



CONCORDE CAPITAL

Ukraine / Agriculture

# Land West

Land bank more than halved

January 30, 2009

Current price: EUR 2.30/USD 3.24  
12M Target: U/R

U/R

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### Tickers

Bloomberg 4K1A GR

### Market information

Market price, EUR	2.30
USD	3.24
MCap, EUR mln	28.8
USD mln	40.5
1y Chg	-83%
1y Hi/Lo YTD, EUR	16.04/2.30
USD	25.25/3.24
DRs per common share	2:1
No of shares, ths	6.3
Free float	24.0%
Free float, EUR mln	6.9
USD mln	9.7

Prices as of Jan.30, 2009

### Shareholders

Kremney Public Co. Ltd, Cyprus*	76%
Free float	24%

\* Owned by Korylkevych family

Yesterday Land West's management released 2008 operating results, plans for its spring sowing campaign and announced a strategy revision toward efficient land utilization. The most striking news was its land bank reduction from 184 ths ha to ~80 ths ha. We put our recommendation under review until we receive clarification from the company on its long-term strategy and receive 2008 financials.

Below is a summary of Land West's release, with our comments:

- Land West harvested 123 ths mt of grain crops and 215 ths mt of sugar beets in 2008, both 10% lower than we expected
- All harvested crops were already sold for USD 31.8 mln (~30% below our forecast)

Crop	Harvested area, ths ha	Harvest, ths mt	Price, USD/mt	Sales, USD mln
<i>Non-organic</i>				
Winter wheat	8.33	32.50	155	5.02
Winter rapeseed	3.83	12.64	471	5.95
Winter rye	2.85	7.82	145	1.14
Spring wheat	1.58	5.06	155	0.78
Corn	5.28	16.60	113	1.87
Mustard	3.08	2.77	509	1.41
Barley	3.09	8.97	177	1.58
Brewing barley	1.29	4.50	120	0.54
Sugar beets	5.56	215.17	40	8.61
Buckwheat	4.31	3.90	255	0.99
<i>Subtotal</i>	<i>39.2</i>	<i>309.9</i>		<i>27.9</i>
<i>Organic</i>				
Winter wheat	1.0	2.96	200	0.59
Winter rye	1.0	2.34	118	0.28
Buckwheat	1.9	2.66	173	0.46
Oat	3.9	10.13	118	1.20
Millet	3.9	8.09	109	0.88
Pea	0.5	1.02	153	0.16
Vetch	0.5	0.94	364	0.34
<i>Subtotal</i>	<i>12.6</i>	<i>28.1</i>		<i>3.9</i>
<b>Total</b>	<b>51.8</b>	<b>338.0</b>		<b>31.8</b>

- The company reduced its total land bank from 184 ths ha to ~80 ths ha, revising its strategy to refocus on efficient land utilization rather than expansion. According to management, breaking its lease agreements will result in annual savings of at least USD 4 mln. The company also postponed new machinery purchases; its current fleet is sufficient to cultivate its land bank
- Land West plans to cultivate 24 ths ha of land in the 2008/2009 MY (15.4 ths ha was already planted in fall 2008) vs. the management's previous plan of 72 ths ha
- Management said they would publish 2008 consolidated financial accounts in early February 2009. We put our recommendation under review until we receive these reports from the company

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## Investment Ratings

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

### Concorde Capital ratings distribution

Buy	56	47%
Hold	47	39%
Sell	11	9%
Under Review	6	5%
<b>Total</b>	<b>120</b>	<b>100%</b>

### Investment banking clients\*

Buy	7	100%
Hold	0	0%
Sell	0	0%
Under Review	0	0%
<b>Total</b>	<b>7</b>	<b>100%</b>

\* Within the last twelve month period, Concorde Capital has obtained compensation from these companies for investment banking services.

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