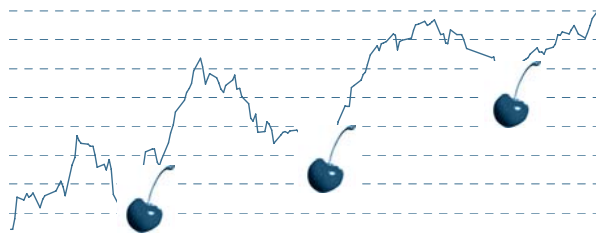


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Ukrainian Equity Market



Stock Cherry-Picking

Our top picks

Top picks summary

			MCap	FF Target price*	Upside Horizon**		
			USD mln	USD mln	USD		years
Azovstal	AZST	Metals & Mining	821	35.7	0.50	156%	2
Enakievo Steel	ENMZ	Metals & Mining	143	22.0	40.6	200%	2
Motor Sich	MSICH	Machinery	221	75.2	175	64%	1
Turboatom	TATM	Machinery	131	3.9	0.40	29%	3
Dniproenergo	DNEN	Electricity	561	16.8	155	65%	3
Centrenergo	CEEN	Electricity	378	82.0	1.82	78%	3
Donbasenergo	DOEN	Electricity	123	17.5	16.7	221%	3
Raiffeisen Bank Aval	BAVL	Banking	764	30.6	0.055	74%	2
Ukrsotsbank	USCB	Banking	375	15.7	0.094	169%	2
Forum Bank	FORM	Banking	114	12.6	1.66	135%	2
Myronivsky Hliboproduct	MHPC LI	Agriculture	980	218.8	24.1	172%	1
Kernel Group	KER PW	Agriculture	853	312.9	20.7	67%	1

Note: Data as of September 4, 2009.

* Target price is based on fair price estimation by peer comparison

**Investment horizon for upside realization is set individually for each stock based on our estimation of liquidity prospects and triggers

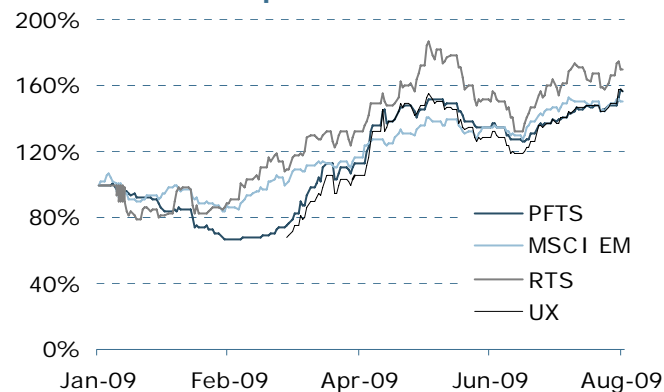
Source: Concorde Capital, PFTS, UX, Bloomberg

Ukrainian market at a glance

	Chg 1m / YTD / 1y	Avg monthly tr. vol., USD mln
PFTS	6% / 52% / -16%	32.4
UX	6% / n/a / n/a	39.2
MSCI EM	-3% / 48% / -10%	n/m

Source: Bloomberg, Concorde Capital calculations

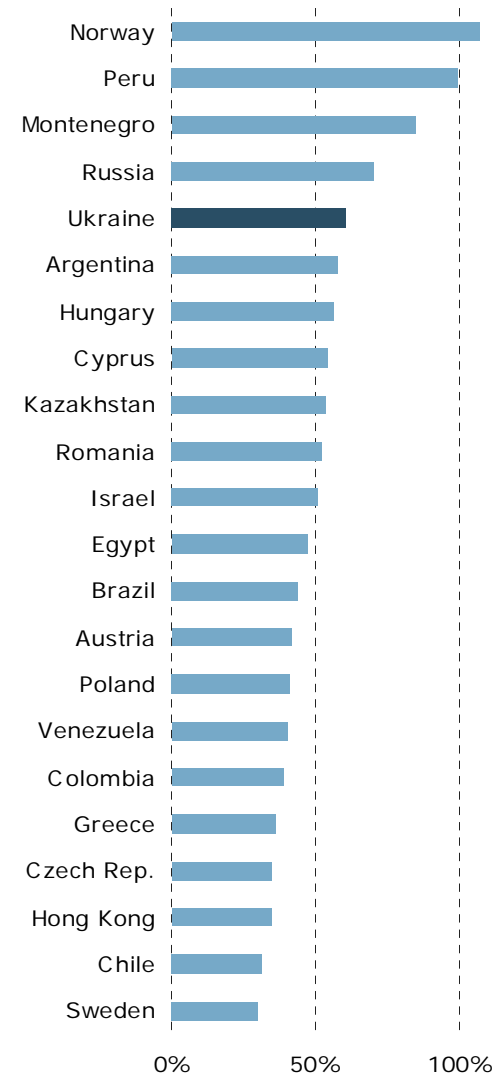
Indices' relative performance*



* Vales as of Jan 1 taken as 100%

Source: Bloomberg, Concorde Capital calculations

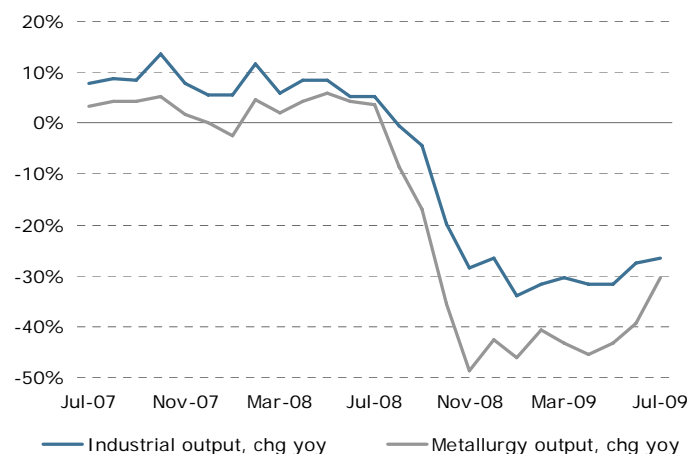
Top performing markets, YTD



Source: Bloomberg

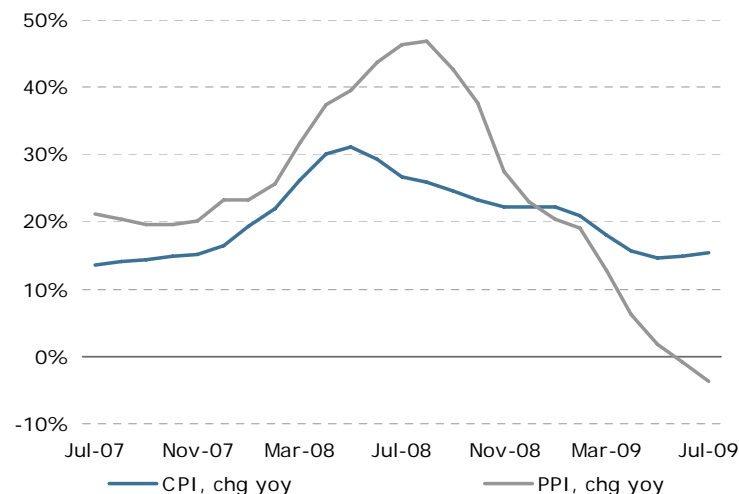
Macroeconomic indicators demonstrate stabilization

Industrial production, esp. metallurgy, improve dynamics



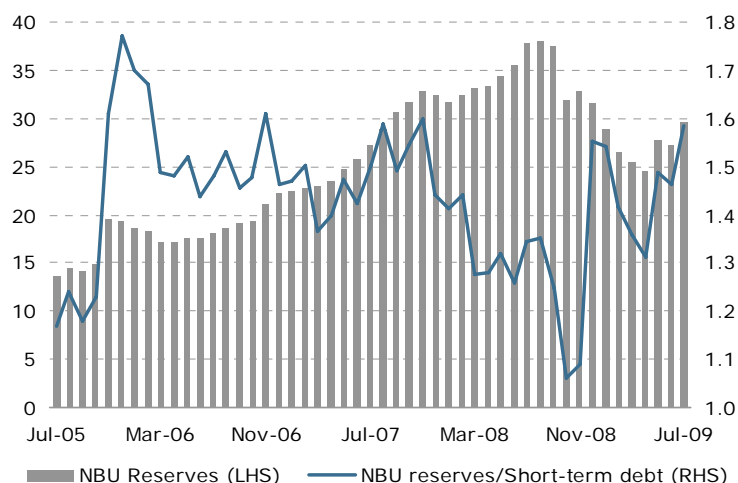
Source: State Statistics Committee of Ukraine

Inflation keeps slowing down



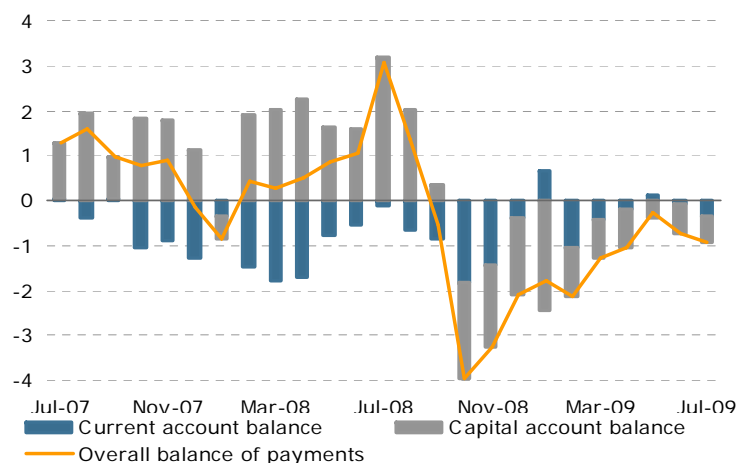
Source: State Statistics Committee of Ukraine

NBU reserves stop declining thanks to IMF support, USD bln



Source: National Bank of Ukraine, Concorde Capital calculations

External imbalances narrow, USD bln



Source: National Bank of Ukraine

Ukraine sovereign default not likely

Ukraine's 5 year CDS, bps

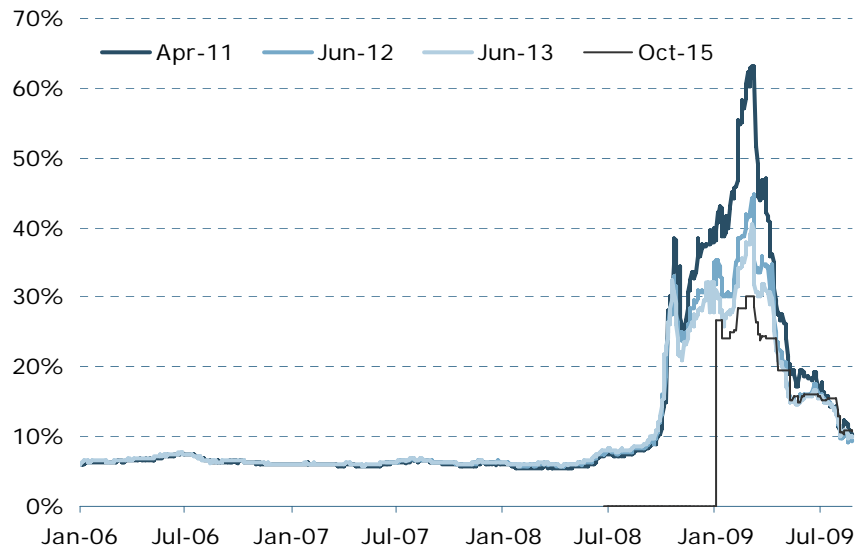


Source: Bloomberg

- Ukraine '09 Eurobonds successfully repaid in August
- IMF support (USD 16.5 bln stand-by loan, USD 10.9 bln received to date) reduces default risks
- Narrowing of CDS quotations indicates decreasing perception of sovereign default

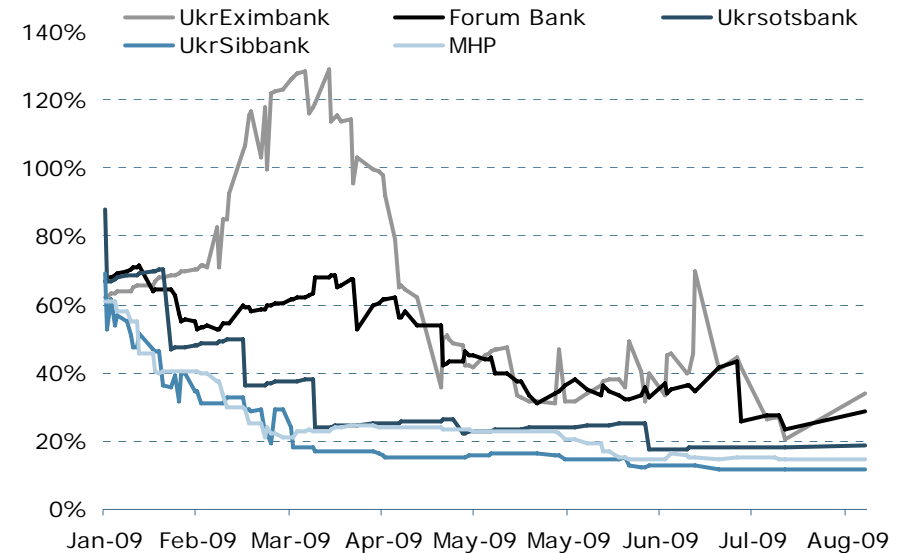
Bonds getting expensive, time to look at equities?

Yields on Ukraine's sovereign Eurobonds, 2006-2009



Source: Bloomberg

Yields on high quality Ukraine corporate Eurobonds, 2009

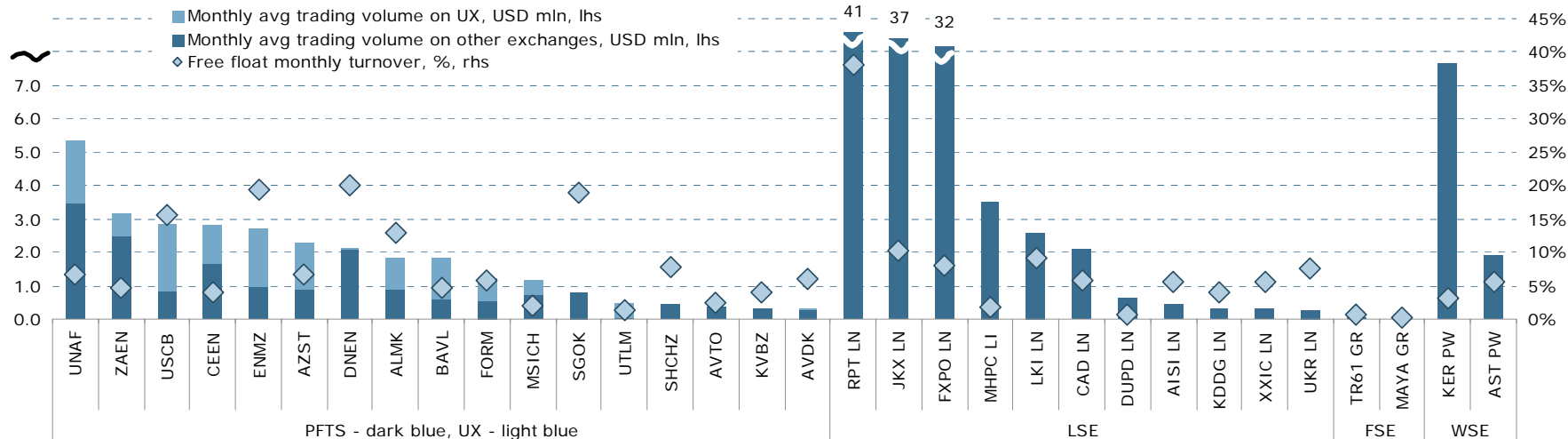


Source: Bloomberg

- Sovereign and high quality issuers getting expensive again
- Massive defaults/ restructuring expected for lower quality issuers

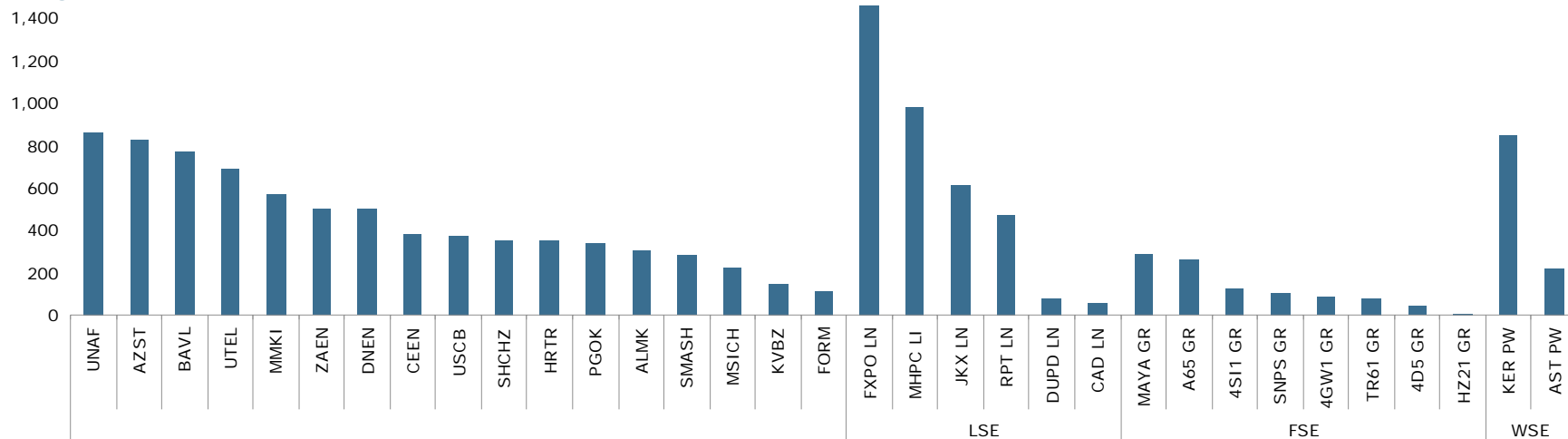
Liquidity concentrated on foreign exchanges

Most traded stocks (lhs), USD mln and free float turnover (rhs), 1H09 avg



Note: Based on UX close prices or PFTS mid prices

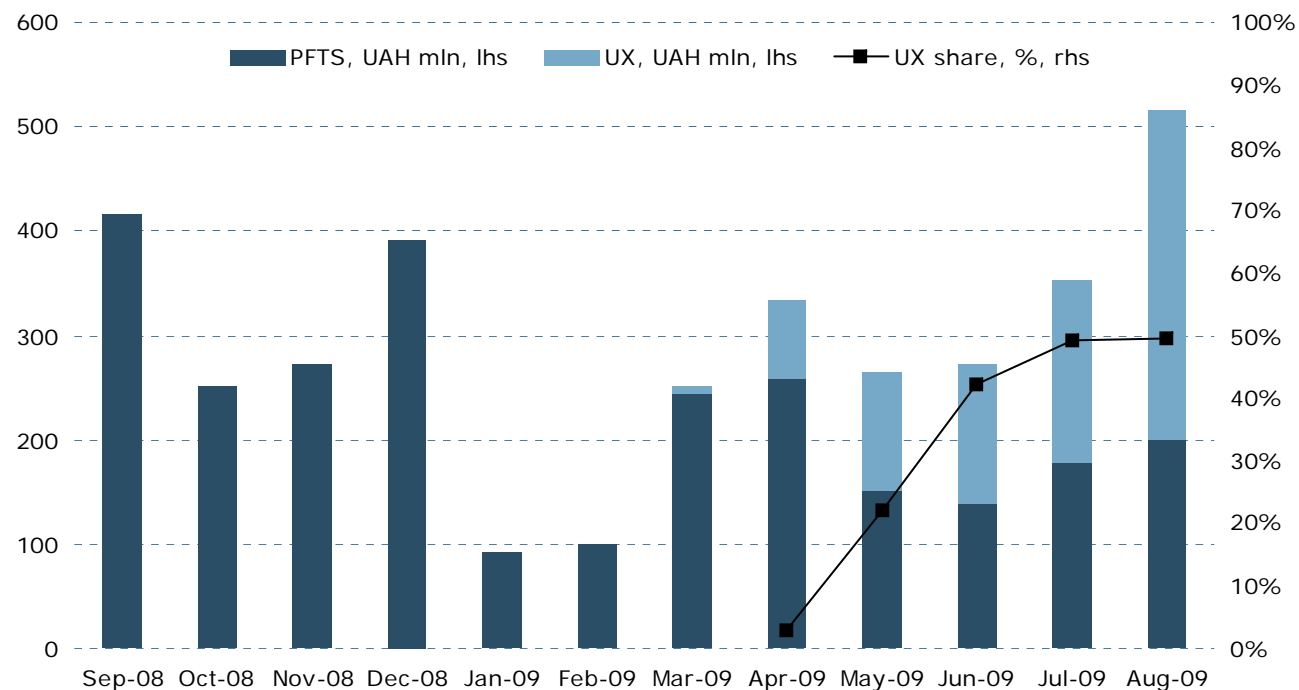
Largest MCap, USD mln



Note: Based on UX close prices and for stocks traded only on PFTS based on PFTS mid-market prices
Source: PFTS, Bloomberg, Concorde Capital

Local liquidity improving

Trading volume on local stock exchanges



Note: Trades over UAH 100 mln on the PFTS are considered technical and excluded from calculations
Source: PFTS, UX, Concorde Capital calculations

The Ukrainian Exchange (UX) launched in March 2009 in partnership with the RTS

- first order-driven trading platform in Ukraine
- repo transactions enabled from August
- quote-driven market to open by yearend

Our recommendations for stock-picking

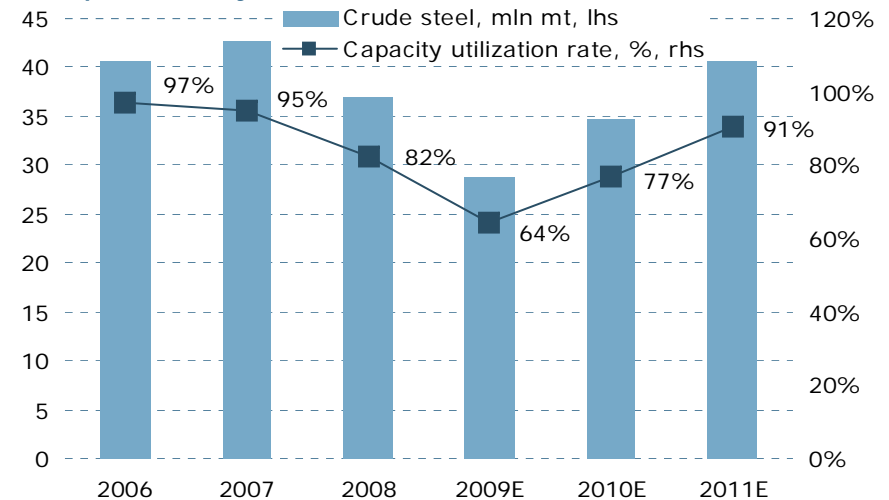
- **Liquidity** - Blue chips with an MCap of at least USD 100 mln, and monthly trading volume of at least USD 1 mln
- **Survival potential** - Strong fundamentals, parent backup
- **Manageable debts** - Low Debt/Equity, Debt/EBITDA

Steel: Time to be with integrated

Steel: backbone sector awaiting recovery

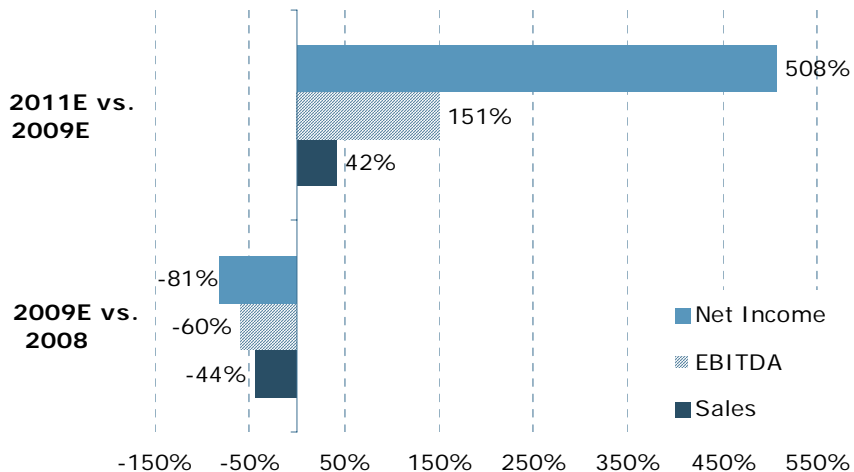
- Surveyed steel producers expect steel output to resume to 2007 levels by 2012
- Steel prices to recover from 2009 plunge to reach 2007 levels in ~2 years
- Sector sales to grow by ~40% and EBITDA to more than double in 2011 vs. 2009

Steel production dynamics



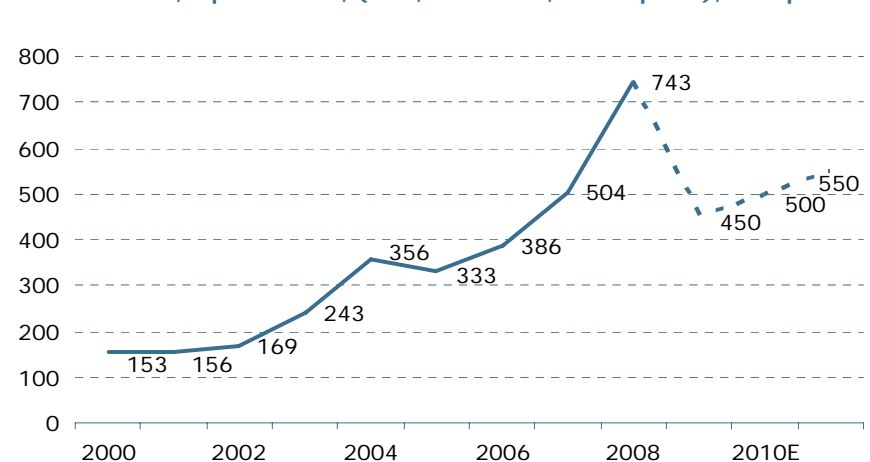
Source: Company data, Concorde Capital projections

Financials evolution



Source: Company data, Concorde Capital projections

Price outlook, square billet, (FOB, Black Sea, CIS exports), USD per mt



Source: Bloomberg, Concorde Capital projections

Steel: top picks

Azovstal

PFTS/UX ticker:	AZST	• Backed by SCM, Ukraine's largest business group
XETRA ticker:	DZ8 GR	• Significant cost advantage thanks to sourcing raw materials internally within Metinvest Holding (100% of ore and 100% of coke)
MCap, USD mln:	821	• ~80% of revenues are in US dollars which provides a hedge against debt-related currency risks
FF, %:	4.35%	• One of the most liquid stocks on the UX
FF, USD mln:	35.7	
Fair price:	USD 0.50	
Upside:	157%	
Net debt/ Equity 09E:	0.1x	
Net debt/ EBITDA 09E:	0.7x	

Enakievo Steel

PFTS/UX ticker:	ENMZ	• Capacities modernized in 2008 making it one of the most efficient Ukrainian steelmakers in terms of gas usage
MCap, USD mln:	143	• Integration into Metinvest provides immunity from global price hikes for raw materials
FF, %:	15.4%	• Merger with Metalen expected by 2011 would boost Enakievo's value by 25-50%
FF, USD mln:	22.0	• One of the most liquid stocks on the UX
Fair price:	USD 40.6	
Upside:	200%	
Net debt/ Equity 09E:	0.01x	
Net debt/ EBITDA 09E:	0.03x	

Steel emerging market peer multiples

	MCap	EV/EBITDA		P/E	
	USD mln	09E	10E	09E	10E
Azovstal	821	4.2	2.8	18.4	4.2
Enakievo Steel	143	3.3	1.9	n/a	3.2
Global emerging peers					
Arcelor Mittal S.A.	5,657	n/a	6.3	40.1	12.4
CIA Siderurgica	20,681	10.7	7.1	18.5	12.5
Gerdau	15,330	9.4	6.6	18.0	11.1
Usiminas	11,762	10.4	6.7	23.1	11.3
Angang Steel	13,215	11.2	7.3	40.1	16.9
Baoshan Iron	18,025	7.0	5.5	25.9	15.8
Bengang Steel Plates	3,086	n/a	n/a	44.5	10.3
China Steel Corp	11,960	23.0	10.3	60.0	14.2
Hunan Valin Steel	2,714	n/a	n/a	24.2	15.8
In. Mongolia Baotou St.	4,016	n/a	n/a	17.4	15.2
Maanshan Iron&Steel	5,151	7.3	5.1	31.3	14.4
Panzhihua New St.&Van.	6,707	43.9	32.9	n/a	n/a
Tangshan Iron	3,711	n/a	n/a	26.0	19.6
Wuhan Iron and Steel Co.	9,123	8.0	5.5	20.2	13.8
Steel Authority	13,882	6.4	5.7	11.8	10.8
Tata Steel	7,006	7.7	5.1	12.5	5.8
Eregli Demir Celik	4,551	14.7	8.8	140.9	13.5
Median		9.9	6.6	25.1	13.7
Price AZST, USD per share					
Implied by GEM peer median		0.50	0.50	0.27	0.64
Upside/Downside		157%	156%	37%	226%
Price ENMZ, USD per share					
Implied by GEM peer median		40.63	47.99	n/m	56.99
Upside/Downside		200%	254%	n/m	321%

Source: Bloomberg, Company data, Concorde Capital projections

Steel: Key financials

USD mln	2008	2009E	2010E
Azovstal			
Net revenues	4,029	2,133	2,800
EBITDA	573.1	213.3	336.0
<i>EBITDA margin</i>	<i>14.2%</i>	<i>10.0%</i>	<i>12.0%</i>
Net income	371.7	42.7	196.0
<i>Net margin</i>	<i>9.2%</i>	<i>2.0%</i>	<i>7.0%</i>
Shareholder equity	1,225	1,268	1,463
Net debt	110.6	110.6	110.6

USD mln	2008	2009E	2010E
Enakievo Steel			
Net revenues	1,610	921	1,100
EBITDA	93.2	36.8	77.0
<i>EBITDA margin</i>	<i>5.8%</i>	<i>4.0%</i>	<i>7.0%</i>
Net income	77.3	0.0	44.0
<i>Net margin</i>	<i>4.8%</i>	<i>0.0%</i>	<i>4.0%</i>
Shareholder equity	137.9	137.9	181.9
Net debt	47.8	0.8	0.8

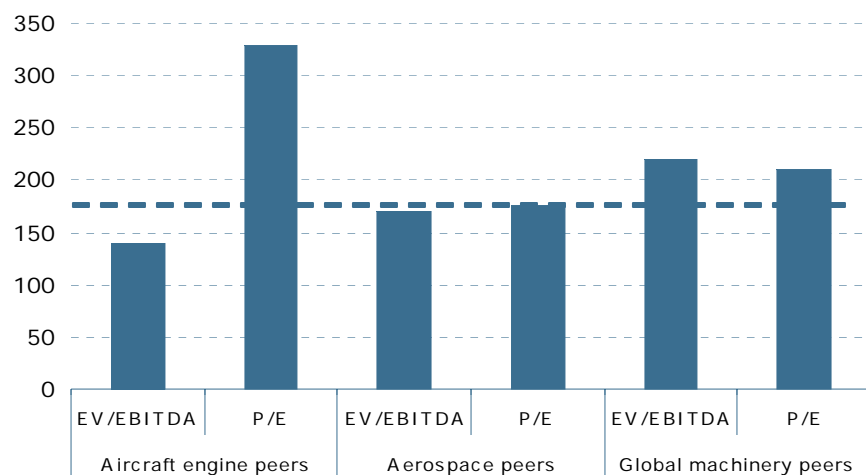
Source: Company data, Concorde Capital projections

Machinery: Value in thick order book

Motor Sich

PFTS/UX ticker:	MSICH	• Stable sales 09E USD ~400 mln, +3% yoy; backed with orders from Russia, China and India defense sectors
MCap, USD mln:	221	
FF, %	34%	
FF, USD mln:	75.2	
Current price:	USD 106	• Offers a new generation of jet and helicopter engines that fit Russian state sponsored programs
Fair value:	USD 175	• Three of four new Russian/Ukrainian regional passenger jets (An-140, An-148 and Tu-334) require Motor Sich engines (TV3-117, D-436)
Upside:	64%	• Our forecasted 09E EBITDA margin of 18% is among the highest of its peers
Net debt/ Equity 09E:	0.2x	• USD-denominated sales gives it protection against debt obligations in US dollars
Net debt/ EBITDA 09E:	1.0x	

MSICH implied price by 09E median peer multiples, USD per share



Source: Bloomberg, Company data, Concorde Capital projections

Motor Sich peer multiples

	MCap USD mln	EV/EBITDA		P/E	
		09E	10E	09E	10E
Motor Sich	221	4.2	3.0	7.1	4.7
Aircraft engine peers					
IHI Corporation	2,844	8.3	7.2	33.4	22.1
Magellan Aerospace Corp	25	3.7	4.2	1.8	6.5
Sichuan Chengfa	458	n/a	n/a	34.3	30.8
MTU Aero Engines	2,163	5.2	5.1	10.5	11.2
Median		5.2	5.1	21.9	16.6
Price MSICH, USD per share					
Implied by engines peer median		139.0	194.2	329.3	375.5
Upside/Downside		31%	83%	210%	253%

Aerospace peers					
Boeing Co	35,203	7.7	6.3	17.0	11.2
Lockheed Martin	28,781	5.5	5.0	10.0	9.2
Cobham	3,851	7.3	6.6	11.8	11.0
EADS	16,623	2.7	3.2	14.5	13.5
Finmeccanica	9,151	4.5	4.1	8.4	7.6
Meggitt PLC	2,379	7.2	6.9	9.6	9.3
Safran SA	7,495	5.9	5.7	13.0	14.4
Dassault Aviation	7,179	2.9	2.3	15.7	15.1
Textron	4,556	9.5	6.2	n/m	20.5
Zodiac SA	2,062	6.5	7.0	9.2	10.4
Median		6.2	6.0	11.8	11.1
Price MSICH, USD per share					
Implied by aerospace peer median		170.7	231.6	176.5	250.5
Upside/Downside		60%	118%	66%	135%

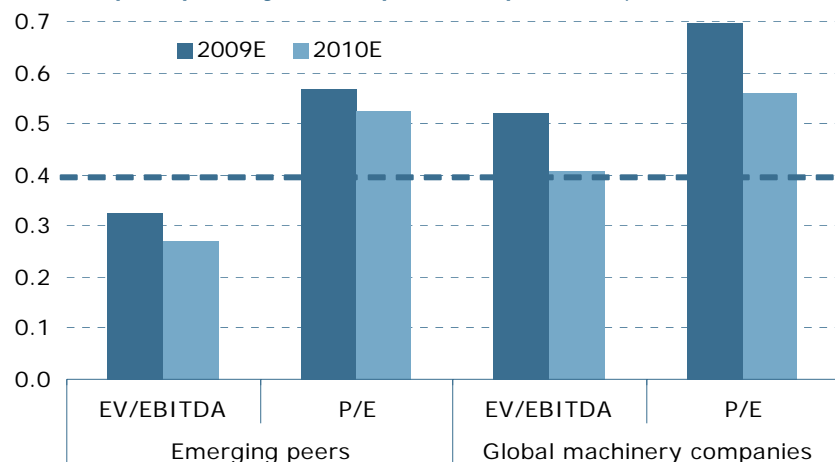
Global machinery peers					
United Technologies Corp	56,147	8.1	7.5	14.9	13.9
Mitsubishi Heavy Industries	13,226	11.2	12.2	101.2	102.2
Honeywell International Inc	27,269	7.3	7.2	13.2	13.4
ABB	43,669	8.9	8.9	17.2	18.2
Siemens	77,713	7.1	7.5	13.1	14.1
Median		7.4	8.4	13.4	14.4
Price MSICH, USD per share					
Implied by global peer median		220.7	297.6	210.5	315.3
Upside/Downside		107%	180%	98%	196%

Source: Bloomberg, Company data, Concorde Capital projections

Turboatom

PFTS ticker:	TATM	• One of the largest producers of turbine equipment for thermal, hydroelectric and nuclear power plants in the CIS
MCap, USD mln:	131	• 09E sales of USD 106 mln, up 4% yoy, order book as of March 2009 of USD 170 mln
FF, %	3%	• 1H09 EBITDA margin of 26% is 2x higher than global peer average
FF, USD mln:	3.9	• Zero debt
Current price:	USD 0.31	• USD-denominated sales with ~80% UAH-denominated costs allows the company to benefit from UAH depreciation
Fair value:	USD 0.40	• Illiquid stock, only 8 trades on PFTS in 2009
Upside:	29%	
Net debt/ Equity 09E:	-0.1x	
Net debt/ EBITDA 09E:	-0.6x	

TATM implied price by median peer multiples, USD per share



Source: Bloomberg, Company data, Concorde Capital projections

Turboatom peer multiples

	MCap	EV/EBITDA		P/E	
	USD mln	09E	10E	09E	10E
Turboatom	130.8	4.6	5.5	6.6	7.8
Emerging peers					
Sulzer	2,502	4.8	5.5	10.6	14.1
Andritz AG	2,338	6.4	5.8	15.9	14.5
Bharat Heavy Electricals	22,151	n/a	n/a	n/a	n/a
Hyundai Heavy Industries	11,590	4.5	3.6	6.6	5.1
Dongfang Electr. Machinery	5,375	11.8	9.1	23.1	18.1
Harbin Power Equipment	1,439	3.6	2.8	13.7	12.1
Siloviye Mashiny	1,289	4.9	3.9	7.3	7.9
Median		4.8	4.7	12.2	13.1

Price TATM, USD per share

Implied by emerging peer median	0.33	0.27	0.57	0.52
Upside/Downside	5%	-13%	84%	69%

Global machinery peers

United Technologies Corp	56,147	8.1	7.5	14.9	13.9
Mitsubishi Heavy Industries	13,226	11.5	10.1	104.5	43.2
Honeywell International Inc	27,269	7.3	7.2	13.2	13.4
ABB	43,669	8.9	8.9	17.2	18.2
Siemens	77,713	7.1	7.5	13.1	14.1
Median		8.1	7.5	14.9	14.1

Price TATM, USD per share

Implied by Global peer median	0.52	0.41	0.70	0.56
Upside/Downside	68%	32%	125%	81%

Source: Bloomberg, Company data, Concorde Capital projections

Machinery: key financials

	2008	2009E	2010E
Motor Sich			
Net revenues	387.7	383.9	438.3
EBITDA	69.2	68.6	87.7
<i>EBITDA margin</i>	17.8%	17.9%	20.0%
Net income	0.7	31.2	46.9
<i>Net margin</i>	0.2%	8.1%	10.7%
Shareholder equity	225.4	283.7	327.1
Net debt	75.6	68.2	41.4
Turboatom			
Net revenues	82.0	84.5	92.9
EBITDA	26.2	25.3	20.4
<i>EBITDA margin</i>	32.0%	30.0%	22.0%
Net income	27.6	19.8	16.8
<i>Net margin</i>	33.6%	23.4%	18.1%
Shareholder equity	121.3	139.2	150.2
Net debt	-12.22	-15.22	-18.22

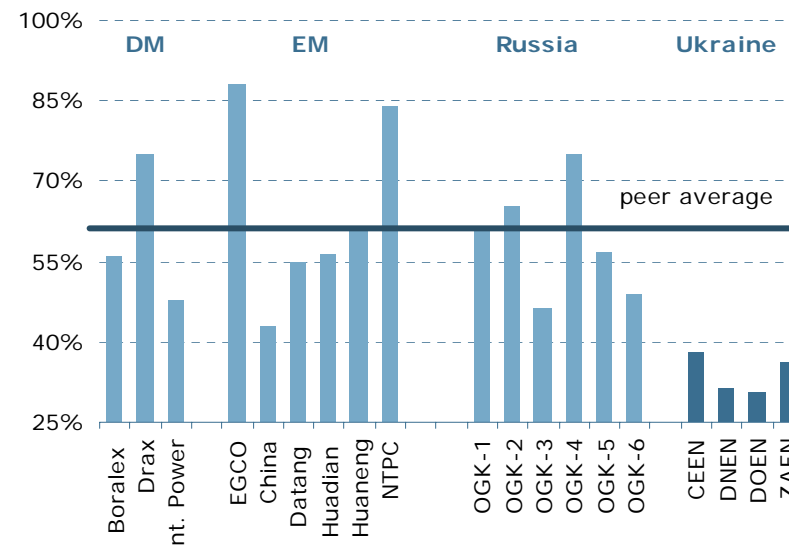
Source: Company data, Concorde Capital projections

Electricity generation: Underpriced assets awaiting reform

GenCos: suitable for mid to long-term investment

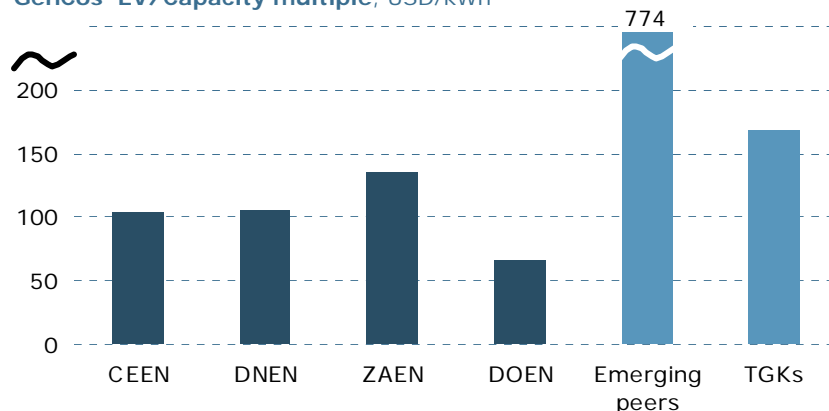
- Capacities of Ukrainian generation companies are one of the least utilized in the world; listed GenCos are in prime position to feeding domestic demand when it increases in the mid and long-term
- Electricity market reform scheduled for 2009-14 will enable GenCos to sell electricity directly to end-users at liberalized (higher) prices
- Connection of Ukrainian power grid to European UCTE network, planned for mid-2010s, will allow Ukrainian wholesale price to converge to EU level
- Investment horizon should be 2-4 years, as currently regulation is unfavorable for GenCos (tariffs are capped on the eve of elections, coal prices are artificially kept high)

Capacity load, 2008



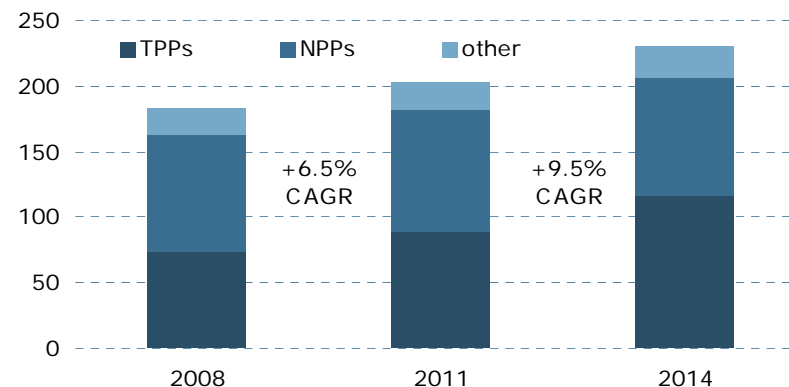
Source: Energobusiness, Company data, Concorde Capital calculations

GenCos' EV/Capacity multiple, USD/kWh



Source: Bloomberg, Company data, Concorde Capital calculations

Electricity production in Ukraine by source, TWh



Source: Energobusiness, Company data, Concorde Capital calculations

*TPP = thermal power plant; NPP = nuclear power plant

GenCos: top picks

Dniproenergo

PFTS/UX ticker:	DNEN	• Has the highest fuel efficiency among listed GenCos
MCap, USD mln:	561	• Potential buyout from strategic investor
FF, %:	3%	• Highest EBITDA margin among listed GenCos in 1H09
FF, USD mln:	16.8	
Fair price:	USD 155	
Upside:	65%	
Net debt/Equity 09E:	0.2x	

Centrenergo

PFTS/UX ticker:	CEEN	• The most utilized local GenCo in 2008 (39% vs. 35% average)
MCap, USD mln:	378	• First to benefit from expected launch of power export to Belarus in 2010
FF, %:	21.7%	• One of the most liquid stocks on the PFTS and UX
FF, USD mln:	82.0	• Zmiiv TPP's unit #8 is the only fully reconstructed modern unit among listed GenCos
Fair price:	USD 1.82	
Upside:	78%	
Net debt/Equity 09E:	0.4x	

Donbasenergo

PFTS/UX ticker:	DOEN	• Only GenCo to increase sales in 1H09
MCap, USD mln:	123	• Posted lowest decrease in output in 1H09: production fell by 5% while all TPPs reduced output by 21%
FF, %:	14.2%	• DOEN's TPPs are located close to coal deposits, giving it a coal cost advantage over other state-controlled GenCos
FF, USD mln:	17.5	
Fair price:	USD 16.7	
Upside:	221%	
Net debt/Equity 09E:	0.4x	

GenCos' Russian TGK peer multiples

	MCap USD mln	EV/Capacity 09E
Dniproenergo	561	106
Centrenergo	378	104
Donbasenergo	123	66
TGKs		
TGK-1	1,195	202
Mosenergo	2,544	262
TGK-4	593	135
TGK-5	406	71
TGK-6	615	118
TGK-9	862	280
Median		168.5
Dniproenergo price, USD per share		
Implied by TGK peer median		155.02
Upside/Downside		65%
Centrenergo price, USD per share		
Implied by TGK peer median		1.82
Upside/Downside		78%
Donbasenergo price, USD per share		
Implied by TGK peer median		16.70
Upside/Downside		221%

Source: Bloomberg, Company data, Concorde Capital projections

GenCos: key financials

	2008	2009E	2010E		2008	2009E	2010E
Centrenerg				Donbasenerg			
Net revenues	768.6	467.0	652.6	Net revenues	325.8	248.3	328.9
EBITDA	54.4	-11.7	65.3	EBITDA	31.9	-5.0	32.9
<i>EBITDA margin</i>	<i>7.1%</i>	<i>-2.5%</i>	<i>10.0%</i>	<i>EBITDA margin</i>	<i>9.8%</i>	<i>-2.0%</i>	<i>10.0%</i>
Net income	18.7	-11.7	48.9	Net income	8.4	-10.4	20.6
<i>Net margin</i>	<i>2.4%</i>	<i>-2.5%</i>	<i>7.5%</i>	<i>Net margin</i>	<i>2.6%</i>	<i>-4.2%</i>	<i>6.3%</i>
Shareholder equity	443.6	247.8	239.1	Shareholder equity	187.5	123.7	114.8
Net debt	76.39	98.57	98.57	Net debt	98.42	52.48	52.48
Dnipronerg							
Net revenues	798.3	630.1	819.2				
EBITDA	59.5	-15.8	81.9				
<i>EBITDA margin</i>	<i>7.5%</i>	<i>-2.5%</i>	<i>10.0%</i>				
Net income	17.2	-18.1	59.7				
<i>Net margin</i>	<i>2.2%</i>	<i>-2.9%</i>	<i>7.3%</i>				
Shareholder equity	336.1	222.1	206.6				
Net debt	58.77	49.70	49.70				

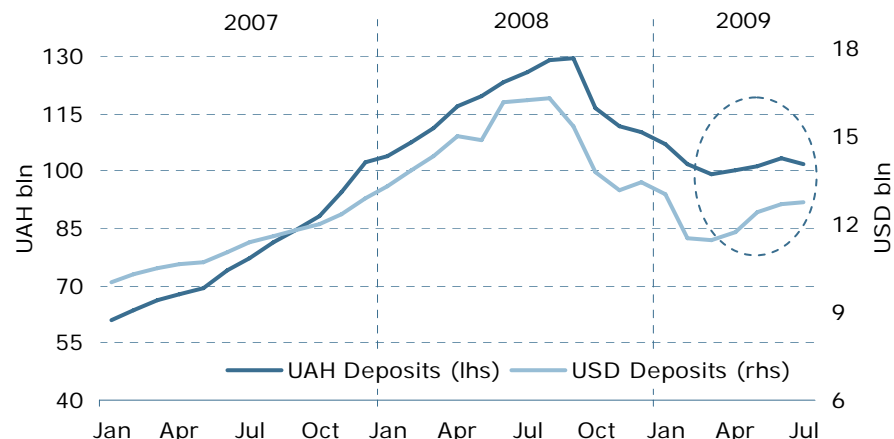
Source: Bloomberg, Concorde Capital calculations

**Banks:
Parent support is king**

Banks: Stabilization on the way

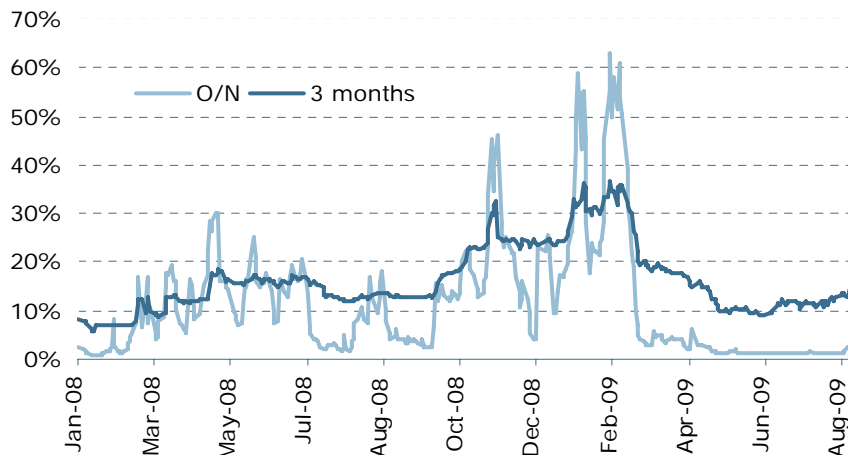
- Confidence in the domestic banking sector started to slowly return: retail deposits grew 5.8% over April-July 2009
- Owners are supporting their banks: in 1H09, the charter funds of the 35 largest Ukrainian banks were increased by UAH 8.4 bln (~USD 1 bln) or by 13.3%. This will help cover losses from bad loans
- In 1H09, the government recapitalized three banks: Ukrgazbank, Rodovid Bank and Bank Kyiv (which together account for more than 4.4% of total retail deposits in the system)
- Banks are operating in more stable conditions as interbank interest rates have stabilized. Interbank resources are currently accessible primarily to large banks with international owners

Deposits recovering in April-July 2009



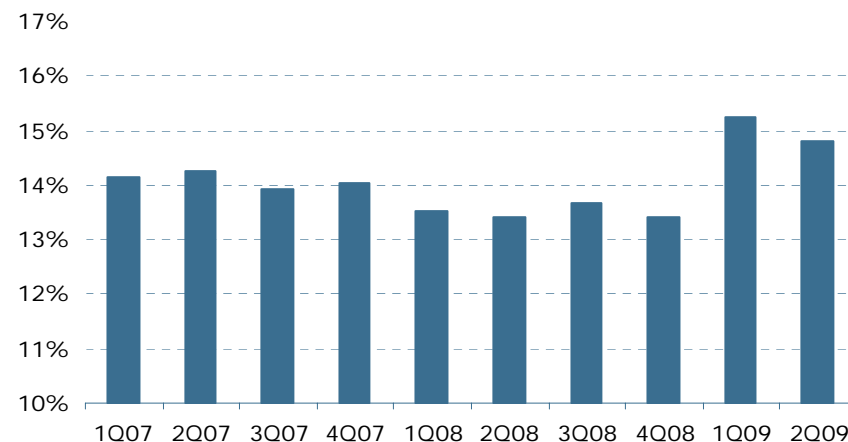
Source: National Bank of Ukraine

Interbank UAH interest rates (KievPrime) lower and stabilize



Source: Bloomberg

Regulatory capital to RWA ratio improved across the system



Source: National Bank of Ukraine

Banks: top picks

Raiffeisen Bank Aval

PFTS/UX ticker:	BAVL	• Boasts Ukraine's third largest retail branch network; # 2 by assets in the country
MCap, USD mln:	766	• Plans to increase its core capital by UAH 530 mln by end-2009
FF, %:	4%	• Remains well capitalized (with Total Equity to Assets ratio well above 11%)
FF, USD mln:	30.6	
Fair price, USD:	0.055	
Upside:	74%	

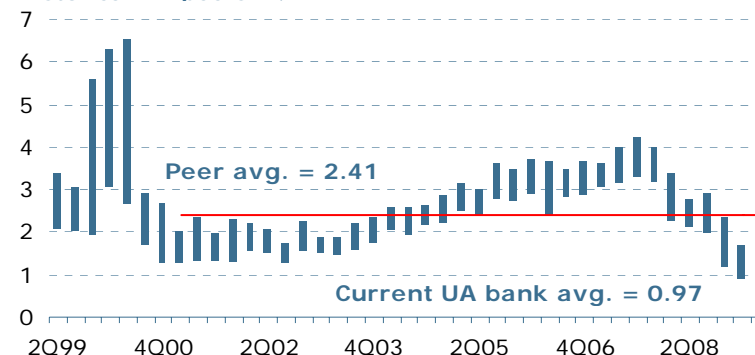
Ukrsotsbank

PFTS/UX ticker:	USCB	• Controlled by UniCredit Group, #6 by assets
MCap, USD mln:	375	• Most liquid local banking stock
FF, %:	4.2%	• Increased tier-I capital by UAH 500 mln in April 2009 and plans an additional injection of USD 100 mln in subordinated debt from the EBRD
FF, USD mln:	15.7	
Fair price, USD:	0.094	
Upside:	169%	

Forum Bank

PFTS/UX ticker:	FORM	• Parent Commerzbank invested UAH 638 mln in 2009 so far into Forum's tier-I capital and equity injection of UAH 1.1 bln is expected by yearend
XETRA ticker:	B5F GR	• One of the few banks that has retained the confidence of its retail customers: individual clients' deposit balances grew 11.4% in 1H09 (sector average is -7%)
MCap, USD mln:	114	
FF, %:	11%	
FF, USD mln:	12.6	
Fair price, USD:	1.66	
Upside:	135%	

Historical EM peers' P/B



Source: Bloomberg, Concorde Capital calculations

Emerging market peer multiples

	MCap	P/B	
	USD mln	09E	10E
Raiffeisen Aval	766	0.94	0.88
Ukrsotsbank	375	0.61	0.59
Forum	114	0.60	0.45

Emerging market peers	Country			
PKO BP	Poland	11,063	2.10	1.93
Pekao SA	Poland	12,661	2.04	1.90
OTP	Hungary	6,961	1.08	0.99
Komerční Banka	Czech Rep.	7,000	1.97	1.82
Akbank	Turkey	16,859	1.91	1.71
Garanti	Turkey	15,502	1.91	1.62
Median			1.94	1.77

BAVL price, USD per share

Implied by peer median	0.05	0.05
Upside/downside	106%	100%

USCB price, USD per share

Implied by peer median	0.09	0.09
Upside/downside	216%	200%

FORM price, USD per share

Implied by peer median	1.65	1.59
Upside/downside	225%	290%

Source: Bloomberg, Company data, Concorde Capital calculations

**Agriculture:
fueled by domestic demand**

Myronivsky Hliboproduct (MHP)

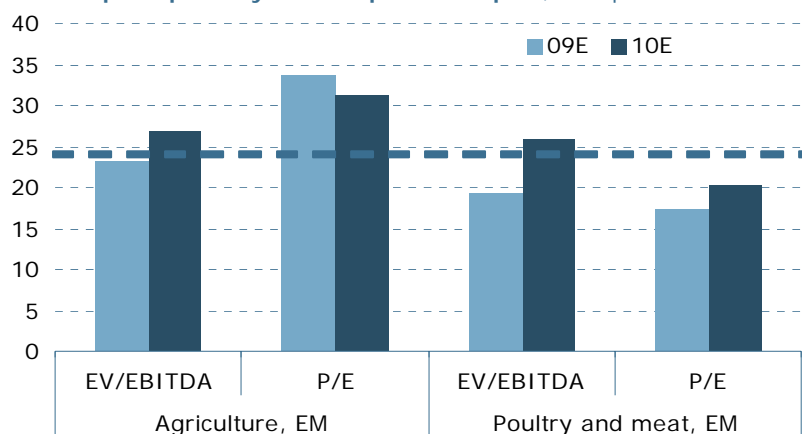


LSE ticker: MHPC
 MCap, USD mln: 980
 FF, %: 22.3%
 FF, USD mln: 218.8
 Current price: USD 8.85
 Fair value: USD 24.1
 Upside: 172%

Net debt/ Equity
 09E: 0.7x
 Net debt/ EBITDA
 09E: 1.2x

- One of Ukraine's most liquid stocks, listed on LSE
- Diversified across a number of agricultural and food subsectors (chicken, sausage, sunflower oil, grain)
- Vertically integrated poultry producer, # 1 on the domestic market with a 39% share
- Sales growth (27% CAGR in 2007-10E) propelled by strong domestic demand for chicken
- Strong profitability: EBITDA margin in the range of 40% in 2008-10E
- One of Ukraine's largest land holders with 180 ths ha currently under lease

MHP implied price by median peer multiples, USD per share



Source: Bloomberg, Company data, Concorde Capital projections

MHP peer multiples

	MCap USD mln	EV/EBITDA		P/E	
		09E	10E	09E	10E
MHP	980	4.2	3.0	4.6	3.9
Poultry and meat, EM					
Cherkizovo Group	420	6.2	4.8	6.9	5.6
BRF-Brasil Foods SA	8,495	13.6	9.9	51.0	27.6
China Yurun Food Group	2,920	15.2	12.2	19.0	15.4
Charoen Pokphand Foods	1,435	6.9	7.2	7.6	9.1
Universal Robina Corp	465	4.2	3.6	7.9	7.2
Rainbow Chicken	702	8.5	7.8	9.9	8.6
Median		7.7	7.5	8.9	8.9

MHP price, USD per share

Implied by Poultry and meat EM median	19.3	25.8	17.3	20.2
<i>Upside/Downside</i>	<i>115%</i>	<i>186%</i>	<i>92%</i>	<i>124%</i>

Agriculture, EM					
Illovo Sugar	1,471	6.8	5.6	13.6	10.6
Wilmar International Ltd.	28,599	12.5	11.3	18.4	16.8
Acucar Guarani SA	922	7.0	6.0	12.5	12.0
Sao Martinho SA	986	8.4	7.6	29.6	37.2
PP Lon. Sum. Ind. Tbk	1,019	9.7	8.1	17.1	13.3
PGG Wrightson	151	8.3	6.8	10.5	7.2
Astra Agro Lestari Tbk	3,254	10.9	8.8	17.8	14.2
Razgulyay Group	277	7.2	5.4	11.3	5.3
SLC Agricola SA	810	14.9	11.1	41.9	25.4
Black Earth Farming	389	37.9	8.0	75.0	14.7
Median		9.0	7.8	17.4	13.7

MHP price, USD per share

Implied by Agriculture EM median	23.2	26.9	33.7	31.3
<i>Upside/Downside</i>	<i>158%</i>	<i>199%</i>	<i>275%</i>	<i>247%</i>

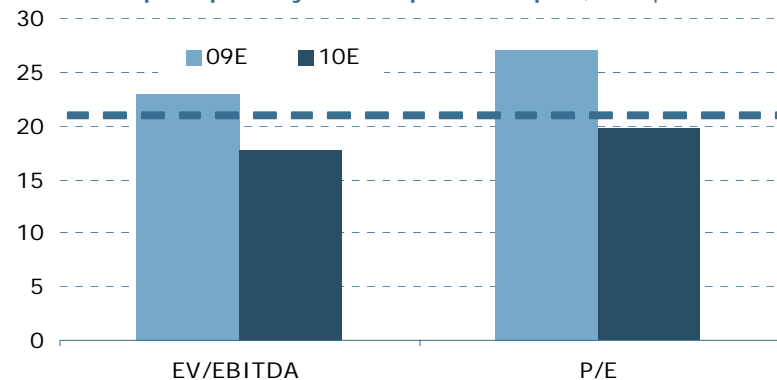
Source: Bloomberg, Company data, Concorde Capital calculations

Kernel Group



WSE ticker:	KER PW	• Top-three producer and exporter of sunflower oil from Ukraine (11% of the country's total in 2008)
MCap, USD mln:	853	• Diversified into agriculture, with 85 ths ha of farm land under control
FF, %:	36.7%	• Largest bottled oil producer in the country (35% market share)
FF, USD mln:	312.9	• Largest private grain storage capacity in Ukraine (1.8 mln mt)
Current price:	USD 12.4	• Major grain exporter (8.8% of the country's total grain exports in Jul 08 – Mar 09)
Fair value:	USD 20.7	• Owns a modern grain transshipment terminal on the Black Sea, capacity of 200 ths mt, potential through put 4.5 mln mt p.a.
Upside:	67%	• Sales CAGR of 46% in 2007-10E; healthy profitability (2009E EBITDA margin of ~18%)
Net debt/ Equity 09E:	0.5x	
Net debt/ EBITDA 09E:	0.9x	

KER PW implied price by median peer multiples, USD per share



Source: Bloomberg, Company data, Concorde Capital calculations

Kernel peer multiples

	MCap USD mln	EV/EBITDA		P/E	
		09E	10E	09E	10E
Kernel	853	5.4	5.4	6.6	6.7
Global peers					
Archer-Daniels-Midland Company	17,990	8.0	7.1	12.0	10.7
Bunge Ltd	8,797	9.3	6.3	12.2	9.4
KWS Saat AG	1,082	9.1	8.1	16.0	13.9
ABB Grain Ltd	1,309	15.2	9.4	39.6	15.9
Potash Corp.	26,553	15.1	7.7	20.9	10.7
Kuala Lumpur Kepong Berhad	4,002	12.4	10.4	20.4	16.3
Thai Vegetable Oil	323	7.3	6.3	8.3	7.8
Elstar Oils SA	130	12.2	9.9	18.6	13.4
China Foods Ltd	1,768	10.1	8.3	19.9	16.5
Group Razgulyay	277	7.2	5.4	11.3	5.3
Astarta	215	6.7	6.3	12.8	9.4
GrainCorp Ltd	620	6.9	6.4	13.0	10.5
Median		9.2	7.4	14.5	10.7

Kernel price, USD per share

Implied by global peer median	22.9	17.8	27.1	19.7
Upside/Downside	69%	31%	100%	46%

Source: Bloomberg, Company data, Concorde Capital calculations

Agriculture: key financials

	2008	2009E	2010E
MHP			
Net revenues	802.9	794.5	970.1
EBITDA	306.3	325.7	417.1
<i>EBITDA margin</i>	<i>38.2%</i>	<i>41.0%</i>	<i>43.0%</i>
Net income	5.2	214.5	252.2
<i>Net margin</i>	<i>0.6%</i>	<i>27.0%</i>	<i>26.0%</i>
Shareholder equity	346.2	547.0	799.2
Net debt	453.6	374.6	273.6
Kernel Group			
Net revenues	663.1	1,047.1	1,099.4
EBITDA	123.2	188.3	186.9
<i>EBITDA margin</i>	<i>18.6%</i>	<i>18.0%</i>	<i>17.0%</i>
Net income	82.2	128.5	126.4
<i>Net margin</i>	<i>12.4%</i>	<i>12.3%</i>	<i>11.5%</i>
Shareholder equity	440.4	354.4	480.8
Net debt	167.2	165.3	165.3

Source: Company data, Concorde Capital projections

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