



CONCORDE CAPITAL

Ukraine / Media

# United Media Holding

## Acquisition spree rolls on with Menu TV

October 8, 2008

Current price: EUR 6.6/ USD 8.9  
12M Target: EUR 7.6/ USD 11.9

**BUY**

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**Tickers**

GDR (Frankfurt/Xetra) A65

**Market information**

Market price, EUR	6.6
USD	8.9
MCap, EUR mln	237.2
USD mln	320.4
Chg YTD	6%
Hi/Lo YTD, EUR	6.6/5.3
USD	9.9/8.3
DRs per common share	2:1
No of shares, mln	18.1
Avg Mon Tr Vol 6m, USD ths	21.1
Free float	19.1%
Free float, EUR mln	45.3
USD mln	61.2

Prices as of Oct 7, 2008

**Shareholders**

Integrity Int'l Holding Ltd	80.9%
Institutional investors	15.0%
Torbock Holdings Ltd	4.1%

**UMH continued its acquisition spree, netting four TV channels (including Menu TV) and a production studio last week – delivering on plans it announced at placement in May. At the same time, UMH said it intended to buy into a new celebrity portal in Russia. We believe UMH is on track to grow its share of Internet and TV revenues from 0.1% in 2007 to 7% in 2010.**

**UMH enters niche TV segment**

Last week UMH announced two acquisitions that bring it into the niche TV segments in Ukraine and Russia:

- 51% of Baluka, the owner of Menu TV and Shopping TV, two satellite TV channels distributed via Ukrainian cable networks, as it announced at placement in May 2008. Baluka also held two additional satellite TV licenses for channels that are expected to be launched in 2009.
- A production studio in Russia, based on which UMH plans to launch a TV channel in 2009.



**Menu TV Reference**

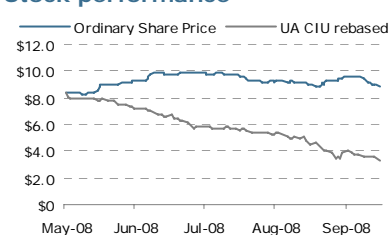
Cooking channel on air since June 2007, 0.1% share in audience aged 18+ in Sept. 2008. Available in 150 Ukrainian cities, implying technical coverage of 20.6% of the country's territory

Ukrainian and Russian market players target raising the share of niche TV advertising from 8-10% of total TV advertising currently in both countries to up to 50% in the mid-term.

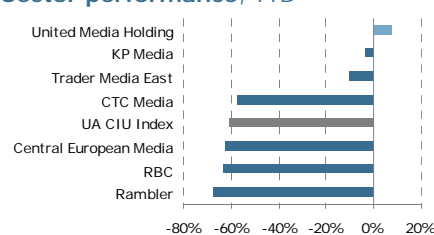
**Next acquisition target: Russian celebrity portal**

Also last week, Borys Lozhkin, president of United Media Holding, announced plans to purchase a stake in a celebrity portal in Russia that will be launched by the end of October. We see synergy opportunities with UMH's print products, as the company currently is growing its presence in Russia with Telenedelya, its core celebrity and TV publication. The move would allow UMH to capture the growth potential of the unsaturated Russian Internet advertising market. Per capita expenditures on Internet advertising in Russia were USD 1.2 in 2007 vs. USD 25.7 in the EU-15, according to ZenithOptimedia. Internet advertising accounted for 2% of total advertising in Russia last year, compared to 9% in the EU-15.

**Stock performance**



**Sector performance, YTD**



Note: The Concorde Investable Universe Index (UA CIU) is free float weighted and includes the 57 most liquid Ukrainian stocks listed on the PFTS, London, Warsaw and Frankfurt stock exchanges. United Media Holding was listed in May 2008. Source: Bloomberg, Concorde Capital. PFTS

**Key financials & ratios, USD mln**

	Revenue	EBITDA	Net income	EV/S	EV/EBITDA	P/E
2008E	153.2	(1.2)	(17.0)	2.7	n/m	n/m
2009E	212.1	21.9	3.2	2.1	20.0	108.7
2010E	265.5	42.8	18.3	1.7	10.3	19.0

Spot exchange rate: 4.85 UAH/USD

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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	90	74%
Hold	18	15%
Sell	7	6%
Under Review	7	6%
<b>Total</b>	<b>122</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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