



CONCORDE CAPITAL

Ukraine / Iron ore

Ferrexpo

Planning a buyback?

April 13, 2009

Current price: USD 0.95
12M Target: USD 1.65

BUY

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Tickers

Bloomberg FXPO LN

Market information

Market price, USD	0.95
MCap, USD mln	581.0
52Wk Hi/Lo, USD	8.91/0.32
No of shares, mln*	588.6
Free float	24.0%
Free float, USD mln	139.4

* Excluding 25,343,814 treasury shares

Corporate Governance

Concorde Rating** Q

** 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.

Shareholders

Fevamotnico	51.0%
RPGI	25.0%
Other	24.0%

Key financials and ratios

	Sales, USD mln	EBITDA, USD mln	Net income, USD mln
2007	698.2	217.1	134.0
2008	1 116.8	460.6	313.0
2009E	610.3	263.4	174.8
2010E	641.7	271.6	184.0

Watch list

Analyst meeting May. 19, 2009

* Exchange rate: USD/UAH 7.84

- This morning local daily Kommersant reported citing Ferrexpo that the company is planning a buyback of up to 10% of its shares. Shareholders are scheduled to vote on the authorization of the company to do a buyback on their AGM on May 19
- Ferrexpo told us that no buybacks are planned presently
- We think that Ferrexpo will stick to its cash preserving strategy and will not buy shares from the market this year

What is really on the agenda on May 19 AGM?

Under the 1985 Act, Ferrexpo requires authorization from shareholders, if it wishes to purchase its own shares. The agenda for the upcoming AGM contains an issue about the authority of the company to buy its own stock and outlines technical parameters of such a transaction for the approval by shareholders. This is a routine procedure performed by shareholders on an annual basis and it does not automatically imply that the company will in fact be buying back its shares.

Management: No buybacks planned for 2009

According to Explanatory notes to the resolutions of the upcoming AGM's agenda, Ferrexpo has no present intention of exercising the authority to purchase its shares. We tend to rely on the management's declarations in this case, as we think that it is appropriate for Ferrexpo to focus on cash preserving strategy given difficult market conditions.

FLASH NOTE

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