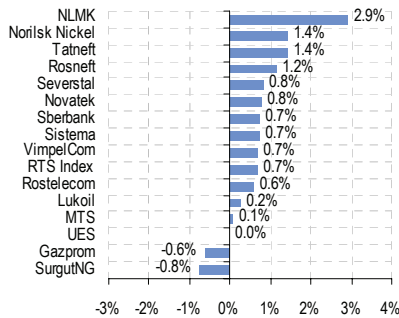
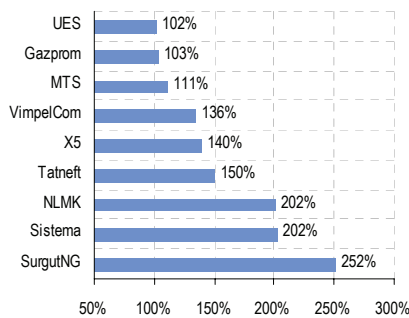


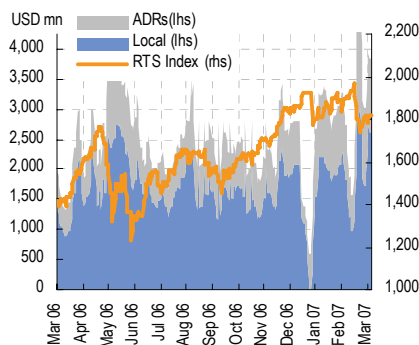
Blue chips: advancers and decliners



Volume monitor: daily/3M avg. volume



RTS index and weekly trading volumes



Upcoming events

20-Mar	Magnit February trading update
21-Mar	MTS 4Q06/2006 U.S. GAAP results
21-Mar	Razgulay board meeting
27-Mar	Auction of Yukos's 9.4% stake in Rosneft
28-Mar	WBD 2006 U.S. GAAP financials
End-Mar	Kalina 2006 results
End-Mar	X5 2006 IFRS financials
April	Lukoil 2006 U.S. GAAP results
Early Apr	Seventh Continent 2006 IFRS financials
Early Apr	Severstal 2006 IFRS results

Market

- The Russian market saw gains, with the RTS Index up 0.7% to 1,821. Norilsk Nickel and oil majors were among the advancers. However, China's weekend interest rate hike and soft oil signal a holding pattern for Russia.

Top news and ideas

- **Gazprom Neft: To pay half of USD2.3 bn investment in real estate project.** Capex will be raised by 7% due to this non-core project, which we regard as negative for the company.
- **Oil & Gas: Russia could become part of a "gas OPEC".** An agreement could be signed at a gas summit in Doha on April 9 and would entail the largest gas producing countries coordinating pricing and production policies.
- **TMK: Further expansion into LD pipes confirmed.** TMK signed an agreement with Haeusler to purchase equipment to expand LD pipe production. This flags major opportunities for TMK.
- **Magnit: Upgrade to Buy on strong growth expectations.** The key drivers behind our FV increase are a boost in projected like-for-like growth and a slight upgrade in net selling space and revenue estimates.
- **VTB: Preparations for IPO moving at full speed.** Today's EGM looks set to approve a share increase of up to 25%. Earlier, the bank's supervisory council selected two new independent board members.
- **Industrial output grew an impressive 8.7% y-o-y in February.** Mining and manufacturing continue to lead the way.

Other highlights

- **Brief – Gazprom's Russian ABC1 oil and gas reserves total 29.8 tcm** (197 bn boe), gaining 642.7 bcm in 2006, and its reserve replacement ratio equals 104% (*Vedomosti*). Gazprom targets a 100% ratio through 2030.
- **Brief – Sitronics' underwriters did not exercise a 1.3% green shoe option** (Interfax). This leaves the free float of 17.2% intact and suggests there are few takers of the stock at the current price.
- **Brief – Finance Minister Alexei Kudrin has proposed limiting the use of oil and gas budget revenues to cover fiscal spending to 4% of GDP.** We await more information but the idea looks reasonable provided it is limited to periods of fiscal deficits.

Russian market in context

	Last Close	Performance/Trends				
		1D	1WK	1M	3M	12M
RTS Index	1,821	0.7%	0.7%	-4.4%	-0.9%	28.7%
MSCI EM Europe Index	599	0.7%	0.2%	-5.8%	-3.1%	6.1%
MSCI EM Index	883	-0.1%	-1.4%	-6.0%	0.2%	12.8%
S&P500 Index	1,387	-0.3%	-1.1%	-4.7%	-2.7%	6.1%
OIX (Oil majors) Index	612	-0.9%	-2.2%	-3.8%	-7.4%	8.1%
GSCI (Commodities) index	5,530	-0.2%	-1.7%	-0.8%	-5.8%	-13.5%
Oil (WTI), USD/bbl	57.1	-0.8%	1.0%	-3.8%	-10.0%	-10.2%
Nickel, USD/ton	49,498	0.5%	9.9%	18.6%	39.6%	235.9%
Steel (HR), USD/ton	553	1.8%	1.8%	6.3%	9.4%	30.0%
LT U.S. Treasury YTM	4.8%	4.8%	4.8%	4.9%	4.8%	4.8%
EMBI-Russia spread, bp	109	111	112	106	100	112
RUB/USD	26.13	26.15	26.24	26.23	26.26	27.84

Source: Datastream, Bloomberg

Gazprom Neft: To pay half of USD2.3 bn investment in real estate project

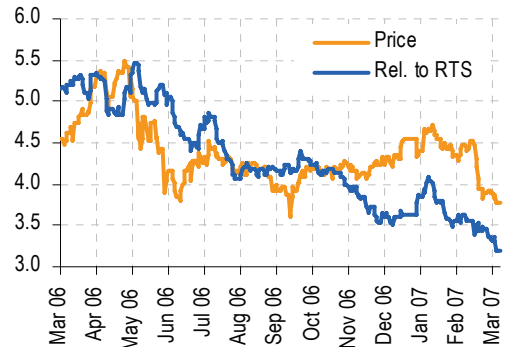
Analysts: Nadia Kazakova, CFA, Andrey Gromadin, CFA e-mail: Nadia.Kazakova@mdmbank.com

Tel: + 7 495 795 2521

Bloomberg ticker	Price, USD	FV, USD	Rating	12M High/Low	1M Perf.	3M Perf.	12M Perf.
SIBN RM Equity	3.78	4.31	Hold	5.5/3.59	-15.6%	-11.1%	-21.5%

Financials, USD mn	2006E	2007E	2008E
Revenue	20,051	18,890	18,748
EBITDA	4,951	4,891	4,176
Net income	3,422	3,308	2,679
Revenue growth	46%	-6%	-1%
EBITDA growth	37%	-1%	-15%
Net income growth	37%	-3%	-19%
EBITDA margin	25%	26%	22%
Net margin	17%	18%	14%
EV/Revenue	1.1	1.2	1.2
EV/EBITDA	4.5	4.6	5.3
P/E	5.2	5.4	6.7
MCAP, USD mn	17,936	Com., mn	4,741
EV, USD mn	22,269	Pref., mn	
Free float	4%	Total, mn	4,741

Price performance, USD



Source: Bloomberg

Source: Bloomberg, MDM estimates

Gazprom Neft agrees to finance half of a USD2.3 bn real estate project in St. Petersburg. Gazprom CEO Alexei Miller said on Friday that Gazprom Neft and the city of St. Petersburg will finance the construction of a business center, Gazprom City, in parity. Gazprom Neft will take a 51% stake in the business center with the government retaining the remaining 49%. Gazprom City is a very ambitious real estate project with estimated investment of RUB60 bn (USD2.3 bn). The plans include the construction of a business center with a 300 meter tower as office space for Gazprom Neft. The project is connected with the registration of Gazprom Neft as a tax payer in St. Petersburg (from Omsk). The St. Petersburg government had considered financing the project from the local budget, but this met with strong resistance, so now Gazprom Neft has agreed to pay half.

Negative for cash flow generation. The decision to fund 50% of a project that has a huge price tag and is outside the company's core competence appears negative. With Gazpromneft's registration in St. Petersburg, the local government has secured an extra RUB14-15 bn (USD0.54-0.58 bn) in budget revenues. The government has already earmarked just less than half of these extra tax revenues over the next 10 years for the construction of the business center, and now Gazprom Neft will have to spend USD1.15 over the same period to realize this ambitious project. As a result the company will have to raise capex by 7-9%. This is negative for the company's strategy, as it will hamstring management's ability to reach its targets and the company's ability to generate cash flows. It would be helpful if Gazprom were to buy Yukos's 20% stake in Gazprom Neft at the upcoming auction. Strategic investors are unlikely to be ready to compete for a minority stake in such an asset, in our opinion.

Oil & Gas: Russia could become part of a “gas OPEC”

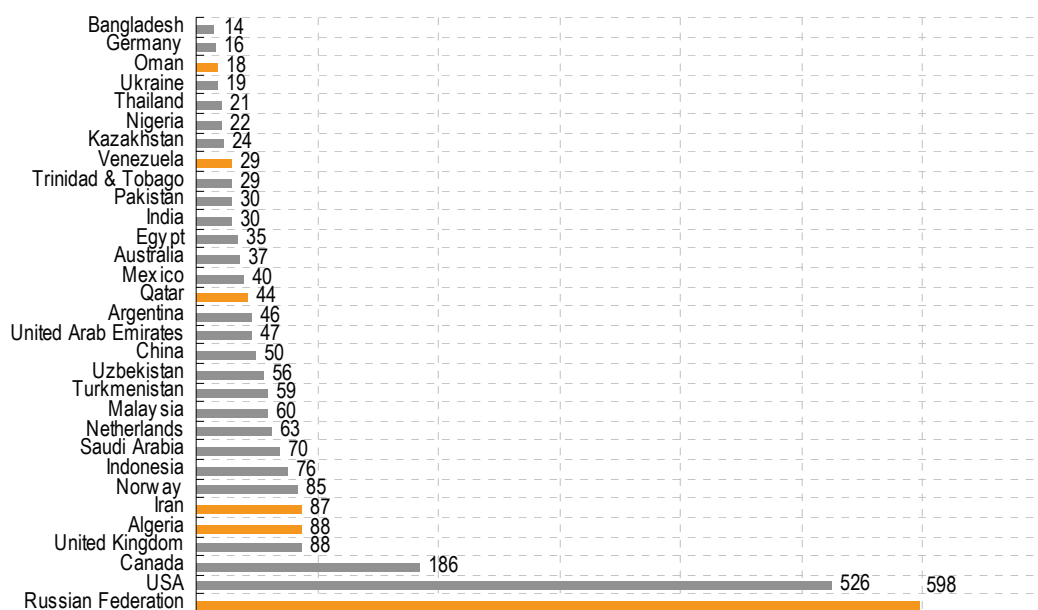
Analysts: Nadia Kazakova, CFA, Andrey Gromadin, CFA, e-mail: Andrey.Gromadin@mdmbank.com

“**Gas OPEC**” could be created in April. Russia, Iran, Qatar, Venezuela and Algeria could become founding members of a “gas OPEC” during a meeting in Doha on April 9, according to *Kommersant*. Apparently, the project has been given a political blessing and the delegations will sign an agreement during the forthcoming meeting of gas exporting countries. The countries that are likely to form the backbone of the new gas organization produced 845 bcm, or 30.6% of global gas output, in 2005.

Policy coordination rather than price control could be initial target. The idea of a new gas organization has been discussed in various gas producing countries in recent months. We would expect that if the new organization is set up in April, its initial aim will be gas policy coordination, rather than outright price control. Ultimately, the countries could set formal or informal price and volume targets for their gas exports, thus preventing other gas producers from oversupplying export markets or engaging in dumping practices.

Gas price will remain closely correlated with the oil price. Implementing the idea could clearly be a challenge given the geographic, economic and political differences among the prospective members of the would-be cartel. Moreover, the gas price will continue to be closely correlated with the oil price, hence to a large extent will be determined by another cartel – OPEC. Still, the creation of a “gas OPEC” would have significant implications for the industry (such as narrowing the discount between oil and natural gas prices) and clearly warrants close attention, in our view.

Global gas output in 2005, bcm



Source: BP Annual Statistical Review 2006

TMK: Further expansion into LD pipes confirmed

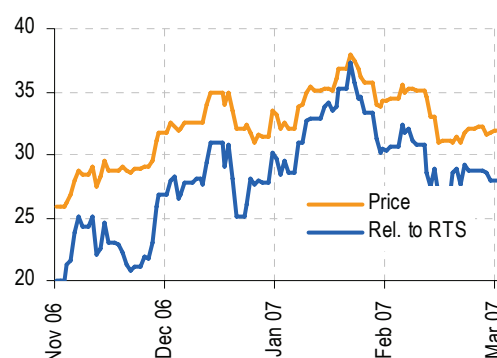
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Bloomberg ticker	Price, USD	FV, USD	Rating	12M High/Low	1M Perf.	3M Perf.	12M Perf.
TMKS LI Equity	31.90	n/a	Not Rated	38/21,6	-10.1%	-1.2%	n/a

Financials, USD mn	2006E	2007E	2008E
Revenue	n/a	3,767	4,485
EBITDA	n/a	1,091	1,526
Net income	n/a	645	948
Revenue growth		n/a	19%
EBITDA growth		n/a	40%
Net income growth		n/a	47%
EBITDA margin	n/a	29%	34%
Net margin	n/a	17%	21%
EV/Revenue	n/a	1.8	1.6
EV/EBITDA	n/a	6.4	4.6
P/E	n/a	10.8	7.3
MCAP, USD mn	6,954	Com., mn	218
EV, USD mn	6,954	Pref., mn	
Free float	0%	Total, mn	218

Price performance, USD



Source: Bloomberg

Source: Datastream, IBES consensus

Equipment purchase deal signed. TMK said it has signed an agreement with Haeusler to purchase equipment for a new large diameter (LD) pipe production line that will be launched at Volzhsky Pipe Plant. Haeusler is one of the world's largest producers of welded pipe production equipment, and it will supply equipment to produce longitudinal welded pipes with a diameter of 530-1420 mm, wall thicknesses up to 42 mm and strength groups up to X100. Previously, TMK had planned to expand LD pipe production through its JV with Indian producer Welspun, but the deal fell through.

Expansion flags major opportunities. The new LD production facility will have a capacity of 750,000 tons, some 50% increase over the current 0.52 mn tons. These pipes could be used in construction of offshore pipelines, including Nord Stream. TMK plans to start production in 3Q08, which would allow it to participate in the tender for the offshore part of Nord Stream. Gazprom's plans to accelerate replacement of Russia's aging pipeline infrastructure, coupled with new oil and gas infrastructure projects, may result in substantial demand for LD pipes in Russia and the CIS, pointing to good prospects for all key producers – OMK, Severstal and TMK.

Entry ticket looks reasonable. According to TMK, preliminary capex calculations suggest an overall project cost of USD100-160 mn, which translates into USD135-215/ton of new capacity. We should note that the price and availability of plate, the main cost item for welded pipe, is crucial for the project's success. In our view, even with a possible shortage of quality plate on the domestic market and raw material cost pressures, this project should be value accretive for TMK, with a short payback period.

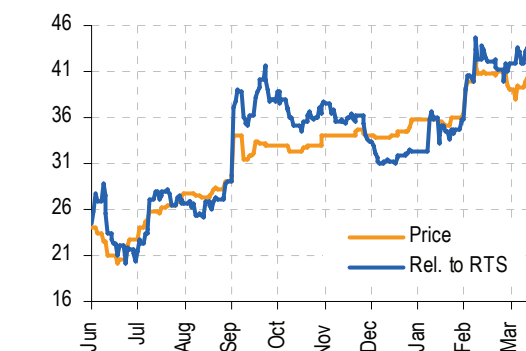
New developments are not priced in. We believe the announced expansion plans are highly important for TMK's business model and create new opportunities for the company on the growing domestic LD pipe market. We believe the expansion plan is not priced in and should be supportive of the stock.

Magnit: Upgrade to Buy on strong growth expectations

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Bloomberg ticker	Price, USD	FV, USD	Rating	12M High/Low	1M Perf.	3M Perf.	12M Perf.
MGNT RU	40.3	47.0	Buy	41.9/20.15	-2.1%	17.4%	n/a
Financials, USD mn			2006E	2007E	2008E	Price performance, USD	
Revenues	2,505	3,681	5,117				
EBITDA	125	198	286				
Net income	71	116	154				
Revenue growth	56%	47%	39%				
EBITDA growth	58%	59%	45%				
Net income growth	93%	63%	33%				
EBITDA margin	5.0%	5.4%	5.6%				
Net margin	2.8%	3.2%	3.0%				
EV/Revenues	1.2	0.8	0.6				
EV/EBITDA	24.1	15.2	10.5				
P/E	40.8	25.0	18.9				
MCAP, USD mn	2,902	Com., mn	72				
EV, USD mn	3,008	Pref., mn					
Free float	19%	Total, mn	72				



Source: Bloomberg

Source: Bloomberg, MDM estimates

Expectation of good results prompts upgrade to target price and recommendation. Magnit's latest trading update leads us to anticipate better revenue and margins in its full-year 2006 IFRS results (expected towards the end of April) and going forward. As a result, we are boosting our end-2007 fair value to USD47.0 per share from USD35.6 (vs. the current price of USD40.3). The key drivers behind our FV increase are a boost in projected like-for-like growth, along with a slight upgrade in net selling space and revenue estimates.

Upgrade LFL projections. In February Magnit announced strong 2006LFL revenue, which rose 13.2% y-o-y in ruble terms (17.5% in dollar terms). We expect continued strong LFL growth and have increased our medium-term average LFL projection (2007-12) from 9.0% to 9.9%. The main risk is associated with Magnit's high exposure to short-term lease arrangements, which it is in the process of reducing; in the meantime, it remains vulnerable to rising real estate prices. The company has shed a bit more light on its hypermarket plans; however, we would highlight execution risk as Magnit enters what in many ways is a completely different business area.

Earnings upgrade, margin improvement to plateau. We raise our EBITDA projection by 13.5% to USD124.8 mn for 2006 and by 10.9% to USD198.1 mn for 2007. Our net income expectation is increased by 14.9% for 2006 to USD71.2 mn and by 16.1% to USD116.1 mn for 2007. We expect significant margin improvements linked to better purchasing terms and in-house distribution and logistics. The benefits may be offset in the medium term by expenses associated with the expansion of the company's hypermarket operations.

Valuations reflect earnings revisions; upgrade to Buy. We upgrade our recommendation on Magnit shares to Buy from Hold given upside of 17% to our new target price of USD47.0. The boost to financial performance from the company's hypermarket program – which is still in the very early stages of execution – is not fully priced in to the shares, in our view. At a 2008E P/E of 18.9 and EV/EBITDA of 10.5, Magnit trades at a 5-10% premium to X5 and a 30-35% premium to Seventh Continent, which we think is justifiable based upon the company's higher growth.

Change in financial projections 2006E-08E, USD mn

	Old 06	New 06	% change	Old 07	New 07	% change	Old 08	New 08	% change
Revenue	2,481.6	2,505.0	0.9%	3,497.2	3,681.0	5.3%	4,800.4	5,117.0	6.6%
Gross profit	445.5	453.2	1.7%	635.2	667.2	5.0%	877.9	931.1	6.1%
EBITDA	110.0	124.8	13.5%	178.7	198.1	10.9%	273.1	286.4	4.9%
Net income	61.9	71.2	14.9%	100.0	116.1	16.1%	155.0	153.8	-0.7%
Gross margin	18.0%	18.1%	0.1 pp	18.2%	18.1%	0.0 pp	18.3%	18.2%	-0.1 pp
EBITDA margin	4.4%	5.0%	0.6 pp	5.1%	5.4%	0.3 pp	5.7%	5.6%	-0.1 pp

Net margin	2.5%	2.8%	0.3 pp	2.9%	3.2%	0.3 pp	3.2%	3.0%	-0.2 pp
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Source: Company data, MDM estimates

VTB: Preparations for IPO moving at full speed

Analyst: Alex Kantarovich, CFA, e-mail: Alex.Kantarovich@mdmbank.com

EGM to approve share issuance. VTB is due to hold an EGM today that should approve an issuance of 1.3 trn additional shares, a 25% increase. The targeted value of funds to be raised will be known by mid-April, after valuation of the bank. VTB's IPO is scheduled to take place in May.

Two independent board members approved – and both are foreigners. On Friday, the bank's supervisory council approved the inclusion of two independent board members. The first, Iva-Tubo de Silgi, is head of the administrative council of Vinci (a French construction and logistics group). The second director is Matthias Varnig, currently at the helm of Nord Stream and a board member of ZAO Dresdner Bank. The presence of independent directors should be viewed positively, and the fact they are foreigners clearly aims at giving more comfort to foreign investors. This is particularly important because a dual listing (Russia and London) is planned. Moreover, apart from their corporate experience, both new members are reportedly well connected in high places in Russia and the EU, an added bonus for VTB.

IPO news flow important for the banking sector. In our view, a less-than-perfect execution of Sberbank's SPO has negatively affected Russian banking shares, so all eyes are now moving to VTB. We believe that another mega-issuance could be a technical negative for Sberbank. In particular, giving investors a sensible price (allowing for significant fundamental upside) could prompt a switch into the new blue chip. In particular, VTB's business model, based on high volume, lower margin corporate business, warrants a lower P/BV, which could create more difficult comparisons for Sberbank.

Industrial output grew an impressive 8.7% y-o-y in February

Analysts: Peter Westin, Irina Plevako, e-mail: Peter.Westin@mdmbank.com

Strong growth for a second consecutive month. Industrial production growth hit 8.7% y-o-y in February, Rosstat reported Friday. This was again above the consensus expectation of 6.4% and by far exceeded the exceptionally low growth of 1% seen in February 2006. A breakdown shows that mining and manufacturing were up 4.3% and 14%, respectively, while production and distribution of basic services fell 2.4%. For 2M07 industrial production growth reached 8.6%.

Construction boom remains in place. Output of oil including gas condensate increased by 4.7% in February. In manufacturing the growth of construction materials remained impressive, with 51.1% growth in cement output, 21.9% growth in construction steel and 20.7% growth in brick production. Steel pipe output was up a strong 28.8%. Food production also grew impressively, with meat output up 20.9%, nonalcoholic beverages up 22.9% and vegetable oil production up 16.3%.

Positive numbers suggest full-year figure will be high. The impressive 2M07 figures coupled with stronger fixed investment growth during 2006 indicate that FY07 industrial production growth could be high. However, we should remember that the numbers partly stand out this year because of the base effect, as both industrial production and fixed investment were sluggish in 1Q06 due to an extremely cold winter. Milder weather this year has had a positive impact on construction and the production of construction materials, and has contributed to a decline in the demand for and production and distribution of power and heating. We forecast industrial production growth of 5% in 2007.

Stock performance summary								
Company name	Last price, USD	1D	1WK	1M	3M	12M	YTD	12M High/Low
Oil and gas								
Gazprom	9.74	-0.6%	0.5%	-10.0%	-13.9%	18.1%	-15.3%	12.8/8.08
Novatek	52.40	0.8%	-1.5%	-5.4%	-17.2%	55.0%	-17.5%	66/31.5
Rosneft	8.07	1.2%	-1.5%	-7.3%	-13.0%	n/a	-13.9%	9.47/7.37
Lukoil	78.71	0.2%	-0.1%	-2.9%	-9.4%	-7.8%	-10.3%	95.23/63.01
TNK-BP Holding	2.21	2.1%	1.6%	1.6%	-10.7%	-27.2%	-15.0%	3.47/2.09
Surgutneftegaz	1.14	-0.8%	4.1%	-9.4%	-21.3%	-28.8%	-26.3%	1.85/1.07
Gazprom Neft	3.78	-2.7%	-3.6%	-15.6%	-11.1%	-21.5%	-17.9%	5.5/3.59
Tatneft	4.38	1.4%	6.6%	1.3%	-5.7%	-26.0%	-6.7%	6.07/3.5
Bashneft	13.30	0.0%	-3.3%	-6.3%	-18.4%	-20.4%	-16.9%	18.5/11.77
Transneft pref	2,076.96	0.0%	-0.5%	-13.2%	-8.6%	-13.9%	-10.0%	2523.42/1669.71
Ritek	9.00	0.0%	0.0%	-6.3%	-19.6%	-1.1%	-19.6%	11.2/8
Telecoms and technology								
MTS	52.46	0.1%	3.1%	-4.2%	9.4%	40.8%	4.5%	56.97/26.22
AFK Sistema	27.00	0.7%	-5.2%	-10.6%	-8.2%	8.4%	-15.6%	32.9/18.1
VimpelCom	88.02	0.7%	0.4%	2.0%	14.3%	105.2%	11.5%	90.18/38.59
Comstar	8.51	-0.4%	-2.7%	-3.8%	6.4%	18.2%	1.3%	9.7/4.9
Rostelecom	8.40	0.6%	3.2%	2.2%	17.1%	137.5%	10.1%	8.44/3.02
Golden Telecom	52.71	5.9%	2.2%	-8.0%	18.6%	75.7%	12.5%	59.05/21.73
MGTS	24.97	0.9%	0.0%	-4.8%	3.7%	19.8%	0.0%	27.23/16.64
Uralsvyazinform	0.06	-0.8%	-1.8%	-13.1%	-6.6%	38.3%	-6.5%	0.07/0.03
Volga Telecom	5.87	-0.5%	0.3%	-6.8%	4.8%	39.8%	-3.0%	6.6/2.85
Sibirtelecom	0.11	-1.8%	-2.2%	-1.3%	9.3%	31.3%	-0.9%	0.12/0.06
NorthWest Telecom	1.56	-1.2%	0.2%	-2.9%	-1.0%	25.4%	-2.8%	1.61/0.78
Center Telecom	0.78	0.6%	2.7%	6.9%	4.7%	18.3%	3.3%	0.78/0.4
Southern Telecom	0.18	0.0%	0.0%	3.2%	11.3%	12.0%	-1.1%	0.18/0.1
Dalsvyaz	3.90	0.0%	5.4%	-4.9%	5.4%	19.3%	-6.3%	4.3/2.5
Bashinformsvyaz	0.20	0.0%	0.0%	-13.2%	3.4%	-7.8%	-14.1%	0.23/0.16
RBC	9.95	-3.3%	-10.6%	-18.0%	-9.8%	20.4%	-13.6%	12.1/6.57
CTC Media	24.13	-2.3%	1.7%	22.1%	7.6%	n/a	0.5%	27.25/14
Rambler Media	47.75	3.0%	4.8%	0.5%	44.7%	120.8%	41.5%	47.75/21.63
Utilities								
UES	1.23	0.0%	10.6%	-1.6%	24.9%	85.1%	13.6%	1.29/0.54
OGK-2	0.16	-0.5%	-2.9%	-4.6%	20.9%	n/a	13.3%	0.17/0.09
OGK-3	0.15	0.0%	10.6%	-2.3%	30.0%	129.5%	23.7%	0.16/0.07
OGK-4	0.10	0.0%	12.8%	-0.5%	n/a	n/a	26.9%	0.12/0.05
OGK-5	0.13	-0.4%	2.3%	-4.9%	1.2%	68.8%	6.0%	0.14/0.07
OGK-6	0.15	-0.3%	4.7%	-6.8%	38.5%	n/a	38.5%	0.17/0.08
Metals and mining								
Norilsk Nickel	177.30	1.4%	7.3%	-2.8%	17.4%	97.5%	12.9%	189/88.8
Polyus Gold	47.50	-2.7%	-1.0%	-13.6%	-1.0%	n/a	-3.7%	67.5/37.5
Severstal	12.60	0.8%	1.6%	-3.4%	14.8%	-6.5%	12.5%	14/10
Evrast Group	31.50	-1.9%	0.5%	-3.5%	28.6%	34.0%	22.6%	35.1/20.5
Mechel	29.88	-3.2%	-4.9%	-2.2%	17.7%	14.8%	17.3%	33.8/19.01
NLMK	27.84	2.9%	3.5%	5.5%	21.0%	45.0%	19.7%	29.46/18
MMK	0.95	0.0%	0.1%	-0.5%	13.9%	43.2%	8.6%	1.07/0.65
TMK	31.90	0.6%	-0.6%	-10.1%	-1.2%	n/a	-8.9%	38/21.6
VSMPO	300.00	0.0%	-0.3%	-1.0%	3.4%	48.5%	2.4%	330/170
Industrials, consumer, banks								
Sberbank	3,465.00	0.7%	-1.0%	-1.8%	11.8%	141.5%	0.4%	3780/1370
Rosbank	6.17	-1.1%	1.4%	-10.3%	-4.4%	0.2%	-15.5%	7.54/3.84
X5	29.20	-1.0%	2.3%	2.1%	12.7%	71.9%	12.3%	29.9/14.5
Seventh Continent	26.85	0.0%	6.5%	-5.0%	6.3%	7.4%	0.6%	28.3/17.5
Magnit	40.30	1.0%	2.7%	-1.4%	18.5%	n/a	12.9%	41.9/20.15
Wimm-Bill-Dann	65.80	0.7%	-1.6%	-1.6%	13.9%	149.4%	-1.1%	69.1/26
Lebedyansky	79.40	1.0%	-0.1%	-2.0%	-1.7%	18.5%	-0.8%	81.3/45
Baltika (euro)	1.42	0.0%	6.3%	5.2%	13.7%	22.3%	10.5%	1.42/0.97
Razgulay	3.92	0.0%	-2.0%	-6.0%	-0.5%	-24.6%	-2.0%	6.35/3.5
Severstal Auto	30.20	-1.0%	2.4%	-6.6%	7.9%	26.6%	-0.2%	33.8/17.75
AvtoVaz	101.00	1.0%	26.3%	26.3%	50.3%	65.6%	48.5%	101/35
Veropharm	37.50	0.0%	0.0%	-2.3%	27.6%	n/a	18.1%	39.85/23.5
Apteka 36.6	60.00	0.0%	0.0%	2.6%	7.1%	80.7%	3.0%	63/30
Kalina	45.30	-1.5%	3.0%	-5.1%	-6.6%	-12.9%	-12.0%	52.75/34.5
Oriflame (euro)	29.25	1.5%	3.2%	-2.9%	-1.5%	-1.5%	-3.9%	32.44/22.73
RTS Index	1,821.34	0.7%	0.7%	-4.4%	-0.9%	28.7%	-5.2%	1970.77/1234.82

Source: Bloomberg

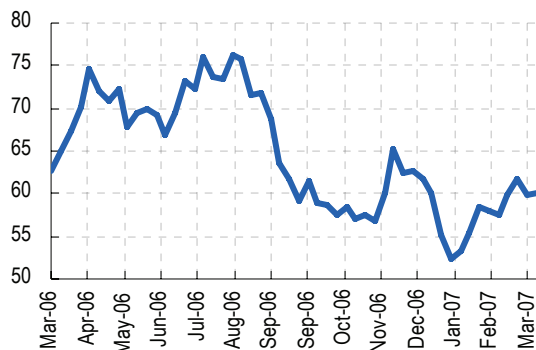
Stock valuation summary										
Company name	MCAP	P/E			EV/EBITDA			EV/Revenue		
	USD mn	2006E	2007E	2008E	2006E	2007E	2008E	2006E	2007E	2008E
Oil and gas										
Gazprom	221,575	10.9	10.4	10.8	8.1	7.5	7.5	12.6	3.1	3.0
Novatek	15,909	30.2	23.2	16.8	2.2	1.8	1.4	3.0	0.7	0.5
Lukoil	66,982	8.2	9.0	9.4	5.5	6.1	6.2	8.8	1.1	1.1
Rosneft	85,451	22.3	27.0	30.0	12.3	14.4	15.3	25.0	2.8	2.8
TNK-BP Holding	34,943	4.8	9.4	11.8	4.9	6.5	7.6	5.6	1.4	1.5
Surgutneftegaz	46,951	10.6	13.2	12.6	4.3	4.8	4.6	7.5	1.3	1.3
Gazprom Neft	17,936	5.2	5.4	6.7	4.5	4.6	5.3	6.5	1.2	1.2
Tatneft	9,919	7.6	7.5	8.3	3.9	4.3	5.0	6.7	0.8	0.9
Bashneft	2,261	4.6	4.0	4.7	2.4	2.2	2.5	3.9	0.7	0.7
Transneft pref	14,514	6.0	5.0	4.5	4.0	3.3	2.9	6.6	1.8	1.6
Ritek	898	8.3	8.1	8.6	4.8	4.5	4.6	9.5	1.0	1.0
Aggregate - oil and gas	517,339	10.8	11.1	11.3	5.2	5.4	5.7	8.7	1.4	1.4
Utilities										
UES	50,276	43.0	28.7	23.3	10.6	8.4	7.2	2.0	1.7	1.5
Mosenergo	6,784	n/a	n/a	1596.3	28.5	18.7	16.9	3.1	2.7	2.5
OGK-2	3,967	97.2	54.1	20.9	31.2	21.9	13.3	4.2	3.5	2.8
OGK-3	4,467	n/a	86.5	49.2	43.8	34.2	23.4	6.0	5.2	4.2
OGK-4	4,987	n/a	69.8	26.6	39.1	28.5	16.9	5.5	4.6	3.8
OGK 5	3,184	50.7	35.3	21.7	21.4	15.7	12.0	3.2	2.7	2.3
OGK-6	3,940	59.8	45.7	30.1	24.4	19.5	15.9	4.2	3.6	3.0
Aggregate - utilities	77,607	24.2	26.2	110.4	14.8	11.9	9.7	6.9	2.2	2.0
Telecoms and technology										
MTS	20,914	14.1	12.3	11.4	7.3	6.6	6.3	3.7	3.3	3.1
AFK Sistema	13,028	15.9	13.6	12.5	6.7	5.8	5.8	2.8	2.5	2.3
VimpelCom	18,055	20.2	15.3	13.1	8.4	7.2	6.6	4.1	3.5	3.2
Aggregate - mobile telecoms	51,996	16.7	13.7	12.3	7.5	6.6	6.2	3.5	3.1	2.9
Comstar	3,557	20.4	12.7	10.9	9.9	8.0	7.1	4.0	3.3	2.9
Rostelecom	6,856	65.3	31.9	28.0	16.3	11.3	10.2	3.2	2.9	2.7
Golden Telecom	1,932	22.6	15.6	11.4	8.6	6.6	5.6	2.3	1.8	1.4
MGTS	2,363	13.6	10.0	9.5	8.5	6.3	6.0	3.6	2.8	2.7
Uralsvyazinform	2,303	22.6	16.8	12.9	7.7	6.3	5.5	2.6	2.3	2.1
Volga Telecom	1,764	14.8	13.3	11.0	6.3	5.4	4.8	2.4	2.1	1.9
Sibirtelecom	1,644	13.5	9.6	8.1	7.4	5.8	5.1	2.3	1.8	1.7
NorthWest Telecom	1,646	21.7	13.9	13.4	7.6	5.7	5.2	2.7	2.2	1.9
Center Telecom	1,502	39.5	21.5	14.3	6.4	5.3	4.7	2.2	1.9	1.7
Southern Telecom	653	20.4	16.3	14.5	6.9	6.0	5.5	2.3	2.0	1.9
Dalsvyaz	504	12.6	10.5	7.2	5.2	4.3	3.4	1.8	1.4	1.2
Bashinformsvyaz	192	33.2	25.1	19.9	5.2	4.8	4.4	1.4	1.3	1.2
Aggregate - fixed line telecoms	24,914	25.0	16.4	13.4	8.0	6.3	5.6	2.6	2.1	1.9
RBC	1,187	35.7	25.4	17.8	20.8	14.1	11.4	6.0	4.6	3.7
CTC Media	3,656	25.0	18.7	15.1	15.5	11.5	9.7	7.2	5.4	4.4
Rambler Media	717	96.1	35.7	21.8	67.1	27.6	16.8	15.9	10.6	7.1
Aggregate - media	5,560	52.3	26.6	18.2	34.5	17.7	12.6	9.7	6.9	5.1
Metals and mining										
Norilsk Nickel	33,864	6.5	7.2	8.1	4.1	4.6	5.3	2.8	3.0	3.2
Polyus Gold	9,073	7.4	45.6	74.4	24.0	27.9	37.7	11.2	11.1	11.2
Severstal	12,697	9.0	7.9	8.4	3.8	3.4	3.6	1.1	0.8	0.8
Evrz Group	11,047	8.1	6.6	7.9	5.0	4.2	4.8	1.5	1.3	1.2
Mechel	4,033	6.6	4.8	6.1	3.8	2.9	3.7	0.8	0.7	0.8
NLMK	16,685	7.9	8.2	8.1	5.1	4.8	4.8	2.4	2.1	2.1
MMK	9,604	6.7	6.8	7.1	4.4	4.3	4.5	1.4	1.3	1.3
TMK	6,954	n/a	10.8	7.3	n/a	6.4	4.6	n/a	1.8	1.6
VSMPO	3,600	14.3	11.3	n/a	9.3	7.5	n/a	3.5	2.9	n/a
Aggregate - metals and mining	107,556	13.2	13.6	16.2	10.4	8.4	9.1	3.8	3.2	3.0
Industrials, consumer, banks										
Sberbank *	68,540	23.4	17.9	15.1	5.8	3.0	2.5	6.7	5.3	4.4
Rosbank*	4,441	30.4	20.3	13.8	4.3	3.0	2.4	5.2	4.0	3.0
Aggregate - banks	72,981	13.3	10.8	10.0	5.8	4.8	4.4	2.9	2.3	2.0
X5	6,321	60.4	28.1	18.0	24.8	13.6	9.4	2.1	1.5	1.1
Magnit	2,902	41.1	25.0	18.9	24.1	15.2	10.5	1.2	0.8	0.6
Seventh Continent	2,014	29.8	21.2	14.0	18.0	12.4	8.1	2.0	1.3	0.9
Lebedyansky	1,621	19.0	15.6	13.2	12.9	9.8	8.0	2.5	1.8	1.4
Baltika (euro)	595	2.2	1.3	1.1	1.5	1.2	1.0	0.5	0.3	0.3
Wimm-Bill-Dann	2,895	32.4	20.1	15.0	14.8	10.4	8.3	1.9	1.5	1.3
Aggregate - FMCG	16,348	30.8	18.6	13.4	16.0	10.4	7.5	1.7	1.2	0.9
Razgulay	416	18.9	6.5	5.4	8.0	5.2	4.7	1.1	0.9	0.8
Severstal Auto	1,027	18.7	13.5	9.1	7.9	6.0	4.2	1.0	0.8	0.6
AvtoVaz	2,957	23.1	20.1	11.3	6.8	6.4	n/a	0.6	0.6	0.6
Apteka 36.6	480	n/a	n/a	23.1	29.0	16.9	12.1	1.4	0.9	0.7
Veropharm	375	19.9	13.9	10.9	13.8	9.8	7.9	3.9	2.9	2.4
Kalina	362	11.8	9.9	8.7	8.0	6.7	5.9	1.2	1.1	1.0
Oriflame (euro)	1,462	14.3	12.4	9.9	10.2	8.8	7.6	1.5	1.4	1.3
Aggregate valuation	881,379	11.6	11.8	11.8	6.9	6.2	6.0	2.2	2.0	2.0

FF-adj. MCAP W.A. valuation	249,134	14.2	13.1	13.2	7.5	6.9	7.0	9.1	2.9	2.7
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Source: MDM estimates, IBES consensus
*P/BV shown in EV/EBITDA columns

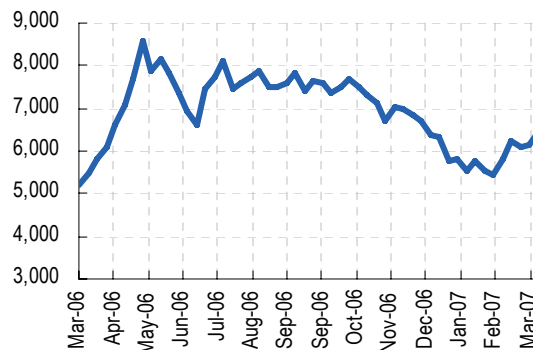
Key commodities

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



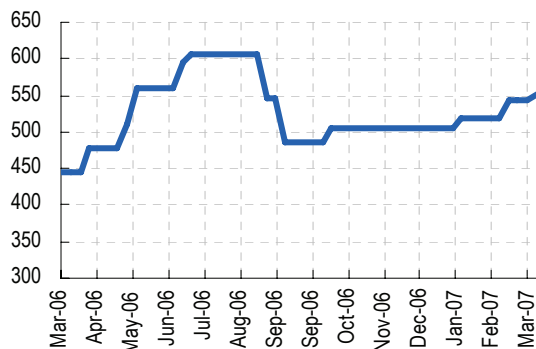
Source: Bloomberg

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



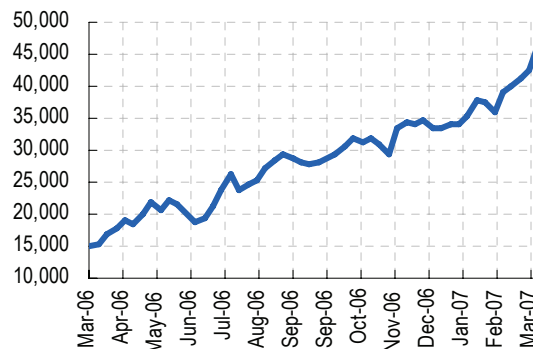
Source: Bloomberg

MB-Steel HR Coil CIS, USD/ton



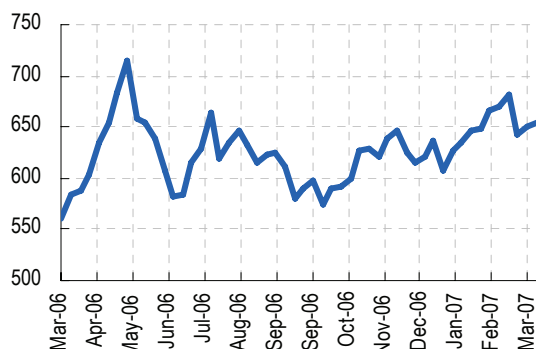
Source: Bloomberg

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



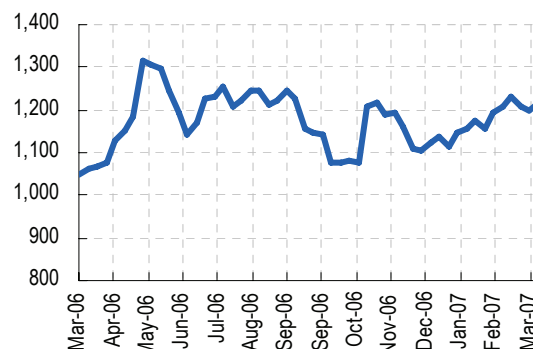
Source: Bloomberg

Gold Bullion, USD/oz



Source: Bloomberg

MB-Platinum Matthey, USD/oz



Source: Bloomberg



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