

Company Report

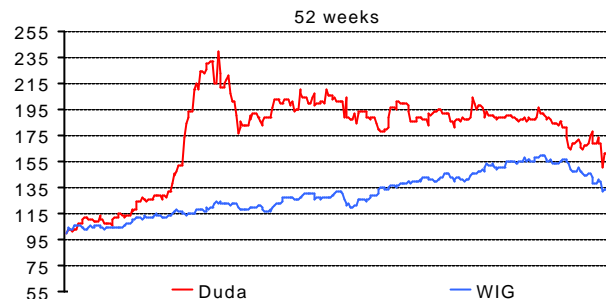
Duda

Poland, Food & Beverages

upgrade to Buy

Artur Iwanski, +48 22 330 62 53
artur.iwanski@erstebank.net

PLN mn	2006	2007e	2008e	2009e
Net sales	1,041.2	1,359.1	1,711.4	1,900.5
EBITDA	83.1	99.4	129.6	144.6
EBIT	63.5	73.9	101.1	115.1
Net profit	50.4	57.1	75.1	83.7
EPS (PLN)	1.05	0.67	0.77	0.86
CEPS (PLN)	1.45	0.98	1.07	1.16
BVPS (PLN)	5.55	4.73	5.49	5.58
Div/share (PLN)	0.00	0.00	0.00	0.77
EV/EBITDA (x)	8.8	12.7	9.8	8.9
P/E (x)	10.3	16.0	14.0	12.5
P/CE (x)	7.5	11.0	10.1	9.3
Dividend yield	0.0%	0.0%	0.0%	7.1%



Performance	12M	6M	3M	1M
in PLN	54.3%	-23.5%	-20.9%	-11.1%
in EUR	58.6%	-22.7%	-21.7%	-12.4%

Share price (PLN)	10.8	Reuters	DUDA.WA	Free float	75.0%
Number of shares (mn)	96.8	Bloomberg	DUD.PW	Shareholders	Duda family (25%)
Market capitalization (PLN mn / EUR mn)	1,045.4 / 271.8	Div. ex-date	-		
Enterprise value (PLN mn / EUR mn)	1,259.3 / 327.4	Target price	13.5	Homepage:	www.zmduda.pl

Growth to come from Ukraine, distribution arm

- Duda's failure to acquire beef producer Biernacki and the turbulent pigmeat market in 2-3Q07 prompted us to revise our forecasts. We trimmed EPS by 11% for 2007 and 17% for 2008. However, in light of the fantastic long-term growth prospects in Poland and Ukraine, we upgrade the stock from accumulate to buy. Even though we lowered the target price, the current price level offers significant upside to our new target of PLN 13.5 per share.
- The real boost from the Ukrainian arm is expected as of 2008. The investment in pig farms, land and slaughtering capacities will generate revenue of roughly PLN 200mn in the next year and PLN 280mn in 2009.
- The results for 2-3Q07 were under pressure, due to lower demand for meat, increased imports (on the back of the strong currency) and volatile pigmeat prices. The number of slaughters at Duda bottomed out after a low in 2Q, while pigmeat prices rebounded. Nonetheless, turbulence in the Polish meat market remains the key risk faced by the company.
- Duda intends to robustly expand its distribution structure by opening new distribution centers all over Poland. These plans, alongside the acquisition of Stol Polski and improving margins, will be another driver for the company in the mid term.
- The firm also plans to enter the bio-gas and bio-fuels markets. Although there are different risks here, both markets look quite attractive. Currently, Duda is cautiously testing the waters for these projects. An eventual greenlight could provide a boost in the future.
- To stay on the safe side, we do not include many of the potential prospects or plans announced by Duda's management. 50% of the intended results associated with the goals in Ukraine and the distribution plans are included, while the bio-fuels and bio-gas plants are completely excluded. These are major opportunities for Duda, which in our view make up for the increased investment risk.

Company Report

Investment story

Biernacki acquisition failed...

The unsuccessful acquisition of Biernacki (a beef and pork producer) forced us to make a substantial cut to our forecasts (which we already indicated in our previous Duda note). Biernacki was expected to add PLN 350-400mn to the top line and offer restructuring potential and new capacities. This failure is the major reason behind our target price change. However, the earmarked PLN 95mn will now be shifted to fuel expansion in Ukraine and organic capacity development.

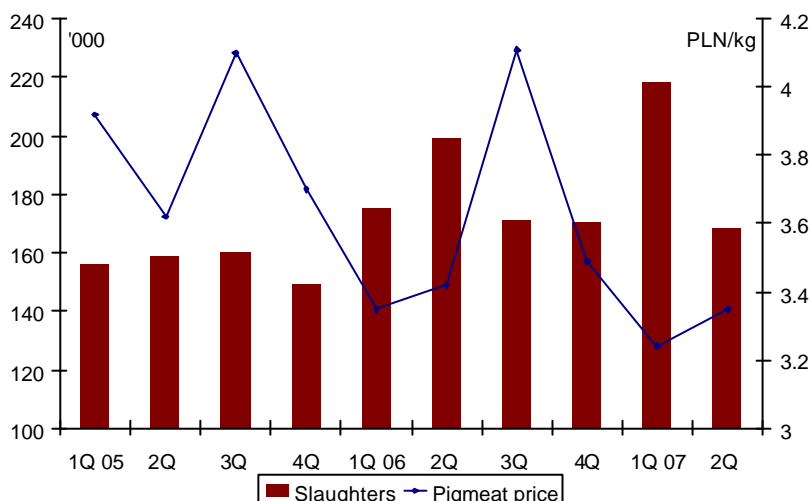
...but PLN 95mn now shifted to bolster Ukraine and organic growth

An eventual sharp rise of Duda's results may now take more time. However, we believe that the new opportunities are even better than those represented by Biernacki. On the other hand, they are more uncertain, and are thus not fully included in our valuation.

Strong PLN curbs meat exports, lures imports

The strong currency had a negative impact on the Polish pigmeat market in 2-3Q07. Troublesome exports and the inflow of cheap imports curbed demand and resulted in a lower number of slaughters. The lifted unit production cost thinned margins in the most recent quarter.

Slaughters at Duda's vs pigmeat prices



Source: Erste Bank estimates

We expect the number of slaughters to steadily pick up in the following months, due to the increased demand for meat expected in 4Q07. Furthermore, the low pigmeat prices in 1H07 are, in line with their normal cycle, now climbing briskly. The former will help margins, while the latter will inflate sales.

Ukraine - fertile soil for growth

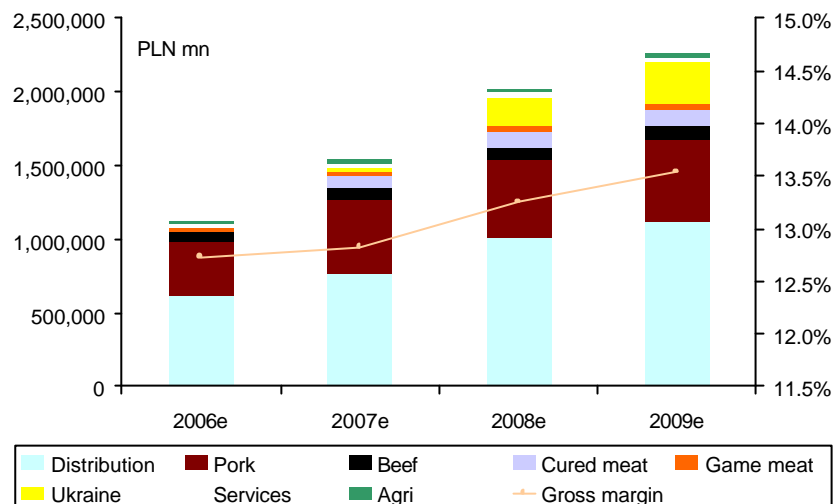
The contribution from the Ukrainian business will not yet be significant in 2007. Currently, Duda has 15,000ha of land, pig farms with annual capacities of 67,000 pigs, two abattoirs, a cured meat plant, a feed production unit and two brands for processed meat distribution. These should generate about PLN 25mn in revenue in 2H07, as most of the assets are running well below full utilization. With relatively small investments, further acquisitions and the transfer of its production lines and experience, Duda can greatly increase the revenue from Ukraine. Within two to three years, management plans to have about 50,000ha of land, farms producing 250,000 pigs, a slaughterhouse capable of handling pigs from own farms, developed cured and processed meat production, its own feed production and a distribution network promoting several brands from all market segments. We assume that Ukraine will add PLN 200mn to the top line in 2008 and PLN 280mn in 2009.

Company Report

Distribution growing steeply

The second most swiftly growing part of Duda's business is meat distribution. Presently, the firm has eight distribution centers, but it intends to open nine new ones in the regions in which it is not yet operating. We foresee PLN 590mn in sales in this segment in 2007, hitting PLN 700mn in 2008. The margins on distribution are thinner than on production. Nonetheless, it is strategically important to expand in this market. Furthermore, with the acquisition of Stol Polski, Duda entered the processed meat business and now runs a premium cured meat plant in central Poland. This product is very profitable and will definitely be developed by the company.

Sales and margin



Source: Duda, Erste Bank estimates

Sideline products also add to Duda's profits

In addition to its core business lines (pork, distribution, Ukraine), the company is also benefiting from sideline products. First, game meat sales are rapidly increasing. Secondly, the beef abattoir is making steady progress. Finally, Duda is eyeing investments in freezing services, which would double the current revenues from that niche. Duda purchased land near Warsaw and, as of 2H08, it expects to generate an additional PLN 20mn p.a. in sales from services. Altogether, these segments account for 10% of total sales.

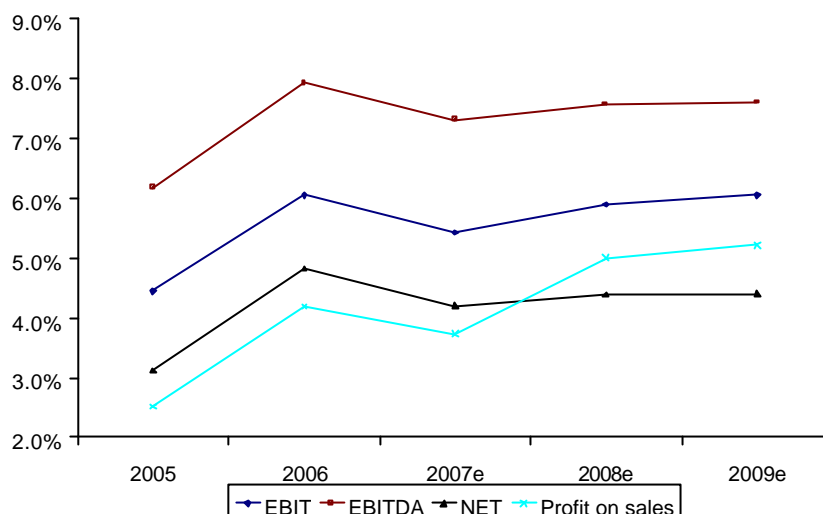
Bio plans - promising, but for distant future

The next project for Duda to undertake is entering the bio-gas and bio-fuels markets to use its supply of pig manure and leverage its land utilization and contacts with farmers. However, the legal environment concerning bio-fuels is volatile and is delaying this process. Duda is cautiously conducting a feasibility study and seeking long-term supply contracts to secure nice margins and sales. If these conditions are met, Duda would make large-scale investments that would likely provide a massive boost to the company's figures. However, in light of the uncertainty and lack of information here, we refrain from including these projects in our valuation.

All things considered, we anticipate the top line arriving at PLN 1.36bn in 2007 and PLN 1.71bn for next year. The impressive growth stems chiefly from Ukraine and the development of distribution activities. Consequently, the sales margin should amount to 3.7% in 2007 and 5% next year.

Company Report

Margins



Source: Erste Bank estimates

Net profit is also supported by EU subsidies and operating and financial one-offs this year. We estimate net profit for 2007 at PLN 57.1mn. In 2008, net profit growth is expected at a 32% y/y clip to PLN 75.1mn.

The major changes to our forecasts reflect the withdrawal from the Biernacki acquisition and fine-tuning of our model after the 1H07 results release. These are summed up in the following table.

Changes in forecasts

PLNmn	2007e			2008e		
	Currently	Previously	Change	Currently	Previously	Change
Revenue	1,359.1	1,619.3	-16.1%	1,711.4	2,101.3	-18.6%
COGS	-1,194.0	-1,411.5	-15.4%	-1,490.5	-1,822.8	-18.2%
Gross profit	165.1	207.8	-20.5%	220.9	278.5	-20.7%
S&GA	-114.3	-140.0	-18.3%	-135.2	-174.4	-22.5%
Other operating net	23.1	17.0	-18.3%	15.4	14.7	-34.4%
EBIT	73.9	84.8	-12.9%	101.1	154.3	-34.4%
Financial net	-4.7	-6.8	-31.6%	-7.9	-10.3	-23.1%
Net profit	57.1	63.0	-9.4%	75.1	87.8	-14.5%

Source: Erste Bank estimates

The volatility of the results and the company's transparency prompt us to stay on the safe side. Thus, for the three major strategic fields, we assume the following: 50% achievement of the goals in Ukraine, 50% success in distribution and 0% for the bio projects.

Company Report

Valuation

We employed a DCF model as our valuation tool to estimate the fair value of the company. The DCF is based on our forecasts for the years 2006-12. We used a discount rate based on WACC and a terminal value based on perpetuity. We discount all free cash flows for the firm on December 31, 2007, and subtract the forecasted net debt as of December 31, 2007. We then divide the equity value per number of shares. Afterwards, we compound this by the cost of equity (with the appropriate number of months). We thus arrive at a target price that represents our valuation of the stock price as it is expected to be 12 months into the future. The DCF led us to a target price of PLN 13.5 per share. The peer comparison indicates that Duda is currently traded at a 23% premium based on 2008 multiples, which we believe is justified, given the company's growth prospects.

We based our calculations on the following main assumptions:

- Duda's further expansion in distribution will add PLN 100mn in sales in the next three years. This will cost approximately PLN 40mn, including both acquisitions and/or greenfield.
- Sales in Ukraine will grow over the next three years to PLN 280mn via at least one significant acquisition and investment in pig farms (capex at PLN 80mn + PLN 50mn). More ambitious purchases or swifter expansion in Ukraine could offer the main growth triggers for our valuation in the future.
- The company will invest about PLN 40mn in pig farms in Poland, increasing the share of supply from own farms to 20% this year.
- The bio-fuels project is not included in our calculations. However, based on the company's guidance, a successful launch could have a significant positive impact on the company's value (+ PLN 3 to 6 per share).
- We add PLN 41mn as non-core assets, since the company owns some real estate, which is available for sale
- Risk-free rate 5.5%; equity premium 5%; debt premium 1.5%, beta 1.0.
- Terminal value growth 1.5%.

WACC

	2007e	2008e	2009e	2010e	2011e	2012e	beyond 2012e
WACC	8.9%	9.0%	9.0%	9.0%	9.0%	9.0%	8.4%
Equity cost	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	9.9%
Debt cost	5.8%	5.7%	5.7%	5.7%	5.7%	5.7%	5.3%
Equity weighting	66.9%	68.8%	68.5%	68.9%	68.6%	68.4%	66.7%
Debt weighting	33.1%	31.2%	31.5%	31.1%	31.4%	31.6%	33.3%
Risk free rate	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.0%
Equity risk premium	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Beta	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Debt premium	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Tax rate	17.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%

Source: Erste Bank estimates

Company Report

DCF

	2007e	2008e	2009e	2010e	2011e	2012e	beyond 2012e
EBIT	73.9	101.1	115.1	124.8	134.4	144.6	144.6
Tax rate	17%	19%	19%	19%	19%	19%	19%
Tax on EBIT	12.6	19.2	21.9	23.7	25.5	27.5	27.5
NOPLAT	61.3	81.9	93.2	101.1	108.8	117.1	117.1
Depreciation	31.1	28.4	29.4	30.5	32.3	34.2	
Capital expenditures	133.6	77.0	18.0	20.0	32.3	34.2	
Change in working capital	22.4	39.1	21.0	14.8	14.5	13.7	
Free cash flow	-63.5	-5.8	83.7	96.9	94.3	103.4	
Terminal value	1,734.0						
PV of FCF		-5.3	70.4	74.8	66.8	67.3	
Sum of PV of FCF	274.1						
PV of terminal value	1,127.8						
Enterprise value	1,401.9						
Non-operating assets	40.9						
Net debt at 31.12.2007	213.8						
Fair value at 31.12.2007	1,228.9						
Number of shares	96.8						
Fair value per share at 31.12.2007	12.7						
Cost of equity	10.5%						
Target Price	13.5						
Stock price	10.8						
Premium/discount	25%						

Source: Erste Bank estimates

Peers

	P/E			EV/Sales			EV/EBITDA			Valuation		
	2006	2007e	2008e	2006	2007e	2008e	2006	2007e	2008e	2006	2007e	2008e
Implied fair value	1,118.6	993.4	1,060.7	412.9	564.5	697.3	439.2	451.9	598.1			
Number of shares	96.8	96.8	96.8	96.8	96.8	96.8	96.8	96.8	96.8	6.8	6.9	8.1
Implied fair value per share	11.6	10.3	11.0	4.3	5.8	7.2	4.5	4.7	6.2			
12M Target price										7.5	7.6	8.9
Duda	16.0	14.0	12.5	0.9	0.7	0.7	12.7	9.8	8.9			
Median for peer group	22.2	17.4	14.1	0.6	0.5	0.5	7.4	6.3	5.9			
Ter Beke	17.0	17.4	14.3	0.5	0.4	0.4	7.1	4.9	4.4			
HKScan Oyj	21.6	17.4	13.1	0.7	0.5	0.4	9.3	8.1	6.9			
Cremonini SpA	23.8	18.4	16.3	0.4	0.4	0.4	6.7	6.3	5.9			
Devro International	11.7	12.9	11.8	1.5	1.1	1.1	7.8	6.3	6.0			
Atria Oyj	24.5	16.8	14.0	0.6	0.6	0.6	8.0	6.9	6.1			
Fleury Michon SA	22.8	20.7	17.8	0.6	0.6	0.6	6.0	6.3	5.5			

Source: Erste Bank estimates

Company Report

Income Statement (IAS, PLN mn, 31/12)	2005	2006	2007e	2008e	2009e
Sales revenues	870.0	1,041.2	1,359.1	1,711.4	1,900.5
Cost of goods sold	-765.4	-908.6	-1,194.0	-1,490.5	-1,651.4
Gross profit	104.6	132.6	165.1	220.9	249.1
SG&A	-82.7	-89.4	-114.3	-135.2	-150.1
Other operating, net	16.8	20.4	23.1	15.4	16.2
EBITDA	53.7	83.1	99.4	129.6	144.6
Depreciation	-15.0	-19.5	-25.5	-28.5	-29.4
EBIT	38.7	63.5	73.9	101.1	115.1
Financial result	-6.3	-2.9	-4.7	-7.9	-11.3
EBT	32.5	60.6	69.2	93.2	103.8
Tax expenses	-6.1	-9.4	-11.8	-17.7	-19.7
Extraordinary result	0.0	0.0	0.0	0.0	0.0
Minority interests	0.7	-0.7	-0.4	-0.4	-0.4
Net result after minorities	27.1	50.4	57.1	75.1	83.7
Balance Sheet (IAS, PLN mn, 31/12)	2005	2006	2007e	2008e	2009e
Intangible assets	90.5	89.9	154.8	154.8	154.8
Tangible assets	168.2	234.7	342.8	391.4	379.9
Financial assets	10.7	31.1	44.2	44.9	45.4
Total fixed assets	269.4	355.8	541.8	591.1	580.1
Inventories	58.9	72.8	93.1	116.3	128.8
Receivables and other current assets	119.9	131.6	159.0	200.2	222.4
Other assets	1.9	2.1	6.8	8.6	9.5
Cash and cash equivalents	16.9	32.5	13.6	17.1	19.0
Total current assets	197.5	239.0	272.5	342.2	379.7
TOTAL ASSETS	467.0	594.8	814.3	933.2	959.8
Shareholders' equity	206.7	267.7	458.3	533.8	542.3
Minorities	-0.3	0.9	1.0	1.4	1.8
Other reserves	0.0	0.0	0.0	0.0	0.0
Interest-bearing LT debts	103.0	138.9	136.5	145.9	149.9
Other LT liabilities	1.1	0.9	1.6	1.7	1.7
Total long-term liabilities	104.1	139.7	138.1	147.6	151.6
Interest-bearing ST debts	73.8	100.5	91.0	97.3	99.9
Other ST liabilities	82.7	86.0	126.0	153.2	164.1
Total short-term liabilities	156.5	186.5	216.9	250.5	264.1
TOTAL LIAB. & EQUITY	467.0	594.8	814.3	933.2	959.8
Cash Flow Statement (IAS, PLN mn, 31/12)	2005	2006	2007e	2008e	2009e
Cash flow from operating activities	-0.4	40.4	54.1	76.1	100.7
Cash flow from investing activities	-27.3	-78.2	-181.5	-76.9	-18.0
Cash flow from financing activities	30.5	53.5	108.5	4.4	-80.8
CHANGE IN CASH & CASH EQU.	2.9	15.6	-18.9	3.5	1.9
Margins & Ratios	2005	2006	2007e	2008e	2009e
Sales growth	63.1%	19.7%	30.5%	25.9%	11.1%
EBITDA margin	6.2%	8.0%	7.3%	7.6%	7.6%
EBIT margin	4.5%	6.1%	5.4%	5.9%	6.1%
Net profit margin	3.1%	4.8%	4.2%	4.4%	4.4%
ROE	14.1%	21.3%	15.7%	15.1%	15.5%
ROCE	7.8%	12.1%	10.0%	10.5%	10.9%
Equity ratio	44.2%	45.2%	56.4%	57.3%	56.7%
Net debt	159.9	206.9	213.8	226.0	230.8
Working capital	56.4	73.0	73.3	109.7	129.9
Capital employed	367.4	476.3	674.8	762.9	776.6
Inventory turnover	14.2	13.8	14.4	14.2	13.5

Company Report

Contacts

Group Research

Head of Group Research

Friedrich Mostböck, CEFA +43 (0)50 100-11902

CEE Equity Research

Co-Head: Günther Artner, CFA +43 (0)50 100-11523

Co-Head: Henning Eßkuchen +43 (0)50 100-19634

Günter Hohberger (Banks) +43 (0)50 100-17354

Franz Hörl, CFA (Steel, Construction) +43 (0)50 100-18506

Gernot Jany (Banks, Real Estate) +43 (0)50 100-11903

Daniel Lion (IT) +43 (0)50 100-17420

Martina Pasching, MBA (Transp., Paper) +43 (0)50 100-11913

Christoph Schultes (Insurance, Utilities) +43 (0)50 100-16314

Vera Sutedja, CFA (Telecom) +43 (0)50 100-11905

Vladimira Urbankova (Pharma) +4202 24 995 940

Gerald Walek, CFA (Machinery) +43 (0)50 100-16360

International Equities

Hans Engel (Market strategist) +43 (0)50 100-19835

Ronald Stöferle (Asia) +43 (0)50 100-11723

Jürgen Rene Ulamec, (Europe) CEFA +43 (0)50 100-16574

Macro/Fixed Income Research

Head: Veronika Lammer (Euroland, SW) +43 (0)50 100-11909

Veronika Posch (Corporates) +43 (0)50 100-19633

Rainer Singer (US, Japan) +43 (0)50 100-11185

Elena Statelov, CIIA (Corporates) +43 (0)50 100-19641

Macro/Fixed Income Research CEE

Rainer Singer (Chief Analyst CEE) +43 (0)50 100-11185

Editor Research CEE

Brett Arons +420 224 995 904

Research, Croatia

Damir Cukman (Equity) +385 62 37 28 12

Alen Kovac (Fixed income) +385 62 37 13 83

Research, Czech Republic

Head: Viktor Kotlan (Fixed income) +420 224 995-217

Petr Bartek (Equity) +420 224 995 227

Maria Feherova (Fixed income) +420 224 995 232

Jan Hajek, CFA (Equity) +420 224 995 324

Radim Kramule (Equity) +420 224 995 213

Martin Lobotka (Fixed income) +420 224 995 192

Lubos Mokras (Fixed income) +420 224 995 456

David Navratil (Fixed income) +420 224 995 439

Jakub Zidon (Equity) +420 224 995 340

Research, Hungary

József Miró (Equity) +361 235-5131

Orsolya Nyeste (Fixed income) +361 373-2830

Research, Poland

Artur Iwanski (Equity) +48 22 3306253

Magda Jagodzinska (Equity) +48 22 3306250

Tomasz Kasowicz (Equity) +48 22 3306251

Piotr Lopaciuk (Equity) +48 22 3306252

Marek Czachor (Equity) +48 22 3306254

Grzegorz Zawada, CFA (Equity) +4822 538 6200

Research, Romania

Head: Lucian Claudiu Anghel +4021 312 6773

Mihai Caruntu (Equity) +4021 311 27 54

Dumitru Dulgheru (Fixed income) +4021 312 6773 1028

Cristian Mladin (Fixed income) +4021 312 6773 1028

Loredana Oancea (Equity) +4021 311 27 54

Research, Serbia

Mladen Dodig +381 11 22 00 866

Research, Slovakia

Head: Juraj Kotian (Fixed income) +421 2 59 57 4139

Michal Musak (Fixed income) +421 2 59 57 4512

Maria Valachyova (Fixed income) +421 2 59 57 4185

Institutional Sales

Head of Sales Equities & Derivatives

Michal Rizek +4420 7623-4154

Brigitte Zeitlberger-Schmid +43 (0)50 100-83123

Equity Sales Vienna XETRA & CEE

Hind Al Jassani +43 (0)50 100-83111

Werner Fuerst +43 (0)50 100-83114

Josef Kerekes +43 (0)50 100-83125

Ana Milatovic +43 (0)50 100-83131

Stefan Raidl +43 (0)50 100-83113

Simone Rentschler +43 (0)50 100-83124

Sales Derivatives

Christian Luig +43 (0)50 100-83181

Manuel Kessler +43 (0)50 100-83182

Sabine Kircher +43 (0)50 100-83161

Christian Klikovich +43 (0)50 100-83162

Armin Pfingstl +43 (0)50 100-83171

Roman Rafeiner +43 (0)50 100-83172

Equity Sales, London

Dieter Benesch +4420 7623-4154

Tatyana Dachyshyn +4420 7623 4154

Jarek Dudko, CFA +4420 7623 4154

Federica Gessi-Castelli +4420 7623-4154

Declan Wooloughan +4420 7623-4154

Sales, Croatia

Zeljka Kajkut (Equity) +385 62 37 28 11

Damir Eror (Equity) +385 62 37 28 13

Sales, Czech Republic

Michal Brezna (Equity) +420 224 995-523

Ondrej Cech (Fixed income) +420 224 995-577

Michal Rizek +420 2 2499 5537

Jiri Smehlik (Equity) +420 224 995-510

Pavel Zdichynec (Fixed income) +420 224 995-590

Sales, Hungary

Róbert Barlai (Fixed income) +361 235-5844

Gregor Glatzer (Equity) +361 235-5144

Krisztián Kandik (Equity) +361 235-5140

Zoltán Szabó (Fixed income) +361 235-5144

Sales, Poland

Head: Andrzej Tabor +4822 330 62 03

Pawel Czuprynski (Equity) +4822 330 62 12

Lukasz Mitan (Equity) +4822 330 62 13

Jacek Krysinski (Equity) +4822 330 62 18

Sales, Slovakia

Head: Dusan Svitek +421 2 5050-5620

Rado Stopiak (Derivatives) +421 2 5050-5601

Andrea Slesarova (Client sales) +421 2 5050-5629

Treasury - Erste Bank Vienna

Sales Retail & Sparkassen

Head: Manfred Neuwirth +43 (0)50100-84250

Equity Retail Sales

Head: Kurt Gerhold +43 (0)50100-84232

Domestic Sales Fixed Income

Head: Thomas Schaufler +43 (0)50100-84225

Treasury Domestic Sales

Head: Gottfried Huscava +43 (0)50100-84130

Corporate Desk

Head: Leopold Sokolicek +43 (0)50100-84601

Alexandra Blach +43 (0)50100-84141

Roman Friesacher +43 (0)50100-84143

Helmut Kirchner +43 (0)50100-84144

Christian Skopek +43 (0)50100-84146

Fixed Income Institutional Desk

Head: Thomas Almen +43 (0)50100-84323

Martina Fux +43 (0)50100-84113

Michael Konczer +43 (0)50100-84121

Ingo Lusch +43 (0)50100-84111

Ulrich Inhofner +43 (0)50100-84324

Karin Rauscher +43 (0)50100-84112

Michael Schmotz +43 (0)50100-84114

Company Report

Rating history

Date	Product	Rating	Price	Target price
4. Sep 06	CR	Buy	12.90	16.00
18. Jan 07	CR	Hold	13.90	14.30
21. May 07	CR	upgrade to accumulate	13.10	15.70

Important Disclosures

General disclosures: All recommendations given by Erste Bank Research are independent and based on the latest company, industry and general information publicly available. The best possible care and integrity is used to avoid errors and/or misstatements. No influence on the rating and/or price target is being exerted by either the covered company or other internal Erste Bank departments. Each research piece is reviewed by a senior research executive, the rating is agreed upon with an internal rating committee of senior research executives. Erste Bank Compliance Rules state that no analyst is allowed to hold a direct ownership position in securities issued by the covered company or derivatives thereof. Analysts are not allowed to involve themselves in any paid activities with the covered companies except as disclosed otherwise. The analyst's compensation is primarily based not on investment banking fees received, but rather on performance and quality of research produced.

Specific disclosures:

- (1) Erste Bank and/or its affiliates hold(s) an investment in any class of common equity of the covered company of more than 5%.
- (2) Erste Bank and/or its affiliates act(s) as market maker or liquidity provider for securities issued by the covered company.
- (3) Within the past year, Erste Bank and/or its affiliates has managed or co-managed a public offering for the covered company.
- (4) Erste Bank and/or its affiliates has an agreement with the covered company relating to the provision of investment banking services or has received a compensation during the past 12 months.
- (5) Erste Bank and/or its affiliate(s) have other significant financial interests in relation to the covered company.

Company	Disclosure	Comment
Duda	--	--

Erste Bank rating definitions

Buy	> +20% to target price
Accumulate	+10% < target price < +20%
Hold	0% < target price < +10%
Reduce	-10% < target price < 0%
Sell	< -10% to target price

Our target prices are established by determining the fair value of stocks, taking into account additional fundamental factors and news of relevance for the stock price (such as M&A activities, major forthcoming share deals, positive/negative share/sector sentiment, news) and refer to 12 months from now. All recommendations are to be understood relative to our current fundamental valuation of the stock. The recommendation does not indicate any relative performance of the stock vs. a regional or sector benchmark.

Published by Erste Bank der oesterreichischen Sparkassen AG Börsegasse 14, OE 543
A-1010 Vienna, Austria. Tel. +43 (0)50100-ext.



Erste Bank Homepage: www.erstebank.at On Bloomberg please type: **ERBK <GO>**.

This research report was prepared by Erste Bank der oesterreichischen Sparkassen AG ("Erste Bank") or its affiliate named herein. The information herein has been obtained from, and any opinions herein are based upon, sources believed reliable, but we do not represent that it is accurate or complete and it should not be relied upon as such. All opinions, forecasts and estimates herein reflect our judgement on the date of this report and are subject to change without notice. The report is not intended to be an offer, or the solicitation of any offer, to buy or sell the securities referred to herein. From time to time, Erste Bank or its affiliates or the principals or employees of Erste Bank or its affiliates may have a position in the securities referred to herein or hold options, warrants or rights with respect thereto or other securities of such issuers and may make a market or otherwise act as principal in transactions in any of these securities. Erste Bank or its affiliates or the principals or employees of Erste Bank or its affiliates may from time to time provide investment banking or consulting services to or serve as a director of a company being reported on herein. Further information on the securities referred to herein may be obtained from Erste Bank upon request. Past performance is not necessarily indicative for future results and transactions in securities, options or futures can be considered risky. Not all transaction are suitable for every investor. Investors should consult their advisor, to make sure that the planned investment fits into their needs and preferences and that the involved risks are fully understood. This document may not be reproduced, distributed or published without the prior consent of Erste Bank. Erste Bank der oesterreichischen Sparkassen AG confirms that it has approved any investment advertisements contained in this material. Erste Bank der oesterreichischen Sparkassen AG is regulated by the Financial Services Authority for the conduct of investment business in the UK.

Please refer to www.erstebank.at for the current list of specific disclosures and the breakdown of Erste Bank's investment recommendations.

