

PBG

Poland, Construction

Reuters: PBGG.WA Bloomberg: PBG PW

8 March 2006

Awaiting new contracts

We initiate coverage of PBG with a BUY recommendation and 12-month target price of PLN 160, offering 30% upside. Within the next 2-3 months at least five large contracts with a total value of PLN 1bn are expected to be finalized. We believe that PBG is well-positioned to win even all of them. We forecast the group's sales and net profit will triple by 2008 vs. 2005 figures.

In the recent SPO the company collected over PLN 130m, which will strengthen its position mainly through the acquisition of Hydrobudowa Slask. This company, specializing in hydro-construction and the building of environmental protection facilities, is an excellent vehicle to magnify the group's capacities, sales and profits.

Funds from the SPO will be also earmarked for guarantees and working capital as PBG participates in tenders for large contracts. We expect that at least five large contracts (LMG, Grodzisk, Norway, Marlbor, and Wroclaw) with a total value of PLN 1bn will be settled in the coming months. PBG, with its unique experience, references and sufficient resources is on track to win even all of them. Our forecast for PBG envisages that sales and net profit will triple by 2008 vs. 2005 figures.

Prospects for the coming years are excellent, as EU funds will fuel investments in the environmental protection and hydro-construction sectors. Some EUR 35bn will have to be spent for infrastructure by 2013. Investments in the oil and gas business will be continued, as reducing dependence of the Polish economy on Russian natural resources is of paramount importance for the government.

The current valuation may look demanding but we strongly believe that new contracts, which PBG is likely to win in 2006 and beyond, will more than justify investors' optimism. Based on DCF valuation we set our 12-month target price at PLN 160, offering 30% upside.

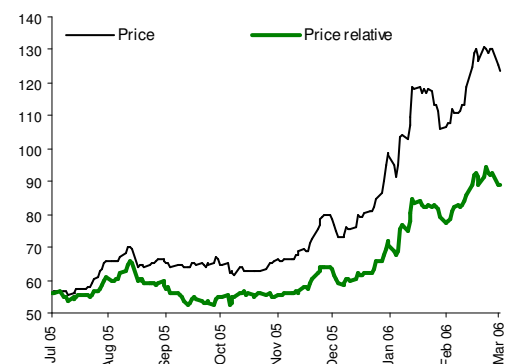
PBG: Financial summary

PLN in millions, unless otherwise stated

	2004	2005E	2006E	2007E	2008E
Revenues	216.1	409.0	761.4	1,088.8	1,297.9
EBITDA	25.8	47.3	102.7	150.5	185.2
EBIT	22.3	40.1	88.8	134.0	167.0
Net profit	13.2	36.0	54.4	82.2	102.8
P/E	84.9	35.9	26.5	17.9	14.3
EV/EBITDA	59.6	32.5	15.0	10.2	8.3

Source: Company data, DM BZ WBK estimates

Recommendation	Buy
Price (PLN, 8 March 2006)	122.5
Target price (PLN, 12 month)	160.0
Market cap. (PLN m)	1,473
Free float (%)	41.4
Number of shares (m)	12.0
Average daily turnover 3M (shares)	103.7
EURPLN	3.24
USDPLN	3.85



The price relative chart measures performance against the WIG 20 index. On 07/03/06 the WIG 20 index closed at 2,842.63.

Main shareholders	% of capital
Jerzy Wisniewski	36.4
BZWBK AIB AM	7.4

Company description

PBG provides engineering and construction services in the area of oil and gas production and transmission as well as hydro-construction

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Investment summary

Our valuation is based on the DCF model. For comparison we also present ratios for international peers.

DCF valuation

Our discounted cash flow valuation is based on the profit forecasts until 2015, so these assumptions may not prove accurate and consistent with the company's future performance.

We assume that PBG will maintain its track record and will manage to win many large, high margin contracts. Further assumptions are as follows:

- Sales CAGR of 25% in 2006-2010 and 6% beyond 2010.
- Improvement of EBITDA margin from 11.6% in 2005 to 14.0% in 2015.
- Tax rate at 20% in 2006 and 14% on average beyond, as the tax shield in Hydrobudowa Slask will reduce income tax payments.
- We consolidate a 50% share of Hydrobudowa Slask.
- Capex will reach PLN 33m on average.
- The risk free rate at 4.75% is equal to the yield on 10-year treasury bonds.
- Debt risk premium at 1pp – this is the expected premium the company will need to pay in the future for its loans.
- Equity risk premium at 4.5% as estimated by DM BZWBK.
- Terminal growth rate at 1.5%.
- WACC at 8.9%, based on 11.5% cost of equity, 4.6% after tax cost of debt and 40/60 debt to capital ratio. Please see Fig. 1 for detailed calculations.

As a result, our calculations indicate a 12-month target price of PLN 160 per share.

Fig. 1. PBG: WACC calculation

Risk free rate	4.8%
Unlevered beta	1.00
Levered beta	1.48
Equity risk premium	4.5%
Cost of equity	11.5%
Risk free rate	4.8%
Debt risk premium	1.0%
Tax rate	20%
After tax cost of Debt	4.6%
%D	40%
%E	60%
WACC	8.9%

Source: Company data, Damodaran, DM BZ WBK estimates

Fig. 2. PBG: DCF valuation*PLN in millions, unless otherwise stated*

PLNm	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Revenues	709.1	988.4	1,180.5	1,388.5	1,481.7	1,582.9	1,696.0	1,785.4	1,881.3	1,984.2
EBITDA	98.8	136.8	163.7	190.5	204.6	220.2	237.3	253.3	271.1	291.0
EBIT	86.4	122.2	148.0	172.9	185.9	199.7	215.0	229.8	245.8	263.9
Taxes on EBIT	17.1	20.6	23.4	23.6	25.6	27.7	30.1	33.0	35.5	38.3
NOPAT	69.2	101.6	124.5	149.3	160.3	172.0	184.9	196.7	210.4	225.7
Depreciation	12.4	14.5	15.8	17.5	18.8	20.5	22.3	23.5	25.3	27.0
Capex	-42.5	-33.0	-32.5	-32.5	-32.0	-32.0	-32.0	-34.5	-34.5	-34.5
WC change	-30.5	-47.3	-30.2	-43.8	-15.3	-16.6	-18.4	-15.0	-16.1	-17.2
Free cash	8.6	35.8	77.6	90.6	131.8	143.9	156.8	170.7	185.0	201.0
Tax rate (%)	20%	17%	16%	14%	14%	14%	14%	14%	14%	14%
WACC (2006-2015)	8.9%									
PV FCF (2006-2015)	679									
Terminal growth	1.5%									
PV Terminal value (PLNm)	1,291									
Total EV (PLNm)	1,970									
Net debt (PLNm)	248									
Equity value (PLNm)	1,721									
Number of shares (m)	12.0									
Equity value per share (PLN)	143									
Target price (PLN)	160									

Source: Company data, DM BZ WBK estimates

Foreign peers

We also present theoretical valuations based on multiples of foreign peers, but such valuations may be misleading, in our view. In recent years many construction companies have decided to offset the volatility of earnings in their construction division by diversifying into other businesses. These comprise mainly real estate, toll roads or environmental services. Especially in the case of Spanish companies (Ferrovial, Acciona, FCC) the construction share of activity dropped below 50% of consolidated sales and profits.

We also believe that the growth potential of PBG is rather comparable with Spanish peers years ago, before the boom in Spanish construction was fuelled by EU funds. In the years to come EU funds earmarked for Spain will be reduced and Poland will become one of their largest beneficiaries.

Fig. 3. PBG: Comparable valuation

PLN in millions, unless otherwise stated

Company	Currency	Price Market cap (local) (bn)	PER (x)				EV/EBITDA (x)				
			2005E	2006E	2007E	2008E	2005E	2006E	2007E	2008E	
Technip	EUR	51.0	4.8	41.8	25.4	18.7	16.6	12.9	9.8	8.1	7.4
Wood Group	GBP	2.5	1.3	16.7	14.2	11.5	8.0	8.2	7.2	6.2	5.5
SAIPEM	EUR	18.0	7.9	32.5	26.3	20.2	16.3	15.9	13.3	11.1	9.5
AMEC	GBP	4.0	1.2	16.2	16.2	15.3	14.0	7.2	6.9	7.1	6.4
NCC	SEK	182.0	18.6	17.0	15.3	14.4	14.3	8.6	7.7	7.3	8.0
Skanska	SEK	127.5	53.4	16.4	16.7	15.5	13.8	8.7	8.8	8.0	6.8
Mowlem	GBP	2.3	0.3	n.a.	n.a.	26.3		n.a.	10.3	9.3	
ACS	EUR	30.7	10.8	18.3	15.1	13.8	11.9	13.7	12.3	11.4	10.2
Acciona	EUR	112.9	7.1	23.6	21.4	19.7	16.0	11.3	9.9	9.0	6.1
Ferrovial	EUR	61.0	8.6	24.2	20.9	18.7	21.0	14.3	12.6	11.7	11.6
Vinci	EUR	74.5	11.8	15.8	14.1	13.4	14.2	6.7	4.4	4.2	5.8
Hochtief	EUR	42.3	3.0	43.6	43.6	37.7	27.3	4.6	4.6	4.3	4.1
Mota	EUR	4.0	0.8	25.7	25.7	38.0	11.4	8.0	8.2	7.3	6.2
FCC	EUR	55.1	7.2	17.5	15.5	14.3	15.2	8.1	7.2	6.7	6.7
Median				21.0	18.8	18.7	14.7	8.6	8.8	8.0	6.8
PBG				35.9	26.5	17.9	14.3	32.5	15.0	10.2	8.3
Premium/(discount) (%)				71.1	41.3	(4.0)	(2.8)	277.5	70.1	27.3	22.9
PBG's implied price (PLN)				71.6	86.7	127.6	126.1	15.13	54.5	79.8	83.4
PBG's implied price average 2006E-08E (PLN)						113.4				72.6	

Source: Bloomberg, DM BZ WBK estimates

PBG 4Q 2005 results review

PBG reported 2005 net profit slightly higher than forecasted (PLN 36.0 vs. PLN 33.3m), while sales were lower (PLN 409m vs. PLN 422m). Significant growth in 4Q and full 2005 performance vs. 2004 results from higher sales in the parent company but also full consolidation of entities acquired in 2005: Metorex (1Q), Infra (2Q), Hydrobudowa Wloclawek (3Q) and KRI (3Q).

Fig. 4. PBG: 4Q 2005 results review

PLN in millions, unless otherwise stated

	4Q'05	4Q'04	y/y (%)	2005	2004	y/y (%)	2005E company forecast
Sales	169.5	95.2	78.0%	409.0	216.1	89.3%	422.0
EBIT	18.5	6.2	198.4%	40.1	22.3	79.8%	n/a
Net profit	12.6	3.3	281.8%	36.0	13.2	172.7%	33.3

Source: Company data

Hydrobudowa's 4Q 2005 results show general clearing before taking over the company by PBG. In mid-2005 the company lost liquidity and was on the brink of bankruptcy since it did not have sufficient funds to continue work on its contracts. One of the reasons for this situation was fighting for contracts at virtually any price, even below the break-even point. Some mistakes were also made during contract management. PBG, before buying new share issues, researched each contract, and prepared its own cost estimates. It made provisions for all potential losses related to running contracts, which resulted in a net loss of PLN 97m. PBG will try to reduce them in the coming months by renegotiation of contracts with investors. We expect that some provisions made on these losses may be released.

Fig. 5. Hydrobudowa: 4Q 2005 results review*PLN in millions, unless otherwise stated*

	4Q'05	4Q'04	y/y (%)	2005	2004	y/y (%)
Sales	9.4	57.2	-83.6%	111.6	175.0	-36.2%
EBIT	-97.2	0.8	n/a	-108.6	3.2	n/a
Net profit	-85.1	0.4	n/a	-97.1	0.5	n/a

Source: Company data

Share issue

In January 2006 PBG successfully sold 1.5m new shares at PLN 92 per share and collected over PLN 130m. Funds will be used mainly for acquisition of Hydrobudowa Slask but also for financing new contracts, increasing capacities and strengthening presence on international markets. Implementation of an IT system will cost some PLN 8-10m. The CEO also announced that PBG may take over a listed company present on Nordic markets provided that PBG wins the contract in Norway. A to-be-acquired company will be one of the subcontractors in this tender.

Fig. 6. PBG: Shareholder structure

	Number of shares	Share in capital	Number of votes	Share in votes
Jerzy Wisniewski	4,380,054	36.4%	8,760,108	52.4%
Malgorzata Wisniewska	3,279	0.0%	6,558	0.0%
BZ WBK AIB Asset Management	890,325	7.4%	890,325	5.3%
Tomasz Woroch	316,667	2.6%	633,334	3.8%
New share issue	1,500,000	12.5%	1,500,000	9.0%
Free float	4,939,675	41.1%	4,939,675	29.5%
Total	12,030,000		16,730,000	

Source: Company data

New contracts

Companies from PBG Group either participate or plan to participate in many contracts to be called this year. The largest tenders are to be called by PGNiG, which has to speed up its investment process. The deputy CEO of PGNiG expects that two tenders, the oil and gas mine LMG, and Nitrogen Removal Unit in Grodzisk will be finalized in April/May. The value of the first tender is PLN 430m, while the latter's is PLN 120m. The tender for the underground gas storage facility Wierchowice is to be called in 2H 2006.

In hydroconstruction, PBG expects to win some tenders for renovation of water and sewage systems in major Polish cities. EU earmarked EUR 200m for this purpose. PBG expects two contracts (Wroclaw – EUR 22m and Elblag – EUR 14m) to be concluded in the next few weeks. The company already executes such works in Szczecin (EUR 42m). A long awaited contract for construction of a water retention reservoir in Raciborz, valued at PLN 650m, is likely to be announced in September. Another large prestigious project is a sewage treatment plant in Warsaw, valued at PLN 700m, to be called in 3Q 2005.

PBG is also actively looking for new orders on the foreign market. In the last few weeks it was positively audited by two large Norwegian companies investing in facilities for production and storage of LNG (Liquefied Natural Gas) – Lyse Gas and Statoil. PBG has been short-listed in one of the tenders called by Lyse Gas, with a value of EUR 56m. The outcome of this tender is expected by the end of 2Q 2005.

We believe that PBG is particularly well-positioned to win even all these tenders. Taking into account that 2005 sales of PLN 409m was generated mainly on small and medium ticket orders, winning any of these large contracts would give a boost to the Group's sales.

Fig. 7. PBG: Tenders to be called in 2006

Tender	Value (PLNm)	Expected start of the tender	Expected outcome of the tender after	Investor
Sewage system Wrocław	80	offer submitted	March 2006	City of Wrocław
Sewage system Elbląg	40	offer submitted	April	City of Elbląg
Nitrogen Removal Unit Grodzisk	120	offer submitted	April/May 2005	PGNiG
Oil and gas mine LMG	430	offer submitted	April/May 2006	PGNiG
Nitrogen Removal Unit Norway	210	offer submitted	May/June 2006	Lyse Gas
Fuel containers Malbork/Cybowo	220	offer submitted	June 2006	Defense Ministry, NATO
Sewage treatment plant Poznań	220	March 2006	4 months	City of Poznań
Sewage system Tychy	300	March 2006	3 months	City of Tychy
Sewage System	40	April 2006	4 months	City of Krakow
Underground gas storage facility Wierchowice	200	September 2006	5 months	PGNiG
Sewage system renovation Kraków	400	September 2006	4 months	City of Kraków
Raciborz	650	September 2006	1-3 months	Regional Water System Administration
Sewage system Zabrze	233	April 2006	1-3 months	City of Zabrze
Sewage system Bytom	200	June 2006	4 months	City of Bytom
Sewage treatment plant Czechowice-Dziedzice	228	August 2006	4 months	City of Zabrze
Sewage system renovation Bydgoszcz	280	April 2006	1-3 months	City of Bydgoszcz
Dump storage Gdynia	250	September 2006	1-3 months	City of Gdynia
Sewage treatment plant Warsaw	700	September 2006	3 months	City of Warszawa

Source: Company data

Acquisitions

In February PBG paid PLN 48m for 1.69m new shares in Hydrobudowa Slask, taking full control of the company. PBG's stake reached nearly 66% and previously it was to be diluted to 50% by a new share issue directed to financial investors. However, recently the company declared that it does not want to reduce its holding in Hydrobudowa. In our view, this is good news for PBG as the larger part of its subsidiary profits will be consolidated within the group.

Hydrobudowa is one of the most experienced companies in Poland specializing in hydro-construction and the building of environmental protection facilities. In 2005 the company made a provision for all doubtful contracts and reported a net loss of PLN 97m. Currently the downside risk of Hydrobudowa's profits is very limited and we would rather expect that some of these provisions may be released, thereby improving profitability. In the coming months PBG will try to renegotiate some of these contracts. Additionally, losses from past periods created a tax shield, which will be used in the coming years. We believe that PBG will do its best to make Hydrobudowa a very profitable company to use this tax shield.

The current financial situation of Hydrobudowa is very optimistic. It has nearly PLN 50m in cash, mainly collected in the share issue, and another PLN 28m will be added in the second share issue by financial investors. The company also has real estate with an estimated value of PLN 30m, which is earmarked for sale. Current market capitalization of Hydrobudowa is close to PLN 150m.

The largest tenders, which are in Hydrobudowa's interests and are likely to be called this year, are the water retention reservoir in Raciborz worth PLN 650m and the sewage treatment plant in Warsaw estimated at PLN 700m. Winning one of these contracts would secure Hydrobudowa's future for the next two-three years with healthy profits.

PBG expects that Hydrobudowa will be consolidated with the group beginning in 2H 2006. In 1H 2006 it will concentrate on termination of current contracts. Revenues from new contracts are likely to appear in its reports in 2H 2006 and they are expected to

bring margins comparable with those of the parent company. The CEO of PBG expects that Hydrobudowa will net at least PLN 3m in 2006, while in 2007 it should show healthy low double digit net profit. Target sales are set at PLN 400m by 2008, while margins should be comparable with those in PBG (net margin 7-8%).

Fig. 8. Hydrobudowa: Forecast for 2006-2008E
PLN in millions, unless otherwise stated

	2006E	2007E	2008E
Sales	104.5	200.8	235.0
EBIT	4.9	23.5	38.0
Net profit	3.9	23.5	38.0
Minorities (50%)	2.0	11.7	19.0

Source: DM BZWBK estimates

PBG also plans the acquisition of a company operating in the company's core business, already present in the markets of Northern Europe. The acquisition will be executed provided that PBG wins some of the large contracts mentioned above, mainly in Norway. The value of this investment is estimated at PLN 20-25m.

Financials

Fig. 10. PBG: Consolidated balance sheet and forecast

PLN in millions, unless otherwise stated

	2004	2005E	2006E	2007E	2008E
Current assets	233.8	469.3	579.9	668.3	812.6
cash	48.5	110.0	94.4	27.4	72.6
receivables	137.8	223.6	342.6	490.0	584.1
inventories	7.0	11.7	18.8	26.9	32.0
Fixed assets	75.4	192.9	370.7	404.5	431.5
PPE	50.3	177.1	234.1	254.6	273.3
long-term investments	14.7	3.8	3.8	3.8	3.8
intangibles	4.0	10.8	11.8	12.8	13.8
Total assets	309.1	662.2	950.6	1,072.8	1,244.1
Current liabilities	128.0	271.2	386.1	475.3	543.8
bank debt	43.9	130.5	120.0	100.0	100.0
payables	71.2	126.5	251.3	359.3	428.3
Long term liabilities	28.4	207.7	199.3	150.0	150.0
bank debt	27.7	199.3	199.3	150.0	150.0
Provisions	5.3	0.0	0.0	0.0	0.0
Equity	142.6	176.7	365.3	447.5	550.3
share capital	10.5	10.5	12.0	12.0	12.0
additional capital	121.6	124.9	257.6	257.6	257.6
retained earnings	-3.5	5.3	41.3	95.7	177.8
net profit	14.0	36.0	54.4	82.2	102.8
Total liabilities and equity	309.1	662.2	950.6	1,072.8	1,244.1

Source: Company data, DM BZWBK estimates

Fig. 11. PBG: Consolidated income statement and forecast

PLN in millions, unless otherwise stated

	2004	2005E	2006E	2007E	2008E
Revenues	216.1	409.0	761.4	1,088.8	1,297.9
COGS	171.7	338.5	628.1	896.3	1066.7
Gross profit	44.4	70.5	133.3	192.5	231.2
CSGA	24.1	33.9	44.5	58.5	64.2
Operating profit	22.3	40.1	88.8	134.0	167.0
EBITDA	25.8	47.3	102.7	150.5	185.2
Financial income, net	-4.0	4.6	-17.5	-15.1	-12.8
Profit before income tax	18.3	44.8	71.3	118.9	154.2
Income tax	5.1	7.9	15.0	25.0	32.4
Minorities	0.0	-0.9	-2.0	-11.7	-19.0
Net profit	13.2	36.0	54.4	82.2	102.8

Source: Company data, DM BZWBK estimates

Fig. 12. PBG: Consolidated cash flow statement and forecast

PLN in millions, unless otherwise stated

	2004	2005E	2006E	2007E	2008E
Cash flow from operations	-42.5	-51.4	-27.2	51.3	90.9
Net profit	13.9	36.0	54.4	82.2	102.8
Depreciation and amortisation	6.7	10.6	13.9	16.5	18.3
Change in WC	-58.4	-26.5	-30.5	-47.3	-30.2
Cash flow from investment	-19.1	-107.0	-69.0	-35.0	-35.0
Purchases of equipment	-16.6	-29.6	-44.0	-35.0	-35.0
Acquisitions, net	-17.4	-6.0	0.0	0.0	0.0
Other	14.9	-71.4	-25.0	0.0	0.0
Cash flow from financing	94.8	196.2	109.0	-83.4	-10.8
Borrowings (repayment)	9.7	207.6	-10.5	-69.3	0.0
Dividends	0.0	0.0	0.0	0.0	0.0
Proceeds from share issue	91.6	0.0	135.0	0.0	0.0
Interest	4.9	-11.1	-15.5	-14.1	-10.8
other	-11.4	-0.3	0.0	0.0	0.0
Net change in cash	33.2	37.8	12.8	-67.0	45.1
Cash at the beginning	10.7	43.8	81.6	94.4	27.4
Cash at the end	43.9	81.6	94.4	27.4	72.6

Source: Company data, DM BZWBK estimates

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In preparing this document Dom Maklerski BZ WBK S.A. made use of the following valuation methods:

- 1) discounted cash flows ("DCF"); and
- 2) comparative.

The DCF valuation method is based on expected future discounted cash flows. One advantage of the DCF valuation method is that it takes into account all cash streams reaching the Issuer and the cost of money over time. Some disadvantages of the DCF valuation method are that a large number of parameters and assumptions need to be estimated; and the valuation is sensitive to changes in those parameters.

The comparative valuation method is based on the economic rule of "one price". Some advantages of the comparative valuation method are that the analyst need only estimate a small number of parameters; the valuation is based on current market conditions; the relatively large accessibility of indicators for companies being compared; and that there is an extensive knowledge of the comparative method among investors. Some disadvantages of valuation by the comparative method are the considerable sensitivity of the results of the valuation on the choice of companies to the comparative group; the method can lead to a simplification of the picture of the company which in turn can lead to omitting certain important factors (e.g. growth dynamics, extra-operational assets, corporate governance, the repeatability of results, differences in applied accounting standards); and the uncertainty of the effectiveness of a market valuation of companies being compared.

Explanations of special terminology used in the recommendation:

EBIT – earnings before interest and tax

EBITDA – earnings before interest, taxes, depreciation, and amortization

P/E – price-earnings ratio

EV – enterprise value (market capitalisation plus net debt)

PEG - P/E to growth ratio

EPS - earnings per share

CPI – consumer price index

WACC - weighted average cost of capital

CAGR – cumulative average annual growth

P/CE – price to cash earnings (net profit plus depreciation and amortisation) ratio

NOPAT – net operational profit after taxation

FCF - free cash flows

BV – book value

ROE – return on equity

Recommendation definitions:

Buy – indicates an expected return of more than 20% within the next twelve months.

Accumulate – indicates an expected return of 10% to 20% within the next twelve months

Hold – indicates an expected return of 0% up to 10% within the next twelve months.

Reduce – indicates an expected loss of up to 10% within the next twelve months.

Sell – indicates an expected loss of more than 10% within the next twelve months.

Over the last three months Dom Maklerski BZ WBK S.A. issued 4 Buy recommendations, 4 Accumulate recommendations, 8 Hold recommendations, 7 Reduce recommendations and 1 Sell recommendation.

The Issuer does not hold shares of Dom Maklerski BZ WBK S.A.

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During the past twelve months Dom Maklerski BZ WBK S.A. was a party to agreements relating to the offering of financial instruments issued by Issuer and connected with the price of financial instruments issued by Issuer (These agreements concerned offering class E shares).

Dom Maklerski BZ WBK S.A. did not buy or sell any financial instruments issued by the Issuer on its own account, in order to realize investment subissue or service agreements.

During the last twelve months Bank Zachodni WBK S.A. which is connected with Dom Maklerski BZ WBK S.A. was a party to agreements relating to investment banking.

Dom Maklerski BZ WBK S.A. acts as issuer's market maker and market maker for the shares of the Issuer of financial instruments that are subject of this document, on principles specified in the Regulations of the Warsaw Stock Exchange.

During the last twelve months Dom Maklerski BZ WBK S.A. has received remuneration for providing services to Issuer. These services covered offering of financial instruments issued by Issuer and acting as an issuer's market maker.

Dom Maklerski BZ WBK S.A. does not hold shares of the Issuer or any financial instruments of the Issuer being the subject of this recommendation, exceeding 5% of the share capital.

BZ WBK AIB Asset Management S.A. which is connected with Dom Maklerski BZ WBK S.A. holds shares of the Issuer or any financial instruments of the Issuer being the subject of this recommendation, exceeding 5% of the share capital.

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The date on the first page of this report is the date of preparation and publication of the recommendation. The recommendation is valid until the issuance of a new recommendation

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