

# Kryukiv Wagon

## AGM results confirm strong outlook

### Notes from April 7 AGM

- Net revenue grew by twofold y-o-y in 2010 of USD 546 mln, EBITDA by threefold y-o-y to USD 73 mln and net income by threefold y-o-y to USD 37 mln, according to UAS financials announced at the meeting. Net revenue and net income were below our forecasts by 6.7% and 5.4% respectively, but EBITDA was above our expectations by 25.9%
- Shareholders approved a dividend of UAH 0.52 per share, yield of 1.5%. 20% of 2009 net income is to be directed toward the dividends, with the remaining 80% set aside for CapEx and R&D
- Management said it plans to complete construction of a new passenger railcar workshop by end-2H11, which would increase annual capacity to 300 passenger railcars. Management said production could additionally be increased by another 30% by working in three shifts
- Kryukiv Wagon reported new contracts with Chinese and USA producers for steel casting. Management did not disclose its actual suppliers or contracted volumes, but said imported casting would be cheaper than Ukrainian analogues by an average of 20%

### Valuation

We confirm our previous target price for Kryukiv Wagon of USD 5.80 per share, with potential upside of 36%.

#### Key financial and operating results

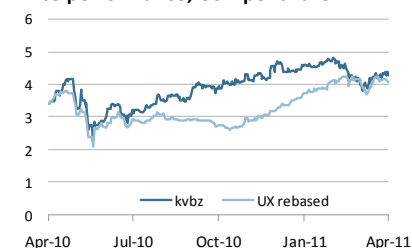
	2009	2010	y-o-y
Net revenue	USD 182 mln	USD 546 mln	200%
EBITDA	USD 18 mln	USD 73 mln	306%
EBITDA margin	10%	13%	3 pp
Net income	USD 9 mln	USD 37 mln	311%
Net income margin	5%	7%	2 pp
Railcars output	3314 units	9090 units	174%
Passenger car output	25 units	38 units	52%
Subway car output	5 units	20 units	300%

Source: Company data

Report date	11 Apr 2011
Bloomberg	KVBZ UK
Reuters	KVBZ=UA
<b>Recommendation</b>	<b>BUY</b>
Price (08 Apr 11), USD	4.26
12M price target, USD	5.80
Upside	36.0%
No of shares, mln	114.7
Market Cap, USD mln	488.9
52-week performance	21.2%
52-week range, USD	2.26/4.95
ADT, 12M, USD mln	0.06
Free float, %	4.7
Free float, USD mln	23.0

Prices as of Apr. 8, 2011

#### Price performance, USD per share



Source: Bloomberg, UX

## Contacts

### CONCORDE CAPITAL

2 Mechnikova Street, 16th Floor  
 Parus Business Centre  
 Kyiv 01601, Ukraine  
 Tel.: +380 44 391 5577  
 Fax: +380 44 391 5571  
 www.concorde.ua  
 Bloomberg: TYPE CONR <GO>

### CEO

Igor Mazepa

im@concorde.com.ua

### SALES

#### International Sales & Trading

Anastasiya Nazarenko an@concorde.com.ua  
 Marina Martirosyan mm@concorde.com.ua  
 Rostyslav Shmanenko rs@concorde.com.ua  
 Dasha Vasilieva vd@concorde.com.ua

#### Domestic Sales & Trading

Alisa Tykhomirova at@concorde.com.ua

### RESEARCH

#### Director of Research

Andriy Gerus ga@concorde.com.ua

#### Utilities, Agriculture, Consumer

Yegor Samusenko syg@concorde.com.ua

#### Basic materials

Andriy Gerus ga@concorde.com.ua

#### Energy, Chemicals

Antonina Davydenko ada@concorde.com.ua

#### Industrial Machinery

Vitaly Gorovoy vityal.gorovoy@concorde.com.ua

#### Fixed income

Andriy Gerus ga@concorde.com.ua

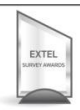
#### Politics

Brad Wells bw@concorde.com.ua

#### Editor

Brad Wells bw@concorde.com.ua

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