KBC Securities

Flash

GPW

25 March 2011

At a premium

Exchange operators

Poland

Current price PLN 49.14*

Fair value PLN 52.69

Hold

Rating maintained

Performance over	1M	3M	YTD
Absolute	4%	-2%	0%
Rel. WIG20	-1%	-2%	-1%
12M Hi/Lo	PLN 54 / 44.45		

Reuters	GPW.WA
Bloomberg	GPW PW
Market cap	€ 510.3m
Next corporate event 1Q11 results on 10 May 2011	
PLN / EUR	4.03

PLN m	2010	2011F	2012F	2013F
Sales	225.6	261.4	292.0	311.0
EBITDA	122.6	159.7	184.6	199.4
EBIT	91.7	124.9	146.2	161.2
Net profit	94.7	121.2	139.1	154.9
EPS (PLN)	2.3	2.9	3.3	3.7
P/E (x)	21.8	17.0	14.8	13.3
DPS (PLN)	2.2	3.2	1.6	1.7
Dividend Yield (%)	27.0%	6.3%	3.0%	3.3%
EV/EBITDA (x)	15.6	12.0	10.1	9.0

Source: GPW, KBC Securities ** Priced at COB 24 March 2011*

We have revised our earnings estimates and valuation of Warsaw Stock Exchange (GPW) to reflect the company's full-year 2010 results. We remain positive about Polish equities and forecast market capitalization to grow 11.0%, velocity to average 43% and value traded to rise 21.9% in 2011. These factors have prompted us to revise our net earnings estimates for GPW up 2.4% to PLN 121.2m (up 28.0% y/y) for 2011 and 9.9% to PLN 139.1m (up 14.8% y/y) for 2012. GPW's management seems keen to pay out 100% of 2010 unitary net profit. In addition, Poland's National Depository for Securities (KDPW) – in which GPW holds a 33.3% stake – indicated recently it would like to maximize its dividend payout from 2010 earnings. Our fair value estimate is up 2.7% to PLN 52.69 per share, which implies 7.2% upside. We maintain our Hold rating on the stock.

Rating Hold maintained

- **Higher-than-expected dividends:** After the publication of the full-year 2010 results, GPW's CEO said the dividend payout ratio could reach as much as 100% of unitary net profit. This would translate into PLN 135m, or a DPS of PLN 3.22. We see a high probability of a 100% payout given the lack of acquisition targets, limited capital expenditures in 2011 and the tense public deficit situation in Poland. KDPW has also indicated it could pay out 100% of 2010 net profit (i.e. PLN 42.1m, up 37.7% y/y) this year.
- **MTFs threat recedes temporarily:** There has been an outbreak of mergers between global exchanges recently, marked by the NYSE Euronext's bid for Deutsche Borse and the LSE tying up with TMX Group. This is likely to put further pressure on incumbent operators as well as alternative European trading venues to keep user costs at competitive levels. Finalization of the tie-up between BATS and Chi-X Europe has added to the changing dynamics of the global exchanges environment but should leave the Polish scene intact for the near term.
- **Pension fund reform priced-in:** We believe the ongoing issue regarding pension fund reform is to a great extent priced into GPW's share price. However, the parliamentary discussion is not over yet, thus a more negative scenario cannot be completely ruled out. We expect the equity purchases of OFE pension funds to amount to PLN 4.4bn (down 73.8% y/y) in 2011 and PLN 3.3bn (down 26.0% y/y) in 2012, unless the limit changes significantly upwards in the final version of the bill.
- **At a premium:** GPW's stock price has risen 4% in the past month, underperforming the WIG20 by 1% and outperforming MSCI Poland by 2%. On a 2011F P/E of 17.0x, GPW currently trades at a 13.2% premium to peers. Despite the threat of adverse changes to Poland's pension fund system, which will lower cash transfers to OFEs, we believe the premium is justified given the still attractive growth opportunities on the Polish equity market and the firm's earnings potential.

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Changes in estimates

Income statement	2011F Old	2011F New	Change %	2012F Old	2012F New	Change %	2013F Old	2013F New	Change %
TOTAL SALES	253.1	261.4	3.3%	267.5	292.0	9.2%	289.2	311.0	7.5%
Trading	200.1	202.3	1.1%	213.2	232.5	9.0%	233.3	249.6	7.0%
Listing	16.7	19.3	15.4%	17.3	18.6	7.5%	18.1	19.4	7.0%
Information services	33.6	35.6	6.1%	34.1	36.5	7.2%	34.8	37.4	7.4%
Other	2.8	4.2	51.7%	2.9	4.4	51.7%	3.0	4.6	51.7%
Operating expenses	-128.9	-135.1	4.8%	-136.7	-144.5	5.7%	-141.3	-148.6	5.1%
Other operating income	0.8	1.3	73.8%	0.8	1.5	83.7%	0.9	1.6	80.9%
Other operating expenses	-2.3	-2.7	20.9%	-2.3	-2.8	20.9%	-2.4	-2.8	20.9%
EBIT	122.7	124.9	1.8%	129.3	146.2	13.1%	146.4	161.2	10.1%
Financial income	5.6	6.0	6.6%	8.0	6.2	-22.0%	11.2	9.5	-15.7%
Financial expenses	0.0	0.0	29.8%	0.0	0.0	0.0%	0.0	0.0	0.0%
Share in profits of associates	14.6	15.4	5.3%	15.7	15.9	1.4%	16.9	16.9	0.5%
Pre-tax	142.9	146.2	2.3%	152.9	168.3	10.1%	174.5	187.5	7.5%
Tax	-24.4	-24.9	2.0%	-26.1	-29.0	11.1%	-29.9	-32.4	8.2%
Minorities	-0.1	-0.2	18.9%	-0.2	-0.2	27.9%	-0.2	-0.2	24.9%
Net profit for the period	118.4	121.2	2.4%	126.7	139.1	9.9%	144.4	154.9	7.3%
TOTAL comprehensive income	118.4	121.2	2.4%	126.7	139.1	9.9%	144.4	154.9	7.3%
EBITDA	154.9	159.7	3.1%	165.1	184.6	11.8%	184.0	199.4	8.4%
Net financial income	5.6	6.0	6.6%	7.9	6.2	-22.0%	11.2	9.5	-15.7%

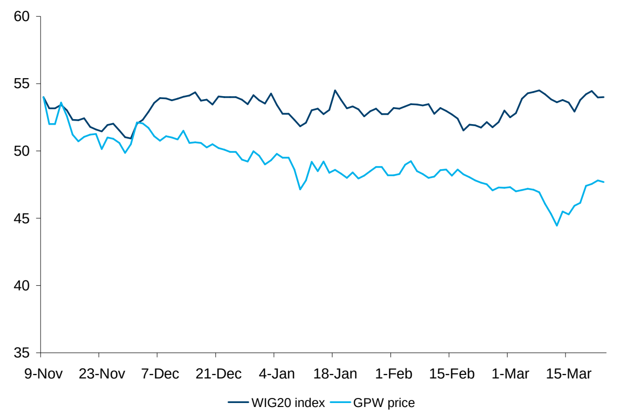
Source: KBC Securities

GPW: KBC forecasts versus consensus (PLN m)

	2011F Cons	2011F KBC	% diff.	2012F Cons	2012F KBC	% diff.	2013F Cons	2013F KBC	% diff.
Sales	257.8	261.4	1.4%	288.0	292.0	1.4%	316.3	311.0	-1.7%
EBITDA	154.7	159.7	3.3%	168.2	184.6	9.8%	199.0	199.4	0.2%
EBIT	141.8	124.9	-11.9%	148.3	146.2	-1.4%	184.0	161.2	-12.4%
Pre-tax profit	164.3	146.2	-11.0%	170.2	168.3	-1.1%	201.0	187.5	-6.7%
Net profit	127.0	121.2	-4.6%	139.0	139.1	0.1%	164.0	154.9	-5.5%
EBITDA margin	60.0%	61.1%		58.4%	63.2%		62.9%	64.1%	
EBIT margin	55.0%	47.8%		51.5%	50.1%		58.2%	51.8%	
Net margin	49.3%	46.4%		48.3%	47.6%		51.9%	49.8%	

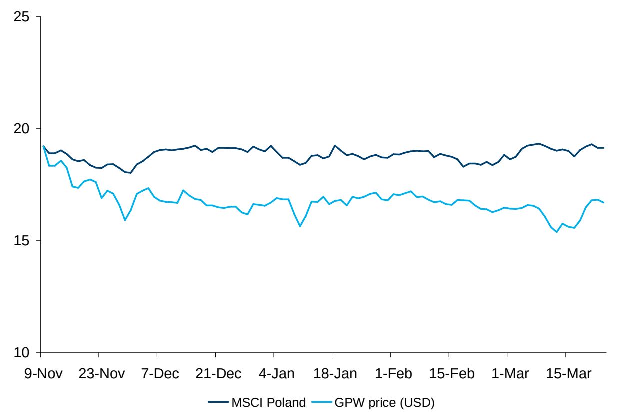
Source: KBC Securities, Bloomberg

GPW: Stock price versus WIG20 index



Source: Bloomberg, KBC Securities

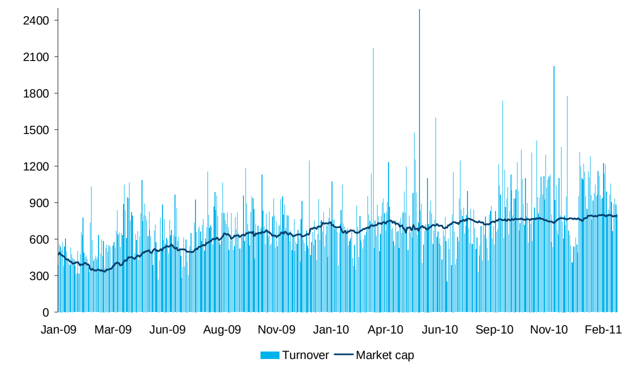
GPW: Stock price versus MSCI Poland



Source: Bloomberg, KBC Securities

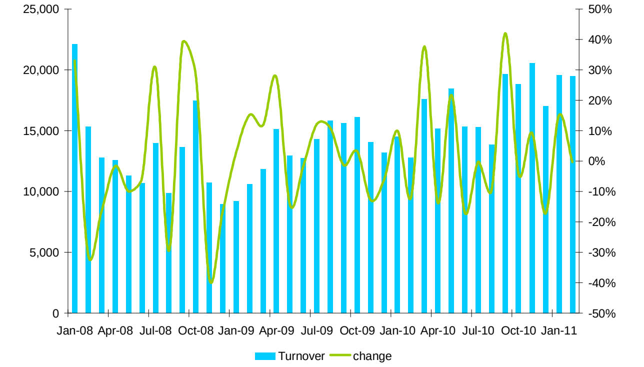
KBC Securities

GPW: Turnover and market cap (PLN bn)



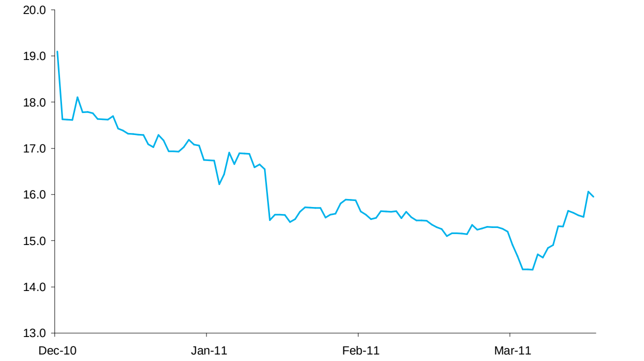
Source: Bloomberg, KBC Securities

GPW: Cash equities turnover (PLN m)



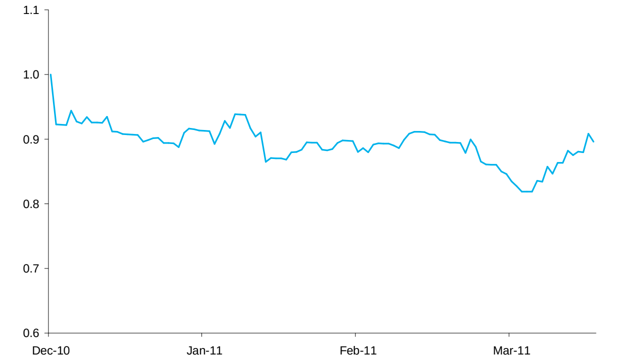
Source: GPW, Bloomberg, KBC Securities

GPW: P/E 12M forward



Source: Bloomberg, KBC Securities

GPW: P/E 12M forward relative to WIG20



Source: GPW, Bloomberg, KBC Securities

GPW: Value traded (PLN bn)

	2007	2008	2009	2010	2011	10/11
Jan	16.66	22.10	9.20	14.50	19.56	34.93%
Feb	15.50	15.31	10.60	12.77	19.51	52.76%
Mar	19.58	12.79	11.85	17.57		
Apr	20.87	12.58	15.10	15.17		
May	18.86	11.32	12.94	18.46		
Jun	20.14	10.69	12.73	15.34		
Jul	21.09	13.97	14.27	15.30		
Aug	18.20	9.85	15.82	13.85		
Sep	13.49	13.62	15.61	19.66		
Oct	18.92	17.48	16.12	18.82		
Nov	17.72	10.75	14.05	20.56		
Dec	16.62	8.95	13.19	17.02		

Source: GPW, Bloomberg, KBC Securities

KBC Securities

GPW: Average value traded (PLN m)

	2007	2008	2009	2010	2011	10/11
Jan	757.12	1,004.59	460.19	724.86	978.03	34.93%
Feb	775.18	729.18	529.82	638.51	931.17	45.83%
Mar	890.01	673.13	538.59	764.07		
Apr	1,098.39	571.62	755.01	758.39		
May	897.96	595.94	646.92	922.83		
Jun	1,006.77	508.99	606.38	730.48		
Jul	958.46	607.28	620.63	695.30		
Aug	827.36	492.43	753.57	629.49		
Sep	674.51	619.27	709.76	893.77		
Oct	822.73	759.91	732.50	896.31		
Nov	843.77	565.61	702.26	1,027.88		
Dec	977.48	447.74	627.97	773.42		

Source: GPW, Bloomberg, KBC Securities

GPW: Total number of contracts traded (mn)

	2007	2008	2009	2010	2011	10/11
Jan	623.97	1,316.87	787.50	1,002.75	1,307.71	30.41%
Feb	588.47	1,083.06	1,002.51	1,380.97	1,018.19	-26.27%
Mar	929.83	1,210.91	1,201.19	1,659.45		
Apr	469.23	1,004.44	1,082.19	1,133.39		
May	640.61	666.77	1,047.15	1,642.96		
Jun	851.71	999.04	1,386.37	1,290.77		
Jul	838.01	975.70	1,206.95	947.78		
Aug	1,113.12	687.35	1,278.83	1,014.19		
Sep	977.23	1,197.69	1,367.02	1,228.19		
Oct	980.41	1,528.65	1,121.73	1,064.18		
Nov	1,027.71	986.73	1,142.37	1,133.01		
Dec	850.91	807.07	1,102.35	1,103.83		

Source: GPW, Bloomberg, KBC Securities

WSE vs listed regulated-exchanges

	P/E				EV/EBITDA			
	2009	**2010**	**2011F**	**2012F**	**2009**	**2010**	**2011F**	**2012F**
BolsasYMercadosEspanoles	13.02	12.48	12.72	12.95	7.65	7.04	7.19	7.34
Deutsche Boerse AG	17.3	14.4	12.1	10.6	10.6	10.2	8.8	8.0
HellenicExchangesSA	12.2	18.3	15.8	13.7	6.0	8.3	7.9	6.8
LondonStockExchange	12.2	14.5	13.4	11.8	7.6	8.6	7.8	7.4
BM&F Bovespa SA	22.4	14.5	14.3	12.2	20.8	16.2	14.7	12.2
CME Group Inc.	22.3	19.2	17.7	15.3	14.1	12.4	11.3	10.1
IntercontinentalExchange	28.4	22.6	19.4	17.1	14.8	12.1	10.3	9.1
NASDAQ OMX Group	14.2	13.2	10.4	9.4	8.3	8.3	7.3	6.7
NYSE Euronext	17.8	17.0	13.8	11.9	10.7	10.6	8.8	7.9
TMX Group Inc.	15.3	12.6	11.6	10.8	10.0	9.1	8.1	7.5
ASX Ltd	18.5	18.1	17.1	15.9	7.3	6.6	6.2	5.7
Bursa Malaysia BHD	35.2	34.3	28.0	24.5	24.7	19.4	16.6	14.8
HONG KONG Exchanges	37.3	34.9	29.4	25.1	26.1	24.3	19.9	17.1
Singapore Exchange Ltd	28.1	24.7	23.1	19.1	20.1	17.9	16.7	12.0
Warsaw Stock Exchange	20.4	21.7	17.0	14.8	13.1	15.6	11.9	10.1
Median	**18.2**	**17.6**	**15.0**	**13.3**	**10.7**	**10.4**	**8.8**	**7.9**
Premium / discount to peers	12.3%	23.7%	12.9%	11.0%	22.2%	49.9%	35.4%	26.5%

Source: Bloomberg, KBC Securities

GPW - DCF Valuation (PLN m)

	2011F	2012F	2013F	2014F	2015F	2016F	2017F	2018F	2019F	2020F
Revenues	261	292	311	328	353	366	406	416	428	429
EBIT	125	146	161	170	188	192	223	224	226	217
Tax on EBIT	24	28	31	32	36	37	42	43	43	41
NOPLAT	101	118	131	138	152	156	181	181	183	176
Depreciation	19	22	21	22	22	22	23	24	25	25
Capital expenditures	-53	-32	-22	-23	-23	-24	-26	-28	-28	-27
Change in working capital	52	-3	-2	-2	-2	-1	-3	-1	-1	0
Free cash flow	110	88	97	92	93	87	91	84	77	69
Growth %		-19%	9%	-5%	1%	-6%	4%	-8%	-8%	-11%
Risk free rate	4.7%	5.6%	5.9%	6.1%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Equity risk premium	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Beta	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Cost of equity	9.2%	10.1%	10.4%	10.6%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Cost of debt (pre-tax)	7.2%	8.1%	8.4%	8.6%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Effective tax rate	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%
After-tax cost debt	5.8%	6.6%	6.8%	7.0%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%
Weight of debt	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Weight of equity	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
WACC	9.2%	10.1%	10.4%	10.6%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Discount factor	0.92	0.83	0.75	0.68	0.62	0.57	0.52	0.47	0.43	0.39
PV of FCF	110	88	97	92	93	87	91	84	77	69
Sum of FCF PVs	818									
FCF terminal growth rate	3.0%									
Terminal value	2,834									
PV of terminal value	1,119									
Year 1 adjustment (unwind of discount)	26									
Enterprise value	1,964									
Net debt 2010	-150									
Equity value before minorities	2,114									
Minorities	3.7									
KDPW	217									
Equity value after minorities	2,328									
Per share value (PLN)	55.45									

Source: KBC Securities;

DCF valuation sensitivity to Terminal Growth Rate and Equity Risk Premium (PLN m)

	Equity risk premium				
FCF terminal growth	4.00%	4.25%	4.50%	4.75%	5.00%
2.50%	57.27	55.28	53.43	51.71	**50.11**
2.75%	58.45	56.35	54.40	52.60	50.92
3.00%	59.74	57.51	**55.45**	53.56	51.79
3.25%	61.13	58.77	56.59	54.59	52.73
3.50%	**62.65**	60.13	57.82	55.70	53.74

Source: KBC Securities

GPW - DDM Valuation (PLN m)

	2011F	2012F	2013F	2014F	2015F	2016F	2017F	2018F	2019F	2020F
Dividends	135.0	66.1	72.0	109.4	124.6	145.9	168.4	203.8	205.2	207.4
Discount rate	9.2%	10.1%	10.4%	10.6%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Discount factor	0.92	0.83	0.75	0.68	0.62	0.57	0.52	0.47	0.43	0.39
Discounted dividend	123.6	54.9	54.2	74.5	77.4	82.8	87.3	96.5	88.7	81.9
Sum of DD PVs	822.0									
DIV terminal growth rate	3.0%									
Terminal value	3,285.8									
PV of terminal value	1,184.9									
Equity value	2,095.6									
Per share value (PLN)	49.9									

Source: KBC Securities

KDPW - DDM Valuation (PLN m)

	2011F	2012F	2013F	2014F	2015F	2016F	2017F	2018F	2019F	2020F
Dividends	68	8	8	8	9	9	10	11	11	12
Discount rate	9.2%	10.1%	10.4%	10.6%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Discount factor	0.97	0.88	0.80	0.72	0.66	0.60	0.55	0.50	0.46	0.42
Discounted dividend	66.3	6.8	6.3	6.1	5.9	5.7	5.5	5.3	5.1	4.9
Sum of DD PVs	118									
DIV terminal growth rate	3.0%									
Terminal value	177									
PV of terminal value	81									
Equity value	217									

Source: KBC Securities

Valuation summary (PLN)

	Fair value estimate per share
DCF	55.45
DDM	49.93
Total	**52.69**

Financial data

Reported income statement (PLN m)	2007	2008	2009	2010	2011F	2012F	2013F	2014F
Sales	**228.8**	**184.7**	**199.5**	**225.6**	**261.4**	**292.0**	**311.0**	**327.8**
Cost of goods & products sold	82.1	108.7	118.6	132.3	135.1	144.5	148.6	156.2
Gross profit	146.7	76.1	80.9	93.3	126.3	147.5	162.4	171.6
Other operating activity net	-0.3	-4.9	-1.4	-1.5	-1.4	-1.3	-1.3	-1.2
EBIT	**146.4**	**71.1**	**79.5**	**91.8**	**124.9**	**146.2**	**161.2**	**170.3**
Net financial activity	22.1	29.6	32.2	9.4	6.0	6.2	9.5	11.8
Share in profits of associates	25.3	9.7	11.1	14.2	15.4	15.9	16.9	17.9
Pre tax profit	**193.8**	**110.4**	**122.8**	**115.3**	**146.2**	**168.3**	**187.5**	**200.0**
Tax	-33.5	-20.7	-22.1	-20.5	-24.9	-29.0	-32.4	-34.6
Minority income	0.0	0.0	0.1	-0.1	-0.2	-0.2	-0.2	-0.2
Net income after minorities	**160.3**	**89.7**	**100.8**	**94.7**	**121.2**	**139.1**	**154.9**	**165.2**
Other comprehensive income	-2.5	-0.4	0.5	-1.2	0.0	0.0	0.0	0.0
Total comprehensive income	**157.8**	**89.3**	**101.3**	**93.4**	**121.2**	**139.1**	**154.9**	**165.2**
EBITDA	**184.1**	**91.8**	**105.1**	**122.6**	**159.7**	**184.6**	**199.4**	**210.2**

Source: WSE, KBC Securities

Balance sheet (PLN m)	2007	2008	2009	2010	2011F	2012F	2013F	2014F
Long term assets	**666.0**	**505.3**	**390.0**	**337.7**	**410.5**	**490.6**	**549.1**	**589.3**
Tangible and intangible assets	125.9	133.6	160.4	179.7	213.4	223.0	223.5	224.7
Investments in associates	161.3	171.9	179.3	139.0	140.3	148.5	157.5	166.9
Long term financial assets	374.7	194.8	44.5	11.8	48.5	109.9	158.2	187.3
Other	4.1	5.0	5.7	7.2	8.3	9.3	9.9	10.5
Current assets	**208.8**	**445.6**	**665.5**	**220.9**	**130.4**	**125.7**	**151.6**	**168.7**
Inventories	0.3	0.4	0.4	0.4	0.5	0.6	0.6	0.8
Trade receivables and other receivables	29.1	19.8	22.9	81.4	30.0	33.5	35.6	37.6
Short-term financial assets	136.8	191.0	155.7	30.8	20.8	47.1	67.8	80.3
Cash&cash equivalents	42.6	229.2	484.2	107.6	78.4	43.8	46.6	49.2
Other	0.0	5.2	2.4	0.6	0.7	0.8	0.9	0.9
Total assets	**874.7**	**950.9**	**1055.6**	**558.5**	**540.9**	**616.4**	**700.7**	**758.1**
Equity	**836.6**	**925.9**	**521.8**	**524.7**	**511.1**	**584.3**	**667.4**	**723.4**
Long term liabilities	**1.8**	**2.1**	**3.1**	**4.8**	**3.6**	**3.9**	**4.1**	**4.3**
Finance lease liabilities	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1
Other payables	1.8	2.0	3.1	4.7	3.6	3.9	4.0	4.3
Short term liabilities	**36.3**	**22.9**	**530.7**	**29.0**	**26.2**	**28.1**	**29.2**	**30.3**
Finance lease liabilities	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Trade and other payables	10.2	11.0	7.1	7.5	7.6	8.2	8.4	8.8
Other payables	26.0	11.9	523.6	21.4	18.6	19.9	20.7	21.5
Total liabilites	**874.7**	**950.9**	**1055.6**	**558.5**	**540.9**	**616.4**	**700.7**	**758.1**

Source: WSE, KBC Securities

Cash flow statement (PLN m)	2007	2008	2009	2010	2011F	2012F	2013F	2014F
Net profit	160.3	89.7	100.8	94.7	121.2	139.1	154.9	165.2
Depreciation	12.4	11.0	14.5	16.7	19.5	22.5	21.4	22.0
Change in net working capital	14.4	13.6	-1.2	1.8	52.5	-2.5	-1.6	-1.5
Other items	-47.1	-58.8	-42.9	-23.2	-1.6	0.2	0.1	0.4
Operating cash flow	**140.0**	**55.5**	**71.1**	**90.0**	**191.5**	**159.4**	**174.8**	**186.0**
Purchases of tangibles & intangibles	-16.0	-18.8	-17.8	-36.6	-53.2	-32.1	-21.9	-23.1
Net financial assets	-150.6	135.3	195.6	159.6	-102.3	-109.7	-95.5	-71.3
Purchases of companies	0.0	-3.8	-19.7	0.0	0.0	0.0	0.0	0.0
Interests and dividends	13.3	18.6	25.7	7.0	74.3	13.9	17.4	20.3
Other	-0.4	-0.2	0.0	0.1	0.0	0.0	0.0	0.0
Investing cash flow	**-153.7**	**131.2**	**183.9**	**130.2**	**-81.2**	**-127.9**	**-100.0**	**-74.1**
Dividends	0.0	0.0	0.0	-596.8	-139.5	-66.1	-72.0	-109.4
Financing cash flow	**0.0**	**0.0**	**0.0**	**-596.8**	**-139.5**	**-66.1**	**-72.0**	**-109.4**
Total cash flow	-13.7	186.6	255.0	-376.6	-29.2	-34.6	2.8	2.5
Cash at the beginning of period	56.3	42.6	229.2	484.2	107.6	78.4	43.8	46.6
Cash at the end of period	**42.6**	**229.2**	**484.2**	**107.6**	**78.4**	**43.8**	**46.6**	**49.2**

Source: WSE, KBC Securities

PER SHARE DATA (PLN)	2007	2008	2009	2010	2011F	2012F	2013F	2014F
shares outstanding (eop m)	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0
average number of shares	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0
EBITDA per share	4.4	2.2	2.5	2.9	3.8	4.4	4.8	5.0
EBIT per share	3.5	1.7	1.9	2.2	3.0	3.5	3.8	4.1
reported EPS	3.8	2.1	2.4	2.3	2.9	3.3	3.7	3.9
DPS	0.0	0.0	0.0	2.2	3.2	1.6	1.7	2.6
NBV per share	19.9	22.1	12.4	12.5	12.2	13.9	15.9	17.2

Performance criteria	2007	2008	2009	2010	2011F	2012F	2013F	2014F
Sales growth	na	-19.3%	8.0%	13.1%	15.9%	11.7%	6.5%	5.4%
EBITDA growth	na	-50.1%	14.4%	16.7%	30.3%	15.6%	8.0%	5.4%
EBIT growth	na	-51.4%	11.8%	15.4%	36.1%	17.1%	10.2%	5.7%
net profit growth	na	-44.0%	12.3%	-6.0%	28.0%	14.8%	11.3%	6.6%
EBITDA margin	80.5%	49.7%	52.7%	54.3%	61.1%	63.2%	64.1%	64.1%
EBIT margin	64.0%	38.5%	39.9%	40.7%	47.8%	50.1%	51.8%	52.0%
net profit margin	70.1%	48.6%	50.5%	42.0%	46.4%	47.6%	49.8%	50.4%
Pay-out ratio	0.0%	0.0%	0.0%	592.3%	147.3%	55.0%	55.0%	75.0%
Effective Tax Rate	17.3%	18.8%	18.0%	17.8%	19.0%	19.0%	19.0%	19.0%
Gross debt / Total Assets	0.01%	0.02%	0.02%	0.04%	0.02%	0.02%	0.02%	0.02%
Net financial debt / Equity	-66.2%	-66.4%	-131.2%	-28.6%	-28.9%	-34.3%	-40.8%	-43.8%
ROE	na	10.2%	13.9%	18.1%	23.4%	25.4%	24.8%	23.8%
ROA	na	9.8%	10.0%	11.7%	22.0%	24.0%	23.5%	22.6%

Source: WSE. KBC Securities

VALUATION DATA	2007	2008	2009	2010	2011F	2012F	2013F	2014F
Financial year high (PLN)	na	na	na	54	54	54	54	54
Financial year low (PLN)	na	na	na	46	46	46	46	46
Reference market capitalisation (PLN m)	2,056.6	2,056.6	2,056.6	2,056.6	2,056.6	2,056.6	2,056.6	2,056.6
Net debt (PLNm)	-554.0	-614.9	-684.4	-150.1	-147.7	-200.7	-272.6	-316.6
Enterprise value (PLN m)	1,502.7	1,441.7	1,372.3	1,906.6	1,909.0	1,856.0	1,784.1	1,740.0
P/E high (x)	na	na	na	23.9	18.7	16.3	14.6	13.7
P/E low (x)	na	na	na	20.7	15.9	13.9	12.5	11.7
P/E reference	12.8	22.9	20.4	21.7	17.0	14.8	13.3	12.5
P/Bookvalue (x)	2.5	2.2	3.9	3.9	4.0	3.5	3.1	2.8
Gross dividend yield (%)	na	na	na	27%	6%	3%	3%	5%
EV/EBITDA (x)	8.2	15.7	13.1	15.6	11.9	10.1	8.9	8.3
EV/EBIT (x)	10.3	20.3	17.3	20.8	15.3	12.7	11.1	10.2

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EBITDA = EBIT + amortization and depreciation

EPS = Net profit / No of shares outstanding

DPS = Dividend per Share

NBV per share = Net Book Value / No of shares outstanding

EBITDA margin = EBITDA / Revenue

EBIT margin = EBIT / Revenue

CFPS = Cash flow / No of shares outstanding

Net Financial Debt = Financial debt – Cash equivalents

ROE = Net profit / Average Equity

EV = Market Capitalization + Net Financial Debt

P/E = Stock Price / EPS

P/CF = Stock Price / (Net Profit + amortization and depreciation)

P/BV = Stock Price / NBV per share

P/S = Market Capitalization / Revenue

Gross Dividend Yield = Dividend per share / Stock

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Date of issue	Valuation	Market price	Recommendation
25 March 2011	PLN 52.69	PLN 49.14	Hold
01 March 2011	PLN 51.28	PLN 47.30	Hold
21 December 2010	PLN 56.0	PLN 50.50	Buy

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