KBC Securities

Polish IT sector

6 January 2010

Buy IT

Recommendations

		Price (local)	Mkt.cap (€ m)	P/E (x) 2010F	P/E (x) 2011F	EV/EBITDA (x) 2010F	EV/EBITDA (x) 2011F	Fair Value	Upside (%)
Asseco Poland	Buy (maintained)	63.15	1,059	11.3	10.9	7.1	6.2	76.00	20.3
Asseco Slovakia	Buy (maintained)	23.70	124	9.9	8.9	5.5	5.0	30.00	26.6
Comarch	Hold (upgraded)	95.00	186	18.2	14.8	8.9	7.0	95.00	0.0
Comp Safe Support	Buy (maintained)	67.35	79	11.6	10.2	7.5	6.3	75.00	11.4
Sygnity	Sell (maintained)	14.35	42	-	-	8.8	5.5	12.00	-16.4

Source: KBC Securities, Bloomberg *priced at COB 04/01/2010*

We are positive on Polish IT stocks and recommend overweighting the sector versus the WIG in 2010. We expect the sector to benefit from a recovery of IT spending and record bottom-line growth this year and have raised our net income forecasts by an average of 6.5%-10.6% for 2010-2011. Asseco Poland remains our top pick in the sector, due to the firm's revenue diversification, solid backlog, and exposure to the rebound throughout the CEE and SEE regions. We see the largest upside potential (27%) at Asseco Slovakia, which trades at a 20% discount to the sector. We remain negative on Sygnity where the bottom line looks set to remain in the red in 2009-2011.

Rating update

- **Outlook for strong 2010:** EBIT margins at Poland's IT companies are likely to rebound significantly in the year ahead. Higher demand for IT solutions should boost the top line, while cost restructuring introduced in 2009 should have a visible impact. As a result, we expect to see improvements on the bottom line at all companies under coverage.
- **Strong 4Q09 results, but down year-on-year:** Results for 4Q09 should be seasonally strong, although the seasonality effect is not expected to be as great as in 2008. All covered IT companies look set to deliver bottom lines in the black, although margins are likely to deteriorate year-on-year due to cuts in IT budgets.
- **Asseco Poland our top pick:** Asseco has proved resilient to the economic crisis, due to the firm's very strong market position, diversification of revenues and successful cost control. We believe the company is well positioned to benefit from the expected recovery on CEE and SEE markets. On a 2010F P/E of 11.3x, Asseco trades at an unwarranted 11% discount to the sector average and a 25% discount to Western IT companies.
- **SPO expected in 1Q10:** Asseco Poland plans to raise capital through the issue of 3.1m new shares with pre-emptive rights in 1Q10. At the same time, a similar number of treasury shares will be cancelled. The proceeds from the SPO (some PLN 200m at the current price) are to be used to finance planned acquisitions. We have not yet incorporated the SPO into our forecasts, due to the lack of information on potential targets.
- **Buy Asseco Slovakia:** We expect Asseco Slovakia to deliver earnings per share (EPS) at a 2009-2011 CAGR of 23%, driven by the expected recovery of IT spending in Slovakia and the Czech Republic, strong cost containment, its acquisition in Hungary and a recovery at loss-making Austrian Uniquare. On a 2011F P/E of 8.9x, the stock is the cheapest in our IT coverage universe, trading at an excessive 20% discount.
- **Sell Sygnity:** We believe the company will continue to face tough times in 2010. Although making progress on cost optimization, management still faces the problem of a weak top line. Though we have incorporated Sygnity's new restructuring program, we only forecast the company to breakeven on the bottom line in 2012.
- **Positive surprise at Comarch priced in:** We have lifted our net income forecast for Comarch by 65.7% for 2010 and 32.2% for 2011, reflecting restructuring at SoftM and a solid performance at the parent company. However, after the recent rally, with Comarch trading on a 2011F P/E of 14.8x, we see it as fully valued.

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Asseco

6 January 2010

Top pick

IT	
Poland	

Current price PLN 63.15*

Fair value PLN 76.00

Buy

Rating maintained

Performance over	1M	3M	12M
Absolute %	1%	4%	33%
Rel. WIG20 %	0%	-9%	1%
12M Hi/Lo	PLN 65.4 / 40.0		

Reuters	ACPP.WA
Bloomberg	ACP PW
Market cap €	1,059m
Next corporate event	
SPO in February/March 2010	
PLN / €	4.07

FY/e 31.12., PLN m	2008A	2009F	2010F	2011F
Sales	2,786.6	3,009.9	3,224.3	3,359.2
EBITDA	591.8	657.4	710.4	750.6
EBIT	494.3	540.8	591.3	610.9
Adj. Net profit	287.8	365.2	379.8	395.1
Adj. EPS (PLN)	4.8	5.4	5.6	5.8
Adj. P/E (x)	13.1	11.8	11.3	10.9
DPS (PLN)	0.55	1.03	1.31	1.36
Yield (%)	0.9%	1.6%	2.1%	2.2%
EV/EBITDA (x)	7.8	7.7	7.1	6.2

Source: Company data, KBC Securities; Adj. for one-offs

The brighter outlook for Asseco's domestic operations is only partially offset by the strengthening PLN versus the €, which has a negative impact on the consolidation of foreign subsidiaries. As a result, we have increased our adjusted net income estimates by 3.0% to PLN 365.2m (up 26.9% y/y) for 2009, 7.5% to PLN 379.8m (up 4.0% y/y) for 2010 and 10.9% to PLN 395.1m (up 4.0% y/y) for 2011. These changes have boosted our fair value estimate by 8.6% to PLN 76.00 per share. Due to a lack of details about the use of proceeds, we do not incorporate the planned SPO into our forecasts. As our new fair value implies 20% upside from the current stock price, we maintain our Buy rating on the stock.

**Priced at COB 04/01/10*

Buy maintained

- **Strong outlook for 2010:** We expect the firm's top line to record 7.1% y/y growth in 2010, supported by the recent signing of new contracts by the parent company and stable revenues from existing clients such as PKO BP. The company's subsidiaries should also contribute to growth as should acquisitions made in 2009, offseting the projected strengthening of PLN versus the € in 2010. As a consequence, we expect EBIT to come in at PLN 591.3m in 2010, up 9.4% y/y and implying an EBIT margin of 18.3%.
- **Moderate EPS growth in 2009-2011:** We have further raised our earnings per share (EPS) projections for Asseco and now expect a mid-single-digit improvement in 2010 and 2011. The change relates to revenues secured at the parent company and a slightly improved outlook for growth and margins at subsidiaries. As a result, we expect EPS to grow at a 2009-2011 CAGR of 4% versus our previous forecast of 0%.
- **SPO planned for 1Q10:** Asseco plans to raise capital through the issue of 3.1m new shares with pre-emptive rights in 1Q10. At the same time, a similar number of treasury shares will be redeemed. The proceeds from the SPO (some PLN 200m at the current price) will be used as a financing source for planned acquisitions. As no information has been provided about acquisition targets, we do not incorporate the SPO in our forecasts.
- **Decent 4Q09 expected, but down y/y:** We forecast Asseco's net income at PLN 86.4m (down 13.6% y/y) for 4Q09. The year-on-year deterioration should be the consequence of a less favourable revenue split at the parent company and Asseco Slovakia (i.e. fewer own products, more infrastructure), leading to increased pressure on margins.
- **Top pick in the sector:** Asseco Group provides unique exposure to the rebound of IT spending on most CEE and SEE markets. On a 2010F P/E of 11.3x, Asseco trades at a 11% discount to the Polish IT sector. However, we believe the stock deserves a premium given the diversification of the firm's business, as well as consistent performance and growth opportunities. The stock also trades at a significant discount of more than 20% below Western IT companies.

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Asseco Slovakia

6 January 2010

Unjustified discount

IT

Poland/Slovakia

Performance over	1M	3M	12M
Absolute %	14%	-6%	79%
Rel. WIG20 %	14%	-18%	37%
12m Hi/Lo	PLN 28.7 / 13.5		

Reuters	ACSK.WA
Bloomberg	ACS PW
Market cap €	124.4m
Next corporate event	
4Q09 figures in February/March 2010	

Current price PLN 23.75*

Fair value PLN 30.00

Buy

Rating maintained

FY/e 31.12., € m	2008A	2009F	2010F	2011F
Sales	142.6	132.2	145.4	150.0
EBITDA	23.6	16.6	22.0	24.3
EBIT	17.4	10.2	15.4	17.6
Net profit	13.4	9.2	12.5	13.9
EPS (PLN) **	2.9	1.8	2.4	2.7
P/E (x)	8.3	13.5	9.9	8.9
DPS (PLN) **	0.4	1.2	1.2	1.3
Yield (%)	2.1%	4.8%	5.2%	6.0%
EV/EBITDA (x)	4.3	6.3	5.5	5.0

*Source: Company data, KBC Securities estimates; ** EPS and DPS presented in PLN*

The outlook is positive for Asseco Slovakia's 2010 results. We expect the company to benefit from the rebound in IT spending in Slovakia and Czech Republic projected for 2010. We forecast net income at € 12.5m (up 35.5% y/y) in 2010 and € 13.9m (up 11.2% y/y) in 2011. Our forecasts are broadly in line with the market consensus. We have increased our fair value estimate by 19% to PLN 30.00 per share, which implies 27% upside. We reiterate our Buy rating on the stock. Asseco Slovakia offers the largest upside potential in our Polish IT coverage universe.

**Priced at COB 04/01/10*

Buy maintained

- **EPS decline of 38% in 2009…:** We expect Asseco Slovakia's earnings per share (EPS) to decline 38.4% y/y in 2009 due to the economic recession in Slovakia and the Czech Republic, the lack of contracts related to euro conversion in Slovakia (which boosted 2008 earnings) and losses at Austrian Uniquare (versus profits in 2008). Our full-year forecast implies net income at € 1.8m (down 67% y/y) in 4Q09.
- **…followed by EPS growth in 2010:** However, we expect the company's EPS to record 35.5% growth in 2010. This significant growth should be the result of a much lower loss at Uniquare,a rebound on the region's IT markets (which boost the top lines) and the recent acquisition of Hungary's Statlogics.
- **Transfer of Uniquare to Asseco DACH still distant:** Despite numerous discussions nothing has happened in terms of moving current loss-maker Uniquare to Asseco DACH (Asseco's SPV dedicated to assets from German-speaking countries). According to the management, the transfer will only be possible once Uniquare's restructuring has been finalized, which we expect in 2011.
- **Uniquare to remain a loss-maker:** We expect Uniquare to remain loss-making in 2010, although we believe that 10% top-line growth should allow the Austrian unit to reduce its EBIT losses significantly from € 3.1m forecast for 2009 to € 0.4m in 2010. We forecast EBIT and net income break-even for 2011, when IT spending in Austria should fully recover after the slowdown.
- **First acquisition in Hungary:** Asseco Slovakia has realized its first acquisition in Hungary. We forecast Statlogics, the first Hungarian unit in the group, to contribute € 1.4m to group EBIT in 2010 and € 1.6m in 2011. The company is currently working on another acquisition in Hungary, which could materialize in 1H10.
- **Cheapest stock in our IT coverage:** On a 2010F P/E of 9.9x, Asseco Slovakia trades at a 22% discount to the other IT companies in our coverage universe. We believe such a deep discount is unwarranted, given the scale of the potential recovery, tight cost containment at the firm and the credibility of the management.

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Comarch

6 January 2010

Positives priced-in

IT	Current price	PLN 95.00*	Hold
Poland	Fair value	PLN 95.00	Rating upgraded

Performance over	1M	3M	12M
Absolute %	1%	37%	56%
Rel. WIG20 %	1%	20%	19%
12M Hi/Lo	PLN 95.0 / 41.2		

Reuters	COMH.WA
Bloomberg	CMR PW
Market cap €	185.8m
Next corporate event	
4Q09 figures in February/March 2010	
PLN / €	4.07

FY/e 31.12, PLN m	2008A	2009F	2010F	2011F
Sales	703.4	697.6	728.8	770.8
Adj. EBITDA **	65.3	48.8	69.7	83.7
Adj. EBIT **	51.2	13.7	39.7	51.4
Adj. net profit **	46.3	27.8	41.6	51.0
Adj. EPS (PLN) **	5.8	3.5	5.2	6.4
Adj. P/E (x) **	16.3	27.2	18.2	14.8
DPS (PLN)	0.0	0.0	0.0	0.0
Yield (%)	0.0%	0.0%	0.0%	0.0%
Adj. EV/EBITDA (x) **	9.2	13.1	8.9	7.0

Source: Company data, KBC Securities ***Adj. for one-offs and IFRS2 SOCs*

Comarch delivered much stronger-than-expected 3Q09 results, which came as a positive surprise for the market. The outlook is also strong for the remainder of 2009 and for 2010. As a consequence, we have raised our adjusted net income expectations from a loss to a gain of PLN 27.8m (-39.9% y/y) for 2009, 65.7% to PLN 41.6m (+49.5% y/y) for 2010, and 32.2% to PLN 51.0m (+22.6%) for 2011. Our new forecasts are above the consensus estimate by 59% for 2009, 4% for 2010, and in line for 2011. The changes in our forecasts have almost doubled our fair value estimate for the company to PLN 95.00 per share. As this implies no downside we upgrade our rating from Sell to Hold.

**Priced at COB 04/01/10*

Hold – rating upgraded

- **Strong outlook for 4Q09 and 2010:** We expect Comarch's adjusted net income to recover from PLN 27.8m in 2009 to PLN 41.6m in 2010 on the back of stable earnings at the parent company and an improving situation at German SoftM, which is expected to significantly reduce its losses closer to breakeven in 2010. For the same reasons, we expect a relatively strong 4Q09, although the latter result is likely to be down year-on-year from a very high base, which was inflated by unusually strong seasonailty.
- **SoftM only to reach EBIT breakeven in 2011:** While we expect to see an improvement in SoftM's results in 2010, we still forecast a loss for the year. We believe 2010 could be very difficult for IT companies operating on the mature DACH markets, where we only expect IT spending to recover in 2011 along with more convincing economic expansion.
- **Return to M&A activity in 2011:** Comarch plans to return to M&A activity in 2011, once the restructuring program at SoftM has been completed. We expect the focus to be on the DACH and French markets. Although we have been sceptical of the terms of past acquisitions, we expect manangement will be more careful in its selection process going forward, focusing on profitable companies that do not require expensive and time-consuming restructuring programs. We have not included any potential acquisitions in our forecasts.
- **Buyback unlikely:** We believe the buyback program announced several times by Comarch in 2009 is now unlikely. The stock has gained more than 30% since the management announced its intention to conduct a buyback for investment purposes (rather than the redemption of shares). As a result, we believe the chances of a buyback are minimal, although the company remains cash rich.
- **Fully valued:** On a 2010F P/E of 18.2x, Comarch trades at a 43% premium to the sector average. We believe the market has fully valued the stock but that the company deserves a premium, given the outlook for strong EPS growth beyond 2010, on the back of recovery at SoftM and further cost containment, as well as Comarch's concentration on software and services.

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KBC Securities

Comp Safe Support

6 January 2010

A safe bet

IT	
Poland	

Current price	PLN 67.35*	Buy
Fair Value	PLN 75.00	Rating maintained

Performance over	1M	3M	12M
Absolute %	-6%	2%	68%
Rel. WIG %	-7%	-11%	28%
12M Hi/Lo	PLN 74.0 / 36.0		

Reuters	CMMP.WA
Bloomberg	CMP PW
Market cap € m	78.6m
Next corporate event	
4Q09 figures in February/March 2010	
PLN / €	4.07

FY/e 31.12., PLN m	2008A	2009F	2010F	2011F
Sales	317.2	245.4	271.2	291.0
EBITDA	24.8	33.2	39.3	43.8
EBIT	17.9	25.3	31.2	34.8
Net Profit	17.0	22.1	27.7	31.2
EPS (PLN)	3.6	4.6	5.8	6.6
P/E (x)	18.8	14.5	11.6	10.2
DPS (PLN)	0.0	0.0	0.0	0.0
Yield (%)	0.0	0.0	0.0	0.0
EV/EBITDA (x)	13.1	9.3	7.5	6.3

Source: Comp, KBC Securities

We maintain our Buy rating on Comp. Highly profitable revenues related to Poland's Electronic Supervisory System (SDE) should ensure that Comp posts healthy results going forward. We expect these revenues to grow at a 2009-2012 CAGR of 19%. We forecast Comp's net income at PLN 22.1m (up 29.6% y/y) for 2009, PLN 27.7m (up 25.4% y/y) for 2010 and PLN 31.2m (up 12.9% y/y) for 2011. Our fair value estimate stands at PLN 75.00 per share, which implies 11% upside from the current stock price.

**Priced at COB 04/01/10*

Buy maintained

- **Strong outlook for 4Q09 and 2010:** We expect Comp's net income to recover by 25% y/y in 2010 on the back of improved sales mix towards own serivces and solutions (positively influencing margins), the full-year contribution of the Electronic Supervisory System contract, and expected incresed demand for secured IT solutions. A much more favorable revenue split should also push 4Q09 net profit up by 3% y/y to PLN 15.5m, despite an expected sales decline of 40% y/y. Comp is the only IT company, in our coverage universe, that is expected to show an earnings improvement y/y in the final quarter of 2009.
- **Upside potential from public contracts:** Comp is unlikely to win the "112" contract but is expected to participate in other upcoming public contracts worth dozens of millions of zlotys in 2010. In our view, the firm is very well positioned to win these contracts (e.g. the 'pl.ID' identification system project). While we have not included these potential contracts in our forecast, due to a high level of uncertainty, our EPS projections still imply an attractive 19% CAGR for 2009-2011.
- **Buyback still on paper only:** Management announced its intention to conduct a buyback in 2Q09 but, since then, nothing has happened. Comp is ready to purchase up to 12% of its shares from the market by the end of 2010. However, this is not included in our forecasts, as no further action has been taken.
- **Electronic supervisory a key opportunity:** With competence and experience in the field of implementing electronic supervisory systems, Comp could be the first to benefit from future changes in Poland's prison service regulations. In our opinon, Comp will be the market leader when it comes to implementing and supervising either electronic prisons or stadium bans in the future. Although the potential of this market is huge, the outlook for timing is very uncertain. As such, we only include SDE contract in our forecasts.
- **Upside still there:** The stock has traded almost flat in the past three months, underperforming the WIG20 index by 11%. On a 2010F P/E of 11.6x Comp trades at a discount of around 10% to the sector. While we believe this discount is fair, in an undervalued sector Comp's current valuation still implies upside potential.

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KBC Securities

Sygnity

6 January 2010

No profit on the horizon

IT	
Poland	

Current price	PLN 14.35*	Sell
Fair Value	PLN 12.00	Rating maintained

Performance over	1M	3M	12M
Absolute %	1%	-5%	-46%
Rel. WIG20 %	0%	-18%	-59%
12M Hi/Lo	PLN 25.8 / 11.49		

Reuters	COMW.WA
Bloomberg	SGN PW
Market Cap €	41.9m
Next corporate event	
4Q09 resultsin February/March 2010	
PLN / €	4.07

FY/e 31.12., PLN m	2008A	2009F	2010F	2011F
Sales	995.7	602.2	688.5	756.9
Adj. EBITDA **	45.1	-74.1	26.9	43.6
Adj. EBIT **	0.0	-108.1	-8.1	6.1
Adj. net profit **	-12.4	-97.2	-14.8	-0.4
Adj. EPS (PLN) **	-1.0	-8.2	-1.2	0.0
Adj. P/E (x) **	n.m.	n.m.	n.m.	n.m.
DPS (PLN)	0.0	0.0	0.0	0.0
Yield (%)	0.0%	0.0%	0.0%	0.0%
Adj. EV/EBITDA (x) **	4.1	n.m.	8.8	5.5

*Source: Sygnity, KBC Securities; ** figures adjusted for one-off gains on asset disposals*

The outlook for Sygnity's fundamentals has deteriorated even further. As a result we have cut our adjusted bottom-line estimates to losses of PLN 97.2m for 2009, PLN 14.8m for 2010 and PLN 0.4m for 2011. Our fair value estimate has fallen 16.7% to PLN 12.00 per share, which implies 16% downside. We reiterate our Sell rating on the stock.

**Priced at COB 04/01/10*

Sell maintained

- **Costs to fall by PLN 40m in 2010…:** With the implementation of the new restructuring program, Sygnity's management aims to lower operating costs (i.e. staff, third-party services, back office) by some PLN 40m y/y in 2010. We view the plan as realistic and include it in our estimates although we allow for hardware costs, which we expect to grow substantially in 2010.
- **…but EBIT still depressed:** Even incorporating significant cuts in operating costs next year, we do not expect the firm to be able to generate sufficient revenues to reach EBIT breakeven, and forecast an EBIT loss in 2010. Our forecasts run contrary to the consensus, which assumes an EBIT profit in 2010.
- **Unrealistic guidance for 2H09:** Sygnity's management guides for sales at PLN 640m-650m in 2009 and EBIT of at least PLN 20m (clean of one-offs) in 2H09. We see this guidance as unrealistic as it implies revenues of PLN 232m-242m in 4Q09, despite the fact that PLN 119m-PLN 129m is not yet covered by the backlog. The guidance also implies an EBIT margin of some 10% in 4Q09, which would be one of the highest in the firm's history. We forecast revenues at PLN 193.9m and an adjusted EBIT margin of 5.7% in 4Q09.
- **Another takeover story:** There has been renewed speculation on the market recently about the potential takeover of Sygnity. This time Finland's Tieto is rumoured to be targeting the firm. We reiterate our previous view: after the recent stock price performance the potential buyer would have to offer a substantial premium to Sygnity's existing shareholders. We believe the price necessary to encourage shareholders to sell would not be justified by the firm's fundamentals.
- **SPO given the go-ahead:** Shareholders have authorized the management to increase the company's share capital by 10% and place new shares through an SPO. However, we believe Sygnity will only be able to place new shares at a significant discount to the current stock price.
- **Still overvalued:** Sygnity's stock price has dropped 46% in 2009, massively underperfoming the WIG20 and Poland's IT sector. We forecast the company's bottom line to remain in the red in 2010-2011. On a 2012F P/E of 20.3x Sygnity trades at a 67% premium to the sector average, which we believe is too high.

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Important Polish Disclosure

Belgian Banking and Finance Commission is exercising the Supervision over KBC Securities NV Branch in Poland.

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The definitions of terms applied in the publication:

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

The list of recommendations concerning Asseco issued by KBC Securities NV Branch in Poland during the last 12 months

	Valuation	Market price	Recommendation	Date of issue
Asseco	59.7	43.4	Buy	9 February 2009
Asseco	59.5	54.0	Buy	6 May 2009
Asseco	61.9	55.0	Buy	16 July 2009
Asseco	70.0	62.7	Buy	15 September 2009
Asseco	76.0	63.2	Buy	6 January 2010

The list of recommendations concerning Asseco Slovakia issued by KBC Securities NV Branch in Poland during the last 6 months

	Valuation	Market price	Recommendation	Date of issue
Asseco Slovakia	30.6	17.5	Buy	9 February 2009
Asseco Slovakia	25.3	22.6	Buy	6 May 2009
Asseco Slovakia	30.0	23.7	Buy	6 January 2010

List of recommendations concerning Comarch issued by KBC Securities NV Branch in Poland during the last six months

	Valuation	Market price	Recommendation	Date of issue
Comarch	52.1	48.4	Hold	9 February 2009
Comarch	53.6	57.4	Hold	30 March 2009
Comarch	53.5	71.4	Sell	14 April 2009
Comarch	50.0	70.4	Sell	6 May 2009
Comarch	48.1	63.0	Sell	4 August 2009
Comarch	95.0	95.0	Hold	6 January 2010

List of recommendations concerning Comp issued by KBC Securities NV Branch in Poland during the last six months

	Valuation	Market price	Recommendation	Date of issue
Comp	57.5	42.5	Buy	9 February 2009
Comp	62.3	53.0	Buy	6 May 2009
Comp	75.0	67.35	Buy	6 January 2010

List of recommendations concerning Sygnity issued by KBC Securities NV Branch in Poland during last six months				
	Valuation	Market price	Recommendation	Date of issue
Sygnity	21.5	20.0	Hold	9 February 2009
Sygnity	18.0	17.4	Hold	25 March 2009
Sygnity	15.9	21.8	Sell	6 May 2009
Sygnity	14.4	16.3	Sell	17 August 2009
Sygnity	12.0	14.4	Sell	6 January 2010

The recommendations published by KBC Securities NV Branch in Poland are valid for 12 months, unless it changed earlier. We predict a possibility of preparing a quarter actualization of the recommendation.

While preparing the publication and issuing the recommendation, KBC Securities NV Branch in Poland used the following valuation methods: Discounted Cash Flow (DCF) and peer group comparison. The advantage of DCF method is that future financial results are calculated; on the other hand, the disadvantage of the model is that prognoses for the future financial results are influenced by analyst judgment. Peer group comparison is more independent of analyst judgment but it is usually based on current financial results which may differ from the future performance

With the aim of assuring the highest standards of reliability and eliminating of the inaccuracies in its publications, KBC Securities NV Branch in Poland sends a publication to the issuer concerned in advance so as to enable the issuer to check the information included in the publication.

Interpretation of the recommendation:

BUY – total return is expected to appreciate 10% or more **HOLD** – total return is expected to be between 10% and –10% **SELL** – total return is expected to depreciate 10% or more

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During the last quarter KBC Securities NV Branch in Warsaw issued recommendations on 41 companies:

20 BUY	49%
11 HOLD	27%
10 SELL	24%

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