



CONCORDE CAPITAL

Ukraine / Iron ore

Ferrexpo

Preliminary 2008 results announced

March 24, 2009

Current price: USD 0.95
12M Target: USD 1.65

BUY

Eugene Cherviachenko

ec@concorde.com.ua
+380 44 391 5577

Today Ferrexpo reported preliminary results for 2008, in line with our forecasts. So far, we leave our estimates for 2009 unchanged. The stock's current price still offers 71% effective upside¹ to our target. We maintain BUY.

Tickers

Bloomberg FXPO LN

Market information

Market price, USD	0.95
MCap, USD mln	584.2
52Wk Hi/Lo, USD	8.91/0.32
No of shares, mln*	588.6
Free float	27.0%
Free float, USD mln	157.7

* 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

Fevamotinicco	51.0%
RPGI	25.0%
Ralkon Commercial Ltd	10.1%
Other	13.9%

Key financials and ratios

	Sales, USD mln	EBITDA, USD mln	Net inc., USD mln
2007	698.2	246.1	134.0
2008	1,116.9	503.9	313.0
2009E	610.3	263.4	174.8

	EV/S	EV/EBITDA	P/E
2007	0.9	2.8	3.5
2008	0.6	1.7	1.3
2009E	0.7	2.6	1.7

2008 financial results in line with our expectations

This morning, in a press release, Ferrexpo announced its preliminary results for 2008: revenue of USD 1.1 bln, up 60% yoy; EBITDA of USD 503.9 mln, up 104.8% yoy (margin of 45.1%); net income of USD 313.0 mln, up 133.6% yoy (margin of 28.0%). The company said it would pay a dividend of USD 20 mln (dividend yield: 3.5%, DPS: USD 0.033).

Ferrexpo preliminary 2008 results vs. Concorde estimates, USD mln

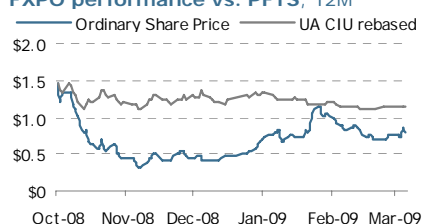
	Actual	Concorde estimates
Net revenue	1,116.8	1,015.1
EBITDA	503.9	419.2
Net income	313.0	291.4

Source: Ferrexpo, Concorde Capital

So far, we maintain our financial & production forecasts for Ferrexpo. We see the company's production at 7.2 mln mt of pellets in 2009 (down 20% yoy), which we think Ferrexpo will be able to find a market for.

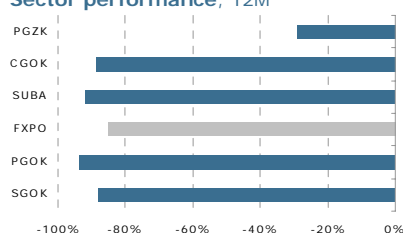
We believe our forecast for the iron ore price in 2009 to decline 35% yoy remains relevant. Industry experts have recently suggested a cut of anywhere from 20%-80%. Though, iron ore producers, by drawing out negotiations as long as possible, look as if they will be able to secure a moderate (vs. sharp) drop.

FXPO performance vs. PFTS, 12M

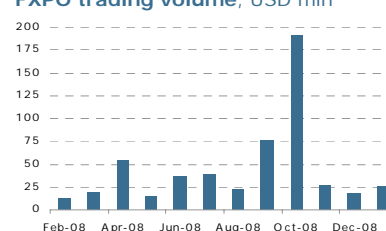


Source: Bloomberg, PFTS, Concorde Capital

Sector performance, 12M



FXPO trading volume, USD mln



¹ For methodology on effective upside, see our Strategy report of Nov. 24, 2008.

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Disclosures

Analyst certification

I, Eugene Cherviachenko, 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.

FXPO ratings history

Date	12M target price, USD	Market price, USD	Rating	Action
14-Mar-08	6.62	6.85	HOLD	Initiate
31-Mar-08	6.62	6.93	HOLD	Maintain
11-Apr-08	7.1	6.87	HOLD	Maintain
19-Jun-08	7.1	8.4	HOLD	Maintain
28-Aug-08	7.1	4.48	BUY	Upgrade
9-Oct-08	U/R	1.61	BUY	Maintain
16-Oct-08	U/R	1.41	BUY	Maintain
20-Oct-08	U/R	1.13	BUY	Maintain
29-Oct-08	U/R	0.68	BUY	Maintain
23-Jan-09	1.65	0.78	BUY	Maintain
3-Feb-09	1.65	0.72	BUY	Maintain
24-Mar-09	1.65	0.95	BUY	Maintain

Target price history, USD per share



Investment Ratings

The time horizon for target prices in Concorde Capital's research is 12 months unless otherwise stated. Concorde Capital employs three basic investment ratings: Buy, Hold and Sell. Typically, Buy recommendation is associated with an upside of 15% or more from the current market price; Sell is prompted by downside from the current market price (upside <0%); Hold recommendation is generally for limited upside within 15%. Though investment ratings are generally induced by the magnitude of upside, they are not derived on this basis alone. In certain cases, an analyst may have reasons to establish a recommendation where the associated range given above does not correspond. Temporary discrepancies between an investment rating and its upside at a specific point in time due to price movement and/or volatility will be permitted; Concorde Capital may revise an investment rating at its discretion. A recommendation and/or target price might be placed Under Review when impelled by corporate events, changes in finances or operations. Investors should base decisions to Buy, Hold or Sell a stock on the complete information regarding the analyst's views in the research report and on their individual investment objectives and circumstances.

Concorde Capital ratings distribution

Buy	55	46%
Hold	48	40%
Sell	11	9%
Under Review	6	5%
Total	120	100%

Investment banking clients*

Buy	7	100%
Hold	0	0%
Sell	0	0%
Under Review	0	0%
Total	7	100%

**Within the last twelve month period, Concorde Capital has obtained compensation from these companies.*

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 im@concorde.com.ua
 Igor Mazepa

Head of Sales & Trading rn@concorde.com.ua
 Roman Nasirov

International Sales & Trading
 Anastasiya Nazarenko an@concorde.com.ua
 Marina Martirosyan mm@concorde.com.ua
 Andriy Supranonok sap@concorde.com.ua
 Marina Cherednichenko cmg@concorde.com.ua

Domestic Sales & Trading
 Yuriy Pilipenko up@concorde.com.ua
 Alisa Tikhomirova at@concorde.com.ua

Director of Research kf@concorde.com.ua
 Konstantin Fisun, CFA

RESEARCH

Strategy
 Konstantin Fisun kf@concorde.com.ua
 Oleksandr Klymchuk ok@concorde.com.ua

Metals & Mining
 Eugene Cherviachenko ec@concorde.com.ua
 Andriy Gerus ga@concorde.com.ua

Utilities (Telecom, Energy)
 Alexander Paraschiy ap@concorde.com.ua

Oil & Gas
 Andriy Gerus ga@concorde.com.ua

Real Estate/Construction, Consumer-related
 Andriy Gostik, CFA ag@concorde.com.ua

Machinery
 Alexander Paraschiy ap@concorde.com.ua
 Eugene Cherviachenko ec@concorde.com.ua

Economics, Financial services
 Andrii Parkhomenko pav@concorde.com.ua

Fixed Income
 Oleksandr Klymchuk ok@concorde.com.ua

Editor
 Brad Wells bw@concorde.com.ua

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