

December 3, 2012

Farming companies – harvest update

Weather was more generous to AGT, KSG than the market

Despite severe weather conditions overall this farming season, which reduced the national harvest 20% yoy, some of Ukraine's regions showed spectacular growth in yields that certain listed farmers will gain from. In this report, we are highlighting farming sector winners that enjoyed a bountiful harvest and will significantly outperform Ukraine's trend: Mriya and Agroton. On the other extreme is Sintal, whose growing regions fell under especially harmful weather conditions and will have to completely review its business focus. We upgrade Mriya to HOLD and Agroton to BUY, while keeping our BUY recommendations for IMC and KSG Agro. Though we downgrade the price target for KSG stock on weaker than expected harvest, we consider it as a top pick. We withdraw our recommendation for Sintal as the company is no longer a going concern business.

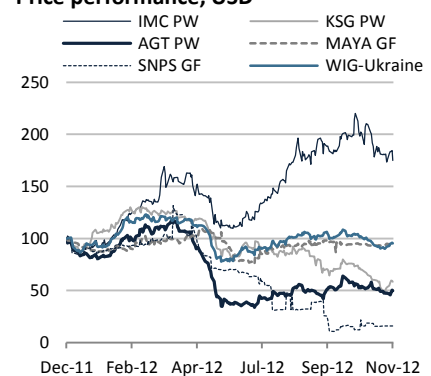
The preliminary results of the 2012 harvest provided by agri-companies and UkrStat reveal clear farming winners and losers this season (refer to Appendix I for regional harvest data). Two lucky companies that showed double-digit growth in their main crop yields (despite double-digit declines in Ukraine, on average) are Mriya and Agroton. Sintal and KSG Agro fell on the other extreme, with yields for some crops halved compared to last season. Industrial Milk, MCB Agricole – as well as the farming divisions of blue chips Astarta, Kernel and MHP – fell in the middle as crop price growth is likely to fully offset their yield declines this season.

Higher than we initially expected crop prices, on crop yields in line or above our previous estimates, led us to upgrade financial forecasts for three out of five pure farming companies that we cover: Mriya, Agroton and Industrial Milk. At the same time, we downgrade both the price target and forecasted financials for KSG Agro, whose land bank fell nearly in the epicentre of adverse weather conditions. Having produced the worst harvest, Sintal is now on its way to a strategic review and restructuring.

Our top farming picks, based on preliminary 2012 results, are KSG Agro (upside 141%) and Agroton (upside 100%). The selection is slightly confusing as we keep in mind the two companies' worst practices of corporate governance (refer to page 7 of our initiating report on farming on July 18). Agroton delivered unexpectedly strong wheat harvest results which points to a radical shift in the company's treatment of non-core crops (i.e. crops beyond sunflower). KSG Agro, despite poor weather-related results, still represents a solid growth story, while at some delay compared to the initial plan.

 Alexander Paraschiy
 ap@concorde.com.ua

Price performance, USD



Source: Bloomberg

Market multiples, 2012E*

	EV / S	EV / EBITDA	P/E
Agroton	1.0	3.3	3.9
Industrial Milk	2.6	4.6	5.2
KSG Agro	1.8	4.2	4.6
Mriya	3.1	4.8	4.8
Sintal	0.6	15.2	neg

	EV / harvest value	EV / ha harvested, USD
Agroton	1.0	719
Industrial Milk	2.1	2,263
KSG Agro	2.6	1,124
Mriya	3.1	3,871
Sintal	0.9	347

* Based on Nov 30 prices. Source: Company data, Bloomberg, Concorde Capital research

Valuation update

	Price, USD*	12M Target, USD	Rec.
Agroton	3.3	6.6	BUY
Industrial Milk	4.4	7.5	BUY
KSG Agro	3.5	8.3	BUY
Mriya	6.2	6.5	HOLD
Sintal	0.3	-	N/R

* Price per share as of Nov. 30. Source: Company data, Bloomberg, Concorde Capital research

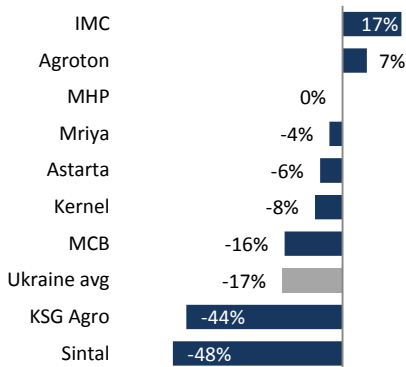
Harvest losers and winners by region of presence

While the nationwide 2012 harvest results were expectedly weak, on winter kills and a record drought in the summer, the results in the key regions of listed farmers' operations differ widely, with some notable lucky exceptions in the very eastern and western regions, as well as some good results in the north (for more details, refer to Appendix I).

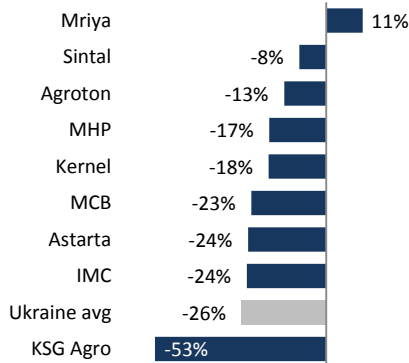
Below are data of crop yield changes in the regions of operations of all the listed farming companies, as well as integrated food holdings involved in farming (UkrStat data as of Oct. 1). Our brief analysis, based on weighting companies' land holdings by regions, allows us to define clear winners and losers. We note that these results do not account for company specifics, and only explain weather-related yield performances in their core regions. For some crops (especially corn and sugar beet), the data reflects only the results of less than half of harvested area, and thus is too preliminary though already indicating a certain trend.

Crop yield change yoy in key regions of presence (weighted by land bank presence in the regions, as of Oct. 1)

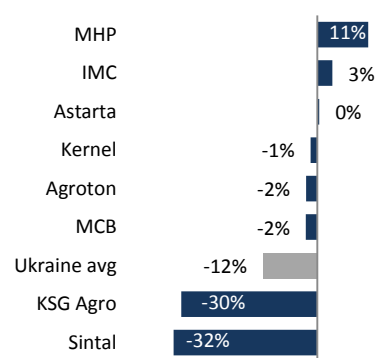
Wheat (100% harvested)



Corn (39% harvested)

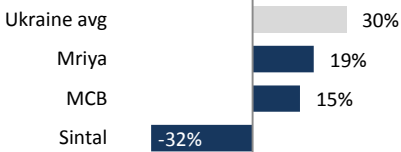


Sunflower (77% harvested)

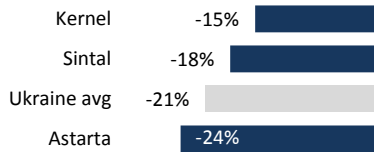


Source: UkrStat, company data, Concorde Capital calculations

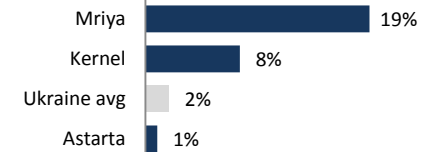
Rapeseed (100% harvested)



Soybean (54% harvested)



Sugar beet (31% harvested)



Source: UkrStat, company data, Concorde Capital calculations

Based on data above, we classify farmers into four categories by their exposure to region-specific conditions in 2012:

1. Definite 2012 winners by location are Mriya and Agroton. Their regions significantly outperformed last year's results, nationwide statistics and our estimates for most of the key crops.

Yield growth of key crops by location

Mriya

	Ternopil (Mriya location)	Ukraine
Sugar beet	19%	2%
Wheat	-4%	-17%
Rapeseed	19%	30%
Corn	11%	-26%

Agroton

	Luhansk (Agroton location)	Ukraine
Sunflower	-2%	-12%
Wheat	7%	-17%
Corn	-13%	-26%

Source: UkrStat (as of Oct. 1, 2012), Company data, Concorde Capital calculations

2. Farmers whose regions delivered better crop results than we expected and better than the national result, while below the previous year's data: Industrial Milk Company, MCB Agricole and the farming division of MHP.

Yield growth of key crops by location
Industrial Milk Company

	Poltava	Chernihiv	Sumy	Location avg.	Ukraine
Corn	-37%	-15%	-19%	-24%	-26%
Sunflower	0%	5%	6%	3%	-12%
Wheat	-7%	36%	25%	17%	-17%

MHP

	Vinnitsia	Cherkasy	Kyiv	Location avg.	Ukraine
Wheat	-13%	8%	62%	0%	-17%
Corn	-25%	-23%	-4%	-17%	-26%
Sunflower	17%	19%	24%	15%	-12%

MCB Agricole

	Vinnitsia	Khmelnysk	Dnipropetrovsk	Location avg.	Ukraine
Wheat	-13%	-4%	-46%	-16%	-17%
Corn	-25%	15%	-57%	-20%	-26%
Rapeseed	13%	8%	-19%	15%	30%

Source: UkrStat (as of Oct. 1, 2012), Company data, Concorde Capital calculations

3. Farmers whose regions delivered low double-digit declines in yields yoy and close to Ukraine's average stats: farming divisions of Astarta and Kernel

Yield growth of key crops by location
Astarta

	Poltava	Khmelnysk	Vinnitsia	Location avg.	Ukraine
Sugar beet	-3%	24%	-27%	1%	2%
Soy	-42%	23%	-20%	-24%	-21%
Wheat	-7%	-4%	-13%	-6%	-17%
Corn	-37%	15%	-25%	-24%	-26%
Sunflower	0%	-6%	17%	0%	-12%

Kernel

	Khmelnysk	Poltava	Cherkasy	Location avg.	Ukraine
Wheat	-4%	-7%	8%	-8%	-17%
Soy	23%	-42%	-23%	-15%	-21%
Corn	15%	-37%	-23%	-18%	-26%
Sunflower	-6%	0%	19%	-1%	-12%
Sugar beet	24%	-3%	11%	8%	2%

Source: UkrStat (as of Oct. 1, 2012), Company data, Concorde Capital calculations

4. Clear 2012 location losers with their regions delivering about 2x worse results yoy and below Ukraine's average: KSG Agro and Sintal

Sintal

	Kherson	Kharkiv	Location average	Ukraine
Corn	-1%	-43%	-8%	-26%
Wheat	-54%	-21%	-48%	-17%
Rapeseed	-37%	-9%	-32%	30%
Sunflower	-15%	-31%	-18%	-12%

KSG Agro

	Dnipropetrovsk (key location)	Ukraine
Sunflower	-32%	-12%
Wheat	-46%	-17%
Barley	-34%	-14%

Source: UkrStat (as of Oct. 1, 2012), Company data, Concorde Capital calculations

Harvest update by companies

Agroton is the main beneficiary of the 2012 harvest, based on the company's and its location's (Luhansk region's) preliminary results. It's worth mentioning that the company managed to increase its wheat yields 19% yoy, vs. the region's increase of just 7% and nationwide result of -17%. We upgrade our harvest estimates on most of Agroton's crops this season, while slightly downgrading our assumptions for the total harvested area, which results in an upward revision of this year's harvest value by 23% to USD 94 mln.

Agroton crop yields change in 2012

	Region-weighted	Reported data	Concorde estimate	
			Old	New
Sunflower	-2%	4%*	-12%	2%
Wheat	7%	19%	-12%	19%
Corn	-13%	-13%*	-35%	-13%

* Estimates based on preliminary data. Source: UkrStat, company data, Concorde Capital estimates

Mriya Agroholding's Ternopil region outperformed Ukrainian stats with growth in most crops. However, Mriya's changes in yield (based on its preliminary data) didn't match changes in its core region, with exceptionally strong wheat and rapeseed yields and an unexpected decline in sugar beet yield (which, however, is preliminary data). Nevertheless, preliminary results came out much better than we initially expected, which lead us to upgrade our estimate of this season's harvest value by 31% to USD 313 mln.

Mriya crop yields change in 2012

	Region-weighted	Reported data	Concorde estimate	
			Old	New
Sugar beet	19%	-18%*	0%	-12%
Wheat	-4%	39%	-12%	39%
Rapeseed	19%	40%	-5%	40%
Corn	11%	-13%*	-11%	-11%

* Preliminary data Source: UkrStat, company data, Concorde Capital estimates

Industrial Milk Company has its land located in the northern regions of Ukraine, which showed exceptionally good progress in yields for wheat, barley and rapeseed. The yield of the company's key crop, corn, was 24% lower in these regions but above our initial estimate of -26%. The company stressed its yields for corn and sunflower will be "slightly less" than a year ago, so we upgrade our conservative estimate slightly. Upgrades of yield estimates for wheat and corn, as well as 10% higher than we initially expected crop prices, led us to revise IMC's 2012 harvest value by 27% to USD 90 mln.

Industrial Milk Company crop yields change in 2012

	Region-weighted	Reported data	Concorde estimate	
			Old	New
Corn	-24%	-	-26%	-22%
Sunflower	3%	-	-13%	-13%
Wheat	17%	5%	-5%	5%

Source: UkrStat, company data, Concorde Capital estimates

KSG Agro suffered from adverse weather conditions in its regions, which led us to downgrade our initially conservative estimates for winter crop yields. While preliminary yields for the company's key crop, sunflower, were 21% lower yoy, we are keeping our conservative outlook that the final result will be 25% smaller. We downgrade the company's harvest value by 15% to USD 34 mln.

KSG Agro crop yields change in 2012

	Region-weighted	Reported data	Concorde estimate	
			Old	New
Sunflower	-32%	-21%*	-25%	-25%
Wheat	-46%	-51%**	-20%	-51%
Barley	-34%	-27%**	6%	-27%

* Preliminary data; ** Based on sowed area. Source: UkrStat, company data, Concorde Capital estimates

Sintal reported exceptionally poor results on unusually awful weather in its core Kherson region and unbeneficial conditions in its otherwise strong Kharkiv region. This led us to downgrade the company's 2012 harvest value 35% to USD 31 mln despite average crop prices appearing to be 10% higher this season than we initially expected.

Sintal crop yields change in 2012

	Region-weighted	Reported data*	Concorde estimate	
			Old	New
Corn	-8%	-10%	-27%	-10%
Wheat	-48%	-75%	-20%	-75%
Rapeseed	-32%	-80%	-46%	-80%
Sunflower	-18%	-70%	-25%	-70%

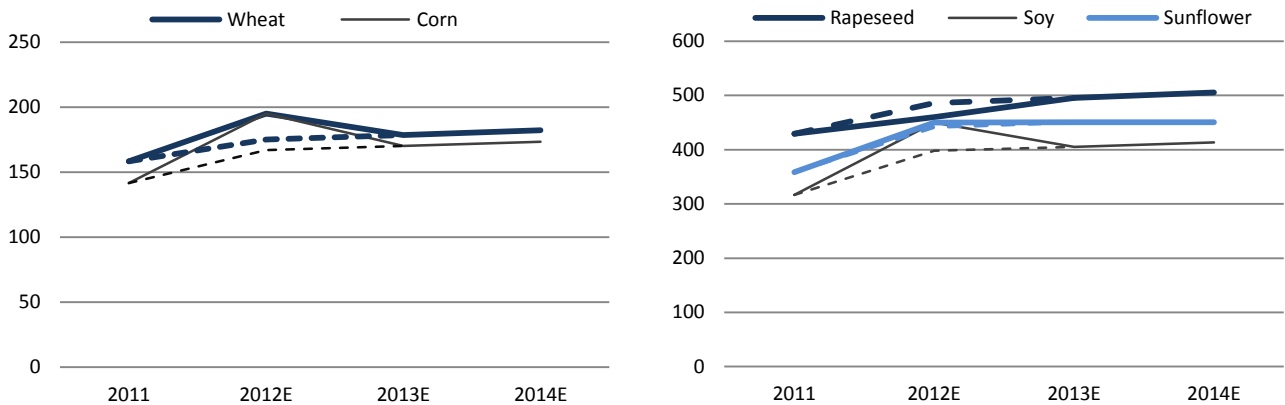
* Based on sowed area. Source: UkrStat, company data, Concorde Capital estimates

Other important issues

Crop prices are stronger

The poor 2012 overall harvest pushed soft commodity prices higher both globally and inside Ukraine. Higher than we expected market prices for key crops (by 10%, on average) more than offset the individual decline in yields for most of the covered companies, allowing them perform better than we initially expected in terms of the value of the 2012 harvest.

Average prices of key crops, USD/t



Note: Dashed lines show our old assumptions on crop prices. Source: Bloomberg, company data, Concorde Capital estimates

Moratorium on agri land trade prolonged until end-2015

The parliament's November approval to extend the moratorium on the sale of farming land from end-2012 for another three years is definitely beneficial for large farming companies, particularly those targeted to grow fast.

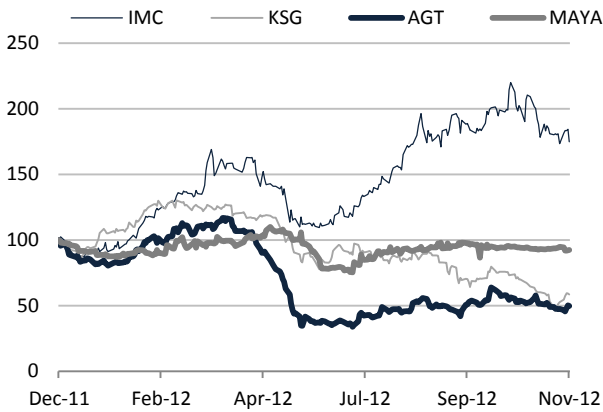
With the status quo on the land market preserved, farming companies need not spend time adjusting to a new market environment, instead concentrating on their expansion or efficiency improvement programs. Relatively better access to financing for large publicly listed holdings provides them with significant bargaining power over smaller companies and eases their low-cost land bank expansion. Another benefit is prevented competition from international players who are scared away by the opaque land trade. Therefore, we don't rule out the companies will accelerate their asset expansion programs for the mid-term.

Stock market update

Price performance

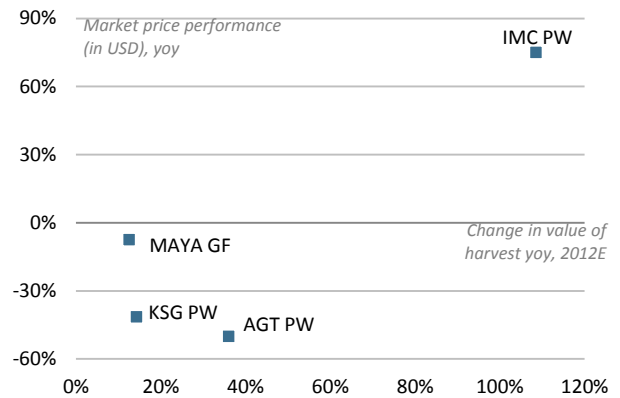
The market seemed to punish severely two Warsaw-listed stocks, KSG Agro and Agroton, for their results demonstrated throughout 2012. Agroton shares suffered from an uncovered attempt to artificially raise its export revenue in 2011, which has been reflected in heavy receivables with related parties, auditors' qualified opinion and a downgrade in its bond's credit rating. Meanwhile, KSG Agro has been punished for its weak 2012 harvest. We believe the market overreacted on both stocks considering their value generated by their 2012 farming business has improved.

12M price performance*



* Based on US-dollar price. Source: Bloomberg

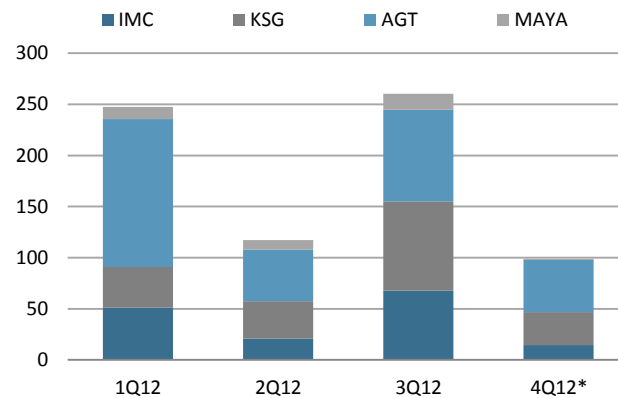
Market vs. harvest value change



Source: Bloomberg, company data, Concorde Capital estimates

Mryia's shares remained relatively stable over the year, which can be explained by their extremely low liquidity. On the other hand, Warsaw-listed Agroton and KSG Agro remained top liquid names in the Ukrainian farming sector.

Average daily turnover, USD ths



* Sep-Oct 2012. Source: Bloomberg

Market multiples

The market is pricing nearly equally the farming stocks based on the companies' expected EBITDA for 2012, with the majority traded in the narrow range of 4.2x – 4.8x, Agroton being the sole exception.

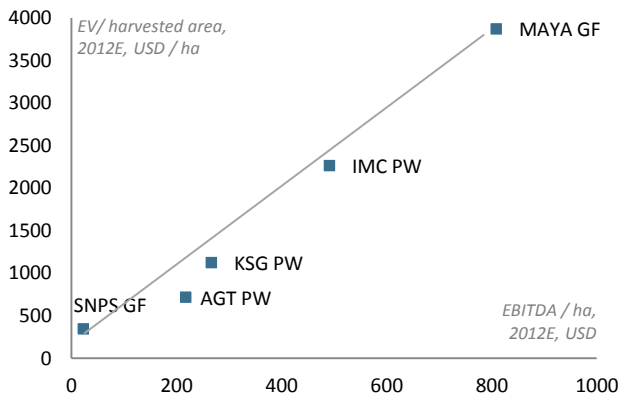
Market multiples based on 2012E results

	EV / Sales	EV / EBITDA	P / E	EV / area harvested, USD / ha	EV / harvest value
Agroton	1.0	3.3	3.9	719	1.0
Industrial Milk	2.6	4.6	5.2	2,263	2.1
KSG Agro	1.8	4.2	4.6	1,124	2.6
Mriya	3.1	4.8	4.8	3,871	3.1
Sintal	0.6	15.2	neg	347	0.9

Source: Bloomberg, company data, Concorde Capital estimates

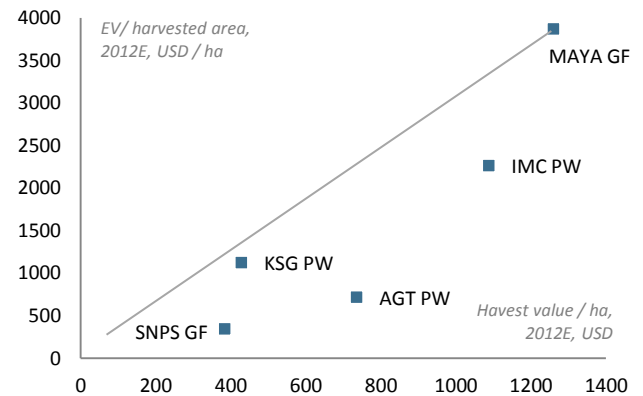
Mriya shareholders value the company with a premium to Warsaw-listed stocks on all metrics, which does not match Mriya's (non-existing) advantage in reporting practices and corporate governance, in our view. Agroton looks cheap on all metrics.

Per-hectare profit and market value



Source: Bloomberg, company data, Concorde Capital estimates

Per-hectare harvest and market value



Source: Bloomberg, company data, Concorde Capital estimates

Valuation update

We are going forward with our practice (refer to the initiating coverage report on July 18) to value farming companies using the DCF approach and our estimates of the fair value of operated land banks (that accounts for regional farming specifics, weather conditions and the companies' diversification) according to the following rule:

- If the implied value by the land operated is higher than the DCF-based value, we rely solely on DCF
- If the implied value by the land operated is smaller than the DCF-based value, we take the average of the two metrics

We upgrade our recommendation for Mriya and Agroton and upgrade their target prices. We maintain our BUY recommendations for Industrial Milk with a target upgrade and for KSG Agro with a target downgrade, which still suggests a triple-digit upside.

Valuation summary, USD per share

	12M target	Change in target	12M DCF - implied value	Value by land	Market price	Upside	Recomm.	Action
Agroton (AGT PW)	6.6	94%	6.6	7.8	3.3	100%	BUY	Upgrade
Industrial Milk Co (IMC PW)	7.5	23%	8.9	6.1	4.4	72%	BUY	Maintain
KSG Agro (KSG PW)	8.3	-27%	8.3	9.5	3.5	141%	BUY	Maintain
Mriya (MAYA GF)	6.5	20%	8.5	4.5	6.2	5%	HOLD	Upgrade
Sintal (SNPS GF)	-	-	-	-	0.3	n/a	N/R	Withdraw

Source: Bloomberg, Company data, Concorde Capital estimates

The changes in our target prices for Industrial Milk, KSG Agro and Mriya reflect mostly changes in our estimates for 2012 harvest value, while an increase in the target price for Agroton also reflects our amended assumptions for the company's farming. Agroton showed abnormal improvement in its wheat yield, which suggests the company is starting to pay more attention to things other than sunflower crops. Previous results implied Agroton invested little in cultivating other crops, merely treating them as by-products of crop rotation.

COMPANY PROFILES

Agroton (AGT PW)

Luck and extra effort in wheat breeding

We upgrade our target for Agroton 1.9x to USD 6.6/share for its exceptional harvest result in 2012, which resulted not only from advantageous weather but also a visible improvement in farming practice. We upgrade the stock to BUY and note that Agroton is trading at the lowest 2012 multiples in the sector.

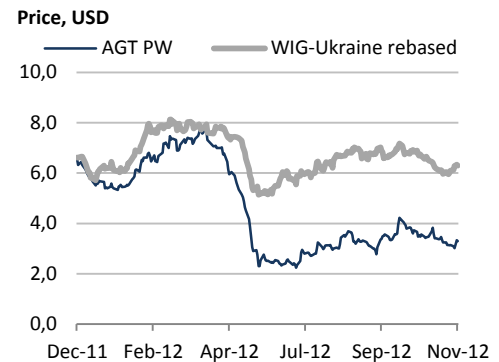
A spectacular 19% yoy increase in Agroton's wheat yield (compared to the regional +7% yoy and national -17%) suggests the company is starting to pay more attention to crops other than sunflower. This allows us to upgrade our estimates of the future season's costs and yields on wheat and corn, resulting in a significant increase in the price target.

The better than expected 2012 harvest result adds more certainty to Agroton's ability to repay its USD 50 mln Eurobond in 2014, but much will depend on the company's decision on utilizing its extra profit.

The improved harvest value by USD 18 mln – compared to our initial estimate and by USD 25 mln yoy – is good enough reason for us to forget the company's problem with outstanding receivables to third parties, the balance of which was USD 12 mln the last time the company mentioned them.

The paradox is that this year's exceptionally good weather conditions add more risks to the next season's harvest. Agroton's Luhansk region is not the best area for farming in Ukraine and there is a fair probability that the company will be not that lucky in 2013.

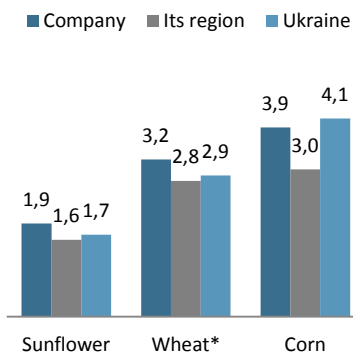
Price, USD	3.3
Target, USD / Upside	6.6 / 100%
Recommendation	BUY



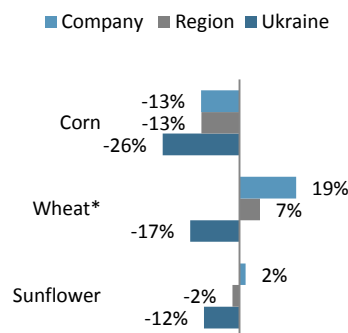
Source: Bloomberg

Price, USD / PLN	3.3 / 10.4
MCap, USD / PLN mln	71.4 / 225.5
2M ADT, USD tns	51.1
52w high/low, USD	7.7 / 2.2
Nr of shares, mln	21.67
Free float	44.6%
Main shareholder	
Yuriy Zhuravlev	55.4%

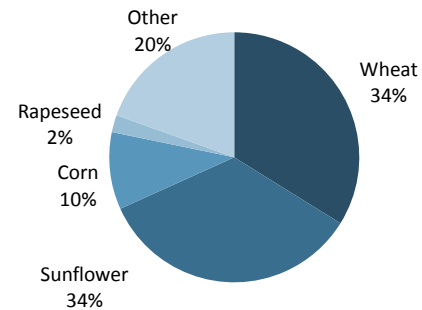
Crop yields, 2012E



Crop yield changes, 2012E



Harvested area, 2012E



* Actual data; Source: Company data, UkrStat, Concorde Capital research

Latest financials, USD mln

	9M11	9M12	yoy
Sales	81.3	78.0	-4%
EBITDA	37.1	36.3	-2%
EBITDA adj.	14.0	8.9	-36%
Cash-EBITDA	24.4	5.4	-78%
Net income	28.7	24.8	-14%

Source: Company data, Concorde Capital calculations

Annual financials, USD mln

	2011	2012E		2013E	
		old	new	old	new
Sales	99.7	90.6	102.7	105.2	120.4
yoy		-9%	3%	16%	17%
EBITDA	24.5	18.9	30.9	23.3	41.6
margin	25%	21%	30%	22%	35%
Net income	12.0	6.7	18.5	8.3	27.7
margin	12%	7%	18%	8%	23%

Source: Company data, Concorde Capital estimates

KSG Agro (KSG PW)

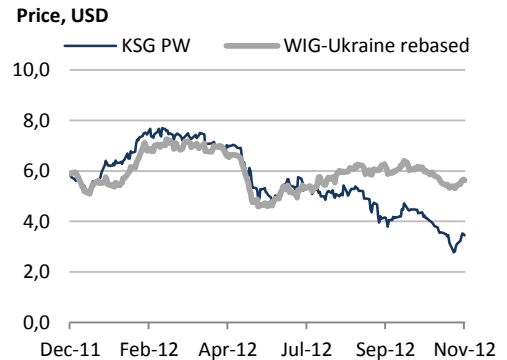
Growth story, but for next season

We downgrade our price target for KSG Agro by 27% to USD 8.3/share, which mainly prices in this season's lost money that could also delay the delivery of promised value growth on land bank expansion. While the market overreacted on the poor harvest, we keep our BUY recommendation for KSG stock.

KSG Agro suffered from heavy crop damage in 2012, leading to a harvest from only 2/3 of the area sowed with early crops. The harvest value appears to be only 15% below our initial (conservative) expectations, while the consequences of this season's poor harvest will be reflected in future periods as well, as the company's promised growth story will definitely be subject to some corrections.

Exceptionally bad weather, which is unlikely to repeat itself in the next season, makes the company the most promising growth story for 2013-14 on low comparison base. We estimate the company's harvest value will increase 1.5x yoy in the next season, which will position it as the top-growing company. Therefore, we see KSG Agro as the top farming pick for the next 12 months.

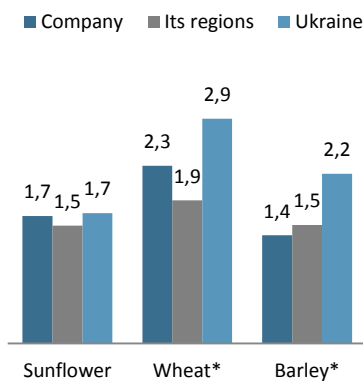
Price, USD	3.5
Target, USD / Upside	8.3 / 141%
Recommendation	BUY



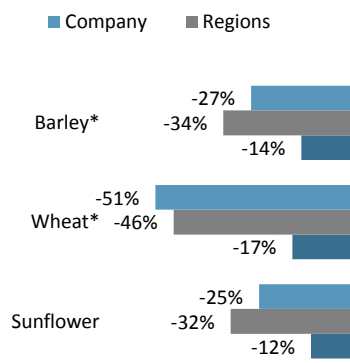
Source: Bloomberg

Price, USD / PLN	3.5 / 10.9
MCap, USD / PLN mln	51.5 / 162.8
2M ADT, USD ths	32.3
52w high/low, USD	7.7 / 2.8
Nr of shares, mln	14.925
Free float	33.0%
Main shareholder	
Serhiv Kasianov	67.0%

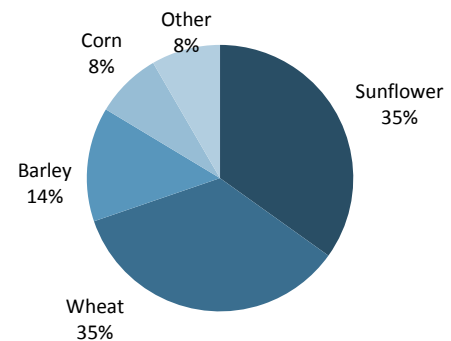
Crop yields, t/ha, 2012E



Crop yield changes yoy, 2012E



Harvested area, 2012E



* Reported data; yield changes based on sowed area. Source: Company data, UkrStat, Concorde Capital research

Latest financials, USD mln

	9M11	9M12	yoy
Sales	11.9	18.6	56%
EBITDA	19.7	19.6	-1%
EBITDA adj.	8.2	1.1	-87%
Cash-EBITDA	-2.1	2.4	-
Net income	18.3	10.5	-43%

Source: Company data, Concorde Capital calculations

Annual financials, USD mln

	2011	2012E		2013E	
		old	new	old	new
Sales	34.7	55.5	50.1	76.6	66.8
yoy		60%	44%	38%	33%
EBITDA	14.4	26.0	21.3	38.3	28.6
margin	41%	47%	43%	50%	43%
Net income	27.2	16.1	11.2	26.0	15.3
margin	79%	29%	22%	34%	23%

Source: Company data, Concorde Capital estimates

Industrial Milk Company (IMC PW)

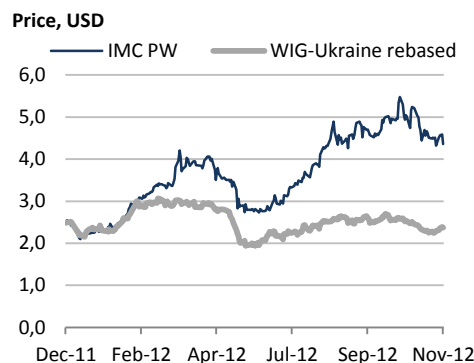
Real growth story

We upgrade our price target for Industrial Milk by 1.2x to USD 7.5/share, mainly accounting for the better harvest result in the 2012 season, driven by higher than we expected prices.

The company has yet to report its harvest update on its strategic crop, corn, though warning that the yield is going to be smaller. Since the company's regions performed slightly better than we initially expected and Industrial Milk Company delivered a better wheat harvest than we expected, we raise our assumptions on this season's crop yields and upgrade its harvest value by 27% to USD 93 mln (which implied a 2.2x growth yoy).

IMC is going to be the only listed Ukrainian farming company that has more than doubled the value of its harvest this year, which fits the company's positioning as a growth story. We also note its high growth potential next season, which will be better since the company's 2012 harvest result was affected negatively by weather.

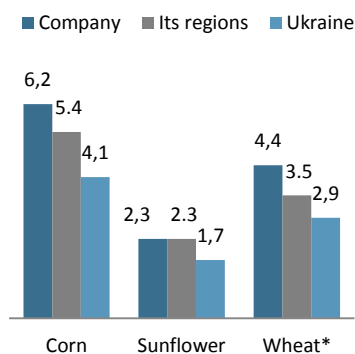
Price, USD	4.4
Target, USD / Upside	7.5 / 72%
Recommendation	BUY



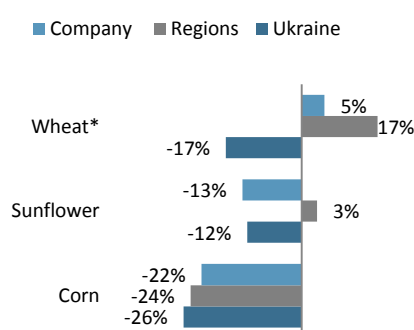
Source: Bloomberg

Price, USD / PLN	4.4 / 13.8
MCap, USD / PLN mln	136.3 / 430.7
2M ADT, USD ths	14.4
52w high/low, USD	5.5 / 2.1
Nr of shares, mln	31.30
Free float	23.7%
Main shareholders	
Alexander Petrov	68.7%
Management	7.7%

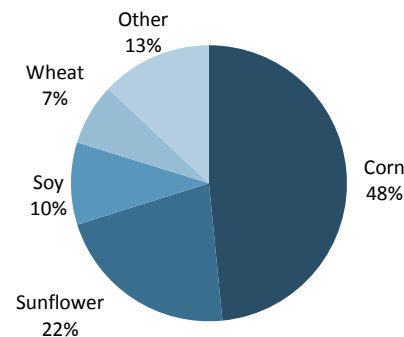
Crop yields, t/ha, 2012E



Crop yield changes yoy, 2012E



Harvested area, 2012E



* Reported data; Source: Company data, UkrStat, Concorde Capital research

Latest financials, USD mln

	9M11	9M12	yoy
Sales	14.8	54.3	268%
EBITDA	25.6	30.6	19%
EBITDA adj.	-3.0	-3.5	16%
Cash-EBITDA	-1.7	0.1	-
Net income	19.8	20.6	4%

Source: Company data, Concorde Capital calculations

Annual financials, USD mln

	2011	2012E		2013E	
		old	new	old	new
Sales	29.1	62.6	72.2	86.1	97.3
yoy		115%	148%	38%	35%
EBITDA	5.7	35.8	40.8	43.7	51.0
margin	20%	57%	56%	51%	52%
Net income	-1.6	22.2	26.3	27.0	33.3
margin	-5%	35%	36%	31%	34%

Source: Company data, Concorde Capital estimates

Mriya Agroholding (MAYA GF)

Favourable weather looks priced in

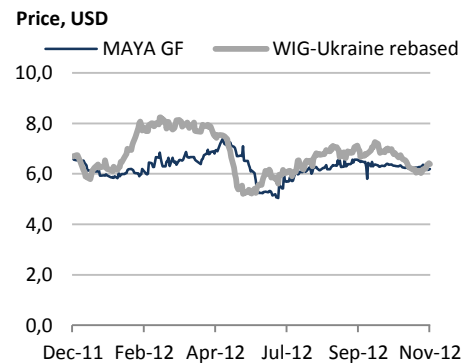
We upgrade Mryia stock to HOLD and raise our target price 1.2x to USD 6.5/share, mainly accounting for its improved harvest outlook and better soft commodity prices this season. Mryia trades at a premium to its more liquid Warsaw-listed peers, a phenomenon which is hard to accept.

Mryia's harvest update was slightly confusing and didn't match the performance of its core region (based on UkrStat data), while its result is much better than Ukraine's average. Our main concern is sugar beet, Mryia's strategic crop, the yields of which reportedly declined on Mryia's fields, despite its core Ternopil region demonstrated strong yield growth in the first month of harvesting.

Though we downgrade our harvest outlook for Mryia's sugar beet, revise our total harvest estimate for Mryia upward. The company demonstrated mid-single-digit advance in wheat and rapeseed (when we expected a decline). We also note the company is likely to outperform its FY12 guidance with sales of USD 280 mln and EBITDA of USD 200 mln.

Being currently cash rich, the company initiated a massive project of investment into storage infrastructure, an endeavour that we usually regard warily.

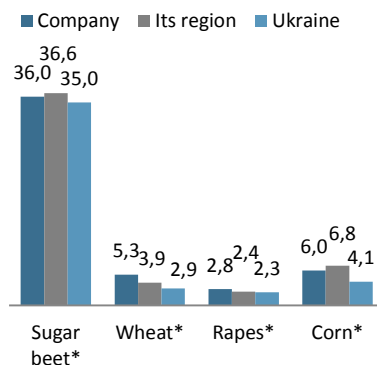
Price, USD	6.2
Target, USD / Upside	6.5 / 5%
Recommendation	HOLD



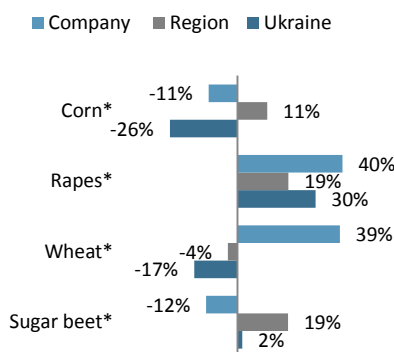
Source: Bloomberg

Price, USD / EUR	6.2 / 4.8
MCap, USD / EUR mln	657.9 / 506.1
2M ADT, USD ths	1.0
52w high/low, USD	7.4 / 5.0
Nr of shares, mln	106.25
Free float	20.0%
Main shareholder	
Huta family	80.0%

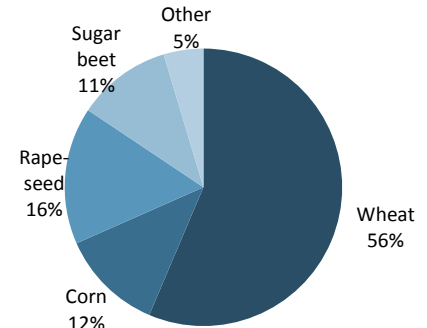
Crop yields, t/ha, 2012E



Crop yield changes yoy, 2012E



Harvested area, 2012E



* Reported preliminary data. Source: Company data, UkrStat, Concorde Capital research

Latest financials, USD mln

	9M11	9M12	yoy
Sales	111.9	250.1	123%
EBITDA	146.7	194.7	33%
EBITDA adj.	-	-	-
Cash-EBITDA	-	-	-
Net income	114.9	137.3	19%

Source: Company data, Concorde Capital calculations

Annual financials, USD mln

	2011	2012E		2013E	
		old	new	old	new
Sales	268.3	245.9	305.8	304.7	333.5
yoy		-8%	14%	24%	9%
EBITDA	188.3	139.2	200.6	171.1	204.4
margin	70%	57%	66%	56%	61%
Net income	150.0	76.2	138.0	104.9	146.0
margin	56%	31%	45%	34%	44%

Source: Company data, Concorde Capital estimates

Sintal Agro (SNPS GF)

Strategic revision under way, value hasn't been identified

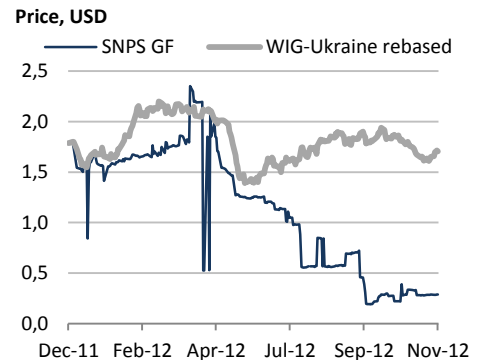
We do not rate Sintal as the company is on the verge of significantly changing its profile in the near future. Its awful 2012 harvest result led it to not only revert to emergency measures to pay its bills and struggle to reserve some funds to invest in future crops, but it also initiated a heavy restructuring process.

The company is looking to divest more than half of its land bank (85,000 ha), all located in the damaged Kherson region, with the view that it's a burden. This suggests that last year's deal to increase the company's land bank in the Kherson region by about 50,000 ha was value-destructive, even though Sintal had been effectively paid to acquire the land.

Sintal is the only company in our coverage universe that hasn't released its 2011 financials, which makes it hard to imagine what is really going on there.

For those in a long position, we cannot recommend staying in as the company seems to have negative fair equity value currently. By our rough estimates, the company's 2012 net debt/EBITDA is close to 10x. On the other hand, shareholders can count on mercy from the nature next year and high fertility of Sintal's land in the Kharkiv region to see some turnaround in 2013. But it will depend on Sintal's ability to sow some land for the next season.

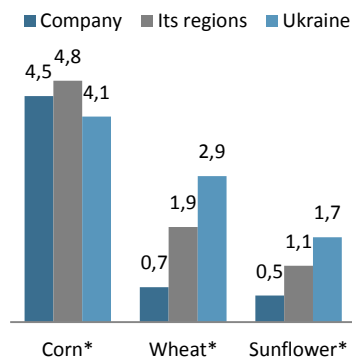
Price, USD	0.3
Target, USD / Upside	n.a / n.a
Recommendation	N/R



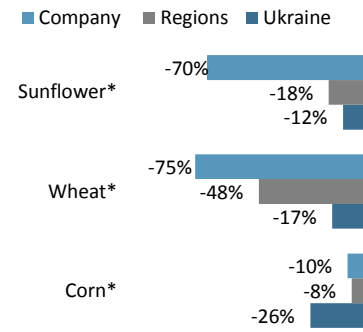
Source: Bloomberg

Price, USD / EUR	0.29 / 0.22
MCap, USD / EUR mln	10.1 / 7.8
2M ADT, USD ths	0.7
52w high/low, USD	2.35 / 0.19
Nr of shares, mln	35.06
Free float	34.0%
Main shareholders	
Mykola Tolmachev	50.0%
Management	10.0%
Icon Private Equity	6.0%

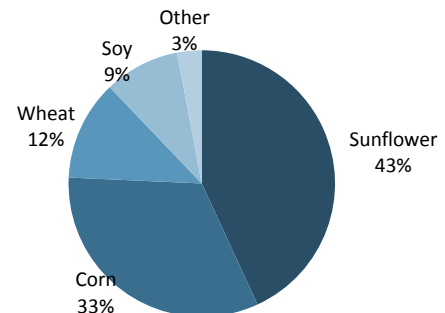
Crop yields, t/ha, 2012E



Crop yield changes yoy, 2012E



Harvested area, 2012



* Reported data, yield changes based on sowed area; Source: Company data, UkrStat, Concorde Capital research

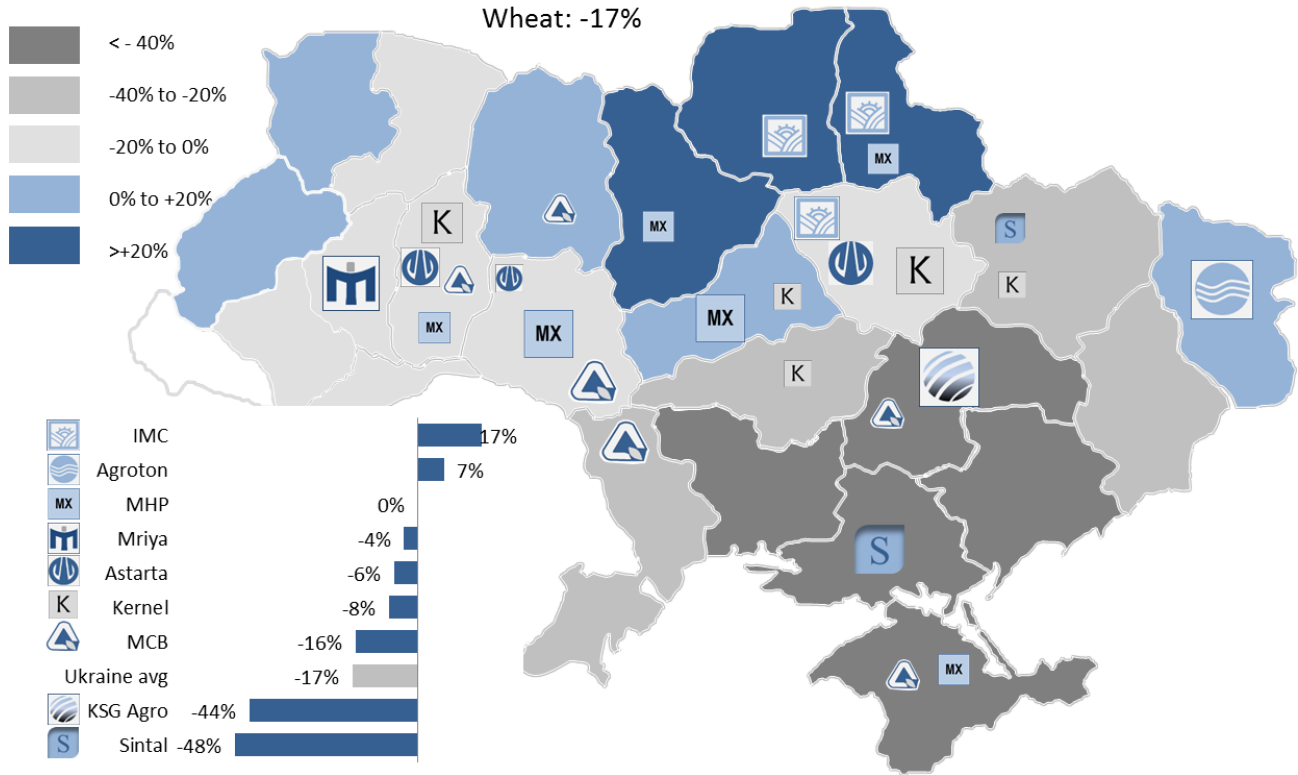
Annual financials, USD mln

	2011E	2012E	
		old	new
Sales	46.5	47.1	47.7
yoy		1%	3%
EBITDA	10.2	16.0	1.8
margin	22%	34%	4%
Net income	6.8	10.6	-3.0
margin	15%	23%	-6%

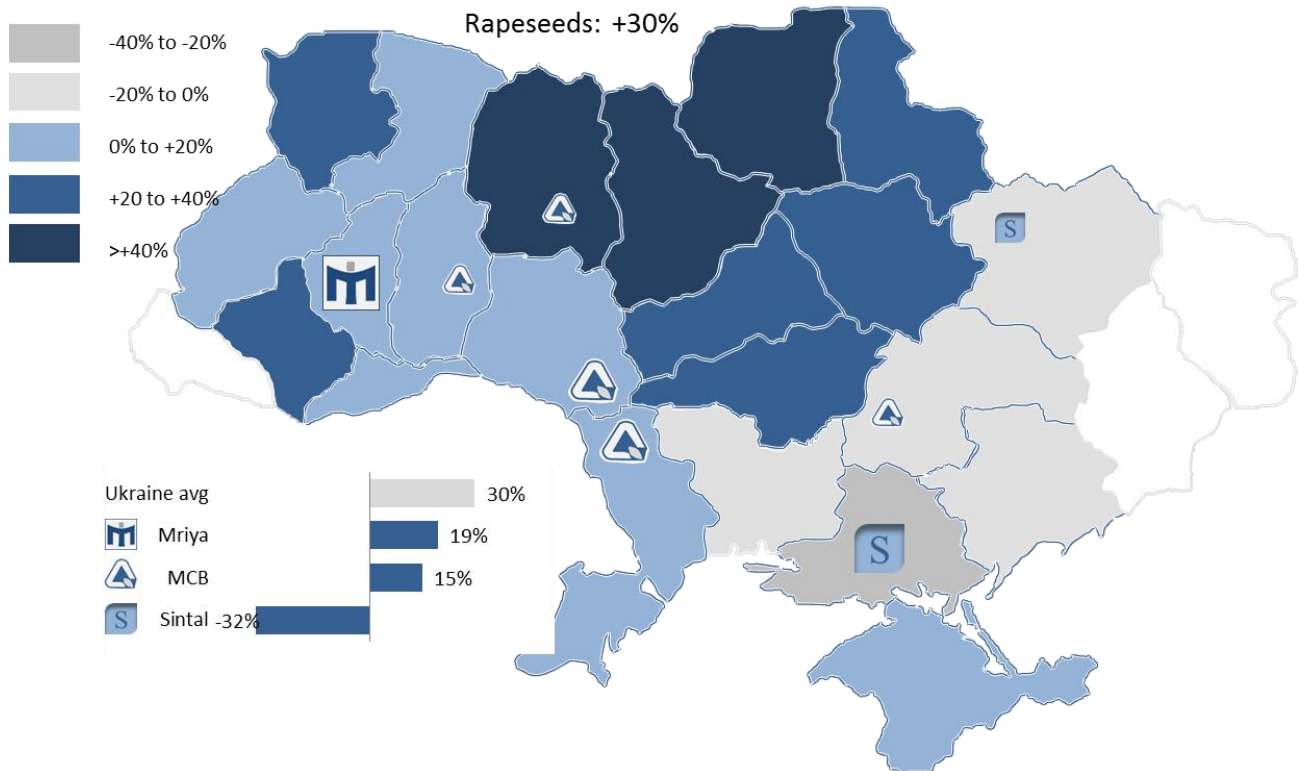
Source: Company data, Concorde Capital estimates

APPENDIX I

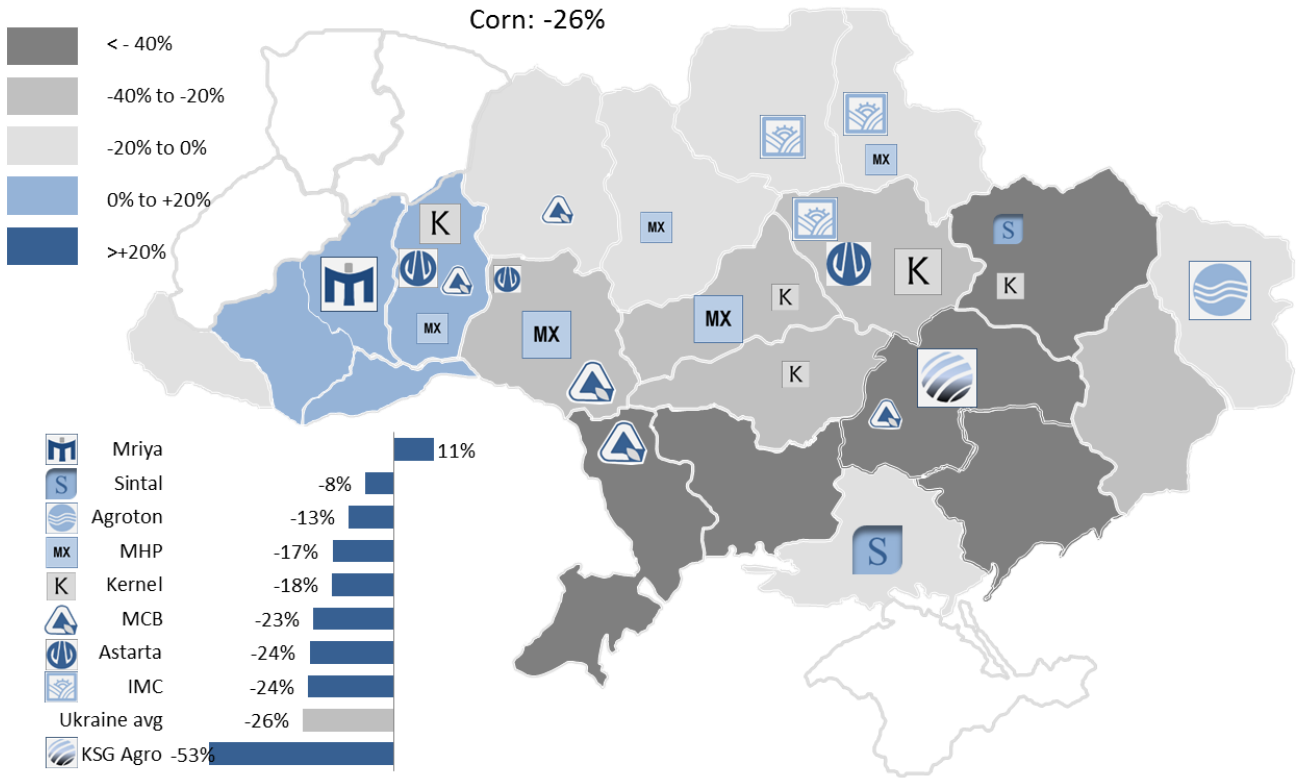
2012 crop yield changes by regions in Ukraine



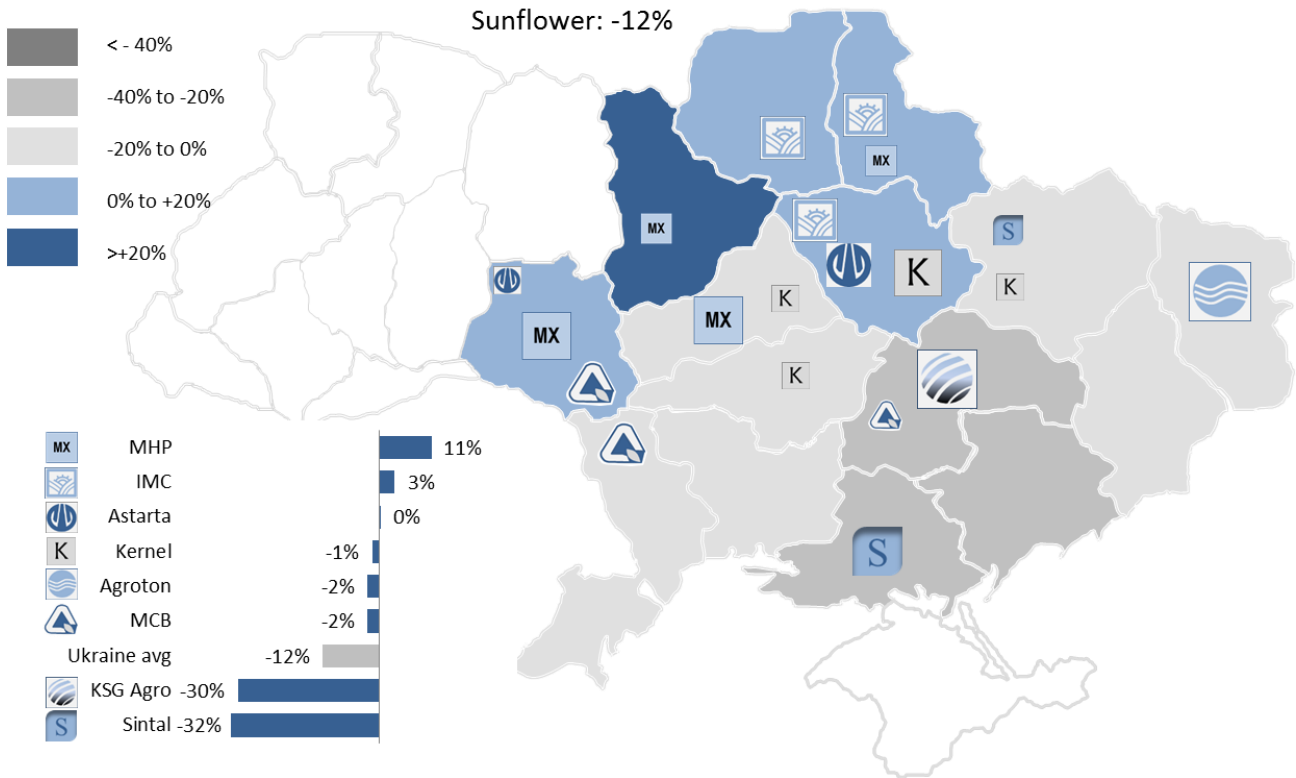
Source: UkrStat, company data, Concorde Capital research



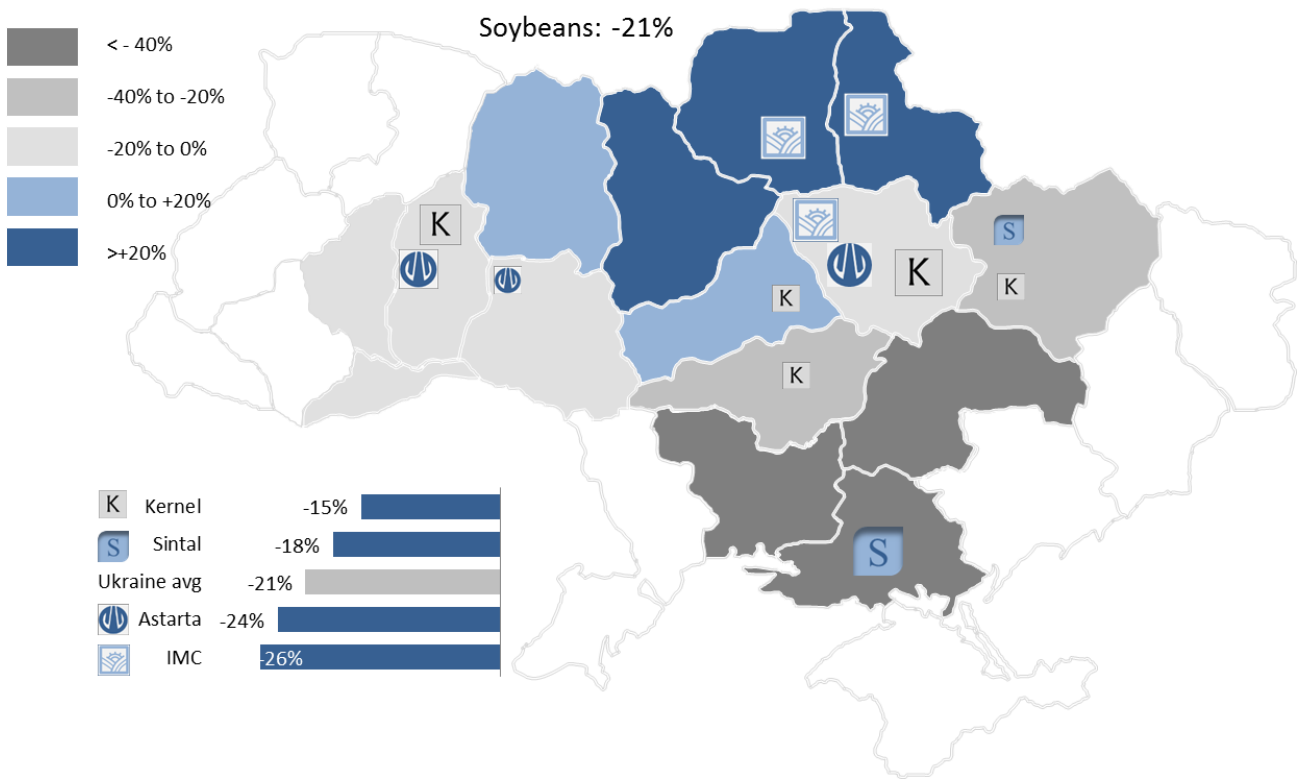
Source: UkrStat, company data, Concorde Capital research



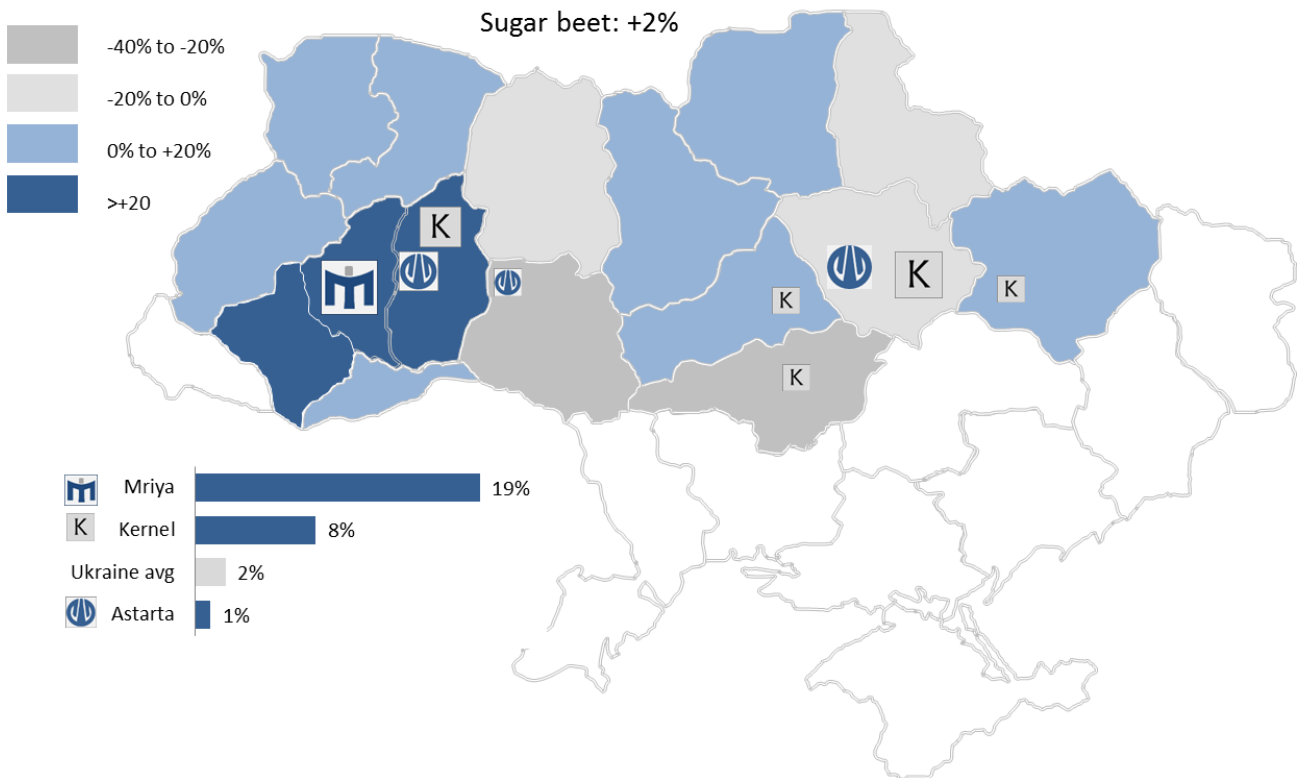
Note: Data from 39% of total planned harvested area (as of Oct.1, 2012).
 Source: UkrStat, company data, Concorde Capital Research



Note: Data from 77% of total planned harvested area (as of Oct.1, 2012).
 Source: UkrStat, company data, Concorde Capital Research



Note: Data from 54% of total planned harvested area (as of Oct.1, 2012)
 Source: UkrStat, company data, Concorde Capital Research



Note: Data from 31% of total planned harvested area (as of Oct.1, 2012)
 Source: UkrStat, company data, Concorde Capital Research

Analyst certification

I, Alexander Paraschiy, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

Company: Rating history

Company	Ticker	Date	Market price, USD	12M Target price, USD	Previous target	Rating	Action
Agroton	AGT PW	3-Dec-12	3.3	6.6	3.4	BUY	Upgrade
Indutrial Milk Co	IMC PW	3-Dec-12	4.4	7.5	6.1	BUY	Maintain
KSG Agro	KSG PW	3-Dec-12	3.5	8.3	11.3	BUY	Maintain
Mriya	MAYA GF	3-Dec-12	6.2	6.5	5.4	HOLD	Upgrade
Sintal	SNPS GF	3-Dec-12	0.3	n/a	1.5	N/R	Withdraw

Source: Bloomberg, Concorde Capital

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Contacts

CONCORDE CAPITAL
 2 Mechnikova Street, 16th Floor
 Parus Business Centre
 Kyiv 01601, Ukraine
 Tel.: +380 44 391 5577
 Fax: +380 44 391 5571
 www.concorde.ua
 Bloomberg: TYPE CONR <GO>

CEO

Igor Mazepa

im@concorde.com.ua

SALES

International Sales & Trading

Rostyslav Shmanenko
 Katerina Shevchenko

rs@concorde.com.ua
 ksh@concorde.com.ua

RESEARCH

Head of Research

Alexander Paraschiy

ap@concorde.com.ua

Agriculture, Consumer, Utilities

Alexander Paraschiy

ap@concorde.com.ua

Oil & Gas, Industrials

Roman Dmytrenko

rd@concorde.com.ua

Metals & Mining

Roman Topolyuk

rt@concorde.com.ua

Economics, Fixed income

Alexander Paraschiy

ap@concorde.com.ua

Politics, Corporate governance

Zenon Zawada

zzawada@concorde.com.ua

Editor

Zenon Zawada

zzawada@concorde.com.ua

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