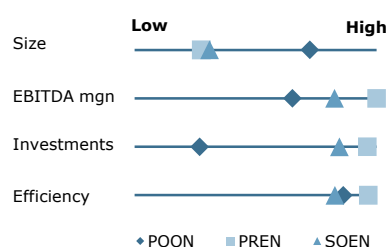


June 1, 2010

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Featured Oblenergos	Bloomberg ticker
Poltavaoblenergo	POON UZ
Prykarpatooblenergo	PREN UK
Sumyoblenergo	SOEN UZ

Position in the sector



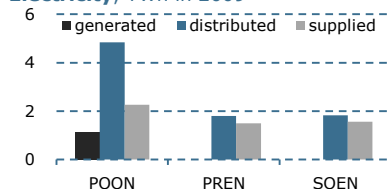
*Refer to page 4 for criteria explanation

Market data at starting prices

	MCap, USD mln	FF, % USD	FF, mln
POON	96.0	2.8%	2.7
PREN	n/a	12.3%	n/a
SOEN	54.6	6.6%	3.6

Source: Bloomberg, Concorde Capital

Electricity, TWh in 2009



Source: Energobusiness, Concorde Capital

Revenue, USD mln

	2009	2010E	2011E
POON	225.4	267.4	326.5
PREN	74.5	88.3	107.8
SOEN	84.0	99.9	122.0

Source: Company data, Concorde Capital

EBITDA, USD mln

	2009	2010E	2011E
POON	22.2	24.7	32.1
PREN	14.2	12.2	15.8
SOEN	9.7	10.0	13.0

Source: Company data, Concorde Capital

EBITDA margins

	2009	2010E	2011E
POON	10%	9%	10%
PREN	19%	14%	15%
SOEN	12%	10%	11%

Source: Company data, Concorde Capital

The privatization of ~25% stakes in three Oblenergos, scheduled to take place this summer, will make them the most liquid in their sector. We recommend participating in the auctions for piecemeal stakes and suggest bid ceilings warranting a 50% upside.

Privatization to put POON, PREN, SOEN top on sector liquidity

Last month the State Property Fund announced plans to sell ~25% blocks in three Oblenergos this summer. We estimate that the auctions can be held as early as July. SPF head Oleksandr Ryabchenko said this week the SPF would simultaneously accept bids for the entire stakes and for smaller 1-5% ones; if the blocking stake is not bid on, then the small stake sales would proceed. In case the stakes are sold piecemeal, we believe these stocks will turn the most liquid (free float at starting prices is in USD 14-30 mln range) in the Oblenergo sector.

Defensive, with earnings growth profile

Migration to the RAB regulation, which we expect will be part of the president's broad economic reform package to be announced in June, should boost Oblenergos' profitability by 2x-4x, according to our estimates. Meanwhile, the current cost-plus tariff methodology guarantees positive profits (median EBITDA margin was 10% in 2009), better positioning them than less-regulated GenCos.

Valuation and ceiling prices for participating in auctions

In order to capture current and future earnings, we set our targets as the average price implied by 2011E EV/EVITDA of 5.0x and EV/RAB of 0.52x derived from comparison with Russian peers. Using the EV/RAB metric, we compare Oblenergos to their Russian peers' median (0.52 EV/RAB vs. 1.2 for global peers), as we believe Ukraine's RAB-transition will echo Russia's reform of 2009-10. With inherent uncertainty in the privatization sale prices, we recommend bid ceilings at the auctions assuming a 50% required upside.

Valuation summary

	Start. price	Bid ceiling*	Target	Upside from start. price	Stake value at start. price
	UAH per share				UAH mln / USD mln
Poltavaoblenergo	3.44	3.6	5.4	56%	211.5 / 26.7
Prykarpatooblenergo	-	4.8	7.2	-	-
Sumyoblenergo	2.44	2.6	4.0	63%	136.8 / 17.3

* Assuming required 50% upside

Source: Bloomberg, Concorde Capital

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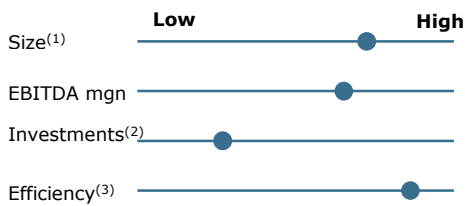
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INVESTMENT SUMMARY

Investment cases

Poltavaoblenergo (POON UZ): BUY below UAH 3.6 per share

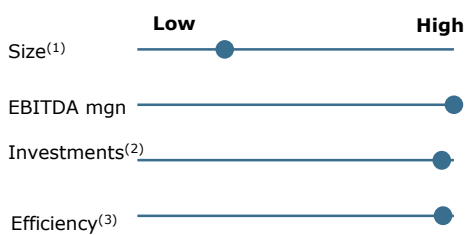
Position in the sector



- Only Oblenergo with generation capacities (225 MW co-generation plant, generates 1/5 of electricity it distributes)
- Fourth highest commercial gains* among 29 Oblenergos (saved UAH 39 mln in 2009, 23% of its EBITDA)
- Conflict between major shareholders resolved since December 2009, control is now concentrated in one hands (Ukrainian businessman Konstantin Grigorishyn's Energy Standard Group)
- Posted highest revenue growth among Oblenergos in 2009 (35% yoy vs. median of 10%)

Prykarpatoblenergo (PREN UK): BUY below UAH 4.8 per share

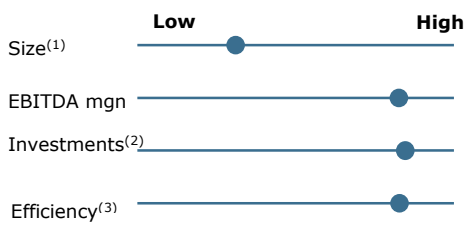
Position in the sector



- Most profitable Oblenergo: EBITDA margin was 19% in 2009 vs. median of 10%
- Second highest commercial gains* among 29 Oblenergos (saved UAH 24 mln in 2009, 20% of its EBITDA)
- High share of households among customers should allow for posting higher LT output growth (7% GAGR for household consumption in 2004-09 vs. 0% overall in Ukraine)
- Conflict between major shareholders resolved since December 2009, control is now concentrated in one hands (Ukrainian businessman Grigoriy Surkis)
- Negotiated with the NERC for the second largest investment program (fully financed through tariffs) in 2010: UAH 29 per kWh vs. median of UAH 18
- Major customer, Lukor, is expected to restart production in 2H10, which should grow electricity distribution in the region by 15%

Sumyoblenergo (SOEN UZ): BUY below UAH 2.6 per share

Position in the sector



- Among top fourth of Oblenergos by commercial gains* (saved UAH 15 mln in 2009, 19% of its EBITDA)
- Conflict between major shareholders resolved since December 2009, control is now concentrated in one hands (Ukrainian businessman Konstantin Grygoryshyn's Energy Standard Group)
- Negotiated with the NERC for one of the top-5 investment programs (fully financed through tariffs) in 2010: UAH 22 per kWh vs. median of UAH 18
- Not currently listed on PFTS or Ukrainian Exchange (UX)

Summary of key operating indicators

	Electricity distributed in 2009	Grid length	Sub-station capacity	Estimated RAB	High-voltage customers	Low-voltage customers	Covered territory	Population of territory	Population density
	mln kWh	ths km	MVA	USD mln	2009	2009	ths sq km	mln	person per sq km
Poltavaoblenergo	5,280	43.9	3,994	2,240	26%	74%	28.7	1.6	56
Prykarpatoblenergo	2,119	26.0	2,747	1,681	23%	77%	13.9	1.4	101
Sumyoblenergo	2,101	33.5	3,342	1,746	35%	65%	23.8	1.3	55

*Commercial gain is an Oblenergo's non-tariff profit, equal to the value of electricity saved in the grid by posting electricity losses below the normative level

(1) Size is measured by net revenues

(2) We account only for investments fully covered by tariffs. In order to account for company size differences, we measure them as ratio of 2010 approved investment program to estimated RAB

(3) Commercial gains (losses), measured as % of total distributed electricity, is a common measure of technical efficiency

VALUATION

Targets blend of EV/EVITDA and EV/RAB

In order to capture current and future earnings, we set our target prices as the average price implied by EV/EVITDA `11E of 5.0x and EV/RAB `11E of 0.52x derived from comparison with Russian peers. We rely on Russian peers as we believe upcoming reform in Ukraine will echo Russia's regulatory environment, following similar sweeping changes of the latter in 2009-10.

While short-term value is captured by EV/EBITDA `11E, we hold that Oblenergo's fundamental value will be unlocked by their transition to RAB regulation, which we expect to be announced this year as part of wider economic reform by the new government. We conservatively estimate approved RAB value and allowed NOPAT return as:

- **RAB values** at available 2006 data provided by the NERC, assuming no change in prices (see details on RAB estimation in Appendix 1)
- **NOPAT returns**, as in Russia, we expect to be below the cost of capital. We assume the current median EV/RAB for Russian peers of 0.52 fairly estimates the discount that should be applied to RAB values for Oblenergos

In valuing Poltavaoblenergo, we apply sum-of-the-parts, as this is the only of the highlighted Oblenergos involved in electricity generation. We value its power plant at USD 23 mln (1/7 of total value), based on USD 103 per MW of capacity (see Appendix 2 for details).

With inherent uncertainty in privatization sale prices, we recommend setting ceilings for bidding on small stake packets. To calculate them, we require a fat 50% upside to the target price, which we see as adequate return for these stocks given Ukraine's lagging electricity market reform.

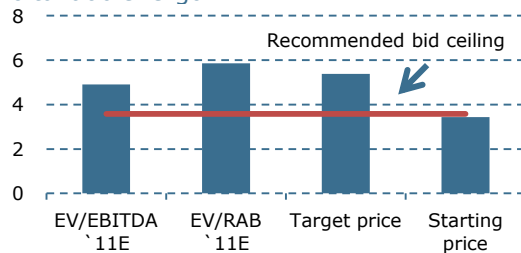
Valuation summary, UAH

		Implied price by EV/EBITDA `11E	Implied price by EV/RAB `11E	Target price	Ceiling level for bidding	Starting price	Upside at start. price
Poltavaoblenergo	POON	4.9*	5.9*	5.4	3.6	3.4	56%
Prykarpatoblenergo	PREN	6.0	8.4	7.2	4.8	n/a	n/a
Sumyoblenergo	SOEN	2.9	5.1	4.0	2.6	2.4	63%

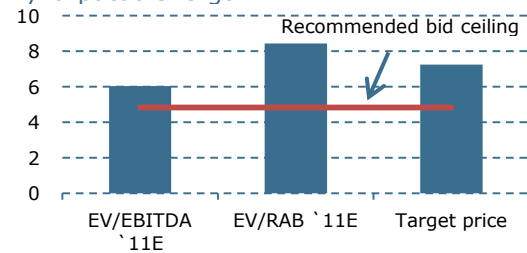
* Sum of the parts. Source: Company data, NERC, Bloomberg, Concorde Capital research

Implied prices, UAH

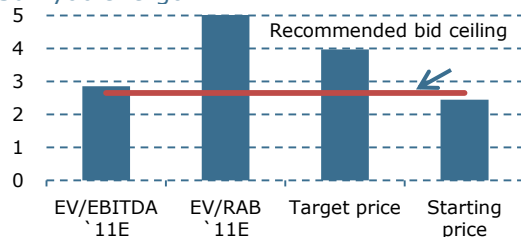
Poltavaoblenergo



Prykarpatoblenergo



Sumyoblenergo



Source: Company data, NERC, Bloomberg, Concorde Capital research

Peer multiples

	MCap,	EV,	EV/S		EV/EBITDA		EV/RAB	EV/Electricity	EV/lines
	USD mln	USD mln	2010E	2011E	2010E	2011E	2011E	USD per kWh	USD per m
Poltavaoblenergo*	96	104	0.39	0.32	4.2	3.2	0.37	19.6	2.4
Prykarpatooblenergo	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sumyoblenergo	55	56	0.56	0.46	5.6	4.3	0.25	26.8	1.7
Russian peers									
MOESK	4,273	4,672	1.05	0.92	6.8	5.2	0.76	57.1	35.4
MRSK of Center	1,581	1,766	0.97	0.76	4.8	3.2	0.44	28.3	4.8
MRSK of Siberia	1,003	1,188	0.92	0.83	8.0	9.4	0.43	10.7	4.6
Lenenergo	709	1,421	1.72	1.56	6.0	6.0	0.53	43.9	26.8
MRSK of Center and Volga	841	1,380	0.83	0.65	6.8	4.4	0.53	22.6	5.5
MRSK of Urals	749	1,203	0.76	0.58	4.9	4.0	0.53	13.3	8.2
MRSK of North-West	714	869	0.96	0.78	7.4	5.5	0.52	19.1	5.1
MRSK of Volga	712	1,160	1.22	1.06	8.7	8.1	0.70	18.5	5.3
MRSK of South	279	663	1.16	0.98	5.6	4.3	0.40	12.6	4.2
MRSK of North Caucasus	145	247	0.68	0.57	7.6	4.8	0.19	14.3	1.8
Mean			1.03	0.87	6.7	5.5	0.50	24.0	10.2
Median			0.96	0.80	6.8	5.0	0.52	18.8	5.2
Poltavaoblenergo									
Implied price*, USD per share			1.13	1.15	0.72	0.70	0.63	0.41	1.01
Upside to starting price			161%	165%	60%	60%	46%	-5%	131%
Prykarpatooblenergo									
Implied price, USD per share			0.82	0.83	0.79	0.76	1.07	0.38	1.31
Upside to starting price			n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sumyoblenergo									
Implied price, USD per share			0.53	0.54	0.37	0.36	0.64	0.21	0.98
Upside to starting price			73%	76%	21%	17%	108%	-31%	218%

* Only electricity distribution business valued

Source: Company data, NERC, Bloomberg, Concorde Capital

Poltavaoblenergo sum of the parts valuation

Implied value of electricity distribution business, USD per share	0.51	0.63	0.41	1.01
Implied value of electricity and heat generation business, USD per share	0.10	0.10	0.10	0.10
Sum of the parts, USD per share	0.62	0.74	0.52	1.11
Upside to starting price	43%	70%	19%	156%

Source: Company data, NERC, Bloomberg, Concorde Capital

Key financial and operating data

	Sales,		EBITDA,		Net debt,	RAB,	Electricity	Grid length
	USD mln		USD mln		USD mln	USD mln	distributed mln kWh	ths km
	2010E	2011E	2010E	2011E	2010E	2011E		
Poltavaoblenergo	267	327	25	32	8	283	5,280	44
Prykarpatooblenergo	88	108	12	16	1	212	2,119	26
Sumyoblenergo	100	122	10	13	2	220	2,101	33

Russian peers

MOESK	4,445	5,062	689	895	399	6,156	81,855	132
MRSK of Center	1,815	2,311	370	554	185	4,012	62,494	370
MRSK of Siberia	1,298	1,435	149	126	185	2,771	110,961	261
Lenenergo	824	912	236	235	712	2,671	32,354	53
MRSK of Center and Volga	1,662	2,108	203	311	539	2,581	61,122	253
MRSK of Urals	1,577	2,059	244	298	454	2,282	90,614	146
MRSK of North-West	910	1,119	118	159	155	1,676	45,499	169
MRSK of Volga	948	1,097	134	143	448	1,652	62,808	218
MRSK of South	572	679	117	154	384	1,673	52,607	156
MRSK of North Caucasus	361	431	33	51	102	1,321	17,206	136

Source: Company data, NERC, Bloomberg, Concorde Capital

BUSINESS PROFILE: SAFE HAVEN, MODERATE MARGINS

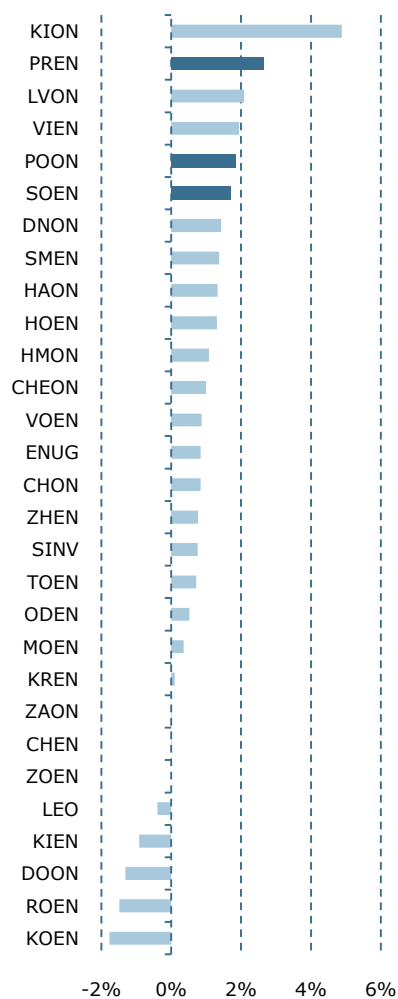
Among the top-six most efficient

Poltavaoblenergo, Prykarpatooblenergo and Sumyoblenergo, the three of Oblenergos with ~25% stakes to be privatized this summer, were among the top-six most efficient in the sector in 2009: they posted commercial gains of 1.7% - 2.7% of electricity transmitted vs. the median of 0.8%.

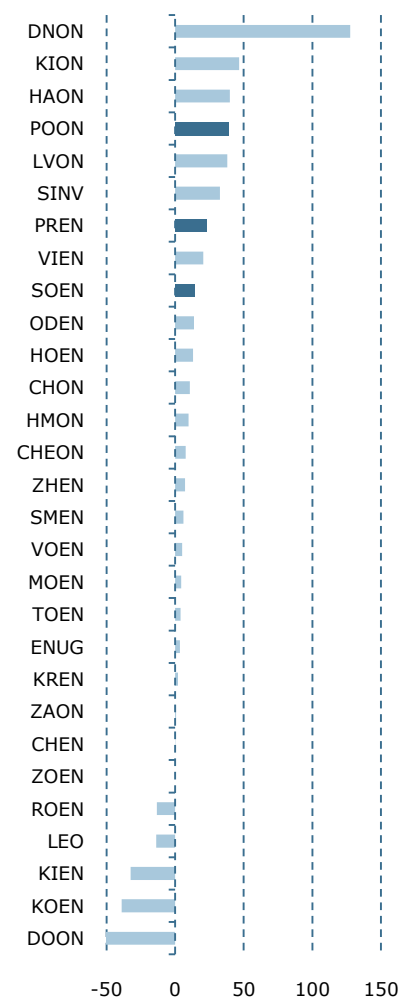
Oblenergos' distribution and supply tariffs are set annually using a cost-plus methodology by the National Electricity Regulatory Commission to cover operating expenses, normative electricity distribution losses and negotiable investment needs, plus a ~7% return on the cost incurred.

Though this system stimulates over-reporting of operating expenses, at the same time it guarantees non-negative profitability (while GenCos, by comparison, posted negative bottom lines in 2009). Moreover, the system leaves room for earnings improvement: if an Oblenergo manages to save on electricity losses below the normative level, it increases its profit before taxes by the full value of saved electricity (named commercial gains).

Commercial gains (losses),
% of total electricity transmitted



Commercial gains (losses),
UAH mln



Source: Energobusiness, Concorde Capital calculations

Watch list: RAB announcements

The arrival of a pro-presidential Cabinet of Ministers and majority coalition in parliament sets the stage for approval of long-anticipated electricity sector reform, which would start with elimination of the current one-pool market and migration of the electricity distribution sector to return on approved regulatory asset base (RAB) system.

We expect the government to include RAB transition in its broader reform package that President Viktor Yanukovich said he would announce in June. More details, namely the timing, initial RAB values and allowed rate of return should be defined within 1-1.5 years of the initial announcement – Russia’s experience in transitioning to RAB in 2009-10 prompts us to believe that news of these key details, rather than actual implementation, will be stock catalysts.

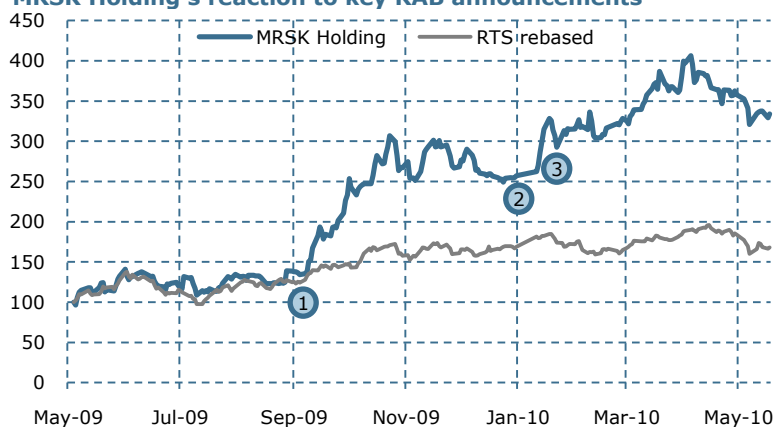
Russian case study

In Russia, where transition to RAB is underway, we identified three key events we believe were short-term triggers for MRSK Holding (owner of stakes in several DisCos). Over the last 12M, MRSK Holding outperformed the benchmark RTS index by fivefold.

Key events in Russia’s transition to RAB

- | | | |
|---|------------|---|
| ① | 09/08/2009 | Announcement that 2-3 pilot regions would use RAB-based tariffs in 2010, no further details. MRSK Holding grew 41% in next two weeks vs. RTS of 10% |
| ② | 01/01/2010 | RAB was introduced in pilot regions. MRSK Holding grew 20% in the next month vs. the RTS’ 3% |
| ③ | 01/25/2010 | RAB-transition schedule for all DisCos announced, faster than expected. MRSK Holding grew 9% in following two weeks vs. the RTS’ decline of 6% |

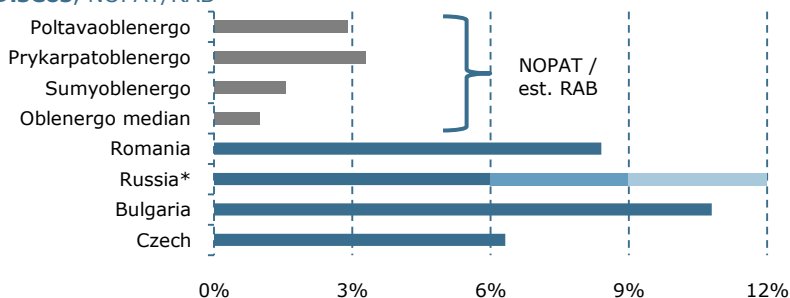
MRSK Holding’s reaction to key RAB announcements



Source: Interfax, Bloomberg, Concorde Capital

We expect Oblenergos’ EBITDA margins under RAB to surge 2x-4x, even under the most conservative assumptions for the new regulatory framework.

Estimated Oblenergos return vs. NOPAT returns in RAB-regulated DisCos, NOPAT/RAB



* Allowed rate of return in Russia equals 6% in the 1st year of transition, 9% in the 2nd and 12% in the 3rd one.

Basics of RAB tariff system

Under RAB tariff system, world widely used, regulator approves two key parameters which determine DisCos profitability:

- Regulated asset base (RAB), equal to depreciated replacement value of assets + needs for working capital. Approved once for each DisCo, and adjusted annually by depreciation (deducted) and CapEx (added).
- Allowed NOPAT return, one for all companies. Set fixed for a regulatory period, which is usually from 3 to 5 years long.

Theoretically, under this tariff system, EV/RAB should equal to 1 if allowed return is equal to cost of capital, and vary around of 1 depending on difference between allowed return and cost of capital.

COMPANY PROFILES

Poltavaoblenergo

Electricity

Bloomberg: POON UK | Reuters: POON.PFT

BUY threshold (UAH) 3.6

<http://www.poe.pl.ua/>

Upside ** 56%

INVESTMENT CASE

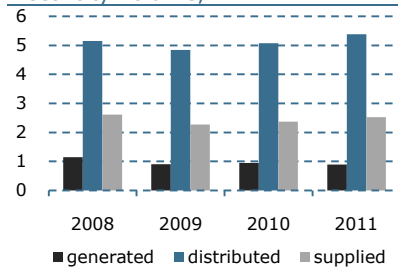
- Only Oblenergo with generation capacities (225 MW co-generation plant, generates 1/5 of electricity it distributes)
- Fourth highest commercial gains* among 29 Oblenergos (saved UAH 39 mln in 2009, 23% of its EBITDA)
- Conflict between major shareholders resolved since December 2009, control is now concentrated in one hands (Ukrainian businessman Konstantin Grigorishyn's Energy Standard Group)
- Posted highest revenue growth among Oblenergos in 2009 (35% yoy vs. median of 9%)

MARKET INFORMATION

Starting auction price, USD	0.43
52 Wk H/L USD	0.19/0.09
Chg 3m/6m/52w	-40%/ n/a / n/a
Avg M Tr Vol 12M, USD mln	0.01
MCap** , USD mln	96.0
Free float**	2.8%
FF MCap**, USD mln	2.7
Ticker (UX, PFTS)	POON
No of shares , mln	220.96
Par Value, UAH	0.25

Electricity volume, TWh

Area of operation



*Commercial gain is an Oblenergo's non-tariff profit, equal to the value of electricity saved in the grid by posting electricity losses below the normative level

MARKET MULTIPLES**

	2009	2010E	2011E
EV/EBITDA	4.7	4.2	3.2
EV/RAB			0.37
EV/kWh transmitted	19.6	18.8	17.8
EV/Lines, USD per km	2.4		
EV/Transformers, USD per MVA	26.0		

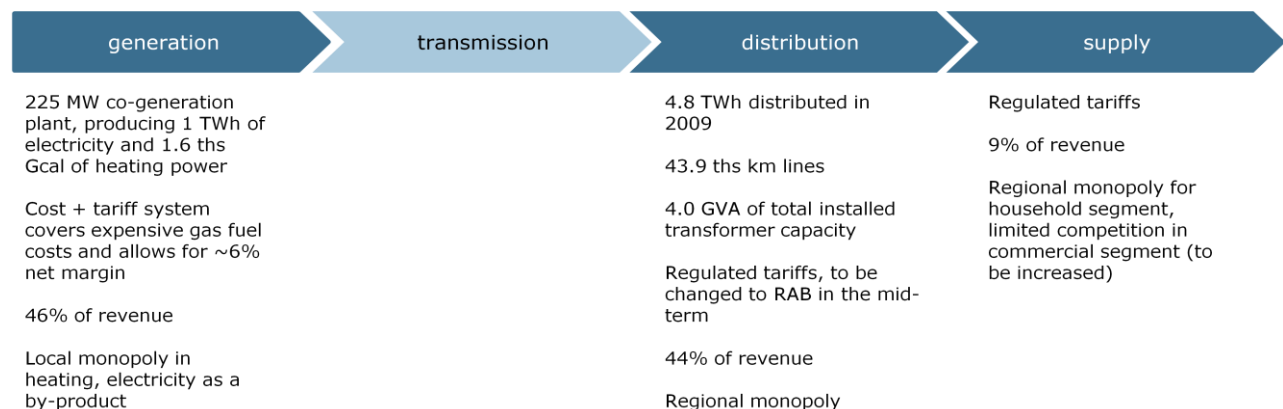
KEY FINANCIALS, USD mln

	2009	2010E	2011E
Net revenues	225.4	267.4	326.5
EBITDA	22.2	24.7	32.1
EBITDA mgn	10%	9%	10%
Net debt	7.7	7.7	7.7

STOCK OWNERSHIP

Energy Standard / Privat	72%
State Property Fund	25%
Other	3%

**Based on auction starting price



Prykarpatoblenergo

Electricity

Bloomberg: PREN UK | Reuters: PREN.PFT

BUY threshold (UAH) 4.8

<http://www.oe.if.ua>

Upside n/a

INVESTMENT CASE

- Most profitable Oblenergo: EBITDA margin was 19% in 2009 vs. median of 10%
- Second highest commercial gains* among 29 Oblenergos (saved UAH 23 mln in 2009, 20% of its EBITDA)
- High share of households among customers should allow for posting higher LT output growth (7% GAGR for household consumption in 2004-09 vs. 0% overall in Ukraine)
- Conflict between major shareholders resolved since December 2009, control is now concentrated in one hands (Ukrainian businessman Grigoriy Surkis)
- Negotiated with the NERC for the second largest investment program (fully financed through tariffs) in 2010: UAH 29 per kWh vs. median of UAH 18
- Major customer, Lukor, is expected to restart production in 2H10, which should grow electricity distribution in the region by 15%

MARKET INFORMATION

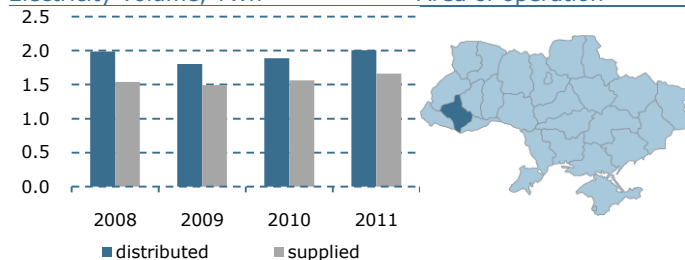
Starting auction price, USD	n/a
52 Wk H/L USD	0.63/0.38
Chg 3m/6m/52w	-6%/ n/a / n/a
Avg M Tr Vol 6M, USD mln	0.02
MCap, USD mln	n/a
Free float	12.3%
FF MCap, USD mln	n/a
Ticker (UX, PFTS)	PREN
No of shares, mln	103.6
Par Value, UAH	0.25

MARKET MULTIPLES

	2009	2010E	2011E
EV/EBITDA	n/a	n/a	n/a
EV/RAB	n/a	n/a	n/a
EV/kWh transmitted	n/a	n/a	n/a
EV/Lines, USD per m	n/a		
EV/Transformers, USD per kVA	n/a		

Electricity volume, TWh

Area of operation



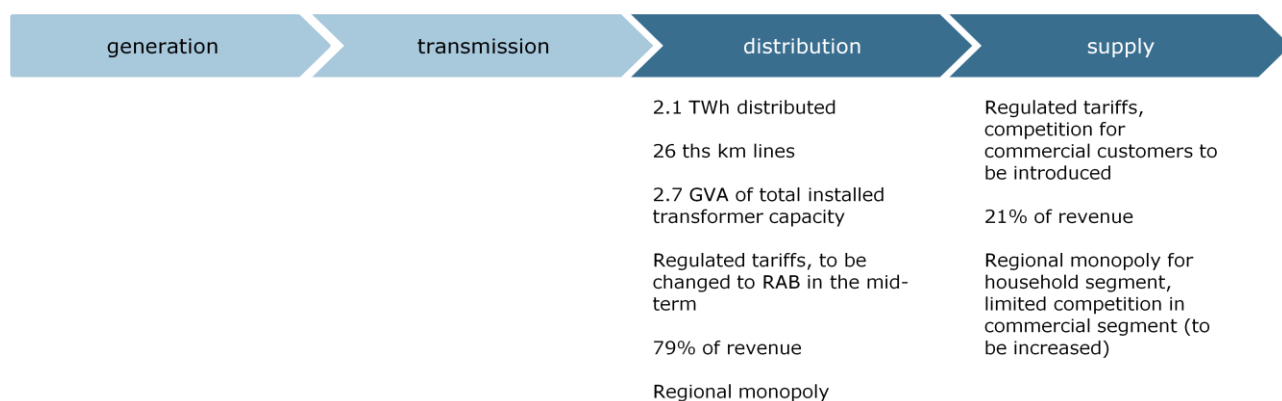
KEY FINANCIALS, USD mln

	2009	2010E	2011E
Net revenues	74.5	88.3	107.8
EBITDA	14.2	12.2	15.8
EBITDA mgn	19%	14%	15%
Net debt	0.5	0.5	0.5

STOCK OWNERSHIP

Surkis	63%
State Property Fund	25%
Other	12%

*Commercial gain is an Oblenergo's non-tariff profit, equal to the value of electricity saved in the grid by posting electricity losses below the normative level



Sumyoblenergo

Electricity

Bloomberg: SOEN UZ

<http://www.soe.com.ua/>

BUY threshold (UAH)

2.6

Upside **

63%

INVESTMENT CASE

- Among top fourth of Oblenergos by commercial gains* (saved UAH 14 mln in 2009, 19% of its EBITDA)
- Conflict between major shareholders resolved since December 2009, control is now concentrated in one hands (Ukrainian businessman Konstantin Grygoryshyn's Energy Standard Group)
- Negotiated with the NERC for one of the top-5 investment programs (fully financed through tariffs) in 2010: UAH 22 per kWh vs. median of UAH 18
- Not currently listed on PFTS or Ukrainian Exchange (UX)

MARKET INFORMATION

Starting auction price, USD	0.31
52 Wk H/L USD	n/a / n/a
Chg 3m/6m/52w	n/a / n/a / n/a
Avg M Tr Vol 6M, USD mln	0.0

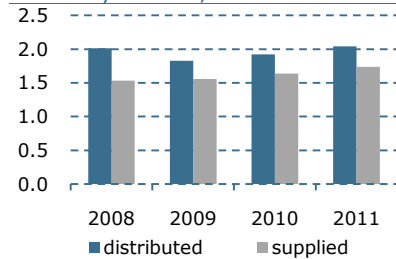
MCap** , USD mln	54.6
Free float**	6.6%
FF MCap**, USD mln	17.3

Ticker (PFTS) SOEN

No of shares , mln	177.1
Par Value, UAH	0.25

Electricity volume, TWh

Area of operation



MARKET MULTIPLES**

	2009	2010E	2011E
EV/EBITDA	5.8	5.6	4.3
EV/RAB			0.25
EV/kWh transmitted	26.8	25.6	24.3
EV/Lines, USD per m	1.7		
EV/Transformers, USD per kVA	16.8		

KEY FINANCIALS, USD mln

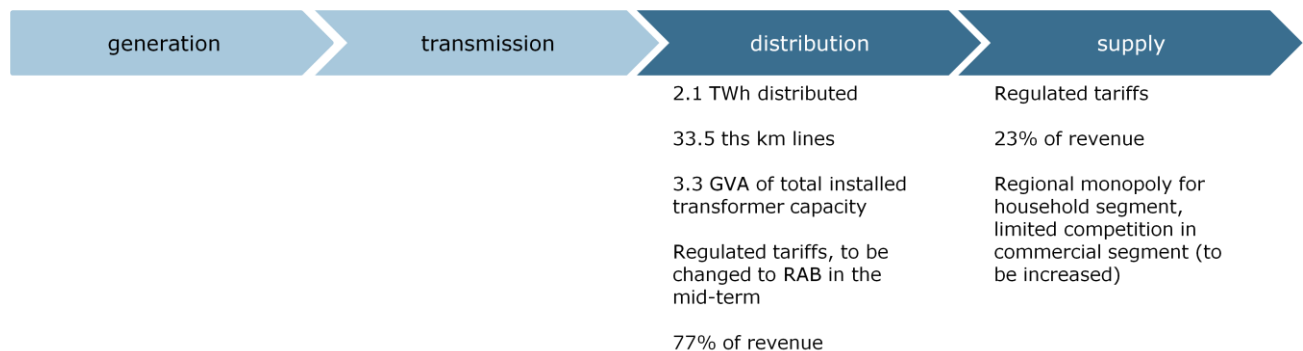
	2009	2010E	2011E
Net revenues	84.0	99.9	122.0
EBITDA	9.7	10.0	13.0
EBITDA mgn	12%	10%	11%
Net debt	1.6	1.6	1.6

STOCK OWNERSHIP

Energy Standard / Privat	68%
State Property Fund	25%
Other	7%

**Based on auction starting price

*Commercial gain is an Oblenergo's non-tariff profit, equal to the value of electricity saved in the grid by posting electricity losses below the normative level



APPENDICES

Appendix 1: RAB calculation

RAB estimation assumptions

- Replacement value of assets is taken as provided by NERC for 2006
- We assume prices have not changed in USD terms
- As in our previous report, accumulated depreciation is taken as 75% of replacement value for all companies
- RAB is calculated as depreciated replacement value of assets, plus need for working capital
- Working capital needs are calculated as 1/24 of 2011 revenues (i.e. assuming receivables turnover of 15 days).

RAB = Depreciated replacement value of assets + Need for working capital = (1-75%)*Replacement value of assets + 1/24*Revenue '11E

RAB, USD mln

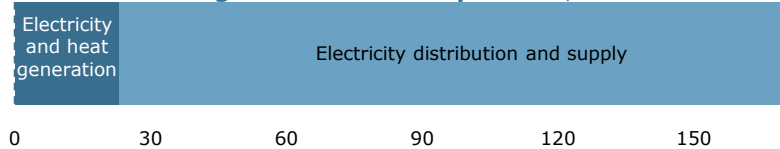
	Replacement value			Depreciated replacement value	Need for working capital	Estimated RAB
	Grid lines	Transformers	Total (1)	(2) = (1-75%)*(1)	(3) = 1/24* Sales '11E	(4) = (2)+(3)
Poltavaoblenergo	766	311	1,077	269	13.6	283
Prykarpatooblenergo	614	217	831	208	4.5	212
Sumyoblenergo	595	267	862	215	5.1	220

Source: NERC, Concorde Capital

Appendix 2: Valuing Poltavaoblenergo's power plant

In valuing Poltavaoblenergo, one of the few Oblenergos involved in electricity and heat generation, we also account for the value of its 225 MW co-generation power plant (CHPP), located in the city of Kremenchuk.

Poltavaoblenergo firm value composition, USD mln



Source: Company data, UX, Concorde Capital calculations

As with all co-generation plants, which use primarily expensive natural gas, both electricity and heating tariffs are regulated on a cost+ basis. We estimate the value of this power plant at USD 23.1 mln, conservatively using comparison by EV/Capacity to Kyivenergo, the only publicly traded CHPP.

This implies USD 103 per MW of capacity installed, comparable to USD 140 of GenCos, far below USD 238 per MW for Russian TGKs and ~8x-10x below the replacement costs of USD 900-1100 per MW of gas-fired CHPPs.

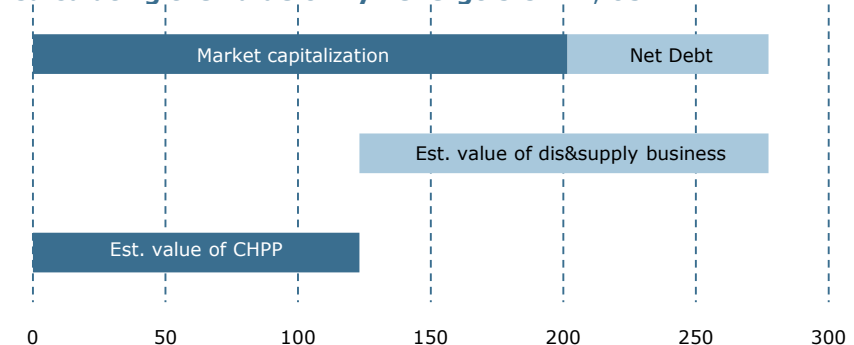
Poltavaoblenergo's CHPP value derived from Kyivenergo

	EV/Gcal	EV/kW
Kyivenergo CHPP, USD per unit	14.4	102.6
Implied POON generation EV, USD mln	16.3	23.1
Per share, USD	0.07	0.10

Source: Company data, UX, Concorde Capital calculations

When calculating Kyivenergo's EV/kW, we deduct from the company's EV the value of its distribution business, estimated by EV/RAB comparison to Russian peers under the same assumptions used for Oblenergos in this report.

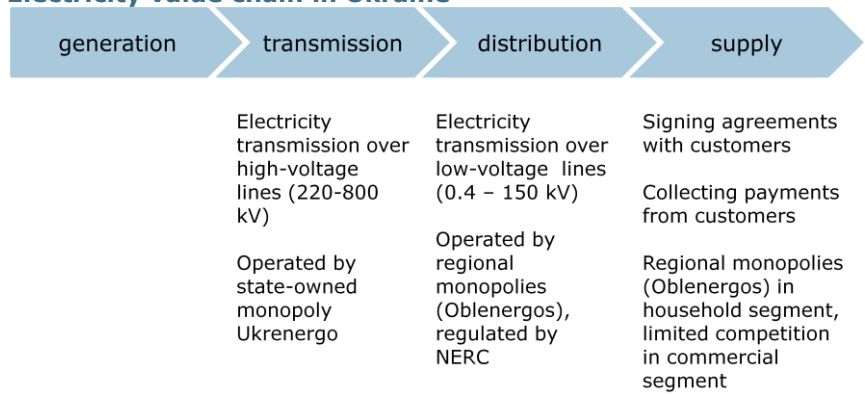
Calculating the value of Kyivenergo's CHPP, USD mln



Source: Company data, UX, Bloomberg, Concorde Capital calculations

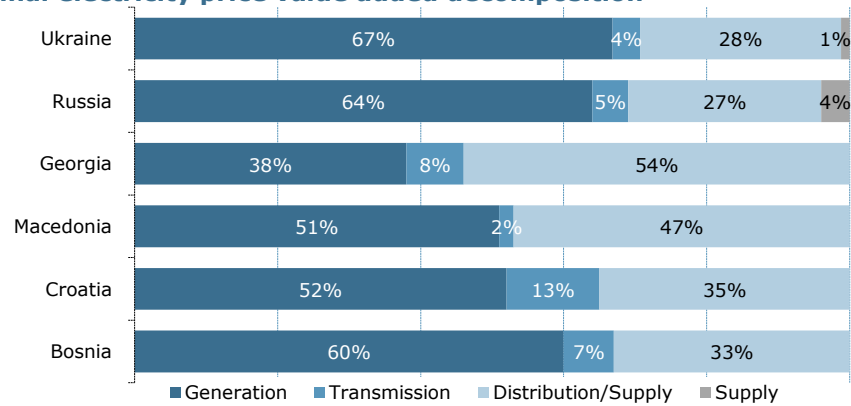
Appendix 3: Electricity value chain

Electricity value chain in Ukraine



Source: Concorde Capital

Final electricity price value added decomposition



Source: NERC, MRSK, IPA Energy + Water Economics, Concorde Capital calculation

Analyst certification

I, Yegor Samusenko, 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.

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