



CONCORDE CAPITAL

Ukraine / Agriculture

Sintal, Landkom, Mriya, Land West

Returning to capital markets

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Company	Bloomberg
Mriya Agroholding	MAYA GR
Sintal Agriculture	SNPS GR
MCB Agricole	4GW1 GR
Dakor	DAKOR UZ
Landkom International	LKI LN
Land West	4K1A GR

	Price per DR/sh, USD
MAYA GR	19.21
SNPS GR	2.60
4GW1 GR	4.08
DAKOR UZ	12.27
LKI LN	0.09
4K1A GR	1.47

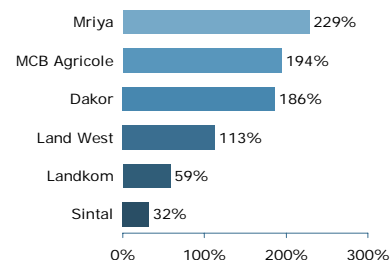
	No of shares	
	# sh, mln	DRs/sh
MAYA GR	4.25	5
SNPS GR	0.0471	700
4GW1 GR	8.60	2
DAKOR UZ	5.71	1
LKI LN	240.01	na
LKI LN post share issue*	435.01	na
4K1A GR	6.25	2

	MCap, USD mln
MAYA GR	408.2
SNPS GR	85.6
4GW1 GR	70.2
DAKOR UZ	70.1
LKI LN	22.3
4K1A GR	18.4

	Free float	
	%	USD mln
MAYA GR	20.0%	81.6
SNPS GR	36.3%	31.1
4GW1 GR	24.4%	17.1
DAKOR UZ	24.0%	16.8
LKI LN	64.5%	14.4
LKI LN post share issue*	80.4%	32.6
4K1A GR	24.0%	4.4

*Share issue subject to approval at the shareholder meeting on Nov. 18, 2009

Sector performance, YTD



Source: Bloomberg, Concorde Capital estimates, Company data

Fall has been busy for Ukraine's large land plays: Sintal did an SPO. Mriya and Landkom are raising new equity. Newcomer Agroton announced plans to go public. Land West was assimilated by sugar producer Dakor; the combined company is eyeing an IPO in Warsaw in 2010. Trouble-stricken Landkom is looking for a merger. Agriculture remains the best performing sector of the economy (up 3.3% in 9M09 vs. the decline in overall industrial output of 28.4%).

Sintal's placement signals thawing in the market

Last week, Sintal reported that it raised USD 13 mln via the placement of a 17.2% stake. The proceeds will be used to construct and acquire grain storage facilities and expand the land bank by ~30% to 130 ths ha in 2010. Additional storage capacities would meet 100% of Sintal's needs and enable the company to benefit from seasonal grain price volatility. Sintal's placement is the first in Ukraine in the past seven months and only the second after Landkom's raising USD 6.8 mln in March since August 2008. The SPO sends a positive signal for quality Ukrainian companies looking for equity capital.

Landkom's equity injection: Will it save the day?

In a press release last Thursday, Landkom announced it is placing additional shares for USD ~16 mln, subject to shareholder approval on November 18. If approved, the company would increase its charter fund by some 81%, and we estimate, its free float might grow to as much as 80%, from 64.5% currently.

Landkom cut its land bank from 115 ha ths in early 2009 to 66 ths ha, with a target of 50 ths ha. In August, Landkom replaced its CEO, and at the same time an audit unveiled previously unrecorded liabilities for USD 2-2.5 mln concerning 10.3 ths ha of land. The company said it was in discussions for a potential merger. We think that Landkom has serious internal problems and is heading toward a sell-off.

Land West's merger with Dakor: Still better than going bankrupt

In late September, Land West and Dakor said they merged into Dakor Agro Holding. Danilo Korilkevich holds 75.81% of the new holding. Minority shareholders of Land West were offered to convert their holdings into Dakor Agro Holding shares at a coefficient of 0.127151 and Dakor shareholders at 0.811009. The new company is looking to list in 2010, most likely in Warsaw.

We believe the merger is to the advantage of Dakor minority shareholders rather than those of Land West, as at the time of Land West's placement, the company was valued higher than Dakor, whereas in the new company, Land West's shareholders will hold only 20%. In our view, the merger was a forced move for Land West, which was facing serious financial and operating issues and had to more than halve its land bank in late 2008.

What's next in the placement pipeline?

At present, Mriya and Agroton (~134 ths ha land bank), are preparing to tap international equity markets. The latter is in the process of its first private placement, with a full-fledged IPO planned in 2010 on the Warsaw Stock Exchange, while the former already has international investors among its shareholders and is doing an SPO, which improves Mriya's chances for success, in our view. The only pure land holder than has not announced plans to raise new equity capital remains MCB Agricole.

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Peer comparison

	MCap		EV		EV/Controlled land		EV/Planted land	
	USD mln	USD mln	USD ths/ha		USD ths/ha		USD ths/ha	
			current	2009E	current	2009E	current	2009E
Mriya	408.2	403.2	2,687.9	2,148.3	2,721.2	2,721.2		
Sintal	85.5	81.5	815.1	825.1	904.8	862.5		
MCB Agricole	70.2	70.2	730.1	730.1	991.0	991.0		
Dakor	70.1	115.1	1,156.6	nm	1,028.6	nm		
Landkom, pre-money	22.3	23.3	354.1	466.9	931.0	833.7		
Landkom, post-money	40.5	41.5	629.4	530.0	1,687.5	1,482.1		
Land West	18.4	26.4	411.0	nm	861.8	nm		

Source: Bloomberg, Company data, Concorde Capital estimates

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