

Elstar Oils

21 August 2008

Biodiesel drives recovery

Oils	Current price	PLN 5.00*	Buy					
Poland	Fair value	PLN 7.99	Rating maintained					
Performance over	1M	3M	12M	FY/e 31.12, PLN m	2007	2008F	2009F	2010F
Absolute	32%	-36%	-38%	Sales	381,518	652,831	752,765	876,206
Rel. WIG	29%	-24%	-11%	EBITDA	3,460	48,009	61,995	69,600
12M Hi/Lo	PLN 9.61 / 3.70			Pre-tax	-5,734	18,507	31,178	37,551
Reuters	ELSA.WA			Attributable profit	-2,810	17,027	27,437	30,417
Bloomberg	ELS.PW			EPS (PLN)	-0.06	0.35	0.57	0.63
Market cap	PLN 229m			DPS (PLN)	0.00	0.00	0.00	0.00
Next corporate event	3Q08 report on 14 November 2008			P/E (x)	-85.79	14.16	8.79	7.93
PLN / €	3.31			Yield (%)	0.00	0.00	0.00	0.00
				EV/EBITDA (x)	131.27	9.91	7.83	6.65

Source: KBC Securities

*Applies to COB on 20 August 2008

The recovery of Elstar Oils continued in 2Q08, driven by initial profits from the biodiesel production line, although the improvement was slower than expected. Net profit of PLN 4.2m in 2Q08 (versus PLN 2.0m loss in 2Q07) came slightly above our forecast of PLN 3.7m profit. Operating profit came in at PLN 8.2m in 2Q08 (versus PLN 1.3m loss in 2Q07), below our forecast of PLN 8.9m profit, driven by lower-than-expected initial profit at the biodiesel division. Total revenues came in at PLN 156.9m in 2Q08, down 15% q/q and up 106% y/y, below our forecast of PLN 255.0m and driven by lower volumes of rapeseed reselling. We have cut our net earnings forecast for Elstar Oils by 28.5% to PLN 17.0m for 2008 (versus an actual result of PLN -2.8m in 2007), 27.4% to PLN 27.4m (+61.1% y/y) for 2009 and 11.1% to PLN 30.4m (+10.9% y/y) for 2010. These reductions are the overall result of i) the outlook for a slower start to biodiesel sales, based on contracts signed with Lotos and PKN, ii) stronger sales in the traditional business of vegetable oils and fats, and iii) the outlook for higher financial costs. Our fair value estimate is down 19.5% at PLN 7.99 per share, which implies 59.8% upside following the 36.0% decline in the stock's price over the past three months. We reiterate our Buy rating.

Buy rating maintained

- **Near-term outlook remains positive:** After Elstar Oils started to deliver biofuels in 1H08, we anticipate a further recovery in the remainder of 2008. Biofuel deliveries are scheduled to accelerate in 2H08 due to the necessity of meeting the National Indicator Target (3.45% for 2008) on obligatory blending of bio-fuels.
- **Strong earnings outlook for 2009:** We forecast Elstar Oils' net earnings to grow 61% in 2009 due to accelerating biofuel sales and increased market share in the vegetable oils and fats segment. The firm is close to completing an investment program, which will double the capacity of its raw rapeseed oil installation.
- **Biodiesel regulations under scrutiny:** Growing criticism of biofuels, which have been blamed for contributing to rising food prices, could potentially lead to a downward revision of the ambitious targets set for the share of green energy in the total energy bill over the long term.
- **Attractive growth profile:** On a 2008F EV/EBITDA multiple of 9.9x, Elstar Oils trades at a premium to the median multiple of 7.02x of international biofuel and vegetable oil producing peers. We believe the premium is justified given the prospects for increased biodiesel production at Elstar Oils. We forecast a 2008-2010 EBITDA CAGR of 42.44%.

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2Q08 results overview and forecast changes

The recovery of Elstar Oils' net earnings continued in 2Q08, driven by initial profits from the biodiesel production line. However, the improvement in net margins from the traditional business line of vegetable oils and fats and margins on biodiesel were slower than originally expected. Net profit of PLN 4.2m in 2Q08 (versus a PLN 2.0m loss in 2Q07) was above our forecast of PLN 3.7m profit. Operating profit came in at PLN 8.2m in 2Q08 (versus a PLN 1.3m loss in 2Q07), below our forecast of PLN 8.9m profit. The result was driven by weaker sales at the edible oils unit and initial profit of PLN 0.9m at the biodiesel division. Total revenues came in at PLN 156.9m for 2Q08, down 15% q/q and up 106% y/y. The result was below our forecast of PLN 255.0m, driven by sharply lower volumes of rapeseed reselling (PLN 19.0m versus our forecast of PLN 90.0m and PLN 70.5m in 1Q08) and weaker vegetable oil prices. Initial biodiesel sales came in at PLN 31.3m for 2Q08, in line with our estimate of PLN 33.0m. Despite the solid 2Q08 results, we are concerned about a few negative triggers which have the potential to dampen the company's results over the long term. We have lowered our long-term assumptions for Elstar Oils due to the significant pick-up in food prices and the possible lowering of biodiesel subsidies. On the back of this, and in anticipation of higher financial costs, we have cut our earnings forecasts for Elstar Oils by 28.5% to PLN 17m for 2008 (actual result PLN -2.8m in 2007), 15.6% to PLN 27.4m (+61.1% y/y) for 2009 and 11.1% to PLN 30.4m (+10.9 y/y) for 2010.

Sales revenues amounted to PLN 156.9m in 2Q08, down 15% q/q and up 106% y/y. The result was below our forecast of PLN 255.0m due to sharply lower volumes of rapeseed reselling (PLN 19.0m in 2Q08 versus PLN 70.5m in 1Q08 and our forecast of PLN 90.0m) and weaker vegetable oil prices. Biodiesel sales amounted to PLN 31.3m in 2Q08, roughly in line with our estimate of PLN 33.0m. Elstar Oils' biofuel production volume is likely to accelerate in 2H08 as the motor fuel industry is obliged to meet the National Indicator Target (set at 3.45% for 2008) for the blending of biofuels into standard motor fuels. The firm is close to completing an investment program, which will double the capacity of its raw rapeseed oil installation. To account for this growth we have increased our forecasts for Elstar Oils' sales revenues by 33% to PLN 652.8m (+71.1% y/y) for 2008, 24.5% to PLN 752.8m (+15.31% y/y) for 2009 and 22.4% to PLN 876.2m (+16.40% y/y) for 2010.

Operating profit came in at PLN 8.2m in 2Q08 versus a PLN 1.3m loss in 2Q07. The result was below our forecast of PLN 8.9m profit, driven by weaker sales of edible oils and initial profit of PLN 0.9m at the biodiesel division. Margins in the vegetable oils and fats industry have recovered from an oversupply of rapeseed oil originally destined for bio-diesel production. Cost of goods sold (COGS) rose 89.0% y/y in 2Q08, driven by higher raw material costs and higher production volumes. Depreciation was up 12% y/y in 2Q08 due to Elstar Oils' investments in new storage tanks, the raw rapeseed oil facility and the bio-diesel production facility. On the back of adjustments to our model, we have increased our operating profit forecasts for Elstar Oils by 6.3% to PLN 39.3m for 2008 (from PLN -2.3m in 2007), by 2.5% to PLN 52.3m (+32.8% y/y) for 2009 and 6.6% to PLN 58.9m (+12.6% y/y) for 2010 due to better vegetable fats volumes.

Financial costs came in lower than our estimate for 2Q08, driven by lower costs of short-term debt financing after the disposal of excess rapeseed stocks. Due to rising interest rates, the opening of the new bio-fuel production unit, and the need to refinance some related debt, we have increased our net financing costs forecasts for the company by 69.4% to PLN 20.8m (+519.5% y/y) for 2008, 48.5% to PLN 21.1m (+1.2% y/y) for 2009 and 38.3% to PLN 21.3m (+1.0% y/y) for 2010.

Biodiesel regulation under scrutiny

We have decided to cut our estimate for the intermediate period growth rate in our discounted cash flow valuation model from 7.0% to 3.5% for the years 2013-2017. We have adjusted our estimate to account for any potential change in regulators' attitude towards the balance of environmental benefits and costs of biodiesel use, as well as the prospect for faster technological progress in "greener" transportation solutions apart from bio-components.

Food price increases blamed on biofuels. The enthusiasm of international regulators in promoting biofuels use appears to be fading. The growing acreage dedicated to industrial crops (including those used for producing biofuels) instead of edible crops has been blamed for the recent sharp rise in food prices. Regardless of whether or not this criticism is valid (biofuel-dedicated crops account for only 3% of arable land in the EU), we believe it could lead to a rethink of the existing strategy and a downward revision of the ambitious targets for increasing the share of green energy in the total energy bill of developed countries.

Biofuel subsidies at risk. Despite the record high oil prices seen in recent months, biofuels are still more expensive to produce compared to standard motor fuels. Regulations on the obligatory mixing of biocomponents with standard fuels and tax incentives for bio-fuel producers remain a prerequisite for the biofuel industry. However, it seems increasingly likely that regulators will not introduce any new incentives, even the ones promised earlier such as an excise tax breaks, given the changing attitude of politicians towards biofuels.

Electric cars a greener solution? Recent developments in “green” transportation technology appear to favour solutions other than biofuels. According to some industry forecasts, half of the new cars sold in 10 years’ time will be electrically driven, mainly thanks to rapid progress in devising more efficient power cells. Several car companies (e.g. Toyota, DaimlerChrysler) have well advanced projects to launch new models of electric cars for the mass market. The successful launch of electric cars would eliminate a large part of the pollution caused by transportation, which would undermine the rationale for the existence of the biofuel industry. Although the new technology is not available yet, this could ultimately leave oils producers such as Elstar Oils with only their traditional vegetable oils and fats businesses.

2Q08 P&L

PLN m, unless stated otherwise	2Q07	1Q08	2Q08	Change (%) y/y	Change (%) q/q	KBC forecast	6M as % of FY'08F
Sales	76.3	184.3	156.9	106%	-15%	255.0	52.3%
EBITDA	0.2	11.0	9.8	6260%	-11%	10.6	43.2%
% of sales	0.2%	5.9%	6.2%	-	-	4%	-
EBIT	-1.3	9.4	8.2	-	-13%	8.9	44.6%
% of sales	-1.7%	5.1%	5.2%	-	-	4%	-
Pre-tax	-3.2	4.7	5.4	-	14%	4.4	54.5%
Current profit	-2.0	3.9	4.2	-	6%	3.7	47.9%
EPS	-0.41	0.82	0.87	-	6%	0.77	-
CFPS	-0.11	1.14	1.21	-	6%	1.10	-

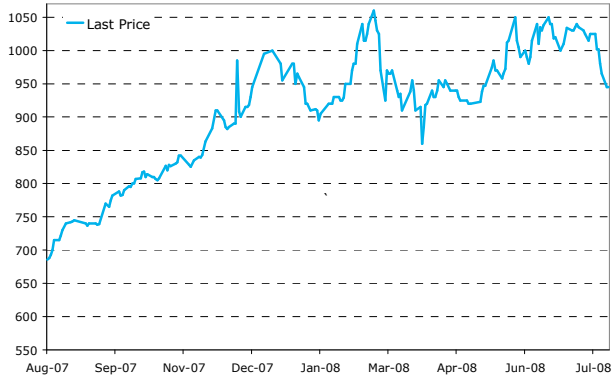
Source: KBC Securities

Changes in estimates

Income statement	2008F		Change %	2009F		Change %	2010F		Change %
	Old	New		Old	New		Old	New	
Sales	490.9	652.8	33.0	604.6	752.8	24.5	715.9	876.2	22.4
Operating costs	-445.6	-604.8	35.7	-544.2	-690.8	26.9	-650.4	-806.6	24.0
EBITDA	45.3	48.0	6.0	60.4	62.0	2.6	65.5	69.6	6.3
Depreciation and amortization	-8.3	-8.7	4.4	-9.4	-9.7	3.6	-10.3	-10.7	4.4
EBIT	37	39.3	6.3	51	52.3	2.5	55.2	58.9	6.6
Net interest	-12.3	-20.8	69.4	-14.2	-21.1	48.5	-15.4	-21.3	38.3
Other financial result	0	0.0	-	0	0.0	-	0	0.0	-
Goodwill amortization	0	0.0	-	0	0.0	-	0	0.0	-
Pre-tax profit declared	24.8	18.5	-25.4	36.9	31.2	-15.5	42.2	37.6	-11.0
Taxes	-1	-1.5	48.1	-4.4	-3.7	-15.0	-8	-7.1	-10.8
Minority interests	0	0.0	-	0	0.0	-	0	0.0	-
Net attributable profit	23.8	17.0	-28.5	32.5	27.4	-15.6	34.2	30.4	-11.1

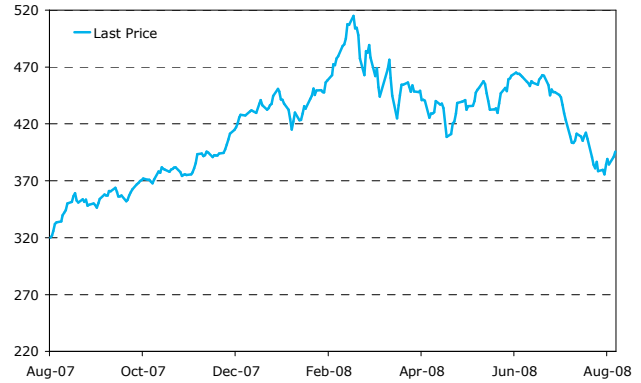
Source: KBC Securities

Rapeseed oil price, €/tonne



Source: Bloomberg

Rapeseed futures price



Source: Bloomberg

Peer group comparison

Company	Country	Price	P/E	P/E	P/E	CAGR	EV /	EV /	EV /	CAGR
			2008F	2009F	2010F		2008/10	EBITDA	EBITDA	
Biodiesels										
Biopetrol Industries	Switzerland	1.51	9.21	1.68	3.28	67.51%	5.61	3.24	4.28	14.51%
Wilmar International	Singapore	3.79	14.80	13.33	12.23	10.00%	11.47	10.25	9.32	10.92%
Aventine Renewable	United States	6.14	13.02	12.14	7.57	31.12%	7.02	4.56	3.25	46.84%
China Agri Industries	Hong Kong	4.8	9.90	8.56	7.20	17.28%	7.47	6.06	5.09	21.07%
Median			13.02	8.79	7.57	31.12%	7.47	6.06	5.09	21.07%
Vegetable Oils										
Archer Daniels	United States	25.48	9.48	9.02	7.88	9.64%	7.88	7.08	5.73	17.25%
Bunge Ltd	United States	92.84	9.00	9.00	9.08	-0.46%	6.34	5.60	4.07	24.84%
EOP Biodiesel	Germany	1.8	5.28	2.08	1.84	69.51%	4.48	3.20	2.89	24.60%
Astra Agro Lestari	Indonesia	16300	8.05	7.64	7.57	3.12%	5.01	4.96	4.71	3.11%
China Foods	Hong Kong	4.8	16.90	12.56	9.97	30.21%	9.23	7.31	5.91	24.93%
Median			9.00	9.00	7.88	6.84%	6.34	5.60	4.71	24.60%
Overall median - peers			9.48	9.00	7.57	11.85%	7.02	5.60	4.71	21.07%
Elstar Oils	Poland	5	14.16	8.79	7.93	33.66%	9.91	7.83	6.65	42.44%
Discount(-)/Premium(+)			49.4%	-2.4%	4.6%		41.3%	39.7%	41.2%	

Source: Bloomberg prices as of 20 August 2008, Bloomberg consensus estimates, KBC Securities estimates

DCF valuation

	2008F	2009F	2010F	2011F	2012F	2013F	2014F	2015F	2016F	2017F
Revenues	652,831	752,765	876,206	939,621	986,295	1,020,816	1,056,544	1,093,523	1,131,797	1,171,409
EBIT	39,339	52,259	58,851	62,236	65,213	67,496	69,858	72,303	74,834	77,453
Tax on EBIT	7,474	9,929	11,182	11,825	12,391	12,824	13,273	13,738	14,218	14,716
NOPLAT	31,865	42,330	47,670	50,411	52,823	54,672	56,585	58,566	60,616	62,737
Growth %		32.8%	12.6%	5.8%	4.8%	3.5%	3.5%	3.5%	3.5%	3.5%
Depreciation	8,669	9,736	10,749	10,962	11,163	11,163	11,163	11,163	11,163	11,163
Capital expenditures	-30,000	-30,000	-15,000	-15,000	-11,462	-11,462	-11,462	-11,462	-11,462	-11,462
Multiple depreciation	3.5	3.1	1.4	1.4	1.0	1.0	1.0	1.0	1.0	1.0
Change in working capital	-17,396	-16,526	-3,467	-3,293	-243	-243	-243	-243	-243	-243
Free cash flow	-6,858	5,543	39,953	43,081	52,282	54,131	56,044	58,025	60,075	62,196
Growth %		-181%	621%	8%	21%	4%	4%	4%	4%	4%
Risk-free rate	6.48%	5.95%	5.78%	5.72%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Equity risk premium	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Beta	1.0	1.0	1.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0
Cost of equity	10.98%	10.45%	10.28%	14.72%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%
Cost of debt (pre-tax)	10.37%	9.52%	9.25%	9.15%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Effective tax rate	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%
After-tax cost of debt	8.40%	7.71%	7.49%	7.41%	6.48%	6.48%	6.48%	6.48%	6.48%	6.48%
Weight of debt	49.35%	50.32%	47.88%	44.58%	38.89%	38.89%	38.89%	38.89%	38.89%	38.89%
Weight of equity	50.65%	49.68%	52.12%	55.42%	61.11%	61.11%	61.11%	61.11%	61.11%	61.11%
WACC	9.71%	9.07%	8.94%	11.46%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%
Discount factor	91.1%	82.8%	75.4%	66.8%	61.2%	56.1%	51.5%	47.2%	43.2%	39.6%
PV of FCF	-6,248	4,592	30,135	28,769	32,007	30,380	28,835	27,369	25,977	24,655
Sum of FCF PVs (2008-2012)	89,256									
Sum of FCF PVs (2013-2017)	137,216									
PV of terminal value	371,960									
Enterprise value	598,431									
Net debt	213,138									
Minorities	0									
Non-operating property	0									
Value of equity	385,293									
Number of shares	48,212									
Value per share	7.99									

Source: KBC Securities

Sensitivity analysis

Long-term growth rate	Risk premium				
	3.0%	4.0%	4.5%	5.0%	6.0%
2.5%	9.6	7.8	7.0	6.3	5.2
3.0%	10.3	8.3	7.5	6.7	5.5
3.5%	11.2	8.9	8.0	7.2	5.8
4.0%	12.2	9.6	8.6	7.7	6.2
4.5%	13.4	10.4	9.3	8.3	6.6

Source: KBC Securities

Financial data

Income Statement (PLN m)	2005	2006	2007	2008F	2009F	2010F
Sales	139.9	208.9	381.5	652.8	752.8	876.2
Operating costs	-125.7	-190.7	-378.1	-604.8	-690.8	-806.6
EBITDA	14.2	18.2	3.5	48.0	62.0	69.6
Depreciation	-3.2	-5.1	-5.8	-8.7	-9.7	-10.7
EBIT	11.0	13.1	-2.4	39.3	52.3	58.9
Net interest	-2.3	-2.9	-3.4	-20.8	-21.1	-21.3
Other financial result	0.0	0.0	0.0	0.0	0.0	0.0
Goodwill amortization	0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax profit declared	8.7	10.2	-5.7	18.5	31.2	37.6
Taxes	-1.6	-2.1	2.9	-1.5	-3.7	-7.1
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Net attributable profit	7.1	8.1	-2.8	17.0	27.4	30.4
Balance Sheet (PLN m)	2005	2006	2007	2008F	2009F	2010F
Current assets	117.7	311.2	202.7	223.8	243.8	248.0
Cash and equivalents	21.6	36.4	12.7	14.0	15.4	15.6
Securities and other financial assets	0.7	0.6	10.0	10.0	10.0	10.0
Trade debtors	26.9	48.1	47.5	52.7	57.6	58.7
Inventories	68.4	226.1	132.5	147.0	160.8	163.7
Accruals	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	103.0	168.9	189.4	211.2	231.9	236.3
Tangible assets	88.8	162.8	173.4	194.7	215.0	219.2
Goodwill and other intangible assets	4.1	4.4	4.2	4.6	5.1	5.1
Financial assets	10.1	1.8	11.9	11.9	11.9	11.9
Total assets	220.7	480.1	392.2	435.0	475.7	484.2
Current liabilities	90.2	268.8	190.5	212.3	235.6	213.7
Interest-bearing borrowings	73.1	244.9	169.7	188.9	209.6	187.1
Accounts payable	17.1	23.9	20.8	23.1	25.2	25.7
Accruals and other	0.0	0.0	0.0	0.0	0.0	0.0
Long-term liabilities	37.9	56.0	56.1	60.0	50.0	50.0
Interest-bearing borrowings	37.9	56.0	56.1	60.0	50.0	50.0
Provisions for liabilities and other	4.4	4.0	5.7	5.7	5.7	5.7
Minorities	0.0	0.0	0.0	0.1	0.1	0.1
Shareholders' equity	88.2	151.4	139.9	156.9	184.4	214.8
Total liabilities and shareholders' equity	220.7	480.1	392.2	435.0	475.7	484.2
Cash Flow Statement (PLN m)	2005	2006	2007	2008F	2009F	2010F
Cash flow from operations	-10.2	-156.6	65.4	8.3	20.6	37.7
Net profit	7.1	8.1	-2.8	17.0	27.4	30.4
Depreciation	-3.2	-5.1	-5.8	8.7	9.7	10.7
Change in working capital, incl.:	-17.8	-165.2	87.4	-17.4	-16.5	-3.5
change in receivables	-9.4	-18.7	-3.1	-5.2	-4.9	-1.0
change in inventories	-14.0	-157.7	93.6	-14.5	-13.8	-2.9
change in payables	5.5	11.2	-3.1	2.3	2.2	0.5
Other	3.7	5.5	-13.4	0.0	0.0	0.0
Cash flow from investment	-27.7	-70.8	-14.7	-30.0	-30.0	-15.0
Additions to PPE, net	-33.8	-71.9	-15.9	-30.0	-30.0	-15.0
Acquisitions, net	-3.6	0.0	0.0	0.0	0.0	0.0
Other	9.6	1.1	1.1	0.0	0.0	0.0
Cash flow from financing	39.8	241.9	-74.4	23.1	10.7	-22.4
Change in debt / incr. in marketable securities	39.9	187.1	-74.4	23.1	10.7	-22.4
New equity	0.0	55.0	0.0	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Other	-0.1	-0.2	0.0	0.0	0.0	0.0
Net change in cash and equivalents	1.8	14.5	-23.7	1.4	1.3	0.3
Cash at beginning of period	19.8	21.9	36.4	12.7	14.0	15.4
Cash at end of period	21.6	36.4	12.7	14.0	15.4	15.6

Source: KBC Securities

Per share data (PLN)	2005	2006	2007	2008F	2009F	2010F
Shares outstanding (thousand)	43,830	48,212	48,212	48,212	48,212	48,212
EBITDA per share	0.32	0.38	0.07	1.00	1.29	1.44
EBIT per share	0.25	0.27	-0.05	0.82	1.08	1.22
Published EPS	0.16	0.17	-0.06	0.35	0.57	0.63
Net dividend	0.00	0.00	0.00	0.00	0.00	0.00
NBV per share	2.01	3.14	2.90	3.25	3.82	4.45
Performance criteria	2005	2006	2007	2008F	2009F	2010F
Sales growth	10.04%	49.35%	77.66%	66.95%	15.31%	16.40%
EBITDA margin	10.15%	8.71%	0.91%	7.35%	8.24%	7.94%
EBIT margin	7.85%	6.27%	-0.61%	6.03%	6.94%	6.72%
EPS annual growth	-15.77%	4.24%	x	x	61.14%	10.86%
CFPS annual growth	-30.81%	-28.79%	x	x	44.66%	10.74%
Pay-out ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Effective tax rate	18.28%	20.40%	8.00%	8.00%	12.00%	19.00%
Effective interest rate	5.36%	1.62%	3.16%	9.85%	9.04%	8.79%
EPS CAGR 3Y historic	0.00%	43.74%	-	-	-	-
CFPS CAGR 3Y historic	0.00%	0.00%	-	-	-	-
Total asset turnover	73%	60%	87%	158%	165%	183%
Total debt / total assets	0.58	0.68	0.63	0.63	0.60	0.54
Net financial debt / equity	1.01	1.74	1.45	1.43	1.27	0.98
Return on equity	8%	5%	-2%	11%	15%	14%
Valuation data*	2005	2006	2007	2008F	2009F	2010F
Financial year high (PLN m)	7.2	18.8	15.8	15.8	15.8	20.0
Financial year low (PLN m)	3.4	3.6	4.8	4.8	4.8	4.8
Reference market capitalization (PLN m)	219	241	241	241	241	241
Enterprise value (PLN m)	309	506	454	476	485	463
PER high (x)	44.5	111.3	-271.1	44.7	27.8	31.7
PER low (x)	20.9	21.3	-82.4	13.6	8.4	7.6
PER reference (x)	30.9	29.6	-85.8	14.2	8.8	7.9
P/CF (x)	81.3	297.9	-88.2	29.6	20.5	23.4
P/Book value (x)	2.48	1.59	1.72	1.54	1.31	1.12
Gross dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EV/EBITDA (x)	21.7	27.8	131.3	9.9	7.8	6.6

Source: KBC Securities

*Historic valuation data are based on historic prices

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

List of recommendations concerning Elstar Oils' shares issued by KBC Securities NV Branch in Poland during the last six months

Date of issue	Valuation	Market price	Recommendation
21 August 2008	7.99	5.00	Buy
12 February 2008	9.93	7.24	Buy
20 August 2007	11.47	8.15	Buy

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30 BUY	79%
6 HOLD	16%
2 SELL	5%

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