



CONCORDE CAPITAL

Ukraine / Coke

## Coke: Overseas M&A

### Mittal acquires coke plant at \$500/mt of coke

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On August 4, ArcelorMittal announced it agreed to acquire a coke plant in Monessen (USA, Pennsylvania) from Koppers Inc. for USD 160 million. Koppers' Monessen Coke Plant produced 320 ths mt of metallurgical coke in 2007. The plant's capacity is 327 ths mt of coke p.a.

The coke plant was sold at EV/Output of 500 USD/mt of coke produced, at 200-700% premium to the current EV/Output multiples of Ukrainian coke producers.

Company	Rec	Bloomberg
Avdiyivka Coke	BUY	AVDK UZ
Yasynivsky Coke	BUY	YASK UZ
Bagliy Coke	BUY	BKOK UZ
Alchevsk Coke	BUY	ALKZ UZ
ZaporizhCoke	HOLD	ZACO UZ
Dzerzhynsk Coke	N/R	DZKZ UZ
Donetsk Coke	N/R	DKOK UZ

	EV, USD mln	Output, ths mt	EV/Output, USD/mt	Implied EV, USD mln
<b>Koppers' Monessen</b>	160.0*	320	500.0	
<b>AVDK</b>	878.9	4,730	185.0	2,365
<b>YASK</b>	214.6	1,668	128.7	834
<b>BKOK</b>	92.3	750	123.0	375
<b>ALKZ</b>	552.7	3,700	149.4	1,850
<b>ZACO</b>	104.7	1,840	56.9	920
<b>DZKZ</b>	71.1	724	98.2	362
<b>DKOK</b>	15.0	432	34.6	216

\* deal value

Source: Company data, Concorde Capital estimates

	Shares, mln	MCap, USD mln	Free Float % USD mln	
AVDK	193.6	793.4	3.2%	25.4
YASK	273.6	214.6	9.0%	19.3
BKOK	687.7	92.0	6.3%	5.7
ALKZ	3,012.0	552.7	2.0%	11.1
ZACO	119.0	104.7	7.2%	7.5
DZKZ	682.3	71.1	6.2%	4.4
DKOK	249.1	15.0	7.7%	1.1

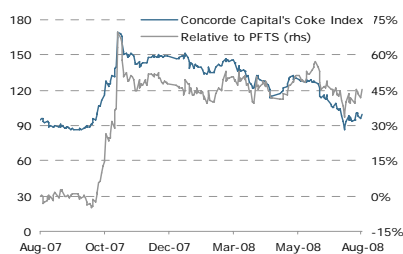
#### Key financials '08E, USD mln

	Sales	EBITDA	Net Income
AVDK	1,668.8	300.4	163.5
YASK	628.5	92.4	59.9
BKOK	244.8	33.8	21.4
ALKZ	1,289.1	180.5	111.3
ZACO	641.4	43.0	26.0
DZKZ	n/a	n/a	n/a
DKOK	n/a	n/a	n/a

#### Key ratios '08

	EV/S	EV/EBITDA	P/E
AVDK	0.5	3.0	4.9
YASK	0.3	2.3	3.6
BKOK	0.4	2.7	4.3
ALKZ	0.5	3.3	5.0
ZACO	0.2	2.4	4.0
DZKZ	n/a	n/a	n/a
DKOK	n/a	n/a	n/a

#### PFTS vs Coke indices



#### Target price and recommendation summary

	Price, USD	12M Target, USD	Upside	Rec
<b>AVDK</b>	4.10	7.62	86%	BUY
<b>YASK</b>	0.78	2.00	156%	BUY
<b>BKOK</b>	0.13	0.30	131%	BUY
<b>ALKZ</b>	0.18	0.28	56%	BUY
<b>ZACO</b>	0.88	1.80	104%	HOLD
<b>DZKZ</b>	0.10	n/a	n/a	N/R
<b>DKOK</b>	0.05	n/a	n/a	N/R

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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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