



CONCORDE CAPITAL

Ukraine / Agriculture

# MCB Agricole

Operations update

December 10, 2008

Current price: USD 1.5/ EUR 1.2  
12M Target: N/R

N/R

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#### Tickers

Bloomberg 4GW1 GR

#### Market information

Market price, EUR	1.17
USD	1.52
MCap, EUR mln	20.2
USD mln	26.2
1y Chg	-91%
1y Hi/Lo YTD, EUR	13.29/0.94
USD	17.26/1.23
DRs per common share	2:1
No of shares, mln	8.6
Free float	24.4%
Free float, EUR mln	4.9
USD mln	6.3

Prices as of Dec. 9, 2008

#### Corporate Governance

Concorde Rating\* AA

\* The rating is based on Concorde Capital's corporate governance survey. Q denotes quality corporate governance standards, AA - above average standards, A - average, BA - below average and P - poor.

#### Shareholders

Management	75.6%
Institutional investors	24.4%

In a conversation with us today, MCB Agricole's management updated on the company's operations:

- ~180 ths mt has already been sold (out of total 235 ths mt harvested)
- 59 ths ha of winter crops have been planted for the 2009 harvest
- Current net cash balance: USD 3 mln; no debt
- MCB Agricole looks the most attractive sector play on EV/Ha multiples

We contacted MCB Agricole's management today for an update on the company's operations. Below is a summary of our notes from the discussion:

- MCB Agricole harvested 235 ths mt of crops in 2008, 13% higher than originally planned

Crop	Harvested, ths mt
Winter wheat	119.0
Winter rapeseed	33.5
Winter barley	6.6
Rye	7.0
Spring barley	19.0
Corn	34.5
Spring wheat	3.1
Sunflower seed	12.0
<b>Total</b>	<b>234.7</b>

Source: Company data

- Of this amount, MCB Agricole has already sold ~180 ths mt. Management plans to make 3Q08 financials (reflecting revenue from these sales) available this week.
- MCB Agricole's inventory consists of 55.5 ths mt of crops; it plans to earn about USD 6.4 mln by converting it into cash.

Crop	Quantity, ths mt	Expected price, USD/mt	Expected revenue, USD ths
Corn	5.52	69	379
Sunflower seed	2.84	160	454
Wheat 3 <sup>rd</sup> grade	4.62	150	692
Wheat 4 <sup>th</sup> grade	22.46	150	3,369
Feed wheat	11.20	71	800
Rye	4.80	100	480
Rapeseed	0.12	229	27
Barley	1.23	64	79
Buckwheat	0.06	157	10
Oat	2.36	54	128
Chick-pea	0.06	257	16
Pea	0.24	171	42
<b>Total</b>	<b>55.5</b>		<b>6,477</b>

Source: Company data

- The company has planted 59 ths ha with winter crops for the 2009 harvest, 50% higher than last year

Crop	Area planted, ths ha
Winter wheat	33.5
Winter rapeseed	19.2
Rye	3.4
Winter barley	2.7
<b>Total</b>	<b>58.8</b>

Source: Company data

- The company's current net cash balance is USD 3 mln (no debt).

FLASH NOTE

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### Valuation – MCB Agricole is currently the cheapest

MCB Agricole looks the most attractive on EV/Ha of land under lease and EV/Ha harvested land compared to its key Ukrainian agriculture peers (Land West, Mriya and Sintal), trading six times lower than its peers' median.

#### Peer comparison

	MCap, USD mln	EV/Ha, USD/ha	
		currently leased	harvested in '08
Land West	75	406	1,358
Mriya	172	1,629	2,682
Sintal	247	2,536	3,902
MCB Agricole	26	234	377

#### Detailed peer data

	Current net debt, USD mln	Current leased land, ths ha	Harvested land in '08, ths ha
Land West	0	184	52
Mriya	55	140	85
Sintal	7	100	65
MCB Agricole	-3	100	62

## 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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