
Discount factor	100.0%	90.3%	81.6%	73.7%	66.6%	60.2%	54.3%	49.1%	44.3%	40.1%	
PV FCF	-207.2	-30.5	38.8	37.0	35.3	32.6	31.9	30.1	28.4	28.9	
WACC	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.6%	
Cost of debt	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.8%	
Risk-free rate	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.6%	
Risk premium	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	
Effective tax rate	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	
Net debt / EV	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Cost of equity	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%	10.6%	
Risk premium	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Beta	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
FCF growth after the forecast period	3.0%										
Terminal value	976.3										
Present value of terminal value (PV TV)	391.4										
Present value of FCF in the forecast horizon	25.3										
Enterprise value (EV)	416.8										
Net debt	-363.8										
Adjustment for year-average net cash	176.0										
Minority interests	76.1										
Dividend paid	11.0										
Equity value	517.5										
Number of shares (millions)	20.0										
Equity value per share (PLN)	25.9										
9M cost of equity	7.9%										
Target Price	27.9										
EV/EBITDA ('11) for the target price	-7.3										
P/E ('11) for the target price	-6.5										
TV / EV	76%										

Sensitivity analysis
FCF growth in perpetuity

2.0% 2.5% 3.0% 3.5% 4.0%

	2.0%	2.5%	3.0%	3.5%	4.0%
WACC -1.0pp	27.9	29.5	31.3	33.4	35.9
WACC -0.5pp	26.5	27.9	29.5	31.3	33.4
WACC	25.3	26.5	27.9	29.5	31.3
WACC +0.5pp	24.3	25.3	26.5	27.9	29.5
WACC +1.0pp	23.3	24.3	25.3	26.5	27.9

Income Statement

(PLN m)	2007	2008	2009	2010	2011F	2012F	2013F
Revenue	1 928.4	2 211.3	2 712.1	2 570.4	3 227.6	2 843.7	2 832.8
<i>Change</i>	62.3%	14.7%	22.7%	-5.2%	25.6%	-11.9%	-0.4%
COGS	1 822.2	1 994.0	2 399.9	2 413.8	3 251.3	2 702.6	2 663.4
Gross profit	106.2	217.3	312.2	156.6	-23.7	141.1	169.4
<i>Gross margin</i>	5.5%	9.8%	11.5%	6.1%	-0.7%	5.0%	6.0%
Selling expenses	-0.8	-1.1	-2.2	-1.1	-1.6	-1.4	-1.4
G&A expenses	-59.2	-74.8	-89.9	-86.8	-73.0	-76.8	-85.0
Other net operating income/expenses	12.7	-19.5	-38.9	15.6	-4.1	-4.2	-4.4
EBIT	58.9	121.9	181.2	84.3	-102.3	58.7	78.6
<i>Change</i>	178.0%	107.0%	48.7%	-53.5%	-221.3%	-157.4%	33.8%
<i>EBIT margin</i>	3.1%	5.5%	6.7%	3.3%	-3.2%	2.1%	2.8%
Financing income/expenses	1.3	1.0	-5.1	7.6	-2.5	-4.9	-5.2
Share in profits/losses of associates	2.2	-3.3	-6.7	-4.0	0.0	0.0	0.0
Pre-tax profit	62.3	119.5	169.5	88.0	-104.8	53.9	73.3
Tax	-3.7	-27.2	-43.5	-22.1	17.4	-10.2	-13.9
Minority interests	5.7	11.2	8.7	3.4	-2.1	4.9	6.6
Net profit	52.9	81.1	117.3	62.5	-85.3	38.8	52.8
<i>Change</i>	211.7%	53.2%	44.6%	-46.7%	-236.5%	-145.5%	36.1%
<i>margin</i>	2.7%	3.7%	4.3%	2.4%	-2.6%	1.4%	1.9%
D&A expenses	19.6	22.8	27.9	35.4	40.5	42.1	43.3
EBITDA	78.5	144.6	209.1	119.7	-61.8	100.9	121.8
<i>Change</i>	93.2%	84.3%	44.6%	-42.8%	-151.6%	-263.2%	20.8%
<i>EBITDA margin</i>	4.1%	6.5%	7.7%	4.7%	-1.9%	3.5%	4.3%
Shares at year-end (millions)	20.0	20.0	20.0	20.0	20.0	20.0	20.0
EPS	2.6	4.1	5.9	3.1	-4.3	1.9	2.6
CEPS	3.6	5.2	7.3	4.9	-2.2	4.0	4.8
ROAE	20.8%	26.1%	28.6%	12.5%	-18.2%	8.8%	11.0%
ROAA	6.0%	7.1%	8.4%	4.0%	-5.0%	2.3%	3.2%

Balance Sheet

(PLN m)	2007	2008	2009	2010	2011F	2012F	2013F
ASSETS	1 009.0	1 275.8	1 504.9	1 627.4	1 767.5	1 636.4	1 665.4
Fixed assets	184.2	246.4	361.8	406.5	403.9	412.3	420.9
Intangible assets	1.2	2.2	1.6	6.0	6.4	6.4	6.4
Investments in associates	4.2	1.0	5.7	0.0	0.0	0.0	0.0
Property, plant and equipment	150.7	188.1	285.0	301.1	318.2	326.6	335.3
Long-term investment	1.3	0.9	1.0	1.0	1.0	1.0	1.0
Other	26.8	54.3	68.5	98.4	78.3	78.3	78.3
Current assets	824.8	1 029.4	1 143.1	1 220.9	1 363.6	1 224.1	1 244.5
Inventories	54.6	41.3	35.7	65.9	71.1	59.1	58.2
Trade debtors	332.0	516.3	490.0	462.9	676.5	638.9	636.4
Short-term prepayments	147.3	162.0	187.0	230.9	397.9	350.6	349.2
Cash and cash equivalents	287.7	309.3	429.2	460.1	217.8	175.3	200.3
Other	3.2	0.5	1.2	1.1	0.3	0.3	0.3
(PLN m)	2007	2008	2009	2010	2011F	2012F	2013F
EQUITY AND LIABILITIES	1 009.0	1 275.8	1 504.9	1 627.4	1 767.5	1 636.4	1 665.4
Equity	284.9	337.7	482.5	517.6	421.0	459.8	501.0
Minority interests	59.5	65.3	73.7	70.0	66.8	66.8	66.8
Long-term liabilities	34.4	46.0	74.5	114.4	115.7	115.7	115.7
Loans, finance leases	16.5	29.0	60.1	60.6	61.1	61.1	61.1
Provisions and other	17.9	17.0	14.4	53.8	54.6	54.6	54.6
Current liabilities	630.2	826.8	874.3	925.4	1 164.0	994.1	982.0
Loans	29.3	30.1	30.4	35.7	22.6	22.6	22.6
Trade payables	311.7	338.5	368.5	425.0	516.6	429.5	423.2
Long-term accruals	217.3	283.6	311.6	309.4	489.9	407.2	401.3
Other	71.9	174.5	163.7	155.3	134.8	134.8	134.8
Debt	45.8	59.1	90.6	96.3	83.8	83.8	83.8
Net debt	-241.9	-250.2	-338.6	-363.8	-134.0	-91.5	-116.5
(Net debt / Equity)	-84.9%	-74.1%	-70.2%	-70.3%	-31.8%	-19.9%	-23.3%
(Net debt / EBITDA)	-3.1	-1.7	-1.6	-3.0	2.2	-0.9	-1.0
BVPS	14.2	16.9	24.1	25.9	21.1	23.0	25.0

Cash Flows

(PLN m)	2007	2008	2009	2010	2011F	2012F	2013F
Cash flow from operating activities	101.7	66.9	213.8	127.4	-165.2	12.9	93.8
Net profit	52.9	81.1	117.3	62.5	-85.3	38.8	52.8
D&A expenses	19.6	22.8	27.9	35.4	40.5	42.1	43.3
Working capital	81.9	-135.9	-37.6	-2.9	-10.8	-10.8	-11.0
Other	-52.7	98.9	106.2	32.4	-109.6	-57.2	8.7
Cash flow from investing activities	28.9	-25.7	-69.5	-36.1	-21.9	-50.6	-51.9
CAPEX	28.3	-22.3	-66.8	-28.6	-34.4	-50.6	-51.9
Equity investment	0.0	-4.5	-3.5	-0.3	0.0	-0.1	0.0
Other	0.5	1.2	0.8	-7.1	12.5	0.1	0.0
Cash flows from financing activities	-13.5	-19.7	-24.4	-60.4	-55.1	-4.9	-16.9
Stock issue	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt	-9.1	-10.4	-14.8	-19.2	-35.0	0.0	0.0
Dividend (buy-back)	-0.9	-5.2	-6.2	-35.8	-12.4	0.0	-11.6
Other	-3.5	-0.1	-0.1	-0.1	0.0	0.0	0.0
Change in cash	117.1	21.5	119.9	30.9	-242.3	-42.5	25.0
Cash at period end	287.7	309.3	429.2	460.1	217.8	175.3	200.3
DPS (PLN)	0.0	0.3	0.3	1.8	0.6	0.0	0.6
FCF	68.3	11.6	137.8	111.1	-207.2	-33.8	47.5
(CAPEX / Sales)	-1.5%	1.0%	2.5%	1.1%	1.1%	1.8%	1.8%

Trading Multiples

	2007	2008	2009	2010	2011F	2012F	2013F
P/E	7.1	4.6	3.2	6.0	-4.4	9.6	7.1
P/CE	5.2	3.6	2.6	3.8	-8.4	4.6	3.9
P/BV	1.3	1.1	0.8	0.7	0.9	0.8	0.7
P/S	0.2	0.2	0.1	0.1	0.12	0.13	0.13
FCF/EV	35.6%	6.1%	125.9%	137.7%	-67.5%	-9.7%	14.6%
EV/EBITDA	2.4	1.3	0.5	0.7	-5.0	3.5	2.7
EV/EBIT	3.3	1.6	0.6	1.0	-3.0	6.0	4.1
EV/S	0.1	0.1	0.0	0.03	0.10	0.12	0.11
DYield	0.2%	1.4%	1.6%	9.6%	3.3%	0.0%	3.1%
Price (PLN)	18.7						
Shares at year-end (millions)	20.0	20.0	20.0	20.0	20.0	20.0	20.0
MC (PLN m)	374.4	374.4	374.4	374.4	374.4	374.4	374.4
Equity att. to min. shareholders (PLN m)	59.5	65.3	73.7	70.0	66.8	66.8	66.8
EV (PLN m)	192.0	189.5	109.5	80.6	307.2	349.7	324.7

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List of abbreviations and ratios contained in the report:

EV – net debt + market value
EBIT – Earnings Before Interest and Taxes
EBITDA – EBIT + Depreciation and Amortisation
P/CE – price to earnings with amortisation
MC/S – market capitalisation to sales
EBIT/EV – operating profit to economic value
P/E – (Price/Earnings) – price divided by annual net profit per share
ROE – (Return on Equity) – annual net profit divided by average equity
P/BV – (Price/Book Value) – price divided by book value per share
Net debt – credits + debt papers + interest bearing loans – cash and cash equivalents
EBITDA margin – EBITDA/Sales

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

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Rating	Buy	Buy	Buy
Date issued	2011-05-20	2011-09-08	2012-01-23
Price on rating day	34.00	20.15	17.95
WIG on rating day	48747.55	40418.30	39518.87