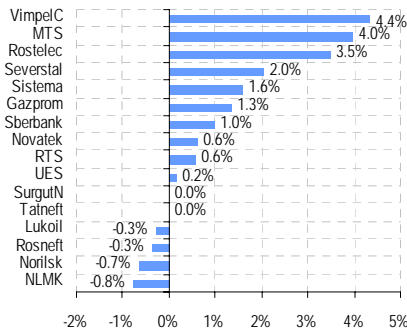
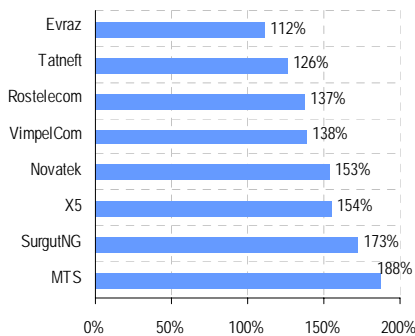


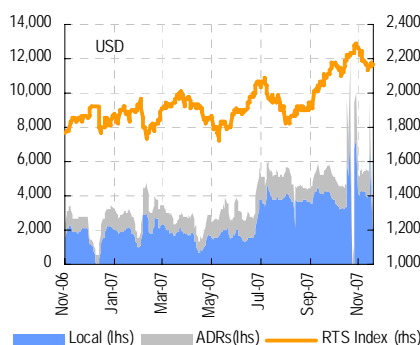
Blue chips: advancers and decliners



Volume monitor: daily/3M avg. volume



RTS index and weekly trading volumes



Upcoming events

29 Nov	VimpelCom 3Q07 U.S. GAAP results
end Nov	Severstal 3Q07 IFRS results
02 Dec	Parliamentary Elections
04 Dec	Core CPI
Mid Dec	Wimm-Bill-Dann 3Q07 U.S. GAAP results
Mid Dec	OGK-1 9M2007 IFRS

Market

Higher expectations of further Fed interest rate cuts helped Russian equities to reverse early losses and finish up for the session yesterday with the RTS gaining 0.6% to 2168 and the MICEX 1.2% to 1813. However, a further retreat of oil and nickel prices overnight may mitigate positive international momentum. US GDP and new home sales data could set the tone later today.

Top news and ideas

- Gazprom: Ukraine responds to Turkmen price increases.** The prospect of a dispute between Gazprom and Ukraine again reared its ugly head yesterday, as Ukraine claimed it would raise gas-transit fees should Gazprom pass on Turkmen price hikes. We believe this will have little impact on the Russian gas giant's bottom line.
- Urals Energy: Announces acquisition of privately held Taas.** The purchase will double Urals' reserves and provide access to a field to be connected to ESPO. However, Urals is paying at a level close to its own market cap – a high risk maneuver that could endanger debt ratios.
- Pharmacy Chain 36.6: Disappointing 9M07 IFRS results.** Revenue growth is slowing and losses are mounting, leading us to take a cautious stance on the near-term performance of the stock.
- UES: Gains of RUB2.187 bn from supply companies.** UES has sold its stakes in seven supply companies at auctions held over the last two days. The assets were sold for an average of 19% above their starting prices.
- Power Machines: Mordashov snaps up UES's stake.** At RUB5.42 per share, Mordashov paid a 17% premium for the shares and brought his total stake in Power Machines to 55.4%. We believe the deal is a positive for Power Machines.

Other highlights

- Brief – In the first ten months of the year Russian natural gas production reached 531 bcm, down 1.3% y-o-y (Reuters).** Gazprom accounted for 84.3% of this amount, vs. 83.9% last year, for a 0.8% y-o-y decline. Total Russian gas exports to W. Europe declined by 10% y-o-y. The YTD export figure is still disappointing due to weather conditions but the overall YTD figure has improved partly due to higher storage.

>>> More news on page 6

Russian market in context

	Last Close	Performance/Trends				
		1D	1WK	1M	3M	12M
RTS Index	2,168	0.6%	0.8%	-2.6%	15.8%	22.8%
MSCI EM Europe Index	773	1.9%	2.0%	-2.4%	20.0%	26.9%
MSCI EM Index	1,204	1.3%	1.5%	-10.1%	14.9%	38.9%
S&P500 Index	1,469	3.0%	2.0%	-4.7%	0.4%	5.0%
OIX (Oil majors) Index	800	1.8%	-2.0%	-5.6%	9.3%	21.9%
GSCI (Commodities) index	5,813	0.7%	-1.0%	-1.6%	1.4%	-15.7%
Oil (WTI), USD/bbl	90.6	-4.0%	1.0%	-1.4%	26.3%	48.6%
Nickel, USD/ton	27,598	-2.5%	-7.6%	-11.0%	0.8%	-19.8%
Steel (HR), USD/ton	588	0.0%	0.0%	0.0%	-0.4%	16.3%
LT U.S. Treasury YTM	4.4%	4.4%	4.5%	4.7%	4.9%	4.7%
EMBI-Russia spread, bp	162	174	189	177	129	119
RUB/USD	24.31	24.31	24.43	24.85	25.65	26.37

Source: Datastream, Bloomberg

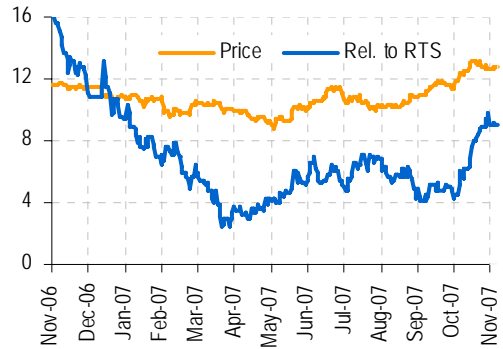
Gazprom: Ukraine responds to Turkmen price increases

George Lilis, CFA, e-mail: George.Lilis@mdmbank.com

Bloomberg ticker	Price, USD	FV, USD	Rating	12M High/Low	1M Perf.	3M Perf.	12M Perf.
GAZP RU Equity	12.72	n/a	Not Rated	13,2/8,75	4.5%	27.1%	10.5%

Financials, USD mn	2006E	2007E	2008E
Revenue	85,549	92,727	100,098
EBITDA	36,582	41,247	44,877
Net income	22,318	25,003	27,468
Revenue growth	56%	8%	8%
EBITDA growth	53%	13%	9%
Net income growth	81%	12%	10%
EBITDA margin	43%	44%	45%
Net margin	26%	27%	27%
EV/Revenue	4.0	3.7	3.4
EV/EBITDA	9.3	8.3	7.6
P/E	13.1	11.7	10.6
MCAP, USD mn	291,642	Com., mn	22,749
EV, USD mn	341,994	Pref., mn	
Free float	39%	Total, mn	22,749

Price performance, USD



Source: Bloomberg

Source: Datastream, IBES consensus

Ukraine threatens to raise transit fees. Ukrainian government officials yesterday gave their first reactions to the new price increases Gazprom and Turkmenistan announced on Tuesday. Ukraine's acting Economic Minister Anatoly Kinakh, said that his country would have to raise transit fees for the Russian natural gas that passes through his country's pipelines on its way to the western European countries. He added that a price above USD180 per th cm would be catastrophic for his country as the chemical sector (together with steel making up almost half of Ukraine's exports) would suffer. We remind clients that if the same percent increases that were announced for Gazprom's purchases of Turkmen gas are applied to Ukraine, the country would have to pay USD170 in 1H08 and USD195 per th cm in 2H08 for Russian gas (vs USD130 currently). On the other side, the transit fee paid by Gazprom has been stable in the last two years at USD1.6 per th cm per 100 kms.

No big impact on Gazprom's bottom line. Gazprom has been explicit that it will pass on to Ukraine the Turkmen price increases, and yesterday we had the first reaction from Ukrainians. We do not believe that this will go down well with Ukraine as they had been convinced that a 20-25% increase would take place in 2008 instead of the 30-50% proposed now. As a result, we would not rule out further complications in the negotiations between the two sides and we believe the possibility of an interruption of supplies to Ukraine and Western Europe (80% of Russia's exports to Europe pass through Ukraine) has increased – although we still consider it as still relatively small. The downside risk here could be Gazprom's international status as a secure supplier, but the upside is better prices and higher profitability from CIS exports. In our view, it is very unlikely that Gazprom will accept higher percent increases for Turkmen gas compared to its export prices to Ukraine. We do not see any big impact on Gazprom's bottom line even if higher transit fees are included.

Urals Energy: Announces acquisition of privately held Taas

George Lilis, CFA, e-mail: George.Lilis@mdmbank.com

Urals Energy grabs 39.5% of privately held independent. Urals Energy, an independent oil company in Russia with exploration and production operations on Sakhalin Island, Timan Pechora, the Republics of Komi and Udmurtia and East Siberia, announced yesterday the acquisition of a 39.5% stake at privately held Taas-Yuriakh Neftegazodobycha. Urals Energy is paying USD440 mn in cash, USD100 mn in new shares, and another USD50 mn in cash or shares within five months to acquire the 35.3% stake and the option to buy a further 4.2% interest for USD70 mn in cash or shares. Urals has already secured a USD500 mn loan from Sberbank and will issue USD 130 mn of new shares through a private placement.

Taas purchase to double Urals Energy reserves. With this acquisition Urals Energy will more than double its net proved and probable reserves (2P), adding 272 mmbos of which 94 mmbos are classified as proved from D&M (Degolyer and McNaughton). Most of these reserves are included in the Srednebotuobinskoye (SRB) field in East Siberia. In terms of production, the company has plans to produce 45,000 boe/d from SRB (in addition to 30,000 boe/d from its existing Dulisma field in East Siberia) by 2013. Furthermore, the company will take operating control of Taas' two licenses to develop adjacent fields.

Purchase a high risk maneuver. This deal essentially doubles the size of Urals Energy (Mcap USD640 mn) in reserves, but also offers long term upside potential from further exploration in the area and synergies with existing fields. Moreover, the SRB field has two advantages. First, it offers significant mineral extraction tax exemption benefits (the company claims USD1.56 per 2P boe) until 2016. Second, and probably more important, SRB has already received Transneft's approval to be connected to the ESPO pipeline in 2009. All in all, Urals Energy seems to be paying with cash and shares to double its reserves at a valuation level very close to its own shares valuation. Nonetheless, the capital increase and the loan size could endanger its credit ratios and cause long-term problems in terms of financing its heavy capex program in coming years. This is, in our view, a high risk maneuver since the company is now developing most of its fields and existing production volumes are still at a relatively low level, suggesting weak operating cash flows. We do not officially cover Urals Energy.

Pharmacy Chain 36.6: Disappointing 9M07 IFRS results

Maria Shevtsova, e-mail: Maria.Shevtsova@mdmbank.com

Slowing growth in top-line. Pharmacy Chain 36.6 released 9M07 unaudited IFRS results yesterday. Total revenues for 3Q07 came to USD200 mn, up 55% y-o-y – a slowdown relative to 1Q and 2Q which saw 86% and 72% growth respectively. The primary factor behind the pattern was a slowing retail segment, where sales reached only USD155 mn, up 67% y-o-y, relative to 105% and 81% of 1Q and 2Q respectively. The same trend is observed in I-f-I sales growth, with 9M07 at 28.9% y-o-y compared to 34.7% of 1Q07 and 34.6% of 1H07.

Negative bottom line. The company reported 3Q07 total net loss of USD25 mn, ballooning 213% from 3Q06. As expected, the weakening retail segment triggered the drop, generating a loss of USD16 mn, 86% more than a year earlier. A relatively large portion of the growth in sales was attributed to sales in new pharmacies, acquired in 2006, which are still not generating profits and consequently explain such a discrepancy in sales growth and negative net profit.

Alternatives to debt. Debt level remains at high but relatively stable levels (on November 12, 2007 net debt was USD266.4 mn). The recent SPO on 1 November 2007 was able to raise USD109 mn, and was a good alternative to having more debt, as financial charges were burdensome for the company, increasing 100% y-o-y for 9M07. The market also anticipates the promised sale of Veropharm, the best prospect on the Russian pharmacy market (its 9M07 results were discussed in MorningCall as of 11/27/07). The proceeds from the sale are speculated to be invested into further expansion of the retail segment.

Expansion still the plan. In 3Q07 the company acquired 9 pharmacy chains, with a combined 120 stores, bringing the total to 1090 for 9M07. The target for the full year remains 1450 stores, which will probably not be doable in the time left until year end. Three of the acquired chains introduced 36.6 to three new regional markets. We question, however, whether the company will be able to meet its new chains integration deadlines, and are skeptical that entering regional markets with lower gross margins will help the company's bottom-line near-term, when profits are failing to keep pace with sales growth. Overall, we would be cautious on the stock in the near future as it may take longer than anticipated to see positive net profits. We officially do not cover the stock.

Pharmacy Chain 36.6: 3Q07 and 9M07 IFRS results y-o-y comparison

USD, mn	Consolidated:						Retail:					
	3Q07	3Q06	change	9M07	9M06	change	3Q07	3Q06	change	9M07	9M06	change
Revenue	200.1	129.3	54.8%	590.6	347.9	69.8%	154.6	92.4	67.3%	457.5	250.2	82.9%
Gross profit	64.8	43.0	50.7%	195.7	121.8	60.7%	43.3	26.3	64.6%	126.7	74.7	69.6%
EBITDA	(2.2)	3.1	-171.0%	12.8	12.3	4.0%	(9.8)	(3.5)	-180.0%	(12.8)	(3.6)	-258.9%
Net profit	(25.0)	(8.0)	-212.5%	(41.9)	41.5	-201.0%	(15.8)	(8.5)	-85.9%	(28.3)	(18.5)	-53.0%
Gross margin	32.4%	33.3%	-0.9 pp	33.1%	35.0%	-1.9 pp	28.0%	28.5%	-0.5 pp	27.7%	29.9%	-2.2 pp
EBITDA margin	-1.1%	2.4%	-3.5 pp	2.2%	3.5%	-1.4 pp	-6.3%	-3.8%	-2.6 pp	-2.8%	-1.4%	-1.4 pp
Net margin	-12.5%	-6.2%	-6.3 pp	-7.1%	11.9%	-19.0 pp	-10.2%	-9.2%	-1.0 pp	-6.2%	-7.4%	1.2 pp

Source: Company data

UES: Gains of RUB2.187 bn from supply companies

Vladislav Nigmatullin, e-mail: Vladislav.Nigmatullin@mdmbank.com

Bloomberg ticker	Company name	Price, USD	Rating	12M High/Low	2007 P/E	2007 EV/EBITDA	MCAP, USD mn
EESR RU	RAO UES	1.22	Not Rated	1,370,86	33.2	17.3	50,071

Source: IBES consensus, Data Stream

UES sheds seven supply companies in auction. UES has sold its stakes in seven supply companies at the auctions held over the last two days. On Tuesday stakes were sold in Vladimir, Lipetsk and Tula, while yesterday UES sold its stakes in Marienergosbyt, Buryatenergosbyt, Tomsk and Omsk. In total, UES earned RUB2.187 bn, RUB1.286 bn on Tuesday and RUB 901 mn yesterday. On Tuesday, UES presented five supply companies for the auction but only three of them were finally sold, while yesterday UES sold four companies of five presented.

The final price exceeds the starting price by 19%. Lipetsk received double its starting price of RUB250 mn as the 49.02% stake was sold for RUB501.5 mn to an individual acting on behalf of NLMK's major shareholder Vladimir Lisin, who already owned 14.11% in the supply company. The 49% stake in Tula was acquired by the investment fund Halcyon Advisors run by David Herne for RUB490 mn from a starting price of RUB410 mn. Other companies were sold supposedly to local investors. Overall, the supply assets were sold for approximately 19% above their starting prices. This bodes well in our view for the future of this part of the power sector.

Power Machines: Mordashov snaps up UES's stake

Vladislav Nigmatullin, e-mail: Vladislav.Nigmatullin@mdmbank.com

Mordashov acquires UES's Power Machines blocking stake. UES announced Tuesday that it will sell its blocking stake (25% plus one share) in Power Machines to Alexey Mordashov's investment vehicle, Highstat Ltd. Highstat competed with Oleg Deripaska's Basic Element investment vehicle, which made an offer at the first stage of the tender process. However, by the final round Basic Element had dropped out of the running, leaving the way open for Highstat.

Mordashov pays 17% premium for stake. Mordashov spent RUB11.8 bn (USD486 mn) for the stake, or RUB5.42/share, which is only 0.2% higher than the minimum price approved by the UES Board on August 31. On Tuesday the stock was worth RUB4.62/share, meaning the deal paid an approximate 17% premium to the market price. We remind investors that Mordashov had already owned a 30.4% stake in Power Machines, bought from Interros, which, when added to the new deal, gives the billionaire 55.4% of the company.

The market price might reach the deal price. According to Russian legislation, Highstat will have to make an obligatory offer to Power Machines minority shareholders within a six month period at the highest price of the weighted average of the exchange prices in the last six months or the price at which it bought Power Machines' shares. As the maximum market price in the last six months period came at RUB5.12/share, the offer price should not be less than the deal price (RUB5.42 per share). It seems reasonable that the current market prices will come close to the price of the deal. We view the deal as positive for Power Machines, as an end to the ownership issues will make a coherent strategy easier to implement and believe Mordashov will likely invest heavily to upgrade the operating performance of the company.

News Briefs

Oil and Gas

Vlada Rusakova, the head of Gazprom's strategic development department, said yesterday that the company may increase exports to 210-250 bcm a year by 2020, up from the 157 bcm expected in 2008 (Bloomberg). These figures would include LNG. Clearly, the future for Gazprom is exports and these targets do not seem unreasonable taking into account the plethora of giant projects under consideration.

Enel eyes asset swaps with Gazprom (Bloomberg). Enel is offering Gazprom minority stakes in Italian power plants, but no final decision has been made, Enel Chairman Piero Gnudi said yesterday. Gazprom's Deputy CEO Alexander Medvedev said yesterday that Enel, Gazprom and Eni SpA will share Arctic Gaz Co., a Siberian oil and gas exploration company. The Italian companies will split a 49% stake.

Utilities

TGK-4 placement may be delayed (Interfax). UES could postpone the placement of TGK-4's shares until January 2008 if a request from CEZ and South Korean KEPCO is accepted, said UES executive board member Alexander Chikunov yesterday. Neither company has obtained FST approval for acquiring the shares yet. NLMK also revealed an interest in participation in the coming auction.

Industrials, Consumer, Banks

Sberbank received permission from Ukraine's central bank to purchase 100% of NRB Bank (Interfax). Sberbank will pay USD150 mn for the 45th largest Ukrainian bank by assets. A small acquisition, but one which strengthens Sberbank's entrance to the country.

Stock performance summary									
	Company name	Last price, USD	1D	1WK	1M	3M	12M	YTD	12M High/Low
Oil and gas	Gazprom	12,82	1,3%	1,8%	4,5%	27,1%	10,5%	11,5%	13,2/8,75
	Novatek	65,30	0,6%	8,8%	14,4%	36,9%	2,0%	2,8%	66/46,5
	Rosneft	8,66	-0,3%	-0,5%	-2,7%	7,4%	-5,8%	-5,4%	9,49/7,66
	Lukoil	85,70	-0,3%	0,5%	-5,1%	19,0%	-2,4%	-2,6%	95/71,9
	TNK-BP Holding	2,19	0,0%	-2,7%	-4,2%	12,1%	-9,3%	-15,8%	2,6/1,67
	Surgutneftegaz	1,16	0,0%	-2,2%	-10,9%	-4,9%	-14,8%	-24,2%	1,53/1,07
	Gazprom Neft	5,17	0,0%	0,0%	11,2%	32,6%	27,7%	13,4%	5,3/3,7
	Tatneft	5,84	-0,2%	1,8%	-2,0%	10,6%	7,9%	16,6%	6,25/3,95
	Bashneft	15,50	0,0%	-2,2%	-4,5%	14,8%	-12,2%	-3,1%	17,65/12
	Transneft pref	1 865,00	2,5%	-0,8%	-2,3%	23,5%	-22,1%	-18,7%	2495/1435
Integra	14,70	3,4%	1,4%	-5,3%	n/a	n/a	n/a	21,55/13,55	
C.A.T Oil	16,25	1,1%	2,4%	-14,5%	-17,7%	-11,9%	-18,8%	25,56/15,44	
West Siberian Resources	0,75	0,0%	-3,3%	-16,5%	-5,6%	-40,6%	-35,8%	1,16/0,66	
Utilities	UES	1,22	0,2%	0,6%	-1,2%	3,4%	41,2%	20,9%	1,37/0,86
	OGK-1	0,12	n/a	n/a	n/a	n/a	n/a	n/a	0,18/0,09
	OGK-2	0,13	n/a	n/a	n/a	n/a	n/a	n/a	0,18/0,12
	OGK-3	0,14	0,7%	0,7%	-10,3%	-4,1%	37,6%	13,5%	0,18/0,1
	OGK-4	0,13	0,0%	0,0%	2,4%	16,2%	69,7%	61,3%	0,13/0,08
	OGK-5	0,17	0,0%	0,5%	0,8%	7,2%	43,1%	29,8%	0,17/0,11
OGK-6	0,13	n/a	n/a	n/a	n/a	n/a	n/a	0,17/0,11	
Telecoms and technology	MTS	92,15	4,0%	5,4%	11,9%	44,7%	94,4%	83,6%	93,78/45,81
	Sistema	38,50	1,6%	1,6%	0,0%	33,9%	41,8%	20,3%	40,6/25,85
	VimpelCom	36,00	4,3%	14,3%	3,1%	55,4%	146,5%	128,0%	36/14,6
	Comstar	10,20	-0,1%	-10,5%	-19,0%	-1,4%	45,7%	21,4%	13,71/6,92
	Rostelecom	10,45	3,5%	6,3%	5,6%	6,6%	66,5%	36,6%	10,7/6,28
	Golden Telecom	105,47	4,5%	7,4%	1,9%	51,5%	152,6%	125,2%	108,85/38,85
	MGTS	30,19	0,0%	-1,5%	-1,4%	-5,6%	27,2%	13,2%	34,29/21,98
	Uralsvyazinform	0,06	0,8%	-0,6%	-1,6%	5,0%	33,0%	-8,3%	0,07/0,04
	Volga Telecom	5,90	0,0%	-1,7%	4,4%	26,9%	35,6%	-2,5%	6,6/4,35
	Sibirtelecom	0,12	0,0%	-2,9%	7,2%	20,8%	32,2%	5,8%	0,13/0,09
	Northwest Telecom	1,74	-0,7%	-2,0%	-6,1%	9,0%	24,6%	1,4%	1,92/1,23
	Center Telecom	0,90	-0,6%	-2,2%	-2,2%	-1,6%	44,4%	19,3%	1,0/0,62
	Southern Telecom	0,21	0,0%	0,0%	9,7%	21,7%	52,7%	16,7%	0,23/0,14
	Dalsvyaz	5,50	0,0%	-3,5%	7,8%	19,6%	64,2%	32,2%	5,7/3,35
	Bashinformsvyaz	0,17	0,0%	0,0%	-2,3%	1,2%	-1,7%	-24,4%	0,23/0,17
RBC	9,27	2,1%	-0,5%	-3,4%	17,1%	-22,9%	-24,6%	12,1/7,53	
Sitronics	5,65	-0,9%	-8,9%	-19,9%	-4,2%	n/a	n/a	12/5	
CTC Media	24,04	0,9%	0,3%	-6,5%	5,1%	6,7%	0,1%	28,77/19,59	
Rambler Media	32,25	-0,8%	-1,9%	-15,7%	-25,0%	-3,7%	-4,4%	55/31,79	
Metals and mining	Norilsk Nickel	284,10	-0,7%	0,4%	-2,7%	32,4%	89,9%	81,0%	309,9/135,5
	Polyus Gold	42,40	0,0%	0,0%	-5,4%	6,5%	-15,2%	-14,0%	55,25/38,3
	Severstal	22,45	2,0%	2,0%	-4,9%	39,0%	98,7%	100,4%	23,84/10,85
	Evraz Group	70,00	2,2%	5,6%	-9,1%	44,3%	185,7%	172,5%	82,6/24,5
	Mechel	82,58	7,1%	7,1%	-4,7%	104,8%	221,3%	224,1%	86,73/23,73
	NLMK	38,00	-0,8%	-0,3%	-8,2%	26,6%	67,8%	63,4%	44,89/20,8
	MMK	1,26	0,8%	3,5%	0,0%	16,7%	61,5%	44,8%	1,39/0,77
	TMK	40,50	0,0%	3,1%	-10,0%	12,5%	n/a	15,7%	46,99/28,25
	VSMPO	315,00	0,0%	-1,9%	-0,9%	14,5%	25,0%	7,5%	330/252
	Sberbank	4,16	1,0%	1,7%	-3,5%	13,7%	66,4%	20,6%	4,42/2,49
Rosbank	7,08	0,8%	-0,8%	-7,0%	-2,4%	15,4%	-9,2%	7,67/5,64	
X5	30,50	-0,8%	-8,7%	-13,6%	-2,0%	18,7%	17,3%	37,5/24,6	
Seventh Continent	26,00	-0,8%	-2,3%	0,0%	4,0%	-1,9%	-2,6%	29,3/24,1	
Dixy Group	13,85	0,0%	-0,7%	2,4%	16,3%	36,4%	30,3%	15,6/13,85	
Magnit	46,50	-3,3%	-3,3%	2,4%	16,3%	36,4%	30,3%	48,45/33,75	
Wimm-Bill-Dann	114,36	-0,5%	-7,3%	-6,3%	10,5%	142,2%	71,8%	134,62/47,22	
Lebedyansky	88,50	0,0%	0,0%	-5,6%	1,7%	10,3%	10,6%	99/73,5	
Nutritek	52,85	0,0%	-0,3%	3,1%	4,8%	17,9%	11,9%	53,8/44,9	
Baltika (euro)	33,40	0,0%	2,1%	3,1%	4,8%	17,9%	11,9%	36,96/31,59	
Razgulay	5,00	0,0%	0,0%	5,3%	25,3%	28,2%	25,0%	5,45/3,6	
Severstal Auto	49,00	0,0%	-2,0%	0,0%	22,5%	84,9%	62,0%	51,1/26,5	
AvtoVAZ	1,56	0,0%	1,1%	3,4%	32,6%	60,0%	64,4%	1,74/0,67	
Aeroflot	3,60	0,0%	1,1%	3,4%	32,6%	60,0%	64,4%	3,6/2,17	
Veropharm	48,25	0,0%	0,3%	4,2%	9,7%	57,2%	52,0%	48,65/29,1	
Apteka 36.6	75,25	0,0%	-0,7%	-0,3%	-5,3%	46,3%	29,2%	96,1/51,45	
Pharmstandard	20,50	1,5%	2,5%	-6,8%	27,5%	n/a	n/a	23,28/13,6	
Kalina	43,40	0,0%	0,0%	8,5%	12,0%	-4,1%	-15,7%	51,5/34,25	
Oriflame (euro)	41,89	2,8%	9,4%	4,7%	9,1%	52,9%	38,8%	44,07/28	
Cherkizovo	13,12	-0,3%	-9,5%	-8,3%	13,1%	-14,0%	-3,5%	17,35/11,05	
Sistema Hals	9,25	0,8%	2,8%	-7,5%	-19,9%	n/a	-30,5%	15,05/8,91	
RTS Index	2 168,11	0,6%	0,8%	-2,6%	15,8%	22,8%	12,8%	2288,15/1724,69	

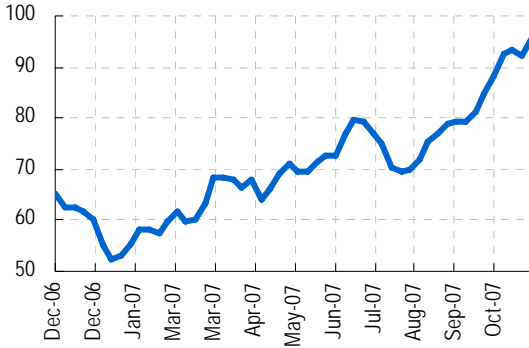
Source: Bloomberg

Stock valuation summary													
	Company name	MCAP,			P/E			EV/EBITDA			EV/Revenue		
		USD mn	2006E	2007E	2008E	2006E	2007E	2008E	2006E	2007E	2008E		
Oil and gas	Gazprom	291 642	13,1	11,7	10,6	9,3	8,3	7,6	4,0	3,7	3,4		
	Novatek	19 825	28,8	21,2	16,1	18,0	13,7	10,8	8,6	6,6	4,9		
	Lukoil	72 931	9,8	10,5	10,5	6,5	6,8	6,7	1,2	1,2	1,2		
	Rosneft	91 787	22,2	18,7	17,2	12,2	10,7	9,1	2,9	2,7	2,5		
	Surгутneftegaz	46 294	11,0	11,3	13,6	5,3	5,5	6,2	1,9	1,8	1,9		
	Gazprom Neft	24 511	7,4	8,7	9,1	4,9	5,6	6,1	1,3	1,3	1,3		
	Tatneft	13 184	10,4	11,2	11,8	6,5	7,3	8,2	1,2	1,2	1,2		
	Bashneft	2 635	5,7	6,4	6,8	3,3	3,7	3,9	0,7	0,8	0,8		
	Transneft pref	12 890	5,7	4,9	4,4	4,0	3,3	2,8	2,2	1,8	1,6		
	West Siberian Resources	880	26,6	22,1	8,4	8,7	6,5	4,0	3,2	2,4	1,7		
	Aggregate - oil and gas	575 700	12,7	11,6	11,1	7,8	7,2	6,8	2,7	2,4	2,1		
Utilities	UES	50 071	33,2	29,2	19,6	17,3	14,0	10,1	3,4	2,9	2,6		
	Mosenergo	7 067	74,3	29,7	19,4	16,6	11,5	7,6	2,3	2,0	1,6		
	OGK-1	5 134	n/a	56,4	38,6	42,3	27,8	19,9	4,7	4,2	3,4		
	OGK-2	3 397	n/a	42,5	23,9	186,9	21,1	12,6	3,8	3,2	2,6		
	OGK-3	6 601	n/a	77,7	47,1	95,6	37,6	33,8	8,7	7,1	6,2		
	OGK-4	6 338	n/a	n/a	52,4	78,9	47,5	26,1	6,6	6,0	4,7		
	OGK 5	6 172	52,3	64,3	45,7	66,2	30,0	22,2	6,4	5,0	4,1		
	OGK-6	3 475	43,4	27,5	14,8	19,1	15,0	9,7	3,2	2,7	2,2		
Aggregate - utilities	88 256	24,2	27,0	20,8	34,2	15,4	11,5	3,3	2,9	2,5			
Telecoms and technology	MTS	36 768	29,5	20,7	18,5	12,3	10,4	9,5	6,2	5,2	4,8		
	Sistema	18 596	20,6	15,4	14,2	9,8	8,1	7,5	3,6	3,3	3,0		
	VimpelCom	36 922	45,5	30,8	27,3	15,9	12,9	11,9	8,0	6,5	6,0		
	Aggregate - mobile telecoms	92 285	31,9	22,3	20,0	12,6	10,5	9,6	5,9	5,0	4,6		
	Comstar	4 263	52,0	38,4	12,5	15,2	8,7	7,6	5,0	3,7	3,3		
	Rostelecom	8 267	n/a	71,9	60,3	21,1	18,9	16,8	3,5	3,6	3,3		
	Golden Telecom	3 865	45,2	33,0	24,6	17,1	12,1	9,1	4,6	3,3	2,7		
	MGTS	2 837	16,4	11,7	10,5	10,0	7,4	6,7	4,1	3,3	3,1		
	Uralsvyazinform	2 385	77,0	17,4	13,4	9,6	6,4	5,6	2,7	2,3	2,1		
	Volga Telecom	1 775	22,8	13,3	11,1	7,0	5,4	4,8	2,5	2,1	1,9		
	Sibirtelecom	1 738	40,8	8,3	6,5	8,7	5,0	4,2	2,1	1,7	1,6		
	Northwest Telecom	1 827	38,9	15,5	14,9	8,9	6,0	5,6	2,9	2,3	2,1		
	Center Telecom	1 736	25,7	27,1	15,8	6,3	5,8	5,0	2,3	2,0	1,8		
	Southern Telecom	746	57,4	18,6	16,6	6,7	6,2	5,7	2,3	2,1	1,9		
	Dalsvyaz	668	51,4	13,9	9,5	9,0	5,3	4,2	2,3	1,7	1,5		
	Bashinformsvyaz	168	7,4	7,9	4,5	3,2	3,1	n/a	1,1	1,0	0,8		
	Sitronics	1 079	25,0	11,7	8,5	7,1	4,9	3,9	0,6	0,5	0,4		
	Aggregate - fixed line telecoms	30 276	39,5	23,1	16,7	10,2	7,5	6,8	2,9	2,4	2,2		
	RBC	1 066	27,0	27,9	13,2	16,0	11,0	8,0	4,7	3,7	3,0		
	CTC Media	3 642	24,6	18,9	14,8	14,7	11,5	9,2	7,0	5,4	4,4		
Rambler Media	484	40,0	20,0	13,1	24,4	11,0	7,7	6,0	3,5	2,7			
Aggregate - media	5 193	30,5	22,3	13,7	18,4	11,2	8,3	5,9	4,2	3,3			
Metals and mining	Norilsk Nickel	51 990	7,0	8,4	11,2	4,5	5,6	7,6	3,3	3,6	4,2		
	Polyus Gold	8 098	38,7	50,3	57,7	18,1	21,6	21,5	7,8	8,1	8,2		
	Severstal	22 623	13,1	12,1	11,7	7,0	6,4	6,2	1,7	1,7	1,6		
	Evraz Group	24 550	13,6	13,6	13,1	8,3	8,0	8,7	2,7	2,5	2,4		
	Mechel	11 145	13,9	14,8	16,8	8,5	8,6	8,7	2,1	2,0	2,0		
	NLMK	22 773	10,9	11,4	11,3	6,7	6,9	6,7	3,1	3,0	2,8		
	MMK	12 805	7,9	7,9	7,1	5,5	5,3	5,0	1,7	1,6	1,5		
	TMK	8 829	13,3	9,2	11,7	8,0	5,9	7,6	2,4	2,0	1,9		
	VSMPO	3 780	14,9	11,7	9,3	9,6	7,8	6,1	3,7	3,1	2,5		
	Aggregate - metals and mining	166 594	16,4	16,2	16,3	9,4	8,7	8,6	3,4	3,2	3,0		
	Sberbank *	232	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		
Aggregate - banks	232	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a			
Industrials, consumer, banks	X5	6 603	32,5	23,7	17,1	14,9	11,0	8,8	1,6	1,1	0,8		
	Magnit	3 348	41,0	29,7	20,2	17,5	12,3	9,1	1,0	0,7	0,6		
	Seventh Continent	1 950	30,0	23,5	16,6	14,4	10,3	7,7	1,5	1,1	0,8		
	Lebedyansky	1 806	17,9	15,2	13,3	11,5	9,5	8,3	2,2	1,8	1,5		
	Baltika (euro)	5 706	12,3	11,1	9,2	7,5	6,9	5,6	2,4	2,1	1,8		
	Wimm-Bill-Dann	5 032	32,0	23,6	19,5	16,5	12,8	10,4	2,3	1,9	1,7		
	Aggregate - FMCG	24 445	27,6	21,1	16,0	13,7	10,4	8,3	1,8	1,4	1,2		
	Razgulay	530	24,9	12,0	11,1	8,5	6,0	5,6	1,1	0,9	0,8		
	Severstal Auto	1 666	26,6	16,8	15,2	13,6	9,4	7,6	1,9	1,3	1,0		
	AvtoVAZ	292	2,3	2,0	1,1	1,8	1,7	n/a	0,2	0,2	0,2		
	Aeroflot	4 000	13,8	15,6	12,4	9,7	8,7	6,9	1,4	1,2	1,0		
	Veropharm	483	19,7	14,6	11,4	12,5	9,6	7,2	4,2	3,3	2,7		
	Kalina	423	14,4	11,9	11,5	8,8	7,6	7,2	1,3	1,1	1,1		
	Oriflame (euro)	2 333	23,3	18,7	14,2	15,6	13,3	11,0	2,4	2,2	1,9		
	Aggregate valuation	992 707	13,3	12,3	11,5	8,6	8,0	7,5	2,7	2,4	2,3		
FF-adj. MCAP W.A. valuation	286 656	16,5	15,3	14,2	10,4	8,8	8,2	3,7	3,4	3,2			

Source: MDM estimates, IBES consensus

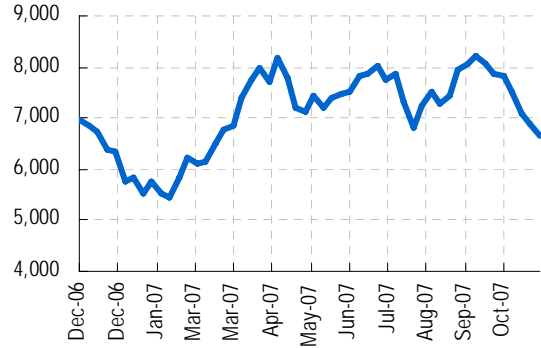
Key commodities

London WTI Crude Oil Index – PRICE INDEX, USD/bbl



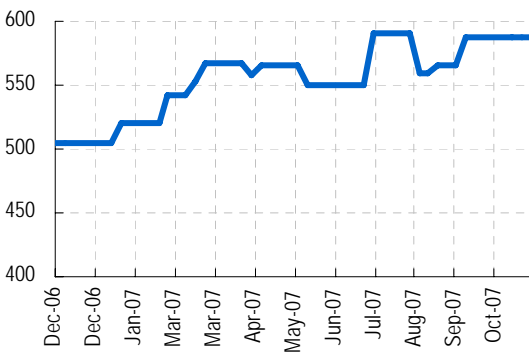
Source: Bloomberg

LME-Copper, Grade A Cash – A.M. OFFICIAL, USD/ton



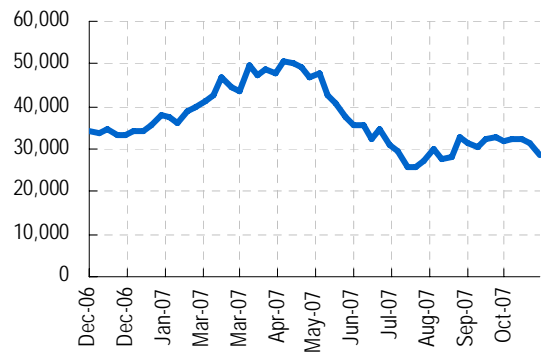
Source: Bloomberg

MB-Steel HR Coil CIS, USD/ton



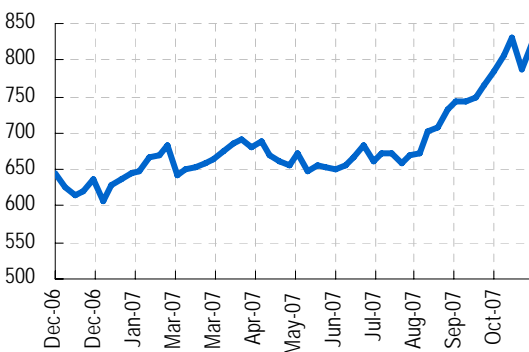
Source: Bloomberg

LME-Nickel Cash – A.M. OFFICIAL, USD/ton



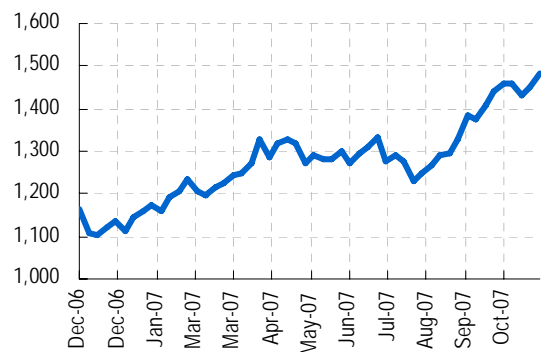
Source: Bloomberg

Gold Bullion, USD/oz



Source: Bloomberg

MB-Platinum Matthey, USD/oz



Source: Bloomberg



MDM Bank
 Investment Division
 33/1 Kotelnicheskaya Nab.
 Moscow, Russia 115172

Institutional Sales

Kate Korolkevich	Kate.Korolkevich@mdmbank.com	+7 495 411-6223	research@mdmbank.com +7(495) 795-2521 Bloomberg: MDMB <GO> Reuters Dealing: MBWM, MDMB http://www.mdmbank.com
Martynenko Sergey	Sergey.Martynenko@mdmbank.com	+7 495 228-3304	

Research Team

Editors/Production

George Lilis, CFA	George.Lilis@mdmbank.com	Andrey Goncharov	Andrey.Goncharov@mdmbank.com
Vladislav Nigmatullin	Vladislav.Nigmatullin@mdmbank.com	Andrew Mullinder	Andrew.Mullinder@mdmbank.com
Ekaterina Generalova	Ekaterina.Generalova@mdmbank.com		
Maria Shevtsova	Maria.Shevtsova@mdmbank.com		

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