



CONCORDE CAPITAL

Ukraine / Media

United Media Holding

i.ua acquisition extends Internet reach

September 24, 2008

Current price: EUR 6.6/ USD 9.7
12M Target: EUR 7.6/ USD 11.9

BUY

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Last week United Media Holding completed the acquisition of 32.5% of *i.ua*, Ukraine's #3 Internet portal. We confirm our projection that UMH will claim 9% of the domestic Internet ad market in 2009.

Tickers

GDR (Frankfurt/Xetra) A65

Market information

| | |
|----------------------------|---------|
| Market price, EUR | 6.6 |
| USD | 9.6 |
| MCap, EUR mln | 237.2 |
| USD mln | 347.8 |
| Chg YTD | 15% |
| 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 | 41 |
| Free float | 19.1% |
| Free float, EUR mln | 45.3 |
| USD mln | 66.4 |

Prices as of Sept. 23, 2008

Shareholders

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

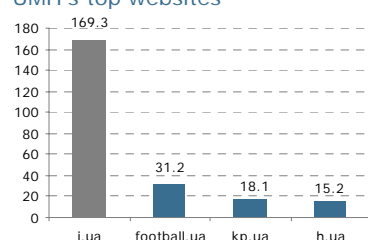
UMH acquires minority stake in Ukraine's #3 Internet portal

In a press release on Monday United Media Holding announced that last week it concluded the acquisition of a 32.5% stake in *i.ua*, Ukraine's third-largest Internet portal by number of visitors. We expect that the company will seek a controlling stake in the project in the future. We estimate that with the *i.ua* acquisition and other planned launches, UMH's share in Ukraine's Internet advertising will grow from 0.5% in 2007 to 9% in 2009.

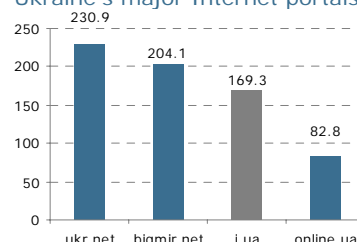
The average daily audience over the last 30 days of *i.ua* was 148.3 ths visitors, 25% less than the top portal, according to bigmir.net. This is roughly the same average daily visitor flow as UMH's 17 other websites combined.

Unique visitors on Sept. 23, 2008

UMH's top websites



Ukraine's major Internet portals



Source: bigmir.net

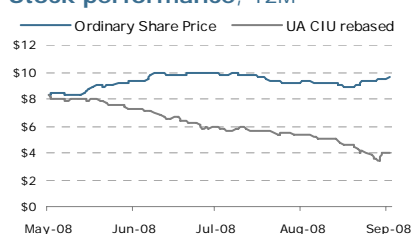
Internet advertising: 80% annual growth expected in 2008-09

After doubling in 2007 to USD 12.5 mln, we anticipate Ukraine's Internet ad market will grow 80% annually this year and next year to reach USD 42 mln in 2009. In 2007 Internet advertising per capital in Ukraine was just USD 0.3 versus USD 26 in the EU-15, hence we see ample room for market expansion.

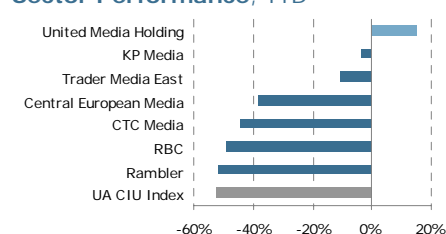
Watch list

- End of September – Completion of the acquisition of Menu TV, a Ukrainian TV channel, and licenses for three more channels
- September 29 – Release of 1H08 management accounts
- Mid-October – Release of 2007 IFRS financial results audited by Baker Tilly

Stock performance, 12M



Sector Performance, YTD



Source: Bloomberg, Concorde Capital, PFTS. 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. Note: United Media Holding was listed in May 2008

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

FLASH NOTE

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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.

| <u>Concorde Capital ratings distribution</u> | | |
|--|-----|------|
| Buy | 92 | 75% |
| Hold | 18 | 15% |
| Sell | 7 | 6% |
| Under Review | 5 | 4% |
| Total | 122 | 100% |

| <u>Investment banking clients*</u> | | |
|------------------------------------|---|------|
| Buy | 7 | 100% |
| Hold | 0 | 0% |
| Sell | 0 | 0% |
| Under Review | 0 | 0% |
| Total | 7 | 100% |

* Within the last twelve month period, Concorde Capital has obtained compensation from these companies for investment banking services.

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