



Dnipropetrovsky Switch Plant

Share Issue Alert

BUY

Eugene Cherviachenko
20 Dec 2005
Undiluted Price
Target: USD 118
Free Float: 12%

+380 44 206 8370
ec@con-cap.com
Diluted Price
Target: USD 60

At their EGM on December 15, 2005, shareholders in the Dnipropetrovsky Switch Plant (**DNSZ: BUY**) voted to double the company's charter fund to USD 1.1 mln (UAH 5,345,760) through an additional share issue. The company will issue 254,560 ordinary shares at a par value of USD 2.08 (UAH 10.5).

The subscription period for the additional share issue is February 9 - 23, 2006. The subscription price is set at par and the ex-rights date is February 9, 2006.

We believe the current share issue will be used to finance the initial phase of DNSZ's USD 12.6 mln CapEx program. The company plans to use these funds for the installation of new equipment at two of its core workshops in 2006-2007. This will enable DniproSwitch to increase its steel and founding production by 2.5 and 5 times respectively. The company will most likely use loans and retained earnings to finance this program. Additionally we could see more share issues for CapEx financing.

Eugene Cherviachenko
+380 44 206 8370
ec@con-cap.com
www.concorde.com.ua

This report has been prepared by Concorde Capital investment bank for informational purposes only. Concorde Capital does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that Concorde Capital may have a conflict of interest that could affect the objectivity of this report.

Concorde Capital, its directors and employees or clients may have or have had interests or long or short positions in the securities referred to herein, and may at any time make purchases and/or sales in them as principal or agent. Concorde Capital may act or have acted as market-maker in the securities discussed in this report. The research analysts, and/or corporate banking associates principally responsible for the preparation of this report receive compensations based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues and investment banking revenues.

The information contained herein is based on sources which we believe to be reliable but is not guaranteed by us as being accurate and does not purport to be a complete statement or summary of the available data. Any opinions expressed herein are statements of our judgments as of the date of publication and are subject to change without notice. Reproduction without prior permission is prohibited. © 2005 Concorde Capital