UKRAINE / Electricity

Update

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You will not grasp ... with your mind
Or cover with a common label,
For ... is one of a kind -
Believe in ..., if you are able
-Feodor Tyutchev

Ukrainian Power Generation

March 21, 2007

Contents

Investment Case

Target price revision, USD

	Market price	12M Target old	12M Target new	Rec. old	Rec. new
CEEN	2.8	1.4	3.2	HOLD	BUY
DNEN	288.1	134	383	HOLD	BUY
DOEN	17.1	11.2	27.6	BUY	BUY
ZAEN	73.4	41.2	94.3	SELL	BUY

Capacity and output

	Installed capacity, GW Total	Installed capacity, GW Coal	Output, TWh 07E	Output, TWh 08E
CEEN	7.55	4.55	14.8	15.6
DNEN	8.16	5.76	15.6	16.1
DOEN	2.71	2.71	7.7	8.3
ZAEN	4.60	4.60	15.9	16.3

Financial summary, USD mln

	Revenue 07E	Revenue 08E	EBITDA 07E	EBITDA 08E	Net income 07E	Net income 08E
CEEN	626	686	57	71	13	26
DNEN	685	750	75	84	19	31
DOEN	341	390	27	42	2	0
ZAEN	764	825	57	77	20	37

Market ratios (07E)

	MCap	EV/S	EV/ EBITDA	EV/ Capacity
CEEN	1,031	1.8	20.2	253
DNEN	1,131	1.8	16.1	210
DOEN	404	1.5	18.5	185
ZAEN	938	1.3	17.7	221

Shareholders

	NC ECU	Other (Free float)
CEEN	78.3%	21.7%
DNEN	76.0%	24.0%
DOEN	85.8%	14.2%
ZAEN	70.1%	29.9%

Spurred by impressive advances in Russian electricity sector, the market is aggressively valuing Ukrainian generation. With uncertainty surrounding sector reforms, EV/Capacity is being used as a measuring yardstick to price GenCos. Though we still don't see strong reasons for regulatory reform anytime soon, increasing export options point toward higher load and maybe higher margins sector-wide in the mid-term. We relax our conservative valuations and upgrade the sector. BUY.

Investors eye energy appreciation prize

The market easily restored most of the gains of the last 52 weeks (+200% for GenCos, on average) after a recent correction, proving that it was not just a speculation bubble. Current prices take into account optimistic expectations of operating environment changes, as investors, eager to follow up on the experience of rewarding energy stock appreciation elsewhere in CE, seem to be patient enough to wait couple of years to see their expectations realized.

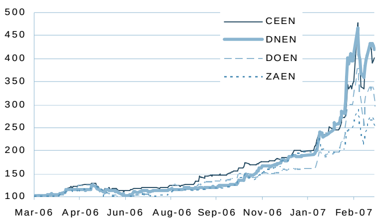
EV/Capacity – oriented

Capacity-based multiples have become a yardstick to measure GenCo prices as sales and profitability forecasts vary widely. GenCos modestly trade at an EV/Capacity of USD 180-250 per kW, compared to OGKs' USD 500 per kW and emerging market peers USD 900 per kW. A stable 67% discount to OGKs by EV/Capacity over 2006 prompted the market to benchmark GenCos to Russian peers. A decrease in the discount to 60% this March might suggest GenCos are now being treated as an independent investment opportunity. We believe this is because of the GenCos' excellent opportunities to increase output and profits in the mid-term due to growth in export demand.

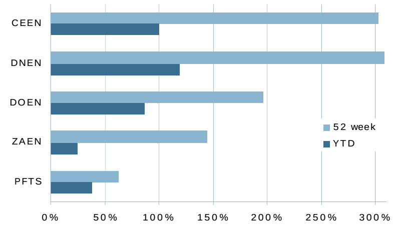
Valuation revision

GenCos remain undervalued by EV/S and EV/Capacity. We explicitly factor positive expectations into our best-case scenario for DCF valuation, which yields 100%-190% upsides. We set our targets in between our conservative base-case DCF scenario and EV/Capacity vs. EBITDA/Capacity relationship, which reflects the global trend in the power generation universe. We issue BUY recommendations on all four GenCos.

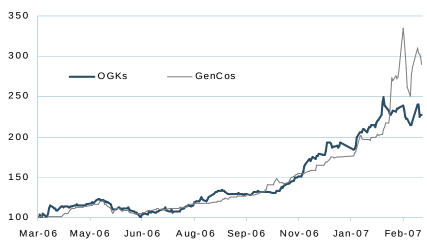
Market



Relative performance



GenCos vs. OGKs indices*



Source: PFTS, RTS, Bloomberg, Concorde Capital calculations
** MCap-weighted indices for four GenCos and five OGKs*

Valuation summary, USD

	Market	EV/S	EV/EBITDA	EV/Capacity	DCF base-case	12M target	Upside
CEEN: BUY	2.8	5.8	1.3	4.5**	2.0	3.2	16%
DNEN: BUY	288.1	612.3	176.7	550.7**	215.0	382.9	33%
DOEN: BUY	17.1	47.8	7.7	40.5	14.7	27.6	61%
ZAEN: BUY	73.4	210.2	39.8	129.5	59.1	94.3	29%

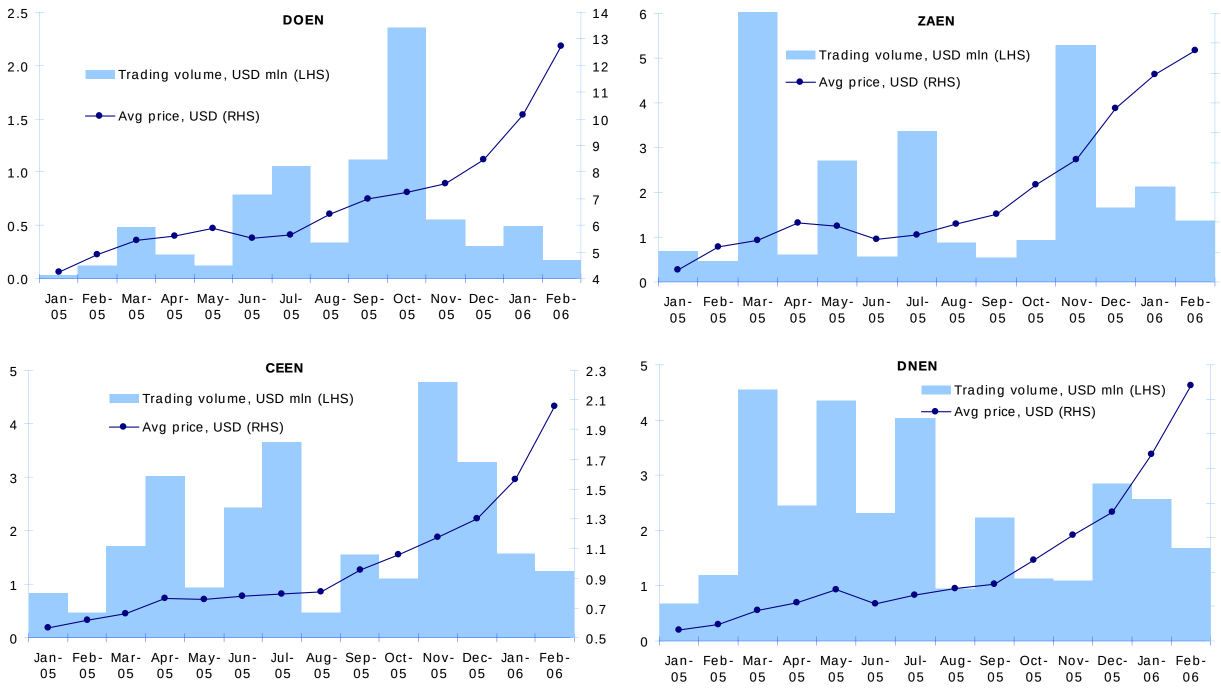
** Coal-fueled capacity only*

52 weeks: +200%

Excess demand pulled prices up

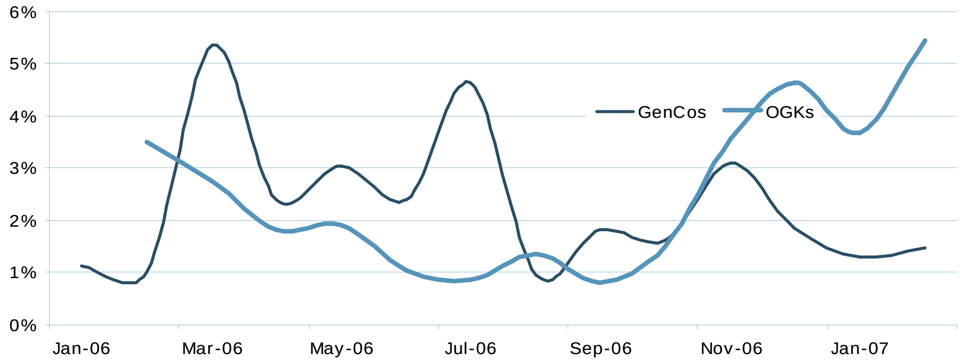
Even despite a correction in the first few days of March, which mirrored a wind that swept through markets worldwide, GenCos' 52 week performance is currently +200%. The increase in GenCos' stock quotes is rooted in excess demand, resulting from both the February 2007 boom in the local market and an increase in demand for energy stocks in Russia that continues to spill into Ukraine. The comparatively low free float of GenCos (currently USD 780 mln compared to Russian OGK's USD 4,600 mln) caused a fast deterioration in the supply of shares. In contrast to OGKs, whose stock appreciation was supported by increasing trading volumes, the Ukrainian GenCo rally was followed by a decrease in trading volumes – a clear sign of excess demand.

Trading history, Monthly data



Source: PFTS, Concorde Capital calculations

Monthly free float turnover, Shares



Source: PFTS, MICEX, RTS, Company data, Bloomberg, Concorde Capital

Praying for liquidity

The privatization of 10%-26% stakes in several GenCos, which the State Property Fund (SPF) is planning this year, can increase their free float by almost 70%. Most likely, strategic investors will participate in the privatization tenders, heating interest in GenCos stocks, as it was with OGK-5 in Russia.

We see forces at work within the SPF and the Ministry that might prevent the placements from going forward. As was recently rumored, Minister of Fuel and Energy Yuriy Boiko opposed the share placements, but these rumors were officially denounced by the Ministry.

Market can't hardly wait for future improvements

A sharp rise in demand in February did not allow investors a chance to buy GenCo stocks cheap, and buyers were looking for any reason to justify higher and higher market prices. Reasons were not very difficult to find – GenCos are cheap on capacity and sales-based multiples. The low capacity utilization level and tiny margins were overshadowed by an abundance of positive signals: progress in the sector's debt reconciliation, export growth, expected privatization, plans for intensive CapEx support by the government, and plans to introduce changes to the wholesale market. These promises to make GenCos as fundamentally as attractive as Russian OGKs some time in the future is more bark than bite right now, but nevertheless the market is chomping at the bit to discount these expectations into current prices.

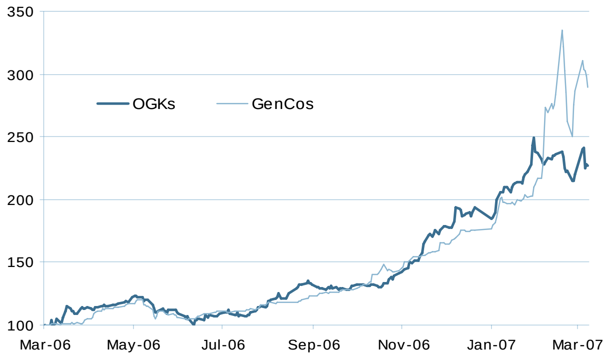
There is a consensus now among regulators that reform is inevitable, giving grounds to our expectations. The next step for regulators is to work out and develop reform plans. With the experience of their Russian counterparts as a guide, we believe regulators' efforts will yield positive changes in the mid to long-term perspective.

A new *discount equilibrium*?

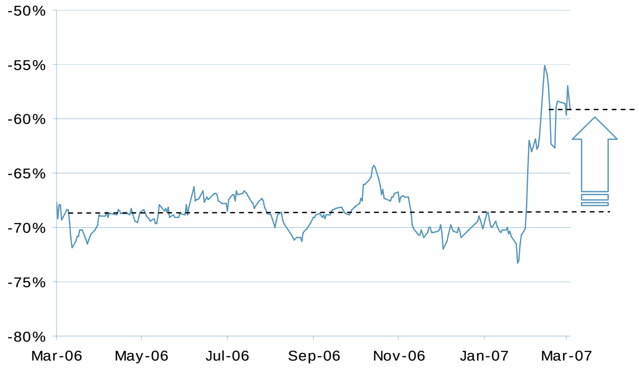
Early spring thaw melted traditional discount to OGKs

A spectacular connection between the two markets was revealed in 2006: GenCos appeared pegged to OGKs, growing in parallel with them at a stable discount of around 2/3 as measured by EV/Capacity. Yet - in the last couple of weeks, this level has jumped forward and seems to have established a new equilibrium at around 60%.

Stock indices (MCap-weighted)



GenCos discount to OGKs by EV/Capacity*



Source: PFTS, RTS, Company data, Concorde Capital calculations
** Only coal-fueled capacity of GenCos is taken into account*

2007 Multiples: GenCos

	EV/S	EV/EBITDA	EV/Capacity
CEEN*	1.8	19.4	243
DNEN*	1.7	15.8	207
DOEN	1.4	17.4	174
ZAEN	1.2	16.3	203
Mean	**1.5**	**17.2**	**207**
Mean discount to OGK	-63%	-24%	-60%

Source: PFTS, RTS, Company data, Bloomberg, Concorde Capital
** Only coal-fueled capacity is taken into account*

OGKs

	EV/S	EV/EBITDA	EV/Capacity
OGKB	3.7	17.0	488
OGKC	5.0	28.4	534
OGKD	4.7	25.4	612
OGKE	4.1	22.2	528
OGKF	3.3	20.2	421
Mean	**4.2**	**22.6**	**517**

Note: For this report, we will continue basing our capacity-based multiples only on coal-fueled capacity, ignoring gas-fueled power units as we do not believe they have a chance to be loaded in the mid-term. Note that CEEN is relatively over-valued (compared to other GenCos) in terms of installed coal-fueled capacity. For more details, refer to Appendix 3.

Why the discount holds

The persistent discount of GenCos to OGKs reflects a broad understanding that Ukrainian and Russian electricity markets still remain significantly different in terms of their supply/demand balance and in the pace of regulatory improvements.

Movements in the Ukrainian environment toward Russian-style reforms promise improvements in the long-term. However, these plans have – thus far – been mostly declarative in nature and will take time to be put into action.

GenCos valuations are likely to continue to lagging behind OGKs in the short-term for three key reasons:

1. Need for reform

Russia: Urgent problem
The main driver pressing Russia to reform its energy sector is a growing electricity deficit. Energy sector reforms are at the core of RAO UES' plans to attract investments.

Ukraine: At least a 3-year lag
Ukraine has repeatedly postponed energy sector reforms due to frequent changes in the government (and consequently in energy policies), and the absence of excess demand. Ukraine is only in the early stages of reform: the National Electricity Regulatory Commission (NERC) signed a contract with KEMA (Italy) and ECA (UK) to develop new rules for the energy market and a legal base to introduce reforms. The study is scheduled to be finished by the end of 2008, and only afterward will the government decide on the timing and scope of the wholesale market reforms. This means reforms would start *at the earliest* in 2009 – at least three years behind Russia.

2. Stock promotion

Russia: RAO UES and OGKs see benefits from stock appreciation
In its long-term investment program (USD 81 bln), RAO UES is planning to rely entirely on its own sources of capital, while spurning state budget financing. Since share placements are the main source of capital for OGKs, RAO UES and OGKs benefit directly from promoting stocks; and their management actively participates in road-shows and conference calls, demonstrating high investor relations standards.

Ukraine: Poor corporate governance and lack of independence
GenCos depend on the state for their expansion plans – each move by GenCo management must be approved by the National Energy Company (NC ECU). In addition, GenCo management and the NC ECU rely heavily on government support to upgrade their capacities. Management therefore has no incentive to use the stock market as a possible source of capital, and has no apparent interest in stock appreciation.

3. Privatization

Russia: Clear privatization schedule
RAO UES has clearly stated its plan to reduce its stake in OGKs to minority blocks in the mid-term.

Ukraine: Only count on small stakes to be privatized
At the moment, the state is only ready to place 10%-26% stakes in GenCos, which would decrease the stakes the government still holds to around 60% - making the proposed privatizations unattractive for strategic owners. Full-scale privatization of power generation companies in Ukraine might take place in 2009-2010 – after changes in the political structure (namely a decrease in the socialists' influence on the economic policy). Again, this means that until the next parliamentary elections, Ukraine will continue to lag behind Russia...

Exports promise further discount reductions

Two missing elements that can trigger a reduction in discounts to OGKs – improving profitability and capacity load – might be found in export opportunities:

1. Larger capacity utilization

The poor generation capacity load in Ukraine implies a significant potential for power output in the short and mid-term, even without an increase in installed capacity. Exports are growing each year and there are reasons why it will increase further: growing Russian demand (in the short to mid-term) and integration with the UCTE network (mid to long-term). Please, refer to Appendix 2 for more details.

Capacity utilization rates of power producers

Ukraine (four GenCos)	34%
Russia (five OGKs)	54%
Other world generators (19 others)*	56%

Source: Company data, Concorde Capital estimates
** Refer to Appendix 1 for the list of peers*

2. Export reform: Profitability booster?

Due to Ukrinterenergo's export monopoly, GenCos are currently only guaranteed growth in capacity load, but not profitability, from export supplies. At the moment, all export-related margins are accumulated by Ukrinterenergo, while power plants sell their electricity to the exporter at domestic, regulated tariffs.

We believe export liberalization can cause growth in the prices of GenCos' electricity similar to the growth expected for OGKs as a result of Russian market liberalization. However, at the moment these issues are only in the discussion stage.

The more progress in exports, the lower the discount to OGKs

Investors, eager to follow up on the experience of rewarding energy stock appreciation elsewhere in CEE, seem to have enough patience to wait. Their bullish expectations might push GenCos' prices further, decreasing the discount to OGKs. The new *discount equilibrium* the market probed over the last two weeks (at 60% discount by EV/capacity) has a good chance to hold during 2007, if not modified by unexpected news.

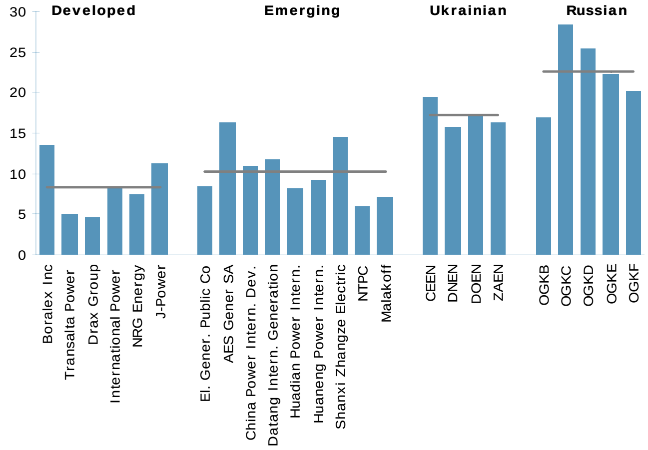
Solving the multiples valuation puzzle

EV/EBITDA: Not very telling

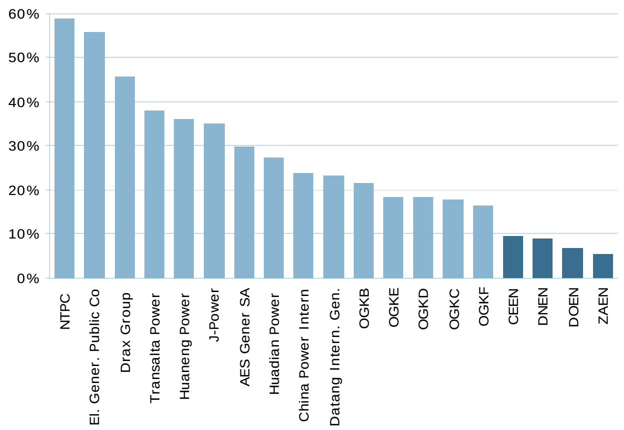
While GenCos post the lowest EBITDA margins in the global generation universe and are expected to be as "inefficient" in the next couple of years, they are traded at a premium to international peers by EV/EBITDA, excluding Russian OGKs.

Premiums for Ukrainian and Russian companies have built in expectations of EBITDA margin growth in the mid-term. The only difference (explaining OGKs' premiums to GenCos) is that expectations for OGKs are more certain.

Pure generation companies: EV/EBITDA 2007E



EBITDA margins 2006



Source: Company data, Bloomberg, Concorde Capital estimates

Case study: Margins decreased in 2006

Even as fuel costs (to about 30% of coal price and 60% of gas price) and salaries (to about 25%) swelled significantly in 2007, the average tariffs charged by GenCos grew only 19%. As a result, both spark spreads and margins dropped.

Only Centrenergo managed to preserve most of its 2005 EBITDA margin, a result of a reconstructed 300MW power unit commissioned in late 2005. Similarly, the commissioning of a newly reconstructed 200MW power unit at Donbasenergo in late 2007 or in 2008 also promises to increase its EBITDA margin.

Average wholesale tariffs, USD/MWh

	2005	2006	yoy change
CEEN	34.4	40.5	18%
DNEN	33.5	39.6	18%
DOEN	34.5	40.5	18%
ZAEN	36.1	43.7	21%

EBITDA margins

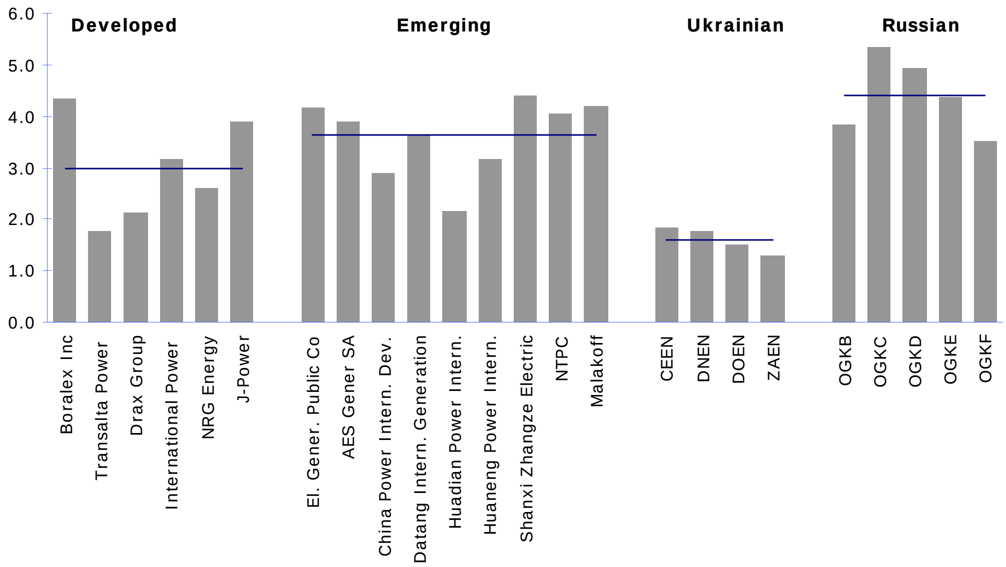
	9M05	9M06
CEEN	13%	12%
DNEN	10%	3%
DOEN	18%	6%
ZAEN	7%	6%

Source: Company data, Energobiznes, Concorde Capital calculations

Probably undervalued by EV/S

We start to get warmer after an evaluation by sales, which reveals that GenCos trade at a discount to international power generation companies...

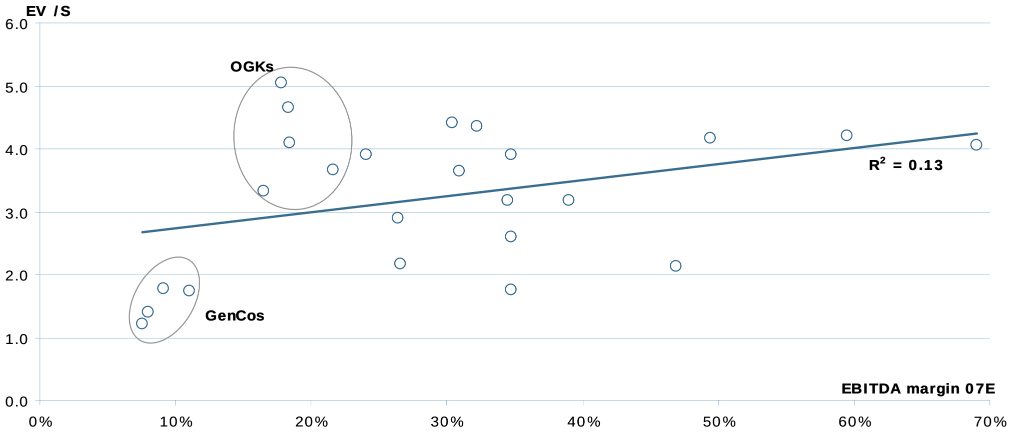
EV/Sales 2007E



Source: Company data, Bloomberg, Concorde Capital estimates

However, the discount can hardly be justified even by GenCos' poor expected profitability.

EV/Sales vs. EBITDA margins, 2007E



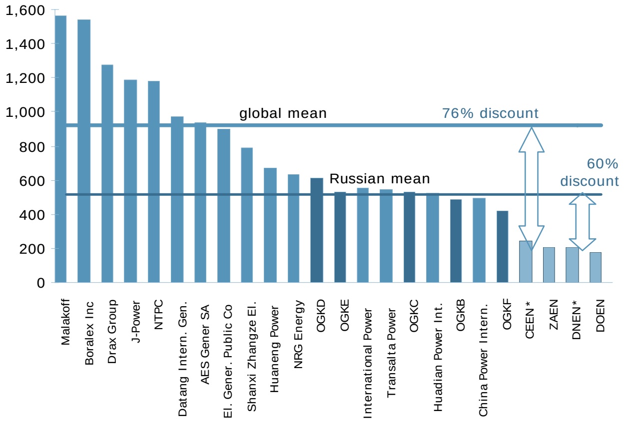
Source: Company data, Bloomberg, Concorde Capital estimates

We balk at any implications for GenCos from the above relationship, because of poor statistical significance: only 9% of the valuation by EV/Sales is explained by EBITDA margin forecast. In addition, the approach fails to capture the GenCos' main mid-term driver for EBITDA growth – increase of capacity load.

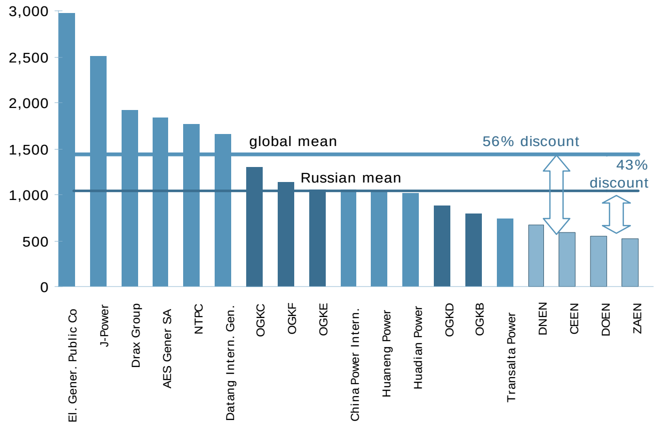
EV / Capacity: Definitely undervalued

Any ratio based on capacity suggests that GenCos are relatively undervalued.

EV / Capacity*, USD / kW



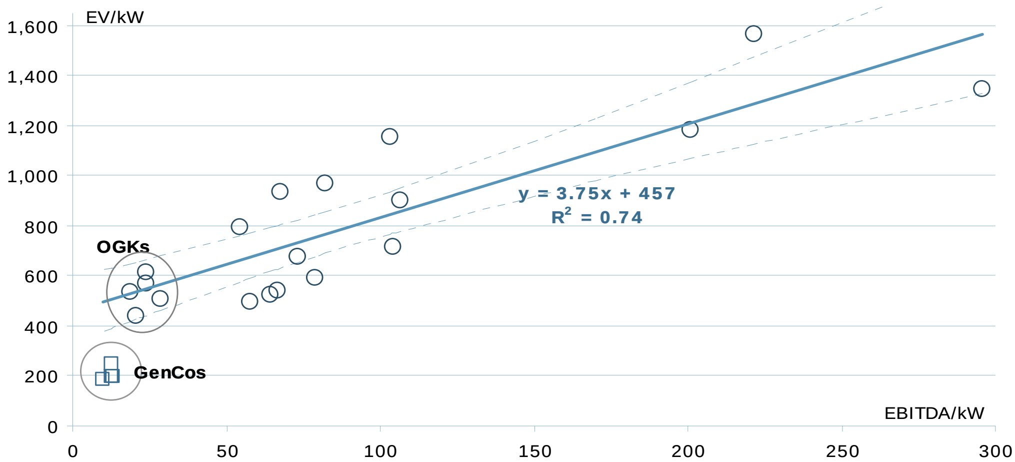
EV / Utilized Capacity 2006, USD / kW



Source: Company data, Bloomberg, Concorde Capital estimates
** Coal-fueled capacity only, refer to Appendix 3 for more details*

We found a statistically strong linear relationship between the market valuation of capacity and EBITDA generated by the unit of capacity for the group of pure generation companies (the list of companies is presented in Appendix 1).

EV / Capacity vs EBITDA(07E) / Capacity*



Source: Company data, Bloomberg, Concorde Capital estimates
** For GenCos, only coal-fueled capacity is taken into account; GenCos' values were not considered in trend line calculations*
Note: Dotted lines represent 95% confidence interval for the regression line

Comparing the chart above with that on page 10, we come to the conclusion that the market perceives capacity as a more reliable yardstick to measure the value of generating companies.

Ukrainian GenCos trade significantly below the presented regression line, which is not justified in our view. GenCos' value per unit of capacity deserves to be at least within the lower 95% confidence interval of the regression line.

Valuation by EBITDA / Capacity (benchmarking to lower 95% regression interval)

	EBITDA/kW	Implied EV/kW	Implied MC	Implied Price	Implied Upside
CEEN	12.5*	391	1,661*	4.5	61%
DNEN	13.1*	389	2,161*	550.7	91%
DOEN	10.0	389	956	40.5	137%
ZAEN	12.5	377	1,656	129.5	77%

Source: Company data, Bloomberg, Concorde Capital estimates
** Based on coal-fueled capacity only, refer to Appendix 3 for more details*

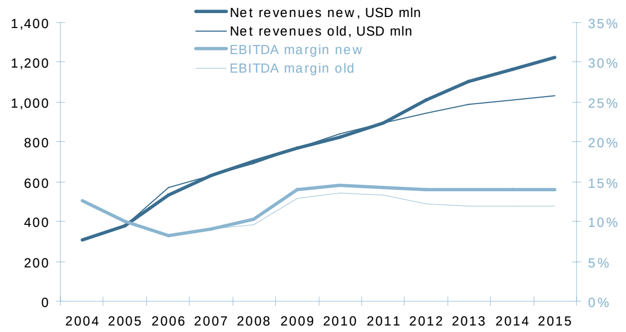
DCF: Grounded solutions

We tested our model and found out that it is well-specified to reflect current market valuations without going overboard on unrealistic, overly optimistic assumptions. In order to provide a wider mix of valuation approaches, we now introduce a best-case scenario in addition to our base-case scenario.

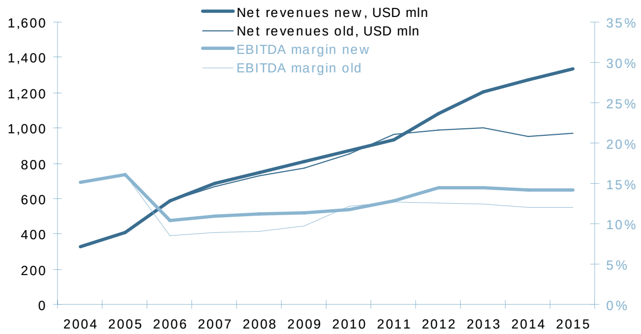
For both scenarios we explicitly factor in higher export growth than in our previous model. As the export-orientation strategy of the Ukrainian electricity sector is now clearer, we increase output forecasts for GenCos due to their export opportunity: Centrenergo, Zakhidenergo and Donbassenergo in the short to mid-term; for Dniproenergo – mid to long-term (on UCTE integration). In addition, we increased our expectations on GenCo margins following integration with the UCTE (expected since 2011) due to higher expected electricity tariffs.

Model revision summary: base-case scenario

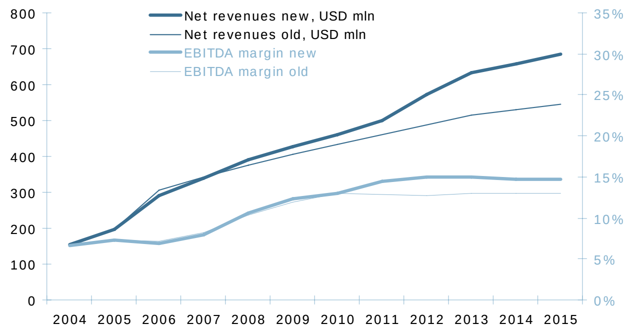
CEEN



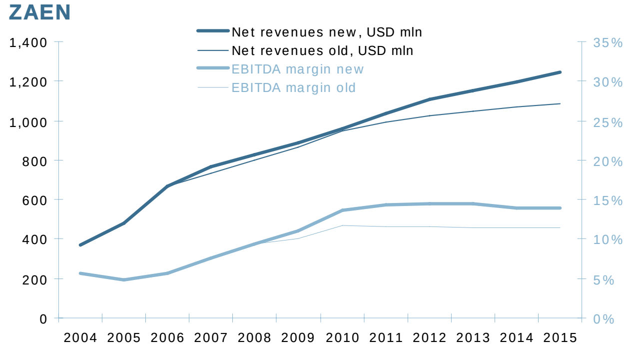
DNEN



DOEN



ZAEN



Source: Company data, Concorde Capital forecasts

All other parameters being equal, the scenarios differ in two ways:

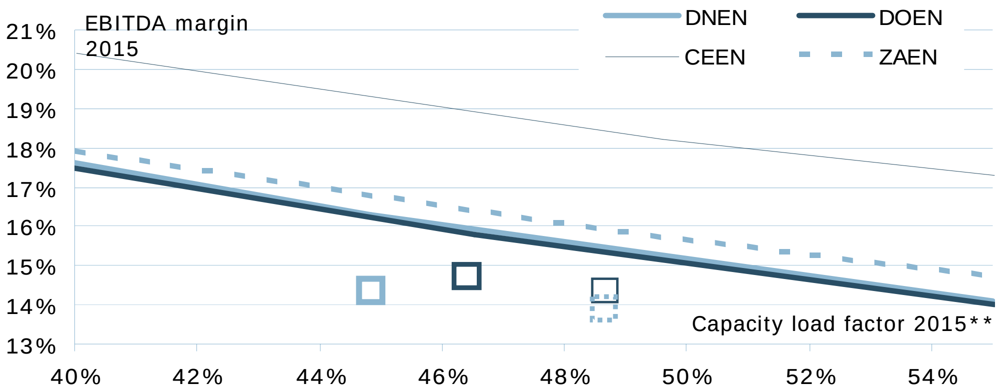
1. Long-term capacity utilization rate is 55% for all companies in the best-case scenario, while 44%-49% in the base-case scenario.

2. In the best-case scenario, we do not explicitly account for GenCo margin improvement in case of wholesale market sector reform: Growth in margins only reflects the commissioning of newly reconstructed capacities (as in our previous model) and increases in the price of electricity following connection to the UCTE (expected in 2011). The best-case scenario accounts for positive effects of wholesale market reform immediately after 2009. In addition, the base-case scenario assumes GenCos' tariffs will reach USD 59-61 per MWh by 2015, while the best-case scenario assumes USD 70 per MWh (close to EU and UK prices) by 2015. This leads to 2015 EBITDA margins of 14%-15% for the base case scenario and 24%-27% for the best-case scenario.

DCF model passes quality control checks

Before proceeding with DCF modeling, we put our model to the test to check if it is specified well enough to reflect market realities. In a numerical experiment, we fix all model parameters as in our base-case scenario, changing only two variables from 2009 onward: electricity production and electricity tariffs. We controlled for two parameters: capacity load and margins to force a fair value produced by the model equal to EV observed on the market.

Model assumptions that justify current GenCo prices*



Source: Company data, Concorde Capital research
**Note: Squares represent our base-case assumptions for each correspondent company*
*** For Centrenergo and Dniproenergo – load factor of coal-fueled capacities only (please, refer to Appendix 3); load of gas-fueled power units is assumed to remain 0%*

Conclusions:

1. Our business model is well specified to capture an impressively wide range of market expectations imbedded in current prices without destroying its economic meaning
2. Assumptions about long-term EBITDA margins and load factors that justify current market valuations of GenCos are feasible for all companies
3. Our model's assumptions that justify current market prices are more aggressive than those incorporated in our base-case model (squares on the graph); but more conservative than in our best-case model.

Even Centrenergo's seemingly deviant results have sound backing. The current market price implies either higher long-term profitability compared to other GenCos, higher loaded coal-fueled capacity, or the possibility that its gas-fueled power units will start operating again in the future. The latter is also supported by Centrenergo's relative over-valuation compared to other GenCos by EV/Coal Capacity, as described on page 12 and in Appendix 3.

Base-case scenario: Downside as expected

Key assumptions*

CEEN

	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Electricity output, TWh	12.9	13.6	14.2	14.9	15.2	15.9	16.7	17.4	17.7	18.1
Coal capacity load	35%	37%	39%	41%	42%	43%	46%	48%	49%	50%
Electricity tariff USD/MWh	40.5	44.5	47.2	49.1	50.8	52.3	55.5	57.7	58.8	60.0
Sales, USD mln	531	618	686	745	789	845	944	1,020	1,061	1,103
EBITDA, USD mln	44	57	79	103	120	131	139	149	154	160
EBIT, USD mln	20	30	45	64	79	89	96	106	110	116

DNEN

	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Electricity output, TWh	13.6	14.2	14.7	15.2	15.9	16.6	18.1	19.4	20.1	20.7
Coal capacity load	30%	31%	32%	33%	34%	36%	39%	42%	44%	45%
Electricity tariff USD/MWh	39.6	44.0	46.6	48.5	50.2	51.7	54.8	57.0	58.1	59.3
Sales, USD mln	585	685	757	820	893	1,019	1,157	1,272	1,272	1,336
EBITDA, USD mln	61	75	91	105	127	206	235	241	182	191
EBIT, USD mln	30	43	57	68	85	164	192	198	139	148

DOEN

	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Electricity output, TWh	6.7	7.0	7.6	8.0	8.3	8.8	9.5	10.1	10.3	10.5
Coal capacity load	31%	32%	35%	37%	37%	39%	42%	45%	46%	47%
Electricity tariff USD/MWh	40.6	45.1	47.8	49.7	51.4	53.0	56.1	58.4	59.5	60.7
Sales, USD mln	290	341	390	427	462	500	572	633	658	685
EBITDA, USD mln	20	27	42	53	60	72	86	95	97	101
EBIT, USD mln	4	10	16	24	30	42	55	63	65	68

ZAEN

	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Electricity output, TWh	14.1	14.5	14.8	15.4	16.1	17.0	17.6	18.0	18.4	18.7
Coal capacity load	38%	40%	40%	40%	42%	44%	46%	47%	48%	49%
Electricity tariff USD/MWh	43.8	48.1	51.0	52.8	54.7	56.0	57.4	58.6	59.7	60.9
Sales, USD mln	668	764	825	888	961	1,039	1,107	1,152	1,198	1,247
EBITDA, USD mln	37	54	73	98	132	149	159	166	167	173
EBIT, USD mln	25	39	54	70	99	114	124	129	129	135

**For more information on DCF model refer to Appendix 1*

Our base case scenario yields fair prices that are below the market. The latter, as we modeled above, seems to be based on more aggressive assumptions on GenCos future output and/or profitability.

DCF vs. the market, USD

	12M DCF	Market price	Implied 12M Change
CEEN	2.0	2.8	-28%
DNEN	215.0	288.1	-25%
DOEN	14.7	17.1	-14%
ZAEN	59.1	73.4	-19%

Source: PFTS, Company data, Concorde Capital research

Best-case scenario: Outlining the ceiling

DCF valuation at the best-case scenario

	2015 EBITDA margin	2015 EBITDA/kW, USD	Implied EV/kW, USD	Implied 12M price, USD	Implied upside
CEEN	26.8%	83.1	491	5.72	105%
DNEN	26.9%	88.4	518	740.0	157%
DOEN	25.5%	82.7	478	50.7	197%
ZAEN	24.5%	80.5	473	163.8	123%

Source: Company data, Concorde Capital research

We believe this is the valuation ceiling for the electricity stocks that the most aggressive optimists could possibly justify.

Our best-case scenario produces valuations for GenCos with an implied EV/kW ratio close to current OGK valuations and 25%-35% larger than implied by the regression (see page 11).

Valuation summary

We set our targets in between the base-case DCF valuation and EV/Capacity regression.

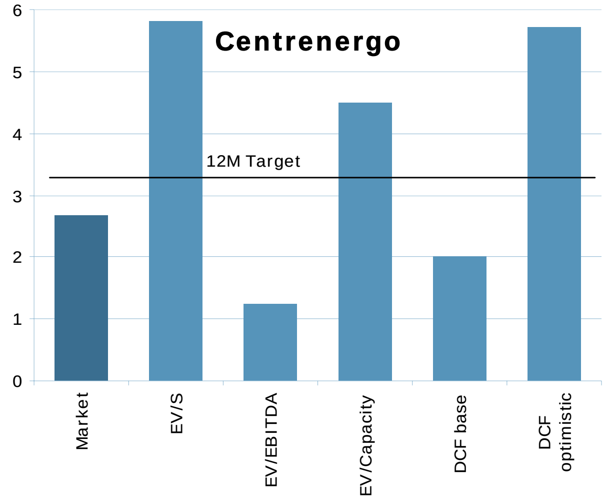
Valuation summary, USD

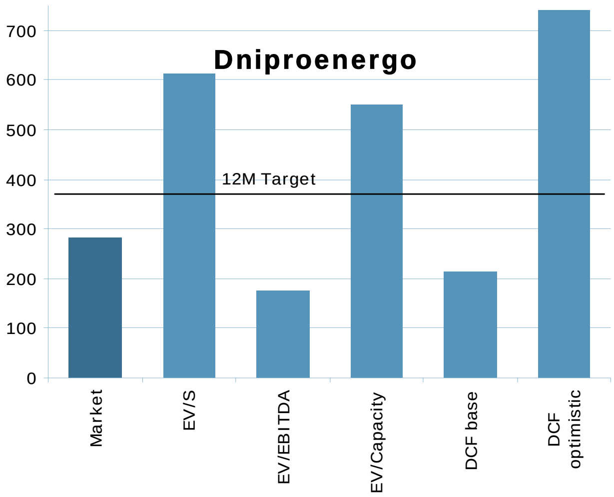
	Market	EV/Capacity regression	DCF base-case	12M target	Upside	Rec
CEEN	2.8	4.5	2.0	3.2	16%	BUY
DNEN	288.1	550.7	215.0	382.9	33%	BUY
DOEN	17.1	40.5	14.7	27.6	61%	BUY
ZAEN	73.4	129.5	59.1	94.3	29%	BUY

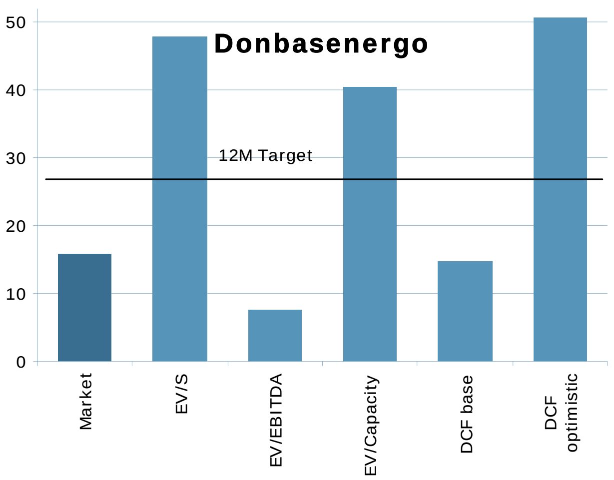
Source: Company data, Concorde Capital research

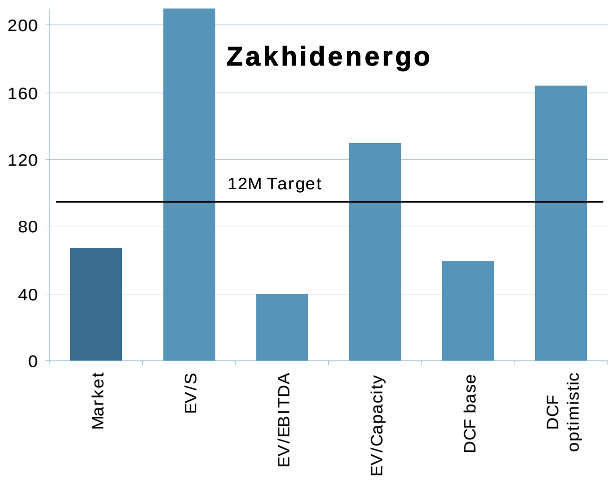
We re-iterate a BUY recommendation on Donbasenergo as well as upgrade to BUY Centrenergo, Dniproenergo and Zakhidenergo.

Implied 12M upside summary









Source: Bloomberg, Company data, Concorde Capital research

Company profiles

Centrenergo

CEEN UZ **BUY**

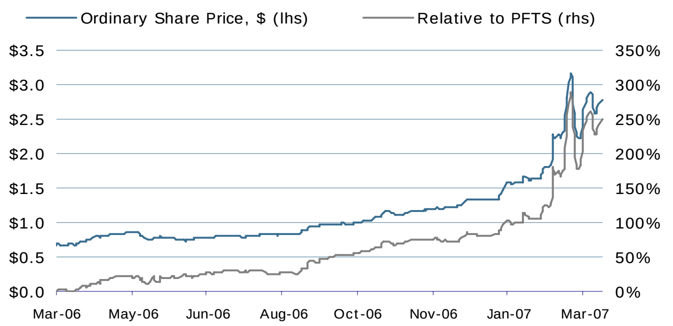
http://www.centrenergo.com

Target Price (USD) 3.20
Upside 16%

INVESTMENT CASE

- Improved efficiency and capacity load due to the reconstruction of a 300 MW power unit in 2005, further reconstruction is ahead
- Lower risk of bankruptcy after the company wrote off USD 37 mln in current debt in 3Q06
- Gas-fueled capacity of 3,000 MW (40% of total) is unused due to high gas prices
- 18.3% of the company might be privatized in 2007

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Centrenergo (CEEN) is the largest thermal power generation company in terms of total installed capacity. The company operates three power plants located in northern and eastern Ukraine: Uglegorsk TPP in Donetsk region, Zmiiv TPP in Kharkiv region and Trypillia TPP in Kyiv region. Centrenergo operates 23 power units with a total capacity of 8.55 GW, 5.55 coal-fueled and 3.0 gas-and-oil-fueled. The latter group has not been in operation since 2004 due to relatively high gas prices. In 2005, a 300 MW power unit at Zmiiv TPP was reconstructed, which allowed the company to increase its profitability and competitiveness on the wholesale market.
The company's electricity output grew 16% in 2006 to 14.11 TWh due to export possibilities to Russia.

MARKET INFORMATION

Market price*, USD	**2.79**
Price impact**	2
52 Wk H/L, USD	3.17 / 0.66
Chg 3m/6m/52w	109% / 185% / 317%
Chg vs PFTS 3m/6m/52w	65% / 110% / 251%
Chg YTD	110%
Avg Mo Tr Vol 6M, USD ths	3517.14
MCap, USD mln	**1029.2**
Free float, %	21.7%
FF MCap, USD mln	223.3
No of shares, mln	**369.4**
Par Value, UAH	1.3
XETRA	DBG
DR Ratio	1:10
Avg Mo Tr Vol 6M, USD ths	487.13

STOCK OWNERSHIP

NC ECU	87.3%
Other	21.7%

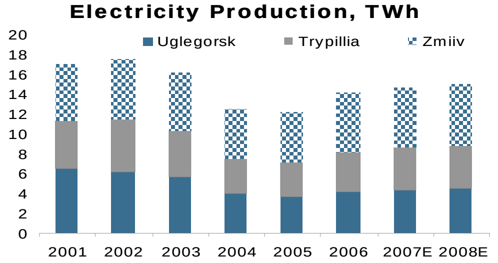
MARKET MULTIPLES

	2006E	2007E
EV/Sales	1.9	1.7
EV/EBITDA	25.9	22.3
P/E	134.1	79.6
P/B	2.4	2.3
P/CF	32.6	25.8

KEY RATIOS

	2005	2006E	2007E
EBITDA margin	10%	8%	9%
Net Margin	3%	1%	2%
ROE	3%	2%	22%
Net Debt/Equity	0.3	0.2	0.6

Electricity Production, TWh



* PFTS MID Price is used

**** Price"impact" is the opinion of Concorde's trading desk on stocks to help investors estimate the reliability of quoted prices:**
1: Market price reaction remains within 10% in execution of a market order of about USD 10 mln in size
2: Market price reaction remains within 10% in execution of a market order of about USD 1 mln in size
3: All other stocks (quoted price is less reliable and should be considered indicative

INCOME STATEMENT SUMMARY, USD mln

	2003	2004	2005	2006E	2007E	2008E
Net Revenues	**346.4**	**307.6**	**380.5**	**530.6**	**617.6**	**686.1**
Change y-o-y	-	*-11.2%*	*23.7%*	*39.1%*	*16.4%*	*11.1%*
Gross Profit	55.5	51.9	62.9	70.0	84.0	102.9
EBITDA	**23.3**	**38.7**	**38.3**	**43.5**	**57.2**	**79.0**
margin, %	*6.7%*	*12.6%*	*10.1%*	*8.2%*	*9.3%*	*11.5%*
Depreciation	(26.0)	(24.1)	(24.1)	(23.9)	(27.0)	(33.6)
EBIT	**(2.7)**	**14.6**	**14.1**	**19.7**	**30.2**	**45.4**
margin, %	*-0.8%*	*4.7%*	*3.7%*	*3.7%*	*4.9%*	*6.6%*
Interest Expense	(10.3)	(8.9)	(9.2)	(9.4)	(18.4)	(33.4)
Other income/(expense)	(7.1)	(4.5)	14.7	-	-	-
PBT	**(20.1)**	**1.2**	**19.6**	**10.2**	**11.8**	**12.0**
Tax	-	(7.6)	(7.7)	(4.4)	(2.9)	(8.8)
Effective tax rate	*0.0%*	*655.4%*	*39.4%*	*25.0%*	*25.0%*	*25.0%*
Net Income	**(20.1)**	**(6.4)**	**12.1**	**7.7**	**12.9**	**26.3**
Net Margin, %	*-5.8%*	*-2.1%*	*3.2%*	*1.4%*	*2.1%*	*3.8%*

BALANCE SHEET SUMMARY, USD mln

	2003	2004	2005	2006E	2007E	2008E
Current Assets	**406.5**	**380.0**	**374.1**	**367.5**	**377.7**	**392.7**
Cash & Equivalents	3.5	7.9	2.4	5.4	6.4	7.2
Trade Receivables	331.4	325.6	319.0	294.8	293.3	298.5
Inventories	54.6	30.8	37.4	67.3	77.9	87.0
Other	17.0	15.7	15.3	19.0	22.3	25.3
Fixed Assets	**535.7**	**514.0**	**511.9**	**520.6**	**683.6**	**890.0**
PP&E, net	459.7	440.6	498.8	484.7	566.9	746.3
Other	76.0	73.4	13.1	35.9	116.7	143.7
Total Assets	**942.2**	**894.0**	**886.0**	**888.1**	**1,061.3**	**1,282.8**
Shareholders' Equity	**403.1**	**393.7**	**415.9**	**422.3**	**446.3**	**480.7**
Share Capital	90.1	90.5	95.1	90.1	90.1	90.1
Retained Earnings	(99.0)	(110.1)	(102.9)	(99.3)	(92.0)	(70.6)
Other	412.0	413.2	423.7	431.5	448.3	461.3
Current Liabilities	**349.7**	**311.8**	**317.4**	**245.8**	**252.4**	**273.3**
ST Interest Bearing Debt	29.3	27.9	36.2	45.3	50.8	61.7
Trade Payables	238.9	196.4	198.4	117.9	117.3	123.5
Other	81.4	87.4	82.9	82.6	84.3	88.1
LT Liabilities	**189.5**	**188.6**	**152.7**	**220.0**	**362.5**	**528.7**
LT Interest Bearing Debt	90.0	89.6	72.8	60.0	202.5	368.7
Other	99.4	98.9	79.8	160.0	160.0	160.0
Total Liabilities & Equity	**942.2**	**894.0**	**886.0**	**888.1**	**1,061.3**	**1,282.8**

QUARTERLY ANALYSIS, USD mln

	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06
Net Revenues	**76.0**	**66.4**	**115.3**	**49.8**	**80.5**	**78.0**	**109.0**	**113.0**	**144.5**	**106.1**	**125.3**
Change y-o-y	*-33.8%*	*9.3%*	*41.5%*	*-44.1%*	*5.9%*	*17.5%*	*-5.5%*	*126.7%*	*79.5%*	*36.0%*	*14.9%*
EBITDA	**4.8**	**9.4**	**5.7**	**18.7**	**9.7**	**4.3**	**21.5**	**2.7**	**24.0**	**8.5**	**12.2**
margin, %	*6.3%*	*14.1%*	*5.0%*	*37.6%*	*12.0%*	*5.5%*	*19.8%*	*2.4%*	*16.6%*	*8.0%*	*9.8%*
EBIT	**(1.3)**	**3.2**	**(1.7)**	**14.3**	**4.0**	**(1.6)**	**15.2**	**(3.5)**	**17.5**	**1.8**	**5.6**
margin, %	*-1.7%*	*4.9%*	*-1.5%*	*28.8%*	*5.0%*	*-2.0%*	*13.9%*	*-3.1%*	*12.1%*	*1.7%*	*4.5%*
Net Income	**(0.7)**	**0.7**	**(13.2)**	**6.7**	**(1.2)**	**3.1**	**13.4**	**(3.2)**	**9.3**	**(0.1)**	**(36.8)**
Net Margin, %	*-0.9%*	*1.1%*	*-11.4%*	*13.4%*	*-1.5%*	*3.9%*	*12.3%*	*-2.8%*	*6.4%*	*-0.1%*	*-29.3%*

Base-case DCF model output, UAH mln

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
EBITDA	**286**	**395**	**515**	**599**	**655**	**694**	**745**	**769**	**800**
EBIT	151	227	318	394	447	482	530	552	580
Tax Rate	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*
Taxed EBIT	113	170	239	295	335	362	398	414	435
Plus D&A	135	168	196	205	208	212	214	217	220
Less CapEx	(950)	(1,200)	(400)	(220)	(220)	(220)	(220)	(220)	(220)
Plus Inv Surch	104	180	607	679	628	123	-	-	-
Less change in OWC	14	(21)	(12)	(6)	(20)	(15)	(10)	(11)	(10)
FCFF	**(584)**	**(703)**	**630**	**953**	**931**	**461**	**382**	**400**	**425**
WACC	13.3%	9.9%	10.1%	10.4%	11.2%	11.2%	10.8%	10.9%	10.9%
WACC to perpetuity									10.5%
Perp. growth rate									1.5%
Terminal value		**2,173**							**4,789**
Portion due to TV		50%				Implied exit EBITDA multipl			6.0x
Firm value		**4,313**							
Less net debt		(601)							
Equity value		**3,712**							
12M Taget, USD		**2.00**							

Sensitivity analysis, USD

Implied Share Price

WACC	**Perpetuity Growth Rate**				
	0.5%	***1.0%***	***1.5%***	***2.0%***	***2.5%***
-1.5%	2.08	2.15	2.22	2.30	2.40
-1.0%	2.01	2.08	2.15	2.23	2.32
-0.5%	1.95	2.01	2.08	2.16	2.24
+0.0%	1.88	1.94	**2.00**	2.09	2.17
+0.5%	1.82	1.88	1.94	2.02	2.10
+1.0%	1.76	1.82	1.88	1.95	2.03
+1.5%	1.70	1.76	1.82	1.89	1.96

Dniproenergo

DNEN UZ **BUY**

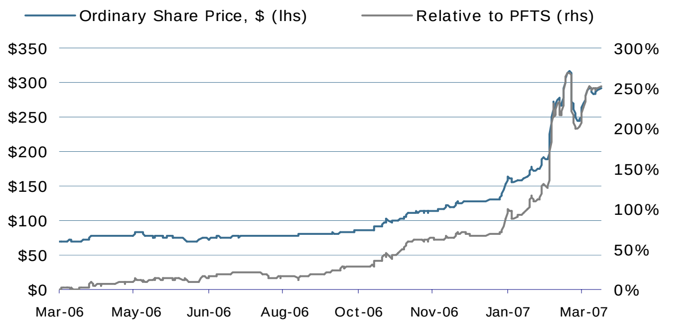
http://www.dniproenergo.ua

Target Price (USD) 383.00
Upside 33%

INVESTMENT CASE

- Gas-fueled capacity of 2,400 MW is unused due to high gas prices
- Might finish its financial recovery process soon; already offset USD 90 mln in payables in 3Q06. Risk of bankruptcy is decreasing
- Margins decreased in 2006 due to a lag between fuel price growth and a corresponding adjustment in tariffs. In 2007 its margins are expected to return to their 2005 level
- 16% of the company might be privatized in 2007

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Dniproenergo (DNEN) is the largest power generation company in terms of installed coal-fueled capacity (5.76 GW) and second-largest in terms of total capacity (8.16 GW). The company operates three power plants located in Zaporizhya and Dnipropetrovsk regions. The generator is the most fuel efficient traded GenCo. Nevertheless, its advantage is expected to shrink in the long-term as it has the least ambitious equipment modernization plans of all GenCos. Dniproenergo operates 25 generating units with a capacity ranging from 150 MW to 800 MW. Three 800 MW power units at its Zaporizhya power plant are gas-fueled and have not been in operation since 2004 due to relatively high gas prices.
The company's electricity output grew by 13% yoy in 2006 to 14.89 TWh. The company's revenue grew 34% yoy.

MARKET INFORMATION

Market price*, USD	**288.12**
Price impact**	2
52 Wk H/L, USD	315 / 69
Chg 3m/6m/52w	127% / 254% / 317%
Chg vs PFTS 3m/6m/52w	83% / 179% / 251%
Chg YTD	127%
Avg Mo Tr Vol 6M, USD ths	2790.66
MCap, USD mln	**1130.6**
Free float, %	24.0%
FF MCap, USD mln	271.3
No of shares, mln	**3.9**
Par Value, UAH	25.0
XETRA	DPG
DR Ratio	4:1
Avg Mo Tr Vol 6M, USD ths	23.8

STOCK OWNERSHIP

NC ECU	76.0%
Other	24.0%

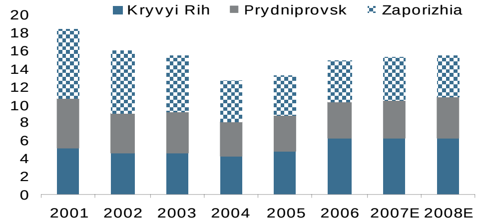
MARKET MULTIPLES

	2006E	2007E
EV/Sales	1.9	1.7
EV/EBITDA	19.9	16.3
P/E	1134.7	58.6
P/B	16.0	12.5
P/CF	35.0	22.0

KEY RATIOS

	2005	2006E	2007E
EBITDA margin	16%	10%	11%
Net Margin	1%	0%	3%
ROE	8%	1%	27%
Net Debt/Equity	0.8	1.2	1.1

Electricity Production, TWh



* PFTS MID Price is used

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1: Market price reaction remains within 10% in execution of a market order of about USD 10 mln in size
2: Market price reaction remains within 10% in execution of a market order of about USD 1 mln in size
3: All other stocks (quoted price is less reliable and should be considered indicative

INCOME STATEMENT SUMMARY, USD mln

	2002	2003	2004	2005	2006E	2007E	2008E
Net Revenues	**340.7**	**335.2**	**326.9**	**406.9**	**585.3**	**684.6**	**757.2**
Change y-o-y	-	*-1.6%*	*-2.5%*	*24.5%*	*43.4%*	*17.0%*	*10.6%*
Gross Profit	71.4	51.5	61.8	68.7	81.9	100.0	117.8
EBITDA	**28.1**	**142.8**	**49.4**	**65.8**	**60.9**	**75.3**	**90.8**
margin, %	*8.3%*	*42.6%*	*15.1%*	*16.2%*	*10.4%*	*11.0%*	*12.0%*
Depreciation	(36.3)	(36.8)	(35.1)	(37.8)	(31.3)	(32.1)	(33.3)
EBIT	**(8.1)**	**105.9**	**14.2**	**27.9**	**29.6**	**43.2**	**57.5**
margin, %	*-2.4%*	*31.6%*	*4.4%*	*6.9%*	*5.1%*	*6.3%*	*7.6%*
Interest Expense	(2.4)	(3.7)	(1.7)	(1.9)	(8.0)	(12.2)	(15.0)
Other income/(expense)	(1.2)	(0.4)	(1.0)	(0.3)	(1.6)	(1.2)	(0.8)
PBT	**(11.7)**	**101.8**	**11.6**	**25.7**	**19.9**	**29.8**	**41.6**
Tax	(5.6)	(29.6)	(16.8)	(20.8)	(18.9)	(12.9)	(10.4)
Effective tax rate	*-48.4%*	*29.1%*	*144.7%*	*81.0%*	*95.0%*	*40.0%*	*25.0%*
Net Income	**(17.4)**	**72.3**	**(5.2)**	**4.6**	**1.0**	**19.3**	**31.2**
Net Margin, %	*-5.1%*	*21.6%*	*-1.6%*	*1.1%*	*0.2%*	*2.8%*	*4.1%*

BALANCE SHEET SUMMARY, USD mln

	2002	2003	2004	2005	2006E	2007E	2008E
Current Assets	**155.3**	**160.6**	**181.4**	**193.9**	**118.2**	**133.0**	**146.0**
Cash & Equivalents	2.6	2.4	8.8	9.4	11.8	13.7	15.1
Trade Receivables	103.0	113.9	118.9	117.6	26.6	27.4	30.0
Inventories	28.7	36.1	40.8	45.5	79.8	91.8	100.9
Other	21.0	8.2	12.9	21.4	26.6	30.2	33.3
Fixed Assets	**365.8**	**380.6**	**332.4**	**355.2**	**349.4**	**382.2**	**443.0**
PP&E, net	324.6	328.5	311.0	308.3	296.3	321.3	363.8
Other	41.2	52.1	21.4	46.9	53.0	60.9	79.2
Total Assets	**521.1**	**541.1**	**513.8**	**549.1**	**467.6**	**515.1**	**589.0**
Shareholders' Equity	**37.3**	**144.3**	**58.9**	**68.8**	**70.5**	**90.3**	**124.2**
Share Capital	18.4	18.4	18.5	19.4	18.5	18.5	18.5
Retained Earnings	(351.1)	(264.5)	(363.3)	(382.1)	(385.0)	(365.7)	(334.4)
Other	370.0	390.4	403.8	431.5	437.0	437.5	440.1
Current Liabilities	**455.2**	**375.2**	**413.4**	**442.9**	**352.0**	**241.5**	**252.9**
ST Interest Bearing Debt	15.5	47.2	34.8	52.0	74.3	61.0	65.4
Trade Payables	315.3	201.5	247.7	256.2	140.0	34.2	33.8
Other	124.5	126.4	130.8	134.7	137.7	146.3	153.7
LT Liabilities	**28.6**	**21.6**	**41.5**	**37.4**	**45.1**	**183.3**	**211.9**
LT Interest Bearing Debt	20.9	18.7	16.8	14.9	21.1	53.3	91.9
Other	7.6	2.9	24.7	22.5	24.0	130.0	120.0
Total Liabilities & Equity	**521.1**	**541.1**	**513.8**	**549.1**	**467.6**	**515.1**	**589.0**

QUARTERLY ANALYSIS, USD mln

	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06
Net Revenues	**86.7**	**68.2**	**71.8**	**100.2**	**89.9**	**78.1**	**89.2**	**149.7**	**140.6**	**108.5**	**130.5**
Change y-o-y	*-15.2%*	*15.3%*	*3.7%*	*-4.1%*	*3.7%*	*14.5%*	*24.3%*	*49.4%*	*56.4%*	*38.9%*	*46.3%*
EBITDA	**1.2**	**12.8**	**14.0**	**21.4**	**12.6**	**6.8**	**7.4**	**38.9**	**7.5**	**14.0**	**(9.5)**
margin, %	*1.4%*	*18.7%*	*19.5%*	*21.3%*	*14.1%*	*8.7%*	*8.3%*	*26.0%*	*5.3%*	*12.9%*	*-7.3%*
EBIT	**(7.8)**	**3.9**	**5.4**	**12.8**	**3.4**	**(2.7)**	**(1.9)**	**29.0**	**(2.1)**	**4.5**	**6.7**
margin, %	*-9.0%*	*5.7%*	*7.5%*	*12.8%*	*3.8%*	*-3.4%*	*-2.1%*	*19.4%*	*-1.5%*	*4.2%*	*5.2%*
Net Income	**(8.0)**	**1.9**	**6.1**	**(5.2)**	**3.3**	**(2.8)**	**(13.0)**	**17.1**	**(2.5)**	**(0.7)**	**2.6**
Net Margin, %	*-9.2%*	*2.8%*	*8.4%*	*-5.2%*	*3.6%*	*-3.6%*	*-14.6%*	*11.4%*	*-1.8%*	*-0.7%*	*2.0%*

Base-case DCF model output, UAH mln

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
EBITDA	**377**	**420**	**461**	**510**	**605**	**779**	**871**	**908**	**955**
EBIT	216	254	273	304	395	565	657	694	741
Tax Rate	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*
Taxed EBIT	162	190	205	228	296	424	492	521	556
Plus D&A	160	166	187	206	210	214	215	214	213
Less CapEx	(310)	(460)	(600)	(570)	(350)	(290)	(250)	(214)	(214)
Plus Inv Surch	12	33	64	123	424	394	331	-	-
Less change in OWC	(0)	(24)	(35)	(18)	(13)	(13)	(27)	(17)	(12)
FCFF	**-**	**(93)**	**(179)**	**(31)**	**566**	**728**	**761**	**503**	**543**
WACC	12.5%	10.4%	8.6%	7.6%	8.9%	10.0%	10.7%	11.0%	11.1%
WACC to perpetuity									10.5%
Perp. growth rate									1.5%

Terminal value	**2,951**		**6,128**
Portion due to TV	65%	Implied exit EBITDA multipl	6.4x
Firm value	**4,561**		
Less net debt	(340)		
Equity value	**4,220**		
12M Taget, USD	**215**		

Sensitivity analysis, USD

Implied Share Price

WACC	**Perpetuity Growth Rate**				
	0.5%	***1.0%***	***1.5%***	***2.0%***	***2.5%***
-1.5%	221	230	240	250	262
-1.0%	214	222	231	241	253
-0.5%	206	214	223	233	244
+0.0%	199	206	**215**	225	236
+0.5%	192	199	208	217	227
+1.0%	185	192	200	209	219
+1.5%	179	186	193	202	212

Donbassenergo

DOEN UZ **BUY**

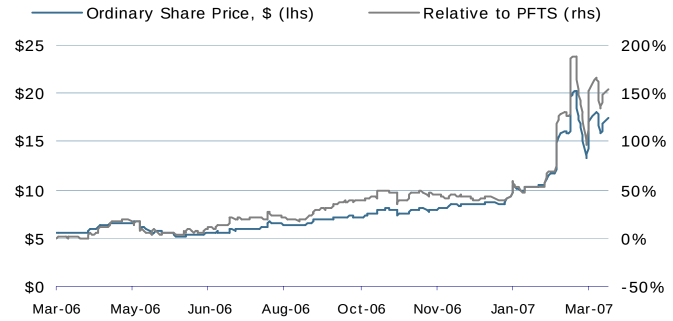
http://www.de.com.ua

Target Price (USD) 27.60
Upside 61.6%

INVESTMENT CASE

- A new 200 MW CFB power unit to be launched in late 2007 will raise output and efficiency significantly
- Considering the development of its own production boilers in the mid-term
- Emission reductions under the Kyoto protocol over 2010-2012 are expected to bring USD 4-5 mln
- Bankruptcy risk is very low, debt has been restructured
- Margins decreased in 2006 due to a lag between fuel prices increases and a corresponding tariff adjustment. In 2007, margins are expected to return to their 2005 level
- 25.8% of the company might be privatized in 2007

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Donbassenergo (DOEN) is the smallest thermal power generator, which has recovered after losing three power plants in 2002. The company operates two power plants located in Donetsk region, Ukraine's most energy-consuming region that is close to Russia. Donbassenergo has 10 generating units with a capacity of 175 MW at Starobeshev TPP and a double-boiler unit with a total capacity of 800 MW at Slaviansk TPP. In late 2007 the company is expected to commission a reconstructed 200 MW unit which uses CFB technology, which will allow it to burn even coal refuse and significantly increase efficiency.
The company's power output grew only 1% yoy (to 7.40 TWh) in 2006. Sales growth was 20%.

MARKET INFORMATION

Market price*, USD	**17.08**
Price impact**	2
9 Wk H/L, USD	20.3 / 5.1
Chg 3m/6m/52w	100% / 138% / 214%
Chg vs PFTS 3m/6m/52w	56% / 63% / 147%
Chg YTD	94%
Avg Mo Tr Vol 6M, USD ths	896.09
MCap, USD mln	**403.8**
Free float, %	14.2%
FF MCap, USD mln	57.3
No of shares, mln	**23.6**
Par Value, UAH	10.0
XETRA	n/a
DR Ratio	n/a
Avg Mo Tr Vol 6M, USD ths	n/a

STOCK OWNERSHIP

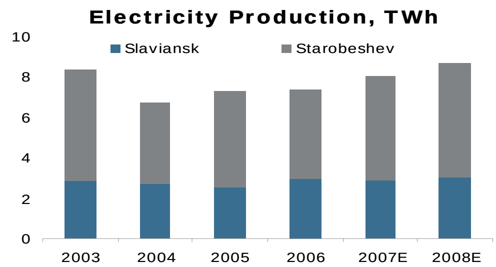
NC ECU	85.8%
Other	14.2%

MARKET MULTIPLES

	2006E	2007E
EV/Sales	1.4	1.2
EV/EBITDA	24.8	18.4
P/E	neg	187.4
P/B	2.5	2.2
P/CF	137.1	20.7

KEY RATIOS

	2005	2006E	2007E
EBITDA margin	7%	7%	8%
Net Margin	-3%	-5%	1%
ROE	-5%	-8%	1%
Net Debt/Equity	0.4	0.6	0.5



* PFTS MID Price is used

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1: Market price reaction remains within 10% in execution of a market order of about USD 10 mln in size
2: Market price reaction remains within 10% in execution of a market order of about USD 1 mln in size
3: All other stocks (quoted price is less reliable and should be considered indicative

INCOME STATEMENT SUMMARY, USD mln

	2003	2004	2005	2006E	2007E	2008E
Net Revenues	**202.9**	**169.4**	**223.7**	**289.7**	**340.6**	**389.7**
Change y-o-y	-	*-16.5%*	*32.0%*	*29.1%*	*17.6%*	*14.4%*
Gross Profit	55.9	40.3	52.9	32.4	40.9	56.5
EBITDA	**7.4**	**24.8**	**40.7**	**20.1**	**27.3**	**41.6**
margin, %	*3.6%*	*14.6%*	*18.2%*	*6.9%*	*8.0%*	*10.7%*
Depreciation	(6.0)	(16.7)	(15.9)	(16.2)	(17.4)	(25.2)
EBIT	**1.3**	**8.1**	**24.8**	**3.8**	**9.9**	**16.3**
margin, %	*0.6%*	*4.8%*	*11.1%*	*1.3%*	*2.9%*	*4.2%*
Interest Expense	(3.7)	(4.5)	(4.9)	(6.3)	(11.3)	(13.8)
Other income/(expense)	(23.7)	(3.4)	5.6	-	-	-
PBT	**(26.1)**	**0.2**	**25.5**	**(2.4)**	**(1.4)**	**2.5**
Tax	-	-	(14.2)	(10.8)	(1.8)	(3.0)
Effective tax rate	*0.0%*	*0.0%*	*55.6%*	*80.0%*	*45.0%*	*25.0%*
Net Income	**(26.1)**	**0.1**	**11.1**	**(13.3)**	**2.2**	**(0.5)**
Net Margin, %	*-12.8%*	*0.1%*	*5.0%*	*-4.6%*	*0.6%*	*-0.1%*

BALANCE SHEET SUMMARY, USD mln

	2003	2004	2005	2006E	2007E	2008E
Current Assets	**212.1**	**210.0**	**204.7**	**141.4**	**106.4**	**107.8**
Cash & Equivalents	17.2	17.7	11.9	9.9	10.9	11.0
Trade Receivables	153.3	150.6	139.6	73.1	30.7	27.3
Inventories	24.7	25.5	32.0	58.4	64.8	69.6
Other	16.9	16.2	21.2	26.2	30.8	34.5
Fixed Assets	**311.3**	**313.3**	**318.4**	**374.1**	**426.9**	**491.7**
PP&E, net	215.5	203.7	204.9	203.8	228.5	416.6
Other	95.8	109.7	113.5	170.3	198.4	75.1
Total Assets	**523.4**	**523.3**	**523.1**	**515.6**	**533.2**	**599.5**
Shareholders' Equity	**166.6**	**150.4**	**172.1**	**163.3**	**186.0**	**207.8**
Share Capital	44.4	44.6	46.8	47.3	47.3	47.3
Retained Earnings	(85.4)	(108.3)	(102.2)	(103.7)	(102.4)	(97.1)
Other	207.7	214.2	227.5	219.7	241.1	257.5
Current Liabilities	**144.8**	**175.1**	**182.4**	**188.0**	**185.3**	**178.8**
ST Interest Bearing Debt	23.2	29.9	37.9	50.0	46.5	43.5
Trade Payables	50.9	43.9	41.1	41.0	27.3	29.2
Other	70.8	101.3	103.4	97.1	111.6	106.1
LT Liabilities	**211.9**	**197.8**	**168.6**	**164.3**	**161.9**	**213.0**
LT Interest Bearing Debt	65.7	66.5	49.5	54.3	61.9	123.0
Other	146.2	131.4	119.1	110.0	100.0	90.0
Total Liabilities & Equity	**523.4**	**523.3**	**523.1**	**515.6**	**533.2**	**599.5**

QUARTERLY ANALYSIS, USD mln

	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06
Net Revenues	**53.6**	**31.4**	**37.7**	**46.8**	**53.2**	**38.4**	**59.8**	**72.3**	**81.7**	**45.2**	**50.5**
Change y-o-y	*6.9%*	*-39.3%*	*-12.9%*	*-19.0%*	*-0.8%*	*22.6%*	*58.5%*	*54.6%*	*53.7%*	*17.7%*	*-15.5%*
EBITDA	**4.0**	**5.7**	**4.7**	**10.4**	**4.7**	**8.9**	**13.7**	**13.4**	**11.6**	**0.2**	**(0.5)**
margin, %	*7.5%*	*18.0%*	*12.5%*	*22.2%*	*8.9%*	*23.2%*	*23.0%*	*18.5%*	*14.1%*	*0.4%*	*-1.0%*
EBIT	**(0.4)**	**1.4**	**0.6**	**6.4**	**0.7**	**4.7**	**9.7**	**9.6**	**7.7**	**(3.5)**	**(3.9)**
margin, %	*-0.7%*	*4.4%*	*1.7%*	*13.8%*	*1.4%*	*12.3%*	*16.2%*	*13.3%*	*9.4%*	*-7.7%*	*-7.6%*
Net Income	**0.2**	**(0.1)**	**(0.0)**	**0.1**	**0.6**	**6.2**	**4.3**	**0.0**	**2.0**	**(5.3)**	**(7.7)**
Net Margin, %	*0.3%*	*-0.3%*	*-0.1%*	*0.2%*	*1.2%*	*16.1%*	*7.1%*	*0.1%*	*2.4%*	*-11.7%*	*-15.1%*

Base-case DCF model output, UAH mln

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
EBITDA	**136**	**208**	**263**	**300**	**361**	**429**	**474**	**485**	**505**
EBIT	49	82	122	152	211	275	317	325	341
Tax Rate	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*
Taxed EBIT	37	61	92	114	158	206	238	244	256
Plus D&A	87	126	141	147	150	154	157	160	163
Less CapEx	(400)	(500)	(330)	(200)	(166)	(166)	(166)	(166)	(166)
Plus Inv Surch	107	82	132	226	215	153	44	-	-
Less change in OWC	184	(24)	(9)	(36)	(18)	(21)	(19)	(26)	(32)
FCFF	**-**	**(255)**	**26**	**251**	**340**	**326**	**253**	**212**	**222**
WACC	12.0%	9.6%	8.8%	9.5%	10.4%	10.8%	10.7%	10.9%	10.9%
WACC to perpetuity									10.5%
Perp. growth rate									1.5%
Terminal value		**1,170**							**2,499**
Portion due to TV		60%						Implied exit EBITDA multipl	5.0x
Firm value		**1,959**							
Less net debt		(221)							
Equity value		**1,738**							
12M Taget, USD		**14.7**							

Sensitivity analysis, USD

Implied Share Price

WACC	**Perpetuity Growth Rate**				
	0.5%	***1.0%***	***1.5%***	***2.0%***	***2.5%***
-1.5%	15.2	15.8	16.4	17.1	17.9
-1.0%	14.6	15.2	15.8	16.5	17.2
-0.5%	14.1	14.7	15.2	15.9	16.6
+0.0%	13.6	14.1	**14.7**	15.3	16.0
+0.5%	13.1	13.6	14.2	14.8	15.5
+1.0%	12.7	13.1	13.7	14.3	14.9
+1.5%	12.2	12.7	13.2	13.8	14.4

Zakhidenergo

ZAEN UZ **BUY**

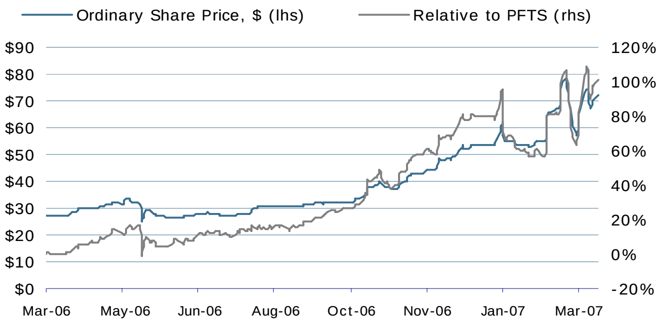
http://www.zakhidenergo.ua

Target Price (USD) 94.30
Upside 29%

INVESTMENT CASE

- High capacity load due to a monopoly in electricity exports to the EU
- Reduced gas use by more than three times yoy in 2006, which allowed its power plants to become price competitive on the local market
- Considering the commission of a new power unit at the Dobrotvir-2 power plant in 2009
- Bankruptcy risk is the lowest among all GenCos
- Least cost efficient power producer due to intensive use of its equipment in changeable mode. Its margins suffer the most from fuel price increases
- 10.1% of the company might be privatized n 2007

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Zakhidenergo (ZAEN) is the largest traded GenCo by output. It operates three power plants in western Ukraine with a total installed capacity 4.6 GW. Two of Zakhidenergo's power plants (Burshtyn and Dobrotvir TPPs) are located close to the EU border and work in parallel with the European power system, UCTE. The company enjoys an export monopoly to the EU.
According to the Ministry of Fuel and Energy, the state budget is directing USD 600 mln in 2007 to modernize the power generators' capacities and its top priority is Zakhidenergo, which supports our expectations of intensive CapEx. Profitability is very likely to remain the lowest of all GenCos in 2007 and we see no boosters to the bottom line in the mid-term.
Zakhidenergo's power output grew 5% to 15.53 TWh in 2006.

MARKET INFORMATION

Market price*, USD	**73.37**
Price impact**	1
52 Wk H/L, USD	78.9 / 25.2
Chg 3m/6m/52w	38% / 130% / 171%
Chg vs PFTS 3m/6m/52w	-6% / 55% / 104%
Chg YTD	36%
Avg Mo Tr Vol 6M, USD ths	2569.78
MCap, USD mln	**938.4**
Free float, %	29.9%
FF MCap, USD mln	280.6
No of shares, mln	**12.8**
Par Value, UAH	10.0
XETRA	WT7
DR Ratio	4:1
Avg Mo Tr Vol 6M, USD ths	223.0

STOCK OWNERSHIP

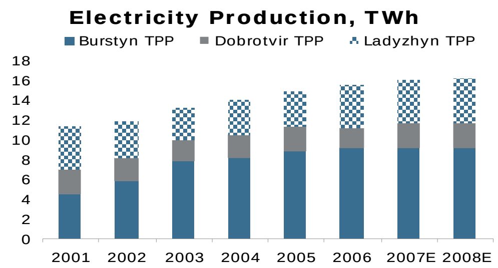
NC ECU	70.1%
Other	29.9%

MARKET MULTIPLES

	2006E	2007E
EV/Sales	1.4	1.2
EV/EBITDA	26.8	20.4
P/E	1221.0	52.3
P/B	3.4	2.6
P/CF	70.9	28.7

KEY RATIOS

	2005	2006E	2007E
EBITDA margin	5%	6%	7%
Net Margin	1%	0%	2%
ROE	2%	0%	6%
Net Debt/Equity	0.2	0.2	0.4



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2: Market price reaction remains within 10% in execution of a market order of about USD 1 mln in size
3: All other stocks (quoted price is less reliable and should be considered indicative

INCOME STATEMENT SUMMARY, USD mln

	2003	2004	2005	2006E	2007E	2008E
Net Revenues	**309.5**	**367.2**	**480.2**	**667.6**	**763.6**	**825.5**
Change y-o-y	-	*18.7%*	*30.8%*	*38.6%*	*14.4%*	*8.1%*
Gross Profit	44.8	52.0	44.2	66.8	87.8	107.3
EBITDA	**36.6**	**20.9**	**23.1**	**37.4**	**53.6**	**73.1**
margin, %	*11.8%*	*5.7%*	*4.8%*	*5.6%*	*7.0%*	*8.9%*
Depreciation	(17.4)	(11.7)	(12.2)	(12.5)	(14.7)	(19.2)
EBIT	**19.2**	**9.3**	**10.9**	**24.9**	**38.9**	**53.8**
margin, %	*6.2%*	*2.5%*	*2.3%*	*3.7%*	*5.1%*	*6.5%*
Interest Expense	(4.0)	(3.4)	(5.0)	(9.6)	(15.0)	(21.0)
Other income/(expense)	0.1	2.5	0.8	-	-	-
PBT	**15.3**	**8.4**	**6.7**	**15.4**	**23.9**	**32.9**
Tax	(14.1)	-	(2.7)	(14.6)	(12.0)	(11.2)
Effective tax rate	*92.4%*	*0.0%*	*40.4%*	*95.0%*	*40.0%*	*25.0%*
Net Income	**1.2**	**8.3**	**4.1**	**0.8**	**17.9**	**33.6**
Net Margin, %	*0.4%*	*2.3%*	*0.8%*	*0.1%*	*2.3%*	*4.1%*

BALANCE SHEET SUMMARY, USD mln

	2003	2004	2005	2006E	2007E	2008E
Current Assets	**199.4**	**181.9**	**201.7**	**209.0**	**184.9**	**183.9**
Cash & Equivalents	0.3	1.9	1.3	20.2	24.7	7.6
Trade Receivables	132.0	122.3	128.9	101.1	58.0	62.7
Inventories	37.8	31.6	43.2	87.7	102.2	113.5
Other	29.3	26.1	28.4	33.7	41.1	47.5
Fixed Assets	**287.3**	**282.9**	**307.6**	**314.2**	**466.8**	**671.7**
PP&E, net	237.3	228.2	249.2	257.6	316.2	441.6
Other	50.1	54.7	58.5	56.7	150.5	230.0
Total Assets	**486.8**	**464.7**	**509.4**	**523.3**	**651.7**	**855.6**
Shareholders' Equity	**249.7**	**255.5**	**275.2**	**276.8**	**355.0**	**489.6**
Share Capital	24.0	24.1	25.3	24.1	24.1	24.1
Retained Earnings	(63.5)	(57.2)	(60.4)	(62.1)	(51.4)	(31.2)
Other	289.2	288.6	310.3	314.8	382.3	496.7
Current Liabilities	**112.8**	**101.0**	**147.0**	**169.9**	**158.6**	**157.6**
ST Interest Bearing Debt	19.3	19.9	53.0	68.7	54.4	39.2
Trade Payables	62.0	41.7	44.7	40.5	30.5	33.0
Other	31.5	39.4	49.3	60.7	73.6	85.3
LT Liabilities	**124.3**	**108.2**	**87.1**	**76.6**	**138.1**	**208.4**
LT Interest Bearing Debt	11.3	10.3	9.4	16.6	128.1	198.4
Other	113.0	97.9	77.7	60.0	10.0	10.0
Total Liabilities & Equity	**486.8**	**464.7**	**509.4**	**523.3**	**651.7**	**855.6**

QUARTERLY ANALYSIS, USD mln

	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06
Net Revenues	**93.4**	**83.0**	**44.5**	**146.4**	**106.4**	**116.9**	**122.5**	**134.4**	**168.4**	**144.5**	**141.2**
Change y-o-y	*6.1%*	*31.0%*	*-35.7%*	*64.5%*	*14.0%*	*40.9%*	*175.3%*	*-8.2%*	*58.3%*	*23.7%*	*15.2%*
EBITDA	**12.3**	**2.9**	**3.3**	**2.3**	**5.8**	**9.7**	**8.5**	**(0.9)**	**18.0**	**4.6**	**5.5**
margin, %	*13.2%*	*3.5%*	*7.5%*	*1.6%*	*5.4%*	*8.3%*	*6.9%*	*-0.7%*	*10.7%*	*3.2%*	*3.9%*
EBIT	**9.4**	**0.0**	**(4.8)**	**4.6**	**2.9**	**6.6**	**5.4**	**(4.0)**	**14.8**	**1.4**	**2.4**
margin, %	*10.1%*	*0.0%*	*-10.8%*	*3.1%*	*2.7%*	*5.7%*	*4.4%*	*-3.0%*	*8.8%*	*1.0%*	*1.7%*
Net Income	**6.7**	**3.1**	**(7.9)**	**6.4**	**0.5**	**2.8**	**2.2**	**(1.4)**	**8.2**	**(2.9)**	**(13.2)**
Net Margin, %	*7.2%*	*3.8%*	*-17.8%*	*4.4%*	*0.4%*	*2.4%*	*1.8%*	*-1.0%*	*4.9%*	*-2.0%*	*-9.3%*

Base-case DCF model output, UAH mln

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
EBITDA	**268**	**365**	**490**	**658**	**743**	**797**	**829**	**833**	**867**
EBIT	195	269	349	495	572	619	647	645	674
Tax Rate	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*
Taxed EBIT	146	202	262	371	429	464	485	484	505
Plus D&A	74	96	141	164	171	178	183	188	193
Less CapEx	(835)	(1,120)	(800)	(500)	(194)	(194)	(195)	(194)	(193)
Plus Inv Surch	292	623	780	460	240	-	-	-	-
Less change in OWC	8	(9)	(18)	(40)	(38)	(36)	(17)	(18)	(6)
FCFF	**-**	**(208)**	**365**	**454**	**608**	**413**	**456**	**460**	**499**
WACC	11.6%	10.8%	10.9%	11.2%	11.7%	11.4%	11.0%	11.1%	11.2%
WACC to perpetuity									10.5%
Perp. growth rate									1.5%

Terminal value	**2,484**		**5,629**
Portion due to TV	58%	Implied exit EBITDA multiple	6.5x
Firm value	**4,292**		
Less net debt	(514)		
Equity value	**3,778**		
12M Taget, USD	**59.1**		

Sensitivity analysis, USD

Implied Share Price

WACC	**Perpetuity Growth Rate**				
	0.5%	***1.0%***	***1.5%***	***2.0%***	***2.5%***
-1.5%	67.0	69.5	72.2	75.3	78.8
-1.0%	62.7	65.0	67.5	70.4	73.6
-0.5%	58.6	60.8	63.1	65.8	68.8
+0.0%	54.8	56.9	**59.1**	61.6	64.4
+0.5%	51.3	53.2	55.3	57.6	60.2
+1.0%	48.1	49.8	51.8	53.9	56.4
+1.5%	45.0	46.7	48.5	50.5	52.8

Appendices

Appendix 1: Peer comparison

Output and financials

GenCos are comparable to other emerging market power generation companies in terms of sales per unit of electricity produced. With much higher electricity prices than in Russia, GenCos' sales per MWh are almost 80% higher than for OGKs.

On the other hand, due to low profitability, Ukrainian GenCos' EBITDA per unit of electricity produced significantly lags global trends and is comparable to Russia.

Per MWh financial ranking (2006E, USD)

Country	Company	Sales 06 per MWh
UK	Drax Group	108.7
JP	J-Power	70.4
TH	El. Gener. Public Co	66.6
CN	Datang Intern. Gen.	55.8
CL	AES Gener SA	51.1
UA	**DOEN**	**43.6**
UA	**ZAEN**	**42.9**
IN	NTPC	42.7
CA	Transalta Power	41.3
UA	**CEEN**	**40.9**
CN	Huadian Power	39.3
UA	**DNEN**	**39.3**
CN	China Power Intern	33.4
CN	Huaneng Power	32.0
RU	**OGKF**	**30.4**
RU	**OGKC**	**25.2**
RU	**OGKE**	**23.0**
RU	**OGKB**	**20.6**
RU	**OGKD**	**17.9**

Country	Company	EBITDA/ MWh	EBITDA margin
UK	Drax Group	49.6	46%
TH	El. Gener. Public Co	37.1	56%
IN	NTPC	25.2	59%
JP	J-Power	24.8	35%
CA	Transalta Power	15.7	38%
CL	AES Gener SA	15.3	30%
CN	Datang Intern. Gen.	13.0	23%
CN	Huaneng Power	11.6	36%
CN	Huadian Power	10.7	27%
CN	China Power Intern	8.0	24%
RU	**OGKF**	**5.0**	17%
RU	**OGKC**	**4.5**	18%
RU	**OGKB**	**4.5**	22%
RU	**OGKE**	**4.2**	18%
UA	**CEEN**	**3.9**	10%
UA	**DNEN**	**3.5**	9%
RU	**OGKD**	**3.3**	18%
UA	**DOEN**	**3.0**	7%
UA	**ZAEN**	**2.4**	6%

Source: Company data, Bloomberg, Concorde Capital estimates

Low demand for GenCo electricity led to a low utilization rate – almost 20 pp lower than for global and Russian peers, and even lower than load of private Ukrainian thermal generator Vostokenergo. This implies a significant growth potential for GenCo output, even without significant investments for capacity expansion.

Utilization rates of installed generation capacity

Global	
EnBW	87%
RWE	84%
Transalta Power	74%
Drax Group	67%
NTPC	67%
Huaneng Power	65%
CEZ	63%
Datang Intern.	59%
E ON	53%
Fortum	53%
Huadian Power	52%
AES Gener SA	51%
EdF	48%
J-Power	47%
China Power Intern	47%
Endesa	46%
Energias de Portugal	39%
Enel	31%
El. Gener. Public Co	30%

Russian	
OGK-4	70%
OGK-2	63%
OGK-5	53%
OGK-6	41%
OGK-3	41%

Ukrainian	
ZAEN	39%
CEEN	35%
DOEN	31%
DNEN	30%
Vostokenergo	51%

Source: Company data, Concorde Capital calculations

Market multiples, 2007E

Country	Company	EV/S	EV/EBITDA	EV/Capacity
CA	Boralex Inc	4.4	13.5	1542
CA	Transalta Power	1.8	5.1	716
UK	Drax Group	2.1	4.6	1346
UK	International Power	3.2	8.1	541
US	NRG Energy	2.6	7.5	590
JP	J-Power	3.9	11.2	1156
	Mean developed	**3.0**	**8.3**	**982**
TH	El. Gener. Public Co	4.2	8.4	899
CL	AES Gener SA	3.9	16.3	935
CN	China Power Intern. Dev.	2.9	11.0	497
CN	Datang Intern. Generation	3.6	11.8	970
CN	Huadian Power Intern.	2.2	8.1	525
CN	Huaneng Power Intern.	3.2	9.2	674
CN	Shanxi Zhangze Electric	4.4	14.5	792
IN	NTPC	4.1	5.9	1181
MY	Malakoff	4.2	7.1	1565
	Mean emerging	**3.6**	**10.3**	**893**
UA	CEEN	1.8	20.2	243.1
UA	DNEN	1.8	16.1	206.6
UA	DOEN	1.5	18.5	174.3
UA	ZAEN	1.3	17.7	203.0
	Mean Ukraine	**1.6**	**18.1**	**207**
RU	OGKB	3.7	17.0	487.7
RU	OGKC	5.0	28.4	534.0
RU	OGKD	4.7	25.4	611.8
RU	OGKE	4.1	22.2	528.3
RU	OGKF	3.3	20.2	421.5
	Mean Russia	**4.2**	**22.6**	**517**

Source: Company data, Bloomberg, Concorde Capital estimates

Appendix 2: Key drivers for export growth

Lack of capacity in Russia

Currently Russia is unable to compensate growing demand in its western regions by a corresponding increase in supplies: according to RAO UES, several regions of Russia have already been announced as "regions of special attention" due to their energy deficit (dark areas on the map below).

Russian regions with an energy-deficit last winter

Source: RAO UES

In 2007-2008 most of Russia's regions adjacent to Ukrainian border will start experiencing a generation capacity deficit, which can only be surmounted in 2011-2012 when commissioning of new thermal and nuclear capacity is scheduled. Over the next four to five years, Ukraine stands to gain by increasing exports to Russia and Belarus (the primal beneficiaries will be Donbasnergo and Centrenergo, whose power plants are located close to the Russian/Belarus border). Dniproenergo is unlikely to take advantage of this demand in the short-term as it lacks the transmission capacity to export electricity.

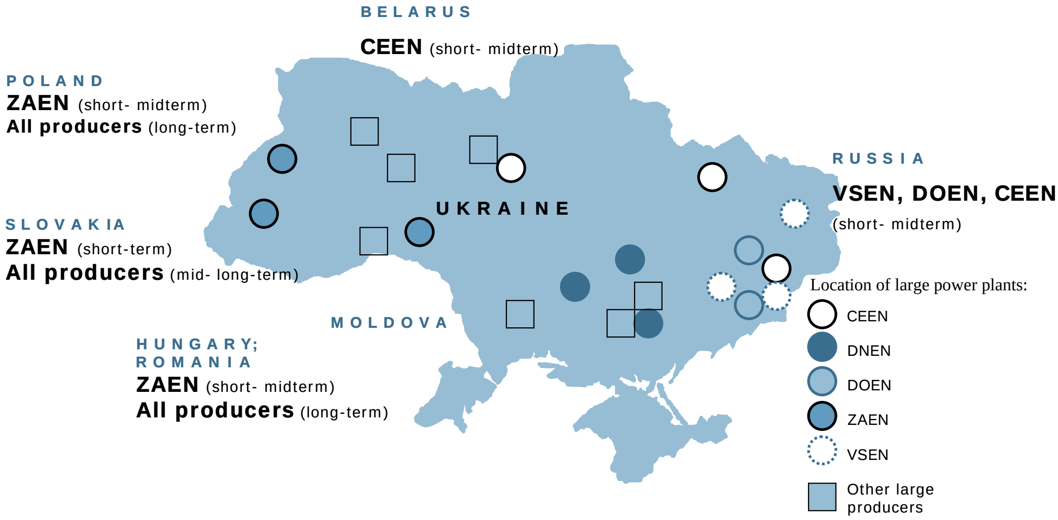
Growing demand in the west

Currently Poland and Slovakia have expressed interest in increasing Ukrainian electricity exports: Poland is relying on increased exports from Zakhidenergo's Dobrotvir TPP and has even agreed to help finance the construction of a 225 MW power unit. Slovakia expects to de-commission 0.8 GW of nuclear capacity (15% of the country's installed capacity) around 2009 and intends to make up for it with Ukrainian supplies – exports to Slovakia are likely to increase by construction of 600 MW high-voltage direct current device, or by existing capacities of Burstyn Island.

UCTE integration

Starting in 2011-2012, exports are most likely to be re-directed from Russia to the UCTE: the government is actively working with the EU to integrate the Ukrainian power network into the European network. Since plans to connect to the UCTE are supported by the program of intensive upgrades of transmission capacities, all generation companies are likely to win from opening this new market.

Summary map: potential export winners



Appendix 3: Gas-fueled capacity - If it's not loaded, it doesn't count

For this report, we continue basing our capacity-based multiples only on the part of the GenCos' capacity that we believe has a chance to be loaded in the mid-term, the coal-fueled capacities.

Since they have been idle for the last couple of years, the gas-fueled power units at Centrenergo and Dniproenergo are highly unlikely to be loaded in the future. The main reasons for this are their relative cost inefficiency (due to high gas prices in Ukraine and inefficient gas burning technology) and an increasing shortage of natural gas in Ukraine and even in Russia: Gazprom and RAO UES have already declared the need to decrease gas consumption by Russian power generators.

The market already implicitly ignores Dniproenergo's gas-fueled capacities: the stock trades by EV/Coal Capacity similarly to Zakhidenergo and Donbasenergo. However, the market seems to hope that Centrenergo's gas-fueled power units will be brought back to life in the future: Centreenergo trades with a 27% premium to other GenCos by EV/Coal Capacity. The reason for optimism is the government's announced plans to apply a tolling scheme to load Centrenergo's Uglegorsk power plant with Russian gas despite the fact that Gazprom does not support the idea, which was proposed by the Ukrainian Fuel and Energy Ministry and RAO UES. It is not clear to the market whether Centrenergo's gas-tolling scheme is feasible – the company trades at a discount to other GenCos by EV/Total Capacity.

EV / Capacity, USD / kW

	to coal-fueled capacity	to total capacity
CEEN	246	148
DNEN	196	139
DOEN	184	184
ZAEN	198	198
Mean	**206**	**167**

Source: PFTS, Company data, Concorde Capital estimates

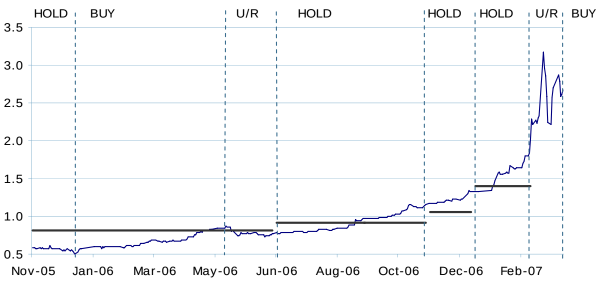
Throughout this report, we completely ignore Centrenergo's 3,000 MW gas-fueled capacity and Dniproenergo's 2,400 MW gas-fueled capacity. Power plants at Zakhidenergo and Donbasenergo are entirely coal-fueled, thus their installed capacity is not adjusted.

Analyst Certification

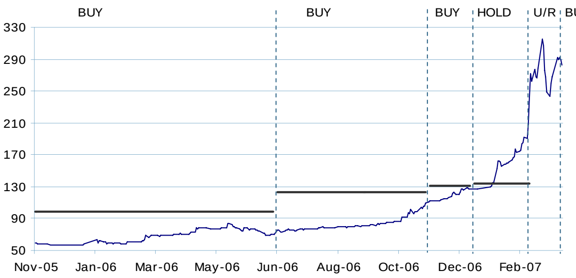
I, Alexander Paraschiy, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

	CEEN price, USD		**DNEN** price, USD		**DOEN** price, USD		**ZAEN** price, USD	
Date	Closing	Target	Closing	Target	Closing	Target	Closing	Target
13-May-05	0.79	0.76	74.7	88.2	4.2	6.8	27.7	29.0
30-May-05							27.7	30.5
4-Jul-05					4.4	6.0		
19-Jul-05							24.0	30.5
26-Sep-05	0.80	0.82	66.5	99.0	4.2	6.6	26.0	34.0
3-Jan-06	0.54	0.82						
26-Jun-06	0.79	0.91	76.0	123.0	5.2	7.4	26.5	34.0
25-Sep-06							32.0	34.0
26-Sep-06					7.2	7.4		
15-Nov-06	1.17	1.06	109.0	131.3	7.8	9.6	40.0	35.4
28-Nov-06	1.18	1.06	109.0	131.3	8.0	9.6	41.0	35.4
22-Dec-06	1.35	1.40	125.9	134.4	8.7	11.3	52.8	41.2
21-Mar-07	2.80	3.20	288.1	382.9	17.1	27.6	73.4	94.3

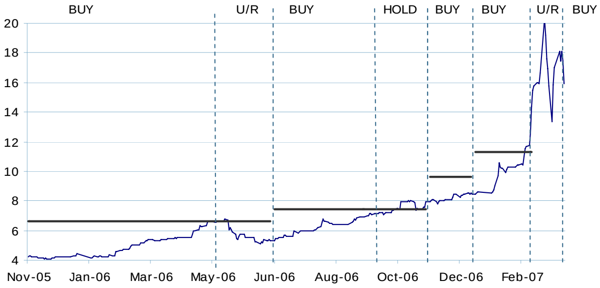
Centrenergo (CEEN)



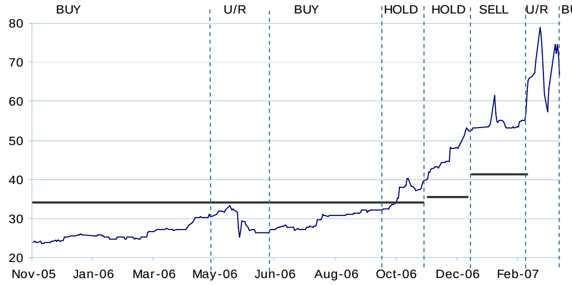
Dniproenergo (DNEN)



Donbasenergo (DOEN)



Zakhidenergo (ZAEN)



Concorde rating universe

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Hold	11	*11%*
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Total	**102**	*100%*

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