



CONCORDE CAPITAL

Ukraine / Coke

Bagliy Coke

New coke battery comes onstream

July 31, 2008

Current price: USD 0.13
12M Target: USD 0.30

BUY

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Tickers

Bloomberg BKOK UZ

Market information

Market price, USD	0.13
MCap, USD mln	88.74
Chg YTD	8.7%
52Wk Hi/Lo, USD	0.277/0.031
No of shares, mln	687.7
Free float	6.3%
Free float, USD mln	5.6

Corporate Governance

Concorde Rating P

** The rating is based on Concorde Capital's corporate governance survey. Q denotes quality corporate governance standards, AA - above average standards, A - average, BA - below average and P - poor.*

Shareholders

Evrast Group	93.74%
Other	6.26%

Yesterday in Ukraine's Metal Expert, Bagliy Coke announced it brought coke battery #7 on stream, after keeping it in standby mode for nearly 1.5 years. This news is fully in line with our expectation (see our flash note of March 5, 2008).

According to a company representative, the battery, with an annual capacity of 0.5 mln mt of coke, will produce 0.18 mln mt in 2008, bringing the company's overall output to 0.9 mln mt of coke in 2008 (up 30% from 0.69 mln mt in 2007). When the battery is fully loaded (we believe in 2009), annual output is expected to reach 1.23 mln mt of coke annually, up 78% from 2007. Bagliy plans to sell additional coke on export markets.

Bagliy Coke is also benefiting from the benign market condition: in July, prices for coke surged 200% yoy, while prices for its coking coal, which account for ~85% of costs, rose by some 150% yoy (for more details, see our May and June industry reports).

We confirm our BUY recommendation on Bagliy Coke, while retaining our previous 12M target of USD 0.30 per share.

FLASH NOTE

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Investment Ratings

The time horizon for target prices in Concorde Capital's research is 12 months unless otherwise stated. Concorde Capital employs three basic investment ratings: Buy, Hold and Sell. Typically, Buy recommendation is associated with an upside of 15% or more from the current market price; Sell is prompted by downside from the current market price (upside <0%); Hold recommendation is generally for limited upside within 15%. Though investment ratings are generally induced by the magnitude of upside, they are not derived on this basis alone. In certain cases, an analyst may have reasons to establish a recommendation where the associated range given above does not correspond. Temporary discrepancies between an investment rating and its upside at a specific point in time due to price movement and/or volatility will be permitted; Concorde Capital may revise an investment rating at its discretion. A recommendation and/or target price might be placed Under Review when impelled by corporate events, changes in finances or operations. Investors should base decisions to Buy, Hold or Sell a stock on the complete information regarding the analyst's views in the research report and on their individual investment objectives and circumstances.

Concorde Capital ratings distribution

Buy	80	70%
Hold	19	17%
Sell	7	6%
Under Review	8	7%
Total	114	100%

Investment banking clients*

Buy	7	100%
Hold	0	0%
Sell	0	0%
Under Review	0	0%
Total	7	100%

* Within the last twelve month period, Concorde Capital has obtained compensation from these companies for investment banking services.

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