Ukraine / Coke

Avdiyivka Coke

Ready to Takeoff

October 18, 2007

Current Price: USD 3.1
12M Target: USD 6.2

BUY

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Last Wednesday's recognition by the Ukrainian Metallurgical Association that the Ukrainian steel industry is running into a coke shortage reinforces our bullish view on Avdiyivka Coke. While most peers are in dire need of raw materials, Avdiyivka will boost output on higher demand from Metinvest/Smart Group merger and the group's organic growth. We reiterate our BUY recommendation, upgrading our 12M target to USD 6.2 per share. Unfairly overlooked by the market, AVDK offers a 100% upside on substantially improved liquidity.

Market information

Bloomberg	AVDK UZ
No of Shares, mln	193.6
Market price*, USD	3.08
52Wk H/L, USD	3.10/1.68
MCap, USD mln	596.2
Free float	3.2%
FF MCap, USD mln	19.1
Mo avg. tr. vol., USD mln**	3.0
Mo avg FF turnover**	18.5%

Corporate Governance

Concorde Rating***	P

Stock ownership

Metinvest	90.9%
Mariupol Illicha	5.9%
Other	3.2%

Ratios, 2007E

EBITDA margin	8.5%
Net margin	1.1%
Net Debt/Equity	0.17

** PFTS mid-market. All price data in the report as of Oct. 17*
*** 6M trailing, PFTS*
**** The rating is based on Concorde's corporate governance survey. Q denotes quality corporate governance standards, AA – above average standards, A – average, BA – below average and P – poor.*

Demand surges, forcing sales forecast upgrade

We upgrade Avdiyivka's output forecast following the addition of a new consumer in Makiyivka Steel via the Metinvest/Smart merger, the expected transfer of orders from the group's two smaller coke plants, and higher demand from the Enakievo and Azovstal steel mills. Overall, we estimate that Avdiyivka's coke output will exceed our previous forecast by at least 30% in the next five years. With coke prices strong on the back of more expensive coal, we raise our sales forecast for Avdiyivka by 1.8x in 2012.

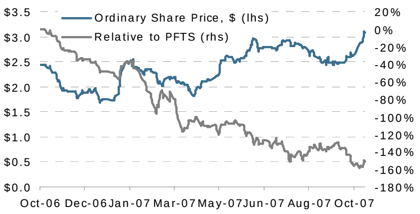
Raw materials supply better secured

Krasnodon Coal, a 99%-Avdiyivka-owned, will increase extraction overall by 18% in 2007-2008 after launching three new longwalls in 2007. Unlike divested Pavlohrad Coal, Krasnodon is fully integrated into Metinvest's steel production chain. In February, SCM, the parent company for Metinvest, bought Black Sea Port Avlita, which after modernization, is expected to be used to import coking coal from Australia, Canada and USA starting in 2010.

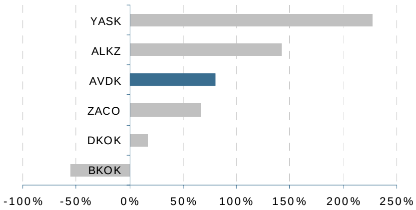
Resistance at $3 broken; Newborn liquidity leader

Over the last six months, Avdiyivka has become a liquidity leader: 6M free float turnover of 110% led metals & mining stocks on the PFTS, its spread narrowed to below 3%. Avdiyivka's dramatic changes in business fundamentals had obviously remained overlooked by the market. After piercing a strong resistance level at USD 3.0 on Tuesday, we expect the strong momentum will carry the stock to its historical maximum at USD 5 shortly, on its way to the USD 6.2 target.

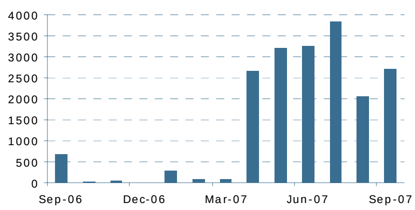
AVDK Stock performance



Sector performance, YTD



AVDK Trading volumes, USD ths



Source: PFTS, Bloomberg, Concorde Capital

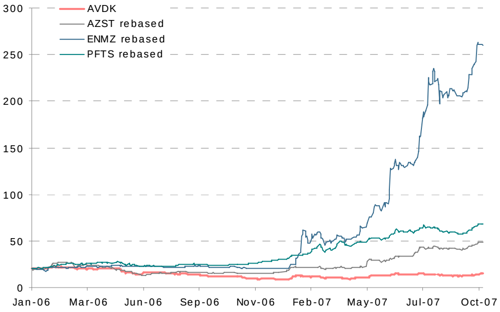
Key financials & ratios

(in USD mln)	Sales	EBITDA Margin	Net Margin	EV/S	EV/EBITDA	P/E
2006	647.7	12.3%	1.6%	1.1	9.3	57.3
2007E	832.2	8.5%	1.1%	1.0	11.5	66.2
2008E	930.8	13.5%	6.0%	0.9	6.5	10.6

Spot exchange rate: 5.05

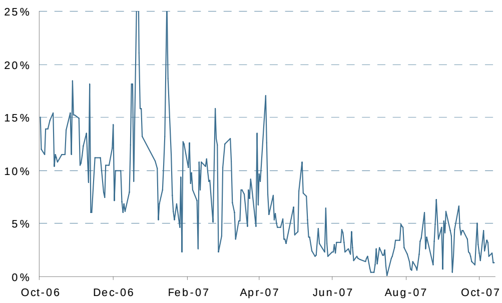
Stock market monitor: Liquidity leader

Stock Performance, USD

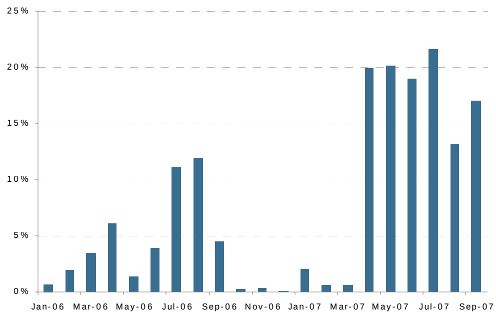


6M trailing FF turnover and spread, %

AVDK spread, %



AVDK, Monthly free float turnover, %



Source: PFTS, Concorde Capital estimations

Output driven by additional demand

We estimate Avdiyivka will boost coke production 48% to 4.7 mln mt by 2012, implying 6.7% 5Y CAGR.

Metinvest/Smart merger accounts for 1/3 of increase

Avdiyivka Coke will benefit from the merger of Metinvest and Smart Group as it gains a big consumer in Makiyivka Steel. We anticipate Avdiyivka will supply more than half of Makiyivka's need for coke by 2012, which we estimate at 1,280 ths mt, allowing Avdiyivka to boost output by 647 ths mt. Avdiyivka's management told us it has already begun to increasing deliveries to Makiyivka.

Another 1/3 of orders redirected from related coke producers

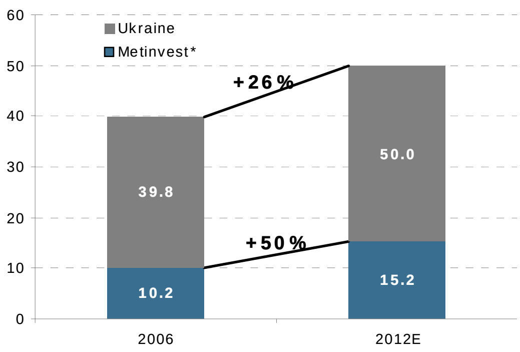
In September Metinvest announced plans to transfer coke production from Azovstal's Markokhim to Avdiyivka instead of repairing Markokhim's outdated coke oven batteries. In our estimations, Avdiyivka will receive orders for a total of 450 ths mt of coke by 2012.

We see high probability that Metinvest will shut down Donetsk Coke, as the holding has sufficient coke production for its steel mills without it and the export prospects for its low quality coke is cloudy. This could result in orders for about 150 ths mt of met coke by 2012 also spilling over to Avdiyivka.

20% of additional demand due to Metinvest's expansion

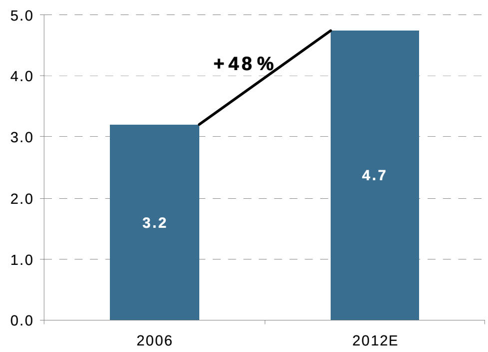
Based on Metinvest's development program, Avdiyivka should raise coke output by 389.2 ths mt by 2012 due to growing demand from Enakievo Steel and Azovstal. In July Enakievo launched blast furnace #5 and plans to complete the modernization of blast furnace #3 by 2010. Azovstal, meanwhile, intends to upgrade two blast furnaces over the next five years. We estimate that Enakievo and Azovstal will increase annual steel output by 1.4 times to 11.5 mln mt by 2012. Our forecasts take into account a decline in the companies' coke rate per 1 mt of pig iron of 22% to 0.4 mt, following the installation of pulverized coal injection (PCI) technology, which is expected in 2010-2011.

Steel output, mln mt



** Including Makiyivka Steel*
Source: Company data, Concorde Capital estimations

Avdiyivka coke output, mln mt



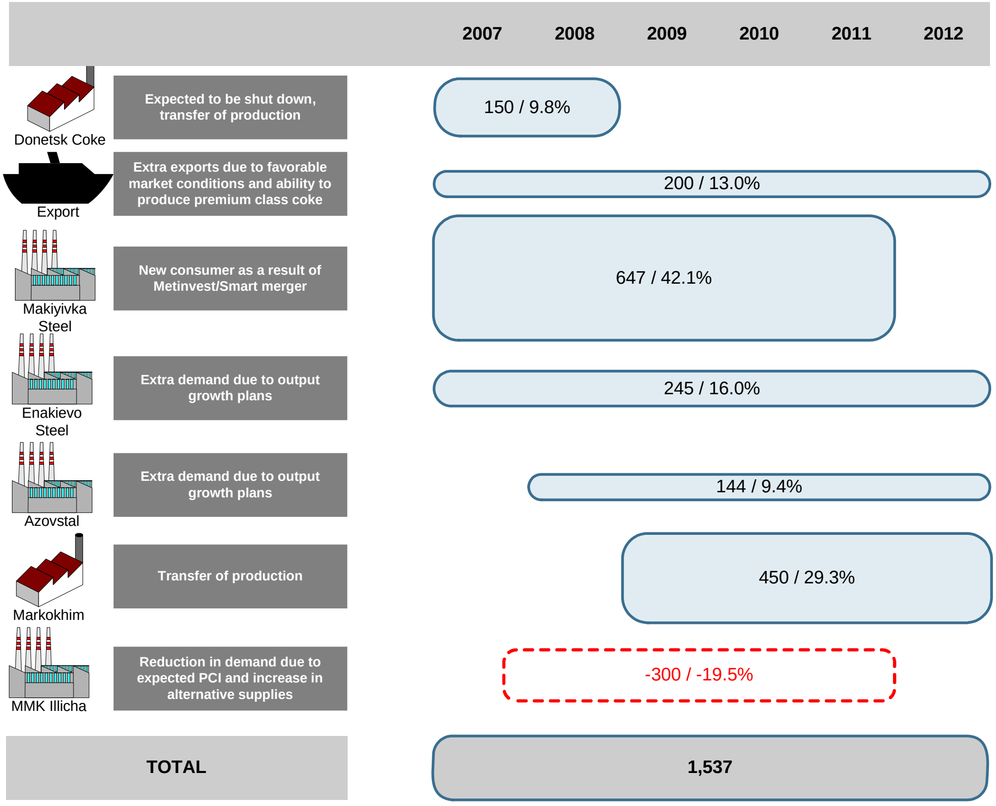
Source: Company data, Concorde Capital estimations

Exports contribute about 10% more to expected rise

We expect the global uptrend in coke consumption will allow the company to export an additional 200 ths mt of coke in 2007-2012. Ukrainian coke has became more competitive after China increased export duties from 5% to 15% in June 2007. Chinese coke prices jumped 12% to USD 185-190 per mt of coke (FOB).

During January-July 2007, Avdiyivka Coke boosted exports 319% to 23 ths mt. We anticipate that exports will amount for nearly 1.2% of annual production this year, or 40-45 ths mt (up 200% yoy). The low quality of Ukrainian coke will restrain further export growth. We expect additional export sales starting in 2010 when the company will supply coal from Australia and Canada to produce premium class coke.

Extra demand for Avdiyivka's coke, ths mt / % of total



Source: Concorde Capital

Supplies secured

Integrated coal mine supports Avdiyivka's self-sufficiency

In August Krasnodon Coal, Ukraine's second largest coal mine and 99%-owned subsidiary of Avdiyivka, opened three new longwalls. The new projects will allow Krasnodon to boost coal extraction by 5% in 2007 and another 11.7% to 6.7 mln mt in 2008, going against the nationwide decline in extraction (see our February 2007 report). Ukrainian coal mining output was down 8.0% yoy in 8M07 and is expected to continue falling due to the poor condition of most Ukrainian coal mines. Krasnodon's boost in output will further enhance the independence of Avdiyivka, already one of only two integrated coke makers in the country, in terms of low grade coking coal supplies.

Recently acquired Avlita Seaport will secure higher quality imports

Metinvest's parent, SCM, bought Black Sea port Avlita in February. Metinvest has already begun modernizing Avlita Port's infrastructure to make it accessible to large bulk freighters and create land transportation routes. The upgraded seaport will be suitable for importing coking coal from Australia, Canada and the USA beginning in 2010.

Avdiyivka requires high quality coal to mix with locally sourced low grade materials to create an approx. 80/20 mix for coking. Currently, domestic companies import a substantial amount of quality coal from Russia. With the 46% YTD growth in the price of Russian coal, seaborne imports from abroad have become increasingly price competitive. In the long-term, we expect that international imports will almost entirely supplant Avdiyivka's Russian supplies.

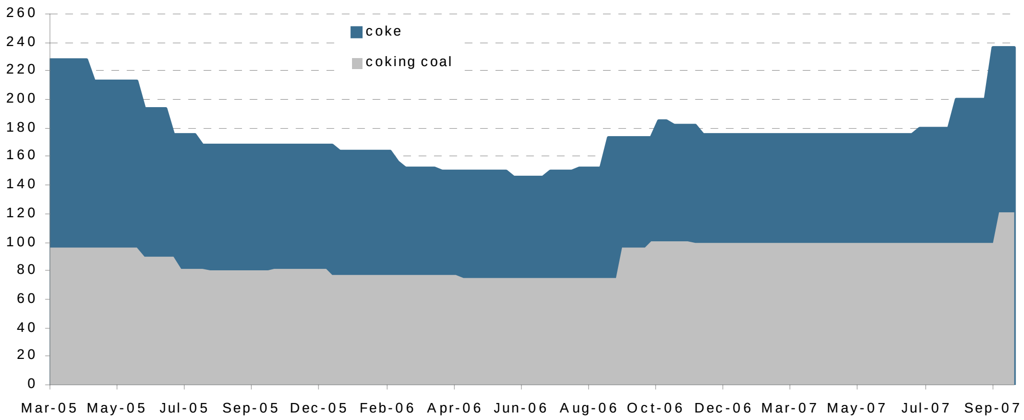
Coke prices will remain firm

We forecast coke prices to grow 25% in 2007 and 10% in 2008. We based our assumptions on two factors:

- Expected annual increase in coal prices by 10-20% will increase costs for coke producers;
- Growing demand from steelmakers will allow coke producers to pass on rises in coal prices to the price tag of its production. According to the International Iron and Steel Institute, global steel production will increase by 6.8% in 2007 and 2008.

In our model we assume coke prices flat after 2008.

Ukrainian coke and coking coal prices, USD / mt



Source: Metal-courier

Financial revision

Compared to our previous assumptions, the major changes are that we:

- upgraded coke and coal prices for 2007-2012 to reflect higher prices in 2007 and the assumption that the demand for coke from steelmakers in 2007-2008 will remain strong with 6.5-7.0% growth;
- increased 2012E output by 31% to 4,743.9 ths mt of coke, taking into account the recent Metinvest/Smart merger, Metinvest's ambitious plans to boost steel output, more favorable export markets and obtaining orders instead of other Metinvest coking assets;
- decreased our assumption for margins in 2007 based on 1H07 financials, and increased 2008E-2012E margins considering favorable market conditions and the management's forecasts of an EBITDA margin of 14% in 2008.

	2006	2007E	2008E	2009E	2010E	2011E	2012E
Price Forecast							
Coke Price, USD/mt							
New	148.0	185.0	203.5	203.5	203.5	203.5	203.5
Growth, yoy		*25.0%*	*10.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Old	148.0	170.0	170.0	170.0	170.0	170.0	170.0
AVDK							
Production, ths mt							
New	3,208.1	3,438.7	3,769.1	4,043.4	4,274.0	4,648.1	4,743.9
Growth, yoy		*7.2%*	*9.6%*	*7.3%*	*5.7%*	*8.8%*	*2.1%*
Old	3,208.1	3,337.0	3,437.2	3,505.9	3,576.0	3,611.8	3,611.8
Sales, USD mln							
New	647.7	830.0	928.3	995.8	1,052.6	1,144.7	1,168.3
Growth, yoy		*28.1%*	*11.8%*	*7.3%*	*5.7%*	*8.7%*	*2.1%*
Old	543.2	607.0	625.2	637.7	650.5	657.0	657.0
EBITDA, USD mln							
New	79.7	70.5	125.3	139.4	147.4	160.3	163.6
margin, new		*8.5%*	*13.5%*	*14.0%*	*14.0%*	*14.0%*	*14.0%*
Old	67.9	78.9	81.3	86.1	87.8	88.7	88.7
margin, old		*13.0%*	*13.0%*	*13.5%*	*13.5%*	*13.5%*	*13.5%*

Valuation summary

We apply a DCF approach to capture the company's growth potential over 2008-2012. A relative valuation is not relevant due to a lack of non-integrated foreign peers, while local comparables face structural limits on their growth. Measuring Avdiyivka by local peers would lead to underestimation of its fair value.

As a part of its restructuring, in August 2007 SCM transferred a 90% stake in Pavlohrad Coal from Avdiyivka to the group's energy wing DTEK without cash settlement. Pavlohrad Coal is a producer of steam coal used for electricity generation. We estimate that the impact on Avdiyivka's value was around USD 365 mln. Structural changes in the industry since then more than offset the above effect on Avdiyivka. These changes were clearly overlooked by the market.

In contrast to Pavlohrad, Krasnodon Coal is the main coking coal supplier to Avdiyivka, and Avdiyivka is its largest customer. We believe that Metinvest will nurse this synergetic relationship. Earlier the group announced that after the restructuring, there will be only three divisions within the holding: steel, iron ore, and coke & coal. Krasnodon obviously fits within the coke & coal division.

Nevertheless, to be on the safe side, we distinguish between three scenarios and evaluate a probability weighted fair value for Krasnodon:

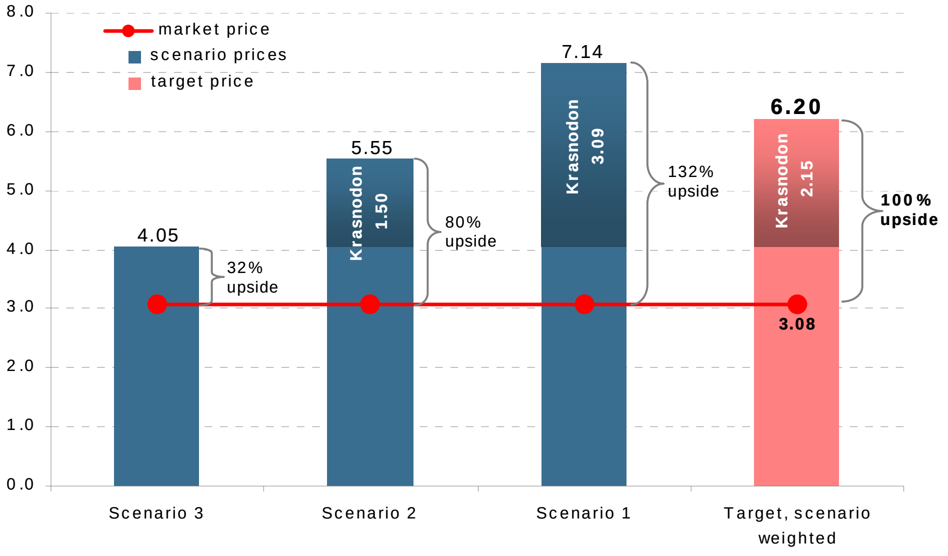
Scenario 1, probability 60%. Avdiyivka keeps control over Krasnodon Coal. Our comparative valuation of Krasnodon suggests the company's fair value at USD 600 mln, assuming its 2008E EBITDA at USD 85 mln. Currently, the mine's peers trade at EV/EBITDA multiples of 8x-13x.

Scenario 2, probability 20%. Metinvest creates a new coal division and purchases Avdiyivka's stake in Krasnodon Coal at par value of USD 292 mln.

Scenario 3, probability 20%. Metinvest transfers Krasnodon into its direct ownership; no cash settlement.

In our valuation, Krasnodon accounts for 35% of Avdiyivka's total fair value. Even without Krasnodon, the stock still offers 32% upside. Based on a sum-of-the parts valuation, we set our 12-month target price at USD 6.2 per share, which offers an upside of 100%.

Avdiyivka Coke valuation, USD / share



Source: Concorde Capital estimations

DCF valuation

Valuation as of October 15

UAH mln

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E
EBITDA	358	639	711	752	817	834	834	834	834	834
EBIT	181	462	534	574	639	656	655	655	655	654
Tax Rate	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*
Taxed EBIT	136	347	400	430.4	479.5	491.9	491.6	491.4	491.1	490.8
Plus D&A	177	177	177	178	178	178	179	179	179	180
Less CapEx	(97)	(173)	(178)	(180)	(175)	(179)	(179)	(176)	(179)	(179)
Less change in OWC	(789)	(63)	(29)	(3)	5	23	-	(25)	-	-
FCFF	-	288	371	425	487	515	492	470	492	492
WACC	13.3%	13.2%	13.1%	13.0%	12.1%	11.2%	11.3%	11.4%	11.4%	11.5%

Sum of discounted CFs	2486	WACC To Perpetuity	11.0%
PV of Terminal Value	2089	Terminal Value	5255
Firm Value	4576	Perpetuity Growth Rate	1.5%
Portion due to TV	*45.7%*	Implied Exit EBITDA Multiple	6.3x
Less Net Debt	-613		
Equity Value	3963		

* Calculations based on current UAH/USD 5.05 exchange rate

Sensitivity of Avdiyivka Coke's 12M equity value, USD mln

10-Year Discount Rates	Perpetuity Growth Rate				
	0.5%	*1.0%*	*1.5%*	*2.0%*	*2.5%*
WACC-1.0%	3,976	4,088	4,211	4,347	4,500
WACC-0.5%	3,859	3,966	4,085	4,216	4,363
WACC+0.0%	3,745	3,849	**3,963**	4,090	4,232
WACC+0.5%	3,636	3,736	3,846	3,968	4,105
WACC+1.0%	3,531	3,627	3,733	3,851	3,983

WACC to perpetuity	Perpetuity Growth Rate				
	0.5%	*1.0%*	*1.5%*	*2.0%*	*2.5%*
10.0%	3,911	4,036	4,175	4,332	4,510
10.5%	3,823	3,937	4,063	4,203	4,362
11.0%	3,745	3,849	**3,963**	4,090	4,232
11.5%	3,675	3,770	3,874	3,989	4,117
12.0%	3,612	3,699	3,795	3,900	4,016

Source: Concorde Capital estimates

Appendix 1: Quarterly financials (net), UAS

Income statement summary, USD mln

	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07
Net Revenues	**458.4**	**272.3**	**178.5**	**210.6**	**116.6**	**170.1**	**170.3**	**190.7**	**163.8**	**214.4**
Cost Of Sales	(378.0)	(225.0)	(148.8)	(178.9)	(94.7)	(143.0)	(134.6)	(168.2)	(147.3)	(194.8)
Gross Profit	80.4	47.4	29.7	31.7	21.9	27.1	35.8	22.4	16.5	19.6
Gross margin	*17.5%*	*17.4%*	*16.7%*	*15.1%*	*18.8%*	*15.9%*	*21.0%*	*11.8%*	*10.1%*	*9.2%*
Other Operating Income/Costs, net	(0.8)	(1.1)	16.4	8.4	(1.0)	(5.4)	(1.0)	1.2	(1.2)	(3.1)
SG&A	(4.5)	(6.5)	(4.3)	(7.8)	(5.0)	(6.0)	(4.9)	(5.4)	(5.1)	(5.4)
EBITDA	**75.1**	**39.8**	**41.8**	**32.3**	**16.0**	**15.6**	**29.8**	**18.3**	**10.3**	**11.1**
EBITDA margin	*16.4%*	*14.6%*	*23.4%*	*15.3%*	*13.7%*	*9.2%*	*17.5%*	*9.6%*	*6.3%*	*5.2%*
Depreciation	(4.1)	(4.2)	(4.3)	(4.3)	(4.1)	(4.2)	(4.3)	(4.6)	(13.9)	(14.7)
EBIT	**70.9**	**35.6**	**37.5**	**27.9**	**11.9**	**11.5**	**25.6**	**13.7**	**(3.6)**	**(3.6)**
EBIT margin	*15.5%*	*13.1%*	*21.0%*	*13.3%*	*10.2%*	*6.7%*	*15.0%*	*7.2%*	*-2.2%*	*-1.7%*
Interest Expense	(12.4)	(12.0)	(12.5)	(12.4)	(7.5)	(5.8)	(4.8)	(3.6)	(3.6)	(3.1)
Financial income/(expense)	-	0.0	-	(32.2)	-	-	-	(9.4)	0.0	0.0
Other income/(expense)	2.8	21.3	0.7	0.1	(1.1)	0.4	(3.2)	(3.6)	0.3	1.1
PBT	**61.3**	**44.9**	**25.8**	**(16.6)**	**3.3**	**6.0**	**17.6**	**(2.8)**	**(7.0)**	**(5.6)**
Tax	(14.7)	(12.6)	(4.7)	(11.3)	(2.0)	(3.5)	(4.3)	(3.6)	(4.0)	(3.1)
Net Income	**46.6**	**32.5**	**21.3**	**(28.0)**	**1.1**	**2.4**	**13.2**	**(6.4)**	**(11.0)**	**(8.7)**
Net Margin	*10.2%*	*11.9%*	*11.9%*	*-13.3%*	*1.0%*	*1.4%*	*7.8%*	*-3.4%*	*-6.7%*	*-4.0%*

Balance sheet summary, USD mln

	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q06	2Q07
Current Assets	**349.5**	**230.1**	**167.7**	**200.3**	**231.5**	**163.8**	**164.4**	**162.7**	**303.8**	**220.3**
Cash & Equivalents	13.8	6.5	10.1	36.1	13.1	8.8	3.2	3.7	2.8	2.1
Trade Receivables	117.5	113.2	89.3	46.3	40.0	52.2	69.1	31.0	130.1	53.6
Inventories	38.1	54.8	33.6	35.1	35.4	31.2	31.6	44.2	43.4	41.4
Other current assets	180.0	55.5	34.7	82.7	143.1	71.5	60.5	83.8	127.4	123.2
Fixed Assets	**954.1**	**1,095.0**	**1,098.7**	**844.1**	**789.3**	**791.8**	**780.2**	**1,177.7**	**1,126.3**	**1,111.4**
PP&E, net	129.3	134.2	133.4	134.6	131.1	137.6	135.3	434.6	428.0	417.2
Other Fixed Assets	824.8	960.9	965.3	709.5	658.2	654.2	644.9	743.1	698.3	694.2
Total Assets	**1,303.6**	**1,325.1**	**1,266.3**	**1,044.3**	**1,020.8**	**955.6**	**944.6**	**1,340.4**	**1,430.1**	**1,331.7**
Shareholders' Equity	**519.6**	**575.5**	**597.4**	**578.8**	**580.0**	**582.4**	**594.9**	**846.5**	**840.7**	**834.5**
Share Capital	64.5	67.4	67.5	67.5	67.5	67.5	67.5	67.5	67.5	67.5
Reserves and Other	107.1	111.8	111.9	122.3	122.2	122.0	121.5	341.9	332.6	322.9
Retained Earnings	348.0	396.3	418.1	389.0	390.4	392.9	405.9	437.1	440.5	444.1
Current Liabilities	**278.0**	**245.9**	**172.5**	**144.3**	**239.3**	**342.1**	**193.2**	**252.2**	**349.4**	**309.8**
ST Interest Bearing Debt	-	-	-	-	108.9	205.0	24.5	-	-	-
Trade Payables	169.1	141.7	73.1	94.3	55.8	60.5	51.9	140.4	237.5	203.8
Accrued Wages	1.0	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.3	1.3
Accrued Taxes	14.6	10.0	2.1	0.4	0.5	0.4	0.4	0.4	0.5	0.5
Other Current Liabilities	93.3	93.1	96.3	48.4	73.0	75.0	115.2	110.2	110.1	104.3
LT Liabilities	**506.0**	**503.7**	**496.4**	**321.2**	**201.5**	**31.0**	**156.5**	**241.7**	**240.1**	**187.4**
LT Interest Bearing Debt	479.0	472.1	472.1	297.7	177.9	7.5	133.0	150.0	150.0	99.6
Other LT	27.0	31.5	24.3	23.6	23.6	23.6	23.6	91.7	90.1	87.8
Total Liabilities & Equity	**1,303.6**	**1,325.1**	**1,266.3**	**1,044.3**	**1,020.8**	**955.6**	**944.6**	**1,340.4**	**1,430.1**	**1,331.7**

Appendix 2: Projected financials

	2005	2006	2007E	2008E	2009E	2010E	2011E	2012E
Net Revenues	**1,128**	**648**	**830.0**	**928**	**996**	**1,053**	**1,145**	**1,168**
Change, yoy	*N/M*	*-42.6%*	*28.1%*	*11.8%*	*7.3%*	*5.7%*	*8.8%*	*2.1%*
Cost Of Sales	(938)	(540)	(735)	(770)	(822)	(868)	(944)	(964)
Gross Profit	191	107	95	158	174	184	200	204
Other Operating Income/Costs, net	23	(6)	-	-	-	-	-	-
SG&A	(23)	(21)	(25)	(32)	(35)	(37)	(40)	(41)
EBITDA	**190**	**80**	**71**	**125**	**139**	**147**	**160**	**164**
EBITDA margin	*16.9%*	*12.3%*	*8.5%*	*13.5%*	*14.0%*	*14.0%*	*14.0%*	*14.0%*
Depreciation	(17)	(17)	(35)	(35)	(35)	(35)	(35)	(35)
EBIT	**173**	**63**	**36**	**91**	**105**	**113**	**125**	**129**
EBIT margin	*15.4%*	*9.7%*	*4.3%*	*9.8%*	*10.5%*	*10.7%*	*11.0%*	*11.0%*
Interest Expense	(49)	(22)	(24)	(17)	(15)	(13)	(11)	(10)
Financial income/(expense)	(32)	(9)	-	-	-	-	-	-
Other income/(expense)	25	(8)	-	-	-	-	-	-
PBT	**117**	**24**	**12**	**74**	**90**	**100**	**114**	**118**
Tax	(44)	(13)	(3)	(19)	(23)	(25)	(29)	(30)
Net Income	**74**	**10**	**9**	**56**	**68**	**75**	**86**	**89**
Net Margin	*6.6%*	*1.6%*	*1.1%*	*6.0%*	*6.8%*	*7.1%*	*7.5%*	*7.6%*

	2005	2006	2007E	2008E	2009E	2010E	2011E	2012E
Current Assets	**200**	**163**	**174**	**193**	**206**	**214**	**222**	**220**
Cash & Equivalents	36	4	5	6	6	6	7	7
Trade Receivables	46	31	74	84	90	95	103	105
Inventories	35	44	37	39	41	43	42	39
Other current assets	83	84	58	65	70	70	70	70
Fixed Assets	**844**	**1,178**	**900**	**899**	**899**	**900**	**899**	**899**
PP&E, net	135	435	468	467	467	467	467	467
Other Fixed Assets	710	743	432	432	432	432	432	432
Total Assets	**1,044**	**1,340**	**1,074**	**1,092**	**1,106**	**1,114**	**1,121**	**1,120**
Shareholders' Equity	**579**	**846**	**785**	**821**	**841**	**863**	**881**	**898**
Share Capital	67	67	67	67	67	67	67	67
Reserves and Other	511	779	718	754	774	797	814	831
Retained Earnings	**144**	**252**	**119**	**126**	**132**	**137**	**147**	**150**
Current Liabilities	-	-	12	14	12	11	11	12
ST Interest Bearing Debt	94	140	80	83	89	94	99	101
Trade Payables	1	1	1	1	1	1	1	1
Accrued Wages	0	0	0	0	0	0	0	0
Accrued Taxes	48	110	25	28	30	32	34	35
Other Current Liabilities	**321**	**242**	**127**	**108**	**92**	**75**	**59**	**59**
LT Liabilities	298	150	127	108	92	75	59	59
LT Interest Bearing Debt	24	92	-	-	-	-	-	-
Other LT	**1,044**	**1,340**	**1,074**	**1,092**	**1,106**	**1,114**	**1,121**	**1,120**
Total Liabilities & Equity	**579**	**846**	**785**	**821**	**841**	**863**	**881**	**898**

Analyst Certification

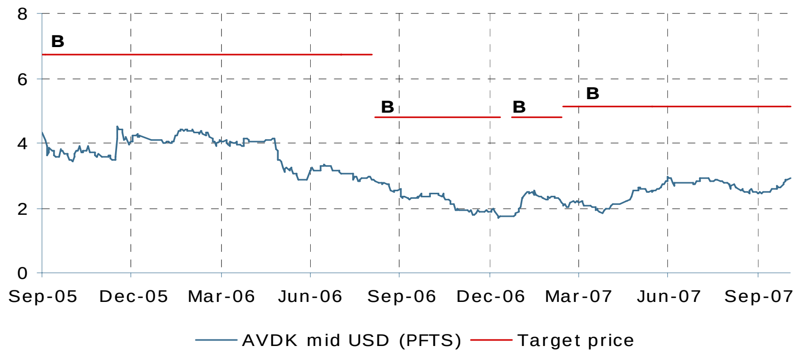
We, Eugene Cherviachenko and Andriy Gerus, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject securities and issuers. We also certify that no part of our compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

Avdiyivka Coke

Date	Target price, USD	Market Price, USD	Rec'	Action
23-Sept-05	6.74	3.56	BUY	Initiating
23-Aug-06	4.79	2.96	BUY	Upgrade
29-Dec-06	4.79	2.00	BUY	Maintain
28-Feb-07	5.14	2.13	BUY	Maintain
17-Oct-07	6.20	3.08	BUY	Maintain

** Until March 2007 the company was covered by Andriy Gostik, who now focuses on another sector. In February 2007, Eugene Cherviachenko took over coverage; in October 2007, he was joined by Andriy Gerus.*

Recommendation history, USD



Concorde Capital rating universe

BUY	40	50%
HOLD	20	25%
SELL	5	6%
U/R	15	19%
Total	80	100%

Investment banking clients

BUY	10	83%
HOLD	2	17%
SELL	0	0%
U/R	0	0%
Total	12	100%

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