

Company Report

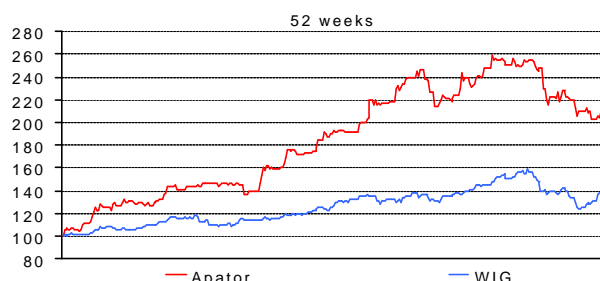
Apator

Poland, Electrical equipment

upgrade to buy

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PLN mn	2005	2006e	2007e	2008e
Net sales	277.2	311.9	334.5	356.9
EBITDA	50.4	63.4	78.8	88.0
EBIT	37.0	48.4	62.4	70.2
Net profit	45.1	40.1	50.6	54.5
EPS (PLN)	14.1	12.5	15.8	17.0
CEPS (PLN)	18.5	17.2	20.9	22.5
BVPS (PLN)	36.6	39.3	47.1	53.0
Div/share (PLN)	7.0	8.0	11.0	11.2
EV/EBITDA (x)	13.4	10.6	8.2	7.2
P/E (x)	14.9	16.8	13.3	12.4
P/CE (x)	11.4	12.2	10.1	9.3
Dividend yield	3.3%	3.8%	5.2%	5.3%



Performance	12M	6M	3M	1M
in PLN	110.0%	9.4%	-8.9%	-7.9%
in EUR	113.1%	3.8%	-9.8%	-8.8%

Share price (PLN)	210.0	Reuters	APOR.WA	Free float	44.0%
Number of shares (mn)	3.2	Bloomberg	APT PW	Shareholders	Apator Mining(18.7%)
Market capitalization (PLN mn / EUR mn)	673.8 / 167.7	Div. ex-date	06/27/06	Other shareholders	> 5% (21.88%)
Enterprise value (PLN mn / EUR mn)	669.6 / 166.7	Target price	258	Homepage:	www.apator.torun.pl

Growth story backed by further cost cutting potential

- We have raised our rating for Apator from Accumulate to Buy, maintaining our price target at PLN 258, for two reasons. The first is that, during the correction on emerging markets in May and June, the company's share price plunged by 20%, creating substantial upside potential. At the same time, Apator's 1Q results showed that it is growing faster than we anticipated, even after the "takeover effect" came to an end.
- In our opinion, the lower than expected profitability in 1Q resulted from the company's taking the opportunity to place a high volume of old-style inductive electricity meters from Pafal on export markets, thereby delaying the process of cutting employment at this company. We are convinced that management will make the necessary cuts this year, leading to margin growth. Therefore, we have slightly cut our 2006 earnings estimates, while raising our 2007 forecast.
- Apator's foothold in the German electricity meter market has finally been established. The company stepped back from the formal acquisition of a German manufacturer of pre-paid electricity meters, HTS GmbH, due to tax reasons. Instead of purchasing HTS shares, Apator established Apator GmbH, which acquired know-how and existing contracts from HTS, accelerating expansion in Germany.
- Apator recently revealed that it is considering moving from its HQ, which is located in the attractive Torun area. The sale of valuable real estate and moving to a cheaper location might deliver additional cash inflow of a few million PLN. Apator has taken into consideration the influence of the transaction on its dividend, which is a priority for the company. Apator's guidance assumes a DPS of PLN 8.0 from 2006 profit. This is the absolute minimum, in our opinion, as long as there is no major acquisition this year.

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Investment story

Substantial potential of earnings improvement within next 2 years

We see substantial potential for improved results within the next two years, even at conservative expectations regarding revenue dynamics, due mostly to the expected margin improvement. Based on our forecast, operating profit should grow at 30% per annum during the next two years. After that period, there will be another growth story related to the wider implementation of metering systems. However, we did not include this in our model, due to the significant uncertainty associated with such a favorable scenario. Considering the company's performance acceleration and stock price drop, we have a Buy recommendation for Apator shares, which feature 23% upside potential and a dividend yield of at least 3.8% for 2006.

1Q revenue dynamics surprised positively...

After robust top line growth on the back of takeovers in 2004 and 2005, the biggest question for Apator in 2006 has been: "How quickly can the company develop without an acquisition?" We previously assumed a conservative growth rate for total sales of 5% p.a. for the entire forecast period (2006-11), but the company surprised the market with an excellent growth pace in 1Q06 (+20% y/y). In terms of product breakdown, the sale of metering equipment grew by 24.5% y/y, while switchgear sales jumped surprisingly (+26.2%). Other product sales dropped by 36.4%. In light of these figures and data from the Central Statistical Office (which reported that the production of electricity meters in Poland grew by 5.6% y/y in January-May and the production of gas meters was up 37.6% y/y in the same period), we decided to raise our 2006 revenue forecast from PLN 305mn to PLN 312mn. We assume that the firm will maintain its 5.6% domestic sales dynamics in the long run. For exports, we expect a diminishing, double-digit growth rate. According to Apator's 1Q06 financial statement, export sales jumped in this period by 96% y/y.

Top line development

PLNmn	2005	2006e	2007e	2008e	2009e	2010e	2011e
Total sales	290.7	311.9	334.5	356.9	379.5	403.5	429.2
<i>y/y dynamics (%)</i>	<i>44.7%</i>	<i>7.3%</i>	<i>7.2%</i>	<i>6.7%</i>	<i>6.3%</i>	<i>6.3%</i>	<i>6.4%</i>
Domestic sales	238.4	251.7	265.8	280.7	296.5	313.1	330.6
<i>y/y dynamics (%)</i>	<i>36.2%</i>	<i>5.6%</i>	<i>5.6%</i>	<i>5.6%</i>	<i>5.6%</i>	<i>5.6%</i>	<i>5.6%</i>
Export sales	52.3	60.2	68.6	76.2	83.0	90.5	98.6
<i>y/y dynamics (%)</i>	<i>102.4%</i>	<i>15.0%</i>	<i>14.0%</i>	<i>11.0%</i>	<i>9.0%</i>	<i>9.0%</i>	<i>9.0%</i>
<i>Share of domestic sales</i>	<i>82.0%</i>	<i>80.7%</i>	<i>79.5%</i>	<i>78.7%</i>	<i>78.1%</i>	<i>77.6%</i>	<i>77.0%</i>
<i>Share of exports</i>	<i>18.0%</i>	<i>19.3%</i>	<i>20.5%</i>	<i>21.3%</i>	<i>21.9%</i>	<i>22.4%</i>	<i>23.0%</i>

Source: Erste Bank

... but profitability disappointed somewhat

The cost side of the 1Q06 results came as a disappointment, as margins fell y/y. The biggest brake on margin growth was Pafal, the largest acquired company. The restructuring process there is being implemented slowly. After operating at the break-even point in January and February, the company started to contribute profits of approximately PLN 0.7mn per month since March. Furthermore, a planned staff reduction should bring further margin growth. However, this will only be partly visible in the 2006 P&L. Aside from employment costs, some savings are to be achieved, due to the move of production from Pafal (Swidnica) to a more modern Apator plant in Torun. Pafal's plant will only assemble the meters from parts manufactured in Torun.

End of Pafal restructuring to raise margins from 2H06

In terms of profitability, we see potential for employment restructuring at the biggest subsidiary, Pafal. This firm was acquired at the beginning of 2004, and the easier restructuring steps have already been taken: four unnecessary Pafal subsidiaries were divested in 2005, after which the company started to make a profit. Apator is currently finishing the more complicated part of the restructuring process: cutting employment

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from 750 people (as of 2005) to 479. As there are group redundancies (according to Polish law, this means more than 10 people), the company is obliged to make severance payments (the company already paid PLN 0.8mn in restructuring costs in 1Q06). We assume another PLN 1mn will be paid out in 2Q06, which will mark the end of restructuring costs related to Pafal. Due to this headcount reduction, Apator's EBITDA margin should grow by 2pp in 2006. The full effect should be visible next year, when the EBITDA margin should grow by a further 3pp.

Pafal restructuring

	2005	2006e	2007e
Average nr of employees	1700	1,646	1,500
Employment cost (PLN 000)	67,896	66,509	62,046
Restructuring cost (PLN 000)	-1,415	-1,774	0

Source: Erste Bank

Less optimism regarding 2006 results, but 2007 looks bright

Due to the postponement of the staff reduction process, we have cut our earnings estimates for this year. We now expect 2006 EBIT to come in at PLN 48.4mn (previously PLN 53.7mn) and net profit of PLN 40.1mn (previously PLN 43.6mn). The last figure matches management's forecast. We are more optimistic about the top line, but more conservative with regard to profitability. For next year, we raised our EBIT forecast from PLN 56.9mn to PLN 62.4mn, as the expected margin recovery should be visible then. Consequently, our new estimated 2007 net profit is PLN 50.6mn, vs. the PLN 46.2mn stated in our last report.

Changes of assumption

PLN mn	2005	old 2006	new 2006	old 2007	new 2007
Revenue dynamics (y/y)	45.4%	5.3%	12.5%	5.0%	7.2%
EBITDA margin	18.2%	22.5%	20.3%	22.9%	23.6%
EBIT margin	13.3%	17.6%	15.5%	17.8%	18.7%
Net margin	16.3%	14.3%	12.9%	14.4%	15.1%
Employment cost	67.9	46.5	66.5	47.6	62.0
Selling cost	18.8	19.8	21.8	20.8	23.4
Administration cost	35.6	35.6	36.5	35.8	36.8
Working capital	54.9	58.1	63.2	61.0	67.6
Net debt	1.8	-20.0	-4.2	-40.1	-25.2

Source: Erste Bank

Apator GmbH established in Germany

The new entity Apator GmbH was officially established in May 2006. The company focuses on the production and trade of electronic electricity meters. Apator acquired an 80% stake in the newly established entity, paying EUR 20,000 in cash. The remaining 20% belongs to Haymo Thurnwald, owner of HTS, a German manufacturer of pre-paid electricity meters. Thurnwald was appointed CEO of Apator GmbH. Apator obliged itself to repurchase Thurnwald's stake for EUR 765,000 in May 2008. This means the total cost of this project is EUR 785,000 (approximately PLN 3.2mn). As the company has annual revenues close to EUR 2mn, the acquisition translates into a P/S ratio of 1.6. However, we expect Apator GmbH to develop its sales quickly, as it will also offer meters manufactured in Poland.

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Acquisition in water segment unlikely to happen this year, but still possible

We do not see any serious takeover opportunity in the water meters segment in the short run. The most suitable target – Metron from Torun - is in the middle of a legal dispute among its creditors that delays any possibility of Apator entering the game. The largest creditor (the state Treasury, representing PLN 22.6mn out Metron's PLN 42mn total liabilities) rejected a proposed arrangement, as it prefers the conversion of debt into equity, in order to regain control of Metron. The court announced the bankruptcy of the company, which closed the door on American investor Seven Rocks Mining, which had the option to purchase a 36% stake in the company for PLN 13.5mn under the condition that arrangements with all creditors would be in place by the beginning of May 2006. Other creditors supported the arrangement and appealed against the verdict. In our opinion, the rejection of the arrangement increased Apator's chances. However, legal procedures (including appeals, etc.) could last until the end of the year. Another alternative is Powogaz from Poznan, the second biggest manufacturer of water meters in Poland, with PLN 63mn in annual revenues and a PLN 1.7mn net profit in 2005. However, as Powogaz enjoys a stronger financial condition, its potential acquisition would be more expensive for Apator.

Stronger acceleration possible after 2008, but it depends on change of regulations

We assumed a single-digit growth rate for Apator's revenue, as it is based exclusively on the sale of simple meters and switchgear. The company's management sees potential for a double-digit growth rate (up to 20% per annum) in the case of a wider implementation of multi-media metering systems. The implementation of a system approach in the metering segment was one of the key points in the strategy announced by management in 2004. Although Apator is ready from the technological point of view (with several pilot projects already launched), it is unlikely to launch mass production in the next two years, due to the absence of favorable energy market regulation. EU regulations force domestic markets to separate distribution from trade activity for media (i.e. gas, electricity, heat and water). The most favorable scenario for Apator would be a model based on German solutions, where sales activity is in the hands of municipalities, which choose their own metering equipment provider for all media. The Polish market is to be liberalized as of July 1, 2007. However, some delay is possible, as no EU members have implemented the solution yet. Thus, we do not currently factor in any acceleration driven by metering systems.

Moving HQ might provide extraordinary cash inflow

Apator recently made the surprising announcement that it may move its main factory and administration center away from downtown Torun. As real estate prices are rising continuously in Poland, the company estimates that it could receive approximately PLN 30mn from the sale, vs. the expected cost of building the new HQ of PLN 20mn. Another consequence would be the higher depreciation of the new HQ. As the company has not even precisely evaluated the impact of this transaction, we do not include it in our valuation model. However, we would like to emphasize the opportunity for an extraordinary profit. This is similar to 2004, when Apator sold another piece of real estate with a book value of PLN 8.7mn, receiving PLN 25.5mn in cash.

Dividend growth trend

Apator intends to maintain its policy of dividend growth. The company's last AGM approved a DPS of PLN 7.0, which translates into a 3.3% dividend yield. As usual, this was paid out in two tranches, with two separate record dates. Although this regular dividend policy has been in place for several years, we still consider Apator a growth stock. Thus, we assume a payout of only 60-70% of consolidated net profit in the coming years. However, even paying out the entire profit would not cause the company any harm. The retained cash could be spent on acquisitions, as there are still some opportunities, especially in the water metering segment. In the case that no takeovers are achieved, we expect the payout ratio to rise. For 2006, management mentioned in its guidance a DPS of PLN 8.0. However, an increase was not ruled out, in the case that no acquisition projects become available.

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Share split likely to be registered in August

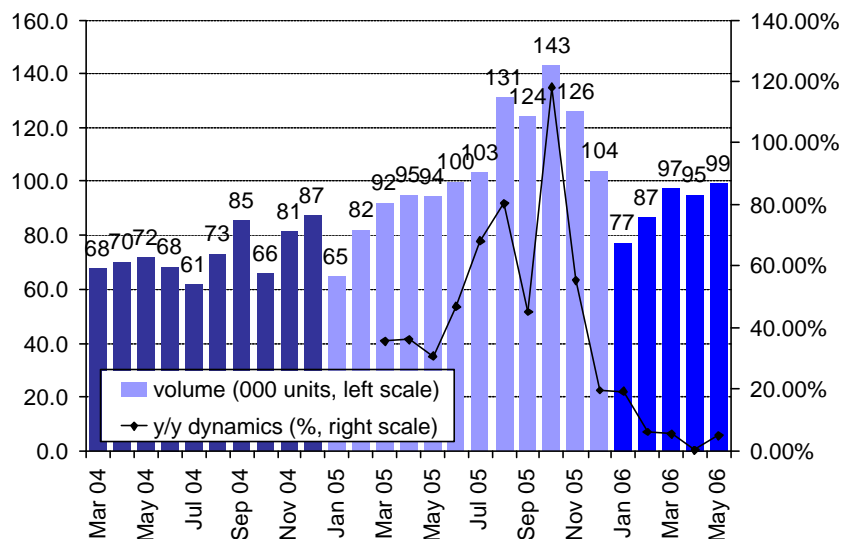
Aside from the dividend, the AGM approved a 1:11 share split, which will be implemented after registration by the court. Although the date is not precise, it should be completed by the first half of September. We expect the split to increase the stock's liquidity, which has been very limited recently - the average daily turnover in 1H06 was PLN 1.623mn, which represents only 0.13% of all shares outstanding and 0.18% of the free float.

Market overview

Substitution of credit-type inductive electricity meters with electronic pre-paid ones

Apator's sales break down into two segments: metering equipment and switchgear. Better prospects are seen in the market for metering equipment, which comprises electricity meters (credit and pre-paid), gas meters, heat meters and water meters (Apator is not yet present in this last segment). The market for credit-type electricity meters is maturing, as electronic meters are pushing them out. Apator enjoys an 85% market share domestically; the remaining 15% belongs to global manufacturers Actaris and Landys+Gyr. In the segment of electronic meters, Apator has a 64% domestic market share, competing with Landys+Gyr, JM Tronic and Iskraemco. The European market for electronic meters is developing quickly - it is expected to grow from 7.5mn to 9mn units until 2009 (CAGR of +7%).

Production of electricity meters in Poland ('000 pieces)



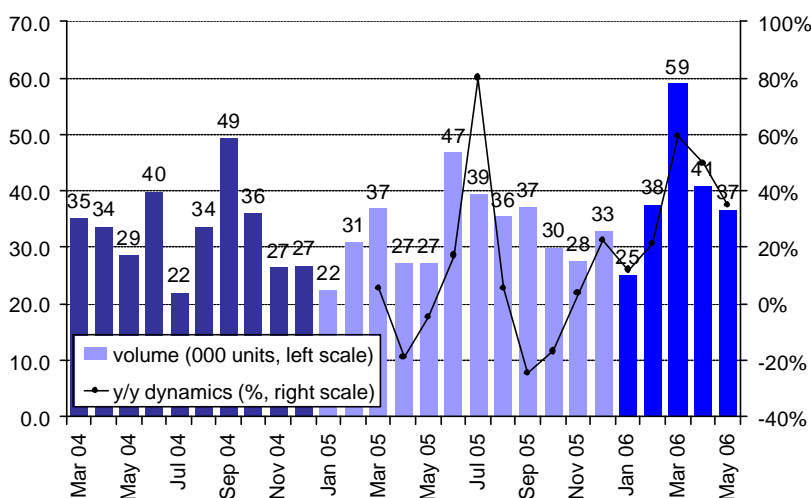
Source: Central Statistical Office (GUS)

Gas meters the most dynamic segment, driven by exports

The gas meter segment is currently seeing the fastest growth, driven primarily by exports. With the acquisition of Metrix, Apator holds 45% of the domestic market, competing with Intergaz (half-owned by national gas exploration company PGNiG and global giant Elster) and Actaris.

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Production of gas meters in Poland ('000 pieces)



Source: Central Statistical Office (GUS)

Great potential in heat meters

Heat meters look to be the most promising segment. The European market is expected to grow at a CAGR close to 12%. Apator has greater potential to increase its market share here than in other segments, as its domestic market share is close to 25% at present. Apator's main competitors in this segment are Ista, Actaris, Techem and Kamstrup.

Valuation and recommendation

We have changed some assumptions regarding our DCF model:

- We assume this year capex at the level of PLN 18.4mn, in line with management's guideline. It exceeds depreciation by PLN 3.5mn as the company plans some investment in tangible assets, that will enable to increase production without necessity of increasing the headcount in the future. For upcoming years we assume capex at the level of depreciation.
- We raised our risk-free rate to 5.4% for 2006-11, after the recent hike of yields on 5Y T-bills. For perpetuity, we maintain a 5% risk-free rate.
- 19% CIT rate for the entire forecast period and perpetuity.
- In line with management's guidance, we assume a DPS of PLN 8.0 from 2006 net profit. From 2008 onwards, we assume 66% of consolidated net profit will be distributed to shareholders, with 34% retained at the company. Such a level would mean a cash reserve for potential takeovers.
- The current model does not assume any takeover in the water segment. Therefore, it is based only on organic growth.
- Terminal value growth of 2%.
- 3.2mn shares outstanding; this figure includes 0.6mn treasury shares held in Apator Mining. We cannot rule out these shares being used in a motivational scheme for management or a share swap in the case of a takeover. If the EGM decides to cancel this stake, we will exclude them from our model. Therefore, all ratios are calculated based on 3.2mn shares outstanding.

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DCF valuation

Given the above-mentioned assumptions, our DCF model leads to a fair value per share of PLN 246 for December 31, 2006. After compounding with a 10.4% cost of equity, we arrive at a 12-month price target of PLN 258 per share.

WACC calculation

	2006e	2007e	2008e	2009e	2010e	2011e	beyond 2011
WACC	9.92%	10.40%	10.40%	10.40%	10.40%	10.40%	10.00%
Equity cost	10.40%	10.40%	10.40%	10.40%	10.40%	10.40%	10.00%
Debt cost	5.59%	5.59%	5.59%	5.59%	5.59%	5.59%	5.27%
Equity weighting	90.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Debt weighting	10.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Risk free rate	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.00%
Equity risk premium	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Beta	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Debt premium	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Tax rate	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%

Source: Erste Bank

DCF valuation

PLN '000	2006e	2007e	2008e	2009e	2010e	2011e	beyond 2011
EBIT	48,409	62,442	70,178	76,616	83,478	90,835	
Tax rate	19%	19%	19%	19%	19%	19%	
Tax on EBIT	-9,198	-11,864	-13,334	-14,557	-15,861	-17,259	
NOPLAT	39,211	50,578	56,844	62,059	67,617	73,577	75,265
Depreciation	14,951	16,376	17,792	19,335	21,019	22,854	
Capital expenditures	-18,400	-16,400	-17,800	-19,300	-21,000	-22,700	
Change in working capital	-8,355	-4,334	-4,472	-4,555	-4,904	-5,143	
Free cash flow	27,407	46,220	52,365	57,539	62,732	68,588	75,265
Terminal value							938,103
PV of FCF	0	41,866	42,963	42,762	42,229	41,822	
Sum of PV of FCF	211,643						
PV of terminal value	572,012						
Enterprise value	783,655						
Non-operating assets	0						
Net debt	-4,184						
Fair value at 31.12.2006	787,839						
Number of shares	3,209						
Fair value per share	245.5						
Cost of equity		10.4%					
Target price		258.2					
Stock price		210					
Premium/discount		23.0%					

Source: Erste Bank

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Market multiples

Apator is traded at a PE ratio of 16.8x in our 2006 forecast, dropping to 13.3x in 2007. This means that Apator is traded with a discount to its peers. On EV/EBITDA and EV/S, Apator is traded at a premium. When we look at Apator's EBITDA margin (over 20%) and peers (13.5%), the premium seems justified. In our opinion, the most comparable company is Itron, which has a similar business to Apator (separated from other activities). According to JCF estimates, Itron is traded at a 2006 PE ratio of 26x and 22.9x in 2007, despite the fact that its forecasted EBITDA margin is only 11-12%. In any case, we do not put any weight on the comparison method, and instead stick to our DCF-based price target.

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Market Multiples

	2005	2006e	2007e	2005	2006e	2007e	2005	2006e	2007e	2005	2006e	2007e
	P/E	P/E	P/E	EV/Sales	EV/Sales	EV/Sales	EV/EBITDA	EV/EBITDA	EV/EBITDA	Valuation	Valuation	Valuation
Implied fair value (PLN mn)	905.9	674.9	678.3	260.3	279.2	306.6	460.1	453.1	484.4			
Number of shares (mn)	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2			
Implied fair value per share	282.4	210.4	211.4	81.1	87.0	95.6	143.4	141.2	151.0	169.0	146.2	152.7
12-month price target										177.7	153.7	160.5

	2005	2006e	2007e	2005	2006e	2007e	2005	2006e	2007e	2005	2006e	2007e
	P/E	P/E	P/E	EV/Sales	EV/Sales	EV/Sales	EV/EBITDA	EV/EBITDA	EV/EBITDA	EBITDA margin	EBITDA margin	EBITDA margin
median for peer group	20.07	16.82	13.41	0.94	0.88	0.84	9.16	7.09	5.83	12.20%	13.56%	14.69%
Nedap	22.97	19.86	17.09	1.65	1.64	1.54	10.35	9.98	8.87	16.0%	16.5%	17.4%
Radiall SA	16.92	16.26	13.56	0.79	0.79	0.67	6.87	6.15	4.61	11.5%	12.8%	14.5%
Be Semiconductor Industr.	high	17.24	11.63	0.92	0.75	0.61	31.95	6.37	5.25	2.9%	11.8%	11.7%
Dialog Semiconductor	high	high	46.67	0.67	0.26	0.19	6.88	9.54	2.13	9.8%	2.7%	8.8%
Schaffner Holding AG	348.94	17.61	10.92	0.93	0.74	0.82	15.38	7.25	6.30	6.1%	10.1%	13.1%
Paragon AG	40.79	19.09	16.64									
Dr Hoenle AG	17.57	14.11	13.25	1.26	1.02	0.86	7.16	4.70	4.13	17.6%	21.7%	20.8%
Sword Group SA	20.45	16.63	15.03	2.31	1.82	1.51	13.92	10.36	8.74	16.6%	17.6%	17.3%
Oxford Instruments	47.43	24.90	15.55	0.70	0.63	0.63	15.99	9.72	7.43	4.4%	6.5%	8.5%
El.En	10.31	23.48	17.20	0.58	0.32	0.21	4.62	2.55	1.55	12.5%	12.5%	13.8%
Neways Electronics	13.46	10.05	8.15	0.35	0.36	0.31	5.63	5.01	3.90	6.3%	7.1%	7.9%
Itron	29.53	25.99	22.87									
Vaisala Oyj	16.74	16.82	14.67	1.72	1.60	1.46	8.86	7.87	7.20	19.4%	20.4%	20.2%
Faiveley SA	17.39	13.99	11.85	0.90	0.78	0.64	6.51	5.49	4.28	13.8%	14.3%	14.8%
Perlos Oyj	45.65	14.97	8.44	0.95	0.69	0.63	10.79	6.21	4.61	8.8%	11.2%	13.7%
SAES Getters SpA	23.78	19.89	16.11	3.09	2.51	2.33	9.45	6.92	6.15	32.7%	36.2%	37.9%
Phoenix Mecano AG	19.68	12.97	10.56	0.75	0.97	0.89	6.33	6.57	5.77	11.9%	14.8%	15.4%
Elektrobit Group Oyj	15.60	17.54	12.92	1.00	1.15	1.01	5.89	7.79	5.88	16.9%	14.7%	17.1%
E2V Technologies Plc	14.18	12.51	11.52	1.41	1.24	1.13	7.31	6.38	5.70	19.3%	19.4%	19.7%
HF Company SA	21.91	13.20	11.52	1.72	1.02	0.91	16.49	8.29	7.13	10.4%	12.3%	12.7%
Metrologic Group	18.30	20.17	16.13	6.35	4.77	3.88	11.13	9.05	7.05	57.1%	52.7%	55.0%
Partner Tech	25.21	12.47	9.59	0.79	0.63	0.54	11.88	7.89	5.98	6.7%	8.0%	9.0%

Source: Erste Bank

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Income Statement (IAS, PLN mn, 31/12)	2004	2005	2006e	2007e	2008e
Sales revenues	190.7	277.2	311.9	334.5	356.9
Cost of goods sold	-123.2	-182.5	-200.1	-208.2	-220.5
Gross profit	67.5	94.7	111.8	126.3	136.4
SG&A	-39.1	-54.4	-58.3	-60.2	-62.5
Other operating revenues	30.9	11.9	10.0	11.0	11.7
Other operating expenses	-15.5	-15.2	-15.1	-14.6	-15.5
EBITDA	53.8	50.4	63.4	78.8	88.0
Depreciation	-10.1	-13.5	-15.0	-16.4	-17.8
EBIT	43.7	37.0	48.4	62.4	70.2
Financial result	-0.6	-0.4	-0.1	0.7	-2.2
EBT	43.1	36.5	48.4	63.1	68.0
Tax expenses	-8.9	-6.9	-9.2	-12.0	-12.9
Extraordinary result	5.9	15.9	1.4	0.0	0.0
Minority interests	-0.3	-0.4	-0.4	-0.5	-0.6
Net result after minorities	39.8	45.1	40.1	50.6	54.5
Balance Sheet (IAS, PLN mn, 31/12)	2004	2005	2006e	2007e	2008e
Intangible assets	4.7	4.0	4.1	4.0	4.0
Tangible assets	49.9	64.5	58.0	58.1	58.1
Financial assets	9.5	6.4	6.0	6.0	6.0
Total fixed assets	64.1	74.9	68.0	68.1	68.1
Inventories	20.7	30.9	36.0	37.5	39.7
Receivables and other current assets	45.7	65.1	73.0	78.2	83.5
Other assets	2.2	1.3	2.9	2.9	2.9
Cash and cash equivalents	8.9	15.1	18.1	25.2	40.3
Total current assets	77.5	112.3	130.0	143.8	166.3
TOTAL ASSETS	141.6	187.2	198.0	211.8	234.4
Shareholders' equity	81.8	117.4	126.0	151.0	170.2
Minorities	8.8	2.0	2.2	2.6	3.0
Other reserves	0.0	0.0	0.0	0.0	0.0
Interest-bearing LT debts	0.1	0.0	0.3	0.0	0.0
Other LT liabilities	9.0	9.6	9.7	9.7	9.7
Total long-term liabilities	9.0	9.6	10.0	9.7	9.7
Interest-bearing ST debts	7.4	16.8	13.7	0.0	0.0
Other ST liabilities	34.6	41.3	46.2	48.5	51.5
Total short-term liabilities	42.0	58.1	59.8	48.5	51.5
TOTAL LIAB. & EQUITY	141.6	187.2	198.0	211.8	234.4
Cash Flow Statement (IAS, PLN mn, 31/12)	2004	2005	2006e	2007e	2008e
Cash flow from operating activities	36.1	29.7	47.0	63.2	71.2
Cash flow from investing activities	-12.2	-19.2	-18.4	-16.4	-17.8
Cash flow from financing activities	-19.1	-4.3	-25.6	-39.7	-38.3
CHANGE IN CASH & CASH EQU.	4.8	6.2	3.0	7.1	15.1
Margins & Ratios	2004	2005	2006e	2007e	2008e
Sales growth	79.9%	45.4%	12.5%	7.2%	6.7%
EBITDA margin	28.2%	18.2%	20.3%	23.6%	24.6%
EBIT margin	22.9%	13.3%	15.5%	18.7%	19.7%
Net profit margin	20.9%	16.3%	12.9%	15.1%	15.3%
ROE	57.4%	45.3%	33.0%	36.5%	34.0%
ROCE	52.9%	40.1%	30.7%	37.2%	40.5%
Equity ratio	63.9%	63.8%	64.8%	72.5%	73.9%
Net debt	-1.4	1.8	-4.2	-25.2	-40.3
Capital employed	98.1	130.9	133.7	138.1	142.6
Inventory turnover	7.3	7.1	6.0	5.7	5.7

Company Report

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Company	Disclosure	Comment
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Reduce	-10% < target price < 0%
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