

Andriy Gostik, CFA
ag@concorde.com.ua
Tel +380 44 391 5577

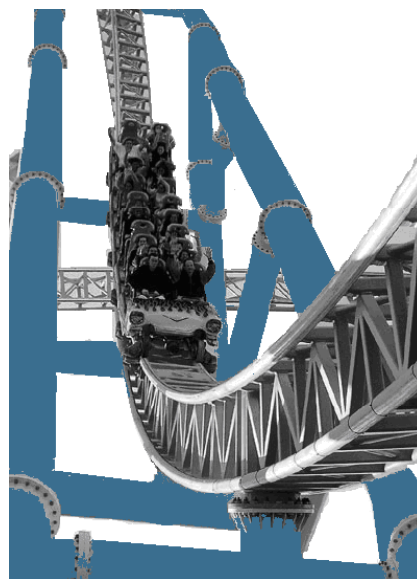
Yegor Samusenko
syg@concorde.com.ua

Mykyta Mykhaylychenko
mms@concorde.com.ua

Ruslan Patlavskyy
rp@concorde.com.ua

Andriy Gerus
ga@concorde.com.ua

Ukrainian Equity Market



Ready to ride THE roller-coaster?

June 2010

Contents



Our top picks	3
Macro: On the right track	4
Equities: Back to most liquid	10
Metals & Mining: Stay with integrated	16
Machinery: Propped by demand from Russia	22
Electricity generation: Sector liberalization on the agenda	27
Banks: On the way to recovery	31
Agriculture: Fueled by demand for food	35
Pharmaceuticals: Rich in cash thanks to fat margins	42
Disclaimer and Contacts	45

Our top picks

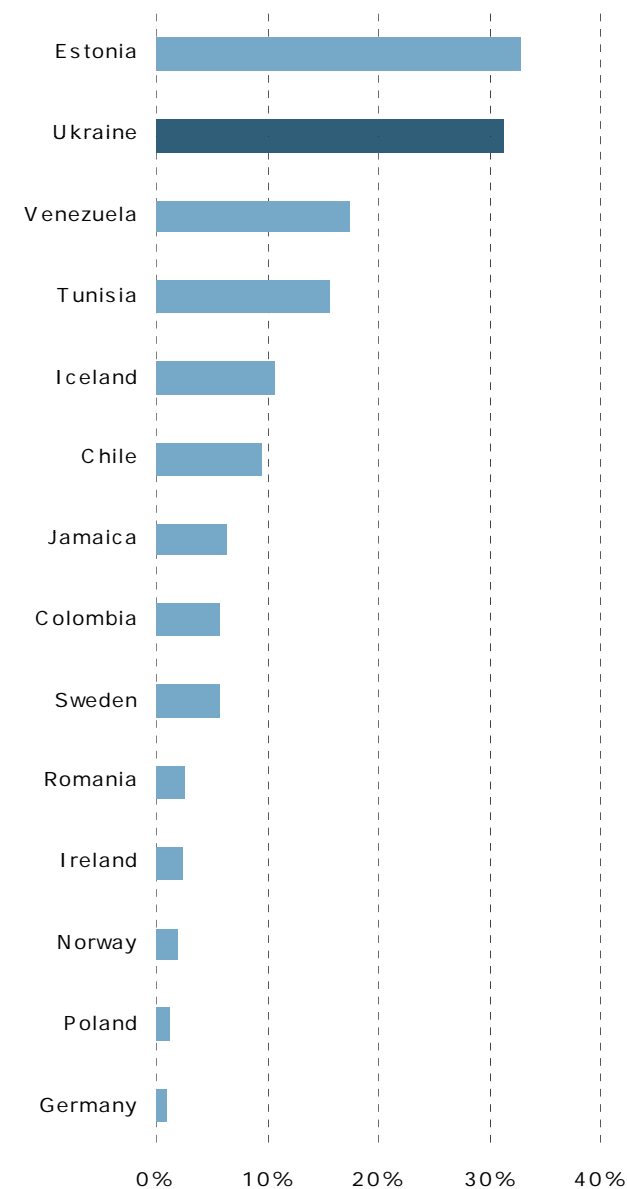
Top picks summary

		Sector	MCap USD mln	FF USD mln	Target price USD	Upside
Pivnichny Iron Ore	SGOK	Metals & Mining	2,618	15.7	1.92	69%
Azovstal	AZST	Metals & Mining	1,407	62.2	0.56	67%
Centralny Iron Ore	CGOK	Metals & Mining	762	5.3	1.28	97%
Khartsyzk Pipe	HRTR	Metals & Mining	410	8.2	0.32	105%
Motor Sich	MSICH	Machinery	546	185.6	350	33%
Kryukiv Wagon	KVBZ	Machinery	362	17.0	5.2	65%
Stakhaniv Wagon	SVGZ	Machinery	176	21.1	1.04	33%
Centrenergo	CEEN	Electricity	568	123.3	2.40	56%
Donbasenergo	DOEN	Electricity	221	31.4	19.7	110%
Raiffeisen Bank Aval	BAVL	Banking	1,169	44.4	0.062	29%
Ukrhotsbank	USCB	Banking	805	36.2	0.09	47%
Forum Bank	FORM	Banking	175	18.9	1.43	84%
Myronivsky Hliboproduct	MHPC LI	Agriculture	1,429	318.6	16.8	30%
Astarta Holding	AST PW	Agriculture	432	82.0	29.1	68%
MCB Agricole	4GW1 GR	Agriculture	46	11.3	6.15	128%
NordStar Pharmashare	4SI1 GR	Pharmaceuticals	278	19.4	7.4	47%

Note: Data as of June 11, 2010

Source: Concorde Capital, PFTS, UX, Bloomberg

Top performing markets, YTD



Source: Bloomberg

Macro: On the right track

Ukraine's ratings are up...

Sovereign rating actions in 2010

Mar 15th

S&P upgraded Rating to B-
(Outlook: Stable) from CCC+

Mar 17th

Fitch revised Outlooks to Stable
from Negative, affirms rating B-

May 17th

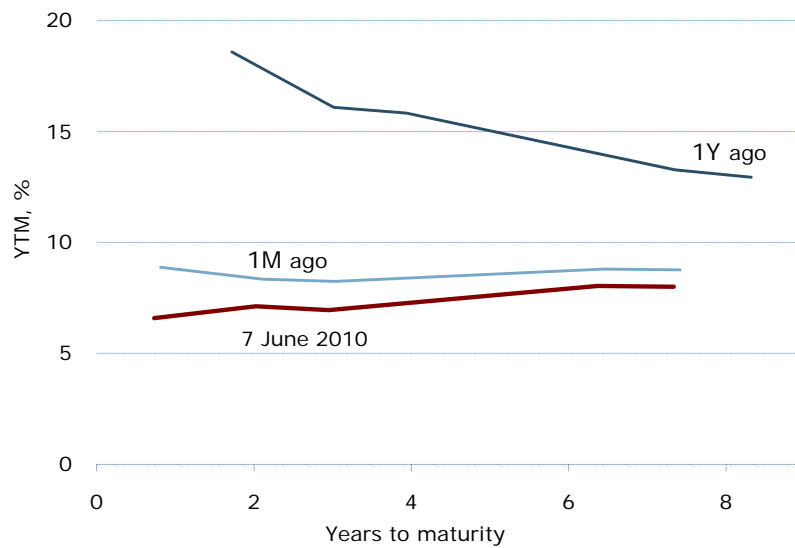
S&P upgraded Rating to B
(Outlook: Stable) from B-

Ukraine's sovereign ratings, outlooks

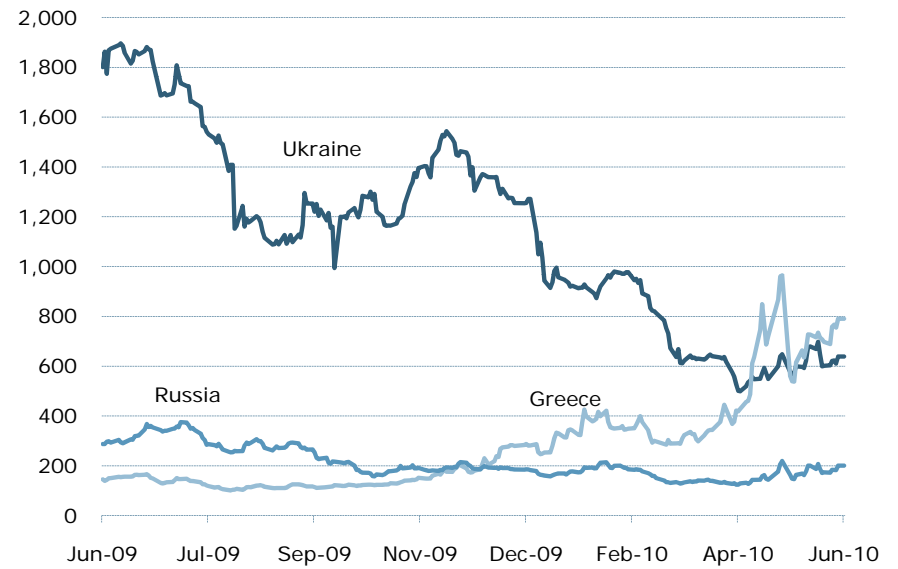
Moody's	S&P	Fitch
Aaa	AAA	AAA
Aa	AA	AA
A	A	A
Baa	BBB	BBB
Ba	BB	BB
B1	B+	B+
B2 (Negative)	B (Stable)	B
B3	B-	B- (Stable)
Caa	CCC	CCC
Ca	CC	CC
C	C	C

...while yields are down in 2010

Ukraine's sovereign yield curve



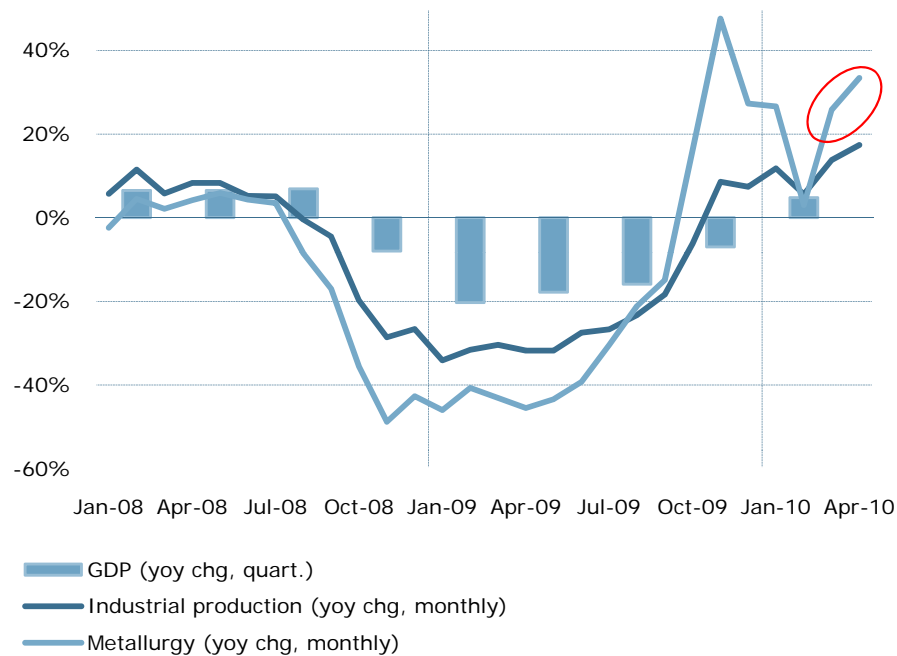
Sovereign CDS, 5Y USD, bps



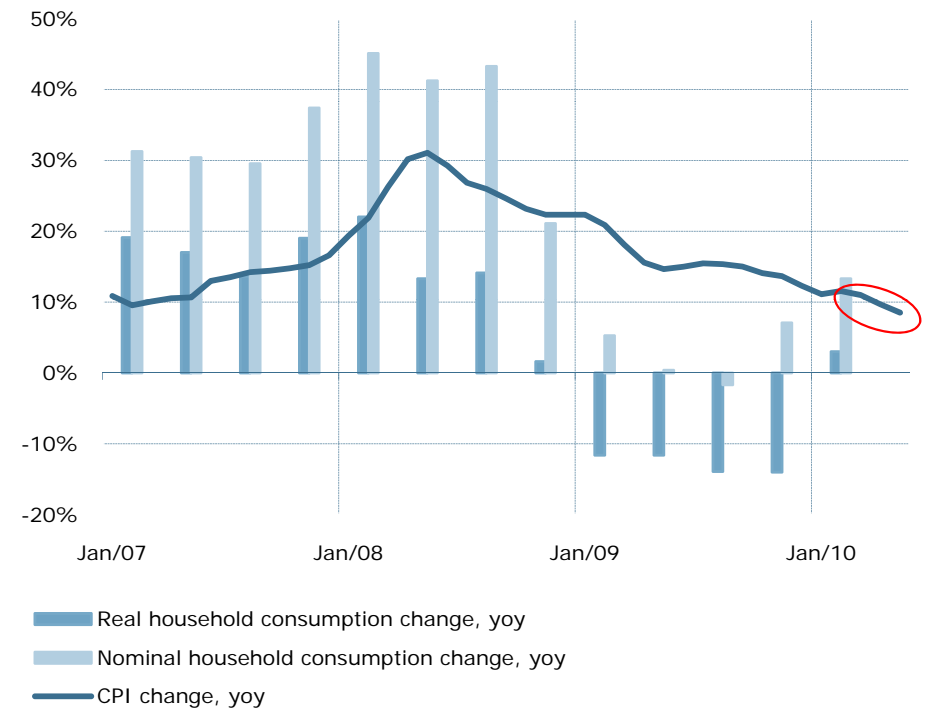
Source: Bloomberg, Moody's, S&P, Fitch

Economic activity recovers, inflation eases

Real growth is returning thanks to metallurgy



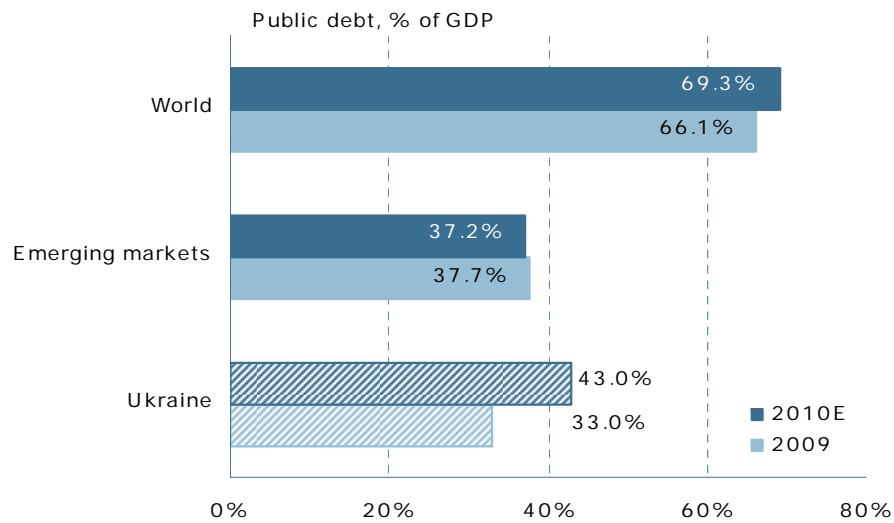
Inflation drops below 10% in April-May, for the first time in 3 years



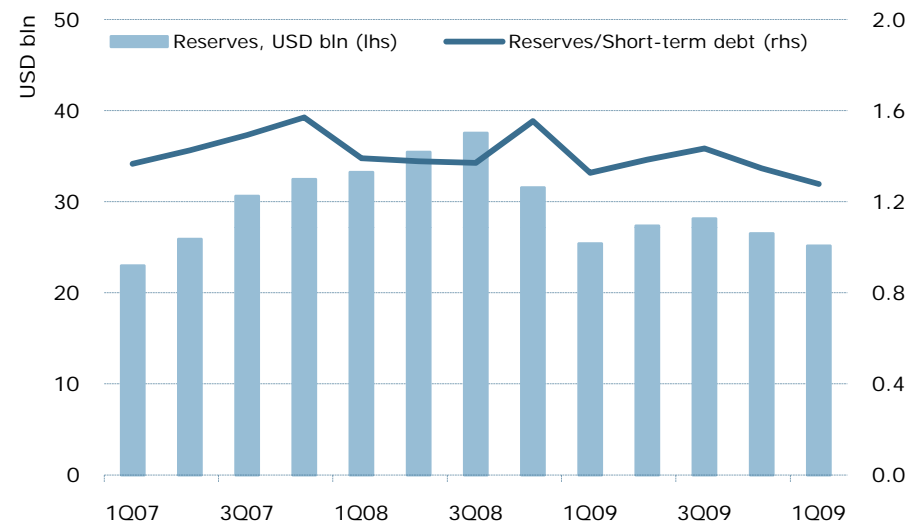
Source: State Statistics Committee of Ukraine

Public debt and total external debt are in check

Public debt size is at manageable 43% of GDP in 2010F



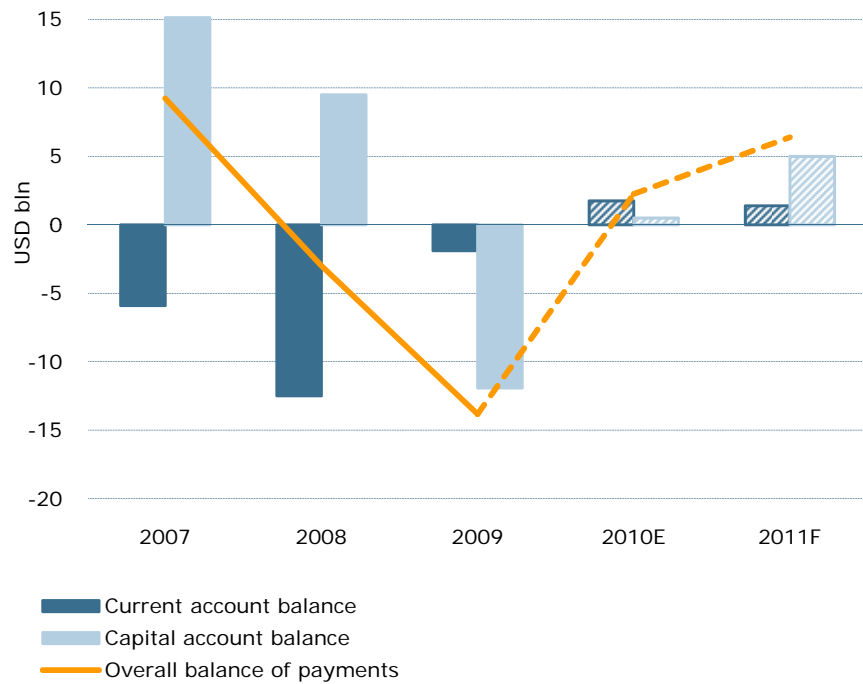
NBU has enough reserves to cover short-term external debt



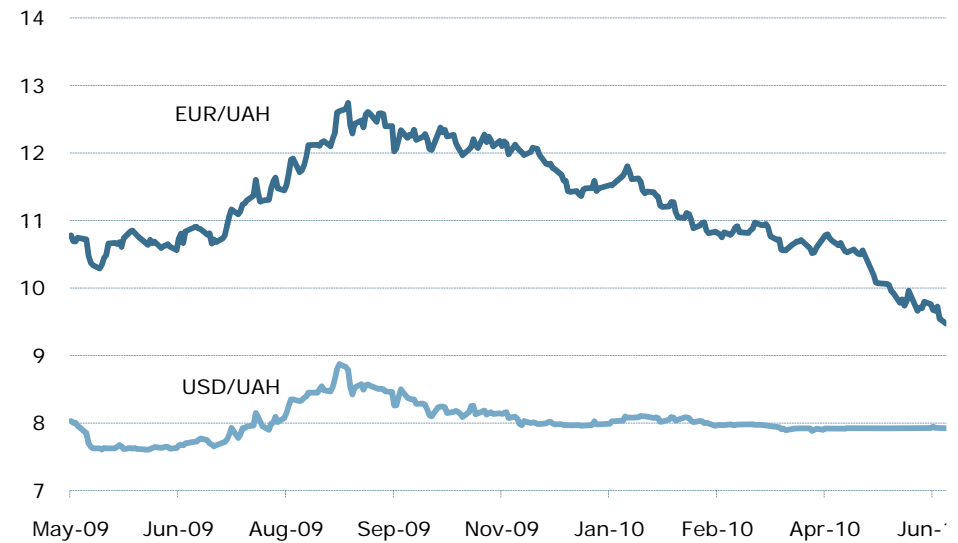
Source: State Statistics Committee of Ukraine, National Bank of Ukraine, IMF, Concorde Capital estimates

USD/UAH stable as BoP improves

BoP: from double deficit to double surplus



USD/UAH is stable at 7.9-8.1 starting since November

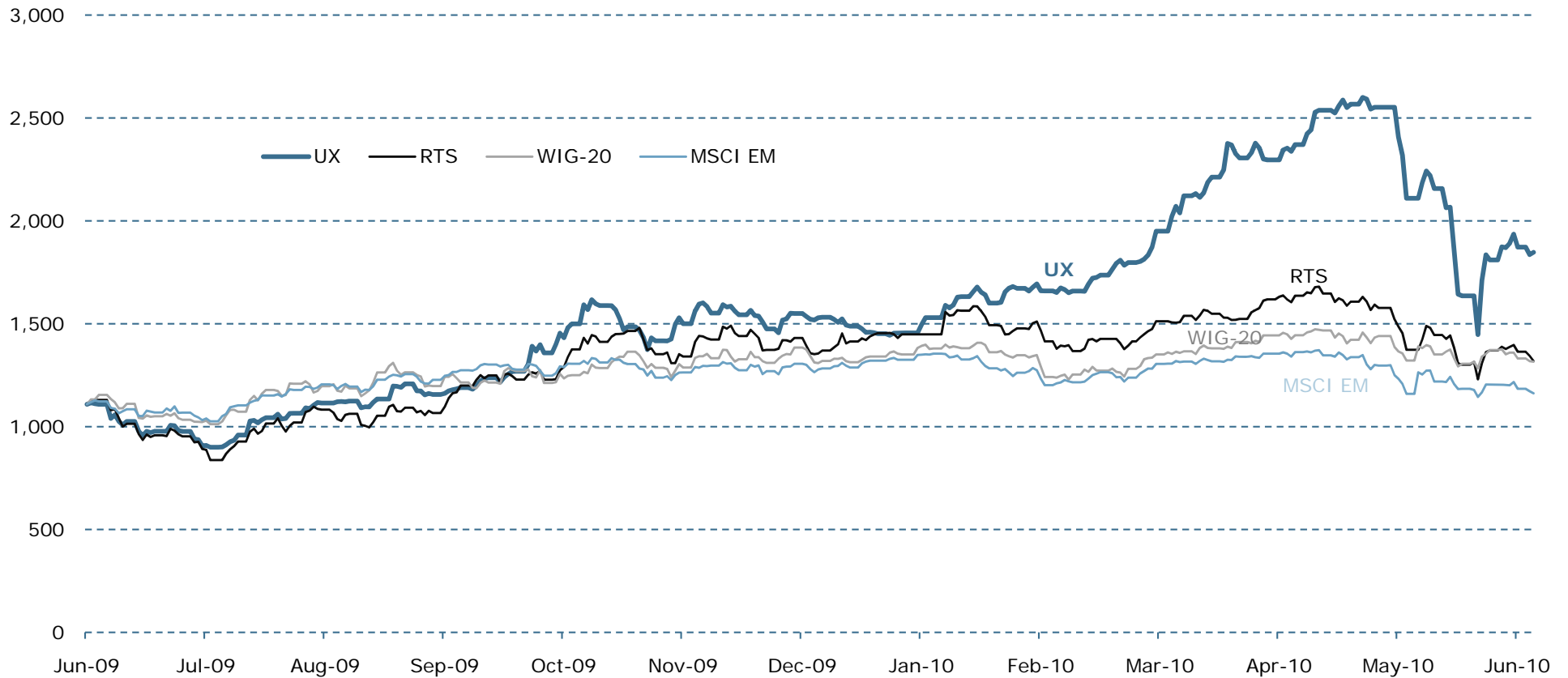


Source: National Bank of Ukraine, UkrDealing, Concorde Capital estimates

Equities: Back to most liquid

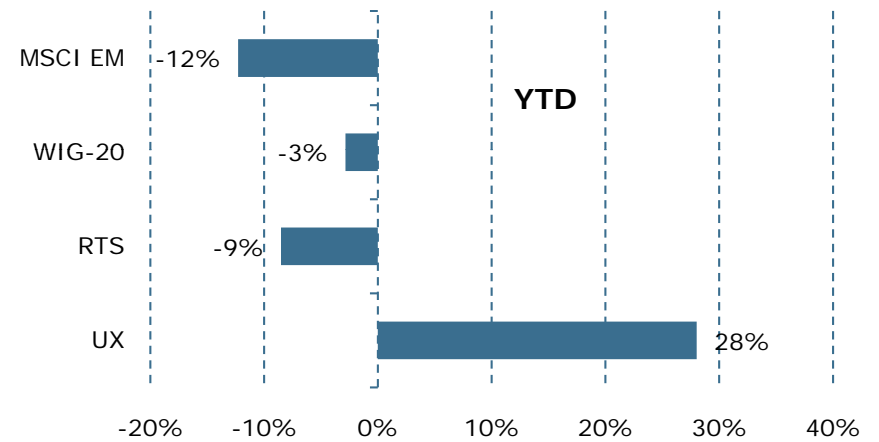
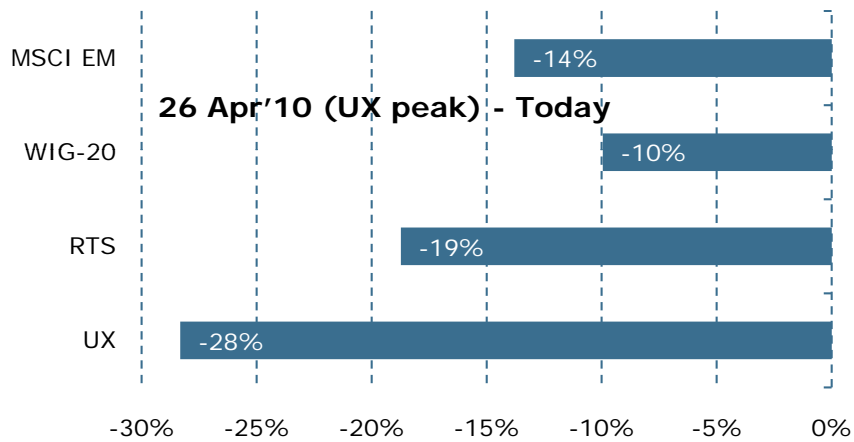
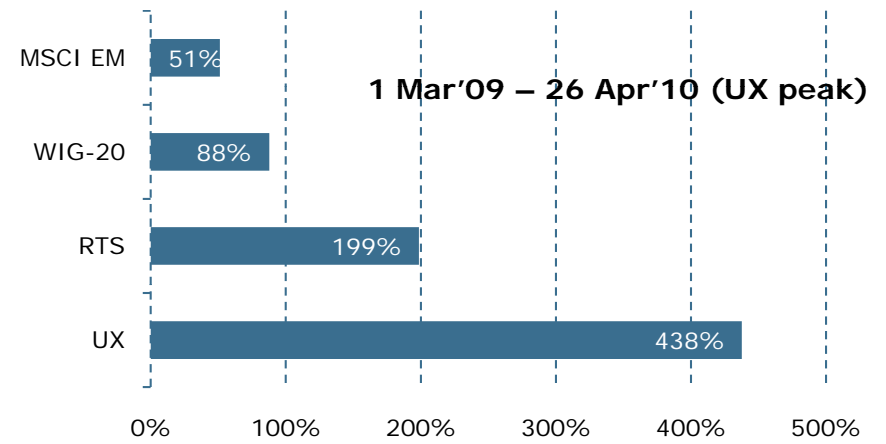
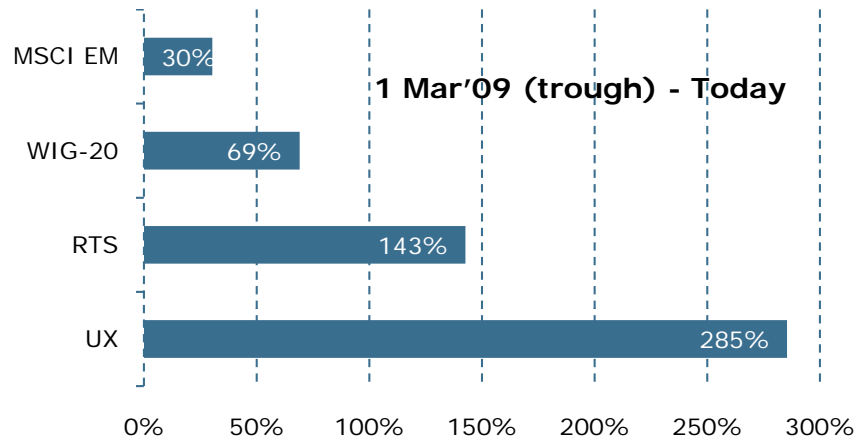
UX index volatility: Thrill not for faint-hearted

UX vs RTS, WIG-20 and MSCI EM, 12 month performance



Source: Bloomberg, Ukrainian Exchange

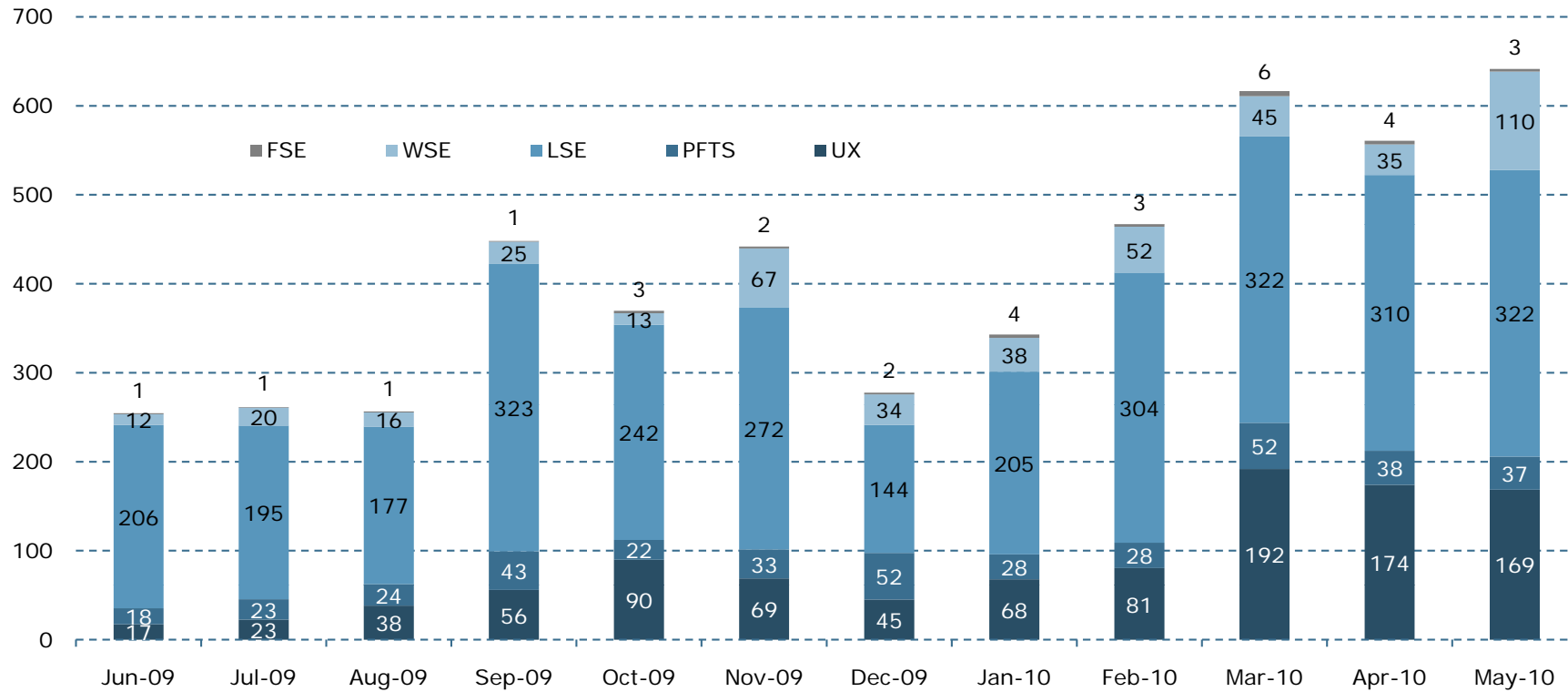
Despite recent correction, the UX outperforming YTD



LSE leader by trading volume, local liquidity on the rise



Trading volume, USD mln



Source: PFTS, UX, Bloomberg

Sector barometer



Machinery	outperform	Depends on external demand, mainly from Russia, with whom relations are improving. Railway machinery has been recovering at the fastest rate: traded railcar makers beat their 2005-2008 monthly average output.	Consumer, retail	under-perform	Recovery in domestic demand expected to be slow and deleveraging painful. Fundamentally these sectors will see only a marginal improvement in 2010. Respective stocks (illiquid small caps en masse) are set to underperform in the current year.
Agriculture	outperform	We expect strong operating and financial results. Depends on bank loan availability, global commodity prices. Soon cancellation of the moratorium on agri land sale not likely. Less liquid stocks in the sector expected to outperform in 2010.	Oil & Gas	market perform	We note the government's traditionally high attention to the sector. Specific cases carry higher sensitivity: Cadogan Petroleum (license dispute) and Ukrnafta (wrestling for control between the government and Privat group).
Metals & Mining	market perform	We expect domestic steel & iron ore output to grow 10% and 6-9%, respectively, in 2010. Exports are reviving, prices are up. We prefer iron ore due to strong financials, high margins and favorable price outlook, and then liquid names in steel.	Real Estate	under-perform	Fundamentals remain weak. Stagnation in construction continues; property prices for all segments will stay low. Demand depressed due to lack of mortgage lending and bank loans, slow pace of economic recovery.
Utilities	outperform	GenCos' margins will benefit from an expected 15% wholesale electricity price growth. GenCos privatization likely in 1H11- a price trigger. Privatization of Oblenergo stakes should resume. GenCos are set to outperform in 2010.	Banks	market perform	Depends on rate of recovery in the real economy and the regulatory environment (i.e. FX lending restrictions, tight monetary policy). Banks still have high share of NPLs (20-25%) and lack cheap, long funding sources.

Our recommendations for stock-picking

- **Stay with liquid names in *steel, agriculture, energy and banking***

Given uncertain global outlook, liquidity is king again

Following correction in May, blue chips look attractively valued

- **Fundamentally strong less liquid plays suitable for long term buyers**

We recommend second tier *mining, pipe, agri, machinery and pharmaceuticals*

- **Keep cash and debt in check**

Low Debt/Equity, Debt/EBITDA ratios; profitability; parent backup

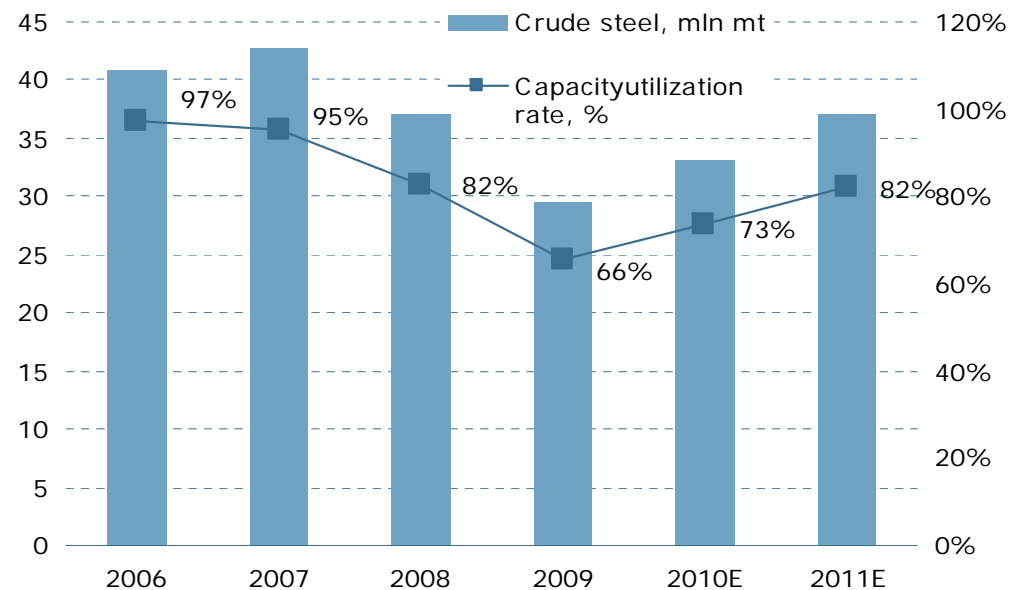
- **Hryvnya stability should encourage investing in UAH-based assets**

Metals & Mining: Stay with integrated

Metals&Mining: Look at iron ore

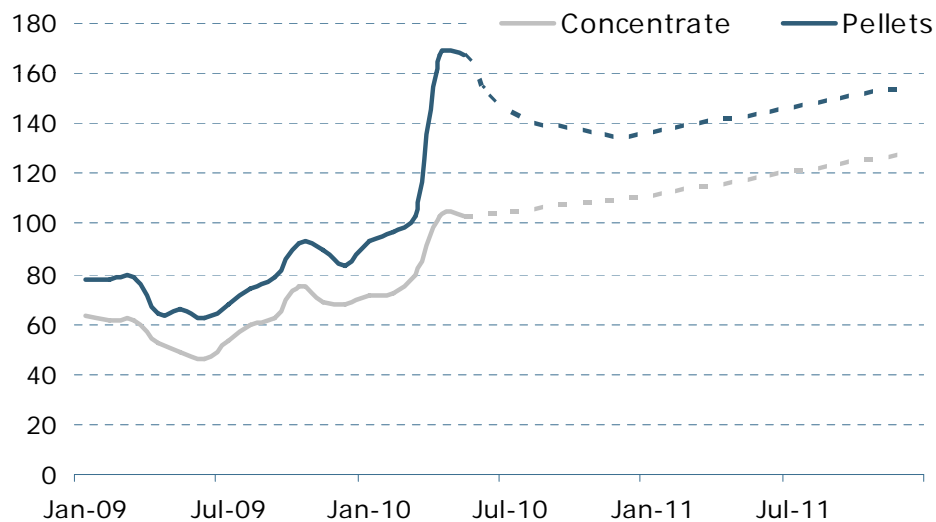
- In 4M10, Ukrainian steelmakers increased output 22.0% yoy to 11.3 mln mt, while iron ore output grew 30% yoy
- Despite recent correction of 20%, steel prices gained ~15-20% YTD, and we expect them to grow by another +5-10% by the end of 2010
- Iron ore and pellets prices jumped 50% and 75% YTD respectively and gained 150%-200% from their lows in 2009

Steel production dynamics



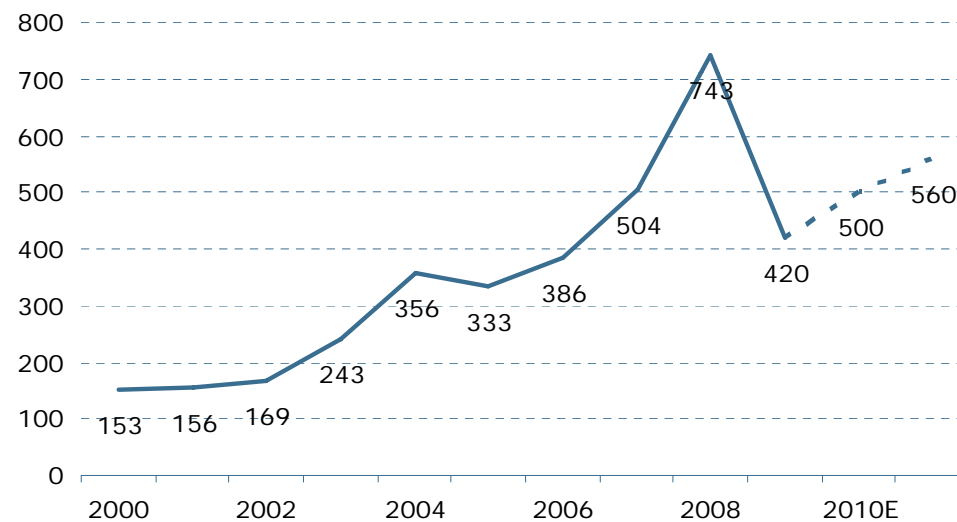
Source: Company data, Concorde Capital projections

Price outlook, pellets, concentrate (local, incl. VAT) USD per mt



Source: Company data, Concorde Capital projections

Price outlook, square billet, (FOB, Black Sea, CIS exports), USD per mt



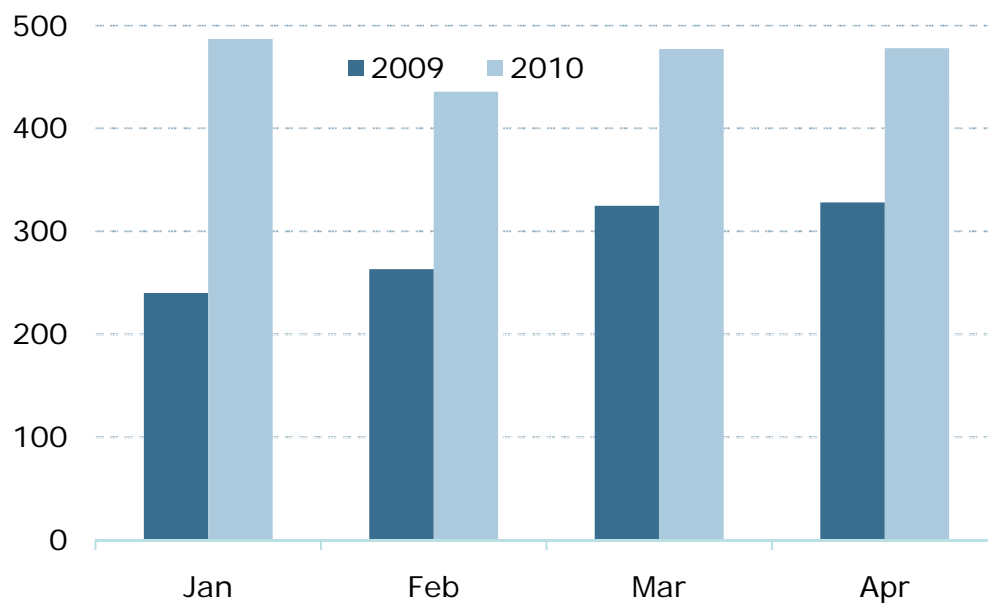
Source: Bloomberg, Concorde Capital projections

Steel top pick: Azovstal

Azovstal

PFTS/UX ticker:	AZST	• Backed by SCM, Ukraine's largest business group
MCap, USD mln:	1,407	• Secured supply of raw materials thanks to sourcing internally within Metinvest Holding (100% sufficient in iron ore and coal), has own coke production
FF, %:	4.4%	• In 4M09 increased steel output by 62.4% yoy to 1.9 ths mt
FF, USD mln:	61.9	• One of the most liquid stocks on the UX (avg. daily tr. vol. ~USD 500 ths in June)
Current price, USD	0.34	
Target price, USD:	0.56	
Upside:	67%	
Net Debt/EBITDA10E	0.6x	
Net debt/Equity 10E:	0.1x	

AZST steel production in Jan-Apr of 2009-2010, mt ths



Peer valuation

	Mcap USD mln	EV/S		EV/EBITDA	
		10E	11E	10E	11E
UKRAINE					
Azovstal	1,401.3	0.5	0.4	5.1	2.9
GEM					
Arcelormittal	4,580.7	0.9	0.7	5.5	4.2
CIA SIDERURGICA-CSN	22,500.8	2.7	2.1	6.2	4.7
Gerdau S.A.	17,669.0	1.3	1.0	6.5	4.6
Usiminas	12,558.1	1.9	1.5	7.2	5.1
Angang Steel Co	8,330.1	0.9	0.8	5.6	4.5
Baoshan	15,766.3	0.7	0.6	4.7	3.8
China Steel Corp	12,143.1	1.9	1.6	8.6	8.4
Maanshan Iron&Steel	3,798.6	n/a	n/a	n/a	n/a
Pz New St.&Vanadium	6,748.5	1.1	1.0	14.9	8.9
Whiron & Steel Co.	5,381.5	0.7	0.6	5.0	4.0
Steel Authority	17,565.9	1.6	1.6	6.4	5.7
Tata Steel Ltd	9,005.2	0.8	0.7	5.9	5.1
Eregli Demir Celik	4,087.5	1.3	1.0	8.7	6.5
Average		1.3	1.1	7.1	5.4
Russia peers					
Evrax Group S.A.	10,701.0	1.2	0.9	5.7	3.8
Magnitogorsk Iron	9,498.2	1.8	1.4	9.1	5.8
Novolipetsk	15,882.1	2.0	1.7	6.5	5.2
Severstal	11,084.7	0.9	0.7	5.8	4.3
Average		1.5	1.2	6.8	4.8

AZST price

Implied by GEM peers	0.77	0.87	0.48	0.63
Implied by Rus. peers	0.86	0.90	0.46	0.56
Upside/Downside to GEM avg.	131%	160%	44%	90%
Upside/Downside to Russian avg.	159%	171%	37%	67%

Source: Bloomberg, Company data, Concorde Capital calculations

Iron Ore top picks: Pivnichny and Centralny Iron Ore



Pivnichny Iron Ore

PFTS/UX ticker:	SGOK	• Backed by SCM, Ukraine's largest business group
MCap, USD mln:	2,618	• Stable demand from Metinvest-related steel companies
FF, %:	0.6%	• In 4M09, increased iron ore and pellets output by 19% and 39% yoy, respectively
FF, USD mln:	15.7	• Iron ore prices skyrocketed 150%-200% from their lows in mid 2009
Current price, USD	1.13	• In October 2009, launched deliveries to China where iron ore trades at +15..+20% premium to Ukrainian prices
Target price, USD:	1.92	• Plans to increase pellet production capacity by 17% in 2H 2010 to 14 mln mt/year
Upside:	69%	• One of the most liquid stocks in metals & mining universe (average daily trading volume ~USD 200 ths in June)
Net Debt/EBITDA10E	0.2x	
Net debt/Equity 10E:	0.1x	

Centralny Iron Ore

PFTS/UX ticker:	CGOK	• Backed by SCM, Ukraine's largest business group
MCap, USD mln:	762.0	• Stable demand from Metinvest-related steel companies
FF, %:	0.7%	• In 4M09, increased pellets and iron ore output by 0.4% and 43.2% yoy, respectively
FF, USD mln:	5.3	• Iron ore prices skyrocketed 150%-200% from their lows in mid 2009
Current price, USD	0.65	• We expect CGOK to increase its sales by 90% to USD 69 mln and grow 3x its EBITDA (to USD 38 mln) in 2010
Target price, USD:	1.28	
Upside:	97%	
Net Debt/EBITDA10E	0.0x	
Net debt/Equity 10E:	0.0x	

Peer valuation

	Mcap USDmln	EV/S		EV/EBITDA	
		10E	11E	10E	11E
UKRAINE					
Centralny Iron Ore	762.0	1.4	1.2	2.5	2.1
Pivnichny Iron Ore	2,618.0	1.7	1.4	3.0	2.5
Average		1.8	1.5	3.6	2.9
DEVELOPED MARKETS					
Bhp Billiton Plc	168,478.9	3.3	2.4	6.9	4.4
Vale Rio Doce	139,236.2	3.7	2.8	7.2	5.2
Rio Tinto Plc	105,847.0	2.1	1.7	4.6	3.7
Xstrata Plc	42,301.9	1.7	1.5	4.4	3.5
Aanglo Aamerican Plc	50,173.1	2.0	1.7	5.1	4.0
Vedanta Resources	8,882.2	1.0	0.6	2.5	1.4
Antofagasta Plc	12,713.8	2.5	1.6	3.9	2.5
Average		2.3	1.8	5.0	3.5
CGOK price					
Implied by Ukrainian peers		0.85	0.84	0.93	0.88
Implied by DM peers		1.07	0.97	1.28	1.08
Upside/Downside to Ukrainian avg.		30%	29%	42%	35%
Upside/Downside to Developed avg.		64%	49%	97%	65%
SGOK price					
Implied by Ukrainian peers		1.21	1.23	1.38	1.33
Implied by DM peers		1.54	1.43	1.92	1.65
Upside/Downside to Ukrainian avg.		6%	8%	21%	17%
Upside/Downside to Developed avg.		36%	26%	69%	45%

Source: Bloomberg, Company data, Concorde Capital calculations

Pipes top pick: Khartsyzk Pipe



Khartsyzk Pipe

PFTS/UX ticker:	HRTR	• Payout of UAH 600 mln in dividends expected following AGM on June 25 (UAH 0.23 per share, 19% div. yield at cur. price)
MCap, USD mln:	410.1	• Paid out 90-95% of net income in dividends 4 years in a row
FF,%:	2.0%	• Secured tube strip deliveries from related Azovstal
FF, USD mln:	8.2	• Merger with Azovstal possible in 2011
Market price, USD	0.16	• Benefits from small percentage of fixed cost in total costs (10%-20%) in case of instability on the pipe market
Target price, USD:	0.32	• Launched new production line in May 2010 (invested USD 33 mln), which will increase assortment of products
Upside:	105%	• New contracts from Russian and EU gas companies expected in 2H10-2011 (in excess of USD 500 mln)
Net Debt/EBITDA10E	0.0x	• Most likely will produce pipes for modernization of Ukrainian gas-transportation system (2011-2013)
Net debt/Equity 10E:	0.0x	• One of the most transparent companies in Ukrainian metals&mining sector

Peer valuation

	Mcap USD mln	EV/S		EV/EBITDA	
		10E	11E	10E	11E
UKRAINE					
Khartsyzsky Pipe Plant	396.9	0.9	0.6	4.1	2.5
DEVELOPED MARKETS					
Tenaris SA-ADR	20,311.1	2.4	1.6	8.8	5.4
National Oilwell Varco Inc	14,477.1	1.0	0.9	4.2	4.2
Vallourec	9,203.6	1.8	1.4	9.3	5.7
Tmk-GDR	3,273.8	1.3	1.0	7.3	5.1
Maruichi Steel Tube Ltd	1,668.4	0.8	0.7	5.4	4.3
Maharashtra Seamless Ltd	563.2	1.5	1.2	5.5	5.0
Tubacex SA	361.5	1.1	0.9	12.5	6.7
Average		1.4	1.1	7.6	5.2
HRTR price					
Implied by Ukrainian peers avg., USD/share		0.16	0.16	0.20	0.26
Implied by DM peers avg., USD/share		0.27	0.28	0.26	0.32
<i>Upside/Downside to Ukrainian avg.</i>		<i>2%</i>	<i>6%</i>	<i>32%</i>	<i>73%</i>
<i>Upside/Downside to Developed avg.</i>		<i>63%</i>	<i>73%</i>	<i>68%</i>	<i>109%</i>

Source: Bloomberg, Company data, Concorde Capital calculations

Steel: Key financials

<i>USD mln</i>	2008	2009	2010E	2011E
Azovstal				
Net revenues	4148.8	1849.9	2572.8	3254.6
EBITDA	555.5	120.0	308.7	488.2
<i>EBITDA margin</i>	<i>13.4%</i>	<i>6.5%</i>	<i>12.0%</i>	<i>15.0%</i>
NI	360.0	-14.8	115.8	260.4
<i>Net margin</i>	<i>8.7%</i>	<i>-0.8%</i>	<i>4.5%</i>	<i>8.0%</i>
Shareholder Equity	1224.7	1289.6	1405.4	1665.7
Net Debt	108.7	170.0	170.0	0.0
Pivnichny Iron Ore				
Net revenues	2067.6	844.1	1595.3	1912.7
EBITDA	922.6	322.3	925.3	1109.4
<i>EBITDA margin</i>	<i>44.6%</i>	<i>38.2%</i>	<i>58.0%</i>	<i>58.0%</i>
NI	683.4	163.8	546.7	601.4
<i>Net margin</i>	<i>33.1%</i>	<i>19.4%</i>	<i>34.3%</i>	<i>31.4%</i>
Shareholder Equity	1193.1	1458.2	2005.0	2606.3
Net Debt	683.4	163.8	150.0	120.0
Centralny Iron Ore				
Net revenues	901.8	284.9	543.5	639.7
EBITDA	465.7	101.6	304.3	358.2
<i>EBITDA margin</i>	<i>51.6%</i>	<i>35.7%</i>	<i>56.0%</i>	<i>56.0%</i>
NI	362.5	31.2	136.0	180.0
<i>Net margin</i>	<i>40.2%</i>	<i>11.0%</i>	<i>25.0%</i>	<i>28.1%</i>
Shareholder Equity	556.9	872.5	1008.5	1188.5
Net Debt	43.4	15.0	10.0	5.0
Khartsyzsky Pipe Plant				
Net revenues	705.6	619.9	464.9	627.6
EBITDA	319.9	122.8	88.3	160.0
<i>EBITDA margin</i>	<i>45.3%</i>	<i>19.8%</i>	<i>19.0%</i>	<i>25.5%</i>
NI	239.3	75.7	55.8	116.1
<i>Net margin</i>	<i>33.9%</i>	<i>12.2%</i>	<i>12.0%</i>	<i>18.5%</i>
Shareholder Equity	294.3	199.6	255.4	371.5
Net Debt	0.7	-4.4	1.0	1.4

Source: Company data, Concorde Capital projections

Machinery: Propped by demand from Russia

Railcar manufacturers: demand on the upswing

- Demand for cargo railcars rebounding in the CIS, driven by revival of commodity shipments
- Ukrainian manufacturers increased their market share in the CIS during the upswing to 44% in 4M10 from 35% in depressive 2009
- Increased bargaining power of railcar manufacturers thanks to currently high capacity utilization helps boost profits: EBITDA mgn 14-15% in 1Q10 vs. 6-13% in 3Q-4Q09
- LT demand driven by heavy need for replacement of railcar rolling stock in the CIS, est. at 500 ths in 2011-15

Railcar manufacturing peers

	MCap USD mln	EV/EBITDA		P/E	
		10E	11E	10E	11E
Stakhaniv Wagon	176	6.3	5.1	10.0	8.7
Kryukiv Wagon	362	5.3	4.0	7.9	6.3
Global peers					
American Railcar Industries	278	15.1	6.8	n/m	377.6
Freightcar America	297	n/m	8.6	n/m	35.0
Greenbrier Companies	276	9.6	7.7	n/m	34.2
Trinity Industries	1,570	6.2	5.1	34.7	15.8
Const Y Auxiliar De Ferr	1,362	5.1	4.6	9.2	8.6
Kinki Sharyo Company Ltd	310	n/a	n/a	9.0	8.9
United Group	1,748	8.5	7.3	14.3	12.1
Nippon Sharyo Ltd	645	n/a	n/a	18.4	17.6
China Motor Corp	779	8.8	8.1	22.0	16.5
Jinxi Axle Company Ltd	388	12.3	10.0	32.4	22.6
lochpe Maxion	787	6.7	5.7	12.5	10.3
Taiyuan Heavy Industry	1,224	8.5	n/a	12.9	12.1
		8.5	7.3	14.3	16.2

Price SVGZ, USD per share

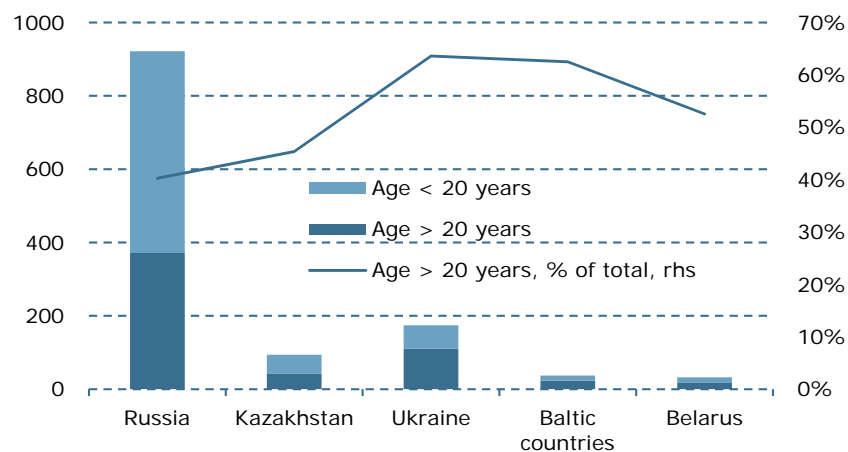
Implied by peer median	1.0	1.1	1.1	1.4
Upside/Downside	30%	38%	36%	77%

Price KVBZ, USD per share

Implied by peer median	5.0	5.5	5.7	8.1
Upside/Downside	58%	73%	82%	157%

Source: Bloomberg, Company data, Concorde Capital projections

CIS rolling stock fleet in a bad need for replacement, ths units



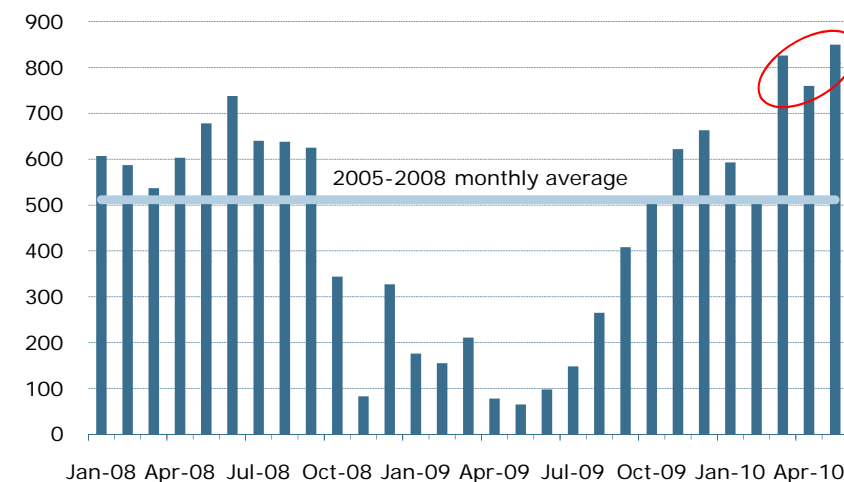
* Service lifetime for railcars varies from 22 to 28 years
Source: Bloomberg, Company data, Concorde Capital projections

Railcar manufacturers: Top picks

Kryukiv Wagon: BUY

PFTS/UX ticker:	KVBZ	•Output of freight railcars is 3.3x up yoy in 4M10, monthly output in the last 6M exceeded pre-crisis average
MCap, USD mln:	362	
FF, %:	4.7%	•Transport sector reform pack announced by the President this June stipulates replacement of 30% of passenger rolling stock in Ukraine by 2014, implying demand for 900 passenger railcars (est. worth ~ USD 900 mln, produced only by Kryukiv Wagon)
FF, USD mln:	17	
Last price, USD:	3.16	
Target price, USD:	5.2	•Likely to get an order for ~2 ths railcars from Brunswick Rail (~35% of 2010E output). The latter is planning to place an order for c. 7 ths railcars with Ukrainian plants in 2010-12
Upside:	65%	
Net Debt/EBITDA10E	-0.1x	•Only sector play with zero debt
Net debt/Equity 10E:	0x	

Kryukiv Wagon monthly output, cargo railcars

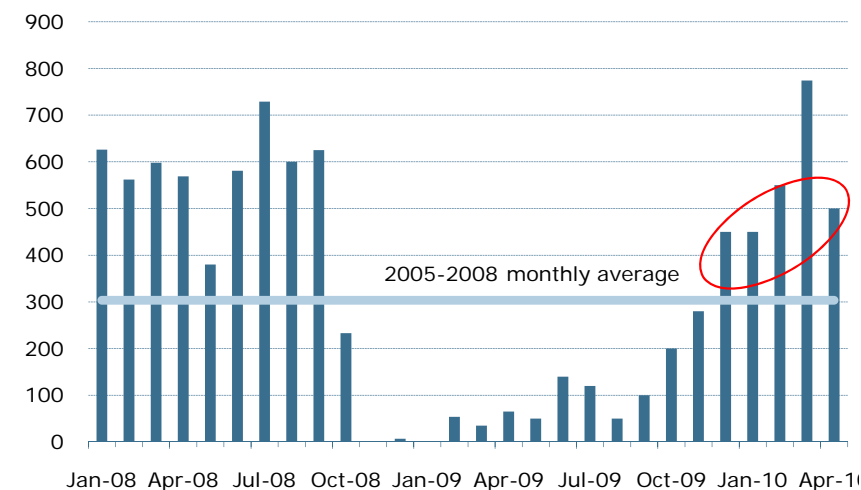


Source: Company data, Promishlennye gruzi

Stakhaniv Wagon : BUY

PFTS/UX ticker:	SVGZ	•Output of freight railcars up 14x yoy in 4M10, monthly output in the last 5M exceeded pre-crisis average
MCap, USD mln:	176	
FF, %:	12%	•EBITDA mgn at historical high of 15% in 1Q10 vs. 10% in 4Q09
FF, USD mln:	21	
Last price, USD:	0.78	•Likely to get an order for ~5 ths railcars from Brunswick Rail (~90% of 2010E output). The latter is planning to place an order for c. 7 ths railcars with Ukrainian plants in 2010-12
Target price, USD:	1.04	
Upside:	33%	
Net Debt/EBITDA10E	0.3x	
Net debt/Equity 10E:	0.1x	

Stakhaniv Wagon monthly output, cargo railcars

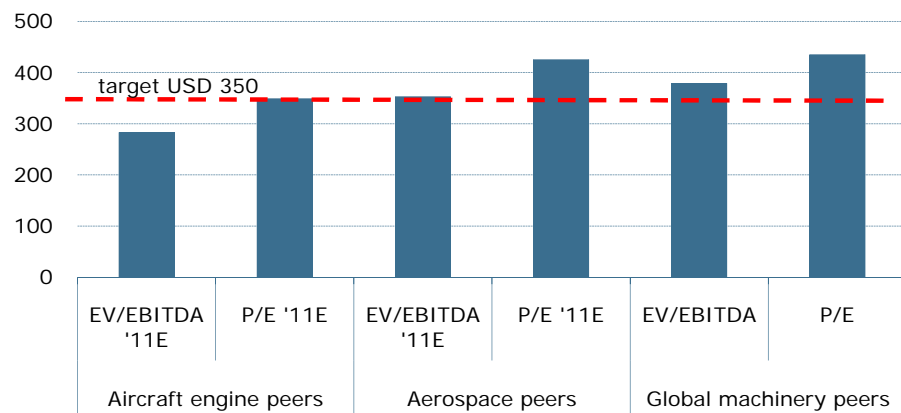


Source: Company data, Promishlennye gruzi

Motor Sich: bet on Ukraine-Russia interdependency

PFTS/UX ticker:	MSICH	• Posted impressive 24% yoy sales growth in 2009 vs. overall machinery sector decline in Ukraine by 45%.
MCap, USD mln:	546	• A 19% top line growth projected for 2010E, driven by a USD 110 mln contract with India
FF, %	34%	• Offers a new generation of jet and helicopter engines that fit Russian state sponsored programs
FF, USD mln:	184	• Three of four new Russian/Ukrainian regional passenger jets (An-140, An-148 and Tu-334) require Motor Sich engines (TV3-117, D-436)
Current price:	USD 262	• Forecasted 10E EBITDA margin of 30% is the highest among its peers
Target price:	USD 350	• USD-denominated sales hedge against FX risks related to USD-denominated debt
Upside:	33%	• Disappointing 1% dividend payout for a strong 2009 year
Net debt/ Equity 10E:	0.1x	
Net debt/ EBITDA 10E:	0.3x	

MSICH implied price by 11E median peer multiples, USD per share



Source: Bloomberg, Company data, Concorde Capital projections

Motor Sich peer multiples

	MCap USD mln	EV/EBITDA		P/E	
		10E	11E	10E	11E
Motor Sich	546	3.6	4.7	5.5	7.4

Aircraft engine peers

IHI Corporation	2,328	6.0	5.1	15.1	9.9
Ufimskiye Motors	120	5.8	4.9	4.1	2.6
Magellan Aerospace Corp	42	3.5	3.1	3.7	2.3
Sichuan Chengfa	356	19.4	17.3	40.9	33.8
MTU Aero Engines	2,880	7.0	6.2	15.3	13.3
Median		6.0	5.1	15.1	9.9

Price MSICH, USD per share

Implied by engines peer median	455.3	282.9	725.5	349.3
Upside/Downside	73%	8%	176%	33%

Aerospace peers

Boeing Co	46,347	8.2	7.1	16.2	13.1
Lockheed Martin	28,756	5.8	5.5	10.5	10.2
Cobham	3,843	7.0	6.3	11.8	11.0
EADS	15,752	3.3	2.8	24.4	16.0
Finmeccanica	6,029	3.9	3.6	7.5	6.7
Meggitt PLC	2,999	8.0	7.2	12.3	10.9
Safran SA	11,016	7.8	6.3	20.3	14.5
Dassault Aviation	7,240	6.3	5.8	18.8	15.8
Textron	5,149	11.1	6.5	32.2	11.0
Zodiac SA	2,796	11.3	9.2	20.1	14.9
Median		7.4	6.3	17.5	12.1

Price MSICH, USD per share

Implied by aerospace peer median	572.5	353.1	842.0	425.6
Upside/Downside	118%	34%	221%	62%

Global machinery peers

United Technologies Corp	60,006	7.4	6.6	13.9	12.1
Honeywell International Inc	31,176	8.0	7.0	15.9	13.1
ABB	38,550	7.5	5.6	14.6	11.8
Siemens	78,742	7.7	6.9	14.6	12.5
Median		8.4	9.4	14.4	15.4

Price MSICH, USD per share

Implied by global machinery peer median	588.4	379.1	703.5	435.4
Upside/Downside	124%	44%	168%	66%

Source: Bloomberg, Company data, Concorde Capital projections

Machinery: Key financials

<i>USD mln</i>	2009	2010E	2011E	<i>USD mln</i>	2008	2009	2010E
Kryukiv Wagon				Stakhaniv Wagon			
Net revenues	182.0	391.6	505.5	Net revenues	58.6	267.0	322.5
EBITDA	18.2	78.3	96.0	EBITDA	5.5	29.3	35.5
<i>EBITDA margin</i>	<i>10.0%</i>	<i>20.0%</i>	<i>19.0%</i>	<i>EBITDA margin</i>	<i>9.4%</i>	<i>11.0%</i>	<i>11.0%</i>
Net income	9.2	54.8	68.9	Net income	-7.2	17.6	20.2
<i>Net margin</i>	<i>5.0%</i>	<i>14.0%</i>	<i>13.6%</i>	<i>Net margin</i>	<i>-12.3%</i>	<i>6.6%</i>	<i>6.3%</i>
Shareholder equity	150.5	205.3	246.8	Shareholder equity	48.4	66.0	81.0
Net debt	-2.2	-7.8	-37.5	Net debt	-10.8	8.8	3.4
<hr/>							
<i>USD mln</i>	2009	2010E	2011E				
Motor Sich							
Net revenues	480.1	555.2	611.0				
EBITDA	156.8	166.6	122.2				
<i>EBITDA margin</i>	<i>32.7%</i>	<i>30.0%</i>	<i>20.0%</i>				
Net income	95.0	100.0	73.3				
<i>Net margin</i>	<i>19.8%</i>	<i>18.0%</i>	<i>12.0%</i>				
Shareholder equity	318.8	413.8	483.5				
Net debt	63.6	48.6	33.6				

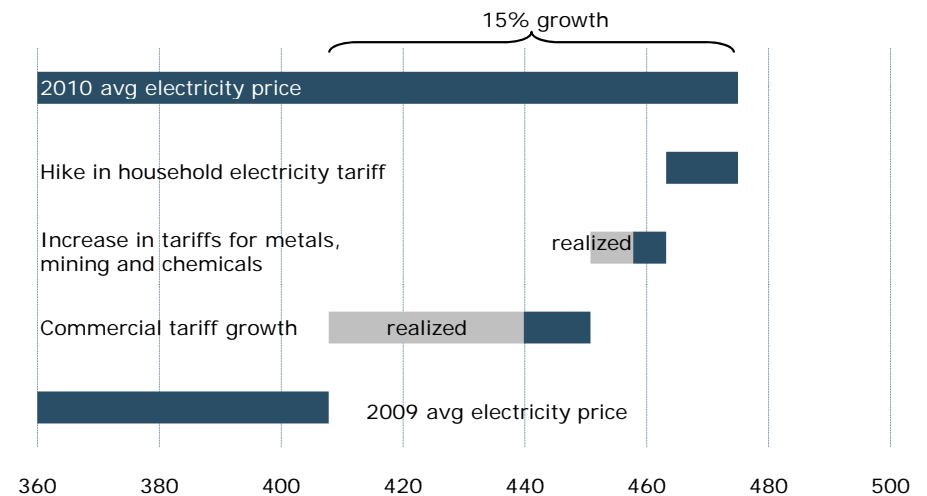
Source: Bloomberg, Concorde Capital calculations

Electricity generation: Sector liberalization on the agenda

GenCos: Sector liberalization on the agenda

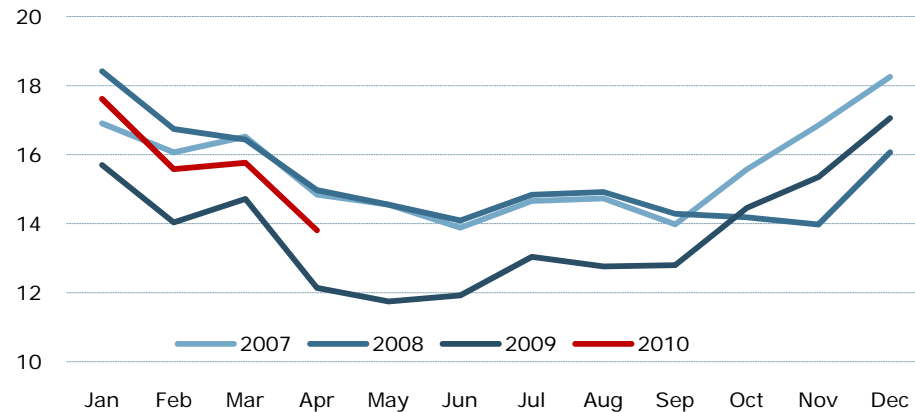
- Electricity market reform, announced by President Viktor Yanukovich, stipulates liberalization of electricity pricing, which would allow GenCos to sell directly to end-users at higher prices
- Clear intention by the new government to privatize all four GenCos by 2014, first auction may be announced already in 4Q10
- Capacities of Ukrainian GenCos are among the least utilized in the world; listed GenCos are in a prime position to feed domestic demand when it increases in the mid and long-term. We project 11% CAGR in GenCos output in 2010-16

Electricity price drivers in 2010



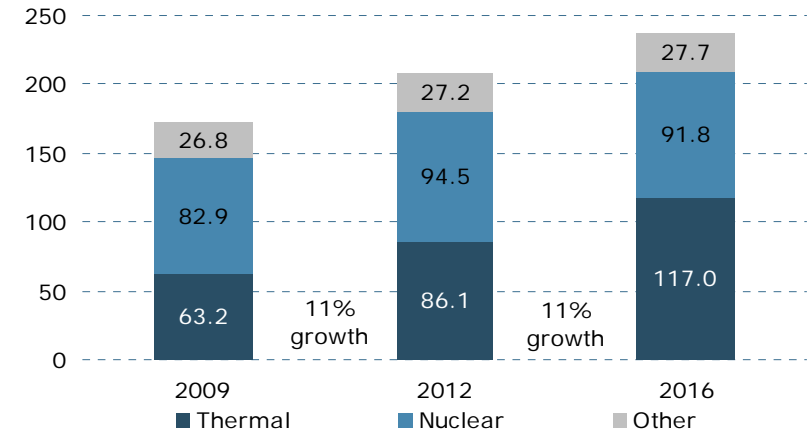
Source: NERC, Concorde Capital projections

Electricity output, mIn kWh



Source: Energobusiness

Electricity generation in Ukraine by type of producer, mIn kWh



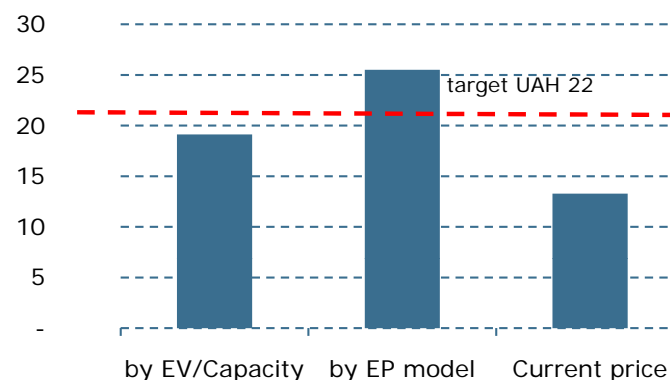
Source: Company data, Concorde Capital projections

GenCos: Top picks

Centrenergopro: BUY

PFTS/UX ticker:	CEEN	•Expected 15% increase in electricity price in 2010 should improve EBITDA margin to 5% from 0% in 2009, according to our estimates
MCap, USD mln:	568	
FF, %:	21.7%	•Investment allowance of USD 32 mln approved by NERC in Nov 2009 should help increase EBITDA margin by additional 2 pp in 2010-2015
FF, USD mln:	123.1	
Last price, USD:	1.54	
Target price, USD:	2.4	•Receipt of EUR 150 mln loan from European banks for power unit modernization (6.5% share in total installed capacity) is likely in 2010 after disputes over previous loan are solved. Modernized unit will be 4-8% more cost efficient and work with 1.5-2x higher capacity utilization
Upside:	56%	
Net debt/ EBITDA 10E:	2.8x	
Net debt/Equity 10E:	0.5x	•Most liquid GenCo stock, monthly average trading volume amounted to USD 6 mln over the last 6M

Centrenergopro implied price, UAH per share

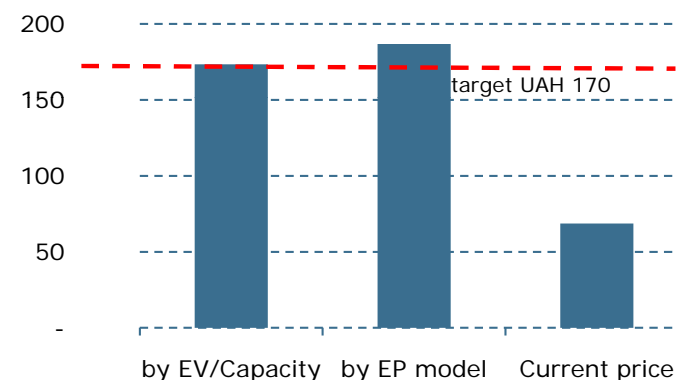


Source: Bloomberg, Company data, Concorde Capital

Donbasenergo: BUY

PFTS/UX ticker:	DOEN	•Only GenCo to increase output in 2009, 10% yoy vs. the sector aggregate of a 15% yoy decline
MCap, USD mln:	221	
FF, %:	14.2%	•Only GenCo to work purely on anthracite coal, which is available in excess in the long-term. Close location to coal mines allows savings of ~5% in COGS on transportation costs
FF, USD mln:	31.4	
Last price, USD:	9.38	
Target price, USD:	19.7	•200 MW power unit modernization announced on 8 June. We expect this investments to be 70% financed through tariff increase, modernized unit will be 4-8% more cost efficient and work with 1.5-2x higher capacity utilization
Upside:	110%	
Net debt/ EBITDA 10E:	1.7x	•Expected 15% increase in electricity price in 2010 should improve EBITDA margin to 6% from 4% in 2009, according to our estimates
Net debt/Equity 10E:	0.4x	•Least efficient GenCo by fuel consumption (4-9% more than its peers) per MWh produced

Donbasenergo implied price, UAH per share



Source: Bloomberg, Company data, Concorde Capital

GenCos: Key financials



<i>USD mln</i>	2008	2009	2010E	<i>USD mln</i>	2008	2009	2010E
Centrenergó				Donbasenergo			
Net revenues	887.0	574.2	694.1	Net revenues	419.2	331.1	389.0
EBITDA	45.1	-0.2	34.7	EBITDA	44.6	12.5	23.4
<i>EBITDA margin</i>	<i>5.1%</i>	<i>0.0%</i>	<i>5.0%</i>	<i>EBITDA margin</i>	<i>10.7%</i>	<i>3.8%</i>	<i>6.0%</i>
Net income	-37.5	-32.4	2.0	Net income	2.9	-4.3	7.0
<i>Net margin</i>	<i>-4.2%</i>	<i>-5.6%</i>	<i>0.3%</i>	<i>Net margin</i>	<i>0.7%</i>	<i>-1.3%</i>	<i>1.8%</i>
Shareholder equity	264	225	189.5	Shareholder equity	118.6	105.8	99.6
Net debt	98	93	98	Net debt	47.6	40.7	39.9

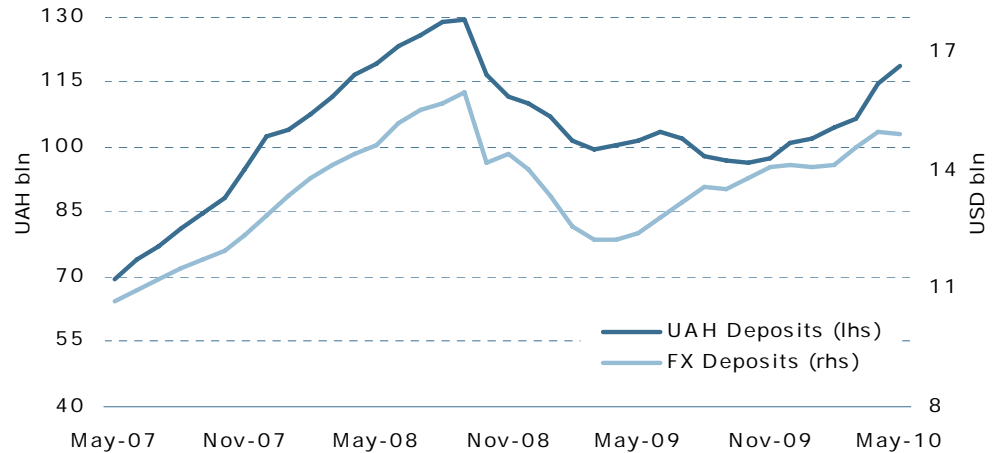
Source: Company data, Concorde Capital

Banks: On the way to recovery

Banks: Stabilization continues

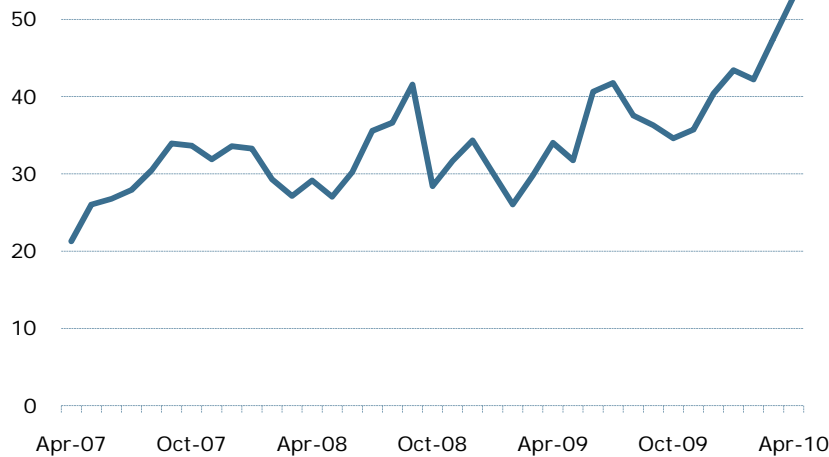
- Banks continue enjoying retail deposits inflow (+10.7% in 5M10). Importantly, UAH deposits (+17.4% YTD) grew faster than those in foreign currency (+4.8% YTD) testifying return of confidence to hryvnya.
- Banks are still reluctant to lend: gross loan portfolios rose just 1% in 4M10. This is due to poor asset quality (average system NPLs stand at est. 25% of loan portfolios) and still high uncertainty about economic prospects.
- With loan portfolios unchanged and deposits flowing in, banks' liquidity is improving, as their total cash and equivalents averaged UAH 46.6 bln in 4M10 vs. UAH 34.9 bln over 2009. With cash in hand and economic and political stabilization, banks are set to restart lending in coming months.

Retail deposits recovering



Source: National Bank of Ukraine

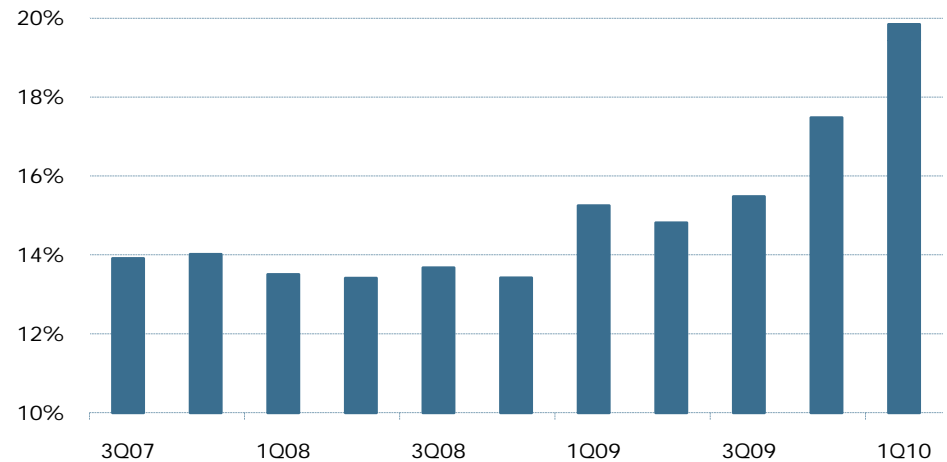
Banks' cash and equivalents (UAH bln)



Source: National Bank of Ukraine

* Cash and equivalents include Cash accounts at the NBU, investments into UAH fixed income instruments

Regulatory capital to RWA ratio (CAR) improved across the system



Source: National Bank of Ukraine

Banks: Top picks

Ukrsotsbank (Unicredit group)

PFTS/UX ticker:	USCB
MCap, USD mln:	805
FF,%:	4.5%
FF, USD mln:	36.2
Target price, USD:	0.093
Upside:	47%

- Supported by parent UniCredit Group (~50% of liabilities)
- Strong retail deposits inflow of 8.2% in 1Q10 vs. system avg of +3.8%
- CAR of 16.4% at end-1Q10, has USD 100 mln subordinated loan from EBRD
- One of the best Cost/Income ratios in the sector: 33% in 2Q09-1Q10 (4q rolling)
- Most liquid local banking stock

Raiffeisen Bank Aval

PFTS/UX ticker:	BAVL
MCap, USD mln:	1,169
FF,%:	3.8%
FF, USD mln:	44.4
Target price, USD:	0.062
Upside:	29%

- Boasts Ukraine's third largest retail branch network; Ukraine's #4 largest bank by assets (USD 6.8 bln)
- Shareholders approved UAH 932 mln (USD 116.5 mln) share capital increase in October. Attracted USD 150 mln in subordinated debt from EBRD at end-2009. CAR of 16.8% at end-1Q10
- In March RZB Chairman Christian Konrad said Raiffeisen considers reducing its exposure to Eastern Europe. Market rumors are that Russian Sberbank contemplates buying Aval currently.

Forum Bank (Commerzbank group)

PFTS/UX ticker:	FORM
MCap, USD mln:	175
FF, %:	10.7%
FF, USD mln:	18.9
Target price, USD:	1.43
Upside:	84%

- Shareholders approved UAH 2.4 bln (USD 300 mln, 2.1 times) charter fund increase in March'10 (FORM's CAR should go up to ~30%, from 17.3% as of end-1Q10). This was accompanied by Commerzbank consolidation of ~90% stake (up from 63%)
- Retail deposits inflow of +10.6% in 1Q10, vs. sector avg of +3.8%. Loans/Deposits ratio dropped to 230% as of end-1Q10 (253% at end-2009)
- Low interest rate margin (3.6% in 1Q10, 4q rolling) as a downside of attracting relatively expensive (vs. loans from parent) retail deposits
- Launched operating costs optimization program (C/I of 76% in 2009, 100% in 2Q09-1Q10, 4q rolling)

Peer valuation

	Country	MCap USD mln	P/B	
			2010F	2011F
Domestic peer group				
Ukrsotsbank (Unicredit group)	Ukraine	805	1.19	0.94
Raiffeisen Bank Aval	Ukraine	1,169	1.32	1.10
Forum (Commerzbank group)	Ukraine	175	0.87	0.82
International peer group				
Bank Pekao	Poland	11,794	2.00	1.90
PKO BP	Poland	13,526	2.05	1.85
BZ WBK	Poland	4,171	2.14	1.90
ING BSK	Poland	2,731	1.66	1.49
Bank Millennium	Poland	1,526	1.29	1.15
Getin Holding	Poland	2,025	1.57	1.35
Komerčni Banka	Czech Republic	6,147	1.80	1.66
OTP Bank	Hungary	5,591	0.97	0.86
Sberbank	Russia	47,060	1.64	1.32
VTB	Russia	24,164	1.27	1.27
Bank of Moscow	Russia	4,810	1.55	1.55
Vozrozhdenie	Russia	734	1.36	1.13
Bank St Petersburg	Russia	813	1.15	0.96
Halyk Bank	Kazakhstan	2,650	1.88	1.55
Kazkommertsbank	Kazakhstan	2,533	1.15	1.00
Akbank	Turkey	19,375	1.90	1.65
Garanti Bank	Turkey	17,063	1.73	1.47
Median			1.64	1.47
USCB Price, USD				
Implied by international peer median			0.087	0.099
Upside/Downside			38%	57%
BAVL Price, USD				
Implied by international peer median			0.059	0.064
Upside/Downside			24%	34%
FORM Price, USD				
Implied by international peer median			1.47	1.39
Upside/Downside			89%	79%

Source: Bloomberg, Company data, Concorde Capital calculations

Banks: Key financials

<i>USD mln</i>	2009E	2010E	2011E	<i>USD mln</i>	2009	2010E	2011E
Ukrrotsbank				Forum Bank			
Net Loans portfolio	4,522	4,334	4,825	Net Loans portfolio	1,737	1,804	2,009
Total assets	4,934	4,700	5,225	Total assets	1,971	2,011	2,236
Total equity	243	159	338	Total equity	108	218	240
Net interest income	395	345	334	Net interest income	98	101	114
Net income	16	(21)	179	Net income	(175)	33	22
<i>Loans/Deposits</i>	<i>329%</i>	<i>297%</i>	<i>292%</i>	<i>Loans/Deposits</i>	<i>229%</i>	<i>205%</i>	<i>196%</i>
<i>Costs/Income</i>	<i>33.1%</i>	<i>33.0%</i>	<i>37.0%</i>	<i>Costs/Income</i>	<i>83.6%</i>	<i>75.0%</i>	<i>70.0%</i>
<i>Interest rate margin</i>	<i>7.3%</i>	<i>6.7%</i>	<i>6.6%</i>	<i>Interest rate margin</i>	<i>4.5%</i>	<i>4.7%</i>	<i>5.0%</i>
<i>RoE</i>	<i>2.4%</i>	<i>(3.1%)</i>	<i>23.6%</i>	<i>RoE</i>	<i>(100.8%)</i>	<i>13.3%</i>	<i>5.2%</i>
<i>USD mln</i>	2009	2010E	2011E				
RB Aval							
Net Loans portfolio	5,219	5,395	6,006				
Total assets	6,145	5,970	6,248				
Total equity	852	1,086	1,308				
Net interest income	570	512	512				
Net income	(237)	235	222				
<i>Loans/Deposits</i>	<i>190%</i>	<i>178%</i>	<i>178%</i>				
<i>Costs/Income</i>	<i>48.1%</i>	<i>50.0%</i>	<i>49.0%</i>				
<i>Interest rate margin</i>	<i>8.3%</i>	<i>8.0%</i>	<i>7.5%</i>				
<i>RoE</i>	<i>(25.2%)</i>	<i>24.2%</i>	<i>18.5%</i>				

Ruslan Patlavskyy
rp@concorde.com.ua



Andriy Gostik, CFA
ag@concorde.com.ua

Agriculture: Fueled by demand for food

Myronivsky Hliboproduct

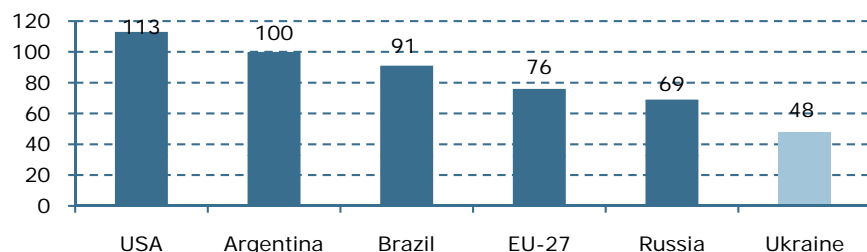


LSE ticker: MHPC LI
 MCap, USD mln: 1,428.8
 FF, %: 22.3
 FF, USD mln: 318.6
 Current price: USD 12.9
 Target price: USD 16.8
 Upside: 30%

Net debt/ Equity 10E: 0.84x
 Net debt/ EBITDA 10E: 2.20x

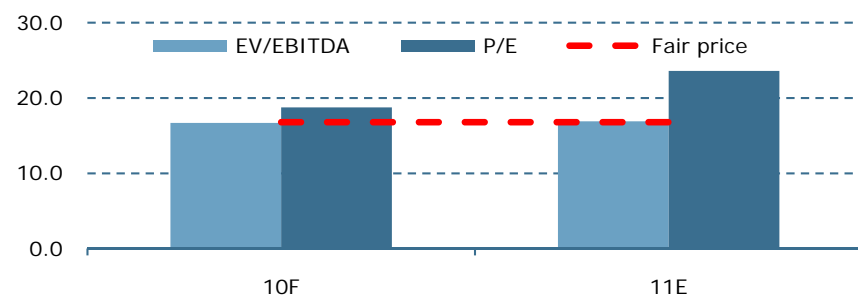
- Largest domestic poultry producer: 43% share in chicken meat output
- Vertical integration warrants ~83% self-sufficiency in fodder needs
- Sunflower oil exports, to bring USD 130 mln (+28% yoy) in sales in 10E, hedging FX risks
- Strong operating efficiency secures EBITDA margin of 26-29% in 2010-11E vs. 19-22% for global peers
- Issued USD 330 mln Eurobonds & extended maturity of current USD 250 mln notes (both mature in 2015)
- Plans to start construction of Vinnytsya factory in 10E (will add 17% of cap-ties by 13E) and to grow land bank by 75% to 350 ths ha by 13E
- Most liquid Ukr. agricultural stock

Ukraine's meat consumption vs. peers in 2009, kg/capita



Source: Company data, Concorde Capital calculations

MHPC LI implied price by median peer multiples, USD/sh



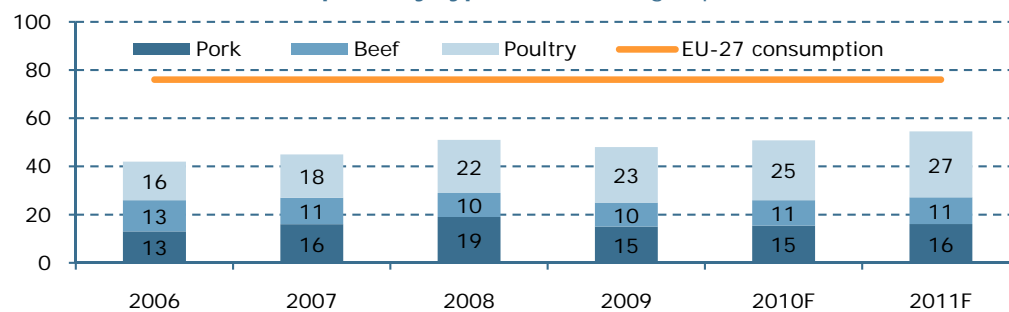
Source: Bloomberg, Company data, Concorde Capital calculations

Myronivsky Hliboproduct peer multiples

	Mcap USD mln	EV/EBITDA		P/E	
		10F	11E	10F	11E
UKRAINE					
Myronivsky Hliboproduct	1428.77	8.5	6.5	10.7	6.9
Poultry and meat EM					
BRF - BRASIL FOODS SA	11,181.9	12.1	9.0	37.6	19.7
CHINA YURUN FOOD GROUP LTD	4,922.5	15.5	12.7	19.6	16.3
CHAROEN POKPHAND FOODS PUB	4,109.1	8.5	7.9	11.7	11.2
UNIVERSAL ROBINA CORP	1,182.9	5.8	5.3	11.1	10.1
CHEKIZOVO GROUP-GDR REG S	1,162.9	9.8	7.5	11.6	8.6
Median		9.8	7.9	11.6	10.1
Agriculture EM					
WILMAR INTERNATIONAL LTD	25,894.9	10.7	9.4	14.1	12.7
ASTRA AGRO LESTARI TBK PT	3,372.9	8.1	7.0	13.1	11.5
PP LONDON SUMATRA INDONESIA PT	1,283.3	7.6	6.6	12.6	11.3
SAO MARTINHO SA	905.0	7.1	5.6	19.1	15.6
SLC AGRICOLA SA	737.7	16.0	9.1	96.4	22.6
BLACK EARTH FARMING LTD-SDR	356.5	18.3	8.9	185.0	14.9
PGG WRIGHTSON LTD	286.6	8.3	7.3	17.9	10.3
RAZGULAY GROUP-CLS	205.5	6.3	5.6	15.8	11.9
Median		8.2	7.1	16.9	12.3
MHP Price					
Implied by P&M EM peers avg., USD/share		16.75	18.34	18.76	21.33
Upside/Downside to EM avg		30%	42%	45%	65%
Implied by Agri EM peers avg., USD/share		16.64	15.45	56.55	25.85
Upside/Downside to DM avg		29%	20%	338%	100%

Source: Bloomberg, Company data, Concorde Capital calculations

Ukraine's meat consumption by types of meat, kg/capita



Source: Company data, Concorde Capital calculations

Myronivsky Hliboproduct: Key financials



<i>USD mln</i>	2009	2010E	2011E
Myronivsky Hliboproduct, USD mln			
Net revenues	711.0	870.7	1,047.0
EBITDA	271.0	227.3	305.9
<i>EBITDA mgn</i>	<i>38%</i>	<i>26%</i>	<i>29%</i>
Net Income	160.0	134.0	206.8
<i>Net mgn</i>	<i>23%</i>	<i>15%</i>	<i>20%</i>
Shareholder equity	494.4	598.1	775.2
Net Debt	490.6	499.6	560.7
Net debt/EBITDA	1.81	2.20	1.83
Net debt/Equity	0.99	0.84	0.72

Source: Company data, Concorde Capital projections

Astarta Holding

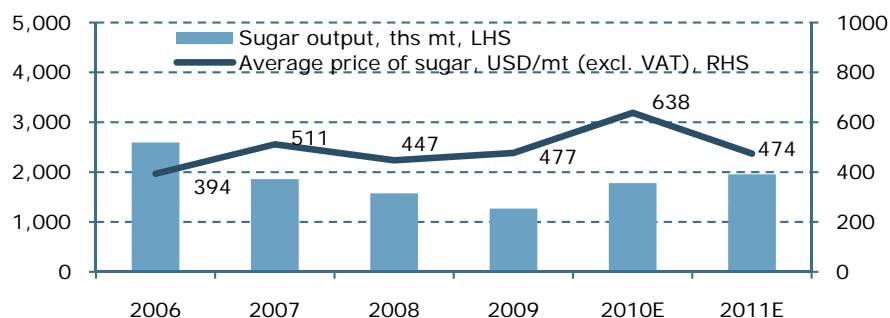


WSE ticker: AST PW
 MCap, USD mln: 431.6
 FF, %: 19.0
 FF, USD mln: 82.0
 Current price: USD 17.3
 Target price: USD 29.1
 Upside: 68%

- Largest domestic sugar producer: 18% share in output; 80% of sales are made to largest Ukr. FMCG producers
- Vertical integration ensures 90% sufficiency in beets
- The most efficient sugar producer: consumes ~28% less natural gas/mt of beets processed vs. Ukr. average
- Boasts 30-40% crop yields premium to domestic peer average
- Plans to grow crops & oilseeds harvest by 34% to 504 ths mt in 2010
- Benefits from sugar deficit in Ukraine: Astarta's sales should grow by 51% yoy to USD 263 mln in 2010

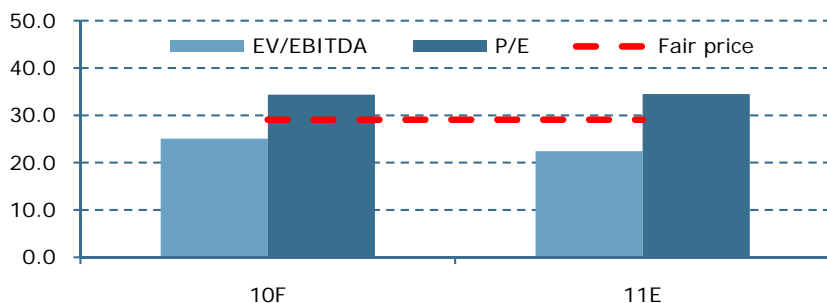
Net debt/ Equity
 10E: 0.70x
 Net debt/ EBITDA
 10E: 1.50x

Ukraine's sugar output (LHS) vs. sugar price (RHS)



Source: Company data, Ukrtsukor, Concorde Capital calculations

AST PW implied price by median peer multiples, USD/sh



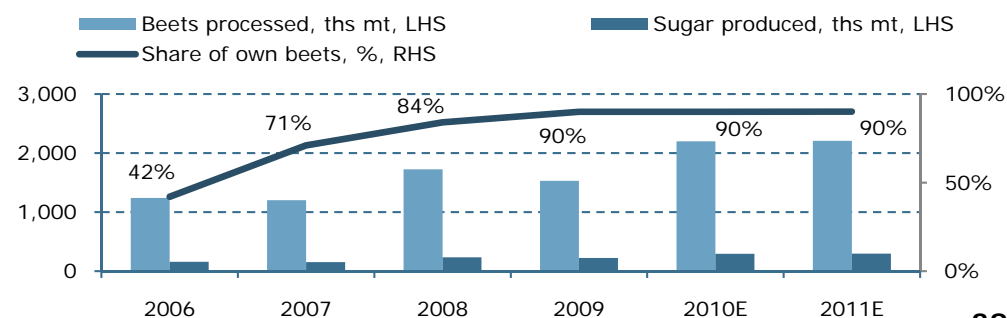
Source: Bloomberg, Company data, Concorde Capital calculations

Astarta Holding peer multiples

	Mcap USD mln	EV/EBITDA		P/E	
		10F	11E	10F	11E
UKRAINE					
ASTARTA HOLDING NV	431.61	5.6	5.5	6.3	6.3
Sugar Producing EM					
SHREE RENUKA SUGARS LTD	910.6	4.3	5.3	5.9	10.6
NANNING SUGAR INDUSTRY CO -A	658.0	n/a	n/a	16.5	24.0
MRIYA AGRO HOLDING -GDR REGS	534.3	7.1	5.8	8.1	6.7
KHON KAEN SUGAR INDUSTRY PCL	533.9	11.6	9.6	17.5	14.4
BAJAJ HINDUSTHAN LTD	445.3	7.0	7.0	11.5	17.5
RAZGULAY GROUP-CLS	205.5	6.3	5.6	15.8	11.9
TSUKROVYY SOYZ UKRROS-GDR	47.4	11.0	10.0	7.2	4.6
Median		7.1	6.4	11.5	11.9
Sugar Producing DM					
SUEDZUCKER AG	3,401.7	6.0	5.8	13.1	11.3
TATE & LYLE PLC	3,213.6	7.4	6.7	13.7	11.7
AGRANA BETEILIGUNGS AG	1,069.0	7.3	6.3	13.4	13.5
Median		7.3	6.3	13.4	11.7
ASTARTA Price					
Implied by EM peers avg., USD/share		27.17	24.31	32.20	35.35
Upside/Downside to EM avg		57%	41%	87%	105%
Implied by DM peers avg., USD/share		22.97	20.52	36.54	33.62
Upside/Downside to DM avg		33%	19%	112%	95%

Source: Bloomberg, Company data, Concorde Capital calculations

Astarta's sugar output (LHS) vs. share of beets, produced in-house (RHS)



Source: Company data, Concorde Capital calculations

Astarta Holding: Key financials



<i>USD mln</i>	2009	2010E	2011E
Astarta Holding, USD mln			
Net revenues	173.9	263.1	271.7
EBITDA	70.7	106.5	100.5
<i>EBITDA mgn</i>	41%	41%	37%
Net Income	41.5	68.3	68.9
<i>Net mgn</i>	24%	26%	25%
Shareholder equity	167.2	229.9	304.5
Net Debt	124.9	160.3	117.0
Net debt/EBITDA	1.77	1.50	1.16
Net debt/Equity	0.75	0.70	0.39

Source: Company data, Concorde Capital projections

MCB Agricole Holding AG



FSE ticker: 4GW1 GR
 MCap, USD mln: 46.4
 FF, %: 24.4
 FF, USD mln: 11.3
 Current price: USD 2.70
 Target price: USD 6.15
 Upside: 128%

- Large domestic grain producer, controls 96 ths ha of farmland, diversified across Central, Southern and Western Ukraine
- 20-30% crop yields premium to average Ukrainian yields, aided by modern agronomy technologies
- Grew spring crops area 2.3x in 2010, which increased total planted acreage by 8.7% yoy to 78.1 ths ha in 2010
- Is forecast to harvest 212.9 ths mt (+12% yoy) of crops in 2010, boosting sales by 36% yoy to USD 43.9 mln on the back of strong grain prices
- Low leverage

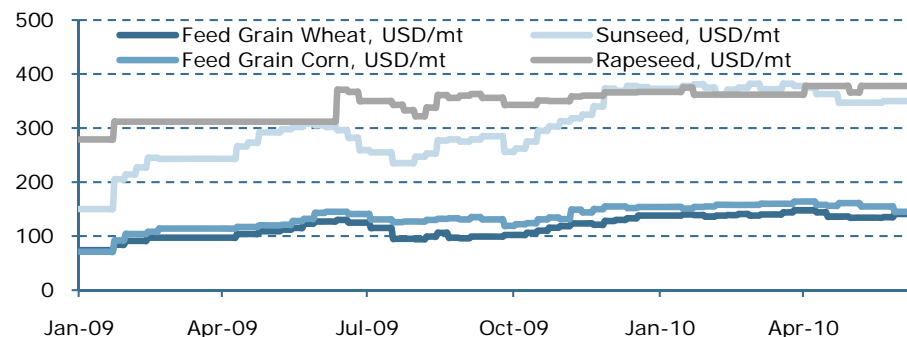
Net debt/ Equity 10E: 0.12x
 Net debt/ EBITDA 10E: 0.65x

MCB Agricole Holding AG peer multiples

	Mcap USD mln	EV/EBITDA		P/E	
		10F	11E	10F	11E
UKRAINE					
MCB AGRICOLE HOLDING AG-GDR	46.39	7.9	4.4	11.6	5.6
Grain growing EM					
KERNEL HOLDING SA	1,305.8	8.1	5.9	9.9	8.1
SLC AGRICOLA SA	737.7	16.0	9.1	96.4	22.6
CRESUD S.A. -SPONS ADR	611.4	5.4	5.1	11.1	16.6
MRIYA AGRO HOLDING -GDR REGS	527.5	7.0	5.7	8.0	6.6
BLACK EARTH FARMING LTD-SDR	351.0	18.1	8.8	182.2	14.7
RAZGULAY GROUP-CLS	205.5	6.3	5.6	15.8	11.9
SINTAL AGRICULTURE-REG S GDR	103.0	7.1	7.0	7.3	8.8
Median		7.1	5.9	11.1	11.9
MCB AGRICOLE Price					
Implied by G&G EM peers avg., USD/share		3.35	4.18	10.95	6.11
Upside/Downside to EM avg		24%	55%	306%	127%

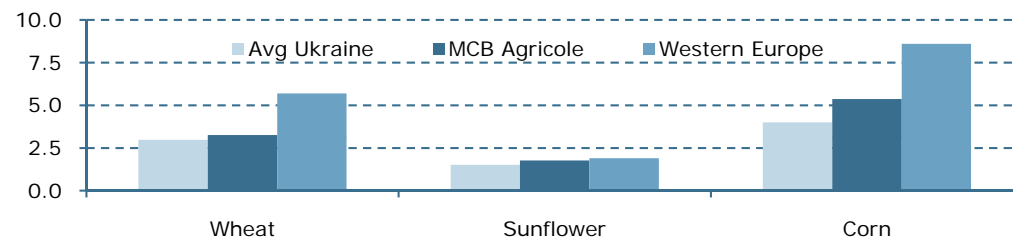
Source: Bloomberg, Company data, Concorde Capital calculations

Ukraine's prices for key agricultural crops, USD/mt



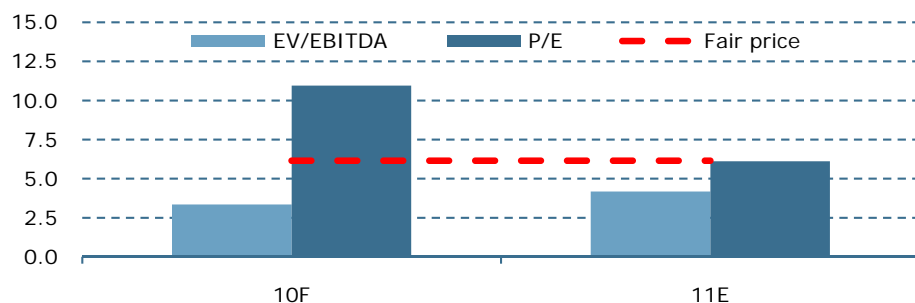
Source: Bloomberg

Agricole's yield for major crops vs. Ukr. and European yields, mt/ha



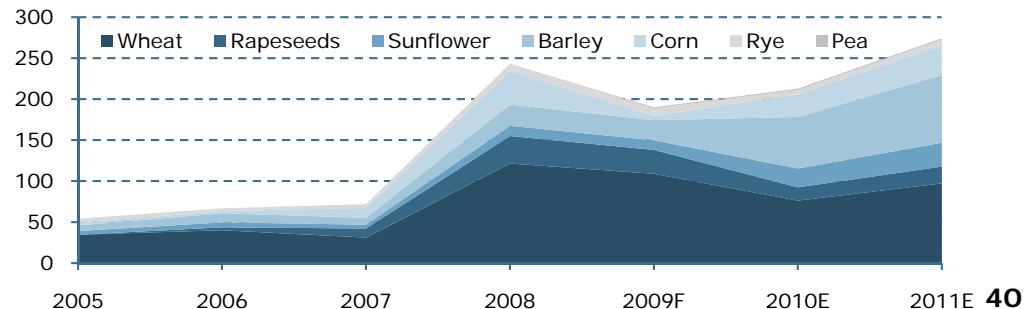
Source: Company data, Ukrstat, Concorde Capital calculations

Agricole implied price by median peer multiples, USD/sh



Source: Bloomberg, Company data, Concorde Capital calculations

MCB Agricole Holding AG agricultural production volumes, mt



Source: Company data, Concorde Capital calculations

MCB Agricole Holding AG: Key financials



<i>USD mln</i>	2009E	2010E	2011E
MCB Agricole Holding AG, USD mln			
Net revenues	32.3	43.9	61.4
EBITDA	3.1	6.4	11.1
<i>EBITDA mgn</i>	<i>10%</i>	<i>15%</i>	<i>18%</i>
Net Income	1.5	4.0	8.2
<i>Net mgn</i>	<i>5%</i>	<i>9%</i>	<i>13%</i>
Shareholder equity	29.5	33.5	41.8
Net Debt	4.4	4.2	2.2
Net debt/EBITDA	1.40	0.65	0.20
Net debt/Equity	0.15	0.12	0.05

Source: Company data, Concorde Capital projections

Pharmaceuticals: Rich in cash thanks to fat margins

Nord Star Pharmashare (Darnytsia)



FSE ticker:	4SI1 GR	<ul style="list-style-type: none"> • In 2009 UAH-nominated sales increased 37% yoy to UAH 609 mln (USD-nominated declined 10% yoy to 72 mln), EBITDA was USD 41 mln, up 52% yoy • As of May 2010, the company was debt free and its cash balance was USD 20 mln • The company is targeting net sales in 2010 of UAH 703 mln (USD 88 mln) and an EBITDA margin of 50%-55% • In 2010, the company is planning to increase its promotion budget 3.5 times to UAH 42 mln (USD 5.3 mln) and boost its share of "promo" sales (promoted generic drugs that are Darnitsa branded) from 22% of 2009 sales to 38% in 2010 • The company is going to invest ~USD 15 mln to bring itself in line with GMP (Good Manufacturing Products) standards by February 2011
MCap, USD mln:	277.8	
FF, %	7.0	
FF, USD mln:	19.4	
Current price:	USD 5.0	
Target price:	USD 7.4	
Upside:	47%	
Net debt/ Equity 09E:	n/m	
Net debt/ EBITDA 09E:	n/m	

Darnytsia peer multiples

	Mcap USD mln	EV/EBITDA		P/E	
		10F	11E	10F	11E
UKRAINE					
Nord Star Pharmashare	258.6	5.3	4.9	7.2	6.8
DEVELOPED MARKETS					
KRKA	2,831.5	8.1	7.4	14.1	13.1
Richter Gedeon Nyrt.	3,605.0	9.9	8.6	15.9	14.0
Pharmstandard-Cls	2,683.3	10.6	8.3	15.4	12.3
Egis Plc	634.7	4.9	4.0	9.7	8.5
Ranbaxy Laboratories Ltd	3,876.4	13.5	12.4	20.2	19.2
Zhejiang Hisoar Pharm-A	433.3	n/a	n/a	43.5	29.6
Sanofi-Aventis	77,840.8	5.3	4.9	7.6	7.4
Stada Arzneimittel AG	2,143.8	8.8	8.0	14.3	12.7
Hikma Pharmaceuticals Plc	1,963.3	12.4	10.4	20.0	16.7
Teva Pharmaceutical Ind LTD	48,631.7	9.3	8.2	11.7	10.4
Mylan Inc	5,645.7	6.7	5.6	8.0	6.5
King Pharmaceutical Inc	1,967.1	4.5	3.7	11.6	10.7
Ono Pharmaceutical Co Ltd	4,735.0	9.7	8.7	18.4	17.2
Shionogi & Co Ltd	6,412.8	6.8	5.4	14.1	11.8
Towa Pharmaceutical Co Ltd	1,066.0	n/a	n/a	16.5	15.9
Sawai Pharmaceutical Co Ltd	1,362.6	8.8	7.3	19.9	16.4
Pharmacy Chain 36,6-Cls	247.0	10.4	4.3	-	-
Pharmstandard-Reg S GDR	3,189.7	12.5	9.1	18.0	13.3
Veropharm-CLS	330.0	7.2	5.4	10.5	7.7
Abbott Laboratories	72,856.3	7.8	6.8	11.3	10.1
Glaxosmithkline Plc	89,133.4	6.4	6.0	10.0	9.7
Pfizer Inc	120,266.1	4.3	3.9	6.9	6.6
Roche Holding AG-BR	117,937.1	8.2	7.3	11.8	10.6
Cvs Caremark Corp	43,412.2	6.5	5.9	11.6	10.6
Richter Gedeon Nyrt.	3,605.0	9.9	8.6	15.9	14.0
Walgreen Co	29,313.7	6.4	5.5	13.4	11.4
Median		8.1	7.0	12.9	11.2
Nord Star Price					
Implied by DM peers median, USD/share		7.36	6.75	8.28	6.91
Upside/Downside to DM peers median		47%	35%	66%	38%

Source: Bloomberg, Company data, Concorde Capital calculations

Nord Star: Key financials

<i>USD mln</i>	2009	2010E
Nord Star		
Net revenues	72.0	90.0
EBITDA	41.0	45.0
<i>EBITDA mgn</i>	57%	50%
Net Income	36.7	36.0
<i>Net mgn</i>	51%	40%
Net Debt (Net cash)	(18.0)	(35.0)

Source: Company data, Concorde Capital projections

Disclaimer



THIS REPORT HAS BEEN PREPARED BY CONCORDE CAPITAL INVESTMENT BANK INDEPENDENTLY OF THE RESPECTIVE COMPANIES MENTIONED HEREIN FOR INFORMATIONAL PURPOSES ONLY. CONCORDE CAPITAL DOES AND SEEKS TO DO BUSINESS WITH COMPANIES COVERED IN ITS RESEARCH REPORTS. AS A RESULT, INVESTORS SHOULD BE AWARE THAT CONCORDE CAPITAL MIGHT HAVE A CONFLICT OF INTEREST THAT COULD AFFECT THE OBJECTIVITY OF THIS REPORT.

THE INFORMATION GIVEN AND OPINIONS EXPRESSED IN THIS DOCUMENT ARE SOLELY THOSE OF CONCORDE CAPITAL AS PART OF ITS INTERNAL RESEARCH COVERAGE. THIS DOCUMENT DOES NOT CONSTITUTE OR CONTAIN AN OFFER OF OR AN INVITATION TO SUBSCRIBE FOR OR ACQUIRE ANY SECURITIES. THIS DOCUMENT IS CONFIDENTIAL TO CLIENTS OF CONCORDE CAPITAL AND IS NOT TO BE REPRODUCED OR DISTRIBUTED OR GIVEN TO ANY OTHER PERSON.

CONCORDE CAPITAL, ITS DIRECTORS AND EMPLOYEES OR CLIENTS MIGHT HAVE OR HAVE HAD INTERESTS OR LONG/SHORT POSITIONS IN THE SECURITIES REFERRED TO HEREIN, AND MIGHT AT ANY TIME MAKE PURCHASES AND/OR SALES IN THEM AS A PRINCIPAL OR AN AGENT. CONCORDE CAPITAL MIGHT ACT OR HAS ACTED AS A MARKET-MAKER IN THE SECURITIES DISCUSSED IN THIS REPORT. THE RESEARCH ANALYSTS AND/OR CORPORATE BANKING ASSOCIATES PRINCIPALLY RESPONSIBLE FOR THE PREPARATION OF THIS REPORT RECEIVE COMPENSATION BASED UPON VARIOUS FACTORS, INCLUDING QUALITY OF RESEARCH, INVESTOR/CLIENT FEEDBACK, STOCK PICKING, COMPETITIVE FACTORS, FIRM REVENUES AND INVESTMENT BANKING REVENUES.

PRICES OF LISTED SECURITIES REFERRED TO IN THIS REPORT ARE DENOTED IN THE CURRENCY OF THE RESPECTIVE EXCHANGES. INVESTORS IN FINANCIAL INSTRUMENTS SUCH AS DEPOSITORY RECEIPTS, THE VALUES OR PRICES OF WHICH ARE INFLUENCED BY CURRENCY VOLATILITY, EFFECTIVELY ASSUME CURRENCY RISK.

DUE TO THE TIMELY NATURE OF THIS REPORT, THE INFORMATION CONTAINED MIGHT NOT HAVE BEEN VERIFIED AND IS BASED ON THE OPINION OF THE ANALYST. WE DO NOT PURPORT THIS DOCUMENT TO BE ENTIRELY ACCURATE AND DO NOT GUARANTEE IT TO BE A COMPLETE STATEMENT OR SUMMARY OF AVAILABLE DATA. ANY OPINIONS EXPRESSED HEREIN ARE STATEMENTS OF OUR JUDGMENTS AS OF THE DATE OF PUBLICATION AND ARE SUBJECT TO CHANGE WITHOUT NOTICE. REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART WITHOUT PRIOR PERMISSION IS PROHIBITED.

NEITHER THIS DOCUMENT NOR ANY COPY HEREOF MAY BE TAKEN OR TRANSMITTED INTO THE UNITED STATES OR DISTRIBUTED IN THE UNITED STATES OR TO ANY U.S. PERSON (WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")), OTHER THAN TO A LIMITED NUMBER OF "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) SELECTED BY CONCORDE CAPITAL.

THIS DOCUMENT MAY ONLY BE DELIVERED WITHIN THE UNITED KINGDOM TO PERSONS WHO ARE AUTHORIZED OR EXEMPT WITHIN THE MEANING OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("FSMA") OR TO PERSONS WHO ARE OTHERWISE ENTITLED TO RECEIVE THIS DOCUMENT UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, OR ANY OTHER ORDER MADE UNDER THE FSMA.

Concorde Capital, Head office

2 Mechnikova Street, 16th Floor
Parus Business Centre
Kyiv 01601, Ukraine
Tel.: +380 44 391 5577
Fax: +380 44 391 5571

www.concorde.ua

Concorde Capital

4 Fourth Lesnoy Pereulok, 5th Floor
Capital Plaza
Moscow 125047, Russia
Tel.: +7 495 642 87 15
Fax: +7 495 225 85 00

office@concorde.com.ua

CEO

Igor Mazepa

im@concorde.com.ua

Head of Sales & Trading

Alexander Shnir

ash@concorde.com.ua

International Sales & Trading

Anastasiya Nazarenko
Marina Martirosyan
Rostyslav Shmanenko
Marina Damaskina

an@concorde.com.ua
mm@concorde.com.ua
rs@concorde.com.ua
md@concorde.com.ua

Domestic Sales & Trading

Yuriy Pilipenko
Alisa Tikhomirova

up@concorde.com.ua
at@concorde.com.ua

Director of Research

Andriy Gostik, CFA

ag@concorde.com.ua

RESEARCH

Strategy

Andriy Gostik, CFA

ag@concorde.com.ua

Metals & Mining

Andriy Gerus

ga@concorde.com.ua

Utilities (Telecom, Energy), Machinery

Yegor Samusenko

syg@concorde.com.ua

Oil & Gas

Andriy Gerus
Ruslan Patlavskyy

ga@concorde.com.ua
rp@concorde.com.ua

Real Estate

Andriy Gostik, CFA

ag@concorde.com.ua

Agriculture, Consumer-related

Andriy Gostik, CFA
Ruslan Patlavskyy

ag@concorde.com.ua
rp@concorde.com.ua

Economics, Financial services

Mykyta Mykhaylychenko

mms@concorde.com.ua

Fixed Income

Andriy Gerus
Mykyta Mykhaylychenko

ga@concorde.com.ua
mms@concorde.com.ua

Politics

Brad Wells

bw@concorde.com.ua

Editor

Brad Wells

bw@concorde.com.ua