

### Desk Notes Published

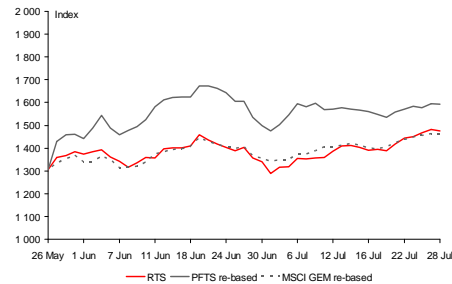
**KTK (E/W): High Growth for a Price**  
**DIXY Group (O/W): 1H10 Trading: LFL Sales Improving**

### Key Upcoming Events

July 29 Kazakhmys 2Q10, production update  
 Aug 2 June Reserve Fund, Finance Ministry\*  
 Aug 4 ENRC 2Q10 production update  
 July consumer prices index\*

\* Estimated; data could be released in the next few days

### Equity markets



Source: RTS, PFTS, Bloomberg

Russian equity market chart, see [p. 2](#)

Ukrainian equity market chart, see [p. 7](#)

### Equity indices, currencies, commodities

	Close	Change %	YTD %
<b>Russian</b>			
RTS	1 475	-0.4 ↓	2.1 ↑
RTS-2	1 708	0.4 ↑	19.7 ↑
RTS Standard	9 638	-0.5 ↓	0.7 ↑
MICEX	1 395	-0.5 ↓	1.8 ↑
<b>Ukrainian</b>			
PFTS	806	-0.1 ↓	40.6 ↑
<b>International</b>			
MSCI Russia	787	-0.7 ↓	-1.1 ↓
MSCI GEM	991	0.0 ↑	0.2 ↑
DJIA	10 498	-0.4 ↓	0.7 ↑
S&P 500	1 106	-0.7 ↓	-0.8 ↓
Shanghai Comp	2 631	-0.1 ↓	-19.7 ↓
FTSE 100	5 320	-0.9 ↓	-1.7 ↓
NIKKEI 225	9 691	-0.6 ↓	-8.1 ↓
ISE 100	60 404	0.1 ↑	14.3 ↑
Bovespa	66 808	0.2 ↑	-2.6 ↓
<b>R/\$ Exchange Rates</b>			
CBR	30.2066	-0.1 ↓	0.1 ↑
SELT tomorrow	30.2282	0.0 ↓	0.0 ↓
<b>UAH Exchange Rates</b>			
UAH/\$	7.90	0.0 ↑	-1.1 ↓
<b>\$/Euro Exchange Rate</b>			
\$/Euro	1.3014	0.1 ↑	-9.1 ↓
<b>Commodities</b>			
Brent, \$/bbl	75.62	0.7 ↑	-1.5 ↓
Urals, \$/bbl	74.18	0.0 ↑	-3.1 ↓
WTI, \$/bbl	76.99	-0.7 ↓	-3.0 ↓
Nickel, \$/ton *	20 405	-0.7 ↓	10.1 ↑
Copper, \$/ton *	7 170	1.6 ↑	-2.8 ↓
Gold, \$/oz	1 166	0.2 ↑	6.3 ↑
Palladium, \$/oz	472	0.4 ↑	15.6 ↑

\* - 3 months forward

Top 6 Gainers:	UFNC \$4.85 ↑7.8%	PIK \$3.68 ↑4.2%	TGKE \$0.0004 ↑4.1%
	LKOD \$57.9 ↑3.4%	RUSAL \$1.06 ↑3.0%	SILVP \$401 ↑2.8%
Top 6 Losers:	INTE \$2.15 ↓6.5%	SITR \$0.90 ↓5.3%	ROSN \$6.69 ↓3.0%
	SNGSP \$0.45 ↓2.9%	NVTK \$74.4 ↓2.9%	JNOS \$0.52 ↓2.9%

## Russian Market

### Equity Market Comment, [p. 2](#)

#### Lucky LUKoil

The Russian market fell yesterday (RTS -0.4%, MICEX -0.5%) as investors locked in profits after the rally of the previous few days. LUKoil was the star of the day, with the stock outperforming after news emerged that the company would buy a portion of its own shares. The mood today remains generally optimistic but tempered with caution ahead of the release of US GDP data tomorrow. Foreign markets are providing a headwind, but buying in LUKoil should continue to provide some support. We look for the MICEX to open flat.

### Top Stories

#### Oil & Gas: LUKoil buys 7.6% of its shares for \$3.44 bln, signs option to buy additional 11.6%; POSITIVE

We see the news as POSITIVE for LUKoil, as it removes the share overhang and makes it more of a "Russian company," facilitating access to strategic projects. The deal also creates incentive for management to increase the company's market cap and clears the way for increased dividends.

### News and Commentary

#### Macroeconomics: Inflation reported at 0.4% MTD, a 5.7% annual rate; POSITIVE

July's CPI will be lower than expected due to slower tariff increases; however, given concern over Russia's grain harvest, we anticipate an acceleration in annual inflation.

#### Private pension funds see inflow of investors; POSITIVE

Individuals' increased preference for private pension funds reflects greater interest in more attractive investment opportunities, which is positive for financial markets.

#### Oil & Gas: Tax incentives for greenfield projects to remain in place in 2011; POSITIVE for Rosneft

As the duration of the current tax incentives has been one of the major concerns surrounding Rosneft's stock lately, investors may take a more positive stance toward the stock. We believe yesterday's announcement could support Rosneft's shares.

#### KMG EP reports 1H10 operational statistics; slightly NEGATIVE

We view the published figures as NEUTRAL to slightly negative for KMG EP's stock, as the impressive ramp-up of cumulative production is somewhat offset by the decline in output at its core assets.

#### Utilities: Enel OGK-5 releases healthy 1H10 IFRS numbers; POSITIVE

We view the results as POSITIVE for the company's stock.

#### Metals & Mining: KTK: High growth profile, but for a price

We initiate coverage of KTK coal company with an E/W recommendation.

Also: [PIK Group](#)

## Ukrainian Market

### Market Comment, [p. 7](#)

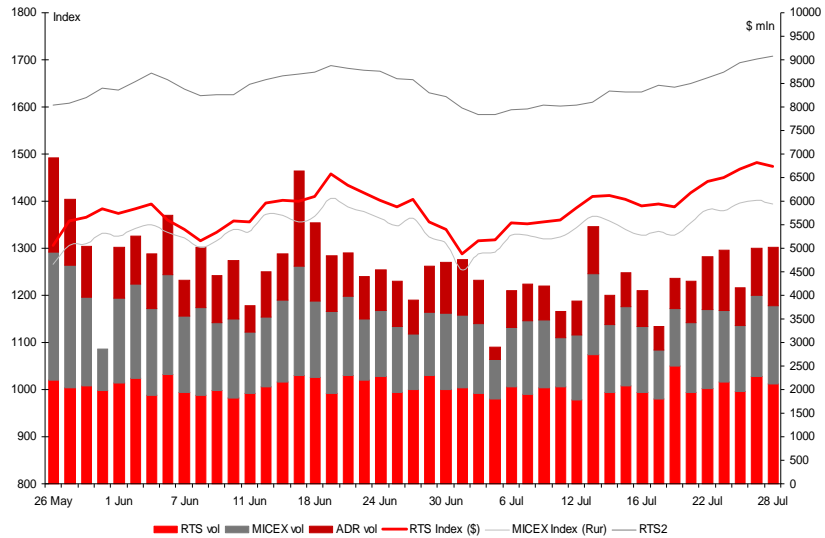
#### The IMF is back

Overall, the IMF loan is short-term positive, medium-term neutral and long-term negative, which may limit market optimism today.

Also: [Ukrnafta](#)

**RUSSIAN MARKET**

**Russian equity market**



Source: RTS, MICEX, Bloomberg

**Equity Market Comment**

**Lucky LUKoil**

The Russian market fell yesterday (RTS -0.4%, MICEX -0.5%) as investors locked in profits after the rally of the previous few days. LUKoil was the star of the day, with the stock outperforming after news emerged that the company would buy a portion of its own shares. The mood today remains generally optimistic but tempered with caution ahead of the release of US GDP data tomorrow. Foreign markets are providing a headwind, but buying in LUKoil should continue to provide some support. We look for the MICEX to open flat. Later today, we will see the release of data on jobless claims in the US.

At \$1,540 mln, volumes for the large stocks on MICEX were 6% above the 30-day average. London volumes, at \$1,060 mln, were some 13% above their 30-day average.

Among the super-blue chips in London trading, Gazprom fell 1.6%, LUKoil rose 3.4%, Rosneft fell 3.0%, and Norilsk Nickel fell 1.9%. Sberbank fell 0.7% in dollar terms in local trading.

Among the blue chips, PIK Group (+4.2%), Silvinit (+2.7%), Uralkali (+2.3%) and MMK (+1.0%) rose, while Novatek (-2.9%), NLMK (-2.8%), Sistema (-2.2%), Mechel (-2.2%) and Evraz (-2.0%) fell.

US markets were down overnight, as the Dow dropped 0.4%, or 40 points, to 10,498, and the S&P 500 fell 0.7%. Asian markets are generally losing this morning, with Japan off 0.5%, Hong Kong down 0.1%, China up 0.5%, and Australia off 0.1%.

Among global sectors that we follow, the gold companies and oilfield service companies were flat, while steel companies and US financials both fell 1%.

In Asia this morning, steel companies are up 0.6%, while oil & gas companies are down 0.7%. Brazilian trading overnight saw Petrobras fall some 1.6%.

Nymex crude fell \$0.5 in overnight US trading to \$77.0/bbl, and in morning trading in Asia oil has added \$0.1 to trade at the \$77.1/bbl level. Nickel prices fell 0.7%, or \$140, in London trading yesterday to \$20,405/ton, while copper rose 0.4% to \$7,120/ton.

In currencies, the dollar fell 0.1% vs. the euro yesterday to \$1.300 from \$1.299, while the ruble weakened 0.1% vs. the basket to 34.323 and stayed flat vs. the dollar at 30.243. Gold rose \$2 to \$1,166 per oz.

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## Top Stories

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### Oil & Gas

<b>LKOD LI</b>	<b>E/W</b>
Closing Price:	\$57.9
Target Price:	\$64.5
Return to TP:	+11%
2010 EV/EBITDA:	3.9x
2011 EV/EBITDA:	4.5x
Market Cap:	\$49.2 bln

#### **LUKoil buys 7.6% of its shares for \$3.44 bln, signs option to buy additional 11.6%; POSITIVE**

Yesterday, LUKoil and ConocoPhillips announced that the former will buy 7.6% of its shares from Conoco for \$3.44 bln, implying a 5% discount to yesterday's opening price and a price of around \$53.5 per share. LUKoil also signed an option to acquire the remaining 11.6% belonging to Conoco for \$5.26 bln, Kommersant reports, implying a slightly higher price of \$53.6 per share. The Russian major must decide on the option before September 26. If LUKoil decides to proceed, the company's management would accumulate over 50% of the company and make it a "Russian-owned" company, which may facilitate access to strategic fields and projects domestically.

We welcome the news, as it removes a major overhang in the market and creates incentive for management to work towards boosting the company's valuation, as the acquired shares could be used in an SPO/asset acquisition. With Net Debt/EBTIDA of just above 0.5x, LUKoil is likely to use both its own cash (of which it has over \$3.3 bln) and debt for the deal. The company has an approved Sberbank loan of \$5 bln and can place up to \$3.3 bln in bonds if the need arises. However, we estimate its total financing needs at \$8.7 bln, which we calculate could raise debt-service costs by \$700-870 mln. The increase in debt will lead to an increase in net debt and thus EV, boosting 2010E EV/EBTIDA from 3.6x to around 4.5x.

LUKoil will now also have more incentive to proceed with its policy of increasing dividend payments. Its cash flow will allow it to do so even after the increase in debt-service costs. We estimate that even under our conservative \$65/bbl oil forecast for 2011, LUKoil could post a 1.7% dividend yield under a 15% payout, 2.4% under 20% and 3.5% under 30%, which we believe may be its target, though it is hardly reachable in 2011.

In addition, Conoco estimates its share in LUKoil's adjusted earnings at \$430 mln, implying total profit of \$2.2 bln, in line with our estimates.

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## News and Commentary

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### Macroeconomics

#### **Inflation reported at 0.4% MTD, a 5.7% annual rate; POSITIVE**

According to Rosstat, inflation for July 1-26 totaled 0.4%. This figure suggests that the monthly rate of price growth will be below the 0.6% we expected initially and that the annual inflation rate will decline to 5.7% from 5.8% last month.

Our expectation of faster price growth assumed faster tariff increases. However, in July prices for communal housing services rose only 0.1-0.4% m-o-m, resulting in better-than-expected inflation numbers. However, we reiterate our view that August CPI growth may reach 0.3% followed by 0.2% in September. According to the most recent data, Russia may see a bigger-than-expected drop in the grain harvest, potentially around 20% y-o-y. Thus, we reiterate our concern that the global grain price rally will negatively influence local prices. Under this assumption, July's annual inflation rate of 5.7% will be the minimum level for 2010, confirming a likely reversal in the nominal interest rate trend.

#### **Private pension funds see inflow of investors; POSITIVE**

According to the State Pension Fund, individuals have begun to transfer their pension savings into private pension funds: in 1H10, the number of transfer requests increased by 44% y-o-y. We take this news as POSITIVE for the market, as it reflects more activity and a greater appetite for risk on the part of investors, which is positive for financial markets.

Currently, the total amount of accumulated defined contributions to the pension system is RUB840 bln, 16% of which has been transferred under private management. We take the increased number of individuals willing to transfer their pension savings from the state fund as a positive sign, as previously around 98% of total defined contributions remained under the management of the State Pension Fund.

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### Oil & Gas

#### **Tax incentives for greenfield projects to remain in place in 2011; POSITIVE for Rosneft**

Yesterday, Prime Minister Putin confirmed that the government will continue to support the development of capital-intensive greenfield projects and intends to keep the current tax benefits in place in 2011 while increasing MET rates for the sector in general.

The prime minister gave no details on which companies would receive tax breaks; however, reading between the lines we take the announcement as POSITIVE for Rosneft. The company operates the largest greenfield project in Russia, Vankor field, and so has a good chance of seeing its export-duty breaks extended into 2011. As the duration of the current tax incentives has been one of the major concerns surrounding Rosneft's stock lately, investors

<b>ROSN LI</b>	<b>O/W</b>
Closing Price:	\$6.7
Target Price:	\$8.5
Return to TP:	+27%
2010 EV/EBITDA:	4.6x
2011 EV/EBITDA:	4.8x
Market Cap:	\$64.2 bln

may take a more positive stance toward the stock. We believe yesterday's announcement could provide support to Rosneft's shares.

<b>KMG LI</b>	<b>O/W</b>
Closing Price:	\$20.4
Target Price:	\$28.2
Return to TP:	+38%
2010 EV/EBITDA:	3.1x
2011 EV/EBITDA:	2.9x
Market Cap:	\$8.8 bln

### KMG EP reports 1H10 operational statistics; slightly **NEGATIVE**

Yesterday KMG EP reported its 1H10 operational statistics. Even though cumulative production increased an impressive 11% y-o-y owing to the acquisition of a 33% stake in PetroKazakhstan, there was a considerable decline in production at its core fields (100% owned), which we believe is somewhat disappointing.

Crude oil output was down 2% y-o-y to 4,316 kt in the reporting period, implying production declined 2.8% y-o-y in 2Q10 to 2,231 kt (180 kbpd). This disappointed us, as we had expected KMG EP output to grow a moderate 1% y-o-y in 2Q10. The reported figures indicate that KMG EP is still feeling the after effects of the strike at UzenMunaiGas in March, which affected certain well service and maintenance operations.

Sales were 2% below our expectations in 2Q10, while the export share of crude oil deliveries was in line with our estimates at 78%.

We view the published figures as **NEUTRAL** to slightly negative for KMG EP's stock, as the impressive ramp-up of cumulative production is somewhat offset by the decline in output at its core assets, a trend the company is trying to reverse. The main theme to watch for this year will be KMG EP's return on its inflated CAPEX, which so far has failed to restore crude output to near to the 190 kbpd level.

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## Utilities

<b>OGKE RU</b>	<b>O/W</b>
Closing Price:	\$0.083
Target Price:	\$0.119
Return to TP:	43%
2010 EV/EBITDA:	11.8x
2011 EV/EBITDA:	6.2x
Market Cap:	\$3.0 bln

### Enel OGK-5 releases healthy 1H10 IFRS numbers; **POSITIVE**

Yesterday Enel OGK-5 released the key numbers of its unaudited 1H10 financials. Overall, we view the results as **POSITIVE**, and maintain our O/W rating on the stock. We plan to incorporate these results into our model and update our valuation in the near future. We highlight the key numbers below:

**Figure 1: Enel OGK-5 key financial highlights, 1H10 IFRS**

	1H10 RUB mln	1H09 RUB mln	Change, y-o-y %
<b>Revenues</b>	<b>25,755</b>	<b>19,213</b>	<b>34%</b>
<b>EBITDA</b>	<b>5,295</b>	<b>3,769</b>	<b>40%</b>
Operating income	3,959	2,478	60%
Pre-tax income	4,533	2,217	105%
<b>Net income</b>	<b>3,729</b>	<b>1,816</b>	<b>105%</b>
<i>Margins:</i>			
EBITDA	21%	20%	1 ppts.
Operating	15%	13%	2 ppts.
Pre-tax	18%	12%	6 ppts.
Net	14%	9%	5 ppts.

Source: Company data

Although the company looks much stronger than a year ago, we would like to particularly highlight its success in optimizing costs, as even though the gas tariff increase was higher in 1H10 vs. 1H09, the company managed to increase its margins. We note that in 2009 gas tariffs were increased gradually on quarterly basis vs. the sudden jump of 15% in January 2010. Moreover, the

healthy operational performance in 1H10 influenced Enel OGC-5's financials, i.e. a +23% increase of power sales y-o-y. In addition, the enlarged free market and increased prices on the wholesale electricity market also had a positive impact on the company's financial performance.

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## Metals & Mining

### KTK: High growth profile, but for a price

**KBTK RU** E/W  
 Closing Price: \$5.96  
 Target Price: \$7.32  
 Return to TP: 23%  
 2010 EV/EBITDA: 6.0x  
 2011 EV/EBITDA: 4.6x  
 Market Cap: \$592 mln

We initiate coverage of KTK coal company with a target price of \$7.3/share and E/W recommendation. KTK is a growth story. Its steam coal production will soar by 77% in 2009-15, boosting revenue by 176% and quadrupling EBITDA. The market, however, seems well aware of this growth upside and prices the stock at a 35% premium to comps on 2011 multiples. Moreover, liquidity and free float are low.

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## Real Estate

**PIK LI** U/R  
 Closing Price: \$3.68  
 Market Cap: \$1.8 bln

### PIK BoD approves SPO of up to 25% of existing share capital; NEUTRAL

Yesterday PIK Group announced that its Board of Directors had unanimously approved an offering of up to 123.315 mln new ordinary shares (up to 25% of existing capital) via open subscription. The price of the offering will be set by the Board of Directors upon expiration of the pre-emptive rights take-up period. If the shares are placed at current market price, PIK could raise roughly \$450 mln. While the company's release did not provide any guidance on the exact timing of the deal, today's Vedomosti reports that an SPO may take place in October.

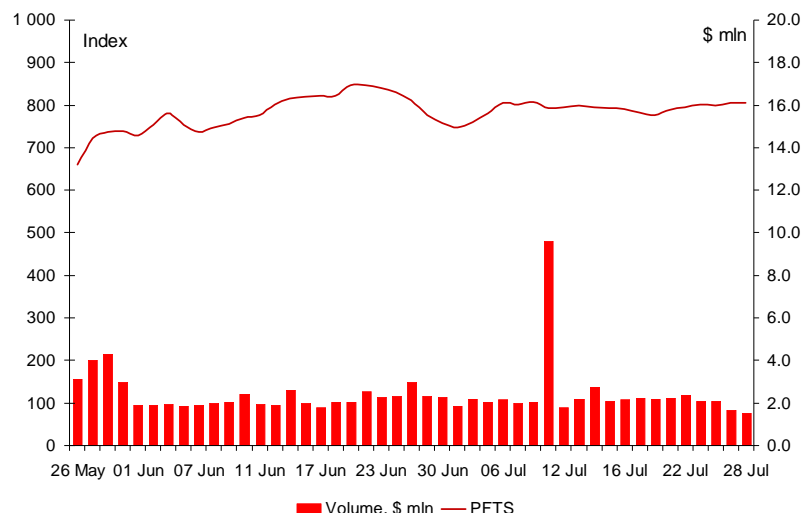
In our view, it remains unclear whether the developer's key shareholders, Nafta Moskva and founders Kirill Pisarev and Yuri Zhukov, would participate in the offering. According to Vedomosti, a representative of Mr. Kerimov advised yesterday that Nafta Moskva did not plan to participate in the SPO, without providing a reason. Even if Nafta Moskva does not take up its pre-emptive rights, it would still control around 36% of the developer's share capital after the SPO, should the maximum offering size be fully subscribed by other investors. Moreover, according to Vedomosti, the conflict between Nomos Bank and PIK founder Yuri Zhukov has yet to be resolved. Yesterday, the Moscow Arbitrage Court arrested Zhukov's 12.5% stake in PIK Group as security for Nomos Bank's claims. The article states an SPO may not be possible if this litigation is not settled.

The announcement of BoD approval of an SPO is in line with our view that PIK requires a capital increase to strengthen its balance sheet and provide financing to continue its housing development program. We believe investors already broadly expect an equity offering, and therefore qualify this news as NEUTRAL for PIK Group shares.

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## UKRAINIAN MARKET

### Ukrainian equity market



Source: Bloomberg, PFTS

### Market Comment

#### The IMF is back

In line with our expectations, the IMF has approved a \$15 bln, 29-month standby loan to Ukraine with an initial disbursement of \$1.9 bln, which will boost stock prices today. This decision opens the gateway for financing from other international organizations and the EU, which will support the hryvnia and the stock market. However, in the long term, the initial disbursement is equivalent to the bridge loan that VTB provided the Ukrainian government. This means that Ukraine will have to deliver not only on the gas price increase for households but also on the state budget, which will slow the economic recovery to nearly zero. Moreover, the duration of the loan is relatively short, which may make it difficult to service as early as 2012, when the redemptions of the first standby agreement mature. Overall, the IMF loan is short-term positive, medium-term neutral and long-term negative, which may limit market optimism today.

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### Oil & Gas

#### Ukrnafta posts record earnings for 1H10; cut-off date for 2008 dividends payout set for July 30; POSITIVE

Ukrnafta reported record earnings for 1H10 owing to the rebound in oil prices and modifications to the rules of the auctions of domestically extracted oil. The company's net sales jumped 168% to \$932 mln, and EBITDA and net profit turned positive, totaling \$261 mln and \$193 mln, respectively. The company's 2010E P/E of 5x, and EV/EBITDA of 3.8x suggests high upside potential. The 50% increase of gas prices for households will further boost the company's earnings in 2H10, promising even higher profitability than in 1H10. Also, according to new legislation, the company is now obligated to pay 30% of net profit as dividends, implying a dividend yield for 2010 of 6% or higher.

Also, Ukrnafta requested the list of shareholders for the 2008 dividend payout (UAH 26.54 per share), with the cut-off date planned for August 1, the last day dividends should be paid out as decided at the company's AGM on January 26. A company representative confirmed that Ukrnafta is accumulating funds for a dividend payout, which will be distributed to the shareholders on the list on Friday, July 30. We believe the cut-off date may have been chosen in order for the company to try and hold back paying out cash for as long as possible to ease pressure on working capital. The company may also try to breach minority shareholders' rights and hold back the dividend payout by claiming that it is unable to transfer the 2008 dividend, as there was no official request from interested shareholders.

We therefore do not rule out that the rights of minority shareholders will be breached in order to minimize dividend payments, especially as the list of shareholders will be compiled on Friday (July 30), leaving the weekend of July 31-August 1 to transfer the money. However, according to Ukrainian legislation, the settlements may be completed on August 2, as the payout day falls on a non-working day. Nevertheless, earnings multiples outweigh the risk that shareholders' rights will be breached, as the stock looks undervalued to its Russian peers, which are trading at 2010E P/E of 6.5x, and EV/EBITDA of 4.1x.

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**RUSSIAN MARKET TABLES**
**Figure 2: Most liquid stocks performance**

	Main ticker	Close	Change	YTD	100d Avg	MCap	Free-float estimate	Annual Free-float churn*	12 M TP	Upside	Rating	
		\$	%	%	Daily Volume \$ mln				\$ mln	%		\$ mln
Gazprom	OGZD LI	21.5	-1.6	-16	956.3	127 008	37	46 434	4.8	u/r	n/a	u/r
Rosneft	ROSN LI	6.7	-3.0	-22	263.1	64 207	15	9 887	6.2	8.5	27	O/W
LUKoil	LKOD LI	57.9	3.4	1	388.1	49 248	47	23 308	3.9	64.5	11	E/W
Surgutneftegaz	SGGD LI	9.9	-2.1	12	57.0	35 476	20	7 095	2.1	11.2	13	O/W
Novatek	NVTK LI	74	-2.9	13	31.9	22 590	47	10 617	0.8	u/r	n/a	u/r
Gazprom Neft	GAZ LI	20	-2.7	-27	10.3	18 956	4	815	2.8	27.5	38	O/W
Tatneft	ATAD LI	31	-0.7	6	29.2	11 220	21	2 356	3.4	30.6	-1	E/W
Transneft pref.	TRNFP RX	959	-1.5	23	63.8	8 139	75	1 118	13.7	u/r	n/a	u/r
Sberbank	SBERP03 RX	2.78	-0.7	1	934.4	60 079	40	23 851	10.4	4.21	51	O/W
VTB Group	VTBR LI	5.5	-0.2	16	228.9	28 714	14	4 152	14.8	5.71	4	E/W
Norilsk Nickel	MNOD LI	16.5	-1.9	15	356.4	28 773	40	11 509	7.6	21.6	31	E/W
Novolipetsk Steel	NLMK LI	31.3	-2.8	2	12.7	18 765	13	2 439	1.3	31.6	1	U/W
UC Rusal	486 HK	1.06	3.0	n/a	4.2	16 059	11	1 735	0.6	u/r	n/a	u/r
Severstal	SVST LI	12.3	-0.8	29	47.5	12 395	18	2 231	5.5	9.9	-20	U/W
Evrast Group	EVR LI	27.2	-2.0	-4	39.6	11 261	15	1 689	5.2	30.5	12	O/W
Mechel Steel Group	MTL US	21.8	-2.2	16	78.5	10 343	25	2 585	7.2	26	19	O/W
Polyus Gold	PLZL LI	24.7	-0.6	-11	49.4	9 480	33	3 128	4.0	38	54	O/W
MMK	MMK LI	10.6	1.0	-6	9.1	9 120	12	1 094	1.9	11.8	11	E/W
MTS	MBT US	22	0.0	13	79.3	22 016	46	10 127	1.8	27.2	23	O/W
VimpelCom Ltd	VIP US	16.3	-0.1	n/a	29.3	21 218	21	4 519	1.6	21	29	O/W
Sistema	SSAL LI	24.5	-2.2	17	11.9	11 826	19	2 247	1.3	u/r	n/a	u/r
Rostelecom	RTKM RX	3.72	0.5	-25	18.6	2 711	12	325	12.8	u/r	n/a	u/r
RusHydro	HYDR RX	0.051	-1.9	36	77.9	13 822	21	2 833	6.6	0.081	58	O/W
FGC	FEES RX	0.0111	-0.5	4	46.3	12 781	17	2 172	5.2	0.0158	43	O/W
Uralkali	URKA LI	20.7	2.3	-2	29.6	8 786	35	3 075	2.5	23.04	11	O/W

Source: RTS, MICEX, Bloomberg, Alfa Research;

\* Annual Free-float Churn = aggregate annualized trading volume / free-float (stock); the higher the number, the more actively the stock trades in relative terms

**Figure 3: Most liquid preferred stocks performance**

	Main ticker	Close	Change	YTD	100d Avg	Discount to	Free-float estimate	Annual Free-float churn*	12 M TP	Upside	Rating	
		\$	%	%	Daily Volume \$ mln	commons %			%	\$ mln		\$
Sberbank	SBERP03 RX	1.9	-1.8	-17	273.1	-32	100	1 904	33.8	3.79	99	O/W
Rostelecom	RTKMP RX	2.34	-1.2	10	46.6	-37	100	569	18.8	u/r	n/a	u/r
Surgutneftegaz	SNGSP RX	0.45	-2.9	-7	50.8	-55	70	2 426	4.8	0.7	56	E/W
Tatneft	TATNP3 RX	2.38	-1.3	-7	1.4	-54	41	144	2.1	2.88	21	U/W
Volga telecom	VTLP RX	2.72	-0.1	24	0.9	-14	100	223	1	u/r	n/a	u/r
South Telecom	UTLP RX	0.129	-1.2	24	0.5	-12	100	125	0.9	u/r	n/a	u/r
Sibir Telecom	STKMP RX	0.053	0.4	40	0.7	-13	100	206	0.8	u/r	n/a	u/r
North-West Telecom	SPTLP RX	0.59	-1.1	11	0.5	-15	100	147	0.7	u/r	n/a	u/r
Uralsvyazinform	URSIP RX	0.029	-0.7	40	0.6	-13	100	227	0.6	u/r	n/a	u/r

Source: RTS, MICEX, Bloomberg, Alfa Research;

\* Annual Free-float Churn = aggregate annualized trading volume / free-float (stock); the higher the number, the more actively the stock trades in relative terms

**Figure 4: Local share price performance**

	Main ticker	Close	Change	YTD	100d Avg	MCap	Free-float	Annual	12 M TP	Upside	Rating	
		\$	%	%	Daily Volume		estimate	Free-float churn*				
					\$ mln	\$ mln	%	\$ mln	\$	%		
TNK-BP	TNBP RU	1.98	-0.5	14	1.2	31 297	3	1 032.8	0.1	u/r	n/a	u/r
Bashneft	BANE RU	35	n/t	35	0.1	5 956	10	607.5	0.1	u/r	n/a	u/r
Salavatnefteorgsintez	SNOZ RU	100	n/t	43	0	1 855	25	463.8	0	u/r	n/a	u/r
Megionneftegaz	MFGS RX	17.7	-0.4	16	0.1	1 760	6	105.6	0.1	u/r	n/a	u/r
Ufaneftekhim	UFNC RU	4.85	7.8	66	1.6	1 335	25	333.8	1	u/r	n/a	u/r
Nizhnekamskneftekhim	NKNC RX	0.466	-0.1	-1	0.6	751	11	82.6	1.8	u/r	n/a	u/r
Ufa Refinery	UNPZ RU	1.35	n/t	35	0	736	15	110.4	0.1	u/r	n/a	u/r
Novoil	NUNZ RU	0.85	n/t	-6	0	675	5	31.1	0.1	u/r	n/a	u/r
Yaroslavlnefteorgsintez	JNOS RX	0.52	-2.9	115	0	489	10	48.9	0.1	u/r	n/a	u/r
KazanOrgsintez	KZOS RU	0.185	n/t	4	0	330	13	42.9	0.1	u/r	n/a	u/r
Bank of Moscow	MIMB RX	32.7	0.6	21	0	4 496	22	989.2	0	u/r	n/a	u/r
Rosbank	ROSB RX	3.74	-0.7	3	0.3	2 795	3	75.5	1.1	u/r	n/a	u/r
IngosStrakh	INGS RU	0.81	n/t	54	0	2 025	5	101.3	0	u/r	n/a	u/r
Bank St.-Petersburg	BSPB RX	3.07	-0.2	10	0.9	866	24	211.7	0.9	5.15	68	O/W
Vozrozhdenie	VZRZ RX	33.5	-0.2	-15	0.5	796	34	270.6	0.4	41.77	25	E/W
Uralsib	USBN RU	0.0038	n/t	-31	0	776	4	31.0	0	u/r	n/a	u/r
Polymetal	PMTL RX	13.2	-1.6	41	2.5	4 795	25	1 198.6	0.6	13.17	0	E/W
TMK	TRMK RX	4.2	-0.2	-2	6.9	3 681	23	846.7	1.8	4.75	13	E/W
Raspadskaya Mine	RASP RX	3.9	0.2	-20	5.7	3 046	18	548.3	1.8	6.3	61	E/W
Vyksa Pipes	VSMZ RX	1379	-2.6	24	0.1	2 369	5	118.4	0.1	u/r	n/a	u/r
Kuzbassrazrezugol	KZRU RU	0.36	n/t	-5	0.1	2 201	6	132.1	0.1	0.52	44	E/W
Southern Kuzbass Coal	UKUZ RX	41	-1.4	16	0.2	1 483	7	103.8	0.4	u/r	n/a	u/r
VSMPO	VSMO RX	98	-1.6	39	0.8	1 125	31	348.8	0.5	98	0	U/W
Belon	BELO RX	0.91	1.4	44	1.3	1 041	17	176.9	1.7	1.09	20	U/W
Chelyabinsk Pipes	CHEP RU	1.68	n/t	-19	0	791	15	118.7	0	u/r	n/a	u/r
SibirCement	SCEM RU	17.5	n/t	-10	0.2	531	5	26.6	1.6	u/r	n/a	u/r
PGHO	PGHO RU	215	n/t	-7	0	376	15	56.4	0	u/r	n/a	u/r
Chelyabinsk Zinc	CHZN RX	3.5	-0.1	1	0.2	192	48	92.3	0.5	u/r	n/a	u/r
Vorkutaugol	VOUG RU	50	n/t	0	n/a	123	7	8.6	0	u/r	n/a	u/r
Comstar-UTS	CMST RX	6.4	-0.4	16	5.4	2 692	34	925.9	1.5	6.67	4	E/W
Center Telecom	CTLK RX	0.73	-0.2	19	0.7	1 147	24	275.3	0.9	u/r	n/a	u/r
Uralsvyazinform	URSI RX	0.0334	-1.2	28	24.8	1 079	25	269.7	22.5	u/r	n/a	u/r
MGTS	MGTS RX	12.2	0.0	-12	0	978	5	48.9	0	u/r	n/a	u/r
Volga telecom	VTCL RX	3.16	-0.7	7	1.8	776	32	248.4	1.8	u/r	n/a	u/r
Sibir Telecom	STKM RX	0.06	-0.6	24	2.5	726	30	217.8	2.7	u/r	n/a	u/r
North-West Telecom	SPTL RX	0.69	-1.6	-2	1.1	608	25	151.9	1.6	u/r	n/a	u/r
South Telecom	UTEL RX	0.146	-0.6	12	1	431	33	142.3	1.8	u/r	n/a	u/r
Dalsvyaz	DLSV RX	3.02	-0.5	-2	0.4	289	30	86.7	1	u/r	n/a	u/r
Sitronics	SITR RX	0.0225	n/t	-33	0	172	17	29.2	0.2	u/r	n/a	u/r
RBC	RBCI RU	1.1	-1.4	-21	2.7	154	30	46.2	11.7	u/r	n/a	u/r
MRSK Holding	MRKH RX	0.13	-0.3	18	8.5	5 335	25	1 333.7	1.5	0.184	42	O/W
OGK-4	OGK4 RX	0.078	-2.1	45	3.6	4 941	5	237.2	3.9	0.113	44	O/W
Mosenergo	MSNG RX	0.102	-0.2	-7	2.7	4 052	6	223.3	2.7	0.2	96	O/W
Inter RAO	IUES RX	0.00135	-0.7	-16	14.7	3 070	20	614.0	4.7	0.00196	45	E/W
Enel OGK-5	OGKE RX	0.083	0.9	17	1	2 952	6	188.9	1.1	0.119	43	O/W
Irkutskenergo	IRGZ RX	0.57	1.8	29	0.4	2 728	13	341.0	0.3	u/r	n/a	u/r
OGK-3	OGKC RX	0.056	-1.4	14	2.9	2 652	9	241.1	2.8	0.086	54	E/W
TGK-1	TGKA RX	0.0006	-0.9	10	2.7	2 320	8	187.9	3	0.00066	10	E/W
MOESK	MRSR RX	0.045	-1.1	26	2	2 190	10	219.0	2	0.075	67	O/W
TGK-7 (Volzhskaya TGK)	VTGK RX	0.063	-1.2	39	0.4	1 891	22	416.1	0.3	u/r	n/a	u/r
OGK-2	OGK2 RX	0.052	-0.6	69	4.9	1 688	19	319.5	3.6	0.078	51	O/W
OGK-1	OGK1 RX	0.036	-1.1	47	5.5	1 608	30	482.3	2.5	0.057	58	O/W
Bashkirenergo	BEGY RX	1.46	0.4	32	0.1	1 522	16	243.6	0.1	u/r	n/a	u/r
MRSK Center	MRKC RX	0.0344	-0.4	29	2	1 452	30	435.6	0.7	0.069	101	O/W
OGK-6	OGK6 RX	0.0363	-1.2	46	6.1	1 171	5	63.5	20.9	0.047	30	E/W
TGK-10	TGKJ RX	1.31	-0.1	7	0.1	1 156	7	79.0	0.2	u/r	n/a	u/r
TGK-9	TGKI RX	0.000146	0.2	42	0.4	1 140	16	185.9	0.5	u/r	n/a	u/r
MRSK Siberia	MRSK RX	0.0091	0.2	11	1.5	809	11	89.0	0.4	0.013	44	E/W
TGK-4	TGKD RX	0.00042	-0.6	15	0.2	803	18	142.2	0.4	u/r	n/a	u/r
Kuzbassenergo	KZBN RX	0.0112	0.0	28	0.3	794	20	162.7	0.4	u/r	n/a	u/r
MRSK Center-Volga	MRKP RX	0.0066	-0.8	9	0.4	744	29	215.7	0.4	0.015	127	O/W
TGK-6	TGKF RX	0.000397	1.0	22	0.3	739	8	59.1	1	u/r	n/a	u/r
MRSK Urals	MRKU RX	0.008	0.1	-7	0.9	696	22	153.1	1.2	0.02	151	O/W
Lenenergo	LSNG RX	0.73	0.0	-12	0	680	20	135.9	0.1	0.91	24	E/W
MRSK Northwest	MRKZ RX	0.0068	-1.9	-12	0.1	649	35	227.3	0.1	0.0043	-37	U/W
RAO ES of Far East	VRAO RX	0.0143	-1.4	16	0.5	588	33	194.1	0.5	u/r	n/a	u/r
MRSK Volga	MRKV RX	0.0032	-0.3	-26	0.4	573	31	177.7	0.4	0.005	56	O/W
Yeniseyskaya TGK	TGK13 RX	0.00353	-0.6	20	0.2	562	11	64.0	0.9	u/r	n/a	u/r
TGK-5	TGKE RX	0.000442	4.1	13	0.3	544	24	128.5	0.6	u/r	n/a	u/r
Kubanenergo	KUBE RX	5.7	0.6	31	n/a	443	8	35.4	n/a	6.1	7	E/W
Novosibirskenergo	NVNG RX	29.8	0.0	5	0	402	5	21.8	0.1	u/r	n/a	u/r
TGK-2	TGKB RX	0.00026	1.5	20	1.4	381	19	74.0	3.4	u/r	n/a	u/r
TGK-11	TGKK RX	0.00055	0.8	-5	0.1	282	38	107.0	0.2	0.00086	57	O/W
MRSK South	MRKA RX	0.0051	0.8	-15	0.6	254	19	48.3	2.5	0.008	57	O/W

	Main ticker	Close	Change	YTD	100d Avg Daily Volume	MCap	Free-float estimate		Annual Free-float churn*	12 M TP	Upside	Rating
		\$	%	%	\$ mln	\$ mln	%	\$ mln	x	\$	%	
TGK-14	TGKN RX	0.000126	0.2	9	0.3	171	23	38.7	1.3			u/r
MRSK North Caucasus	MRKK RX	4.53	-1.4	2	0.5	134	30	40.2	2.3	11.2	147	O/W
Tomsk DisCo	TORS RX	0.0162	-1.5	49	n/a	62	20	12.4	n/a	0.024	48	O/W
Magnit	MGNT RX	99	-0.6	38	16	9 440	47	4436.9	1.1	102	3	O/W
Baltika	PKBA RX	29.6	-0.5	5	0.1	4 493	5	224.6	0.1	u/r	n/a	u/r
Pharmstandard	PHST RX	78	0.0	24	3.7	3 692	43	1 587.4	0.7	u/r	n/a	u/r
Wimm-Bill-Dann	WBDF RX	48	-1.6	6	7.2	3 562	34	1 211.2	1.5	u/r	n/a	U/W
Protek	PRTK RX	3.84	0.0	n/a	0.5	1 804	20	364.4	0.4	u/r	n/a	u/r
M-Video	MVID RX	6.5	-0.6	69	0.6	1 172	29	340.0	0.5	u/r	n/a	u/r
Cherkizovo	GCHE RX	22.9	0.3	56	0.8	1 055	32	337.6	0.6	u/r	n/a	u/r
Dixy	DIXY RX	9.9	0.8	35	0.3	849	39	331.0	0.3	10.5	6	O/W
Seventh Continent	SCOH RX	8.5	-2.4	12	0.1	639	5	32.0	0.7	n/r	n/a	n/r
Synergy	SYNG RX	36.4	-0.1	38	0.3	521	19	99.0	0.9	u/r	n/a	u/r
Veropharm	VFRM RX	33.7	-0.8	18	0.3	337	47	158.5	0.5	u/r	n/a	u/r
36.6	APTK RX	2.63	2.2	-63	2	250	5	12.5	24.6	u/r	n/a	u/r
Razgulyay Group	GRAZ RX	1.44	-0.9	-9	0.8	228	53	121.8	1.2	1.61	11	E/W
Rosinter	ROST RX	15.7	-1.9	95	0.2	189	26	49.2	1.1	u/r	n/a	u/r
Kalina	KLNA RX	19.3	-0.1	21	0.1	188	74	139.4	0.2	u/r	n/a	u/r
Nutritek	NTRI RX	1.01	-1.4	-70	0.1	16	27	4.3	2.4	u/r	n/a	u/r
LSR Group	LSRG RX	28	0.2	46	3.3	4 060	11	446.6	2	u/r	n/a	u/r
PIK Group	PIKK RX	3.7	3.8	-10	5.3	1 815	16	290.4	3.7	u/r	n/a	u/r
Open Investments	OPIN RX	28.4	0.7	-30	0.1	434	25	108.6	0.1	u/r	n/a	u/r
Sistema Hals	HALS RX	27	-2.4	-5	0.5	314	22	69.1	1.7	u/r	n/a	u/r
Silvinit	SILV RX	618	2.7	-21	0.3	4 836	15	725.4	0.1	703	14	O/W
Apatit	APAT RU	325	n/t	13	0	2 027	5	101.4	0.1	u/r	n/a	u/r
Acron	AKRN RX	26.6	-0.8	-7	1.3	1 188	17	201.9	1.3	36.07	36	O/W
Dorogobuzh	DGBZ RX	0.485	-1.4	-9	n/a	350	11	38.5	n/a	0.8	65	O/W
NCSP	NMTP RX	0.152	-0.7	-6	1.7	2 894	30	868.2	0.4	u/r	n/a	u/r
Aeroflot	AFLT RX	1.98	-1.5	13	2.7	2 199	5	109.9	5.9	u/r	n/a	u/r
FESCO	FESH RX	0.434	-0.1	22	0.4	1 282	12	153.9	0.7	u/r	n/a	u/r
UTair	UTAR RX	0.37	-0.8	7	0	214	5	10.7	0.9	u/r	n/a	u/r
S7	AVSI RU	1000	n/t	27	n/a	102	5	5.1	0	u/r	n/a	u/r
Power Machines	SILM RX	0.242	-0.4	20	0.3	2 108	5	105.4	0.6	0.301	24	O/W
KamAZ	KMAZ RX	2.2	0.3	3	0.2	1 561	15	234.1	0.2	u/r	n/a	u/r
AvtoVAZ	AVAZ RX	0.463	1.4	-6	0.3	643	20	128.7	0.6	u/r	n/a	u/r
Sollers	SVAV RX	14.7	-1.4	4	0.9	505	37	187.0	1	u/r	n/a	u/r
GAZ	GAZA RU	27	n/t	17	0.1	500	20	100.0	0.1	u/r	n/a	u/r
OMZ	OMZZ RX	2.27	-0.8	15	0	81	10	8.1	0.8	u/r	n/a	u/r

Source: RTS, MICEX, Bloomberg, Alfa Research;

\* Annual Free-float Churn = aggregate annualized trading volume / free-float (stock); the higher the number, the more actively the stock trades in relative terms

**Figure 5: ADR/GDR performance**

	Ratio	Europe				United States				MCP \$ min	12 M TP \$	Upside %	Rating
		Close \$	Change %	Volume \$/1000	YTD %	Close \$	Change %	Volume \$/1000	YTD %				
Gazprom	4 in 1	21.5	-1.6	234 159	-16	21.4	-1.7	7 571	-15	127 008	u/r	n/a	u/r
LUKoil	1 in 1	57.9	3.4	408 507	1	58.1	3.9	40 999	3	49 248	64.5	11	E/W
Gazprom Neft	5 in 1	20.0	-2.7	1 204	-27	20.0	-3.3	43	-27	18 956	27.5	38	O/W
Rosneft	1 in 1	6.7	-3.0	144 281	-22	n/t	n/t	n/a	n/a	64 207	8.5	27	O/W
Surgutneftegaz	10 in 1	9.9	-2.1	10 221	12	9.9	-1.5	85	11	35 476	11.2	13	O/W
Tatneft	6 in 1	30.9	-0.7	7 010	6	n/t	n/t	n/a	n/a	11 220	30.6	-1	E/W
Novatek	10 in 1	74.4	-2.9	53 649	13	n/t	n/t	n/a	n/a	22 590	u/r	n/a	u/r
Alliance Oil	1 in 1	13.0	0.4	3 806	-7	n/t	n/t	n/a	n/a	2 230	u/r	n/a	u/r
KazMunaiGaz	1 in 6	20.4	-0.6	34 968	-18	n/t	n/t	n/a	n/a	8 587	28.2	38	O/W
Dragon Oil	-	6.7	-1.9	911	10	n/t	n/t	n/a	n/a	3 430	8.3	24	O/W
Integra	1 in 20	2.2	-6.5	101	-28	n/t	n/t	n/a	n/a	404	4.18	94	E/W
Eurasia Drilling	1 in 1	20.1	0.5	628	25	n/t	n/t	n/a	n/a	2 750	24.4	21	O/W
C.A.T. Oil	-	9.1	-1.8	409	0	n/t	n/t	n/a	n/a	444	11.6	27	O/W
RusHydro	100 in 1	5.17	-2.3	6 561	35	n/t	n/t	n/a	n/a	13 943	8.1	57	O/W
Mosenergo	100 in 1	10.0	0.0	n/a	-8	10.5	9.4	3	0	3 975	20.0	100	O/W
Irkutskenergo	50 in 1	27.3	1.2	28	40	29.0	9.4	76	43	2 602	u/r	n/a	u/r
OGK-2	100 in 1	4.9	-4.7	24	63	n/t	n/t	n/a	n/a	1 604	7.8	59	E/W
MTS	2 in 1	n/t	n/t	n/a	n/a	22.1	0.0	44 060	13	22 016	27.2	23	O/W
VimpelCom Ltd	-	16.1	-0.1	3	n/a	16.3	-0.1	27 075	n/a	21 218	21.0	29	O/W
Comstar UTS	1 in 1	6.4	0.6	1 462	17	n/t	n/t	n/a	n/a	2 692	6.67	4	E/W
Sitronics	50 in 1	0.9	-5.3	9	-42	n/t	n/t	n/a	n/a	172	n/r	n/a	n/r
Sistema	1 in 50	24.5	-2.2	4 366	17	n/t	n/t	n/a	n/a	11 826	u/r	n/a	u/r
Rostelecom	6 in 1	22.1	-0.2	205	-21	22.0	0.6	64	-19	2 674	u/r	n/a	u/r
MGTS	1 in 1	11.7	0.0	n/a	29	n/t	n/t	n/a	n/a	934	u/r	n/a	u/r
Center Telecom	25 in 1	18.7	0.0	n/a	41	n/t	n/t	n/a	n/a	1 178	u/r	n/a	u/r
NW Telecom	10 in 1	6.8	-0.4	n/a	18	6.5	0.0	n/a	144	595	u/r	n/a	u/r
South Telecom	50 in 1	7.0	-3.6	n/a	20	n/t	n/t	n/a	n/a	416	u/r	n/a	u/r
Volga Telecom	2 in 1	6.2	0.0	n/a	5	5.8	0.0	1	-5	713	u/r	n/a	u/r
Siberia Telecom	200 in 1	11.8	-1.1	n/a	23	11.3	0.0	n/a	13	710	u/r	n/a	u/r
Uralsvyazinform	200 in 1	6.5	0.0	139	33	n/t	n/t	n/a	n/a	1 044	u/r	n/a	u/r
Far East Telecom	5 in 1	15.5	0.0	n/a	21	n/t	n/t	n/a	n/a	295	u/r	n/a	u/r
CTC Media	1 in 1	n/t	n/t	n/a	n/a	17.9	-0.2	6 845	21	2 790	u/r	n/a	u/r
Norilsk Nickel	1 in 10	16.5	-1.9	46 660	15	16.4	-2.1	561	14	28 773	21.6	31	E/W
UC Rusal	20 in 1	20.8	-0.1	166	n/a	n/t	n/t	n/a	n/a	15 798	n/r	n/a	n/r
NLMK	10 in 1	31.3	-2.8	5 832	2	n/t	n/t	n/a	n/a	18 765	31.6	1	U/W
Severstal	1 in 1	12.3	-0.8	17 725	29	n/t	n/t	n/a	n/a	12 395	9.9	-20	U/W
MMK	13 in 1	10.6	1.0	4 402	-6	n/t	n/t	n/a	n/a	9 120	11.8	11	E/W
Polymetal	1 in 1	13.4	-1.5	2 069	46	n/t	n/t	n/a	n/a	4 795	13.17	-2	E/W
TMK	4 in 1	16.6	-1.2	3 309	-7	n/t	n/t	n/a	n/a	3 681	19.00	14	E/W
Polyus	1 in 2	24.7	-0.6	2 100	-11	24.7	1.0	32	-11	9 480	38.00	54	O/W
Highland Gold Mining	-	2.0	-2.8	157	42	n/t	n/t	n/a	n/a	651	2.92	46	O/W
Petropavlovsk	-	16.2	-2.5	18 058	1	n/t	n/t	n/a	n/a	2 776	21.31	31	E/W
Trans-Siberian Gold	-	0.4	0.0	n/a	-27	n/t	n/t	n/a	n/a	35	n/r	n/a	n/r
Mechel	1 in 1	n/t	n/t	n/a	n/a	21.8	-2.2	60 547	16	10 343	26.0	19	O/W
Evraz	1 in 3	27.2	-2.0	24 404	-4	n/t	n/t	n/a	n/a	11 261	30.5	12	O/W
Chelyabinsk Zinc	1 in 1	3.6	0.0	10	6	n/t	n/t	n/a	n/a	192	u/r	n/a	u/r
ENRC	-	14.2	-0.8	19 212	0	n/t	n/t	n/a	n/a	18 309	22.2	56	E/W
Kazakhmys	-	18.7	-1.6	46 104	-10	n/t	n/t	n/a	n/a	9 999	18.1	-3	U/W
Ferrexpo	-	4.5	-2.6	1 790	44	n/t	n/t	n/a	n/a	2 735	6.4	43	O/W
Uralkali	5 in 1	20.7	2.3	30 490	-2	n/t	n/t	n/a	n/a	8 786	23.04	11	O/W
Globaltrans	1 in 1	14.5	1.0	3 008	46	n/t	n/t	n/a	n/a	2 285	17.89	24	O/W
NCSP	75 in 1	11.3	-0.7	1 492	-2	n/t	n/t	n/a	n/a	2 894	u/r	n/a	u/r
PIK Group	1 in 1	3.7	4.2	6 164	-11	n/t	n/t	n/a	n/a	1 815	u/r	n/a	u/r
AFI Development	1 in 1	0.8	0.0	3 628	-13	n/t	n/t	n/a	n/a	435	u/r	n/a	u/r
Sistema-Hals	1 in 20	1.4	1.4	5	-3	n/t	n/t	n/a	n/a	314	u/r	n/a	u/r
LSR Group	1 in 5	8.7	4.6	131	-5	n/t	n/t	n/a	n/a	4 060	u/r	n/a	u/r
RGI International	-	2.0	-2.4	5	27	n/t	n/t	n/a	n/a	255	u/r	n/a	u/r
MirLand	-	2.9	0.3	n/a	14	n/t	n/t	n/a	n/a	284	u/r	n/a	u/r
Wimm-Bill-Dann	1 in 4	n/t	n/t	n/a	n/a	20.2	-0.6	4 303	-15	3 562	16.5	-18	U/W
X5 Retail Group	1 in 4	36.7	-1.5	18 869	15	n/t	n/t	n/a	n/a	9 953	37.0	1	E/W
Magnit	1 in 5	21.2	-1.1	4 260	34	n/t	n/t	n/a	n/a	9 440	20.4	-4	E/W
Efes Breweries	5 in 1	17.0	0.0	n/a	48	n/t	n/t	n/a	n/a	719	n/r	n/a	n/r
Cherkizovo Group	1 in 150	16.3	2.1	16	56	n/t	n/t	n/a	n/a	1 055	u/r	n/a	u/r
Black Earth Farming	1 in 1	3.2	0.0	387	0	n/t	n/t	n/a	n/a	391	u/r	n/a	u/r
Pharmstandard	4 in 1	24.4	-2.7	3 432	19	n/t	n/t	n/a	n/a	3 692	u/r	n/a	u/r
VTB	2000 in 1	5.5	-0.2	24 751	16	n/t	n/t	n/a	n/a	28 714	5.71	4	E/W

Source: Bloomberg, Alfa Research; Notes: N/T – not traded, price reflects previous day

**Figure 6: RTS Index futures performance**

	Close \$	Change %	Maturity
VEU0	147 415	0.04	Sep 10
VEZ0	147 100	-0.05	Dec 10

Source: Bloomberg

**Figure 7: Equity futures performance**

	Close \$	Change %	Volume \$/1000	Delivery
GAZP-09.10	538	0.32	3 375.70	15.09.2010
LKOH-09.10	581	0.16	3 226.26	15.09.2010
SBER-09.10	192	0.02	36.55	15.09.2010

Source: Bloomberg

**Figure 8: Major macroeconomic parameters**

	Unit	Current	YTD, %
Hard currency reserves	\$ bln	460.8	5.0
Monetary base (M0)	R bln	6 859.0	6.1
R/\$ exchange rate	R/\$	30.2066	0.1
Inflation, M-o-M	%	0.4	4.4

Source: Reuters

**Figure 9: Major commodity prices**

Oil, \$/barrel (IPE CIF Prices)	Close	Previous close	Change	Change 3 months	Metals	Close	Previous close	Change	Change 3 months
	\$	\$	%	%		\$	\$	%	%
Brent, spot	75.62	75.08	0.7	-11.2	Gold, \$/oz	1 166.1	1 163.6	0.2	-0.1
1-month	76.06	76.13	-0.1	-12.5	Platinum, \$/oz	1 548	1 539	0.5	-10.6
3-month	77.13	77.21	-0.1	-13.0	Palladium, \$/oz	471.5	469.5	0.4	-14.5
Urals	74.18	74.17	0.0	-11.0	Nickel, \$/ton*	20 405	20 545	-0.7	-20.4
WTI	76.99	77.50	-0.7	-7.5	Copper, \$/ton*	7 170	7 059	1.6	-3.1
REBCO	74.41	74.48	-0.1	-12.0	Zinc, \$/ton	1 927	1 881	2.4	-16.1

Source: Bloomberg, NYMEX; Note: N/A – not available; \* - 3 months forward

**Figure 10: Russian debt market**

	Maturity	Next coupon payment	Coupon rate	Closing price	Change price	YTM	Current yield	Duration	Spread over RFR	Issue volume	Currency
			%	%	%	%	%	Years	bpts	mln	
<b>Sovereigns</b>											
Russia-18	07/24/18	01/24/11	11.0	140.6	0.04	4.8	7.8	5.9	242.2	3 466	USD
Russia-28	06/24/28	12/24/10	12.8	173.4	-0.16	6.0	7.4	9.6	302.1	2 500	USD
Russia-30	03/31/30	09/30/10	7.5	116.2	0.28	4.8	6.5	5.9	180.7	1 952	USD
<b>MinFins</b>											
MinFin-11	05/14/11	05/14/11	3.0	100.7	0.00	2.1	3.0	0.8	151.4	1 750	USD

Source: Reuters; Note: N/A – not applicable

**Figure 11: Comparative valuation table**

ticker	Recc	TP \$	MCap \$ mln	EV \$ mln	EV/ 2010F	EBITDA 2011F	P/E 2010F	2011F	EBITDA margin 2010F	2011F	EV/ Sales 2010F	2011F	EV/ Rsvs	EV/ Prdtn	
<b>Oil &amp; Gas</b>															
Gazprom	OGZD LI		127 008	181 718	4.1	3.7	4.5	4.2	39.5%	38.5%	1.6	1.4	0.8	50	
Novatek	NVTK LI		22 590	24 132	12.5	10.5	17.3	13.8	47.8%	41.8%	6.0	4.4	4.9	111	
<b>Russia gas wght avg</b>					<b>5.4</b>	<b>4.8</b>	<b>6.4</b>	<b>5.6</b>	<b>40.7%</b>	<b>39.0%</b>	<b>2.3</b>	<b>1.9</b>	<b>1.4</b>	<b>59</b>	
Rosneft*	ROSN LI	O/W	8.5	64 207	83 189	4.6	4.8	6.8	7.9	29.6%	29.7%	1.4	1.4	3.8	111
Lukoil*	LKOD LI	E/W	64.5	49 248	58 222	3.9	4.5	6.5	8.7	15.3%	13.4%	0.6	0.6	2.9	72
Surgunneftegaz*	SGGD LI	O/W	11.2	35 476	23 954	3.5	3.5	7.5	10.9	39.6%	40.4%	1.4	1.4	2.6	41
TNK-BP	TNBP RU			29 619	31 535	3.3	3.2	4.8	4.6	24.6%	24.3%	0.8	0.8	4.6	56
Gazprom Neft*	GAZ LI	O/W	27.5	18 956	24 353	4.1	4.7	5.8	7.3	19.8%	19.0%	0.8	0.9	3.0	61
Tatneft*	TATN RX	E/W	5.1	10 426	11 512	4.2	4.4	5.8	6.3	20.2%	19.7%	0.8	0.9	1.8	56
Alliance Oil	AOIL SS			2 233	2 582	5.6	4.2	8.6	6.1	22.9%	25.8%	1.3	1.1	8.3	125
<b>Russia oil wght avg</b>					<b>4.0</b>	<b>4.2</b>	<b>6.5</b>	<b>8.0</b>	<b>25.8%</b>	<b>25.4%</b>	<b>1.0</b>	<b>1.1</b>	<b>3.4</b>	<b>75</b>	
<b>EM o&amp;g wght avg</b>					<b>6.4</b>	<b>5.8</b>	<b>12.0</b>	<b>10.6</b>	<b>28.1%</b>	<b>29.0%</b>	<b>1.8</b>	<b>1.7</b>	<b>17.4</b>	<b>278</b>	
<b>DM o&amp;g wght avg</b>					<b>4.7</b>	<b>3.9</b>	<b>11.2</b>	<b>9.8</b>	<b>27.5%</b>	<b>28.3%</b>	<b>1.4</b>	<b>1.2</b>	<b>14.5</b>	<b>191</b>	
KazMunaiGaz*	KMG LI	O/W	28.2	8 587	5 188	2.9	3.1	6.2	8.1	41.4%	37.0%	1.3	1.2	6.0	60
<b>OFS</b>															
Integra*	INTE LI	E/W	4.18	404	580	4.0	3.6	44.8	14.9	15.0%	14.7%	0.6	0.5		
Eurasia Drilling Company*	EDCL LI	O/W	24.4	2 750	2 498	6.0	5.0	12.4	10.9	23.1%	23.4%	1.4	1.2		
C.A.T. Oil*	O2C GR	O/W	€ 8.9	€ 342	€ 321	3.8	3.4	8.0	9.3	28.0%	26.0%	1.1	0.9		
<b>Russia ofs wght avg</b>					<b>5.6</b>	<b>4.7</b>	<b>15.7</b>	<b>11.2</b>	<b>22.6%</b>	<b>22.7%</b>	<b>1.3</b>	<b>1.1</b>			
<b>Intl ofs wght avg</b>					<b>8.7</b>	<b>6.7</b>	<b>19.3</b>	<b>13.4</b>	<b>26.9%</b>	<b>28.1%</b>	<b>2.2</b>	<b>1.8</b>			
<b>Banking</b>															
Sberbank*	SBER RX	O/W	4.21	60 079	-	1.8	1.4	8.9	6.4	-	-	-	-		
VTB*	VTBR LI	E/W	5.71	28 714	-	1.6	1.4	16.9	13.6	-	-	-	-		
<b>Russia banking wght avg</b>					<b>1.7</b>	<b>1.4</b>	<b>11.7</b>	<b>8.7</b>							
<b>EM banking wght avg</b>					<b>1.9</b>	<b>1.7</b>	<b>11.8</b>	<b>9.9</b>							
<b>Steel</b>															
EvrAZ*	EVR LI	O/W	30.5	11 261	18 509	7.4	5.1	40.6	11.0	16.7%	18.8%	1.2	1.0		
NLMK*	NLMK LI	U/W	31.6	18 765	20 013	9.5	6.8	16.2	10.5	27.8%	31.0%	2.6	2.1		
Severstal*	SVST LI	U/W	9.9	12 395	16 667	7.1	5.7	nm	11.3	14.3%	12.5%	1.0	0.7		
Mechel*	MTL US	O/W	26	10 343	15 925	8.6	5.9	17.2	9.2	21.5%	25.5%	1.8	1.5		
MMK*	MMK LI	E/W	11.8	9 120	11 029	8.2	5.4	27.8	11.4	17.2%	20.1%	1.4	1.1		
<b>Russia steel wght avg</b>					<b>8.3</b>	<b>5.9</b>	<b>24.1</b>	<b>10.7</b>	<b>20.5%</b>	<b>22.5%</b>	<b>1.7</b>	<b>1.4</b>			
<b>EM steel wght avg</b>					<b>7.3</b>	<b>5.7</b>	<b>12.2</b>	<b>9.5</b>	<b>22.6%</b>	<b>23.9%</b>	<b>1.6</b>	<b>1.4</b>			
<b>DM steel wght avg</b>					<b>9.0</b>	<b>5.4</b>	<b>29.4</b>	<b>10.7</b>	<b>10.3%</b>	<b>13.6%</b>	<b>0.9</b>	<b>0.7</b>			
<b>Base Metals</b>															
Norilsk Nickel*	MNOD LI	E/W	21.6	28 773	29 770	4.0	4.0	6.0	6.6	51.2%	48.4%	2.0	1.9		
UC RUSAL	486 HK			16 059	30 159	11.0	8.4	10.8	7.5	22.3%	24.1%	2.5	2.0		
ENRC*	ENRC LN	E/W	1420p	18 323	17 921	5.3	4.2	8.3	7.0	50.1%	50.3%	2.6	2.1		
Kazakhmys*	KAZ LN	U/W	1160p	10 007	10 996	9.0	9.1	9.0	8.3	28.0%	26.0%	2.5	2.4		
<b>Intl Base metals wght avg</b>					<b>6.1</b>	<b>4.7</b>	<b>12.2</b>	<b>9.6</b>	<b>47.2%</b>	<b>48.7%</b>	<b>2.8</b>	<b>2.2</b>			
<b>Intl PGM wght avg</b>					<b>12.9</b>	<b>8.1</b>	<b>26.4</b>	<b>15.4</b>	<b>28.3%</b>	<b>34.5%</b>	<b>3.7</b>	<b>2.8</b>			
<b>Intl Aluminium wght avg</b>					<b>11.1</b>	<b>8.3</b>	<b>33.5</b>	<b>17.8</b>	<b>14.3%</b>	<b>16.8%</b>	<b>1.6</b>	<b>1.4</b>			
<b>Intl Diversified wght avg</b>					<b>6.6</b>	<b>4.6</b>	<b>11.4</b>	<b>7.8</b>	<b>47.3%</b>	<b>52.7%</b>	<b>3.2</b>	<b>2.5</b>			
<b>Gold &amp; Silver</b>															
Polyus Gold*	PLZL LI	O/W	38	9 480	9 250	9.0	6.7	14.6	11.2	56.5%	56.9%	5.1	3.8	\$/oz	\$/oz
Polymetal*	PMTL LI	E/W	13.17	4 795	5 207	11.1	8.8	16.5	13.7	50.4%	52.3%	5.6	4.6	513.0	9439.0
Petropavlovsk*	POG LN	E/W	1364p	2 775	2 795	6.2	5.9	8.1	7.6	60.0%	55.7%	3.7	3.3	768.2	7100.1
Highland Gold*	HGM LN	O/W	187p	651	518	4.2	3.7	7.8	7.0	48.2%	45.5%	2.0	1.7	184.8	3260.5
<b>Russia gold&amp;silver wght avg</b>					<b>8.7</b>	<b>6.9</b>	<b>13.5</b>	<b>11.0</b>	<b>55.0%</b>	<b>54.8%</b>	<b>4.8</b>	<b>3.8</b>	<b>333.0</b>	<b>7843.6</b>	
<b>Intl gold&amp;silver wght avg</b>					<b>8.6</b>	<b>7.0</b>	<b>20.7</b>	<b>14.9</b>	<b>49.6%</b>	<b>51.0%</b>	<b>4.3</b>	<b>3.7</b>	<b>301.1</b>	<b>6097.2</b>	
<b>Coal</b>															
Raspadsкая*	RASP RX	E/W	6.3	3 046	3 199	7.5	3.8	13.2	5.8	54.9%	66.1%	4.1	2.5		
Kuzbassrazrezugol*	KZRU RU	E/W	0.52	2 201	2 943	4.1	2.7	6.9	4.5	34.8%	38.1%	1.4	1.0		
Belon*	BELO RX	U/W	1.09	1 041	1 375	4.5	2.7	6.0	3.4	33.1%	39.2%	1.5	1.1		
<b>Russia coal wght avg</b>					<b>5.8</b>	<b>3.2</b>	<b>9.8</b>	<b>5.0</b>	<b>44.3%</b>	<b>51.9%</b>	<b>2.7</b>	<b>1.7</b>			
<b>EM coal wght avg</b>					<b>7.2</b>	<b>5.8</b>	<b>12.7</b>	<b>10.9</b>	<b>45.8%</b>	<b>46.6%</b>	<b>3.3</b>	<b>2.7</b>			
<b>DM coal wght avg</b>					<b>8.0</b>	<b>5.3</b>	<b>16.4</b>	<b>9.9</b>	<b>29.8%</b>	<b>35.2%</b>	<b>2.4</b>	<b>1.9</b>			
<b>Mobiles</b>															
VimpelCom Ltd*	VIP US	O/W	21	21 218	25 633	5.0	4.8	11.0	10.0	49.9%	49.8%	2.5	2.4		
MTS*	MBT US	O/W	27.2	22 016	29 219	5.7	5.4	10.1	8.7	47.6%	47.7%	2.7	2.6		
<b>Russia mobiles wght avg</b>					<b>5.4</b>	<b>5.1</b>	<b>10.5</b>	<b>9.3</b>	<b>48.7%</b>	<b>48.7%</b>	<b>2.6</b>	<b>2.5</b>			
<b>EM mobiles wght avg</b>					<b>5.5</b>	<b>5.2</b>	<b>11.6</b>	<b>11.7</b>	<b>45.8%</b>	<b>45.0%</b>	<b>2.4</b>	<b>2.2</b>			
<b>DM mobiles wght avg</b>					<b>5.9</b>	<b>5.7</b>	<b>10.9</b>	<b>10.4</b>	<b>34.6%</b>	<b>34.7%</b>	<b>2.0</b>	<b>2.0</b>			

	ticker	Recd	TP \$	MCap \$ mln	EV \$ mln	EV/ EBITDA		P/E		EBITDA margin		EV/ Sales		EV/IC, \$/kW	\$/MWh
						2010F	2011F	2010F	2011F	2010F	2011F	2010F	2011F		
<b>Thermal generation</b>															
OGK-1*	OGK1 RX	O/W	0.057	1 608	1 932	11.5	6.3	39.2	9.3	10.3%	16.2%	1.2	1.0	195.9	41.8
OGK-2*	OGK2 RX	O/W	0.078	1 688	1 847	13.1	9.4	31.5	26.1	9.6%	11.9%	1.2	1.1	212.5	39.2
OGK-3*	OGK3 RX	E/W	0.086	2 652	905	9.5	4.2	135.0	17.9	8.7%	16.0%	0.8	0.7	108.3	30.9
OGK-4*	OGK4 RX	O/W	0.113	4 941	4 339	10.3	5.0	13.8	6.7	24.4%	36.5%	2.5	1.8	502.8	80.4
Enel OGK-5*	OGKE RX	O/W	0.119	2 952	3 578	11.8	6.2	26.8	9.1	19.8%	30.2%	2.3	1.9	412.6	98.1
OGK-6*	OGK6 RX	E/W	0.047	1 171	1 286	7.1	4.0	21.2	9.7	13.5%	19.2%	1.0	0.8	142.1	44.4
Mosenergo*	MSNG RX	O/W	0.2	4 052	4 231	6.8	4.7	46.2	12.9	14.5%	18.3%	1.0	0.9	346.0	66.0
TGK-1*	TGKA RX	E/W	0.00066	2 320	2 790	7.0	6.2	12.5	13.3	23.7%	23.1%	1.7	1.4	431.9	105.9
<b>Russia Thermal gencos wght avg</b>						<b>9.5</b>	<b>5.5</b>	<b>40.3</b>	<b>12.2</b>	<b>17.1%</b>	<b>23.8%</b>	<b>1.6</b>	<b>1.3</b>	<b>338.3</b>	<b>68.6</b>
<b>EM Thermal gencos wght avg</b>						<b>12.0</b>	<b>10.8</b>	<b>21.7</b>	<b>19.1</b>	<b>33.3%</b>	<b>34.9%</b>	<b>3.9</b>	<b>3.8</b>	<b>1527.2</b>	<b>289.1</b>
<b>DM Thermal gencos wght avg</b>						<b>8.5</b>	<b>8.0</b>	<b>17.7</b>	<b>20.1</b>	<b>25.3%</b>	<b>24.7%</b>	<b>2.1</b>	<b>2.0</b>	<b>1459.8</b>	<b>333.6</b>
<b>Hydro generation</b>															
RusHydro*	HYDR RX	O/W	0.081	13 822	12 982	5.6	5.2	9.9	9.8	48.8%	49.4%	2.7	2.6	510.6	159.1
<b>EM Hydro gencos wght avg</b>						<b>8.3</b>	<b>7.4</b>	<b>12.8</b>	<b>11.3</b>	<b>55.2%</b>	<b>56.6%</b>	<b>5.1</b>	<b>4.8</b>	<b>1647.4</b>	<b>300.0</b>
<b>DM Hydro gencos wght avg</b>						<b>7.4</b>	<b>7.0</b>	<b>15.7</b>	<b>15.6</b>	<b>25.9%</b>	<b>26.0%</b>	<b>1.9</b>	<b>1.8</b>	<b>1609.1</b>	<b>445.9</b>
<b>Retail and Consumer</b>															
X5 Retail Group*	FIVE LI	E/W	37.0	9 953	11 857	11.6	9.8	22.8	18.4	8.7%	8.8%	1.0	0.9		
7th Continent	SCOH RX			639	1 085	7.2	6.1	15.3	9.3	8.8%	8.5%	0.6	0.5		
Magnit*	MGNT LI	E/W	20.4	9 440	9 624	14.1	11.7	27.3	24.2	9.2%	9.2%	1.3	1.1		
Dixy*	DIXY RX	O/W	10.5	849	1 128	8.1	6.4	22.0	15.0	6.4%	6.5%	0.5	0.4		
<b>Russia Retail wght avg</b>						<b>12.5</b>	<b>10.4</b>	<b>24.6</b>	<b>20.6</b>	<b>8.8%</b>	<b>8.9%</b>	<b>1.1</b>	<b>0.9</b>		
<b>EM Retail wght avg</b>						<b>13.0</b>	<b>10.9</b>	<b>24.0</b>	<b>19.3</b>	<b>9.2%</b>	<b>9.5%</b>	<b>1.2</b>	<b>1.0</b>		
<b>DM Retail wght avg</b>						<b>7.2</b>	<b>6.6</b>	<b>14.1</b>	<b>12.7</b>	<b>7.1%</b>	<b>7.3%</b>	<b>0.5</b>	<b>0.5</b>		
Wimm-Bill-Dann*	WBD US	U/W	16.5	3 562	3 852	10.9	9.4	18.9	15.8	14.4%	14.7%	1.6	1.4		
<b>EM Dairy wght avg</b>						<b>14.3</b>	<b>12.4</b>	<b>18.0</b>	<b>16.0</b>	<b>15.0%</b>	<b>15.2%</b>	<b>1.6</b>	<b>1.5</b>		
<b>DM Dairy wght avg</b>						<b>11.1</b>	<b>10.4</b>	<b>16.4</b>	<b>15.4</b>	<b>16.8%</b>	<b>16.8%</b>	<b>1.9</b>	<b>1.8</b>		
<b>Fertilizers</b>															
Uralkali*	URKA LI	O/W	23.04	8 786	9 107	12.8	9.3	19.1	13.4	58.6%	62.9%	7.5	5.9		
Silvinit*	SILV RX	O/W	703	4 836	7 595	10.2	8.3	13.5	9.6	58.7%	60.5%	6.0	5.0		
Acron*	AKRN RX	O/W	36.07	1 188	1 763	5.3	6.1	9.9	15.2	22.4%	18.4%	1.2	1.1		
<b>Russia Fertilizers wght avg</b>						<b>10.4</b>	<b>8.1</b>	<b>14.9</b>	<b>11.4</b>	<b>53.0%</b>	<b>54.9%</b>	<b>5.7</b>	<b>4.7</b>		
<b>Asian Fertilizers wght avg</b>						<b>13.3</b>	<b>11.7</b>	<b>21.1</b>	<b>17.5</b>	<b>20.3%</b>	<b>21.7%</b>	<b>2.2</b>	<b>1.8</b>		
<b>Global Fertilizers wght avg</b>						<b>10.7</b>	<b>8.5</b>	<b>18.1</b>	<b>12.6</b>	<b>31.6%</b>	<b>34.0%</b>	<b>3.5</b>	<b>3.0</b>		

\*Alfa forecasts

Source: Alfa Research, company data, Bloomberg Consensus Estimates

**CALENDAR**
**Figure 12: Russia calendar**

		Corporate events	Macro releases
July 29	Metals	Kazakhmys 2Q10, production update	
July	Metals	Polyus 1H10, production results* Norilsk Nickel 2Q10, production update*	
Aug 2			June Reserve Fund, Finance Ministry*
Aug 4	Metals	ENRC 2Q10 production update	July consumer prices index*
Aug 5	Media	CTC Media 2Q10, US GAAP*	
Aug 6			July Federal budget execution, Finance Ministry*
Aug 9	Oil&Gas	Dragon Oil 2010 Interim Results	June trade balance, CBR*
Aug 11			2Q GDP, y-o-y
Aug 17			July industrial output
Aug 18	Metals	ENRC 1H10 financials, UK GAAP	
	Banking	Vozrozhdenie Bank 2Q10 IFRS financials*	
Aug 19			July unemployment* July retail sales* July real disposable income* July fixed investments*
Aug 20			1H10 Foreign direct investments*
Aug 26	Metals	Kazakhmys 1H10 financials, IFRS Petropavlovsk 1H10, IFRS	
	Retail	X5 Retail Group 2Q10, IFRS*	
	Telecoms	MTS 2Q10, US GAAP*	
Aug 31	Metals	Rusal 1H10 financials, IFRS	
Sept 6	Banking	Sberbank 2Q10, IFRS*	
Sept 8	Retail	M.video 1H10, IFRS*	
September	Banking	Bank St. Petersburg 2Q10, IFRS*	
	Metals	NLMK 1H10, US GAAP*	

Source: Bloomberg, Alfa Research

\* Estimated; data could be released sometime in the next few days

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