

PBG (HOLD, PT PLN 227.9) – results due 1 March

PBG is due to report its 4Q10 results on 1 March 2011.

PBG, 1Q09-2010E

(PLN mil)	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10E	yoy	2009	2010E	yoy
Revenues	349	599	702	927	469	729	733	878	-5%	2578	2809	9%
EBITDA	47	79	78	130	36	86	85	114	-12%	334	320	-4%
EBIT	35	68	66	118	24	74	74	102	-13%	286	273	-5%
Net profit	23	47	39	102	18	63	59	74	-27%	211	211	0%
<i>Gross margin</i>	<i>17.3%</i>	<i>14.5%</i>	<i>12.9%</i>	<i>16.4%</i>	<i>10.4%</i>	<i>15.4%</i>	<i>13.1%</i>	<i>15.6%</i>		<i>15.2%</i>	<i>14.0%</i>	
<i>EBITDA margin</i>	<i>13.3%</i>	<i>13.2%</i>	<i>11.2%</i>	<i>14.0%</i>	<i>7.6%</i>	<i>11.8%</i>	<i>11.6%</i>	<i>12.9%</i>		<i>12.9%</i>	<i>11.4%</i>	
<i>SG&A ratio</i>	<i>7.9%</i>	<i>5.3%</i>	<i>3.3%</i>	<i>6.7%</i>	<i>5.3%</i>	<i>4.4%</i>	<i>3.0%</i>	<i>4.0%</i>		<i>4.3%</i>	<i>4.0%</i>	

Source: Company data, Wood Research

Revenues: traditionally, the industrial and residential construction segment generates the most revenues – we expect PLN 270m vs. PLN 223m a year ago. Due to its recently-won road contracts, worth a total of PLN 1.8bn, we expect this segment to deliver PLN 250m of revenues in 4Q10 vs. only PLN 31m in 4Q09. The company's current backlog could amount to PLN 5.3bn.

Profitability: a higher contribution from the margin-dilutive road contracts should also affect PBG's consolidated gross margin, which we expect to reach 15.6% (vs. 16.4% a year ago). We do not expect any one-offs.

Financials: Wood and consensus forecasts

We believe the early start of winter and the low temperatures that lasted almost for the whole of December may have some negative impact on the revenues (a fact that we did not anticipate in our construction sector note, published on 7 December 2010). Hence, we have revised our 4Q10 and full-year results forecasts for PBG downwards slightly; on average, by 2%. We also believe that PBG did not fulfil its full-year management guidance, mainly the result of the poor 1Q10 (the long and severe winter) that PBG was unable to compensate for in the following quarters. Our assumptions for 2011 and onwards remain unchanged.

PBG: Wood's new estimates for 2010E

(PLN m)	New	Old	diff	Consensus	diff	Mgmt Guidance
Revenues	2,809	2,859	-2%	3,063	-8%	3,000
EBITDA	320	327	-2%	352	-9%	
EBIT	273	279	-2%	286	-5%	300
Net income	211	216	-2%	228	-7%	220

Source: Wood Research, Bloomberg