

# Hydrobudowa Polska

**Sector:** General construction  
**Fundamental rating:** Hold (→)  
**Market relative:** Overweight (↑)  
**Price:** PLN 3.30  
**12M EFV:** PLN 3.36 (→)

**Market Cap.:** US\$ 247 m  
**Reuters code:** HBWLWA  
**Av. daily turnover:** US\$ 0.51 m  
**Free float:** 34%  
**12M range:** PLN 3.01-4.06

▲ **Investment opinion & recommendation.** We maintain our LT fundamental Hold recommendation for Hydrobudowa's shares with 12M EFV assessment unchanged at PLN 3.36 per share. We raise, however, our ST market-relative bias for the Company's equities to Overweight (from Neutral previously). We expect OHL to conclude the acquisition of a 51% stake in Hydrobudowa in 1Q11. Following the stake purchase, OHL is supposed to call a tender for HBP's shares in order to achieve the 66% equity holding. In spite of possible oversubscription stemming from attractive tender price (the possible tender price (at PLN 4.01 per share) would offer c. 19% premium to our 12M EFV assessment of HBP's equities), the looming call should support the Company's share market price performance. Furthermore, please note that following disposal of its stake in HBP to OHL, PBG will probably intend to increase its holding in the Company (to c. 20-25% level), which may become another factor positively affecting the Company's share market price.

▲ **Possible acquisition of a 51% stake in HBP.** PBG (the holder of a 63% stake in HBP) concluded an agreement with OHL (Obrascón Huarte Lain Construcción Internacional) on the back of which it will sell to OHL a 51% stake in HBP for PLN 431 million (i.e. at PLN 4.01 per share). According to Mr. Jacek Krzyżaniak, the spokesman of PBG, the completion of the deal will depend on the outcome of pending due diligence and may happen in 1Q11. Mr. Krzyżaniak stated also that the terms of possible stake disposal (encompassing also the price) will remain unrevised.

▲ **Tender offer for a 15% stake in HBP?** Following the purchase of a stake in question, OHL is supposed to call a tender for HBP's shares, in order to reach a 66% equity holding in Hydrobudowa. We expect the tender price to rest at PLN 4.01 per share (the tender price should be equal (or exceed) the average trading price during 6 months preceding the tender offer, or the price paid by the tendering party in any other transaction during preceding 12 months, whichever comes higher), which would offer premium both to our 12M EFV assessment of HBP's equities (PLN 3.36) and to HBP's average trading price in the past 6 months (PLN 3.44). Consequently, we would consider such conditional prospective tender as an exit opportunity.

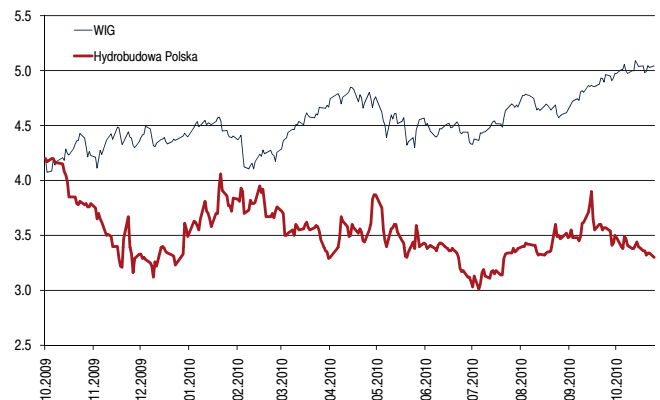
▲ **What is OHL?** OHL is a large contractor (FY09 revenues/ EBITDA/ NP at, respectively, EUR 4.3 billion/ EUR 747 million/ EUR 166 million), operating in Spain and other 24 countries across the world (59% of revenues are exports), and focusing on both (i) contracts execution and (ii) concessions (the latter generates as much as 60% of its annual EBITDA). HBP and

## Key data

| IFRS consolidated    |       | 2009    | 2010E   | 2011E   | 2012E   |
|----------------------|-------|---------|---------|---------|---------|
| Sales                | PLN m | 1,675.6 | 1,811.4 | 1,860.0 | 1,899.7 |
| EBITDA               | PLN m | 133.0   | 87.5    | 114.0   | 108.3   |
| EBIT                 | PLN m | 115.2   | 68.1    | 93.2    | 86.2    |
| Net profit           | PLN m | 97.9    | 51.4    | 70.1    | 65.6    |
| EPS                  | PLN m | 0.47    | 0.24    | 0.33    | 0.31    |
| EPS yoy chng         | %     | 52      | -47     | 56      | -6      |
| Net debt             | PLN m | 243.5   | 212.9   | 163.9   | 26.3    |
| P/E                  | x     | 7.1     | 13.5    | 9.9     | 10.6    |
| P/CE                 | x     | 6.0     | 9.8     | 7.6     | 7.9     |
| EV/EBITDA            | x     | 7.1     | 10.4    | 7.5     | 6.7     |
| EV/EBIT              | x     | 8.1     | 13.3    | 9.2     | 8.4     |
| EV/Sales             | x     | 0.6     | 0.5     | 0.5     | 0.4     |
| Gross dividend yield | %     | 0.0     | 0.0     | 0.0     | 0.0     |
| No. of shares (eop)  | m     | 210.6   | 210.6   | 210.6   | 210.6   |

Source: Company, DM IDMSA estimates

## Stock performance



Source: ISI

## Upcoming events

1. Release of 3Q10 financial results: November 15, 2010
2. Possible acquisition of a 51% equity holding in HBP by OHL: 1Q11
3. Possible OHL's tender offer for a 15% stake in HBP: 1Q11

## Catalysts

1. Possible OHL's tender offer for a 15% stake in HBP
2. Signing new large environmental protection contracts co-financed by EU (e.g. waste incineration plant)
3. Signing new road contract
4. Signing other specialist construction contracts

## Risk factors

1. Management of stadium and road contracts
2. Growing construction costs
3. Weak 3Q10E financial results

OHL have already initiated business co-operation (which, in our view, makes the deal more probable), bidding jointly in a number of large road tenders in Poland. Business-wise, HBP should benefit from OHL's long-lasting experience in the roads construction area, which seems particularly important for the Company, given its high exposure to the road segment (road contracts constitute c. 46% of HBP's total backlog), yet only minor experience on this front.

Fig. 1 Hydrobudowa Polska; 3Q10 and 1-3Q10 results' forecast

| IFRS consolidated<br>PLN     |       |       | yoy<br>change |         | yoy<br>change |      | Realization of the<br>FY figures in 3Q: |      | Realization of the<br>FY figures in 1-3Q: |      |
|------------------------------|-------|-------|---------------|---------|---------------|------|---|------|---|------|
|                              | 3Q10E | 3Q09  |               | 1-3Q10E | 1-3Q09        |      | 2010E                                   | 2009 | 2010E                                     | 2009 |
| Sales                        | 410.0 | 305.4 | 34%           | 1,204.1 | 1,049.7       | 15%  | 23%                                     | 18%  | 66%                                       | 63%  |
| Gross profit on sales        | 22.6  | 43.0  | -48%          | 95.7    | 101.5         | -6%  | 17%                                     | 26%  | 73%                                       | 62%  |
| Gross profit on sales margin | 5.5%  | 14.1% | -             | 7.9%    | 9.7%          | -    | -                                       | -    | -   | -    |
| EBIT                         | 10.6  | 30.1  | -65%          | 46.6    | 71.4          | -35% | 15%                                     | 26%  | 68%                                       | 62%  |
| EBIT margin                  | 2.6%  | 9.8%  | -             | 3.9%    | 6.8%          | -    | -                                       | -    | -   | -    |
| Pre-tax profit               | 9.6   | 21.4  | -55%          | 44.0    | 61.4          | -28% | 16%                                     | 19%  | 72%                                       | 59%  |
| Pre-tax margin               | 2.3%  | 7.0%  | -             | 3.7%    | 5.9%          | -    | -                                       | -    | -   | -    |
| Net profit                   | 7.7   | 16.6  | -53%          | 38.9    | 60.9          | -36% | 15%                                     | 17%  | 76%                                       | 62%  |
| Net margin                   | 1.9%  | 5.4%  | -             | 3.2%    | 5.8%          | -    | -                                       | -    | -   | -    |

Source: Company, DM IDMSA estimates

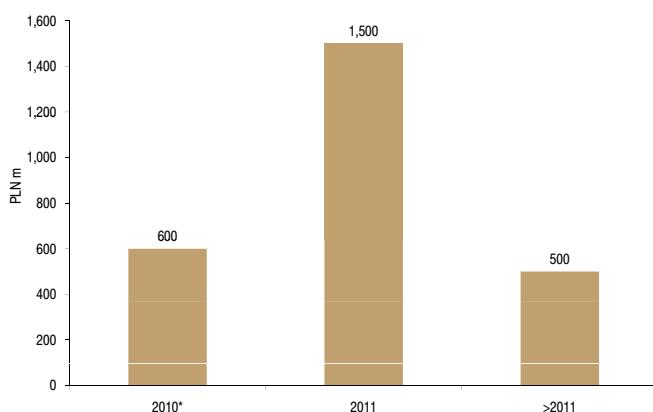
Fig. 2 Hydrobudowa; Changes in IDM's forecasts

| IFRS consolidated<br>PLN m | 2010E   |          |        | 2011E   |          |        | 2012E   |          |        |
|----------------------------|---------|----------|--------|---------|----------|--------|---------|----------|--------|
|                            | current | previous | change | current | previous | change | current | previous | change |
| Sales                      | 1,811.4 | 1,996.2  | -9%    | 1,860.0 | 2,204.1  | -16%   | 1,899.7 | 2,078.7  | -9%    |
| EBIT                       | 68.1    | 73.8     | -8%    | 93.2    | 98.0     | -5%    | 86.2    | 85.6     | 1%     |
| NP                         | 51.4    | 51.7     | 0%     | 70.1    | 72.3     | -3%    | 65.6    | 63.1     | 4%     |

Source: DM IDMSA estimates

- ▲ **3Q10E results – weak figures with material yoy profits contraction.** HBP is to release its 3Q10 results on November 15. We expect feeble set of numbers. Specifically, on the back of envisaged lower yoy and qoq margins, we forecast >50% yoy EBIT and net profit contraction. In our view, however, the market may pay minor attention to the Company's quarterly showing, as the looming tender for HBP's shares has probably become far more important issue for the investors at the moment.
- ▲ **Margins under pressure.** We forecast lower yoy and qoq gross profit on sales margin in 3Q10 (at 5.5% vs. 10.2% in 2Q10 and 14.1% in 3Q09), on the back of worsening sales-mix. Specifically, we expect growing contribution of low-margin road contracts in the Company's quarterly total sales. Please note that road segment generated gross profit on sales margin of mere 2% in 1H10, stemming from – the way we see it – aggressive pricing policy followed by HBP.
- ▲ **Decent sales thanks to fat backlog.** On the back of fat backlog (including large stadiums (National Stadium in Warsaw, stadium in Gdańsk) and road projects (few stretches of A1 motorway)), we forecast a healthy yoy increase of the Company's quarterly sales. We project HBP's top line at PLN 410 million, marking c. 34% yoy increase. Please note that HBP's current backlog amounts to PLN 2.6 billion, of which c. PLN 0.6 billion falls on 4Q10, PLN 1.5 billion on 2011, and PLN 0.5 billion will be recognized after 2011.
- ▲ **3Q10E profits to halve yoy.** On the back of low margins on pending constructions, we forecast the Company's 3Q10 EBIT and NI to broadly halve yoy; please see *Figure 1* above regarding the details of our projection.
- ▲ **Financial forecast.** We have fine-tuned our financial forecasts for HBP. Regarding the details please refer to *Figure 2* above.
- ▲ **12M EFV – unaltered.** Our 12M EFV for HBP remains unaltered at PLN 3.36 per share.

Fig. 3 Hydrobudowa's backlog



\* backlog falling on 4Q10. Source: Company

## BASIC DEFINITIONS

**A/R turnover** (in days) =  $365/(\text{sales}/\text{average A/R})$

**Inventory turnover** (in days) =  $365/(\text{COGS}/\text{average inventory})$

**A/P turnover** (in days) =  $365/(\text{COGS}/\text{average A/P})$

**Current ratio** =  $(\text{current assets} - \text{ST deferred assets})/\text{current liabilities}$

**Quick ratio** =  $(\text{current assets} - \text{ST deferred assets} - \text{inventory})/\text{current liabilities}$

**Interest coverage** =  $(\text{pre-tax profit before extraordinary items} + \text{interest payable})/\text{interest payable}$

**Gross margin** =  $\text{gross profit on sales}/\text{sales}$

**EBITDA margin** =  $\text{EBITDA}/\text{sales}$

**EBIT margin** =  $\text{EBIT}/\text{sales}$

**Pre-tax margin** =  $\text{pre-tax profit}/\text{sales}$

**Net margin** =  $\text{net profit}/\text{sales}$

**ROE** =  $\text{net profit}/\text{average equity}$

**ROA** =  $(\text{net income} + \text{interest payable})/\text{average assets}$

**EV** =  $\text{market capitalization} + \text{interest bearing debt} - \text{cash and equivalents}$

**EPS** =  $\text{net profit}/\text{no. of shares outstanding}$

**CE** =  $\text{net profit} + \text{depreciation}$

**Dividend yield** (gross) =  $\text{pre-tax DPS}/\text{stock market price}$

**Cash sales** =  $\text{accrual sales corrected for the change in A/R}$

**Cash operating expenses** =  $\text{accrual operating expenses corrected for the changes in inventories and A/P, depreciation, cash taxes and changes in the deferred taxes}$

DM IDM S.A. generally values the covered non bank companies via two methods: comparative method and DCF method (discounted cash flows). The advantage of the former is the fact that it incorporates the current market assessment of the value of the company's peers. The weakness of the comparative method is the risk that the valuation benchmark may be mispriced. The advantage of the DCF method is its independence from the current market valuation of the comparable companies. The weakness of this method is its high sensitivity to undertaken assumptions, especially those related to the residual value calculation. Please note that we also resort to other valuation techniques (e.g. NAV-, DDM- or SOTP-based), should it prove appropriate in a given case.

## KEY TO INVESTMENT RANKINGS

This is a guide to expected price performance in absolute terms over the next 12 months:

**Buy** – fundamentally undervalued (upside to 12M EFV in excess of the cost of equity) + catalysts which should close the valuation gap identified;

**Hold** – either (i) fairly priced, or (ii) fundamentally undervalued/overvalued but lacks catalysts which could close the valuation gap;

**Sell** – fundamentally overvalued (12M EFV < current share price + 1-year cost of equity) + catalysts which should close the valuation gap identified.

This is a guide to expected relative price performance:

**Overweight** – expected to perform better than the benchmark (WIG) over the next quarter in relative terms

**Neutral** – expected to perform in line with the benchmark (WIG) over the next quarter in relative terms

**Underweight** – expected to perform worse than the benchmark (WIG) over the next quarter in relative terms

The recommendation tracker presents the performance of DM IDMSA's recommendations. A recommendation expires on the day it is altered or on the day 12 months after its issuance, whichever comes first. Relative performance compares the rate of return on a given recommended stock in the period of the recommendation's validity (i.e. from the date of issuance to the date of alteration or – in case of maintained recommendations – from the date of issuance to the current date) in a relation to the rate of return on the benchmark in this time period. The WIG index constitutes the benchmark. For recommendations that expire by an alteration or are maintained, the ending values used to calculate their absolute and relative performance are: the stock closing price on the day the recommendation expires/ is maintained and the closing value of the benchmark on that date. For recommendations that expire via a passage of time, the ending values used to calculate their absolute and relative performance are: the average of the stock closing prices for the day the recommendation elapses and four directly preceding sessions and the average of the benchmark's closing values for the day the recommendation expires and four directly preceding sessions.

## Banks

**Net Interest Margin (NIM)** =  $\text{net interest income}/\text{average assets}$

**NIM Adjusted** =  $(\text{net interest income adjusted for SWAPs})/\text{average assets}$

**Non interest income** =  $\text{fees\&commissions} + \text{result on financial operations (trading gains)} + \text{FX gains}$

**Interest Spread** =  $(\text{interest income}/\text{average interest earning assets})/(\text{interest cost}/\text{average interest bearing liabilities})$

**Cost/Income** =  $(\text{general costs} + \text{depreciation} + \text{other operating costs})/(\text{profit on banking activity} + \text{other operating income})$

**ROE** =  $\text{net profit}/\text{average equity}$

**ROA** =  $\text{net income}/\text{average assets}$

**Non performing loans (NPL)** = loans in 'substandard', 'doubtful' and 'lost' categories

**NPL coverage ratio** =  $\text{loan loss provisions}/\text{NPL}$

**Net provision charge** =  $\text{provisions created} - \text{provisions released}$

DM IDM S.A. generally values the covered banks via two methods: comparative method and fundamental target fair P/E and target fair P/BV multiples method. The advantage of the former is the fact that it incorporates the current market assessment of the value of the company's peers. The weakness of the comparative method is the risk that the valuation benchmark may be mispriced. The advantage of the fundamental target fair P/E and target fair P/BV multiples method is its independence of the current market valuation of the comparable companies. The weakness of this method is its high sensitivity to undertaken assumptions, especially those related to the residual value calculation.

Assumptions used in valuation can change, influencing thereby the level of the valuation. Among the most important assumptions are: GDP growth, forecasted level of inflation, changes in interest rates and currency prices, employment level and change in wages, demand on the analysed company products, raw material prices, competition, standing of the main customers and suppliers, legislation changes, etc.

Changes in the environment of the analysed company are monitored by analysts involved in the preparation of the recommendation, estimated, incorporated in valuation and published in the recommendation whenever needed.

LT fundamental recommendation tracker

| Recommendation            |   | Issue date | Reiteration date | Expiry date               | Performance | Relative performance | Price at issue/reiteration (PLN) | 12M EFV (PLN) |   |
|---------------------------|---|------------|------------------|---------------------------|-------------|----------------------|----------------------------------|---------------|---|
| <b>Hydrobudowa Polska</b> |   |            |                  |                           |             |                      |                                  |               |   |
| Hold                      | - | 01.07.2008 | -                | 30.11.2008                | -16%        | 25%                  | 7.70                             | 8.50          | - |
| -                         | → | -          | 06.07.2008       | -                         | -           | -                    | 7.40                             | 8.40          | ↓ |
| -                         | → | -          | 05.08.2008       | -                         | -           | -                    | 7.50                             | 8.40          | → |
| -                         | → | -          | 31.08.2008       | -                         | -           | -                    | 7.30                             | 8.40          | → |
| -                         | → | -          | 28.09.2008       | -                         | -           | -                    | 7.00                             | 8.40          | → |
| -                         | → | -          | 13.10.2008       | -                         | -           | -                    | 5.99                             | 8.48          | ↑ |
| -                         | → | -          | 29.10.2008       | -                         | -           | -                    | 6.00                             | 8.48          | → |
| -                         | → | -          | 09.11.2008       | -                         | -           | -                    | 6.20                             | 8.53          | ↑ |
| Buy                       | ↑ | 30.11.2008 | -                | 27.04.2009                | -10%        | -13%                 | 6.43                             | 8.53          | → |
| -                         | → | -          | 11.01.2009       | -                         | -           | -                    | 6.00                             | 8.53          | → |
| -                         | → | -          | 25.01.2009       | -                         | -           | -                    | 5.80                             | 8.53          | → |
| -                         | → | -          | 08.02.2009       | -                         | -           | -                    | 5.59                             | 8.53          | → |
| -                         | → | -          | 08.03.2009       | -                         | -           | -                    | 4.95                             | 8.53          | → |
| -                         | → | -          | 05.04.2009       | -                         | -           | -                    | 4.51                             | 8.53          | → |
| Hold                      | ↓ | 27.04.2009 | -                | 13.10.2009                | -30%        | -48%                 | 5.79                             | 6.14          | ↓ |
| -                         | → | -          | 17.05.2009       | -                         | -           | -                    | 5.50                             | 6.14          | → |
| -                         | → | -          | 08.06.2009       | -                         | -           | -                    | 5.58                             | 6.14          | → |
| -                         | → | -          | 08.07.2009       | -                         | -           | -                    | 4.48                             | 6.14          | → |
| -                         | → | -          | 02.08.2009       | -                         | -           | -                    | 4.79                             | 6.14          | → |
| -                         | → | -          | 25.08.2009       | -                         | -           | -                    | 4.95                             | 5.20          | ↓ |
| -                         | → | -          | 31.08.2009       | -                         | -           | -                    | 4.62                             | 5.20          | → |
| -                         | → | -          | 12.10.2009       | -                         | -           | -                    | 4.15                             | 5.20          | ↓ |
| Sell                      | ↓ | 13.10.2009 | -                | 07.01.2010                | -13%        | -19%                 | 4.08                             | 3.39          | ↓ |
| -                         | → | -          | 14.12.2009       | -                         | -           | -                    | 3.39                             | 3.39          | → |
| Hold                      | ↑ | 07.01.2010 | -                | 31.01.2010                | 8%          | 10%                  | 3.55                             | 3.50          | ↑ |
| Buy                       | ↑ | 31.01.2010 | -                | 01.03.2010                | -3%         | 0%                   | 3.84                             | 4.32          | ↑ |
| -                         | → | -          | 03.02.2010       | -                         | -           | -                    | 3.93                             | 4.32          | → |
| Sell                      | ↓ | 01.03.2010 | -                | 25.07.2010                | -10%        | -17%                 | 3.72                             | 3.55          | ↓ |
| -                         | → | -          | 29.03.2010       | -                         | -           | -                    | 3.36                             | 3.55          | → |
| -                         | → | -          | 26.04.2010       | -                         | -           | -                    | 3.55                             | 3.36          | ↓ |
| -                         | → | -          | 17.05.2010       | -                         | -           | -                    | 3.45                             | 3.36          | → |
| -                         | → | -          | 14.06.2010       | -                         | -           | -                    | 3.39                             | 3.36          | → |
| -                         | → | -          | 19.07.2010       | -                         | -           | -                    | 3.14                             | 3.36          | → |
| Hold                      | ↑ | 25.07.2010 | -                | Not later than 25.07.2011 | -1%         | -9%                  | 3.34                             | 3.36          | → |
| -                         | → | -          | 31.08.2010       | -                         | -           | -                    | 3.48                             | 3.36          | → |
| -                         | → | -          | 12.10.2010       | -                         | -           | -                    | 3.38                             | 3.36          | → |
| -                         | → | -          | 25.10.2010       | -                         | -           | -                    | 3.30                             | 3.36          | → |

Market-relative recommendation tracker

| Relative recommendation   |   | Issue date | Reiteration date | Expiry date               | Price at issue/reiteration (PLN) | Relative performance |
|---------------------------|---|------------|------------------|---------------------------|----------------------------------|----------------------|
| <b>Hydrobudowa Polska</b> |   |            |                  |                           |                                  |                      |
| Neutral                   | - | 01.07.2008 | -                | 29.10.2008                | 7.70                             | 15%                  |
| -                         | → | -          | 06.07.2008       | -                         | 7.40                             | -                    |
| -                         | → | -          | 05.08.2008       | -                         | 7.50                             | -                    |
| -                         | → | -          | 31.08.2008       | -                         | 7.30                             | -                    |
| -                         | → | -          | 28.09.2008       | -                         | 7.00                             | -                    |
| -                         | → | -          | 13.10.2008       | -                         | 5.99                             | -                    |
| Overweight                | ↑ | 29.10.2008 | -                | 25.01.2009                | 6.00                             | 7%                   |
| -                         | → | -          | 09.11.2008       | -                         | 6.20                             | -                    |
| -                         | → | -          | 30.11.2008       | -                         | 6.43                             | -                    |
| -                         | → | -          | 11.01.2009       | -                         | 6.00                             | -                    |
| Neutral                   | ↓ | 25.01.2009 | -                | 13.10.2009                | 5.80                             | -54%                 |
| -                         | → | -          | 08.02.2009       | -                         | 5.59                             | -                    |
| -                         | → | -          | 08.03.2009       | -                         | 4.95                             | -                    |
| -                         | → | -          | 05.04.2009       | -                         | 4.51                             | -                    |
| -                         | → | -          | 27.04.2009       | -                         | 5.79                             | -                    |
| -                         | → | -          | 17.05.2009       | -                         | 5.50                             | -                    |
| -                         | → | -          | 08.06.2009       | -                         | 5.58                             | -                    |
| -                         | → | -          | 08.07.2009       | -                         | 4.48                             | -                    |
| -                         | → | -          | 02.08.2009       | -                         | 4.79                             | -                    |
| -                         | → | -          | 25.08.2009       | -                         | 4.95                             | -                    |
| -                         | → | -          | 31.08.2009       | -                         | 4.62                             | -                    |
| -                         | → | -          | 12.10.2009       | -                         | 4.15                             | -                    |
| Underweight               | ↓ | 13.10.2009 | -                | 31.01.2010                | 4.08                             | -11%                 |
| -                         | → | -          | 14.12.2009       | -                         | 3.39                             | -                    |
| -                         | → | -          | 07.01.2010       | -                         | 3.55                             | -                    |
| Overweight                | ↑ | 31.01.2010 | -                | 01.03.2010                | 3.84                             | 0%                   |
| -                         | → | -          | 03.02.2010       | -                         | 3.93                             | -                    |
| Underweight               | ↓ | 01.03.2010 | -                | 25.07.2010                | 3.72                             | -17%                 |
| -                         | → | -          | 29.03.2010       | -                         | 3.36                             | -                    |
| -                         | → | -          | 26.04.2010       | -                         | 3.55                             | -                    |
| -                         | → | -          | 17.05.2010       | -                         | 3.45                             | -                    |
| -                         | → | -          | 14.06.2010       | -                         | 3.39                             | -                    |
| -                         | → | -          | 19.07.2010       | -                         | 3.14                             | -                    |
| Neutral                   | ↑ | 25.07.2010 | -                | 25.10.2010                | 3.34                             | -9%                  |
| -                         | → | -          | 31.08.2010       | -                         | 3.48                             | -                    |
| -                         | → | -          | 12.10.2010       | -                         | 3.38                             | -                    |
| Overweight                | ↑ | 25.10.2010 | -                | Not later than 25.10.2011 | 3.30                             | -                    |

*Distribution of IDM's current recommendations*

|            | <b>Buy</b> | <b>Hold</b> | <b>Sell</b> | <b>Suspended</b> | <b>Under revision</b> |
|------------|------------|-------------|-------------|------------------|-----------------------|
| Numbers    | 24         | 27          | 17          | 1                | 0                     |
| Percentage | 35%        | 39%         | 25%         | 1%               | 0%                    |

*Distribution of IDM's current market relative recommended weightings*

|            | <b>Overweight</b> | <b>Neutral</b> | <b>Underweight</b> | <b>Suspended</b> | <b>Under revision</b> |
|------------|-------------------|----------------|--------------------|------------------|-----------------------|
| Numbers    | 23                | 29             | 16                 | 1                | 0                     |
| Percentage | 33%               | 42%            | 23%                | 1%               | 0%                    |

*Distribution of IDM's current recommendations for companies that were within the last 12M IDM customers in investment banking*

|            | <b>Buy</b> | <b>Hold</b> | <b>Sell</b> | <b>Suspended</b> | <b>Under revision</b> |
|------------|------------|-------------|-------------|------------------|-----------------------|
| Numbers    | 2          | 1           | 1           | 1                | 0                     |
| Percentage | 40%        | 20%         | 20%         | 20%              | 0%                    |

*Distribution of IDM's current market relative recommended weightings for the companies that were within the last 12M IDM customers in investment banking*

|            | <b>Overweight</b> | <b>Neutral</b> | <b>Underweight</b> | <b>Suspended</b> | <b>Under revision</b> |
|------------|-------------------|----------------|--------------------|------------------|-----------------------|
| Numbers    | 2                 | 0              | 2                  | 1                | 0                     |
| Percentage | 40%               | 0%             | 40%                | 20%              | 0%                    |

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