



CONCORDE CAPITAL

Ukraine / Machine Building Stakhaniv Wagon

Details of Additional Share Issue

October 30, 2007

Current Price: USD 26.7
12M Target: U/R

HOLD

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Bloomberg SVGZ UZ

Market information

No of Shares, mln	12.6
Market Price, USD	26.7
Fully diluted price, USD*	9.0
52Wk H/L, USD	57.9/14.5
MCap, USD mln	336.2
Free float	12.0%
Free float, USD	40.3

* Based on the additional share issue approved of the company's EGM on September 17.

Corporate Governance Rating** P

** 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.

Ownership

Finance&Credit	88%
Other	12%

Ratios 2006

EBITDA Margin	7.5%
Net Margin	2.4%
Net Debt/ Equity	0.5

Tough requirements for subscription

We received an informational letter yesterday from Stakhaniv Wagon with details about subscription for its additional share issue adopted at its EGM last month. We draw your attention to the particularly stringent requirements for this subscription. For example, according to the company's guidelines, applications should be submitted in person by the investor or by their authorized representative. See the next page for complete information (Appendix).

Overview of additional share issue

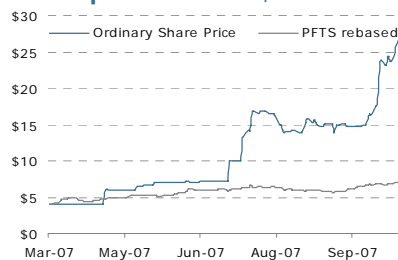
As reported earlier, at its September 17 EGM, Stakhaniv Wagon shareholders approved a threefold share capital increase to finance USD 52 mln CapEx program.

	Shares	Charter fund, USD mln
Current	12,577,195	2.62
Additional issue	+25,154,390	+5.23
After issue	37,731,585	7.85

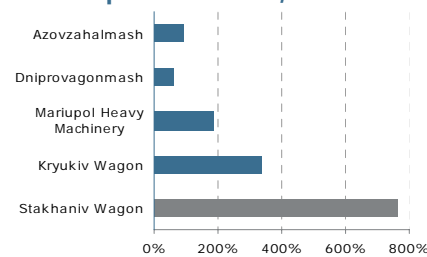
Subscription price/share, USD 0.208 (par)

Subscription will be held in two stages: (1) Nov. 19 to Dec. 07, and (2) Dec. 10 to Dec. 19, 2007. During the first stage, shareholders are entitled to subscribe on a pro-rata basis. The ex-rights date is November 19.

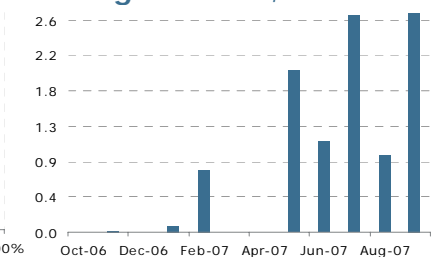
Stock performance, 12M



Sector performance, YTD



Trading Volumes, USD ths



Source: PFTS, PFTS mid market prices. Performance of SVGZ adjusted for additional share issue.

Key financials, USD mln

(in USD mln)	Sales	EBITDA Margin	Net Margin	EV/S	EV/EBITDA	P/E
2006	91	7.5%	2.4%	3.8	50.5	152.1
2007E	217	7.1%	3.8%	1.6	22.7	40.8
2008E	320	8.6%	4.4%	1.1	13.2	23.9

UAH/USD Spot exchange rate is 5.05

Appendix: Extract from official letter of explanation about charter fund increase approved at EGM on Sept. 17

The closed additional share issue will be held in two stages at the address of Stakhaniv Wagon (Luhansk Oblast, Stakhaniv, 67 Lenina Avenue):

- 1) First stage from November 19, 2007 to December 07, 2007
- 2) Second stage from December 10, 2007 to December 19, 2007

During the first stage, current shareholders can subscribe for additional shares in the charter fund in proportion to their current number of shares held. During the second stage, shares will be sold to investors approved of at the EGM (two investors related to the company's major shareholder) and existing shareholders.

Applications from legal entities for purchasing shares and contracts to be signed shall contain the applicant's full name, incorporation certificate details, EDRPOU code, banking and other details, address, phone number and other contact information, number of shares and total value of new shares to be purchased, and the application date. Applications from legal entities shall be signed by directors or an authorized person and stamped.

Applications from individuals for purchasing shares and contracts to be signed shall contain the applicant's full name, identification code, complete passport details, address, phone number and other contact details, number of shares and total value of new shares to be purchased, and the application date. Individual applications shall be signed by individuals or by an authorized representative.

Applications shall be accepted on business days during the private placement from Monday to Friday from 9:00 until 16:00, with a break from 12:00 to 12:30. Applications shall be submitted in person by shareholders (investors) or by a person acting by proxy executed under current laws. Applications shall be submitted to OJSC "Stakhanov Vagonobudivnyi Zavod" (Stakhaniv Wagon Works) at the following address: 67 Lenina Avenue, Stakhaniv, Luhansk Oblast.

Applications submitted beyond the period set forth in the private placement resolution regarding the particular placement stages, and applications lacking information stipulated in the placement terms shall not be considered. Applications submitted via post, phone (fax), e-mail, etc. shall not be considered as well. Such applications shall not be considered and shall be rejected.

Applications for purchasing additional shares will cease being considered and settled in the following cases:

- 1) Expiration of private placement period;
- 2) A decision by the issuer's authorized body on placement early termination.

Upon application by an authorized person and in case of settlement, a share purchase agreement shall be signed with the applicant at OJSC "Stakhanov Vagonobudivnyi Zavod" prior to the last date of the respective subscription stage. The Chairman of the Management Board of the Company shall sign the agreement on behalf of the issuer (Seller), and the Purchaser shall fully pay (100%) for the shares at par according to the agreement within two business days after the agreement is signed, but before the last date of the respective stage, or on the agreement date.

If two business days after the agreement date, the Purchaser has not paid 100% of the total value of the shares, or its funds have been received in violation of payment terms stipulated by the private placement, the Purchaser shall not be deemed to have purchased the shares, and the agreement with the Purchaser shall be terminated (deemed to be terminated). In such a case, the issuer (Seller) shall repay funds received from the Purchaser under the agreement within 30 days.

Payment for shares under the agreement shall be transferred to the settlement account # 26006110923980 in OJSB "Finance & Credit Bank", Kyiv, MFO 300131.

Payment must be made exclusively in the Ukrainian national currency (UAH).

The company shall issue (send) to the Purchaser an interim certificate proving payment for shares, which is signed by the Chairman of the Management Board, within 10 days after the date of the receipt of funds into the issuer's (Purchaser's) account pursuant to terms of the private placement.

If the share issue is rejected, the company shall repay to shareholders and investors any funds contributed by them within 30 days after the respective resolution date of the General Meeting of Shareholders.

If the planned number of shares to be offered are placed ahead of schedule and if shares are paid in full, placement may be terminated early upon a resolution of the company's authorized body, but not before the last date of the first subscription stage – December 07, 2007.

If the planned number of shares to be offered is not placed, the General Meeting of Shareholders shall resolve to approve the placement results based on shares actually placed and the volume paid, or reject the additional share issue.

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