



CONCORDE CAPITAL

Ukraine / Iron ore

Ferrexpo

NWR's acquisition of 25% stake off for now

March 26, 2009

Current price: USD 0.86
12M Target: USD 1.65

BUY

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- NWR said yesterday that it will not purchase a 24.99% stake in Ferrexpo from RPGI, which will continue holding the stake
- NWR's refusal to proceed with the acquisition was no surprise to us as the offer price implied a 45% premium to the market
- We continue to hold the view that RPGI will offer the stake to NWR again at a later date when Ferrexpo's share price revives

Tickers

Bloomberg FXPO LN

Market information

Market price, USD	0.86
MCap, USD mln	524.3
52Wk Hi/Lo, USD	8.91/0.32
No of shares, mln*	588.6
Free float	24.0%
Free float, USD mln	125.8

* 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

Fevamotinic	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

NWR declines RPGI's offer to acquire 24.99% stake in Ferrexpo

New World Resources, a subsidiary of RPG Industries, said yesterday that its board of directors decided it would not proceed with the acquisition of a 24.99% stake in Ferrexpo, after consulting with shareholders and lenders. NWR's board cited the challenging environment in the coal and steel sectors. RPGI offered its shareholding to NWR for USD 185 mln (USD 1.25 per share), following its acquisition of the stake in October 2008.

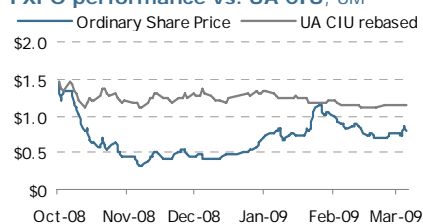
Ferrexpo, NWR still to reciprocate board seats

NWR shareholders, at their AGM on April 28, are still due to consider the nomination of Ferrexpo controlling shareholder and CEO Konstantin Zhevago to NWR's board as a non-independent non-executive director. NWR Executive Chairman Mike Salamon and NWR Executive Director and CFO Marek Jelinek, in kind, have been invited to take up seats on Ferrexpo's board.

RPGI to retain control of stake, could offer it to NWR later

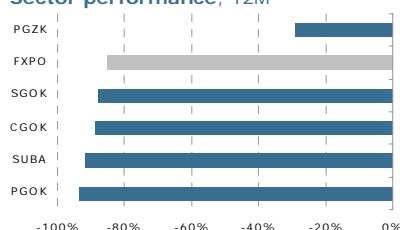
In the joint NWR-RPGI release, RPGI said it intended to continue holding the stake in Ferrexpo. NWR's refusal to acquire RPGI's stake was no surprise to us as the offer price (at USD 1.25 per share) was well over Ferrexpo's current market price (USD 0.86). We continue to hold the view that RPGI will offer its stake in Ferrexpo to NWR again at a later date when Ferrexpo's share price revives (see our January 23, 2009 note).

FXPO performance vs. UA CIU, 6M

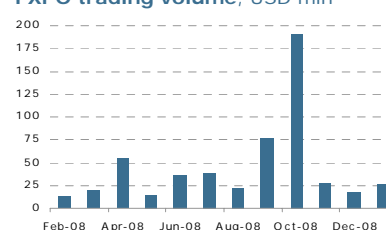


Source: Bloomberg, PFTS, Concorde Capital

Sector performance, 12M



FXPO trading volume, USD mln



FLASH NOTE

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