Ukraine / Equity Strategy

Changing rules of the game II

BLUE market guidelines

November 24, 2008

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BLUE picks

Avdiyivka Coke	Kryukiv Wagon
Stakhaniv Wagon	Ukrsotsbank
Enakievo Steel	Ukrnafta
Donbasenergo	Ferrexpo
Centrenergo	Azovstal

** Less liquid stocks are listed in italics*

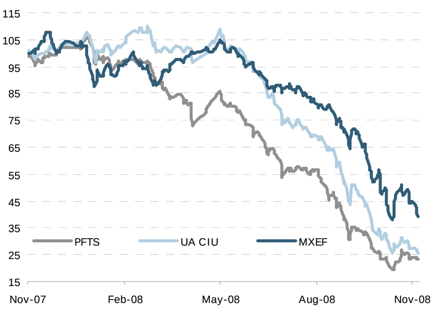
Key market data

Performance	
UA CIU Index *(as of Nov 21)*	54.8
chg YTD/1m/1y	-76%/-22%/-75%
PFTS Index *(as of Nov 21)*	267.5
chg YTD/1m/1y	-77%/-2%/-76%
MSCI EM Index *(as of Nov 19)*	464.3
chg YTD/1m/1y	-62%/-20%/-61%
Capitalization	
Investable Universe MCap	USD 19.2 bln
Investable Universe FF	USD 1.6 bln
Avg daily trading, last 6M	
PFTS	USD 9.0 mln
Ukr stocks listed on LSE	USD 29.7mln
Ukr stocks listed on WSE	USD 1.4 mln
Ukr DRs listed on FSE	USD 0.1 mln

Key economic data

	2007	2008E	2009F
Real GDP, % yoy	7.6	3.3	-2.0
Nominal GDP, USD bln	141.2	188.4	167.3
Industrial output, % yoy	10.2	-4.0	-2.7
CPI (eop), % yoy	16.6	21.0	15.0
Net FDI, USD bln	9.2	10.4	7.5
NBU reserves, USD bln	32.5	33.0	25.0
Retail trade, % yoy	28.8	25.5	-2.5
Banking assets, % yoy	76.0	35.0	20.0
Construction, % yoy	15.8	-15.0	0.0

Stock indices relative performance



Source: Bloomberg, PFTS, Concorde Capital

This report completes our undertaking from November 11, with the introduction of recommendations for Ukrainian equities from our coverage universe.

- **We do not see any sustainable market improvement in coming months due to massive fund outflows**
- **Our research team continues to maintain stock recommendations, specifically highlighting short-term trading opportunities**
- **We set upsides assuming crossing the full spread and expected local currency depreciation of 15-20% next year - Upside Effective**
- **Beta, Liquidity, Leverage, Upside Effective – we see these as keys to trading in the current BLUE market**

Little chance for market to lift in coming months

Over at least the next six months, we are going to see extremely low and economically unjustified valuations. The local Ukrainian stock market will lack the fuel for sustainable appreciation, if any, as funds unload their portfolios and some close altogether. By our estimates, the outflow from EM equity funds over November-December will reach USD 10 bln, increasing the total tally for the year to USD 50 bln.

Trading on volatility

At the current distressed levels, even 100% upward movement in price would probably go unnoticed (it hardly makes any difference whether a stock trades at ridiculously or just significantly low multiples). High volatility will provide trading opportunities to exploit extreme market inefficiencies. Stocks with high historical betas and solid volumes in the past should be tracked for short-term catalysts.

Taking liquidity into account gives discriminative power

The seemingly absurd upsides in all names are unrealizable due to the market's breakdown, as evidenced by fading volumes (down to USD 1-3 mln daily), and widening spreads (58% median bid-ask spread for our coverage universe vs. 7% one year ago). For some solid grounding on which to base trading decisions, investors should assume that they will have to bridge the increased spread (S) in full: entering closer to the ask and exiting nearer to the bid. So **Upside Effective** (UE) versus upside in its traditional understanding (U), after application of some algebra[(1)], is:

$$UE = U - S - (U * S)$$

B.L.U.E. mode

For those in a position to consider short-term investments, we put forward key screens upon which to ground investment decisions in a **BLUE** market like this – **B**eta (the higher, the

[1] Assumptions: spread stable over time, Spread = (Ask - Bid)/Ask. UE for UAH-quoted shares, as given in the tables in this report, also accounts for hryvnya depreciation, which we estimate at 15-20% next year.

more chances of capturing short-term appreciation potential); **L**iquidity (a stock should have shown sustainable volumes in the past); **L**everage (eschew stocks whose ability to service debt/repay loans is in question); **U**pside **E**ffective (is there still upside after crossing the spread?).

Long-term recommendations

We continue supporting our stock recommendations, analyzing the long-term viability of businesses and companies' short-term liquidity positions. From a fundamental standpoint, we will refer to stocks' **intrinsic value**, and base our suggestions in coming months on shunning credit risks. We will only set SELL recommendations for those stocks where we see fundamental reasons not to have any exposure. Most stocks with downsides will get HOLD recommendations, which investors should interpret in terms of their individual liquidity circumstances. For liquidity reasons, it would make little sense to fix 80-90% losses, rather than waiting for the market rebound. At present, for many stocks, it would even be difficult to close a position within the quoted spread.

Models recalibrated

To adjust valuation tools to the new market reality, we have recalibrated our valuation models. We increase our marginal cost of debt assumption for the corporate sector by 8%, and start utilizing a market cost of equity of 30%, modifying it, as always, by [-5%…5%] depending on the company. While the cost of equity directly implied by the market is a staggering 44% (see our previous note), our interviews with fund managers revealed that they estimate it at 25%-35%.

Next year earnings estimates halved for our coverage universe

The wave of negative economic and industry news over the last month forced us revise growth and profitability forecasts for 2008-2010 for companies in our coverage universe. The aggregate earnings estimate decreased by 18% for 2008 and 48% for 2009, while our revenue projection declined 3% this year and 21% for 2009. The biggest downward earnings revision was in pipes and metal fabricate (-72% in 2008 and 2009), real estate (-59% in 2008; -75% in 2009) and steel (-32% in 2008; -67% in 2009). The least painful adjustment was in agriculture (-37% in 2008; -13% in 2009) and electricity distribution (sector earnings forecasts for 2008 and 2009 were not altered). Our earnings forecasts for the ferroalloy and iron ore sectors for 2008 (made earlier this year) proved conservative and were increased by around 20%, though earnings estimates for 2009 were downgraded by 15% and 22% respectively.

BLUE[1] picks

Ticker	Name	TP, $	MP, $	Bid, $	Beta	Net Debt / EBITDA (x)	Mo tr. vol.	Bid-Ask Spread		Upside effective
							6m avg, $ mln	current	3m avg	
AVDK	Avdiyivka Coke	5.37	0.57	0.55	1.23	0.13	4.5	7%	7%	618%
SVGZ	Stakhaniv Wagon	4.10	0.58	0.57	1.34	0.47	5.2	3%	8%	453%
ENMZ	Enakievo Steel	25.00	4.79	4.54	1.66	0.24	6.8	10%	4%	302%
DOEN	Donbasenergo	19.30	3.47	3.12	1.13	1.02	1.4	18%	10%	297%
CEEN	Centrenergo	3.20	0.69	0.67	1.02	1.64	8.5	4%	5%	269%
KVBZ	Kryukiv Wagon	5.40	1.17	1.16	1.51	-0.20	2.3	2%	5%	267%
USCB	Ukrsotsbank	0.14	0.03	0.03	1.51	n/a	7.4	11%	9%	195%
UNAF	Ukrnafta	35.00	11.01	10.77	1.22	0.43	5.4	4%	3%	153%
FXPO LN	Ferrexpo	1.75	0.78	0.77	1.22	0.29	209.6	1%	1%	124%
AZST	Azovstal	0.35	0.13	0.12	1.15	0.23	6.9	5%	3%	121%

Notes: (1) See pp.1-2. MP = (BID + ASK) / 2. Upside effective (UE) is calculated according to the formula on page 1. Beta regressed on UA CIU index (please refer to our report of November 11)
Source: Concorde Capital

BUY list

Ticker	Name	TP, $	Intrinsic value of a share*	MP, $	Bid, $	Beta	Net Debt / EBITDA (x)	Mo tr. vol.	Bid-Ask Spread		Upside effective
								6m avg, $ mln	current	3m avg	
YASK	Yasynivsky Coke	1.63		0.08	0.07	0.72	0.00	1.5	19%	17%	1238%
AVDK	Avdiyivka Coke	5.37		0.57	0.55	1.23	0.13	4.5	7%	7%	618%
ALMK	Alchevsk Iron & Steel	0.05		0.01	0.01	1.34	0.95	4.0	4%	5%	483%
SVGZ	Stakhaniv Wagon	4.10	4.10	0.58	0.57	1.34	0.47	5.2	3%	8%	453%
DNON	Dniproblenergo	266.00		21.90	14.09	0.61	-0.60	0.2	53%	41%	450%
KREN	Krymenergo	2.50		0.22	0.13	0.80	0.01	1.2	58%	46%	362%
ENMZ	Enakievo Steel	25.00		4.79	4.54	1.66	0.24	6.8	10%	4%	302%
DOEN	Donbasenergo	19.30	36.10	3.47	3.12	1.13	1.02	1.4	18%	10%	297%
CEEN	Centrenergo	3.20	4.41	0.69	0.67	1.02	1.64	8.5	4%	5%	269%
KVBZ	Kryukiv Wagon	5.40	5.40	1.17	1.16	1.51	-0.20	2.3	2%	5%	267%
FORM	Bank Forum	3.37	3.37	0.60	0.49	0.82	n/a	0.5	31%	22%	246%
AST PW	Astarta	17.00	17.00	4.71	4.57	0.50	1.48	6.5	6%	3%	245%
USCB	Ukrsotsbank	0.14	0.14	0.03	0.03	1.51	n/a	7.4	11%	9%	195%
SUNI	Sun InBev Ukraine	0.08	0.08	0.01	0.01	0.39	0.96	0.2	45%	50%	174%
UNAF	Ukrnafta	35.00	35.00	11.01	10.77	1.22	0.43	5.4	4%	3%	153%
ALKZ	Alchevsk Coke	0.22		0.04	0.02	1.18	0.37	3.9	64%	45%	135%
FXPO LN	Ferrexpo	1.75	2.90	0.78	0.77	1.22	0.29	209.6	1%	1%	124%
AZST	Azovstal	0.35		0.13	0.12	1.15	0.23	6.9	5%	3%	121%
MMKI	MMK Illicha Steel	0.35		0.10	0.08	1.02	-0.22	0.7	29%	18%	119%
HAON	Kharkivoblenergo	2.00		0.36	0.19	0.83	-0.23	0.2	64%	51%	109%
BAVL	Raiffeisen Bank Aval	0.09	0.09	0.03	0.03	1.40	n/a	8.3	17%	9%	94%
DNEN	Dniproenergo	260.00	370.00	90.91	69.37	0.57	0.86	9.5	38%	26%	63%

Notes: MP = (BID + ASK) / 2. Upside effective (UE) is calculated according to the formula on page 1. Beta regressed on UA CIU index (please refer to our report of November 11)
Source: Concorde Capital research

SELL list

Ticker	Name	TP, $	Intrinsic value of a share*	MP, $	Bid, $	Beta	Net Debt / EBITDA (x)	Mo tr. vol.	Bid-Ask Spread		Upside effective
								6m avg, $ mln	current	3m avg	
AVTO	UkrAvto	12.00		13.64	11.23	1.08	14.36	2.1	30%	14%	-43%
DTRZ	Dnipropetrovsk Pipe	20.00		15.29	10.19	0.49	-2.70	0.6	50%	46%	-43%
NITR	Nyzhnyodniprovsk Pipe	0.75		0.99	0.91	1.28	1.68	0.5	15%	14%	-46%
DMZP	DMP Petrovskogo Steel	0.07		0.07	0.05	1.15	0.72	1.7	44%	35%	-47%
ZFER	Zaporizhya Ferroalloy	0.29	0.29	0.36	0.29	0.68	0.72	8.1	36%	23%	-53%
UKIB	Ukrinbank	0.004	0.004	0.004	0.002	0.32	n/a	0.0	71%	46%	-67%
PGZK	Pivdenny Iron Ore	0.55		1.20	1.04	0.19	0.01	2.3	24%	19%	-70%
SMEN	Sevastopolenergo	1.70		2.15	0.94	0.69	1.68	0.0	72%	70%	-81%
NVTR	Novomoskovsk Pipe	0.50		0.74	0.27	0.43	3.44	0.5	78%	25%	-83%
HRTR	Khartsyzk Pipe	0.10	0.15	0.34	0.23	0.07	-0.04	16.8	51%	34%	-86%

Notes: MP = (BID + ASK) / 2. Upside effective (UE) is calculated according to the formula on page 1. Beta regressed on UA CIU index (please refer to our report of November 11)
Source: Concorde Capital research

Ukrainian equities: recommendations

#	Ticker	Name	Rec	TP, $	Intrinsic value of a share*	MP, $	Bid, $	Beta	Net Debt/ EBITDA (x)	Mo tr.vol. 6m avg, $ mln	Spread current	Spread 3m avg	Upside effective	Simple upside
	Agriculture													
1	SNPS GR	Sintal	N/R	N/R	N/R	7.27	6.92	0.03	0.67	0.0	9%	9%	n/a	n/a
2	4GW1 GR	MCB Agricole Holding AG	N/R	N/R	N/R	4.05	3.92	0.12	n/a	0.1	6%	11%	n/a	n/a
3	4K1A GR	Land West	U/R	U/R	U/R	14.74	14.41	0.13	0.62	0.0	4%	4%	n/a	n/a
	Auto Manufacturers/Distributors													
4	LUAZ	Bogdan Automobile Plant	BUY	0.20	0.20	0.03	0.026	1.25	3.15	1.3	34%	21%	267%	505%
5	KRAZ	AvtoKrAZ	HOLD	0.11	0.11	0.06	0.03	0.80	8.23	0.1	67%	54%	-38%	77%
6	AVTO	UkrAvto	SELL	12.00		13.64	11.23	1.08	14.36	2.1	30%	14%	-43%	-12%
	Banks													
7	RODB	Rodovid Bank	HOLD	531.03	531.03	280.99	112.40	0.40	n/a	1.4	75%	39%	-26%	89%
8	USCB	Ukrsotsbank	BUY	0.14	0.14	0.03	0.03	1.51	n/a	7.4	11%	9%	195%	294%
9	UGZB	Ukrgazbank	HOLD	0.43	0.43	0.33	0.17	2.03	n/a	0.1	65%	32%	-41%	30%
10	FORM	Bank Forum	BUY	3.37	3.37	0.60	0.49	0.82	n/a	0.5	31%	22%	246%	463%
11	BAVL	Raiffeisen Bank Aval	BUY	0.09	0.09	0.03	0.03	1.40	n/a	8.3	17%	9%	94%	169%
12	MEGA	Megabank	BUY	0.41	0.41	0.10	0.07	1.55	n/a	0.3	47%	43%	93%	317%
13	UKIB	Ukrinbank	SELL	0.004	0.00	0.00	0.00	0.32	n/a	0.0	71%	57%	-67%	3%
	Beverages													
14	SUNI	Sun InBev Ukraine	BUY	0.08	0.08	0.01	0.01	0.39	0.96	0.2	45%	50%	174%	537%
15	SLAV	Slavutych Brewery	BUY	0.40	0.40	0.15	0.10	0.68	2.49	0.5	54%	30%	30%	162%
	Coal													
16	SHCHZ	Shakhtoupravlenie Pokrovskoye	HOLD	0.20		0.19	0.16	1.44	0.05	3.5	26%	18%	-32%	5%
17	SHKD	Komsomolets Donbasa	HOLD	0.25		0.66	0.28	0.45	2.64	0.6	73%	60%	-89%	-62%
	Coke													
18	ZACO	ZaporizhCoke	HOLD	1.46	1.46	0.60	0.05	0.98	-0.11	0.0	95%	80%	-65%	142%
19	YASK	Yasynivsky Coke	BUY	1.63	1.63	0.08	0.07	0.72	0.00	1.5	19%	17%	1238%	1872%
20	BKOK	Bagliy Coke	HOLD	0.17	0.17	0.08	0.01	0.38	-0.01	0.0	89%	56%	-38%	121%
21	AVDK	Avdiyivka Coke	BUY	5.37	5.37	0.57	0.55	1.23	0.13	4.5	7%	7%	618%	835%
22	ALKZ	Alchevsk Coke	BUY	0.22	0.22	0.04	0.02	1.18	0.37	3.9	64%	45%	135%	492%
	Electric Utilities: Distribution													
23	CHEN	Chernivtsioblenergo	HOLD	2.20		0.70	0.07	0.80	-0.16	0.0	95%	81%	-56%	213%
24	CHEON	Chernihivoblenergo	HOLD	2.10		0.33	0.19	0.81	0.41	0.1	60%	62%	102%	535%
25	CHON	Cherkasyoblenergo	HOLD	2.00		0.48	0.09	0.22	0.04	0.2	90%	68%	-8%	321%
26	DNON	Dniprooblenergo	BUY	266.00		21.90	14.09	0.61	-0.60	0.2	53%	41%	450%	1115%
27	ENUG	PES-Energougol	HOLD	8.00		4.55	2.16	0.79	-3.48**	0.1	69%	66%	-52%	76%
28	HAON	Kharkivoblenergo	BUY	2.00		0.36	0.19	0.83	-0.23	0.2	64%	51%	109%	463%
29	HMON	Khmelnitskoblenergo	HOLD	2.00		0.93	0.12	0.41	-0.03	0.0	93%	86%	-77%	116%
30	HOEN	Khersonoblenergo	HOLD	1.40		0.68	0.19	0.90	-0.09	0.1	83%	75%	-60%	107%
31	KION	Kirovohradoblenergo	HOLD	2.10		0.91	0.10	0.95	1.96	0.0	94%	86%	-76%	131%
32	KREN	Krymenergo	BUY	2.50		0.22	0.13	0.80	0.01	1.2	58%	46%	362%	1027%
33	LVON	Lvivoblenergo	BUY	2.10		0.56	0.18	0.63	0.45	0.2	81%	62%	3%	276%
34	ODEN	Odesaoblenergo	HOLD	0.80		0.33	0.14	1.05	2.79	1.0	72%	71%	-42%	142%
35	POON	Poltavaoblenergo	HOLD	2.00		0.66	0.17	0.45	0.43	0.0	85%	76%	-43%	203%
36	PREN	Prykarpatoblenergo	HOLD	2.40		0.85	0.24	1.65	0.32	0.0	83%	79%	-52%	182%
37	SMEN	Sevastopolenergo	SELL	1.70		2.15	0.94	0.69	1.68	0.0	72%	70%	-81%	-21%
38	TOEN	Ternopiloblenergo	HOLD	2.70		0.85	0.28	-0.29	0.25	0.0	80%	83%	-55%	219%
39	VIEN	Vinnitsyaoblenergo	HOLD	95.00		38.43	6.99	0.46	-0.23	0.2	90%	77%	-57%	147%
40	VOEN	Volynoblenergo	BUY	0.40		0.12	0.07	0.79	-0.02	0.0	62%	50%	23%	223%
41	ZAON	Zaporizhyaoblenergo	HOLD	3.00		0.66	0.31	0.44	0.93	0.0	70%	52%	59%	354%
42	ZHEN	Zhytomyroblenergo	HOLD	2.20		0.91	0.27	0.60	2.04	0.1	83%	70%	-46%	142%
43	ZOEN	Zakarpatoblenergo	HOLD	1.50		0.62	0.13	0.34	0.01	0.0	88%	80%	-62%	142%
	Electric Utilities: Generation													
44	DOEN	Donbasenergo	BUY	19.30		3.47	3.12	1.13	1.02	1.4	18%	10%	297%	456%
45	CEEN	Centrenergo	BUY	3.20		0.69	0.67	1.02	1.64	8.5	4%	5%	269%	367%
46	ZAEN	Zakhidenergo	BUY	88.00		40.00	39.38	0.73	2.71	11.9	3%	3%	77%	120%
47	DNEN	Dniproenergo	BUY	260.00		90.91	69.37	0.57	0.86	9.5	38%	26%	63%	186%
48	KIEN	Kyivenergo	BUY	6.50		1.86	1.48	0.66	-17.14**	2.7	34%	26%	104%	250%
	Engineering & Construction													
49	MTBD	Mostobud	HOLD	52.63	52.63	53.72	42.29	1.16	2.76	2.5	35%	31%	-45%	-2%
	Ferroalloy													
50	ZFER	Zaporizhya Ferroalloy	SELL	0.29	0.29	0.36	0.29	0.68	0.72	8.1	36%	23%	-53%	-20%
51	NFER	Nikopol Ferroalloy	HOLD	1.64	1.64	0.70	0.30	0.50	1.28	0.5	73%	59%	-29%	133%
52	SFER	Stakhaniv Ferroalloy	HOLD	0.02	0.02	0.01	0.00	0.70	1.07	0.1	72%	59%	15%	271%

Notes: (*) Based on recalibrated DCF model; (**) Companies with negative EBITDA; MP = (BID + ASK) / 2. s. Upside Effective (UE) is calculated according to the formula on page 1. In red are companies with weak credit metrics.
Beta regressed on UA CIU index (please refer to our report of November 11)
Source: Concorde Capital research

Ukrainian equities: recommendations (continued)

#	Ticker	Name	Rec	TP, $	Intrinsic value of a share*	MP, $	Bid, $	Beta	Net Debt / EBITDA (x)	Mo tr.vol. 6m avg, $ mln	Spread current	Spread 3m avg	Upside effective	Simple upside
	Food													
53	DAKOR	Dakor	BUY	41.60	41.60	8.18	6.61	0.08	5.02	0.0	32%	27%	199%	408%
54	AST PW	Astarta	BUY	17.00	17.00	4.71	4.57	0.50	1.48	6.5	6%	3%	245%	261%
55	KMOL	Kovelmoloko	BUY	0.77	0.77	0.02	0.00	0.33	4.52	0.2	89%	76%	549%	3554%
56	ZHMZ	Zhytomyr Dairy	HOLD	2.40	2.40	0.88	0.47	0.46	0.46	0.1	64%	50%	4%	174%
57	SHMK	Shostka Milk	U/R	43.40	43.40	n/a	n/a	0.74	2.93	0.0	n/a	69%	n/a	n/a
58	GALTN	Galakton	HOLD	3.60	3.60	1.20	0.28	0.21	1.89	0.1	87%	68%	-32%	200%
59	UKR LN	Ukrproduct Group	U/R	U/R		0.28	0.26	0.13	0.75	0.1	15%	12%	n/a	n/a
	Industrial Machinery													
60	MSICH	Motor Sich	BUY	211.00	211.00	27.69	26.84	1.11	2.23	6.7	6%	4%	500%	662%
61	YAMZ	Yasynuvatsky Machinery	HOLD	2.00	2.00	0.49	0.18	1.53	6.91	4.2	78%	60%	17%	307%
62	MZVM	Mariupol Heavy Machinery	BUY	28.20	28.20	2.15	1.94	1.48	2.92	1.5	18%	14%	813%	1212%
63	SVGZ	Stakhaniv Wagon	BUY	4.10	4.10	0.58	0.57	1.34	0.47	5.2	3%	8%	453%	608%
64	KVBZ	Kryukiv Wagon	BUY	5.40	5.40	1.17	1.16	1.51	-0.20	2.3	2%	5%	267%	360%
65	AZGM	Azovzahalmash	BUY	9.30	9.30	1.14	0.84	1.07	3.25	0.6	41%	31%	336%	715%
66	DRMZ	Druzhkivka Machinery	HOLD	0.69	0.69	0.10	0.03	0.40	0.09	0.7	83%	57%	97%	568%
67	SNEM	Sumy Nasosenergomash	HOLD	0.45		0.32	0.16	0.00	1.86	0.0	68%	67%	-62%	40%
68	SMASH	Sumy Frunze	HOLD	3.00		1.80	1.58	1.20	1.33	0.7	22%	21%	9%	67%
69	LTPL	Luhanskteplovoz	N/R	N/R	N/R	0.22	0.17	2.03	69.26	0.5	42%	28%	n/a	n/a
70	TATM	Turboatom	U/R	U/R	U/R	0.43	0.11	0.08	-1.23	0.0	85%	56%	n/a	n/a
	Insurance													
71	SKUN	Universalna Insurance	HOLD	0.87	0.87	1.00	0.02	0.36	0.35	0.0	99%	79%	-87%	-13%
	Iron ore													
72	FXPO LN	Ferrexpo	BUY	1.75	2.90	0.78	0.77	1.22	0.29	209.6	1%	1%	124%	125%
73	PGZK	Pivdenny Iron Ore	SELL	0.55		1.20	1.04	0.19	0.01	2.3	24%	19%	-70%	-54%
74	PGOK	Poltava Iron Ore	HOLD	4.50	4.09	2.06	1.65	1.26	0.40	0.9	33%	19%	35%	118%
75	CGOK	Centralny Iron Ore	HOLD	0.85		0.45	0.21	0.61	0.14	0.0	70%	67%	-50%	87%
76	SGOK	Pivnichny Iron Ore	HOLD	0.85		0.49	0.29	0.62	0.18	0.2	57%	55%	-36%	74%
77	SUBA	Sukha Balka	HOLD	0.28		0.40	0.04	0.39	0.01	0.0	94%	76%	-88%	-30%
	Media													
78	A65 GR	United Media Holding	BUY	10.97	10.97	7.76	7.59	0.05	n/a	0.0	4%	4%	35%	41%
	Metal Fabricate & Hardware													
79	DTRZ	Dnipropetrovsk Pipe	SELL	20.00		15.29	10.19	0.49	-2.70**	0.6	50%	46%	-43%	31%
80	DMPO	Dniprometiz	N/R	N/R			n/a	0.54	0.31	0.0	n/a	94%	n/a	n/a
81	NITR	Nyzhnyodniprovsk Pipe	SELL	0.75		0.99	0.91	1.28	1.68	0.5	15%	14%	-46%	-24%
82	NVTR	Novomoskovsk Pipe	SELL	0.50		0.74	0.27	0.43	3.44	0.5	78%	68%	-83%	-33%
83	DMZK	Kominmet	HOLD	0.15	0.21	0.06	0.01	1.24	-0.27	0.0	89%	58%	-34%	142%
84	HRTR	Khartsyzk Pipe	SELL	0.10	0.15	0.34	0.23	0.07	-0.04	16.8	51%	34%	-86%	-71%
	Oil & Gas													
85	UNAF	Ukrnafta	BUY	35.00	35.00	11.01	10.77	1.22	0.43	5.4	4%	3%	153%	218%
	Real Estate													
86	37W1 GR	TKS Real Estate	HOLD	12.62	12.62	9.54	9.30	0.16	n/a	0.0	5%	4%	26%	32%
87	TR61 GR	TMM Real Estate Development	BUY	5.53	5.53	1.34	1.30	0.15	n/a	0.2	5%	13%	277%	314%
88	XXIC LN	XXI Century Investments	N/R	N/R	N/R	0.78	0.61	0.42	-77.97**	6.0	35%	33%	n/a	n/a
	Retail / Distibution													
89	KVIN	MKS Group	HOLD	118.31	118.31	n/a	n/a	1.02	-17.49	0.0	n/a	33%	n/a	n/a
90	GLNG	Galnaftogaz	HOLD	0.016	0.016	0.011	0.003	1.10	3.09	0.0	86%	73%	-70%	49%
	Steel													
91	ALMK	Alchevsk Iron & Steel	BUY	0.05		0.01	0.01	1.34	0.95	4.0	4%	5%	483%	638%
92	KSTL	ArcelorMittal Kryviy Rih	HOLD	1.50	2.30	1.08	0.88	0.28	-0.09	1.0	31%	50%	-35%	40%
93	AZST	Azovstal	BUY	0.35		0.13	0.12	1.15	0.23	6.9	5%	3%	121%	177%
94	DMKD	DMK Dzerzhinskogo Steel	HOLD	0.09		0.09	0.05	0.89	0.30	0.1	64%	52%	-64%	-1%
95	DMPZ	Donetsk Metal Rolling	N/R	N/R		0.00	0.00	0.63	5.35	0.0	60%	65%	n/a	n/a
96	DMZP	DMP Petrovskogo Steel	SELL	0.07		0.07	0.05	1.15	0.72	1.7	44%	35%	-47%	3%
97	DNSS	Dniprospetsstal	HOLD	265.00		194.63	176.93	0.63	2.02	3.0	17%	15%	-5%	36%
98	DOMZ	Donetsk Steel Plant	N/R	N/R		0.01	0.00	0.88	-0.02	0.1	70%	42%	n/a	n/a
99	ENMZ	Enakievo Steel	BUY	25.00		4.79	4.54	1.66	0.24	6.8	10%	4%	302%	422%
100	MMKI	MMK Illicha Steel	BUY	0.35		0.10	0.08	1.02	-0.22	0.7	29%	18%	119%	244%
101	ZPST	Zaporizhstal	HOLD	0.20		0.12	0.11	0.88	-0.26	1.5	24%	31%	-5%	60%
	Telecommunications													
102	UTEL	Ukrtelecom	HOLD	0.13	0.13	0.05	0.05	1.01	1.60	0.9	14%	12%	80%	150%

Notes: (*) Based on recalibrated DCF model; (**) Companies with negative EBITDA; MP = (BID + ASK) / 2. s. Upside Effective (UE) is calculated according to the formula on page 1. In red are companies with weak credit metrics. Beta regressed on UA CIU index (please refer to our report of November 11)
Source: Concorde Capital research

Forecast revision summary by sector

Earnings revisions

#	Sector	Count	Net income, USD mln								
			New			Old			Change		
			08E	09E	10E	08E	09E	10E	08E	09E	10E
1	Agriculture	3	25	124	166	40	142	181	-37%	-13%	-9%
2	Auto Manufacturers/Distributors	3	87	69	74	116	141	183	-25%	-51%	-59%
3	Banks	7	334	413	541	410	711	1 086	-19%	-42%	-50%
4	Beverages	2	94	88	110	126	130		-26%	-32%	n/m
5	Coal	2	20	64		46	68		-57%	-6%	n/a
6	Coke	5	332	270	323	397	402	371	-16%	-33%	-13%
7	Electric Utilities: Distribution	21	185	406	543	185	406		0%	0%	n/m
8	Electric Utilities: Generation	5	58	93	117	104	177	264	-45%	-47%	-56%
9	Engineering & Construction	1	-4	-5	3	10	18	34	<-100%	<-100%	-90%
10	Ferroalloy	3	220	253	532	185	297	552	19%	-15%	-4%
11	Food	7	64	61	85	74	102	131	-13%	-40%	-35%
12	Industrial Machinery	11	234	198	228	380	498	537	-38%	-60%	-58%
13	Insurance	1	-1	0	1	1	2	13	<-100%	-100%	-96%
14	Iron ore	7	2 149	1 497		1 695	1 848		27%	-19%	n/a
15	Media	1	-17	-3	11	-17	3	18	n/m	<-100%	-42%
16	Metal Fabricate & Hardware	6	68	52		259	207		-74%	-75%	n/a
17	Oil & Gas	1	300	134	229	321	395		-6%	-66%	n/m
18	Real Estate	3	34	67	*72*	83	271	*221*	-59%	-75%	n/m
19	Retail/Distibution	2	18	13	21	19	32	*10*	-4%	-61%	n/m
20	Steel	10	2 580	1 537		3 755	4 401		-31%	-65%	n/a
21	Telecommunications	1	-14	17	29	8	24	76	<-100%	-30%	-62%

Note: Estimates given in italics indicate that forecasts are unavailable for one or more traded companies in that sector
Source: Concorde Capital

Revenue forecast revisions

#	Sector	Count	Sales, USD mln								
			New			Old			Change		
			08E	09E	10E	08E	09E	10E	08E	09E	10E
1	Agriculture	3	151	435	696	172	446	704	-12%	-3%	-1%
2	Auto Manufacturers/Distributors	3	2 592	2 619	2 827	2 781	3 714	4 434	-7%	-29%	-36%
3	Banks	7	1 893	2 453	3 278	2 059	3 057	4 316	-8%	-20%	-24%
4	Beverages	2	922	1 012	1 120	962	1 096		-4%	-8%	n/m
5	Coal	2	655	855		655	952		0%	-10%	n/a
6	Coke	5	4 060	3 453	3 784	4 513	4 459	4 089	-10%	-23%	-7%
7	Electric Utilities: Distribution	21	5 813	6 406	7 559	5 899	6 977		-1%	-8%	n/m
8	Electric Utilities: Generation	5	4 059	4 588	5 109	4 385	5 072	5 653	-7%	-10%	-10%
9	Engineering & Construction	1	145	218	544	234	419	815	-38%	-48%	-33%
10	Ferroalloy	3	3 001	2 434	2 750	2 034	2 575	3 008	47%	-5%	-9%
11	Food	7	800	938	1 106	874	1 097	1 275	-8%	-14%	-13%
12	Industrial Machinery	11	3 328	3 108	3 440	3 626	4 313	4 799	-8%	-28%	-28%
13	Insurance	1	87	110	144	134	205	282	-36%	-46%	-49%
14	Iron ore	7	6 417	5 020		4 885	5 526		31%	-9%	n/a
15	Media	1	153	212	265	153	212	265	0%	0%	0%
16	Metal Fabricate & Hardware	6	2 283	2 208		2 684	2 855		-15%	-23%	n/a
17	Oil & Gas	1	1 415	893	1 062	1 385	1 572		2%	-43%	n/m
18	Real Estate	3	114	149	*155*	125	212	*350*	-8%	-30%	n/m
19	Retail/Distibution	2	1 287	991	1 228	1 209	1 709	*427*	6%	-42%	n/m
20	Steel	10	24 564	21 558		26 820	29 697		-8%	-27%	n/a
21	Telecommunications	1	1 244	1 358	1 601	1 382	1 509	1 779	-10%	-10%	-10%

Note: Estimates given in italics indicate that forecasts are unavailable for one or more traded companies in that sector
Source: Concorde Capital

Key fundamental forecast revisions by company

#	Ticker	Name	Net Income, USD mln						Sales, USD mln					
			New			Old			New			Old		
			08E	09E	10E	08E	09E	10E	08E	09E	10E	08E	09E	10E
	Agriculture													
1	SNPS GR	Sintal	15	77	91	17	79	93	62	221	308	68	221	308
2	4GW1 GR	MCB Agricole Holding AG	10	48	70	13	50	73	51	166	315	56	166	315
3	4K1A GR	Land West	0	-2	5	10	12	15	39	48	73	48	60	81
	Auto Manufacturers / Distributors													
4	LUAZ	Bogdan Automobile Plant	60	46	49	60	79	93	1 274	1 312	1 404	1 274	1 686	2 095
5	KRAZ	AvtoKrAZ	4	5	5	24	30	38	284	283	297	322	391	458
6	AVTO	UkrAvto	23	18	20	32	32	53	1 034	1 024	1 126	1 185	1 636	1 882
	Banks													
7	RODB	Rodovid Bank	17	19	25	18	29	49	106	145	199	118	199	301
8	USCB	Ukrsotsbank	114	142	185	114	194	306	509	688	956	534	855	1 253
9	UGZB	Ukrgazbank	30	36	45	34	54	83	143	172	212	169	236	318
10	FORM	Bank Forum	19	26	39	24	50	86	168	218	295	175	258	364
11	BAVL	Raiffeisen Bank Aval	147	183	239	208	366	537	898	1 150	1 518	987	1 404	1 941
12	MEGA	Megabank	6	6	7	9	12	17	39	48	59	40	57	73
13	UKIB	Ukrinbank	1	0	1	2	5	9	29	32	40	35	48	65
	Beverages													
14	SUNI	Sun InBev Ukraine	72	77	90	95	77	n/a	573	611	659	595	611	n/a
15	SLAV	Slavutych Brewery	22	12	20	31	53	n/a	349	401	462	367	485	n/a
	Coal													
16	SHCHZ	Shakhtoupravlenie Pokrovskoye	14	33	n/a	32	41	n/a	450	546	n/a	450	675	n/a
17	SHKD	Komsomolets Donbasa	6	31	n/a	15	28	n/a	205	309	n/a	205	277	n/a
	Coke													
18	ZACO	ZaporizhCoke	26	21	18	26	23	17	641	520	485	641	548	439
19	YASK	Yasynivsky Coke	62	53	64	74	74	74	567	506	601	669	677	678
20	BKOK	Bagliy Coke	14	14	19	21	30	30	177	154	196	245	296	269
21	AVDK	Avdiyivka Coke	128	100	131	163	170	158	1 454	1 236	1 427	1 669	1 712	1 618
22	ALKZ	Alchevsk Coke	103	84	90	111	106	92	1 221	1 038	1 073	1 289	1 225	1 086
	Electric Utilities: Distribution													
23	CHEN	Chernivtsioblenergo	5	10	13	5	10	n/a	80	95	111	80	99	n/a
24	CHEON	Chernihivoblenergo	7	15	21	7	15	n/a	120	138	160	120	144	n/a
25	CHON	Cherkasyoblenergo	11	17	23	11	17	n/a	143	170	197	143	177	n/a
26	DNON	Dniprooblenergo	31	55	76	31	55	n/a	1 794	1 924	2 309	1 876	2 162	n/a
27	ENUG	PES-Energougol	5	2	2	5	2	n/a	90	102	123	94	110	n/a
28	HAON	Kharkivoblenergo	17	40	54	17	40	n/a	400	469	548	400	488	n/a
29	HMON	Khmelnitskoblenergo	3	15	20	3	15	n/a	130	152	177	130	159	n/a
30	HOEN	Khersonoblenergo	5	15	20	5	15	n/a	161	176	204	161	184	n/a
31	KION	Kirovohradoblenergo	7	15	18	7	15	n/a	109	124	144	109	129	n/a
32	KREN	Krymenergo	12	32	43	12	32	n/a	302	352	412	302	371	n/a
33	LVON	Lvivoblenergo	10	21	29	10	21	n/a	260	295	342	260	307	n/a
34	ODEN	Odesaoblenergo	18	31	41	18	31	n/a	387	438	508	387	456	n/a
35	POON	Poltavaoblenergo	18	29	38	18	29	n/a	269	288	337	269	309	n/a
36	PREN	Prykarpatoblenergo	7	13	17	7	13	n/a	125	119	139	125	124	n/a
37	SMEN	Sevastopolenergo	3	3	3	3	3	n/a	74	85	98	74	88	n/a
38	TOEN	Ternopiloblenergo	4	10	14	4	10	n/a	73	83	97	73	87	n/a
39	VIEN	Vinnitsyaoblenergo	5	21	28	5	21	n/a	135	154	179	135	161	n/a
40	VOEN	Volynoblenergo	1	12	16	1	12	n/a	84	94	109	84	98	n/a
41	ZAON	Zaporizhyaoblenergo	7	27	38	7	27	n/a	823	860	1 032	823	1 024	n/a
42	ZHEN	Zhytomyroblenergo	4	12	14	4	12	n/a	142	159	184	142	165	n/a
43	ZOEN	Zakarpatoblenergo	3	11	15	3	11	n/a	111	129	150	111	134	n/a
	Electric Utilities: Generation													
44	DOEN	Donbasenergo	13	14	21	8	16	23	383	451	522	430	506	586
45	CEEN	Centrenergo	20	29	35	24	41	54	847	858	944	847	954	1 049
46	ZAEN	Zakhidenergo	2	13	16	21	44	78	885	1 046	1 125	1 005	1 189	1 278
47	DNEN	Dniproenergo	19	35	42	46	69	101	893	1 077	1 258	1 051	1 267	1 481
48	KIEN	Kyivenergo	4	2	3	4	6	7	1 051	1 156	1 260	1 051	1 156	1 260
	Engineering & Construction													
49	MTBD	Mostobud	-4	-5	3	10	18	34	145	218	544	234	419	815
	Ferroalloy													
50	ZFER	Zaporizhya Ferroalloy	77	63	100	75	85	131	633	522	548	439	611	696
51	NFER	Nikopol Ferroalloy	100	154	393	80	169	364	2 089	1 687	1 955	1 403	1 707	2 018
52	SFER	Stakhaniv Ferroalloy	44	36	38	30	43	56	279	225	248	192	258	293

Source: Concorde Capital research

Key fundamental forecast revisions by company (continued)

#	Ticker	Name	**Net Income,** USD mln						**Sales,** USD mln					
			New			**Old**			**New**			**Old**		
			08E	09E	10E	08E	09E	10E	08E	09E	10E	08E	09E	10E
	Food													
53	DAKOR	Dakor	22	18	24	22	25	34	131	172	207	131	172	207
54	AST PW	Astarta	30	29	39	30	40	50	213	267	333	213	267	333
55	KMOL	Kovelmoloko	2	4	5	3	7	9	85	106	110	94	134	143
56	ZHMZ	Zhytomyr Dairy	5	5	5	7	8	9	75	78	87	88	106	119
57	SHMK	Shostka Milk	0	1	5	1	4	7	68	75	107	83	108	132
58	GALTN	Galakton	2	3	5	4	9	11	104	115	128	132	168	192
59	UKR LN	Ukrproduct Group	3	0	2	8	10	11	123	125	134	131	142	149
	Industrial Machinery													
60	MSICH	Motor Sich	11	20	21	50	61	66	379	364	374	379	424	478
61	YAMZ	Yasynuvatsky Machinery	1	1	2	3	6	5	32	31	34	37	47	41
62	MZVM	Mariupol Heavy Machinery	49	37	42	67	73	77	517	440	493	554	608	669
63	SVGZ	Stakhaniv Wagon	23	20	23	25	51	64	390	372	421	433	620	703
64	KVBZ	Kryukiv Wagon	69	44	47	88	95	96	572	487	522	572	624	670
65	AZGM	Azovzahalmash	46	37	43	68	79	82	487	440	503	517	598	664
66	DRMZ	Druzhkivka Machinery	3	2	9	5	10	11	163	154	177	183	210	231
67	SNEM	Sumy Nasosenergomash	1	1	1	3	4	4	37	33	37	42	49	52
68	SMASH	Sumy Frunze	23	20	23	35	52	57	431	418	460	431	487	535
69	LTPL	Luhanskteplovoz	0	1	1	3	24	29	229	240	264	305	442	530
70	TATM	Turboatom	9	13	16	33	42	46	92	129	154	174	206	226
	Insurance													
71	SKUN	Universalna Insurance	-1	0	1	1	2	13	87	110	144	134	205	282
	Iron ore													
72	FXPO LN	Ferrexpo	448	348	n/a	443	447	n/a	1 149	1 054	n/a	1 148	1 318	n/a
73	PGZK	Pivdenny Iron Ore	422	296	n/a	287	329	n/a	917	917	n/a	917	1 019	n/a
74	PGOK	Poltava Iron Ore	215	150	n/a	215	210	n/a	861	790	n/a	861	988	n/a
75	CGOK	Centralny Iron Ore	363	205	n/a	202	245	n/a	1 100	620	n/a	529	620	n/a
76	SGOK	Pivnichny Iron Ore	638	430	n/a	502	563	n/a	2 200	1 432	n/a	1 296	1 432	n/a
77	SUBA	Sukha Balka	63	68	n/a	46	54	n/a	190	207	n/a	134	149	n/a
	Media													
78	A65 GR	United Media Holding	-17	-3	11	-17	3	18	153	212	265	153	212	265
	Metal Fabricate & Hardware													
79	DTRZ	Dnipropetrovsk Pipe	0	2	n/a	6	2	n/a	164	153	n/a	209	223	n/a
80	DMPO	Dniprometiz	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
81	NITR	Nyzhnyodniprovsk Pipe	22	10	n/a	152	117	n/a	1 121	1 044	n/a	1 345	1 370	n/a
82	NVTR	Novomoskovsk Pipe	18	17	n/a	22	41	n/a	365	339	n/a	164	436	n/a
83	DMZK	Kominmet	2	4	n/a	19	11	n/a	200	186	n/a	217	272	n/a
84	HRTR	Khartsyzk Pipe	26	19	n/a	59	36	n/a	433	486	n/a	749	553	n/a
	Oil & Gas													
85	UNAF	Ukrnafta	300	134	229	321	395	n/a	1 415	893	1 062	1 385	1 572	n/a
	Real Estate													
86	37W1 GR	TKS Real Estate	3	34	13	43	197	66	11	24	43	11	53	89
87	TR61 GR	TMM Real Estate Development	31	32	60	40	74	155	103	125	112	114	159	261
88	XXIC LN	XXI Century Investments	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Retail/Distibution													
89	KVIN	MKS Group	0	0	2	5	7	10	236	292	365	253	344	427
90	GLNG	Galnaftogaz	18	13	19	14	25	n/a	1 051	699	862	956	1 365	n/a
	Steel													
91	ALMK	Alchevsk Iron & Steel	180	185	n/a	239	313	n/a	2 993	2 640	n/a	3 978	4 469	n/a
92	KSTL	ArcelorMittal Kryviy Rih	1 215	772	n/a	1 737	2 140	n/a	4 861	4 289	n/a	6 859	7 685	n/a
93	AZST	Azovstal	315	200	n/a	567	599	n/a	4 501	4 009	n/a	4 724	5 209	n/a
94	DMKD	DMK Dzerzhinskogo Steel	159	93	n/a	201	248	n/a	2 115	1 866	n/a	2 682	3 098	n/a
95	DMPZ	Donetsk Metal Rolling	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
96	DMZP	DMP Petrovskogo Steel	47	24	n/a	126	125	n/a	933	808	n/a	785	832	n/a
97	DNSS	Dniprospetsstal	65	37	n/a	97	94	n/a	723	614	n/a	746	783	n/a
98	DOMZ	Donetsk Steel Plant	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
99	ENMZ	Enakievo Steel	86	70	n/a	135	189	n/a	1 715	1 404	n/a	1 504	1 722	n/a
100	MMKI	MMK Illicha Steel	339	111	n/a	441	482	n/a	4 240	3 697	n/a	4 901	5 352	n/a
101	ZPST	Zaporizhstal	174	45	n/a	213	211	n/a	2 483	2 231	n/a	641	548	n/a
	Telecommunications													
102	UTEL	Ukrtelecom	-14	17	29	8	24	76	1 244	1 358	1 601	1 382	1 509	1 779

Source: Concorde Capital research

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