

Inna Perepelytsya
+380 44 207 5030
pi@concorde.com.ua

Market Information

Bloomberg	FLOT UZ
No of Shares, mln	7.88
Market price, USD	7.92
MCap, USD mln	62.41
Free float	15%

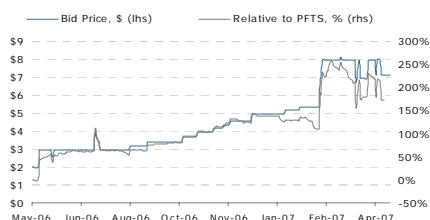
Stock Ownership

Richflotservis	20%
Invest-Trans	18%
Ukreximbank	14%
Other	48%

Ratios, 2006

EBITDA Margin	10.4%
Net Margin	4.4%

Share Performance



Source: PFTS

The 2006 financial results Ukrrichflot announced at its AGM on April 27 showed 14% top-line growth and a slight reduction in profitability. The shareholders decided to pay 24.3% of the 2006 net income in dividends. They also voted in favor of a USD 32.55 mln EBRD loan for the construction of new ships.

Financial results

Ukrrichflot posted net revenues of USD 105.3 mln (+14.3% yoy), the company's EBITDA margin fell from 11.7% to 10.4% and its Net margin fell from 4.8% to 4.4%. The company's margins decreased due to the negative influence of fuel price hikes.

Dividends

The company's shareholders voted to pay USD 1.17 mln in dividends, which is 24.3% of 2006's net income (DPS is USD 0.15 and dividend yield is 1.8%). The ex-rights date is July 1, 2007.

EBRD loan

At their AGM, Ukrrichflot shareholders approved a USD 32.55 mln EBRD loan for the construction of three large dry cargo ships to be built at the Damen Shipyards Ocean (Ukraine) in 2008-2010.

Plans

The company plans to receive USD 6.25 mln net income in 2007 and to pay USD 0.16 dividends per share in 2007.

The company plans to increase its sea transportation by 50%, Danube-river transportation by 30% and other directions of transportation by 25% in the mid term.

"Raider attack protection"

The company's shareholders approved several share swaps that occurred during 2003-2005: FLOT shares (more than 8%) were exchanged for shares of other Ukrainian companies: the Kahovka Electric Welding Equipment plant, Zhitomir plant Autodetal and Enegropromtorgresury.

According to the company's CEO, the approval of share swaps at the AGM should decrease the risk of attacks by "raiders" who appealed against the legitimacy of the swaps. For the last two years corporate conflicts with aggressive minority shareholders were the main headache for the management.

Key Financials & Ratios

(in USD mln)	Sales	EBITDA	Net Income	EV/S	EV/EBITDA	P/E
2005	92.2	10.7	4.4	0.6	5.4	14.2
2006	105.3	10.9	4.7	0.6	5.5	13.3

Spot exchange rate is 5.05

Company profile

Business

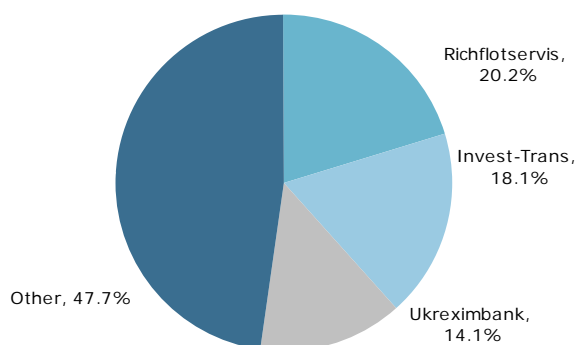
Ukrrihflot is the biggest shipping company in Ukraine. It owns more than 200 cargo and passenger ships. The company's main activities are cargo and passenger transportation and tourism. Ukrrihflot occupies 54% of the Ukrainian market of river and sea transportation. Its fleet operates out of the ports of 40 countries along the Dniper, Volga and Danube rivers; as well as the Black, Mediterranean, Baltic and Northern seas.

The company's main revenues come from freight transportation: about 66% of total sales. The main customers for cargo transportation in 2006 were Ukrainian metallurgy plants, and global grain traders.

Ownership structure

According to the management Ukrrihflot's employees (read management) have consolidated 72% of FLOT's shares.

Shareholders structure



Source: Company data

Local subsidiaries

Ukrrihflot owns five river ports on the Dniper and Bug rivers and three building and repair shipyards (Kherson, Zaporizhya and Chernihiv) with outdated equipment. Management plans to develop its plants to make it possible to construct cargo ships and barges. By the end of 2013 FLOT plans to build three tug boats and 24 barges at its shipyards.

Within the Ukrrihflot holding there are also entities involved in insurance, brokering, forwarding and shipping.

Off shore subsidiary

Ukrrihflot created a company Ukrshipping Limited which is comparable with FLOT in terms of assets and financial results. Ukrshipping has the bulk of Ukrrihflot's new ships.

Ukrshipping was specially created for realization of investment projects in new shipbuilding with the European Bank of Reconstruction and Development (EBRD). To date Ukrrihflot through Ukrshipping has received loans from the EBRD totaling USD 67 mln. The company used the funding to build seven large dry cargo ships.

Ukrshipping is registered in Cyprus and is not consolidated in FLOT's financials according to Ukrainian accounting standards. However, has consolidated IFRS reports but they are not open to the public.

According to FLOT's CEO, in 2006 Ukrrshipping's revenues came to USD 39.5 mln, net income amounted USD 18.2 mln and the company's total assets were USD 124.3 mln as of the end of last year.

According to the auditor Moor Stevens, consolidated assets of Ukrrichflot and Ukrshipping grew by 81.7% in 2003-2006.

Market Multiples

International Peers	Country	MCap USD mln	EV/Sales		EV/EBITDA		P/E	
			2005	2006E	2005	2006E	2005	2006E
FLOT*	Ukraine	62.4	0.6	0.6	5.4	5.5	14.2	13.3
Wuhu Port Storage & Transportation	CHINA	207.3	8.9	9.7	19.0	20.2	42.0	43.9
Compania Chilena De	CHILE	175.7	0.2	0.3	2.6	(11.0)	4.5	neg
Birka Line ABP	FINLAND	175.6	2.3	2.1	20.1	5.1	neg	8.6
Wilson ASA	NORWAY	148.0	0.9	1.0	4.8	5.8	6.3	8.4
Sloman Neptun AG	GERMANY	144.2	2.3	n/a	10.8	n/a	neg	n/a
International Shipholding Inc	US	132.8	1.1	0.8	6.6	4.2	19.1	9.1
Meiji Shipping Company Limited	JAPAN	117.0	4.9	4.6	11.2	7.4	163.7*	12.1
Kawasaki Kinkai Kisen	JAPAN	115.8	0.8	0.7	4.4	4.5	6.5	6.9
Kyoei Tanker Company Limited	JAPAN	110.3	3.0	3.0	4.8	7.9	5.8	17.4
Euroseas Limited	US	105.6	3.1	n/a	4.3	n/a	4.2	5.3
Samudera Indonesia	INDONESIA	101.8	0.1	0.2	0.5	3.5	2.9	15.3
Dimerco Express (TW) Corp.	TAIWAN	99.4	0.3	n/a	13.9	n/a	21.5	17.4
Dongbang Transport & Logistics	KOREA (STH)	88.2	0.4	n/a	6.2	n/a	12.8	n/a
Taiheiyo Kaiun Company Limited	JAPAN	81.4	3.1	3.1	9.4	10.8	32.9	111.3*
Heung-A Shipping Company Limited	KOREA (STH)	78.1	0.3	n/a	3.5	n/a	4.4	n/a
Eidsiva Rederi ASA	NORWAY	59.4	3.7	3.2	4.8	5.0	9.2	7.6
Belships ASA	NORWAY	50.4	0.8	0.8	6.3	5.5	13.5	8.2
Global Carriers Berhad	MALAYSIA	42.4	2.5	2.1	5.6	3.8	10.5	5.4
Median			1.7	2.1	5.9	5.1	9.2	8.6
Implied Price by Median, USD			20.4	28.6	8.6	7.3	5.1	5.1
Implied upside (Downside) by Median			158%	261%	9%	-7%	-35%	-35%

Source: Bloomberg, Company data, Concorde Capital estimates

* Based on non-consolidated financials

Financial statement summary

INCOME STATEMENT, USD mln

	2002	2003	2004	2005	2006
Net Revenues	43.0	44.5	76.3	92.2	105.3
<i>Change y-o-y</i>	<i>n/a</i>	<i>3.4%</i>	<i>71.5%</i>	<i>20.7%</i>	<i>14.3%</i>
Gross Profit	8.6	9.2	18.2	18.4	20.6
EBITDA	4.0	3.8	10.3	10.7	10.9
<i>margin, %</i>	<i>9.4%</i>	<i>8.6%</i>	<i>13.5%</i>	<i>11.7%</i>	<i>10.4%</i>
Depreciation	(3.8)	(3.5)	(5.1)	(5.6)	(5.7)
EBIT	0.2	0.3	5.1	5.1	5.2
<i>margin, %</i>	<i>0.5%</i>	<i>0.7%</i>	<i>6.7%</i>	<i>5.6%</i>	<i>4.9%</i>
Interest Expense	(0.1)	(0.1)	(1.6)	(1.4)	(1.0)
Other income/(expense)	3.2	1.9	(0.2)	0.1	0.6
PBT	3.3	2.1	5.4	5.9	6.2
Tax	(0.7)	(0.6)	(1.3)	(1.5)	(1.6)
<i>Effective tax rate</i>	<i>21.0%</i>	<i>30.8%</i>	<i>24.0%</i>	<i>25.2%</i>	<i>25.0%</i>
Net Income	2.6	1.5	4.1	4.4	4.7
<i>Net Margin, %</i>	<i>6.1%</i>	<i>3.3%</i>	<i>5.4%</i>	<i>4.8%</i>	<i>4.4%</i>

BALANCE SHEET, USD mln

	2002	2003	2004	2005	2006
Current Assets	11.1	11.5	21.3	21.9	22.7
Cash & Equivalents	3.1	2.8	7.3	5.6	4.0
Trade Receivables	2.6	3.4	5.4	6.5	9.1
Inventories	2.6	2.9	4.7	6.1	7.0
Other	2.8	2.4	3.9	3.8	2.6
Fixed Assets	84.4	93.9	93.5	100.5	103.4
PP&E, net	52.1	51.2	67.2	72.7	139.2
Other	32.3	42.7	26.3	27.7	(35.7)
Total Assets	95.5	105.4	114.8	122.4	126.1
Shareholders' Equity	88.7	96.5	104.1	110.4	107.8
Share Capital	(1.0)	0.5	0.5	0.5	0.5
Reserves and Other	89.6	96.0	103.5	109.9	107.3
Current Liabilities	4.6	6.0	8.2	10.0	16.4
ST Interest Bearing Debt	0.2	0.7	0.2	0.3	0.5
Trade Payables	2.3	3.5	3.8	5.0	8.4
Other	2.1	1.9	2.6	3.0	5.3
LT Liabilities	2.2	2.8	3.3	3.1	70.0
LT Interest Bearing Debt	-	-	0.5	0.7	1.2
Other	2.2	2.8	2.0	1.1	0.8
Total Liabilities & Equity	95.5	105.4	115.6	123.5	194.2

Source: Company data

Concorde Capital
3V Sportyvna Square
2nd entrance, 3rd floor
Kyiv 01023, UKRAINE

Tel: +380 44 207 5030
Fax: +380 44 206 8366
www.concorde.com.ua
office@concorde.com.ua

CEO

Igor Mazepa

im@concorde.com.ua

Head of Equity Sales

Lucas Romriell

lr@concorde.com.ua

Equity Sales

Marina Martirosyan

mm@concorde.com.ua

Anastasiya Nazarenko

an@concorde.com.ua

Director of Research

Konstantin Fisun, CFA

kf@concorde.com.ua

RESEARCH COVERAGE BY SECTOR

Strategy

Konstantin Fisun

kf@concorde.com.ua

Oleksandr Klymchuk

ok@concorde.com.ua

Metals & Mining

Eugene Cherviachenko

ec@concorde.com.ua

Utilities (Telecom, Energy)

Alexander Paraschiy

ap@concorde.com.ua

Oil & Gas, Chemicals

Vladimir Nesterenko

vn@concorde.com.ua

Consumer/Retail Group

Andriy Gostik

ag@concorde.com.ua

Olha Pankiv

op@concorde.com.ua

Alexander Romanov

ar@concorde.com.ua

Anna Dudchenko

ad@concorde.com.ua

Machinery

Olha Pankiv

op@concorde.com.ua

Eugene Cherviachenko

ec@concorde.com.ua

Inna Perepelytsya

pi@concorde.com.ua

Financial Services,

Macroeconomics

Alexander Viktorov

av@concorde.com.ua

Fixed Income

Oleksandr Klymchuk

ok@concorde.com.ua

Corporate Governance

Nick Piazza

np@concorde.com.ua

News/Production

Nick Piazza

np@concorde.com.ua

Polina Khomenko

pk@concorde.com.ua

Editor

Brad Wells

bw@concorde.com.ua

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