



CONCORDE CAPITAL

# Ukraine/ Iron & Steel

## Mittal Steel Kryvy Rig

Efficiency To Be Rewarded

# BUY

21 Nov 2006

USD 0.94

12m Target

USD 1.22

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### KSTL Mid-Market, USD



### Market Information

Bloomberg KSTL UZ

No of Sh., mln 3,859.5

Market Price, USD 0.94  
52Wk H/L, USD 0.94/0.68  
MCap, USD mln 3,628.0  
Free Float, % 0.76%

### Stock Ownership

Mittal Steel 93.03%  
Invest. & Met. Union 4.47%  
SPFU 1.74%  
Other 0.76%

### Ratios 1H06

EBITDA Margin 26.7%  
Net Margin 17.8%

With this note, we attempt to determine KSTL's up-to-date fair price, which would provide a sound grounding to bids to be made at the privatization of KSTL's 0.33% stake on Nov. 22, 2006. Although we admit that the market may be willing to pay premium for the additional liquidity, in our view, KSTL's price should gravitate to USD 1.22/share, our new 12 month target. With an implied upside of 30%, we continue to rate the stock as a BUY.

**Liquidity Coming to the Market.** On Nov. 22, 2006, the State Property Fund of Ukraine will auction off a 0.33% stake in KSTL, which, if successful, would increase KSTL's free float from 0.76% to 1.09%. We anticipate that the market may be willing to pay premium for the additional liquidity and with this note try to estimate what would be the stock's fair price. By the end of the year, the state plans to sell 1.3% of its 1.74% stake in KSTL in four installments starting with the auction on Nov. 22. A 0.32% stake will then be auctioned on December 1, followed by an auction for a 0.33% stake on December 12 and the last 0.32% stake will be sold on December 20. The auctions would increase KSTL's free float by 2.7 times, to 2.06%.

**Fundamentals Revised Upward.** Based on positive production dynamics and impressive 1H06 financials, we revised KSTL's sales up 8.6%, EBITDA up 27.8% and net income up 52.8% for 2006. We project KSTL's sales to further grow by 11% in 2007, but margins be slightly lower than in 2006 – EBITDA margin of 29% as opposed to 31% expected in 2006, and net margin of 20%, below the 22% projected for this year.

**Valuation Remains Appealing.** Despite KSTL's YTD appreciation of 19%, a premium of 3% to our previous target price, our new sum-of-the-parts valuation as well as peer comparison based on KSTL's revised fundamentals call for a target upgrade to USD 1.22/share. The implied upside is 30% and we maintain our BUY recommendation.

### KEY FINANCIAL DATA, USD mln

	Net Revenue	EBITDA	Net Income	DPS, USD
2005	2,156.3	484.2	313.2	0.005
2006E	2846.1	882.3	626.6	0.000
2007E	3156.8	915.5	631.4	0.000

### KEY RATIOS

	EV/S	EV/EBITDA	P/E	Div Yield
2005	1.61	7.17	12.32	0.5%
2006E	1.25	4.02	5.79	0.0%
2007E	1.12	3.88	5.75	0.0%

## Financial Projection Revision

We revised KSTL's projected financials for 2006E to account for strong interim results as well as impressive production numbers. Our new sales projections are 32% higher than sales in 2005 and 8.6% higher than previous projections. At the same time, we project 82% growth in EBITDA and 100% growth in net income yoy in 2006.

	Sales	EBITDA	EBITDA mgn	Net income	Net mgn
2006E Old	2620.0	690.0	26.3%	410.0	15.6%
2006E New	2846.1	882.3	31.0%	626.6	22.0%
2007E	3156.8	915.5	29.0%	631.4	20.0%

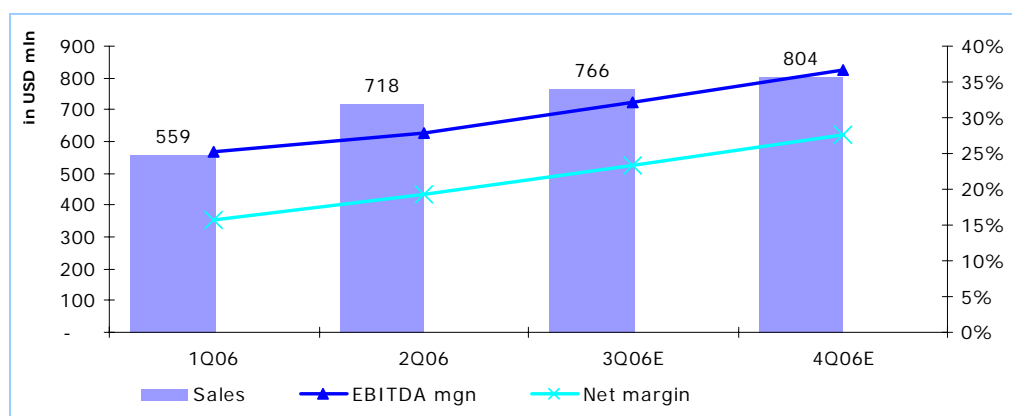
Source: Company data, Concorde Capital

Analysis of KSTL's quarterly financials reveals that KSTL's sales in 2Q06 grew 29% qoq, its EBITDA increased 42% qoq and net income surged 58% qoq. We extrapolated KSTL's financials for 3Q06 and 4Q06 using average qoq growth rate of 5.6% for sales, 21.4% rate for EBITDA and 26.5% rate for net income.

	1Q06	2Q06	3Q06E	4Q06E	2006E	Chg. yoy
Sales	559	718	765.5	803.8	2846.1	32.0%
EBITDA	141.0	200.3	245.9	295.0	882.3	82.2%
EBITDA mgn	25.2%	27.9%	32.1%	36.7%	31.0%	
Net income	87.9	139	177.7	222.2	626.6	100.1%
Net margin	15.7%	19.3%	23.2%	27.6%	22.0%	

Source: Company data, Concorde Capital

Our projections are supported by strong fundamentals KSTL posted in 10M06, namely, crude steel production growth of 9.2% yoy, rolled steel output increase of 16.4% yoy and sinter feed output growth of 8.7% yoy. In addition, KSTL declared several price increases throughout 10M06 and we estimate that in 2006E KSTL's average steel and pig iron price will rise by 13.4%, which combined with the growth in rolled steel output would produce ~32% in yoy revenue growth. At the same time, increased iron ore output would help KSTL reduce its production costs by consuming more of internally produced iron ore and thereby further improve margins.



Source: Company data, Concorde Capital

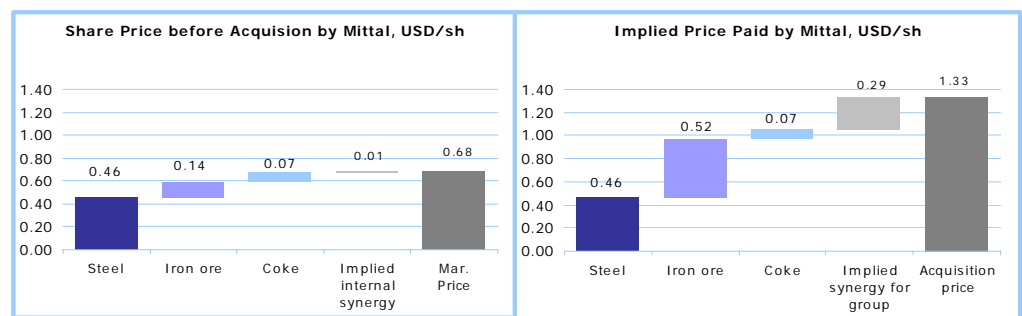
## Sum-of-the-Parts Valuation

### Market Rewarding More Efficient Management

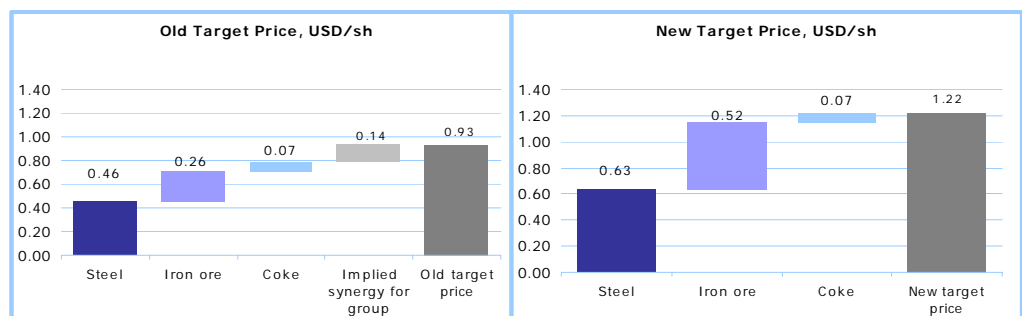
We adjusted our valuation by parts approach employed in our report from Nov. 7, 2005 to account for the market's re-rating of the steel and iron ore business. Based on this method, KSTL's long-term fundamental value comes out to USD 1.22 per share.

Apparently, market has started to recognize benefits stemming from Mittal's more efficient management of KSTL's operations and, in particular, from the development of KSTL's iron ore business which buttresses KSTL's steel production growth. Whereas the very analysis is outlined in detail in the next section, the essence of it is as follows.

Our breakdown of KSTL's value by separate business units in the November 7, 2005 report suggested that prior to Mittal's acquisition of KSTL, the stock's market price of USD 0.68/share was formed as if the market was valuing each of KSTL's business segments in line with market prices for similar assets prevailing at that time in Ukraine. On the other hand, breakdown of the USD 1.33/share price paid for KSTL by Mittal at acquisition showed that the new owner must have placed a bet on a huge potential of KSTL's iron ore business as well as on intra-group synergies.



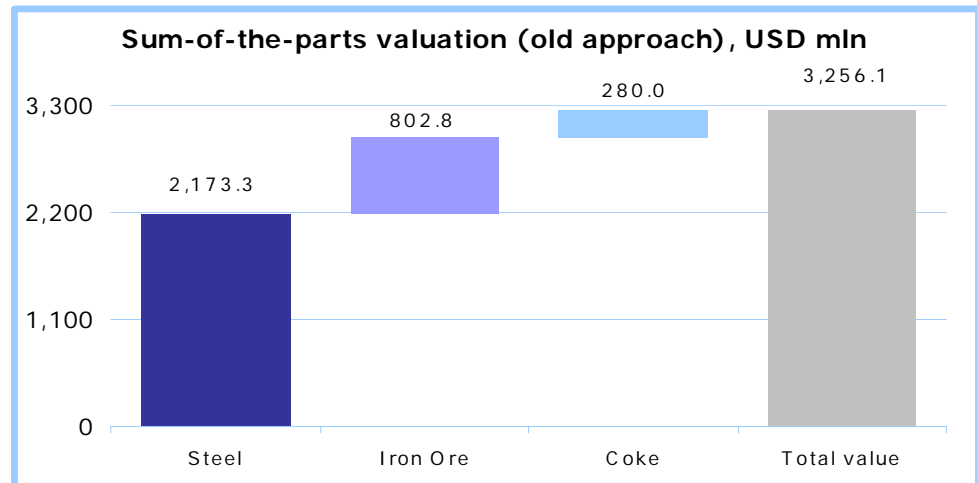
Our 12-month target price of USD 0.93/share set in the November 7, 2005 report realized perfectly within a one-year time horizon (KSTL's current market price is USD 0.94). Yet in determining it we only partly accounted for the value of KSTL's iron ore business and synergies to be realized after Mittal's arrival as the new owner.



Our new analysis attempts to account for the value of KSTL's iron ore business in full and re-rates upward the value of its steel business, while intra-group synergies are not valued, since we do not see any significant signs of their realization yet. The resulting new target price is USD 1.22/share, 30% above current market price but 8% below the price paid by Mittal last year.

## Old Model Updated

We updated our previous sum-of-the-parts model, in which KSTL's steel business was benchmarked against Ukraine's steel average and iron ore business was valued based on Poltava GOK's MCap. In the updated valuation of KSTL's steel business we only used market multiples of Azovstal and Mariupol Illicha and excluded Zaporizhstal because it was de-listed from the PFTS. We arrived at the total value for KSTL of USD 3.3 bln, or USD 0.84 per share.



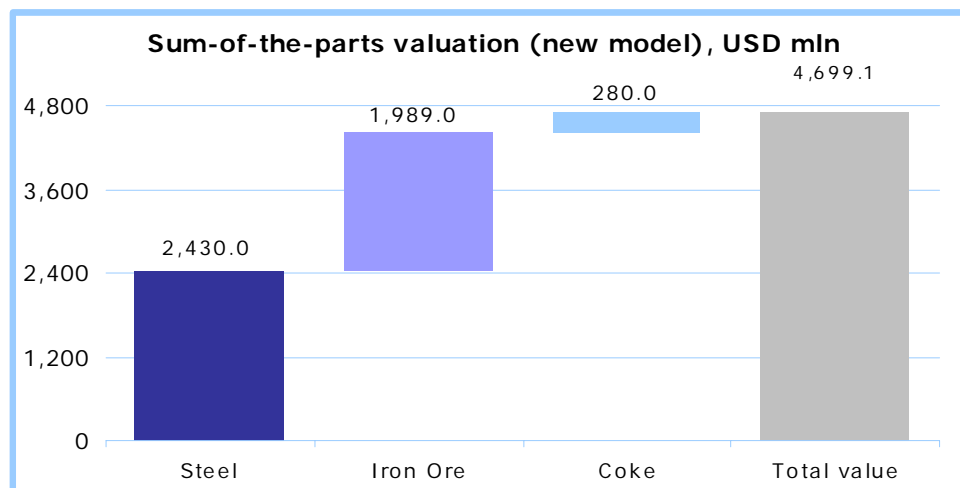
Source: Company data, Concorde Capital, PFTS

However, this analysis appears to have a drawback of using current MCaps as a pure proxy of the businesses' fundamental values. The drawback has to do with high volatility in market prices of assets used as benchmarks as well as with differences in perceptions of the asset values by minority shareholders and controlling owners. A good example would be Poltava GOK, whose market value reacted to the expectations of its improving or worsening transparency, whereas its fundamental value must have been growing captured by its controlling shareholders. Our modified sum-of-the-parts approach is laid out below.

## Steel Business Value Under the New Model

In the new valuation, as a benchmark, we used an empirical EV/Production metric of USD 320/mt to separately value KSTL's steel business. For reference, EV/P ratio for Azovstal is USD 335/mt, but Azovstal operates an in-house coke maker in addition to its steel business; for the Mariupol Illicha (MMKI) mill, EV/P is currently USD 201/mt; and for Russian ZapSib mill it is as low as USD 223/mt, yet both MMKI and ZapSib are apparently undervalued. We estimate that KSTL's pure iron & steel business is worth ~USD 2,430 mln given projected crude steel output in 2006 at 7.6 mln mt.

Although valuing based on output has a drawback of not accounting for potential output growth, we think that the room for production growth is limited unless significant investments in mounting new capacities are made. We note that KSTL's current steel making capacities will hardly allow KSTL to produce 10 mln mt of steel by 2010, as Mittal's spokesmen stated. Although KSTL's six blast furnaces have a capacity of ~10.8 mln of pig iron annually, its designed steel making capacity is only ~8.5 mln mt of crude steel per year (capacity of open hearth furnaces at ~2 mln and basic oxygen furnace (BOF) capacity of 6.5 mln mt). Moreover, effective steel making capacity is usually below the designed capacity. We estimate KSTL's effective steel making capacity at ~8.0 mln mt a year, meaning that in 2006 the company will operate at 95% capacity utilization rate.



Source: Company data, Concorde Capital

### Iron Ore and Coke Businesses Under the New Model

While the market re-rated the value of mineral miners worldwide upward since we last valued KSTL by the sum-of-the-parts method in November 2005, we think that the potential long term value of KSTL's mining business obtained in the November 2005 report remains reliable.

According to our estimates, KSTL is currently operating its iron ore mining facilities at ~80% utilization rate and sinter feed facilities at ~90% utilization rate. To capitalize on its vast iron ore reserves and realize synergies within Mittal's global business structure, KSTL would need to increase iron ore output several fold, which would enable the company to sell iron ore to Mittal's steel mills in Eastern Europe. Yet, such an increase can only be realized after investments are made and respective work done to bring KSTL's iron ore capacity up to the required level.

#### ***KSTL's primary iron ore assets are:***

- *Novokryvorizky GOK (annual capacities: iron ore with Fe content of 34.2% - ~22.5 mln mt, sinter feed with Fe content of 65.3% - 8.5 mln mt, and sinter with Fe content of 54% - 8.1 mln m; est. proven reserves of 2 bln mt);*
- *Artema Mine and Pivdenny Open Pit (lump ore with Fe content of no less than 53.5%; est. proven reserves of 132 mln mt).*

We also do not revise the value of KSTL's in-house Kryvorizky coke plant for the purposes of the sum-of-the-parts valuation.

### Post-Acquisition Effects

It is our understanding that progress in integrating KSTL into Mittal's multinational business has been slow. Specifically, although iron ore and sinter feed production has been growing, the growth is still insufficient to fully meet KSTL's internal needs, not to mention exports. On the other hand, supplies of coking coal from the Temirtau plant in Kazakhstan while helpful, have little effect on KSTL's valuation, in our view.

On a positive note, KSTL optimized its cooperation with domestic steel metal traders and increased prices for its products on the domestic market, bringing them closer to export prices. We also found that KSTL's new owners improved financial reporting, posting larger sales in line with greater output and higher prices while improving margins by slashing dubious "other" expenses on its P&L. However, these positive changes are implicit in our estimates of KSTL's fundamental value as described above and we do not account for them separately in the valuation by parts.

All in all, the sum-of-the-parts approach suggests that KSTL's fundamental value is ~USD 1.22 per share.

## Peer Comparison

Based on our 2006E and 2007E forecasts, KSTL appears to be overvalued compared with its Russian peers on forward looking EV/S for both 2006E and 2007E and on 2006E EV/EBITDA. On the other hand, it still trades at discounts on 2007E EV/EBITDA and 2006E and 2007E P/E and EV/ Output metrics, with implied upsides ranging from 3% to 41%.

	Price, USD		MCap, USD mln		EV/S		EV/EBITDA		P/E		EV/ Output	
					2006E	2007E	2006E	2007E	2006E	2007E	2006E	2007E
KSTL	0.94	3,628.0			1.2	1.1	4.0	3.9	5.8	5.7	467.6	443.8
<b>Russian Peers</b>					<b>2006E</b>	<b>2007E</b>	<b>2006E</b>	<b>2007E</b>	<b>2006E</b>	<b>2007E</b>	<b>2006E</b>	<b>2007E</b>
NLMK		13,125.2			1.8	1.7	4.0	3.7	6.6	7.2	1,120.2	1,038.8
Severstal		10,773.8			1.0	1.0	3.5	3.5	8.6	8.7	729.7	729.0
Evrast Group		8,785.4			1.2	1.2	4.1	4.8	6.9	8.7	614.8	633.3
ZSMK		1,670.1			0.6	0.6	1.9	2.2	3.1	3.7	260.7	222.8
NTMK		3,144.0			1.0	1.1	3.4	4.6	4.7	6.6	560.2	599.0
Mechel		3,090.8			0.8	0.8	4.7	5.2	7.4	9.4	565.8	561.2
<b>Average</b>					<b>1.1</b>	<b>1.1</b>	<b>3.6</b>	<b>4.0</b>	<b>6.2</b>	<b>7.4</b>	<b>641.9</b>	<b>630.7</b>
<b>Median</b>					<b>1.0</b>	<b>1.1</b>	<b>3.8</b>	<b>4.2</b>	<b>6.7</b>	<b>7.9</b>	<b>614.8</b>	<b>630.7</b>
<b>KSTL price</b>												
Implied by Avg, USD					0.81	0.89	0.84	0.97	1.01	1.21	1.28	1.33
Implied by Median, USD					0.78	0.89	0.88	1.01	1.09	1.30	1.23	1.33
<i>Upside/Downside by Avg</i>					<i>-14%</i>	<i>-5%</i>	<i>-10%</i>	<i>3%</i>	<i>7%</i>	<i>28%</i>	<i>36%</i>	<i>41%</i>
<i>Upside/Downside by Median</i>					<i>-17%</i>	<i>-5%</i>	<i>-7%</i>	<i>7%</i>	<i>16%</i>	<i>38%</i>	<i>31%</i>	<i>41%</i>

Source: Company data, Concorde Capital, Uralsib, Troika Dialog, Renaissance Capital

A comparison of KSTL to the international peer group indicates that the company is fairly valued on EV/S, but undervalued on EV/EBITDA and P/E multiples, which suggest significant upsides of 25-59%. We believe that in this case earning-based multiples are more reliable than sales-based ones due to KSTL's higher profitability, although KSTL probably deserves some discount to its international peers due to a higher risk associated with investing in Ukraine.

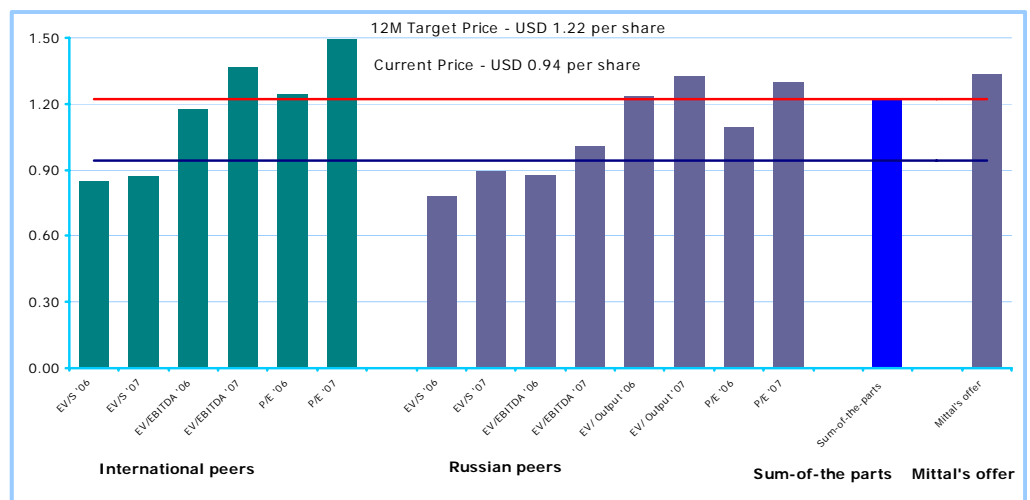
	Price, USD		MCap, USD mln		EV/S		EV/EBITDA		P/E		
					2006E	2007E	2006E	2007E	2006E	2007E	
<b>International Peers</b>					<b>2006E</b>	<b>2007E</b>	<b>2006E</b>	<b>2007E</b>	<b>2006E</b>	<b>2007E</b>	
INI Steel		3,210.0			0.9	0.8	6.2	6.2	6.3	6.4	
Bluescope Steel		4,395.7			0.9	0.9	5.2	6.9	7.8	11.7	
Tangshan		1,272.5			0.6	0.6	5.0	4.0	9.0	8.6	
Maanshan		2,673.9			0.9	1.1	5.0	6.6	7.3	10.9	
IPSCO		4,342.4			1.3	1.0	4.3	3.4	7.5	7.5	
CSN		8,198.4			2.4	2.4	5.0	5.3	9.0	9.1	
Arcelor Brazil		11,328.4			1.9	2.0	5.1	5.6	7.4	9.2	
SSAB		5,147.1			1.3	1.3	5.6	5.7	9.2	9.2	
<b>Average</b>					<b>1.3</b>	<b>1.3</b>	<b>5.2</b>	<b>5.5</b>	<b>7.9</b>	<b>9.1</b>	
<b>Median</b>					<b>1.1</b>	<b>1.0</b>	<b>5.1</b>	<b>5.7</b>	<b>7.7</b>	<b>9.1</b>	
<b>KSTL price</b>											
Implied by Avg, USD					0.96	1.06	1.20	1.32	1.29	1.49	
Implied by Median, USD					0.85	0.87	1.18	1.37	1.24	1.50	
<i>Upside/Downside by Avg</i>					<i>3%</i>	<i>12%</i>	<i>28%</i>	<i>40%</i>	<i>37%</i>	<i>58%</i>	
<i>Upside/Downside by Median</i>					<i>-10%</i>	<i>-8%</i>	<i>25%</i>	<i>45%</i>	<i>32%</i>	<i>59%</i>	

Source: Company data, Concorde Capital, Bloomberg, Thomson Financial

We find comparisons with Russian peers the most appropriate for KSTL due to their technological and historical similarities to the Ukrainian company. However, we note that companies such as NLMK, Evraz and Mechel enjoy a higher degree of vertical integration than KSTL, thanks to both iron ore and coking coal assets that account for a bulk of their profitability. On the contrary, KSTL does not have its own coal mines and its iron ore and coke output are still insufficient in meeting KSTL's own steel making needs. In addition, NLMK has a much better product mix than KSTL (high quality flat and semi-finished steel products), while Evraz has steel and alloy assets abroad. This limits the use of the EV/Steel output metric in valuing KSTL against the benchmark of its Russian peers.

## Valuation Summary

Based on the results of peer-based and sum-of-the-parts valuations, we set KSTL's 12-month target at USD 1.22 per share, which implies an upside of 30%. We confirm our BUY recommendation for the stock.



Source: Company data, Concorde Capital

## Reported Net Quarterly Financials, USD

### Income Statement Summary, NET USD mln

	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06
<b>Net Revenues</b>	<b>413</b>	<b>466</b>	<b>499</b>	<b>520</b>	<b>571</b>	<b>493</b>	<b>534</b>	<b>538</b>	<b>559</b>	<b>718</b>
Cost Of Sales	(263)	(293)	(347)	(354)	(384)	(355)	(399)	(375)	(382)	(461)
<i>% of Net Revenues</i>	<i>64%</i>	<i>63%</i>	<i>70%</i>	<i>68%</i>	<i>67%</i>	<i>72%</i>	<i>75%</i>	<i>70%</i>	<i>68%</i>	<i>64%</i>
Gross Profit	151	174	152	166	187	137	135	162	177	257
<i>% of Net Revenues</i>	<i>36%</i>	<i>37%</i>	<i>30%</i>	<i>32%</i>	<i>33%</i>	<i>28%</i>	<i>25%</i>	<i>30%</i>	<i>32%</i>	<i>36%</i>
Other Operating Income/Costs, net	(11)	(3)	(2)	2	(6)	(12)	(9)	(12)	(2.4)	(7)
<i>% of Net Revenues</i>	<i>-3%</i>	<i>-1%</i>	<i>0%</i>	<i>0%</i>	<i>-1%</i>	<i>-3%</i>	<i>-2%</i>	<i>-2%</i>	<i>0%</i>	<i>-1%</i>
SG&A	(16)	(18)	(21)	(21)	(21)	(25)	(29)	(28)	(34)	(49)
<i>% of Net Revenues</i>	<i>4%</i>	<i>4%</i>	<i>4%</i>	<i>4%</i>	<i>4%</i>	<i>5%</i>	<i>5%</i>	<i>5%</i>	<i>6%</i>	<i>7%</i>
<b>EBITDA</b>	<b>123.2</b>	<b>153.4</b>	<b>128.6</b>	<b>146.5</b>	<b>159.7</b>	<b>99.6</b>	<b>97.5</b>	<b>122.8</b>	<b>141.0</b>	<b>200.3</b>
<i>EBITDA margin, %</i>	<i>29.8%</i>	<i>32.9%</i>	<i>25.8%</i>	<i>28.2%</i>	<i>27.9%</i>	<i>20.2%</i>	<i>18.3%</i>	<i>22.8%</i>	<i>25.2%</i>	<i>27.9%</i>
Depreciation	(7)	(10)	(13)	(16)	(16)	(16)	(15)	(13)	(13)	(14)
<i>% of Net Revenues</i>	<i>2%</i>	<i>2%</i>	<i>3%</i>	<i>3%</i>	<i>3%</i>	<i>3%</i>	<i>3%</i>	<i>2%</i>	<i>2%</i>	<i>2%</i>
<b>EBIT</b>	<b>116</b>	<b>143</b>	<b>116</b>	<b>130</b>	<b>144</b>	<b>84</b>	<b>83</b>	<b>110</b>	<b>128</b>	<b>187</b>
<i>EBIT margin, %</i>	<i>28.0%</i>	<i>30.7%</i>	<i>23.2%</i>	<i>25.1%</i>	<i>25.2%</i>	<i>17.0%</i>	<i>15.5%</i>	<i>20.4%</i>	<i>22.8%</i>	<i>26.0%</i>
Interest Expense	(0.1)	-	-	-	-	-	-	-	(0.8)	(1.9)
Financial income/(expense)	-	-	-	-	2.0	6.4	3.7	5.0	-	1.3
Other income/(expense)	(1)	0	(3)	(2)	(7)	(2)	(5)	(15)	(2)	(3)
<b>PBT</b>	<b>114.6</b>	<b>143.1</b>	<b>112.6</b>	<b>128.5</b>	<b>139.0</b>	<b>88.0</b>	<b>80.9</b>	<b>99.4</b>	<b>124.8</b>	<b>183.5</b>
Tax	(24)	(30)	(28)	(38)	(37)	(38)	(30)	8	(37)	(45)
<i>Effective tax rate</i>	<i>21%</i>	<i>21%</i>	<i>25%</i>	<i>30%</i>	<i>27%</i>	<i>43%</i>	<i>37%</i>	<i>-8%</i>	<i>30%</i>	<i>24%</i>
Minority Interest	-	-	-	-	-	-	-	-	-	-
Extraordinary Income/(loss)	-	-	-	-	-	-	-	-	-	-
<b>Net Income</b>	<b>90.3</b>	<b>113.0</b>	<b>84.5</b>	<b>90.6</b>	<b>102.2</b>	<b>50.1</b>	<b>51.1</b>	<b>107.2</b>	<b>87.9</b>	<b>138.8</b>
<i>Net Margin, %</i>	<i>22%</i>	<i>24%</i>	<i>17%</i>	<i>17%</i>	<i>18%</i>	<i>10%</i>	<i>10%</i>	<i>20%</i>	<i>16%</i>	<i>19%</i>

### Balance Sheet Summary, USD mln

	1Q04	2Q04	3Q04	2004	1Q05	2Q05	3Q05	2005	1Q06	2Q06
<b>Current Assets</b>	<b>383</b>	<b>450</b>	<b>513</b>	<b>593</b>	<b>725</b>	<b>801</b>	<b>614</b>	<b>647</b>	<b>762</b>	<b>1,097</b>
Cash & Equivalents	120	128	168	208	326	410	279	258	156	277
Trade Receivables	0	7	10	25	33	15	12	68	316	388
Inventories	138	200	201	228	209	250	209	230	203	184
Other current assets	125	114	135	133	158	126	114	91	87	247
<b>Fixed Assets</b>	<b>675</b>	<b>627</b>	<b>630</b>	<b>637</b>	<b>663</b>	<b>674</b>	<b>696</b>	<b>744</b>	<b>742</b>	<b>753</b>
PP&E, net	518	493	497	497	515	501	487	486	479	474
Other Fixed Assets	157	133	132	141	147	173	208	258	262	279
<b>Total Assets</b>	<b>1,058</b>	<b>1,077</b>	<b>1,143</b>	<b>1,231</b>	<b>1,388</b>	<b>1,475</b>	<b>1,310</b>	<b>1,391</b>	<b>1,503</b>	<b>1,850</b>
<b>Shareholders' Equity</b>	<b>893</b>	<b>945</b>	<b>1,021</b>	<b>1,108</b>	<b>1,255</b>	<b>1,166</b>	<b>1,142</b>	<b>1,271</b>	<b>1,359</b>	<b>1,479</b>
Share Capital	677	728	728	728	757	757	757	764	764	764
Reserves and Other	17	31	31	28	29	49	49	49	49	65
Retained Earnings	200	185	262	352	469	360	336	458	545	650
<b>Current Liabilities</b>	<b>165</b>	<b>132</b>	<b>122</b>	<b>121</b>	<b>130</b>	<b>309</b>	<b>168</b>	<b>120</b>	<b>145</b>	<b>169</b>
ST Interest Bearing Debt	12	1	0	-	-	-	-	-	-	-
Trade Payables	50	25	28	29	29	30	34	45	34	41
Accrued Wages	9	9	10	11	11	13	13	14	14	16
Accrued Taxes	18	7	3	8	21	17	13	27	39	36
Other Current Liabilities	77	90	81	72	69	249	108	35	57	76
<b>LT Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>202</b>
LT Interest Bearing Debt	-	-	-	-	-	-	-	-	-	200
Other LT	-	-	-	2	2	-	-	-	-	2
<b>Total Liabilities &amp; Equity</b>	<b>1,058</b>	<b>1,077</b>	<b>1,143</b>	<b>1,231</b>	<b>1,388</b>	<b>1,475</b>	<b>1,310</b>	<b>1,391</b>	<b>1,503</b>	<b>1,850</b>



## Analyst Certification

I, Andriy Gostik, 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.

Date	Target price, USD	Market price, USD	Recommendation	Action
04.01.05	0.45	0.35	BUY	Initiate
06.07.05	Pending	0.48	HOLD	Downgrade
23.09.05	0.58	0.65	SELL	Downgrade
07.11.05	0.93	0.76	BUY	Upgrade
23.03.06	0.93	0.78	BUY	Maintain
18.08.06	0.91	0.76	BUY	Maintain
20.11.06	1.22	0.94	BUY	Maintain

Mittal Steel Kryvy Rig (KSTL), USD



### Concorde Capital Coverage Universe

Buy	33	47%
Hold	9	13%
Sell	7	10%
Pending/Suspended	14	20%
Not Rated	7	10%
<b>Total</b>	<b>71</b>	<b>100%</b>

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