



CONCORDE CAPITAL

Ukraine / Transportation  
**Ukrrichflot**

10x Charter Fund Increase

November 22, 2007

Current Price: USD 31.2  
12M Target: N/R

N/R

**Inna Perepelytsya**

pi@concorde.com.ua

+380 44 391 5577

Bloomberg FLOT UZ

**Market information**

No of Shares, mln	
Current	7.88
After share issue	78.79

Market price*, USD	31.19
--------------------	-------

\* PFTS mid-market

Fully diluted price, USD	3.18
--------------------------	------

52Wk H/L, USD	41.58/7.82
---------------	------------

MCap, USD mln	245.8
---------------	-------

Free float, %	25%
USD	61.5

**Corporate Governance Rating\*\* P**

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

**Ownership**

Grigorishyn	75%
Other	25%

**Ratios 2006**

EBITDA Margin	10.4%
Net Margin	4.4%

**November 23 EGM agenda**

Tomorrow's EGM at Ukrrichflot will be the company's third shareholder meeting this year. Among the twelve issues on the agenda, the most important, in our view, are: 10x increase in the company's charter fund and Ukrrichflot's strategy for 2008-2012.

**The company changed hands**

The shareholder meeting will be another step in strengthening Grigorishyn's positions in Ukrrichflot. Over a half-year period, Grigorishyn completed a hostile takeover of the company. The cat was out of the bag in August when mass media reported the takeover. In October, the fact was publicly announced for the first time at Ukrrichflot's EGM, where ex-CEO Podlesny resigned. The market responded strongly: FLOT quotations on the PFTS exploded 156% since August.

**Free float to shrink**

After privatization in the early 90s, Ukrrichflot shares remained widely dispersed among individuals across the country in tiny lots (mostly below 30 shares). These shares were extremely difficult to consolidate, so free float remained in a sleeping mode. We estimate this ownership currently at 20-25%. The absolute majority of these shareholders will not subscribe for the coming share issue, which will effectively eliminate free float and lead to consolidation of Grigorishyn's ownership to more than 90% from today's estimated 70-75%.

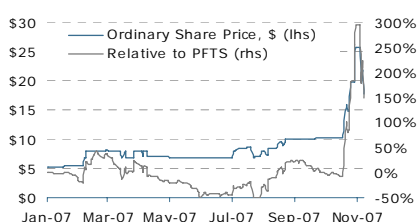
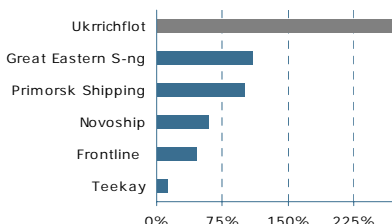
**Share issue details**

New shares will be distributed among shareholders at par value (USD 0.069 per share). Subscription is planned to take place from Dec. 10 to Dec. 19, 2007. Ex-rights date will be the day preceding the beginning of subscription (to be confirmed tomorrow at the EGM).

	# of shares	Charter fund, USD mn
Current	7,879,576	0.54
Additional issue	+70,916,184	+4.91
After issue	78,795,760	5.46
Change	900%	900%

**Next EGM in just two weeks**

Total control over the company gives Grigorishyn a more solid basis in his further corporate strategies. The agenda of Ukrrichflot's next EGM called for December 7 includes a single issue: participation of Ukrrichflot in creation of a Shipbuilding Holding Company. The EGM will take place at the premises of shipbuilding plant Sevmorzhavod in Sevastopol, where Grigorishyn is partnering with Poroshenko, according to media reports.

**Stock performance, 12M****Sector performance, YTD****Trading Volumes, USD ths****Key financials, USD mln**

(in USD mln)	Sales	EBITDA	Net Income
2005	92.2	10.7	4.4
2006	105.3	10.9	4.7

UAH/USD Spot exchange rate is 5.05 Source: PFTS, PFTS mid-market prices

EV/S	EV/EBITDA	P/E
3.3	29.6	54.7
2.9	28.7	48.3

SHARE ISSUE ALERT

SHARE ISSUE ALERT

SHARE ISSUE ALERT

**Concorde Capital**  
**2 Mechnikova Street**  
**21st Floor**  
**Kyiv 01601, UKRAINE**

**Tel.: +380 44 391 5577**  
**Fax: +380 44 391 5571**  
**www.concorde.com.ua**  
**office@concorde.com.ua**

**CEO**

Igor Mazepa

im@concorde.com.ua

**RESEARCH COVERAGE BY SECTOR**

**Equity Sales**

Anastasiya Nazarenko  
Duff Kovacs, CFA  
Zack Watson  
Marina Martirosyan

an@concorde.com.ua  
dk@concorde.com.ua  
zw@concorde.com.ua  
mm@concorde.com.ua

**Strategy**

Konstantin Fisun  
Oleksandr Klymchuk

kf@concorde.com.ua  
ok@concorde.com.ua

**Metals & Mining**

Eugene Cherviachenko  
Andriy Gerus

ec@concorde.com.ua  
ga@concorde.com.ua

**Director of Research**

Konstantin Fisun, CFA

kf@concorde.com.ua

**Utilities (Telecom, Energy)**

Alexander Paraschiy

ap@concorde.com.ua

**Oil & Gas, Chemicals**

Vladimir Nesterenko

vn@concorde.com.ua

**Consumer/Real Estate Group**

Andriy Gostik, CFA  
Olha Pankiv  
Alexander Romanov  
Anna Dudchenko

ag@concorde.com.ua  
op@concorde.com.ua  
ar@concorde.com.ua  
ad@concorde.com.ua

**Machinery**

Eugene Cherviachenko  
Inna Perepelytsya

ec@concorde.com.ua  
pi@concorde.com.ua

**Financial Services, Retail**

Alexander Viktorov

av@concorde.com.ua

**Macroeconomics**

Polina Khomenko

pk@concorde.com.ua

**Fixed Income**

Oleksandr Klymchuk

ok@concorde.com.ua

**Corporate Governance**

Nick Piazza

np@concorde.com.ua

**News/Production**

Nick Piazza  
Polina Khomenko

np@concorde.com.ua  
pk@concorde.com.ua

**Editor**

Brad Wells

bw@concorde.com.ua

## Disclaimer

This report has been prepared by Concorde Capital investment bank 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.

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 without prior permission is prohibited. © 2007 Concorde Capital