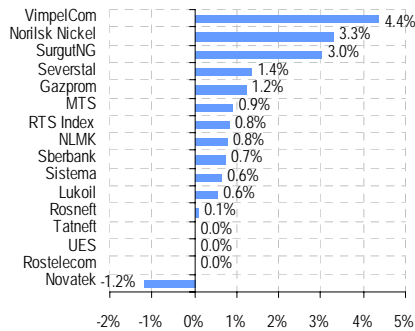
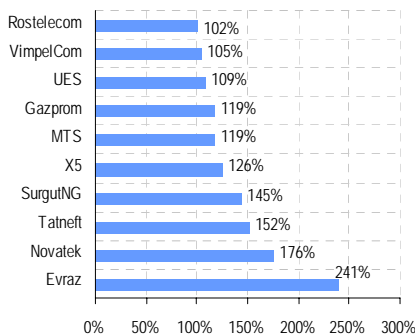


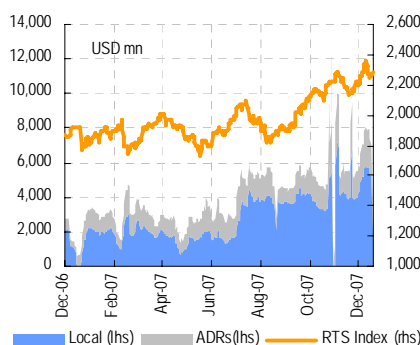
### Blue chips: Advancers and decliners



### Volume monitor: Daily/3M avg. volume



### RTS index and weekly trading volumes



### Upcoming events

Today	VTB 3Q07 IFRS results
21 Dec	AFK Sistema 3Q07 US GAAP results
21-24 Dec	Russian Nov CPI
End Dec	TGK-9 new share issue
27 Dec	Rosneft Oil 3Q07 results
20 Jan	Dixy 4Q07 IFRS results
25 Jan	Sberbank 9M07 IFRS results

### Market

US technology stocks and the prospect of an end to the Norilsk Nickel saga improved sentiment yesterday as the RTS rose 0.8% to 2283 and the MICEX by 1.4% to 1926. Positive momentum in Asia and improving commodities should lift the opening this morning. Personal spending and monthly PCE inflation data in the US and the expiration of the Norilsk Nickel offer will dictate the pace in today's session.

### Top news and ideas

- **Gazprom: Caspian Pipeline announced.** Good news for long term Gazprom profitability as the risk of CIS countries exporting to Europe, bypassing Gazprom, may be eliminated. Further CIS cooperation could build a similar strategy for Asia.
- **West Siberian Resources: Targets 35% 2008 output increase with flat capex.** We view WSIB as one of the most efficient and highest growth Russian oil producers, but its valuation remains rich in our view.
- **INTER RAO UES: Shareholders approve reorganization at EGM.** The company suggested it could hold an IPO in 2009-2010. We believe it could be interesting to investors if the business is structured with sufficient transparency.
- **Norilsk Nickel: Deadline for Potanin is today.** *The Times* (London) has reported that Potanin failed to raise funds for Prokhorov's stake. With Deripaska likely to win the stake, we see short terms positives but long term risks for minority shareholders.
- **Sistema: 3Q07 U.S. GAAP financials out today.** We expect robust telcos to remain top-line drivers. EBITDA and net income will recover q-o-q from a one-off loss in real-estate in 2Q07, but remain depressed by Sitronics' underperformance vs. 3Q06, which was boosted by asset disposals. Surprises possible in non-listed businesses.

### Other highlights

- **Brief – VimpelCom GT merger announced today?** VimpelCom's BoD has allegedly approved the Golden Telecom acquisition for about USD4.3 bn (WSJ). The cited source suggested that the purchase for USD105 per share could be announced later today. GT shares have pulled back to trade at a 5% discount to the offer price, following the companies' joint confirmation of merger talks on Dec 3.

>>> More news on page 7

### Russian market in context

	Last Close	Performance/Trends				
		1D	1WK	1M	3M	12M
RTS Index	2,283	0.8%	-1.5%	6.1%	12.7%	22.5%
MSCI EM Europe Index	801	0.8%	-0.1%	5.6%	12.4%	27.8%
MSCI EM Index	1,196	-0.1%	-2.3%	0.6%	3.0%	34.0%
S&P500 Index	1,460	0.5%	-1.9%	3.1%	-4.3%	2.9%
OIX (Oil majors) Index	861	0.7%	0.0%	7.2%	5.9%	32.1%
GSCI (Commodities) index	5,813	0.7%	-1.0%	-1.6%	1.4%	-15.7%
Oil (WTI), USD/bbl	91.0	-0.1%	1.0%	-8.0%	9.2%	44.1%
Nickel, USD/ton	25,675	0.7%	-1.3%	-17.8%	-12.1%	-26.9%
Steel (HR), USD/ton	590	-0.8%	-0.8%	0.4%	4.4%	16.8%
LT U.S. Treasury YTM	4.5%	4.5%	4.6%	4.5%	5.0%	4.8%
EMBI-Russia spread, bp	154	153	148	140	167	98
RUB/USD	24.73	24.72	24.44	24.50	25.19	26.38

Source: Datastream, Bloomberg

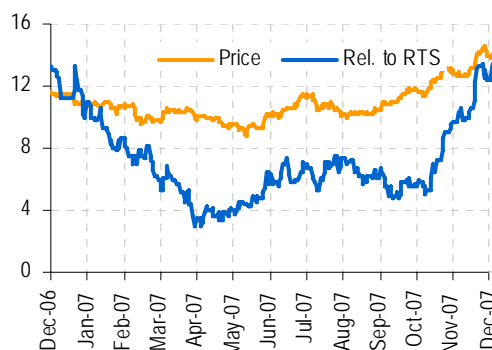
## Gazprom: Caspian Pipeline announced

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	14.14	n/a	Not Rated	14.58/8.75	12.9%	30.6%	23.0%

Financials, USD mn	2006E	2007E	2008E
Revenue	88,771	100,425	113,212
EBITDA	38,706	45,446	51,458
Net income	23,824	28,022	32,135
Revenue growth	56%	13%	13%
EBITDA growth	53%	17%	13%
Net income growth	81%	18%	15%
EBITDA margin	44%	45%	45%
Net margin	27%	28%	28%
EV/Revenue	4.2	3.7	3.3
EV/EBITDA	9.7	8.2	7.3
P/E	13.6	11.5	10.1
MCAP, USD mn	323,491	Com., mn	22,749
EV, USD mn	374,894	Pref., mn	
Free float	39%	Total, mn	22,749

Price performance, USD



Source: Bloomberg

Source: Datastream, IBES consensus

**Preliminary agreement for pipeline signed.** Officials from Russia, Kazakhstan and Turkmenistan, including Russia's president Putin and Kazakhstan's president Nazarbayev, yesterday signed in Moscow a preliminary agreement for the construction of the long rumored Caspian Pipeline. The natural gas pipeline is expected to be completed by the end of 2010 and will have a total capacity of 20 bn cubic meters. This would increase the total exports of gas from Turkmenistan and Kazakhstan to European countries by one third as Kazakhstan exports 10 bn and Turkmenistan 50 bcm a year. We remind investors that Gazprom buys all these volumes from Kazakhstan and Turkmenistan and then resells them to Europe as its own gas production is not sufficient to cover its domestic market needs and exports to Europe. On the other hand, both Turkmenistan and Kazakhstan depend on Gazprom pipelines to export their natural gas.

**Gazprom the absolute boss in the region.** We believe this move is strategically vital for Russia and Gazprom. Western European countries and the US have been intensifying their efforts to bypass Russia's territory and convince Kazkhstan and Turkmenistan to export their gas through alternative routes. However, it now appears that Russia is on the verge of nullifying the West's efforts. In particular, Kazkhstan, Turkmenistan and Azerbaijan were supposed to join the Nabucco link, which passes under the Caspian Sea before moving directly to Southern Europe. However, if, as now looks the case, the Caspian pipeline is build, only Azeri gas would be left for the Nabucco link putting its whole future in question. The bottom line is that this episode seems to be proof that Russia in general and Gazprom in the particular case of energy are the absolute bosses in the region, controlling all natural gas flows from Russia and CIS to the profitable European markets, and increasing EU's dependence on its gas exports.

**Good news for long term profitability.** Although the pipeline agreement is still at the preliminary stage, we do not believe diplomatic or any other pressure from the EU or US will be able to break Gazprom's hold on the region and overturn the decision. Very good news for Gazprom profitability in the long term as the potential scenario of CIS exports finding their way to Europe through alternative routes may be on the verge of elimination. In addition, further co-operation among these countries could translate to a similar strategy regarding gas exports to Asian markets.

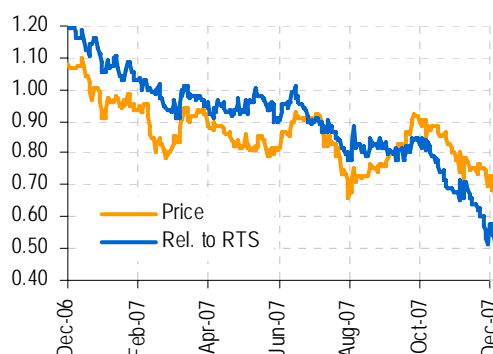
## West Siberian Resources: Targets 35% 2008 output increase with flat capex

George Lillis, CFA, e-mail: [George.Lillis@mdmbank.com](mailto:George.Lillis@mdmbank.com)

Bloomberg ticker	Price, USD	FV, USD	Rating	12M High/Low	1M Perf.	3M Perf.	12M Perf.
WSIB SS	0.63	n/a	Not Rated	1.1/0.63	-14.5%	-19.8%	n/a

Financials, USD mn	2006A	2007E	2008E
Revenue	375	553	705
EBITDA	131	212	280
Net income	44	94	123
Revenue growth	216%	48%	27%
EBITDA growth	228%	62%	32%
Net income growth	-11%	113%	30%
EBITDA margin	35%	38%	40%
Net margin	12%	17%	17%
EV/Revenue	2.8	1.9	1.5
EV/EBITDA	7.9	4.9	3.7
P/E	16.8	7.9	6.1
MCAP, USD mn	746	Com., mn	1,179
EV, USD mn	1,039	Pref., mn	
Free float	69%	Total, mn	1,179

Price performance, USD



Source: Bloomberg

Source, Datastream, IBES consensus

**Significant growth for 2008 without capex increase.** West Siberian Resources, the Russian oil producer listed in Stockholm, released its 2008 guidance for output volumes and capital expenditures after the close of trading yesterday. The company announced that it has plans to increase total production by approximately 35%, from 11 mn boes this year to 15 mn boes in 2008 while the total capex program will reach USD190 mn, unchanged from 2007. In total the company will drill 36 production, injection and exploration wells.

**Timan-Pechora set to drive growth.** In terms of the breakdown of their guidance, the company said that output in the Timan-Pechora region will absorb the highest portion of the capex (USD102 mn), but will also drive production growth, reaching 5.3 mn boes. The Lek Kharyaga field will lead output with 2.2 mn boes and the Kolvinskoye field will lead exploration activity as this is the region with the largest portion of the company's reserves. In the Volga Urals region, production is forecasted at 4.7 mn boes, with USD38 mn of capex and 8 wells to be drilled. Finally, in the Tomsk region, output is expected to come at 5 mn boes, with the Kluchevskoye field accounting for half of this, and the capex budgeted at USD50 mn.

**Valuation still rich.** The company added at the end of its release that it has seen a steady improvement in its price realizations recently, with netbacks reaching USD40 per boe. West Siberian, overall, continues its operational improvement and is, in our view, one of the most efficient and capital-disciplined oil producers in Russia. It has also kept itself away, for the most part, from conflicts with the Russian government and major license validity issues. While its valuation remains rich by traditional metrics (P/E), particularly on 2007 figures, we expect upward changes in earnings estimates for 2008 to lure more investors to the stock, which has followed a negative trend in the last couple of years. We do not officially cover this stock.

## INTER RAO UES: Shareholders approve reorganization at EGM

Vladislav Nigmatullin, e-mail: [Vladislav.Nigmatullin@mdmbank.com](mailto:Vladislav.Nigmatullin@mdmbank.com)

**INTER RAO UES shareholders approved reorganization.** INTER RAO UES shareholders approved the proposed reorganization on an EGM held on Wednesday. Both UES, which controls 60% of the company, and Rosenergoatom, controller of 40%, supported the procedure. INTER RAO UES is the state monopoly for the cross-board trade of electricity and also owns several generating and grid assets – both inside and outside Russia.

**The company may go to IPO in 2009-2010.** At the first stage of reorganization, INTER RAO will merge with Sochinskaya CHP, which will be renamed OAO INTER RAO UES. As part of the arrangement, Sochinskaya will take over Kaliningradskaya CHP-2, North-West CHP and Ivanovskie PGU. To maintain its stake, Rosenergoatom will transfer Zheleznogorskaya CHP and Severskaya CHP (currently under construction with a view to replacing an obsolete nuclear plant in the North of Russia) to INTER RAO. The state will own a 50% stake in OAO INTER RAO. The company's representative said that INTER RAO may eventually go to the market, with an IPO tentatively slated for 2009 or 2010. If the company structures its business to reveal how much profit each of its assets generates, it may become interesting for investors, in our view.

## Norilsk Nickel: Deadline for Potanin is today

George Lilis, CFA, e-mail: [George.Lilis@mdmbank.com](mailto:George.Lilis@mdmbank.com)

Bloomberg ticker	Company name	Price, USD	Rating	12M High/Low	2007 P/E	2007 EV/EBITDA	MCAP, USD mn
GMKN RU	Norilsk Nickel	267.60	Not Rated	309.9/135.5	6.7	4.3	48,971

*Source: IBES consensus, Data Stream*

**Potanin not able to raise funds?** Vladimir Potanin's big day has arrived and all eyes will be glued to the Norilsk Nickel supremo today. Mikhail Prokhorov's offer to sell its 25% stake at Norilsk Nickel for USD15.7 bn to Potanin expires at 6 pm Moscow time this evening, with most analysts and investors supporting the view that Potanin will not accept the offer. UK newspaper the *Times* reported yesterday that Potanin has been able to raise USD5 bn of loans from two Russian banks, but Citigroup, hired by Potanin, has failed to raise the remaining USD10 bn for the purchase of this stake. Norilsk Nickel's stock price rose yesterday by more than 3% on hopes that the road is now clear for Oleg Deripaska of RusAl to buy Prokhorov's stake and later merge the two companies. On this front, officials from the Federal Antimonopoly Service commented that they have not as yet received any application from RusAl for the purchase of Norilsk's 25% stake.

**Risks for Norilsk minorities.** While we would not rule out any last minute surprises, we believe that Potanin will be neither willing nor able to purchase Prokhorov's stake before the offer expires today. As we have written in the past, a merger between RusAl and Norilsk Nickel is favored by the Kremlin and we believe that most likely all parts of this jigsaw know this very well by now. This leads us to conclude that a scenario whereby Deripaska buys Prokhorov's 25% Norilsk stake and later merges the two companies is the most likely. For Norilsk minority shareholders, the initial reaction will be positive as the stand-off between the two main owners will end, but in the long term we see the merger with RusAl as rather dilutive for them. Norilsk is certainly a more efficient company than the not listed RusAl, and, moreover, there is a risk for Norilsk minority shareholders with regards to the terms of the merger when the time comes. Anyway, the fact that the FAS has not received any application from RusAl yet points to at least a few months of delays in the process.

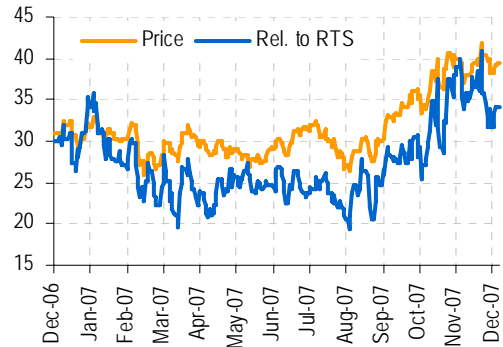
## Sistema: 3Q07 U.S. GAAP financials out today

Ekaterina Generalova, e-mail: Ekaterina.Generalova@mdmbank.com

Bloomberg ticker	Price, USD	FV, USD	Rating	12M High/Low	1M Perf.	3M Perf.	12M Perf.
SSA LI	39.50	Under review	Under review	41.9/25.85	4.2%	20.1%	27.8%

Financials, USD mn	2006A	2007E	2008E
Revenue	10,863	12,056	13,141
EBITDA	4,024	4,842	5,277
Net income	903	1,205	1,314
Revenue growth	49%	11%	9%
EBITDA growth	41%	20%	9%
Net income growth	93%	33%	9%
EBITDA margin	37%	40%	40%
Net margin	8%	10%	10%
EV/Revenue	3.8	3.4	3.1
EV/EBITDA	10.2	8.4	7.7
P/E	21.1	15.8	14.5
MCAP, USD mn	19,079	GDRs., mn	483
EV, USD mn	40,865		
Free float	23%	Total, mn	483

Price performance, USD



Source: Bloomberg

Source: Bloomberg, MDM estimates

**Robust telcos to buoy the top-line.** Sistema will post 3Q07 U.S.GAAP results today. We project revenues at USD3.5 bn, with healthy 9% q-o-q and 21% y-o-y growth largely attributable to the telecom segment. Robust telcos will account for two-thirds of the holding's consolidated top-line, in our view. We note that our revenue estimate is 4% short of the Reuters consensus, since we appear more conservative on Sistema's non-listed segments, whose performance is hard to predict.

**EBITDA margin to recover q-o-q.** We expect EBITDA at USD1.3 bn, which is roughly in line with consensus. The figure implies an 8% y-o-y decline on a USD69 mn loss posted by Sitronics in 3Q07, and a 3Q06 USD188 mn gain on the sale of assets (35% of Bashkir assets for USD175 mn and an 8% stake in Comcor for USD15 mn). On quarterly dynamics, however, EBITDA will demonstrate a 16% recovery from 2Q07, when it was affected by Sistema Hals (real estate) USD98 mn stock option expense. Hence, we expect the EBITDA margin at 36%, down 12pp y-o-y but up 2pp q-o-q.

**Sitronics and Comstar's one-off drag on the bottom line.** We anticipate a 73% y-o-y decline in 3Q07 net income to USD177 mn, reflecting Sitronics' underperformance and a USD186 mn loss related to a revaluation of Comstar's Svyazinvest option. This should translate into a 12pp y-o-y net margin decline to 5%. We are largely in line with consensus on this matter.

**Surprises possible in non-listed segment.** Given that Sistema's public constituents have already reported their 3Q07 financials, we do not assign much importance to the holding's consolidated numbers. However, we do not rule out surprises from the company's non-listed businesses. Sistema will hold a conference call at 5:00 p.m. Moscow time. Call-in numbers: 1-703-621-9126 (from the U.S.) and 44-20-8609-0205 (international).

### Sistema 3Q07/9M07 results preview

USD mn	3Q06	2Q07	3Q07MDM	q-o-q change	y-o-y change	3Q07 Consensus	MDM vs. Consensus	9M06	9M07	y-o-y change
Revenues	2,863	3,200	3,478	9%	21%	3,636	-4%	7,203	9,384	30%
-Telecoms	2,082	2,318	2,588	12%	24%	n/a	n/a	5,379	6,974	30%
- Others	781	882	890	1%	14%	n/a	n/a	1,824	2,411	32%
EBITDA	1,370	1,084	1,262	16%	-8%	1,271	-1%	3,023	3,441	14%
Net income	500	131	177	35%	-65%	175	1%	810	1,053	30%
EBITDA margin	48%	34%	36%	2pp	-12pp	35%	1pp	42%	37%	-5pp
Net margin	17%	4%	5%	1pp	-12pp	5%	0pp	11%	11%	0pp

Source: Company data, Reuters, MDM estimates

## News Briefs

### Telecoms and Technology

**Golden Telecom announced the acquisition of leading altnet BryanskTel for USD5.5 mn.** The move fits in with GT's regional broadband expansion strategy and broadens the span of its zonal networks.

### Industrials, Consumer, Banks

**Marfin Bank, a Cyprus based bank of Greek and Dubai interests, announced yesterday that it had bought a 50.04% stake at Rosprombank for USD120 mn.** Rosprombank has assets of USD390 mn and projected net profit for 2007 of USD17 mn. An increased willingness of international players to become involved in the Russian banking sector is a positive signal.

**Seventh Continent is expanding into Perm and is negotiating to acquire a local chain of 20 outlets, Sem'ya (Interfax).** At the moment, SCON believes the ask price is overrated. SCON is also interested in the chain Vivat. Hypermarket expansion is SCON's priority, and strategically the Perm region is highly important. Its first hypermarket in Perm is opening today.

**Sistema Hals sold its 50% stake in the 13 Kostyansky project to its partner Mirax Group.** Mirax will now solely develop the elite residential construction. Sistema Hals claims the motivation to sell was to raise funds for investment in other projects (it is speculated that the deal was worth USD50-60 mn), but we believe the project still remains at the planning stage after nearly 4 years of being a burden for the company's portfolio.

### Other

**Russian potash producer Uralkali announced yesterday that it has already started selling potash at USD500 per ton to Southeast Asian markets.** It will also increase the price to customers in Brazil to the same level from USD400 per ton currently. Clearly positive news for the stock, which continued yesterday its amazing YTD performance.

**Economics Minister Elvira Nabiullina stated yesterday that the government will target a CPI rate of between 7.5% and 8.5% for 2008 (Bloomberg).** She added that net capital inflow for 2008 will range around the 2007 level of USD80 bn. While the latter target is quite realistic, we believe the inflation target will be very difficult to achieve unless a series of administrative measures are implemented to offer some short term relief.



Stock performance summary									
	Company name	Last price, USD	1D	1WK	1M	3M	12M	YTD	12M High/Low
Oil and gas	Gazprom	14.22	1.2%	1.1%	12.9%	30.6%	23.0%	23.7%	14.58/8.75
	Novatek	73.20	-1.2%	-0.4%	22.0%	46.7%	16.2%	15.3%	76.8/46.5
	Rosneft	9.26	0.1%	-3.5%	6.4%	6.8%	0.7%	1.2%	9.7/7.66
	Lukoil	86.18	0.6%	-5.0%	1.0%	6.9%	0.0%	-2.0%	95/71.9
	TNK-BP Holding	2.12	0.0%	-2.3%	-5.8%	5.5%	-14.4%	-18.5%	2.6/1.67
	Surgutneftegaz	1.26	3.0%	-0.2%	6.0%	-2.9%	-16.2%	-17.8%	1.53/1.07
	Gazprom Neft	6.45	6.6%	3.2%	24.8%	63.3%	50.0%	41.4%	6.45/3.7
	Tatneft	5.81	0.3%	-4.6%	2.8%	9.6%	17.7%	17.8%	6.26/3.95
	Bashneft	16.28	0.0%	0.5%	2.7%	21.9%	1.8%	1.8%	16.3/12
	Transneft pref	1,980.00	0.0%	-3.9%	5.3%	19.3%	-10.8%	-13.7%	2495/1435
	Integra	14.51	-2.3%	-1.3%	0.1%	n/a	n/a	n/a	21.55/13.55
	C.A.T Oil	14.47	0.0%	-5.3%	-8.8%	-22.4%	-21.9%	-27.7%	25.56/13.73
	West Siberian Resources	0.63	-3.5%	-6.9%	-14.5%	-19.8%	-43.3%	-43.3%	1.1/0.63
Utilities	UES	1.31	0.0%	-0.6%	8.0%	7.3%	40.9%	29.8%	1.37/0.93
	OGK-1	0.12	n/a	n/a	n/a	n/a	n/a	n/a	0.18/0.09
	OGK-2	0.14	n/a	n/a	n/a	n/a	n/a	n/a	0.18/0.12
	OGK-3	0.15	1.0%	3.0%	10.5%	13.8%	33.2%	24.5%	0.18/0.11
	OGK-4	0.13	0.0%	0.3%	3.1%	4.7%	70.5%	66.3%	0.13/0.08
	OGK-5	0.17	0.0%	1.0%	2.2%	9.9%	27.3%	32.1%	0.18/0.12
	OGK-6	0.13	n/a	n/a	n/a	n/a	n/a	n/a	0.17/0.12
Telecoms and technology	MTS	95.80	0.9%	2.0%	13.3%	37.4%	100.8%	90.9%	99.16/45.81
	Sistema	39.50	0.6%	-1.3%	4.2%	20.1%	27.8%	23.4%	41.9/25.85
	VimpelCom	39.38	4.4%	3.9%	26.8%	43.1%	155.1%	149.4%	40.67/14.79
	Comstar	11.30	-5.0%	-5.0%	-0.9%	-5.1%	33.6%	34.5%	13.71/7.7
	Rostelecom	11.20	0.0%	-4.7%	13.9%	7.7%	56.2%	46.4%	11.95/7.17
	Golden Telecom	100.06	-0.2%	-5.3%	2.8%	35.2%	120.8%	113.6%	108.85/44.66
	MGTS	33.80	-0.1%	5.3%	12.0%	11.2%	34.7%	28.8%	34.29/23.37
	Uralsvyazinform	0.06	-0.1%	-1.0%	0.2%	9.4%	-8.5%	-7.6%	0.07/0.05
	Volga Telecom	5.78	0.9%	-1.9%	-3.7%	23.8%	-1.2%	-4.5%	6.6/4.57
	Sibirtelecom	0.12	0.0%	-3.3%	-4.1%	23.7%	9.8%	4.4%	0.13/0.09
	Northwest Telecom	1.69	-0.1%	-3.6%	-3.6%	16.2%	1.5%	-0.2%	1.92/1.23
	Center Telecom	0.90	-1.1%	-1.2%	-1.6%	-2.2%	18.4%	20.0%	1/0.71
	Southern Telecom	0.20	-0.3%	-4.8%	-6.2%	11.9%	16.2%	9.4%	0.23/0.16
	Dalsvyaz	5.30	0.0%	-1.7%	-7.0%	12.8%	23.3%	27.4%	5.7/3.7
	Bashinformsvyaz	0.16	n/a	n/a	n/a	n/a	n/a	n/a	0.23/0.16
	RBC	10.26	0.2%	2.5%	11.9%	25.8%	-13.6%	-15.2%	12.1/7.53
	Metals and mining	Sitronics	5.88	6.3%	1.4%	-5.2%	0.0%	n/a	n/a
CTC Media		27.03	3.6%	-2.4%	14.0%	15.2%	13.5%	12.6%	28.77/19.59
Rambler Media		27.38	0.7%	-4.8%	-16.7%	-31.8%	-18.0%	-18.9%	55/27.18
Norilsk Nickel		267.60	3.3%	0.6%	-5.4%	7.9%	77.9%	70.4%	309.9/135.5
Polyus Gold		44.00	0.0%	1.1%	3.8%	-1.0%	-8.4%	-10.8%	55.25/38.3
Severstal		22.50	1.4%	-2.0%	2.3%	12.5%	102.7%	100.9%	23.84/10.85
Evraz Group		78.00	0.6%	-3.9%	17.6%	36.4%	215.2%	203.6%	86/24.75
Mechel		93.42	3.8%	-3.2%	26.1%	87.3%	266.6%	266.6%	99.89/23.73
NLMK		39.00	0.8%	-6.0%	2.4%	19.8%	69.1%	67.7%	44.89/20.8
MMK		1.29	0.0%	-2.2%	6.1%	12.7%	53.7%	48.4%	1.4/0.84
TMK		44.50	0.0%	-3.1%	13.3%	8.0%	n/a	27.1%	47.49/30.9
VSMPO		306.00	-1.9%	-1.3%	-4.7%	5.5%	5.5%	4.4%	330/275
Sberbank		4.27	0.7%	-1.2%	4.4%	5.1%	34.7%	23.8%	4.42/3.08
Rosbank	7.02	-0.2%	-1.0%	-0.1%	2.9%	-2.7%	-8.6%	7.67/5.94	
Industrials, consumer, banks	X5	34.00	2.1%	1.8%	1.8%	4.8%	33.3%	30.8%	37.5/24.6
	Seventh Continent	26.26	0.0%	0.0%	-1.3%	4.6%	1.8%	-1.6%	29.3/24.1
	Dixy Group	14.20	-2.5%	-4.1%	1.9%	16.9%	42.0%	37.3%	15.6/13.85
	Magnit	49.00	0.0%	0.5%	1.9%	16.9%	42.0%	37.3%	49/34.5
	Wimm-Bill-Dann	128.73	-0.6%	9.3%	7.5%	12.4%	122.2%	93.4%	134.62/56.49
	Lebedyansky	88.00	0.0%	0.0%	-0.6%	-1.1%	10.0%	10.0%	99/73.5
	Nutritek	51.00	0.0%	0.0%	-3.8%	n/a	n/a	n/a	53.8/44.9
	Baltika (euro)	34.13	n/a	n/a	n/a	n/a	n/a	n/a	36.96/32.58
	Razgulay	6.20	3.3%	17.0%	24.0%	53.1%	57.4%	55.0%	6.2/3.6
	Severstal Auto	54.50	-0.9%	3.8%	9.0%	16.0%	88.9%	80.2%	55/28.5
	AvtoVAZ	1.80	0.0%	-2.8%	-1.7%	17.8%	59.8%	59.8%	2.05/0.67
	Aeroflot	3.50	0.0%	-2.8%	-1.7%	17.8%	59.8%	59.8%	3.6/2.19
	Veropharm	51.95	0.3%	-0.1%	8.0%	20.8%	73.7%	63.6%	52/29.9
	Apteka 36.6	72.00	-6.5%	-6.5%	-5.0%	-2.7%	28.6%	23.6%	96.1/56
	Pharmstandard	23.68	2.5%	-1.3%	18.4%	24.0%	n/a	n/a	27.4/13.6
	Kalina	41.00	0.0%	-1.8%	-5.5%	18.0%	-16.2%	-20.4%	51.5/34.25
	Oriflame (euro)	43.01	0.0%	2.3%	13.5%	4.0%	47.3%	44.1%	44.28/28
Cherkizovo	14.50	1.8%	2.5%	0.0%	16.5%	5.5%	6.6%	17.35/11.05	
Sistema Hals	9.93	1.3%	-2.9%	10.3%	-7.2%	n/a	-25.3%	15.05/8.75	
<b>RTS Index</b>	<b>2,283.28</b>	<b>0.8%</b>	<b>-1.5%</b>	<b>6.1%</b>	<b>12.7%</b>	<b>22.5%</b>	<b>18.8%</b>	<b>2359.85/1724.69</b>	

Source: Bloomberg

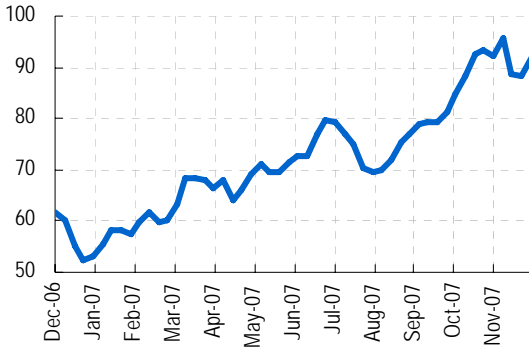


Stock valuation summary													
	Company name	MCAP,			P/E			EV/EBITDA			EV/Revenue		
		USD mn	2006	2007E	2008E	2006	2007E	2008E	2006	2007E	2008E		
Oil and gas	Gazprom	323,491	13.6	11.5	10.1	9.7	8.2	7.3	4.2	3.7	3.3		
	Novatek	22,224	28.9	22.1	19.2	18.4	14.1	12.9	9.0	6.8	5.6		
	Lukoil	73,339	8.9	8.8	10.2	6.0	5.9	6.2	1.1	1.1	1.1		
	Rosneft	98,147	20.1	16.0	16.9	10.8	9.2	8.9	2.8	2.4	2.5		
	Surгутneftegaz	49,860	12.0	13.3	14.2	5.3	6.1	6.4	1.9	1.9	1.9		
	Gazprom Neft	30,579	8.1	8.7	9.3	5.7	5.9	6.2	1.5	1.5	1.4		
	Tatneft	13,124	9.9	11.0	9.9	6.0	6.8	6.1	1.0	1.0	1.0		
	Bashneft	2,768	6.3	5.2	5.4	3.4	3.1	3.1	0.7	0.7	0.8		
	Transneft pref	13,685	5.5	5.3	4.9	3.9	3.5	3.2	2.1	1.9	1.7		
	West Siberian Resources	746	16.8	7.9	6.1	7.9	4.9	3.7	2.8	1.9	1.5		
	<b>Aggregate - oil and gas</b>	<b>627,216</b>	<b>12.6</b>	<b>11.3</b>	<b>11.1</b>	<b>7.7</b>	<b>7.0</b>	<b>6.7</b>	<b>2.7</b>	<b>2.3</b>	<b>2.1</b>		
Utilities	UES	53,765	30.9	25.7	20.6	17.0	13.0	11.2	3.3	2.9	2.6		
	Mosenergo	9,739	83.8	44.7	23.6	26.7	18.3	11.6	3.2	2.6	2.1		
	OGK-1	5,313	n/a	58.4	39.9	43.8	28.7	20.5	4.8	4.3	3.5		
	OGK-2	3,734	n/a	46.7	26.3	204.6	23.1	13.8	4.2	3.5	2.8		
	OGK-3	7,242	n/a	85.2	51.7	104.8	41.2	37.0	9.5	7.8	6.8		
	OGK-4	6,534	n/a	n/a	54.0	81.3	48.9	26.9	6.8	6.2	4.8		
	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	48.6	27.5	19.4	20.7	16.0	10.2	3.1	2.6	2.1		
	<b>Aggregate - utilities</b>	<b>95,974</b>	<b>24.3</b>	<b>27.5</b>	<b>21.7</b>	<b>36.6</b>	<b>16.0</b>	<b>12.0</b>	<b>3.4</b>	<b>2.9</b>	<b>2.5</b>		
Telecoms and technology	MTS	38,224	30.7	21.5	19.2	12.7	10.8	9.8	6.4	5.4	4.9		
	Sistema	19,079	21.1	15.8	14.5	10.2	8.4	7.7	3.8	3.4	3.1		
	VimpelCom	40,388	49.7	33.7	29.9	17.3	14.0	12.9	8.7	7.1	6.5		
		<b>Aggregate - mobile telecoms</b>	<b>97,691</b>	<b>33.8</b>	<b>23.7</b>	<b>21.2</b>	<b>13.4</b>	<b>11.1</b>	<b>10.2</b>	<b>6.3</b>	<b>5.3</b>	<b>4.9</b>	
	Comstar	4,723	57.6	42.5	13.8	16.4	9.4	8.2	5.4	4.0	3.6		
	Rostelecom	8,918	n/a	77.5	65.1	22.8	20.4	18.1	3.8	3.8	3.6		
	Golden Telecom	3,667	42.9	31.3	23.4	16.2	11.4	8.7	4.3	3.2	2.5		
	MGTS	3,180	10.1	9.4	9.2	6.5	6.5	6.3	3.2	3.1	3.0		
	Uralsvyazinform	2,388	77.0	17.4	13.4	9.6	6.4	5.6	2.7	2.3	2.1		
	Volga Telecom	1,749	22.4	13.2	10.9	7.0	5.3	4.7	2.4	2.0	1.8		
	Sibirtelecom	1,732	40.7	8.3	6.5	8.7	5.0	4.2	2.1	1.7	1.5		
	Northwest Telecom	1,794	38.2	15.2	14.6	8.8	5.9	5.5	2.8	2.3	2.0		
	Center Telecom	1,744	25.8	27.2	15.9	6.4	5.8	5.0	2.3	2.0	1.8		
	Southern Telecom	723	55.6	18.1	16.1	6.6	6.1	5.6	2.3	2.0	1.9		
	Dalsvyaz	648	49.9	13.5	9.3	8.8	5.2	4.1	2.2	1.6	1.5		
	Bashinformsvyaz	158	9.2	8.5	6.7	3.5	3.2	n/a	0.9	0.9	0.8		
	Sitronics	1,123	18.4	n/a	21.9	8.7	11.1	6.6	0.9	0.8	0.6		
	<b>Aggregate - fixed line telecoms</b>	<b>31,424</b>	<b>39.0</b>	<b>23.5</b>	<b>17.1</b>	<b>10.1</b>	<b>7.6</b>	<b>6.9</b>	<b>2.9</b>	<b>2.4</b>	<b>2.2</b>		
RBC	1,180	20.0	16.7	18.3	12.6	11.6	8.8	4.9	3.8	3.2			
CTC Media	4,106	30.0	21.9	17.1	16.5	12.3	9.7	8.4	6.3	5.1			
Rambler Media	411	33.9	17.0	11.1	20.8	9.4	6.5	5.2	3.0	2.3			
	<b>Aggregate - media</b>	<b>5,698</b>	<b>28.0</b>	<b>18.5</b>	<b>15.5</b>	<b>16.6</b>	<b>11.1</b>	<b>8.4</b>	<b>6.1</b>	<b>4.4</b>	<b>3.5</b>		
Metals and mining	Norilsk Nickel	48,971	6.7	8.1	8.7	4.3	4.8	5.0	3.0	3.1	3.2		
	Polyus Gold	8,404	46.4	58.3	53.5	18.8	22.5	22.3	7.9	7.6	7.9		
	Severstal	22,673	11.5	9.8	10.0	6.0	5.4	5.3	1.6	1.5	1.5		
	Evrz Group	27,356	12.2	10.7	11.0	7.6	6.8	7.3	2.7	2.4	2.4		
	Mechel	12,608	14.5	10.8	10.9	8.3	6.1	6.0	2.2	1.8	1.7		
	NLMK	23,373	10.8	10.7	10.4	7.3	7.0	6.8	3.3	3.2	3.0		
	MMK	13,117	7.3	7.1	6.5	5.3	4.9	4.6	1.6	1.5	1.4		
	TMK	9,701	16.3	12.3	9.4	10.5	8.2	6.5	2.6	2.2	2.0		
	VSMPO	3,672	13.9	12.1	9.5	9.1	7.8	6.1	3.6	3.0	2.4		
		<b>Aggregate - metals and mining</b>	<b>169,874</b>	<b>16.8</b>	<b>15.8</b>	<b>14.5</b>	<b>9.4</b>	<b>8.4</b>	<b>7.8</b>	<b>3.5</b>	<b>3.1</b>	<b>2.9</b>	
Industrials, consumer, banks	Sberbank *	237	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		
		<b>Aggregate - banks</b>	<b>237</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>		
	X5	7,360	47.0	29.4	22.4	17.3	12.6	9.9	1.6	1.1	0.9		
	Magnit	3,528	40.6	30.1	20.6	18.4	12.7	9.3	1.0	0.7	0.5		
	Seventh Continent	1,970	26.6	22.5	16.3	14.5	10.4	7.8	1.5	1.1	0.8		
	Lebedyansky	1,796	18.0	15.3	13.2	11.5	9.6	8.5	2.1	1.7	1.5		
	Baltika (euro)	5,835	11.4	9.8	8.2	7.2	6.2	5.4	2.2	1.9	1.5		
	Wimm-Bill-Dann	5,664	38.7	28.3	22.2	19.0	14.8	12.3	2.5	2.0	1.7		
		<b>Aggregate - FMCG</b>	<b>26,153</b>	<b>30.4</b>	<b>22.6</b>	<b>17.2</b>	<b>14.6</b>	<b>11.1</b>	<b>8.9</b>	<b>1.8</b>	<b>1.4</b>	<b>1.2</b>	
	Razgulay	657	30.9	15.9	13.8	9.8	7.3	6.7	1.2	1.0	1.0		
	Severstal Auto	1,853	17.0	14.3	11.0	11.4	8.5	6.8	1.4	1.1	0.8		
	AvtoVAZ	52	0.4	0.2	0.2	1.4	1.1	n/a	0.1	0.1	0.1		
	Aeroflot	3,889	12.9	13.1	9.4	8.9	7.5	5.7	1.3	1.1	1.0		
	Veropharm	520	19.2	13.9	11.1	13.0	9.5	8.0	4.0	3.2	2.6		
	Kalina	400	13.0	11.0	10.4	8.0	6.9	6.9	1.1	1.0	0.9		
Oriflame (euro)	2,396	24.3	18.3	14.8	16.2	13.2	11.2	2.4	2.1	1.9			
	<b>Aggregate valuation</b>	<b>1,064,033</b>	<b>13.4</b>	<b>11.9</b>	<b>11.1</b>	<b>8.5</b>	<b>7.7</b>	<b>7.2</b>	<b>2.7</b>	<b>2.4</b>	<b>2.2</b>		
	<b>FF-adj. MCAP W.A. valuation</b>	<b>304,952</b>	<b>17.0</b>	<b>15.4</b>	<b>13.9</b>	<b>10.7</b>	<b>8.7</b>	<b>7.9</b>	<b>3.8</b>	<b>3.4</b>	<b>3.1</b>		

Source: MDM estimates, IBES consensus

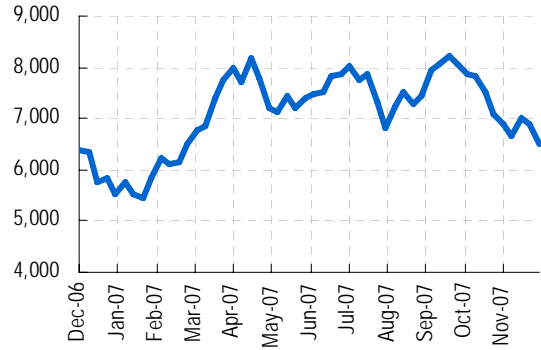
## Key commodities

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



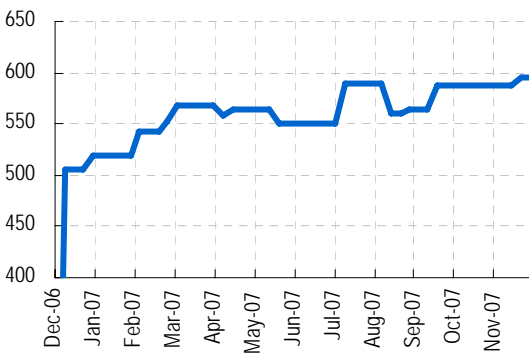
Source: Bloomberg

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



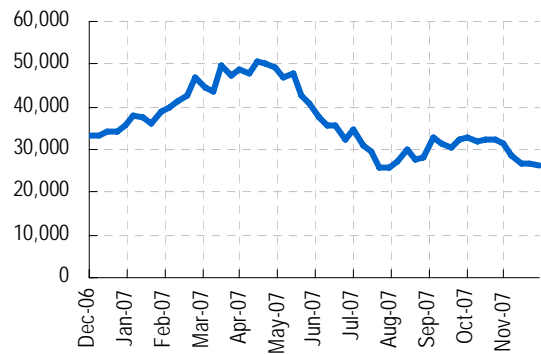
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MB-Steel HR Coil CIS, USD/ton



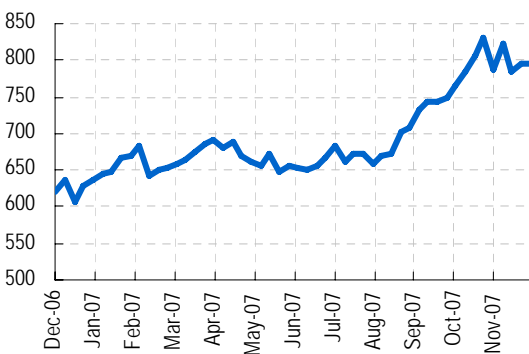
Source: Bloomberg

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



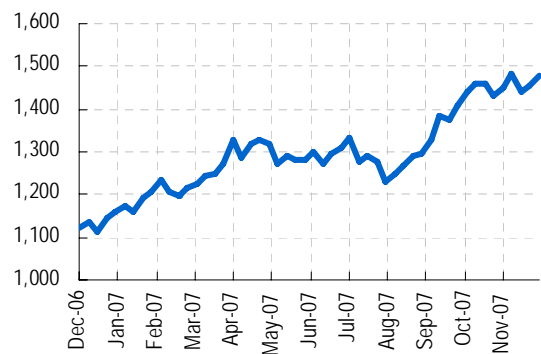
Source: Bloomberg

Gold Bullion, USD/oz



Source: Bloomberg

MB-Platinum Matthey, USD/oz



Source: Bloomberg



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