INVESTMENT ANALYSIS, RECOMMENDATIONS AND ACTIONS
STANDARDS IN REAL LIFE
– LOTOS/UNICREDIT
RECOMMENDATION
The recommendation

Lotos Group, Oil and Gas
Poland, 21 November 2008

Rating by UniCredit; Robert Réthy, CFA:
Sell (prev. sell)

Price on 20 November 2008: PLN 13.32

Target price (prev. PLN 25.00): PLN 0.00

http://grafika.parkiet.com/gparkiet/239243
Lotos stocks’ prices
The reaction (from the press)

- "An appraisal of this kind resembles actions aimed at hostile takeover" - Paweł Olechnowicz, president of Lotos Group

- "On the basis of the data and methodology used for the report, the price per share should have been set at around zł.30" - Mariusz Machajewski, vice-president of Lotos

- "We fully share the position of the Lotos Group management board. We have serious doubts as to the methodology adopted by the analyst" - Krzysztof Żuk, Deputy Treasury Minister Krzysztof Żuk

- "The UniCredit analyst's lowering of the Lotos target price per share down to zero is a sensation on a global scale. Actions of this kind may lead to an attempt to take over the company at a very low price." - Waldemar Pawlak, deputy prime minister and economy minister.
The outcome

Decision of Polish Financial Supervisory Commission (18 February 2011):

- 500 000 PLN fine for Lotos stock valuation
- no manipulation of the firm’s share price discovered
- lack of required accuracy and diligence in line with article 42 of the bill on trading with financial instruments